

**SNO-KING WATER DISTRICT COALITION
INTERLOCAL AGREEMENT**

This Agreement entered into this 20th day of FEBRUARY, 2001 among the Cross Valley Water District, the Mukilteo Water District, Olympic View Water and Sewer District, Alderwood Water and Wastewater District and the Woodinville Water District, (collectively referred to hereafter as the "Participants"),

W I T N E S E T H:

WHEREAS, each Participant is a special purpose municipal corporation, located in either Snohomish or King County, Washington, organized under the laws of the State of Washington; and

WHEREAS, each Participant desires to enter into this Agreement pursuant to the authority granted in Chapter 39.34 of the Revised Code of Washington; and

WHEREAS, each Participant has the authority to construct, condemn, 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, each Participant is impacted by the adoption of laws regulating the operation of waterworks and sewer systems as well as laws regulating the environment, land use planning, and growth management and imposing taxes to pay therefore; and

WHEREAS, each Participant is impacted by the adoption of regulations implementing such laws; and

WHEREAS, each Participant's cost of doing business, method of operation, system design, and ability to provide service is affected by the adoption of such laws and regulations; and

WHEREAS, each Participant desires to protect and promote its interests and the interests of its rate payers by establishing a forum for developing unified positions on pending utility, legal, governmental and tax issues affecting it and its constituents; and

WHEREAS, each Participant desires to establish an organization capable of administering and funding the presentation of its views on such issues in the appropriate forums;

NOW, THEREFORE, each Participant does hereby agree as follows:

Section 1. Definitions.

"Administrator" means the Participant appointed by the Board to act in the capacity as the Administrator under this Agreement.

"Agreement" means this Agreement.

"Board" means the governing body of the Sno-King Water District Coalition ("Coalition").

"Budget" means the Operating Budget of the Board.

"Effective Date" means the first date on which the Agreement has been duly authorized and executed by all Participants.

"Fiscal year" means January 1 through December 31.

"Operating Fund" means the special fund of the Coalition established to pay the expenses associated with the operation of the Coalition.

"Treasurer" means the financial director/controller of the Administrator, or its successor, responsible for administering the Operating Fund.

Section 2. Purpose.

The purpose of this Agreement is to administer the development and presentation of unified positions on pending issues affecting Participants and their rate payers and to fund the costs of such administration and the representation of the Participants and their rate payers in those forums where legislative and/or administrative decisions affecting Participants and their rate payers are made.

Section 3. Effective Date, Duration and Termination.

This Agreement shall become effective on the date on which this Agreement has been duly authorized and executed by all the Participants. This Agreement shall terminate one (1) year from such effective date, unless the term is extended by mutual agreement of all Participants or unless the Agreement is terminated at an earlier date by mutual agreement of all Participants or withdrawal of all but one Participant.

Upon termination or expiration, the Administrator shall wind up the affairs of the Coalition as expeditiously as possible, and all liabilities shall be satisfied and all remaining funds, if any, shall be distributed to the Participants on a pro rata basis. The Board shall continue in operation to oversee such distribution and termination and to take such action as may be necessary to accomplish such distribution and termination.

Section 4. Withdrawal.

Any Participant may withdraw upon thirty (30) days' written notice to the Board that its legislative body has duly authorized withdrawal from the Agreement and that the Participant seeks withdrawal from the Agreement. A Participant who has withdrawn shall not be entitled to the refund of any monies paid into the Operating Fund and shall remain liable and accountable, after withdrawal, for any and all dues and additional expenditures authorized by the Board prior to the Participant's withdrawal.

Section 5. Board.

There is hereby created the Sno-King Water District Coalition Board (the "Board"). Each Participant shall designate one member and one alternate member to the Joint Board. The Board shall establish rules of procedure, including but not limited to a quorum requirement, a schedule for regular and special meetings, and notice requirements. The Board shall designate the Administrator and designate and elect such officers deemed necessary and a Secretary who shall supply timely and adequate notice of regular and special meetings to all members and alternates and shall comply with any other notice requirements applicable under the laws of the State of Washington. The Secretary shall compile and keep current a directory of the Board members and alternates.

Each Participant shall have one vote. A matter or proposal shall be approved by Board members representing a majority of the Participants, except for matters requiring a greater percentage under this Agreement. A Participant's alternate member shall vote only in the absence of that Participant's member on the Board.

The Board shall oversee the work and activities of the Administrator. The Joint Board may require oral and written reports from the Administrator and may require the production of any records or documents relating to the Agreement, or the Operating Fund as it deems necessary. Unless the Board directs otherwise, the Administrator shall provide monthly reports concerning the lobbyists activities and accounting statements showing all activity of the Operating Fund.

