

RESOLUTION NO. 13-01

A RESOLUTION OF THE COVINGTON TRANSPORTATION BENEFIT DISTRICT ESTABLISHING ORGANIZATIONAL RULES AND BYLAWS OF THE BOARD OF THE COVINGTON TRANSPORTATION BENEFIT DISTRICT.

WHEREAS, the on April 9, 2013, the City Council of the City of Covington passed Ordinance No. 02-13, creating the Covington Transportation Benefit District (the "District"), consistent with the requirements of Chapter 36.73 RCW and codified as Chapter 12.125 of the Covington Municipal Code; and

WHEREAS, the Board desires to establish operating rules for the conduct of the affairs of the District; and

WHEREAS, the Board of the District finds it in the best interest of the District to establish the bylaws attached to this resolution.

BE IT RESOLVED by the Board of the Covington Transportation Benefit District that the Organizational Rules and Bylaws attached hereto as Exhibit 1 and incorporated by this reference are hereby adopted as the Organizational Rules and Bylaws of the Covington Transportation Benefit District.

PASSED in open and regular session on this 14th day of May, 2013.



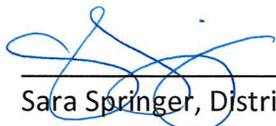
MARGARET HARTO, CHAIR

ATTESTED:



Sharon Scott, District Clerk

APPROVED AS TO FORM:



Sara Springer, District Legal Advisor

**ORGANIZATIONAL RULES AND BYLAWS
of the
COVINGTON TRANSPORTATION BENEFIT DISTRICT**

1.0 NAME

The name of the Transportation Benefit District shall be the Covington Transportation Benefit District (the "District").

2.0 NATURE AND PURPOSES

2.1 Nature of the District. The District shall be a Transportation Benefit District organized pursuant to Chapter 36.73 of the Revised Code of Washington (RCW), City of Covington (the "City") Ordinance No. 02-13 and Chapter 12.125 of the Covington Municipal Code (CMC). The boundaries of the District shall be coextensive with the boundaries of the City. The District shall be a quasi-municipal corporation, an independent taxing "authority" within the meaning of Article VII, Section 1 of the Constitution of the State of Washington (the "Constitution"), and a "taxing district" within the meaning of Article VII, Section 2 of the Constitution. The District shall be an entity independent of and separate from the City.

2.2 Purposes. The purpose of the District shall be to provide a separate legal entity pursuant to state statute and City ordinance to exercise the powers available under state statute to the extent authorized by the City ordinance. The primary purpose of the District shall be the acquisition, construction, improvement, provision and/or funding of the maintenance of City streets and related infrastructure in a manner that is consistent with state, regional, and local transportation plans and necessitated by reasonably foreseeable congestion levels pursuant to Chapter 36.73 RCW, as the same may be amended from time to time. Additional transportation improvement projects not specified in the original notice of hearing establishing the District may be funded only after the Board's compliance with, the Board shall comply with Chapter 36.73 RCW.

3.0 DISSOLUTION

The District shall exist until dissolved in accordance with the requirements of RCW 36.73.050 and CMC 12.125.050, as the same may be amended from time to time. The retirement of debt, notice of dissolution, and payment of creditors shall all comply with the provisions of the RCW and CMC.

4.0 POWERS

Pursuant to CMC 12.125.030, the District shall have and may exercise any powers provided by law, including, but not limited to, those enumerated in RCW 36.73.040, as may be amended from time to time, to fulfill the purpose of the District.

5.0 GOVERNING BOARD

5.1 Board Powers. Pursuant to CMC.12.125.030, the Governing Board (the "Board") of the District shall have and may exercise any powers provided by law to fulfill the purpose of the District. All powers of the District shall be exercised by or in the name of the Board. The powers of the Board shall include, but are not limited to, the following:

- (a) To establish and implement the policies and programs of the District and the procedures for the management and administration of the District's affairs;
- (b) To appoint and remove, at the pleasure of the Board, the District's officers, agents, and employees, (except as expressly provided herein) and to prescribe their respective powers and duties consistent with the provisions hereof;
- (c) To borrow money and incur indebtedness in accordance with state statute;
- (d) To provide for the investment of the District's funds; and
- (e) Any other powers that could be exercised by the Board under state statute or ordinances of the City including but not limited to, the passage of resolutions as deemed necessary by the Board.

