

SILVER LAKE-ALDERWOOD WATER DISTRICT
WATER SERVICE AGREEMENT

WHEREAS, owners of property located within the panhandle formed by the Silver Lake Water District boundaries at the southwest corner of the District require water service; and

WHEREAS, this area is bordered by portions of the Alderwood Water district; and

WHEREAS, the Silver Lake Water District has not constructed water mains in this area of their district; and

WHEREAS, the Silver Lake Water District has an 8-inch line at the north boundary of the area, which water main is not large enough to serve the area; and

WHEREAS, the Alderwood Water District has a 12-inch line near the south boundary of the area; and

WHEREAS, the cost of the system, methods of construction, District's standards and cost to the people receiving service will be essentially the same, regardless of which district provides the service; and

WHEREAS, the Alderwood Water District is willing to enter into an agreement with Silver Lake Water District to provide water to the area; and

WHEREAS, a system of water mains needs to be constructed which will be compatible and consistent with the standards of both Silver Lake Water District and the Alderwood Water District; and

WHEREAS, such a system will be of benefit to both Silver Lake Water District and Alderwood Water District;

NOW, THEREFORE, for and in consideration of the mutual benefits and covenants set forth below, the parties agree:

1. To work together to develop a mutually beneficial water system to serve the area described on Exhibit "A" attached hereto and incorporated herein as if set forth in full.

2. The Silver Lake Water District will require the developing properties within this area to construct water mains of the size required to serve the area and allow the Alderwood Water District to provide water to the area, and to flow from the Alderwood Water District system at the south boundary of the area to the Alderwood Water District system at the N.W. corner of the area.
3. A valved intertie to the Silver Lake Water District system, for emergency use only, will be provided at S.R. 527 and the north boundary line of the service area.
4. All property owners and/or developers shall be required to extend water mains to the furthest line of their property to promote the completion of a fully looped system.
5. The water system shall consist of a 12-inch Ductile Iron, Class 52 water main along the Bothell - Everett Highway (S.R. 527), from the south line to the north line of this area, together with an internal system of 8-inch water mains. No 6-inch water main extensions will be allowed. The Silver Lake Water District shall own, construct, operate, maintain and repair the public water system within the agreement area. Silver Lake Water District shall notify Alderwood Water District at least fourteen (14) days prior to construction of any public water facilities in the area described in Exhibit "A" and shall provide two copies of the engineering plans for such facilities. Silver Lake Water District shall cooperate with Alderwood Water District in scheduling and controlling the testing, flushing and sterilizing of such facilities as to minimize the impact to Alderwood Water District's supply system.

6. The Silver Lake Water District shall collect 1/2 cent/square foot of gross area from each property within the area, to be paid to Silver Lake Water District when water service to the property is requested, and the money so collected shall be delivered to the Alderwood Water District.
7. The Silver Lake Water District will read and report the consumption readings on all of the meters on a bi-monthly basis within the area described in Exhibit "A" to the Alderwood Water District. To such consumption readings a factor of ten percent shall be added for "unaccounted water" - such as but not limited to meter losses, flushing, fire protection and leakage. Silver Lake Water District shall pay to the Alderwood Water District, for the water so measured (including the ten percent factor for unaccounted for water) at the "UMR" amount established by the Alderwood Water District which is the same rate as charged the City of Lynnwood (UMR - unmetered rate water not delivered through master meter) as established now or hereafter amendments thereto. The rate is currently \$0.4611/100 cubic feet.
8. The Silver Lake Water District agrees that the Alderwood Water District has facilities in place which will best serve that area between the districts and not now annexed to either district, and will encourage and recommend that this unannexed area, as shown as Exhibit "B", attached hereto, be annexed to the Alderwood Water District. The parties agree that water service under the terms of this agreement is limited to the area described in Exhibit "A" only.
9. Alderwood Water District only warrants the quality of the water delivered to Silver Lake Water District to be

at least equal to the quality of water delivered to Alderwood Water District by the City of Everett under the Everett Supply Contract and Alderwood Water District makes no other warranty, promise or representation regarding the quality of water delivered to Silver Lake Water District.

10. The agreement to supply water by Alderwood Water District to Silver Lake Water District shall be subject to and limited by unavoidable accidents, acts of God and any conditions beyond the control of Alderwood Water District.