The Board shall have the power and authority to

- a. perform such acts and exercise such authority necessary to implement the purposes of this Agreement.
- b. adopt a budget and assess dues;
- c. enter into contracts in its own name;
- d. authorize the Administrator to perform the duties and exercise the authority specified in Section 6.
- e. perform any act and exercise any authority permitted by law.

Section 6. Administrator.

The Administrator under this agreement shall be one of the Participants. Cross Valley Water District shall be the Administrator of the Agreement until December 31, 1995 at which time a successor Administrator shall be appointed according to a schedule adopted by the Board should this agreement be extended.

Pursuant to Chapter 39.34 of the Revised Code of Washington, the Participants agree that the Administrator shall be vested with all powers and authority required to carry out the objectives and purposes of this Agreement, with prior approval of the Board may

- a. enter into contracts, and employ and retain professional services;
- b. create, establish and maintain such offices and positions as shall be reasonably necessary and convenient for the transaction of business;
- c. appoint and employ attorneys, agents, consultants and employees; and
- d. collect from the Participants reasonable dues and assessments as authorized by the Board.

The Administrator shall use reasonable skill and judgment in performing the responsibilities assigned by this Agreement or the Board, but shall have no liability to the Participants for actions or omissions made in good faith and in the reasonable belief that such actions or omissions were in accordance with this Agreement.

Section 7. Removal or Resignation of Administrator.

The Board may, pursuant to a vote of two-thirds of all the Participants, remove the Administrator. The Administrator may also resign upon 90 day's notice to the Board. The Board shall then designate a new Administrator by a vote of Board members representing a majority of all Participants. In the event of the Administrator's removal or resignation, the Administrator may, at its sole discretion, remain a Participant and retain all rights and duties as a Participant.

In the event of the Administrator's removal or resignation, the Administrator shall relinquish control and custody of the operating fund to the successor Administrator, who shall designate a Treasurer subject to approval of the Board.

Section 8. Payment of Costs; Accounting.

The Participants agree to share all costs associated with the Agreement for each fiscal year as determined by a majority of the Board at the September meeting of the Board for the next fiscal year. The Board shall determine by majority vote whether the members share shall be paid in installments or in a lump sum.

The Board shall establish an annual budget. To administer the budget, the Administrator shall establish a special fund designated as the "Operating Fund of the Sno-King Water District Coalition" in the office of the Administrator's Treasurer. Within 30 days of the Effective Date each Participant shall submit its share of the costs to the Administrator. The Administrator shall deposit such funds into the Operating Fund. Such funds are refundable only in the event of termination of the Agreement, as provided in Section 3 hereof.

The Administrator shall cause the Treasurer to make disbursements and issue checks for payments as provided under this Agreement. The Board shall establish policies and procedures for the disbursement of monies from the Operating Fund, and the Administrator shall comply with such policies and procedures. Monies in the Operating Fund shall be used solely for satisfying the costs and expenses of the Agreement; provided that all monies will be expended according to law, and that money expended pursuant to this agreement shall not be used for entertaining legislators or government officials or to finance any political campaign, partisan or non-partisan or any to support or oppose any ballot issue.

Section 9. Additional Expenditures.

A majority vote of members of the Board shall be required to amend the Budget or to approve expenditures in excess of the Budget. The Participants shall fund additional expenditures as determined by the Board, provided that any Participant dissenting from an additional expenditure shall not be required to contribute to its funding; and provided further that such dissenting member shall not have the right to vote concerning the use of additional funding. If the Administrator is the dissenting Participant, it shall follow the directions of the Board with regard to the funds for additional expenditures.

Section 10. Additional Participants.

Water and/or Sewer Districts located within Snohomish and King Counties may be admitted to the Coalition upon an affirmative vote of a majority of the Board upon such terms and conditions that the Board establishes, including but not limited to, classes of membership, duration of membership and differing assessments or installment payment of assessments; provided that execution of this agreement by the new member and payment of that year's assessment (or first installment) shall be a pre-condition to actual membership in the Coalition.

New members shall be admitted to the Coalition only after they have executed a "New Member Agreement" in the form attached hereto. Membership shall be effective upon filing the signed "New Member Agreement" with the Administrator.

Section 11. 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 parties hereto; provided that additional participants may be admitted to the Coalition by executing the attached membership agreement form .

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 Participant's business office.

IN WITNESS WHEREOF, the Participants have caused this Agreement to be executed in their respective names by their authorized officers, all as of the date first above written.

CROSS VALLEY WATER DISTRICT

Dated: _____

By _____
Its _____

MUKILTEO WATER DISTRICT

Dated: _____

By _____
Its _____

WOODINVILLE WATER DISTRICT

Dated: _____

By _____
Its _____

OLYMPIC VIEW WATER & SEWER DISTRICT

Dated: _____

By _____
Its _____

Dated: FEBRUARY 20, 2001

ALDERWOOD WATER & WASTEWATER
DISTRICT

By X Paul D. McDintyre
Its PRESIDENT