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**INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE
CITIES OF GRAND COULEE AND ELECTRIC CITY, AND THE TOWNS OF
COULEE DAM AND ELMER CITY, WASHINGTON**

THIS AGREEMENT, made and entered into this 13 day of August, 2007, by and between the **Cities of Grand Coulee and Electric City, and the Towns of Coulee Dam, and Elmer City**, all municipal corporations of the State of Washington, hereinafter referred to as "**Cities**".

WITNESSETH:

WHEREAS, the Cities entered into an Interlocal Cooperative Agreement dated the 12th day of October, 1989; and

WHEREAS, the Cities find that it continues to be to the mutual advantage of the Cities to cooperate amongst themselves in matters common to and affecting the Cities that are parties hereto, including but not limited to management of solid waste, including collection, transfer, and disposal services, and the development of programs, plans, and policies for growth and development, and for economic and social solutions to problems common to the area; and

WHEREAS, such agreements are authorized by the "Interlocal Cooperative Act" (Chapter 39.34 RCW); and

WHEREAS, the Cities find that it continues to be in the best interests of the citizens of their respective entities to be served by such joint effort and cooperation and the same would result in efficiency and economy for the taxpayers of the area subject to this Agreement,

Now, therefore, in consideration of the covenants herein contained,

It is hereby agreed by and between the Cities as follows:

1. Each of the Cities hereto agrees to participate in the continued operation of a Regional Board (hereinafter "**Board**") with each of the four Cities having representation on said Board. It is intended that said Board shall not constitute a separate entity governed by Chapter 24.03 RCW (Corporations) or Chapter 25.04 RCW (Partnerships). In that regard, the Board shall be advisory only. All fiscal matters and governance and control shall continue to reside with the legislative bodies of each respective participating city and town.

2. Said Board shall generally concern itself with the orderly growth and development of the entire area in the vicinity of Grand Coulee Dam, and the area that

can reasonably be expected to urbanize within the foreseeable future, and the Board shall assist in planning and coordination of proposed projects that may involve federal or state financial participation, and in the review of project loans so as to assure harmony with area wide comprehensive plans.

3. Membership in the Board shall be divided into two classifications: "Voting Members" who shall be the Mayors of the four participating municipal governments, or the Mayor Pro Tem in the absence of the Mayor, and "Associate Members" who shall be representatives of interested state, federal, and local governments and private organizations.

4. The following working rules shall govern the operation of the Board:

(a) The chairmanship of the Board shall be rotated amongst the voting members of the four participating Cities, each for a 15-month period in the following order: Town of Coulee Dam, then the Town of Elmer City, then the City of Grand Coulee, and then the City of Electric City. A secretary shall be provided by the City of Grand Coulee and the City of Grand Coulee will be reimbursed pursuant to time records using that employee's actual wage, with benefits. Said reimbursement/compensation shall be from revenues from the joint operations of activities conducted by the Board, but limited to the operation of the Delano Landfill and/or Transfer Station. The secretary may be changed from time to time and may be a staff person selected from one of the participating Cities.

(b) Voting members shall be entitled to one vote each. Associate members shall be allowed to participate in the Board deliberations, but shall have no voting rights.

(c) Each of the Cities shall have a voting member present on all policy-making decisions. All decisions concerning, but not limited to, applications for funding, contracting, budgeting, revenues, rate setting, and expenditures shall be submitted to the respective city or town councils of the participating city and towns for approval.

(d) Regular meetings of the Board shall be held on the second Monday of each month, and special meetings shall be held upon call of the chairman, with reasonable notice to be given to all voting members.

(e) The City of Grand Coulee shall maintain such books, records, documents, and other evidence and accounting procedures and practices, which sufficiently and properly reflect all revenues and direct and indirect costs. These records shall be subject to inspection, review, or audit by the State Auditor's Office, or by the Mayor or Clerk of any of the other cities party hereto.

(f) In compliance with RCW 43.09.285 entitled "Joint Operations by Municipal Corporations or Political Subdivisions—Deposit and Control of Funds", it is hereby agreed between the Cities as follows:

The funds of the joint operations of all Cities known as the "Regional Board of Mayors" shall be deposited in the public treasury of the City of Grand Coulee and such deposit shall be subject to the same audit and fiscal controls as the public treasury of the City of Grand Coulee. All funds shall be deposited into the public treasury of the City of Grand Coulee in a special fund created for this operation by the City of Grand Coulee and all disbursements shall be made therefrom. Any funds held by the respective Cities for or on behalf of the Regional Board of Mayors shall be forthwith transferred to the City of Grand Coulee to be deposited in its treasury.