If Alderwood Water District declares an emergency on limited water available through accident, catastrophe or limitations from Everett by contract or its own emergency and notifies Silver Lake Water District of the limitations imposed by Alderwood Water District, Silver Lake Water District shall comply with those limitations. Alderwood Water District will treat any major interruption to the supply to Silver Lake Water District as an urgent matter and will attempt to restore or cause to be restored normal service to Silver Lake Water District as expeditiously as possible.

11. Waiver: No waiver by either party hereto of any terms or conditions of this Agreement shall be deemed or construed to be a waiver of any other term or condition, nor shall the waiver of any breach be deemed or construed to constitute a waiver of any subsequent breach, whether of the same or any other term or condition of this agreement.
12. Assignment: Except where one of the parties merges or combines with another entity neither this agreement nor

any of the rights, interests, or obligations created hereunder may be assigned by either party without the written consent of the other party. This agreement shall be binding upon and inure to the benefit of the respective customers and assigns of the parties.

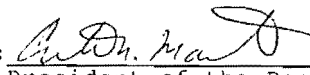
13. Hold Harmless: Silver Lake Water District hereby agrees to indemnify and hold harmless Alderwood Water District for any liability, damages, legal costs or expenses arising, directly or indirectly, out of this Agreement, arising out of any action by the Silver Lake Water District.

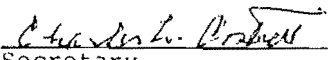
14. Entirety: All prior negotiations and agreements between the parties hereto relating to the subject matter hereof are merged into and superceded by this agreement, and shall constitute the entire agreement between Alderwood Water District and Silver Lake Water District.

15. Term: The term of this agreement shall be September 20, 2010 which is the same term as the Alderwood Water District/City of Everett Water Supply Agreement.

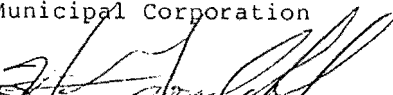
DATED this 6th day of October, 1986.

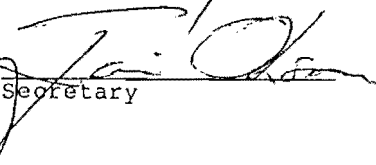
ALDERWOOD WATER DISTRICT
of SNOHOMISH COUNTY
A Municipal Corporation

By: 
President of the Board

Attest: 
Acting Secretary

SILVER LAKE WATER DISTRICT
of SNOHOMISH COUNTY
A Municipal Corporation

By: 
President of Board

Attest: 
Secretary

RANGE 4 EAST, W.M.
RAI 5 EAST, W.M.

