

SILVER LAKE WATER DISTRICT
CROSS VALLEY WATER DISTRICT
PILLING PROPERTY INTERLOCAL AGREEMENT

This Agreement entered into this 22nd day of December, 1998 between the Cross Valley Water District (hereinafter referred to as "Cross Valley" and the Silver Lake Water District (hereinafter referred to as "Silver Lake"),

W I T N E S S E T H:

WHEREAS, the Districts are special purpose municipal corporations in Snohomish County, Washington, organized under the laws of the State of Washington; and

WHEREAS, the Districts desire to enter into this Agreement pursuant to the authority granted in Chapter 39.34 of the Revised Code of Washington and RCW 57.08.045; and

WHEREAS, each District has the authority to construct, condemn and purchase, acquire, add to, alter, maintain and operate waterworks, and sewer systems, within or without their corporate limits, for the purpose of furnishing its inhabitants or any other persons with an ample supply of water and for the purpose of disposing of wastewater; and

WHEREAS, the Districts wish to protect and promote their interests and the interests of their rate payers and to provide water service and sewer service to certain customers located within their respective Districts by using water lines and sewer lines owned and operated by Silver Lake; and

WHEREAS, state law does not allow a special purpose water and sewer district to extend service to customers located within the boundaries of a different water and sewer district; and

WHEREAS, both Districts desire to cooperate in providing water and sewer service to certain properties near or adjacent to the Districts common boundary lines; and

WHEREAS, both Districts recognize that the other District has the sole lawful authority to provide water and sewer service to properties within its jurisdiction; and

WHEREAS, by interlocal agreement the Districts may provide for water and sewer service by one District in the other District's area.

NOW, THEREFORE, the Districts do hereby agree as follows:

Section 1. Purpose.

The purpose of this Agreement is to provide temporary water and sewer service by Silver Lake to the Pilling Property area as shown on Exhibit "A" attached hereto (hereinafter Area "A") using water and sewer systems owned and operated by Silver Lake. All deliveries of water and sewer service by Silver Lake within Area "A", shall be allowed by Cross Valley pursuant to the terms, conditions, and limitations of this Agreement.

Section 2. Area "A" New Customers - Interim Service.

Silver Lake shall have the right and permission of Cross Valley to extend temporary water and sewer service to new customers and properties within Area "A". Nothing herein shall require Silver Lake to provide service to properties within Area "A". As a condition of any such new temporary service extension, Silver Lake shall require from property owners within Area "A" as a condition of water service to such property owner, a Letter of Approval of Connection to Silver Lake Facilities by Cross Valley. Cross Valley may collect any and all of its connection charges and fees prior to issuing Letter of Approval. Silver Lake may collect any and all connection charges, capital improvement charges, monthly rates and charges and other fees which would be collected by Silver Lake in accordance with its Resolutions and regulations for services provided in Area "A". Nothing herein shall preclude Silver Lake from entering into a water and sewer service extension agreement with individual property owners within Area "A".

All new water and sewer facilities shall be constructed in accordance with the more stringent standards and specifications of the two Districts and shall be constructed to facilitate future connection to the Cross Valley Water District water and sewer system, if feasible. Cross Valley Water District shall review and comment on plans and specifications prior to construction.

Section 3. Area "A" Maintenance and Repair.

All maintenance, operation, and repair costs and expenses of the water and sewer systems shall be the sole responsibility of Silver Lake, until take over by Cross Valley.

Section 4. Transfer of Customers Area "A".

At such time Cross Valley has facilities and infrastructure to serve both water and sewer to all property within area "A" it may request assumption of service to such property. Upon request from Cross Valley, Silver Lake, shall transfer to Cross Valley customers within Area "A" 180 days from notice of such transfer. Silver Lake shall provide to Cross Valley a current list of the names and addresses of all customers within the Agreement area; provided Silver Lake shall send notice of take over to all customers being served advising them that Cross Valley will be their new water and sewer purveyor and that billing and payment of future service bills shall be handled by Cross Valley.

Section 5. Water Quality.

Each District warrants that it will purvey water meeting the state water quality standards and requirements to the other District and to all residents within the other District. Each District agrees to protect, hold harmless, indemnify and defend the other for any claim, demand or suit arising out of purveying water to customers within the other District or the wholesaling of water to the other District.

Section 6. Service Responsibility

Nothing herein requires Silver Lake to extend service to any property owners within Area "A". Extension of utility service

outside its boundaries and into Area "A" is left to the sole discretion of Silver Lake.

Section 7. Miscellaneous.

a. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

b. This document constitutes the entire agreement of the parties with respect to the subject matter hereof and may be modified only by an agreement in writing signed by all the parties hereto.

c. Waiver by any party of any term or condition of this Agreement shall not be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.

d. If any provision of this Agreement is held invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in full-force and effect.

e. Any notices required or permitted under this Agreement shall be delivered to the respective District's business office.

Section 7. Arbitration.

Any controversy or claim arising out of or related to this contract or the breach thereof shall be settled by a Board of three arbitrators one of whom shall be selected by Cross Valley and one by Silver Lake and the third selected jointly by the first two, and the parties hereto agree that any decision of the arbitrators shall be binding upon both parties hereto and judgment upon the award rendered may be entered in any court having jurisdiction thereof, all in accordance with Chapter 7.04 RCW. Any costs, expenses, and legal fees incurred in arbitration or other legal action shall be awarded to the prevailing party.

Section 8. Effective Date, Duration, and Termination.

