

ECONOMIC DEVELOPMENT AGREEMENT

THIS AGREEMENT, entered into this 22nd day of Feb, 2007 by and between the City of Richland, a Washington Municipal Corporation, (hereinafter called the "City"), and Tri-City Development Council, a non-profit corporation of the State of Washington (hereinafter called the "Contractor").

WITNESSETH:

1. GENERAL DESCRIPTION OF WORK:

The Contractor shall furnish all services, labor and related equipment necessary to conduct and complete the work as designated elsewhere in this Agreement.

2. SCOPE OF WORK

The Contractor shall perform economic development programs for the term of this agreement. Services to be provided are detailed in the attached Work Scope, Exhibit "A" and are made part of this Agreement.

3. GENERAL REQUIREMENTS

The Contractor shall develop and execute a regional marketing program, as more specifically described in "Exhibit A" focused on Business Recruitment that will promote economic development and economic diversification within the City of Richland. The marketing program will include direct selling site visits to a minimum of three major metropolitan areas. The marketing program will include participation at two industry events focused on key market sectors for Richland.

4. TERM OF AGREEMENT

This agreement terminates December 31, 2007.

5. COMPENSATION

For services provided in Paragraph 3, the City agrees to pay the Contractor the sum of thirty thousand dollars and no cents (\$30,000.00). Payments shall be made in equal monthly payments during the term of this agreement. The City will make payment within four weeks of receipt of an invoice and work progress report from Contractor.

6. EMPLOYMENT

Any and all employees of the Contractor or other persons while engaged in the performance of any work or services required of the Contractor under this

Agreement, shall be considered employees of the Contractor only and not of the City, and any and all claims that may or might arise under any Workmen's Compensation Act on behalf of said employees or other persons while so engaged, and any and all claims made by a third party as a consequence of any act or omission on the part of the Contractor's employees or other persons while so engaged on any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the Contractor.

7. OTHER PARTIES

It is mutually agreed that this Agreement is not transferable by either signatory to a third party without the consent of the other principal party.

8. TERMINATION

This Agreement may be terminated by either party upon thirty (30) days written notice, by registered mail, or mailed to the other party at his usual place of business. In the event this contract is terminated by the Contractor, the City will be entitled to reimbursement of costs occasioned by such termination by the Contractor. In the event the City terminates this Agreement, the City shall pay the Contractor for the work performed, an amount equal to the percentage of completion of the work as mutually agreed between the City and the Contractor.

If any work covered by this Agreement shall be suspended or abandoned by the City before the Contractor has completed the assigned work, the Contractor shall be paid for services performed down to the time of such termination or suspension an amount equal to the costs incurred at the date of termination as mutually agreed upon between the City and the Contractor.

9. DISPUTE RESOLUTION

The City and the Contractor agree to negotiate in good faith for a period of thirty (30) days from the date of notice of all disputes between them prior to exercising their rights under this Agreement, or under law.

All disputes between the City and the Contractor not resolved by negotiation between the parties may be arbitrated only by mutual agreement of the City and the Contractor. If not mutually agreed to resolve the claim by arbitration, the claim will be resolved by legal action. Arbitration of all claims will be in accordance with the Arbitration Rules of the American Arbitration Association.

10. VENUE, APPLICABLE LAW AND PERSONAL JURISDICTION

In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the parties hereto agree that any such action shall be initiated in the Superior Court of the State of Washington, situated in Benton County. The parties hereto agree that all questions shall be resolved by application of Washington law and that the parties to such action shall have the right of appeal from such decision of the Superior Court in accordance with the laws of the State of Washington. The Contractor hereby

consents to the personal jurisdiction of the Superior Court of the State of Washington, situated in Benton County.

11. INSURANCE

The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

A. Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City.

Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.

C. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Commercial General Liability insurance:

The Contractor's insurance coverage shall be primary insurance as respect the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

The Contractor's insurance shall be endorsed to state that the coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. best rating of not less than A:VII.

E. Verification of Coverage

Contractor shall furnish the City with original certificates evidencing the insurance requirements of the Contractor before commencement of the work

12. INDEMNIFICATION / HOLD HARMLESS

Contractor shall defend, indemnify, and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Contractor in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

13. STANDARD OF CARE

The professional services will be furnished in accordance with the care and skill ordinarily used by members of the same profession practicing under similar conditions at the same time and in the same locality. The Contractor makes no warranties express or implied, under this Agreement or otherwise, in connection with the Contractor's services.

14. SUCCESSORS OR ASSIGNS

All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of the Agreement shall be made without written consent of the parties to the Agreement.

15. EQUAL OPPORTUNITY AGREEMENT

The Contractor agrees that he will not discriminate against any employee or job applicants for work on this Agreement for reasons of race, sex, nationality or religious creed.