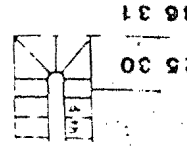
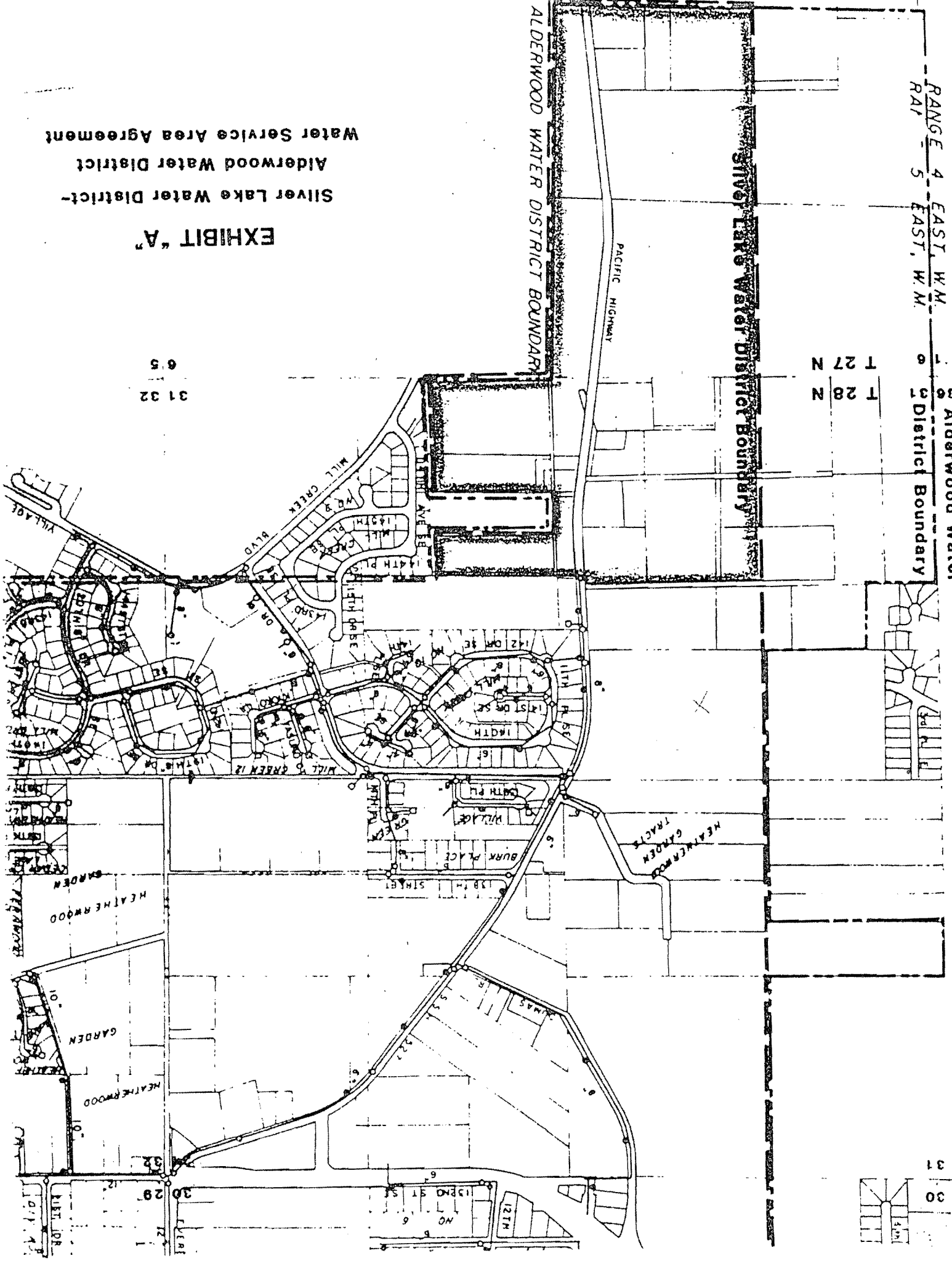
1 2 Alderwood Water
2 District Boundary

1 28 N
1 27 N

EXHIBIT "A"

Silver Lake Water District -
Alderwood Water District
Water Service Area Agreement

31 32
6 5



SILVER LAKE/ALDERWOOD WATER DISTRICT
PROPOSED WATER SERVICE AGREEMENT

WATER SERVICE AREA

All of the property located within the Silver Lake Water District, lying south of 143rd Street and adjacent to the Bothell - Everett Highway (SSH527), and more particularly described as follows:

Beginning at the N.E. corner of the N.W. 1/4 of Section 6, T. 27 N., R. 5 E., W.M.;

Thence southerly, in and along said east line to the S.E. corner of said N.W. 1/4;

Thence westerly, in and along the south line of said N.W. 1/4 to the S.W. corner of the E. 1/2 of said N.W. 1/4;

Thence northerly, in and along the west line of the E. 1/2 of said N.W. 1/4 to a point in the north line of Section 6, which point is also the S.W. corner of the E. 1/2 of the S.W. 1/4 of Section 31, T. 28 N., R. 5 E., W.M.;

Thence northerly, in and along the west line of the E. 1/2 of said S.W. 1/4 to the N.W. corner of the S.E. 1/4 of the S.W. 1/4 of said Section 31;

Thence easterly, in and along the north line of the S.E. 1/4 of the S.W. 1/4 of said Section 31 to the N.E. corner of said S.E. 1/4 of the S.W. 1/4 of Section 31; which point is also the N.W. corner of the S.W. 1/4 of the S.E. 1/4 of said Section 31;

Thence continuing easterly, in and along the north line of the S.W. 1/4 of the S.E. 1/4 of said Section 31 to a point which is 825 feet more or less east of the west line of said S.W. 1/4 of the S.E. 1/4;

PROPOSED WATER SERVICE AGREEMENT - Continued

Thence southerly, in and along a line which is 825 feet more or less east of and parallel to the west line of said S.W. 1/4 of the S.E. 1/4 a distance of 292 feet more or less;