This Agreement shall become effective on the date on which this Agreement has been duly authorized and executed by the Districts. This agreement may be terminated by mutual agreement of the Districts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of _____, 1998.

SILVER LAKE WATER DISTRICT:

CROSS VALLEY WATER DISTRICT

Rad Kuyper
President

[Signature]
President

[Signature]
Commissioner

[Signature]
Commissioner

Bill Anderson
Commissioner

Commissioner

ATTESTED TO:

ATTESTED TO:

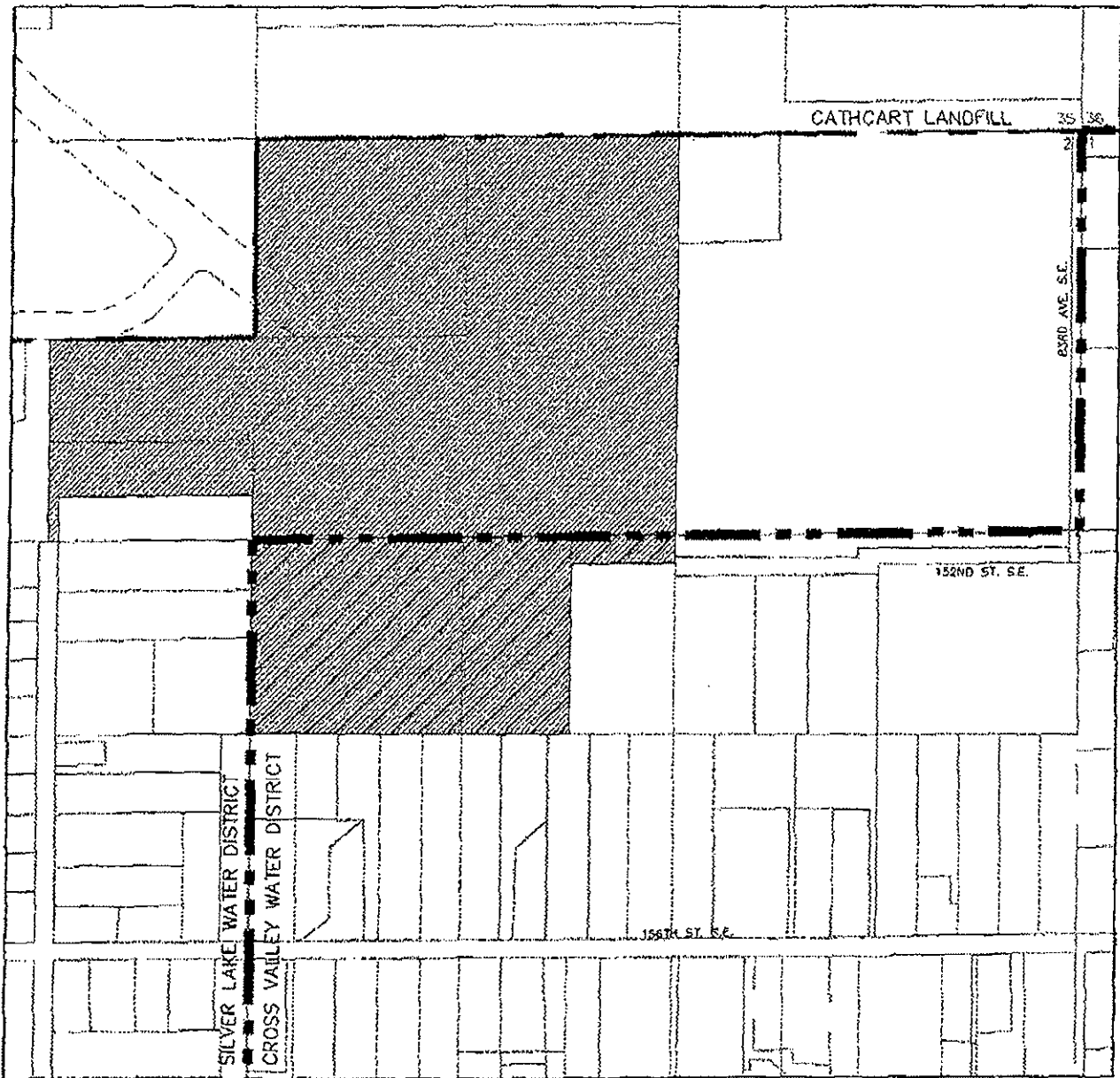
Bill Anderson
Secretary-Commissioner

[Signature]
Secretary-Commissioner

**PILLING PROPERTY
LEGAL DESCRIPTION OF
INTERLOCAL AGREEMENT AREA**

BEGINNING AT THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 27N, RANGE 5E, W.M.; THENCE SOUTH ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE EAST ALONG THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE NORTH ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE EAST ALONG THE SOUTH LINE OF THE NORTH 92.5 FEET OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; THENCE NORTH ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE WEST ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION TO THE TRUE POINT OF BEGINNING.

SEE EXHIBIT A FOR VICINITY MAP



VICINITY MAP
SCALE: 1" = 500'

LEGEND



PILLING PROPERTY



INTERLOCAL AGREEMENT AREA



SILVER LAKE WATER DISTRICT
SERVICE AREA BOUNDARY

SILVER LAKE WATER DISTRICT
PILLING PROPERTY
INTERLOCAL AGREEMENT AREA
EXHIBIT A

Gray & Osborne, Inc.
CONSULTING ENGINEERS