16. PARTIAL INVALIDITY

Any provision of this Agreement which is found to be invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability, and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions hereof.

17. NOTICES

Any notices shall be effective if personally served upon the other party or if mailed by registered or certified mail, return receipt requested, to the following addresses

City
Gary Ballew, Manager
Office of Business and Economic Development
City of Richland
505 Swift Blvd.
Richland, WA 99352
(509) 942-7763

Contractor
Carl Adrian, President
TRIDEC
901 N. Colorado
Kennewick, WA 99336
(509)735-1000

18. EXTRA WORK

The City may desire to have the Contractor perform work or render additional services within the general scope of this Agreement. Such work shall be considered as Extra Work and will be specified in a written supplement to this Agreement which will set forth the nature of the scope, schedule for additional work, additional fees and the method of payment. Work under a supplemental Agreement shall not proceed until authorized in writing by the City.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF RICHLAND, WASHINGTON



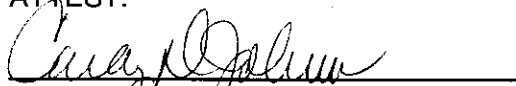
JOHN C. DARRINGTON
City Manager

TRI CITY DEVELOPMENT COUNCIL



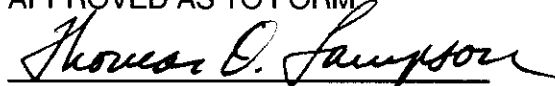
CARL ADRIAN
President

ATTEST:



CINDY D. JOHNSON
Assistant City Manager

APPROVED AS TO FORM:



THOMAS O. LAMPSON
City Attorney

EXHIBIT A: WORK SCOPE

2007 WORK PLAN TRI-CITY DEVELOPMENT COUNCIL COMMERCE AND INDUSTRY DIVISION

Introduction

The purpose of the Tri-City Development Council (TRIDEC) is to increase economic activity throughout the two county region. Indicators of a strong vibrant economy include job growth, low unemployment, increased personal income levels and investment in the community from private and public sources.

TRIDEC Mission

“To achieve economic stability and balanced growth through the retention and creation of jobs and the enhancement of the quality of life in the region”.

Mission objectives for job creation and growth are the responsibility of the Commerce and Industry Division and the Commerce Appreciation, Retention and Expansion Program (CARE).

Commerce & Industry Division Focus

In mid-January 2006, the consulting firm of AngelouEconomics presented an assessment of the Tri-Cities' including marketing strengths, target industries that are a best fit for the region, and recommendations to better position and brand the region to expand and recruit high impact, high wage employers.

According to Angelou, dynamic change is influencing the world of economic development promotion, and appropriate recommendations for changes in TRIDEC's activities were offered. As a result, the TRIDEC 2007 Work Plan will focus on new methods in marketing and public relations that can influence the location decisions of growing companies. According to Angelou, a top priority of economic development officials should be marketing and enhancing the perception of a community. Company decisions are often guided by the locational choices of its most desirable workforce. Perceptions are important in these decisions, and marketing is the best method for enhancing any region's positive perception. For this reason, TRIDEC has incorporated suggestions into the marketing plan that will highlight the region's best selling points, verify its best target customers (industries), and utilize the best marketing methods for reaching these customers.

Objectives

- Identify, attract, and assist financially viable and expanding businesses in establishing operations in Benton and Franklin Counties through systematically increasing the number of direct marketing contacts in target industries.
- Work with ports, cities, counties and other partners in pursuit of marketing objectives.
- Use resources effectively by avoiding the duplication of activities and concentrating on marketing tactics that produce positive results.

Overall Strategy

Actively communicate with business owners, senior managers, and decision makers within successful, growing companies, and the individuals that assist these firms in new facility decisions. Improve the probability of identifying expansion and relocation candidates by developing focused target industry lists, refinement of databases to reflect a narrowed focus, and concentrate direct marketing and sales activities geographically.

Brand and Image Development

- Continue to reinforce TRIDEC's new "Tri-Cities Washington" brand by including it on promotional items to be used in external as well as internal (local) marketing:
- Create an E-newsletter that will market the Region and distribute quarterly:
- Continue National & Regional Advertising Program (Limited Basis):
- Conduct six special purpose mailings to site selection consultants and target industry groups:

Public Relations

- Establish a Tri-Cities Public Relations Council consisting of local public relations firms and public relations professionals:
- Establish the position of Director of Public Relations at TRIDEC:
- Organize one industry media tour *to the Tri-Cities*:

External Marketing/Direct Selling

TRIDEC's business recruitment activities will focus on three primary categories of contacts:

1. Senior management of companies within target industry groups;
2. Third party advisors, including site selection consultants and large industrial real estate companies; and
3. Trade associations and publications associated with TRIDEC's Target Industries.