Thence westerly, in and along a line which is 292 feet south of and parallel to the north line of said S.W. 1/4 of the S.E. 1/4; to the west line thereof;

Thence southerly, in and along the west line of said S.W. 1/4 of the S.E. 1/4 a distance of 246 feet more or less;

Thence easterly, in and along a line which is 538 feet more or less south of and parallel to the north line of said S.W. 1/4 of the S.E. 1/4, to a point which is 828 feet more or less east of the west line of said S.W. 1/4 of the S.E. 1/4;

Thence southerly, in and along a line which is 828 feet more or less east of and parallel to the west line of said S.W. 1/4 of the S.E. 1/4, to the south line of said Section 31;

Thence westerly, in and along the south line of said Section 31 to the S.W. corner of the S.W. 1/4 of the S.E. 1/4 thereof, which point is also the N.E. corner of the N.W. 1/4 of Section 6, T. 27 N., R. 5 E., W.M., and the true point of beginning.

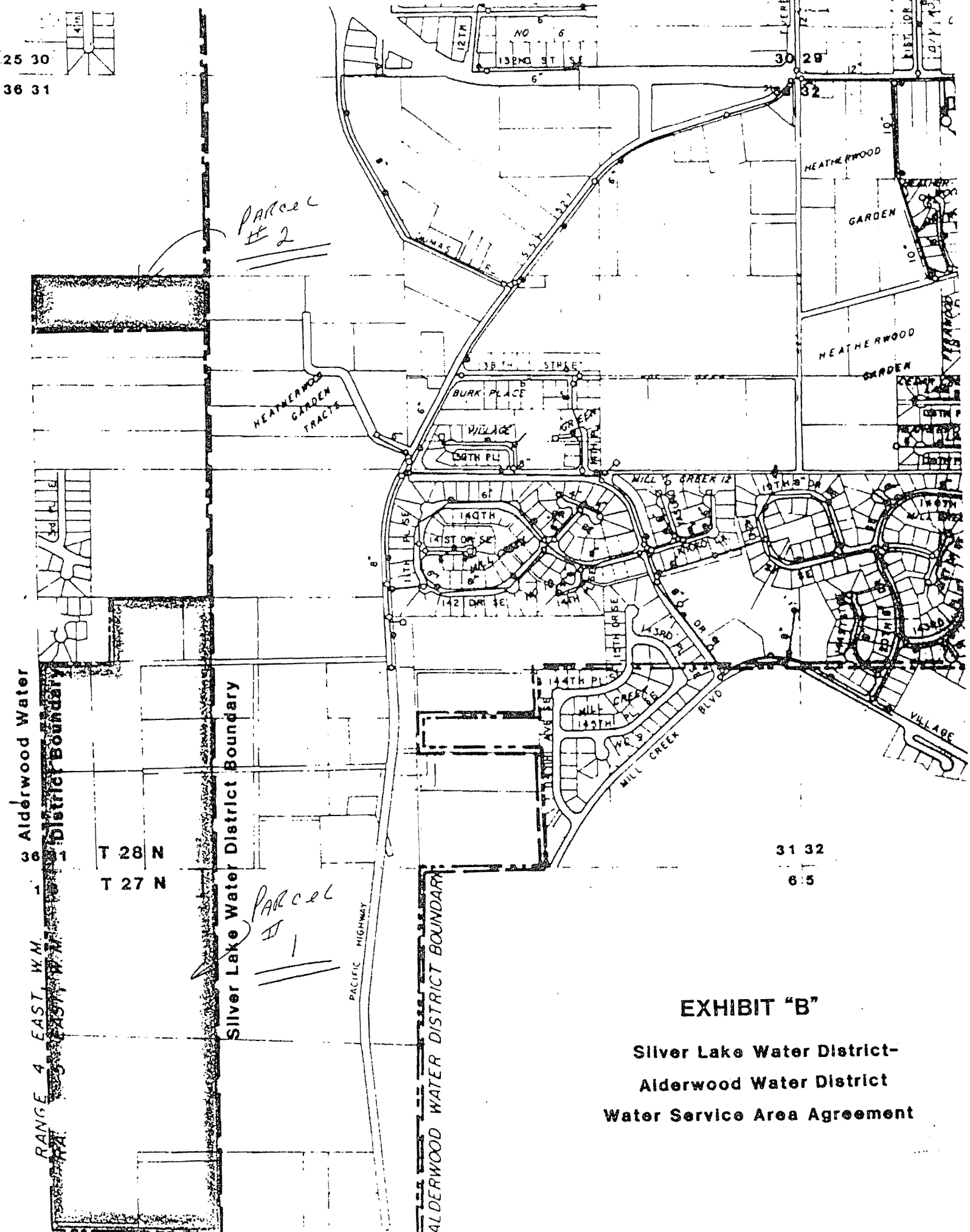


EXHIBIT "B"