5.2 Board Composition. Pursuant to CMC 12.125.020, the Board shall be composed of the seven (7) members of the Covington City Council who shall serve in an *ex-officio* and independent capacity. A Board member may be removed only when removed from his/her office as a Council Member. Any vacancy shall be filled only by the appointment or election of a new City Council Member.

5.3 Board Officers. Pursuant to CMC 12.125.020, the City's Mayor shall serve as Chair of the Board. The City's Mayor Pro Tem shall serve as Vice Chair of the Board. The terms for the Chair and Vice Chair shall be until his/her successor is elected.

The officers of the District shall have the following duties:

- (a) Chair. The Chair shall serve as the ceremonial head of the District and, pursuant to CMC 12.125.020, shall preside over all Board meetings. On

matters decided by the District, unless otherwise required under interlocal agreement or by these Bylaws, the signature of the Chair alone, as attested by the Board Clerk, is sufficient to bind the District.

- (b) Vice Chair. The Vice Chair shall, in the absence of the Chair, serve as the ceremonial head of the District, preside over Board meetings, and otherwise execute the Chair's powers and duties.

5.4 Chief Executive Officer. The City Manager of the City shall serve as Chief Executive Officer (CEO) of the Board. The CEO shall, subject to the control of the Board, exercise general supervision, direction, and control of the business and affairs of the District. Charges and fees associated with services provided to the Board by City employees shall be reimbursed in accordance with an interlocal agreement between the City and District.

5.5 Treasurer. Pursuant to CMC 12.125.020, the City's Treasurer shall serve as Treasurer of the Board. The City Treasurer is required by state statute to serve as Treasurer and is not subject to removal by the Board. Charges and fees associated with services provided to the Board by City employees shall be reimbursed in accordance with an interlocal agreement between the City and District.

5.6 Attorney. Pursuant to CMC 12.125.020, the City Attorney of the City shall serve as legal advisor to the Board, except where separate counsel is engaged by the Board or the City Attorney has a conflict of interest. Any potential conflicts of interest involving the City Attorney shall be determined and resolved by reference to Title 1 of the Rules of Professional Conduct, as that Title now exists or may be amended. Charges and fees of the City Attorney shall be reimbursed in accordance with an interlocal agreement between the City and District.

5.7 Clerk. The Clerk of the City shall serve as the Board Clerk. The Board Clerk shall serve as the District's registered agent for purposes of service of process. Charges and fees associated with services provided to the Board by City employees shall be reimbursed in accordance with an interlocal agreement between the City and District.

6.0 MEETINGS; POLICIES

6.1 Board Meetings. The Board shall meet as often as there is business to conduct, but, in any event, no less than annually. Pursuant to CMC 12.125.020, regular Board meetings shall, when possible, be held on the same date as a City Council meeting. Special Board meetings shall be held from time to time as determined necessary by the Board or Board Chair.

6.2 Board Rules of Procedure. Pursuant to CMC.12.125.020, meetings and actions of the Board shall be governed by the applicable Covington City Council Rules of

Procedure, as they currently exist and as they may be supplemented and amended

6.3 Open Public Meetings. Pursuant the Covington City Council Rules of Procedure, notice of Board meetings shall be given in a manner consistent with the Open Public Meetings Act, codified as Chapter 42.30 of the RCW, as may be amended from time to time.

6.4 Minutes. Actions of the Board and minutes of Board meetings shall be maintained in the same manner as are City Council records. Copies of the minutes of all regular or special meetings of the Board shall be available to any person or organization that requests them as required by state law; provided, however, that minutes, if any, with respect to closed executive sessions need not be made available. The minutes of all Board meetings shall include a record of individual votes on all matters requiring Board concurrence.

6.5 Finance Plan. The Board shall adopt a Finance Plan (the "Plan") to execute the functions of the District. The Plan may be contained in the Board's annual budget. The Plan shall be subject to the Board's adopted Material Change Policy.

6.6 Material Change Policy. Pursuant to CMC 12.125.020 and RCW 36.73.160, the Board shall develop a material change policy that addresses material changes to cost, scope, and schedule, the level of change that will require Board involvement, and how the Board will address those changes.

6.7 Annual Report. Pursuant to CMC 12.125.020 and RCW 36.73.160, the District, upon approval of the Board, shall issue an annual report pursuant to the requirements of RCW 36.73.160, as may be amended from time to time. The District's Annual Report shall be issued no later than May 30 of each calendar year for the preceding fiscal year.