Marketing Missions

Conduct two major Marketing Missions during 2007:

TRIDEC is planning a minimum of two sales missions during 2007. One mission to Southern California is planned for the spring as well as a mission later in the year to a yet to be determined metropolitan area. Typically, teams of two individuals will make sales calls with a focused message on the advantages of doing business in the Tri-Cities. Sales prospects in target industry categories will be emphasized; calls will not be limited to only those categories. Site Selection Consultants as well as contacts from CoreNet Global and IAMC will also be visited during these missions. Generally, prospects will be first contacted by mail with follow-up by telephone and finally a personal visit.

To the extent warranted by interest from companies in the target market, TRIDEC intends to use representatives from partner organizations and/or local businesspersons in these sales missions.

Third Party Advisors, Consultants and Real Estate

Continue participation in CoreNet Global and IAMC

TRIDEC will increase its participation in the CoreNet Seattle Chapter as well as attend the four national events during 2007.

Society of Industrial and Office Realtors (SIOR):

TRIDEC is an associate member of the Portland Chapter of SIOR and has been a sponsor of the group's annual breakfast meeting.

Attend Area Development Site Selection Consultants Forum:

TRIDEC will attend the spring event in 2007.

Conduct one Site Location Consultant Familiarization Tour:

TRIDEC will investigate the opportunity to conduct a familiarization tour with site location consultants with local ties.

Trade Shows/Target Industry Events

Continue participation in the Washington Trade Show Consortium

Attend BIO 2007 or other focused bioproducts, bioprocessing, or biotechnology show

Rehabilitate the TRIDEC Trade Show Booth

TRIDEC will begin to systematically evaluate target industry events generally sponsored by industry associations. In order to focus attendance on TRIDEC's new "Tri-Cities Washington" brand the existing trade show booth will be rehabilitated with new graphics focused on the community's location and value propositions for the various target industries.

Attend and Exhibit at Northwest Food Processors (NWFP):

TRIDEC will attend and exhibit at this show in 2007.

Attend & Evaluate 2 new Target Industry Events/Shows:

TRIDEC will evaluate two new shows/events in 2007; The World Congress on Industrial Biotechnology and Bioprocessing and either Pharm/Medical Devices or ASME Bioengineering. Focus is being placed on the biotechnology areas because of the new Bioproducts Science and Engineering Laboratory under construction at WSU T-C's.

Collateral Materials

Create "value proposition statements" for each major Target Industry category that outlines the advantages the Tri-Cities has to offer that particular industry.

CARE Program (Commerce Appreciation, Retention and Expansion)

In many communities the majority of job growth comes from existing businesses. Therefore healthy existing businesses are the foundation for successful economic development. It is the

existing Tri-City businesses that have made the initial investment in facilities, created jobs and paid taxes that contribute to the enhancement of a community's infrastructure.

Survey of Manufacturers – Present results of the 2006 TRIDEC Survey of Manufacturers in Benton and Franklin Counties to the community.

SmartMap Activities – SmartMap is a brand developed by TRIDEC during 2003 which stands for “Smart Manufacturing Assistance Program.” As the name suggests, the program is designed to focus on the existing Tri-City Manufacturing community.

- ❑ SmartMap Expo –The 5th Annual Expo will be held September 26 and 27, 2007.
- ❑ SmartMap Tours – Tours will be scheduled one per quarter.

Trade Week – Participation in Trade Week with the Washington State Office of Trade and Economic Development, International Trade Division.

Partnership with U.S. Commercial Service, Spokane

- REACH Roadshow(Registration, Evaluation, Authorization and Restriction of Chemicals). REACH is a new chemicals policy for companies that desire to do business in the European Union.
- European Standards Roadshow presenting performance measures and standards that affect a wide range of U.S. products being exported to the European Union.

Lean Manufacturing Seminars – Partner with WorkSource Columbia Basin and Washington Manufacturing Services to present Manufacturing and/or Office Lean 101 Seminars.

Local Business Visitations – Visit manufacturing companies in Benton and Franklin Counties throughout the year to determine their needs and future plans and where TRIDEC can be of assistance.

Corporate Headquarter Visits - In conjunction with geographic marketing missions, specific prospect visits, and sales calls on Site Selection Consultants, TRIDEC staff will endeavor to call on the headquarter locations of companies with operations in the Tri-City Area. An example of this activity was staff calling on the Battelle Memorial Institute headquarters in Columbus, Ohio during a visit to Viands Concerted, a food processor being recruited to the community.

Program Coordination -- Coordinate programs from the Washington State Department of Community, Trade and Economic Development and Washington Manufacturing Services as they relate to manufacturing companies in the Tri-Cities, especially those programs that focus on the target industries of defense manufacturing, sensor manufacturing and medical devices.