

INTERLOCAL COOPERATION AGREEMENT

This Agreement is by and between the PUBLIC UTILITY DISTRICT NO. 2 of Grant County, Washington (hereinafter called the "District"), and the TOWN OF COULEE CITY, Washington, (hereinafter called the "Town").

Recitals:

1. The District desires to establish a payment partnership for the support of District payments at the Town offices;
2. The Town has the resources to provide such services to the District on the terms and conditions hereinafter set forth; and
3. The District and Town are each authorized to enter into this Agreement by virtue of RCW 39.34.080.

NOW THEREFORE, IT IS AGREED THAT:

1. **Purpose of this Agreement.** The purpose of this Agreement is to provide a location for the receipt of District payments for electrical utility services from District customers ("Customers"). The parties acknowledge that this service is beneficial to the District and Town customers.
2. **Term of Agreement.** This Agreement shall be effective from the date of filing as provided in Section 12 and shall remain in full force and effect until December 31, 2010, unless sooner terminated. This Agreement may be renewed thereafter on a year to year basis upon approval of the Town Council and the District's Commission.
3. **Services Provided by the Town.** The Town agrees to provide a secure depository location for the receipt of District payments at least eight hours daily Monday through Friday of each week, except designated holidays. District payments constitute remittances by Customers for electric bills. The Town will provide the following services under this Agreement:
 - A. Accumulate payments for the District that are dropped off by Customers in a secure location at the Town's town hall.
 - B. Daily place the payments in a District provided envelope and deposit the envelope at the Coulee City Post Office, which is mailed to the District's Grand Coulee Local Office.

The Town will not take cash payments, but will send Customers to the Post Office or bank to purchase a money order. In the event cash payments are found in the drop box, the Town will purchase a money order and include in the envelope to be mailed to the District's Grand Coulee Local Office. The District will reimburse Town for the actual cost of the money order. The Town will not mail cash payments.

The Town will handle District payments with the same care and diligence used in handling the Town's own funds. The Town will use its best efforts to protect against loss while District payments are in the care and custody of the Town.

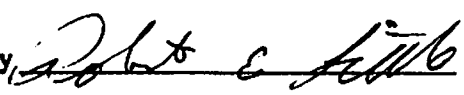
4. **Material and Equipment Provided by the District.** The District shall provide postage paid, pre-addressed envelopes.
5. **Ownership of Property and Payments.** All material furnished to the Town by the District, all District payments or any and all District funds received pursuant to this Agreement shall remain the property of the District and shall be returned to the District upon termination of this Agreement.
6. **Confidentiality.** The Town shall not disclose customer addresses or account information to third parties without the customer's written consent. Any request by the public for inspection of records shall be referred to the District for a response. The Town will use reasonable measures to prevent any unauthorized disclosure.
7. **Administrator.** The District's Customer Accounting Supervisor shall be responsible for administering this Agreement and shall establish procedures to be followed by Town personnel responsible for its execution. The Town Clerk shall be the Town's representative.
8. **Compensation for Services.** Beginning January 1, 2009, the District shall pay the Town \$100 per month, plus reimbursement for any money orders purchased, payable at the end of each month for the services provided by the Town. The Town shall invoice the District monthly for services rendered.
9. **Insurance and Bonding.** All Town employees having access to District funds shall be bonded in the minimum amount of \$50,000, with the District named as an additional insured. The Town shall name the District as an additional insured and Loss Payee on an Employee Fidelity policy covering the theft and loss of public funds with limits of \$500,000. The Town shall also name the District as an additional insured on a Commercial General Liability policy satisfactory to the District, with limits of \$500,000 per occurrence. The town shall provide the District a copy of the bond and/or certificate(s) of insurance as soon as practicable after this Agreement is executed.
10. **Indemnification.** The Town shall indemnify, defend, and hold harmless the District, its agents, employees and officers from any and all liability arising out of the performance of this Agreement by the Town, whether by act or omission of the Town's agents, employees or officers. Any liability attaching to the Town shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of the District, its agents, employees or officers.
11. **Assignment.** The Agreement may not be assigned by either party.
12. **Filing.** Upon execution of this Agreement, the parties shall file a true and complete copy thereof with the Grant County Auditor in compliance with the provisions of Chapter 39.34. This Agreement shall not be deemed effective until such filing has been completed.
13. **Employees.** No agent, employee or representative of the Town shall be deemed to be an agent, employee, or representative of the District for any purpose, and the employees of the Town are not entitled to any of the benefits the District provides to District employees. The Town shall continue to pay the salary and benefits of its employees while they are engaged in activities under this Agreement and shall be responsible for all direct non-salary costs (expenses) incurred by employees, including Worker's Compensation, Employment Security contributions and any other taxes.
14. **Governing Law.** This Agreement shall be governed by the laws of the State of Washington.

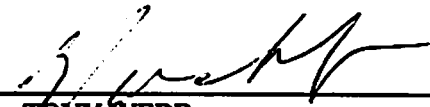
15. **Entire Agreement.** This document contains the entire and integrated Agreement of the parties and may not be modified except in writing, signed by both parties.
16. **Notice.** Any required notices under the terms of this Agreement shall be sufficiently given if personally delivered or mailed to the following locations;
- | | |
|----------------------------|--------------------------------------|
| Town of Coulee City | Public Utility District No. 2 |
| Attn: Town Clerk | of Grant County, Washington |
| P.O. Box 398 | Attn: Terry McKenzie |
| Coulee, City, WA 99115 | P.O. Box 878 |
| | 30 C Street SW |
| | Ephrata, WA 98823 |
17. **Termination.** Either party may terminate this Agreement at any time provided it gives the other written notification of the same at least 30 days prior to the effective date of the termination.
18. **Authorization.** Each party hereby represents and warrants to the other that it is duly authorized to enter into and carry out the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto entered in the above and foregoing Agreement the day and year first above written.

TOWN OF COULEE CITY

PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY, WASHINGTON

By: 

By: 

Title Mayer

TONY WEBB
DIRECTOR OF
CUSTOMER SERVICE