7.0 AMENDMENT TO BYLAWS

Any Board member may introduce a proposal to amend the Bylaws at any regular meeting or special meeting of the Board provided, however, that all amendments shall comply with the minimum requirements and provisions of RCW 36.73 and CMC 12.125. Certain amendments of the Bylaws may require action of the City Council as well as a public hearing pursuant to the requirements of state statutes. No consideration of any Bylaws amendment may occur until the City and District comply with any such requirements.

8.0 COMMENCEMENT

The District shall commence its existence effective upon the adoption of Ordinance No. 02-13. The Bylaws shall become effective upon the effective date of the resolution

adopting these rules. Nothing in these Bylaws shall be read to create a Charter as contemplated by Chapter 35A.08 RCW. These Bylaws do not amend Ordinance No. 02-13.

9.0 LIABILITY; INDEMNIFICATION; DISCLAIMER

9.1 Limitations on Liability. All debts, liabilities and other obligations incurred by the District ("Obligations") shall be satisfied: (a) in the case of Obligations which, by their terms, are not payable from a special or limited source of funds, exclusively from the revenues, assets, and properties of the District, and (b) in the case of Obligations which, by their terms, are payable from a special or limited source of funds, exclusively from such revenues, assets, and properties of the District as shall be specifically pledged thereto or otherwise identified as being the source of payment thereof. No creditor, claimant, or other person shall have any right of action against or recourse to the City or its revenues, assets, or properties on account of or with respect to any such Obligations, or otherwise on account of or with respect to any acts or omissions of the District or its officers, employees, or agents.

9.2 Indemnification. To the extent permitted by law, the District shall protect, defend, hold harmless, and indemnify any director, officer, employee, or agent of the District who is a party or threatened to be made a party to a proceeding by reason related to that person's conduct as a director, officer, employee, or agent of the District, against judgments, fines, penalties, settlements, and reasonable expenses (including reasonable attorneys' fees) incurred by him/her in connection with such proceeding, if such person acted in good faith and reasonably believed his/her conduct to be in the District's best interests and if, in the case of any criminal proceedings, he/she had no reasonable cause to believe that his/her conduct was unlawful. The indemnification and protection provided herein shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law, by City ordinance, or by contract or by vote of the Governing Board. The District may purchase and maintain appropriate insurance covering such risks.

9.3 Mandatory Disclaimers. A disclaimer in substantially the following form shall be posted in a prominent place accessible to the public in the District's principal office which shall be the Covington City Hall. It shall also be printed or stamped on all contracts, bonds, and other documents that evidence or create any Obligation which, by its terms, is not payable from a special or limited source of funds.

The Covington Transportation Benefit District is a Transportation Benefit District established pursuant to Ordinance No. 12-13 of the City of Covington, Washington, and the laws of the State of Washington, including, but not limited to, Chapter 36.73 of the Revised Code of Washington. All debts, liabilities, and other obligations incurred by the District shall be satisfied exclusively from the revenues, assets, and properties of the District. No

creditor, claimant, or other person shall have any right of action against or recourse to the City of Covington, the State of Washington, or any other political subdivision of the State of Washington on account of or with respect to any debts, liabilities, or other obligations of the District, or otherwise on account of or with respect to any acts or omissions of the District or its officers, employees, or agents.

10.0 MISCELLANEOUS

10.1 Liberal Construction and Severability. These Bylaws shall be liberally construed in order to effect its purposes. If any section or part of these Bylaws is ultimately ruled invalid or illegal by a court of competent jurisdiction, such invalidity or illegality shall not affect the remaining sections of these Bylaws.

10.2 Books and Records. The District shall keep current and complete books and records of account. The Board Clerk shall serve as the District's Public Records Officer.

10.3 Principal Office. The principal office and mailing address of the District shall be the same as the City of Covington's City Hall.

10.4 Fiscal Year. The fiscal year of the District shall begin January 1 and end December 31 of each year, except the first fiscal year which shall run from the date these Bylaws are adopted to December 31, 2014.

THESE BYLAWS ARE EXECUTED AS OF THIS 14th DAY OF MAY, 2013.

COVINGTON TRANSPORTATION BENEFIT DISTRICT

By: Margaret Harto
Margaret Harto, Chair

ATTEST:

By: Sharon Scott
Sharon Scott, Board Clerk