**Silver Lake Water District-
Alderwood Water District
Water Service Area Agreement**

SILVER LAKE - ALDERWOOD WATER DISTRICT

AGREEMENT FOR WATER DISPOSAL

UNANNEXED AREA

Two tracts of land, the boundaries of which are more particularly described as follows:

PARCEL NO. 1:

BEGINNING AT THE S.E. CORNER OF THE WEST 1/2 OF THE N.W. 1/4 OF SECTION 6, T 27 N, R 5 E, W.M.;

THENCE WESTERLY, IN AND ALONG THE SOUTH LINE OF SAID WEST 1/2 TO THE S.W. CORNER THEREOF, WHICH IS ALSO IN THE WEST LINE OF SAID SECTION 6;

THENCE NORTHERLY, IN AND ALONG THE WEST LINE OF SAID SECTION 6, TO THE N.W. CORNER THEREOF, WHICH POINT IS IN THE WEST LINE OF SECTION 31, T 28 N, R 5 E, W.M.; AND IS ALSO THE S.W. CORNER OF SAID SECTION 31;

THENCE NORTHERLY, IN AND ALONG THE WEST LINE OF SAID SECTION 31 TO THE NORTH LINE OF THE S.W. 1/4 OF THE S.W. 1/4 OF SAID SECTION 31;

THENCE EASTERLY, IN AND ALONG SAID NORTH LINE TO A POINT WHICH IS 480 FEET, MORE OR LESS, FROM THE WEST LINE OF SAID SECTION 31;

THENCE NORTHERLY, IN AND ALONG A LINE WHICH IS 480 FEET, MORE OR LESS, EAST OF AND PARALLEL TO THE WEST LINE OF SAID SECTION 31, TO A POINT WHICH IS 440 FEET, MORE OR LESS, FROM SAID NORTH LINE;

THENCE EASTERLY, IN AND ALONG A LINE WHICH IS 440 FEET, MORE OR LESS, NORTHERLY OF AND PARALLEL TO THE NORTH LINE OF THE S.W. 1/4 OF THE S.W. 1/4 OF SAID SECTION 31 TO A POINT ON THE WEST LINE OF THE EAST 1/2 OF THE WEST 1/2 OF SAID SECTION 31;

THENCE SOUTHERLY, IN AND ALONG THE WEST LINE OF THE EAST 1/2 OF THE WEST 1/2 OF SAID SECTION 31, TO A POINT IN THE SOUTH LINE OF SAID SECTION 31, WHICH POINT IS ALSO THE N.E. CORNER OF THE W 1/2 OF THE N.W. 1/4 OF SECTION 6, T 27 N, R 5 E, W.M.;

THENCE SOUTHERLY, IN AND ALONG THE EAST LINE OF SAID W 1/2 OF SAID NW 1/4 TO THE S.E. CORNER THEREOF AND THE TRUE POINT OF BEGINNING.

AGREEMENT FOR WATER DISPOSAL - Continued

PARCEL NO. 2:

BEGINNING AT THE N.E. CORNER OF THE S.W. 1/4 OF THE N.W. 1/4 OF SECTION 31; T 28 N, R 5 E, W.M.;

THENCE SOUTHERLY, IN AND ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 560 FEET MORE OR LESS;

THENCE WESTERLY, IN AND ALONG A LINE WHICH IS 560 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID SUBDIVISION, TO A POINT IN THE WEST LINE OF SAID SECTION 31;

THENCE NORTHERLY, IN AND ALONG THE WEST LINE OF SAID SECTION 31 A DISTANCE OF 560 FEET MORE OR LESS TO THE N.W. CORNER OF THE S.W. 1/4 OF THE N.W. 1/4 OF SAID SECTION 31;

THENCE EASTERLY, IN AND ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE N.E. CORNER THEREOF AND THE TRUE POINT OF BEGINNING.