(g) The City of Grand Coulee shall be entitled to a monthly administrative fee equal to fifteen percent (15%) of the monthly operational expenditures of the activities of the Board, excluding capital expenditures. The fifteen percent (15%) administrative fee will be paid directly from the Regional Solid Waste Disposal Fund to the Current Expense Fund of the City of Grand Coulee via transfer once each month. A report will be provided to the respective cities each month showing the O&M Expenditures and the amount of the administrative fee.

(h) Any city may function as the employer for any employee of the Board and will provide the same health and retirement benefits and annual leave provisions as provided to other regular employees of said city or town. Said city or town will provide full industrial insurance for said employee and shall submit an invoice for reimbursement to the City of Grand Coulee for all wages, costs, and expenses of such employee.

(i) All assets shall be held by the respective parties, individually or jointly, and shall not be held by the Board as a separate entity.

5. Upon termination of this Agreement, or in the interim when jointly-owned property is declared surplus, the same shall be offered to each city and town and sold to the individual city or town offering the highest price therefor, and if not purchased by one of the respective members, the same shall be disposed of in a manner that will be to the best advantage to the cities and the proceeds of such disposition shall be paid into the "operating fund".

6. Upon execution of this Agreement, the same shall be filed with the respective city clerks of the parties hereto and further filed pursuant to the methodology specified in RCW 39.34.040.

7. The term of this Agreement shall be for a period of five plus years commencing on the date set forth above and continuing until December 31, 2012, with an automatic renewal at the end of each successive five-year term thereafter; Provided, however, that if two or more of the member Cities withdraw before the end of any such term, this Agreement shall be automatically terminated.

8. Any participating city shall have the option to terminate its participation in this Agreement by giving a minimum of twelve month's advance written notice thereof. Upon termination, an accounting shall be made taking into account existing funds, outstanding accounts receivable, and debts and obligations, and the terminating party shall be reimbursed, or shall reimburse the Board, depending on the status of the accounting.

9. Any dispute that arises out of the interpretation, performance, enforcement, or any other aspect of this Agreement shall be resolved in the following manner:

Step 1. Referral of a dispute shall be forwarded to the other party in a written notice sent by certified mail, return receipt requested, setting forth the nature of the dispute. The parties shall have 30 days, or more if mutually agreed upon in writing, to resolve any dispute.

Step 2. If the dispute is not resolved within the specified time, the matter shall be mediated by a third party selected by mutual agreement of the parties. The fees and expenses of the mediator shall be borne equally by the parties.

Step 3. If the dispute is not resolved by mediation, legal action may be commenced by any party.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Jurisdiction over and venue of any suit arising out of or relating to this Agreement shall be exclusively in the state courts of Grant County, Washington.

11. Each party to this Agreement represents to the other that the terms of this Agreement do not conflict with any provisions of the city or town codes or resolutions and/or ordinances of each party. The parties enter into this Agreement as a contract involving both present and future conduct of each of the parties. To that extent, each

party agrees with the other that it will not adopt any resolutions, ordinances, or provisions within any participating city or town that conflicts with this Agreement.


12. In the event that any lawsuit is instituted by any party to this Agreement arising out of or pertaining to this Agreement, including any appeals and collateral actions relative to such lawsuit, the substantially prevailing party, as determined by the court, shall be entitled to recover its reasonable attorney's fees, expert witness fees, and all costs and expenses incurred relative to such lawsuit from the substantially nonprevailing party, in addition to such other relief as may be awarded.

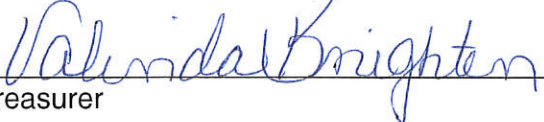
13. This Agreement shall be executed on behalf of each party by its authorized representative and pursuant to appropriate resolution or ordinance of each local government. It shall be deemed adopted upon the date of execution by the last authorized representative required for the commencement of this Agreement.

14. This Agreement may be amended only by written agreement of all participating local governments.

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


City of Grand Coulee, Washington:

By 
Mayor

Attest: 
Clerk-Treasurer

Town of Coulee Dam, Washington:

By 
Mayor

Attest: 
Clerk-Treasurer

City of Electric City, Washington:

By Raymond K. Kelley
Mayor

Attest: Jacqueline M. Pomeroy
Clerk-Treasurer

Town of Elmer City, Washington:

By Mary Jo Casey
Mayor

Attest: James J. Williams
Clerk-Treasurer