THIS AGREEMENT is made and entered into by and between Douglas County Fire District No. 2, (hereinafter "Fire District"), and Public Utility District No. 1 of Douglas County (hereinafter "PUD"), pursuant to Chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 52.30.020.

1. The Fire District provides fire protection services to the PUD.
2. RCW 52.30.020 provides that the PUD shall contract with the Fire District for fire protection services necessary for the protection and safety of personnel and property of the PUD pursuant to Chapter 39.34 RCW.
3. The Fire District and the PUD have negotiated the terms of this Agreement and believe the same to be in the best interests of each District.

NOW, THEREFORE,

THE FIRE DISTRICT AND PUD AGREE AS FOLLOWS:

1. The term of this Agreement shall commence on January 1, 2011, and continue until December 31, 2020 subject to paragraph 2 below.
2. This Agreement may be terminated by either party upon 90 days prior written notice to the other party of the intent to terminate. Termination by either party pursuant to this provision shall not affect the legal rights and obligations of either party in regard to fire protection services.
3. During the term of this Agreement, the Fire District shall provide fire protection services necessary for the protection and safety of personnel and property of the PUD.
4. In exchange for the fire protection services provided by the Fire District to the PUD, the PUD agrees to pay $15,000 (in 2011 dollars, indexed by changes in the
Douglas PUD Rate Schedule 1 or equivalent) annually on or about January 1 of each year.

5. This Agreement shall be considered in accordance with applicable laws of the State of Washington. If any provision of this Agreement violates any statute, rule of law, or constitutional provision of the State of Washington, this Agreement shall be considered modified to conform to that statute, rule of law, or constitutional provision.

6. This Agreement may be amended only by a written agreement executed by both parties.

7. If a dispute arises concerning the terms or operation of this Agreement, the matter may be resolved by litigation, the venue for which shall be Douglas County Superior Court. The substantially prevailing party in any litigation shall be entitled to receive reasonable attorney fees and all other reasonable costs of suit including but not limited to expenditures, fees, and travel expense.

8. This Agreement shall be filed with the Douglas County Auditor.

APPROVED BY BOARD OF COMMISSIONERS OF DOUGLAS COUNTY FIRE PROTECTION DISTRICT NO. 2

Rich Adams, Board Chairman

Dated: January 18, 2011

APPROVED BY BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY

William C. Dobbins, General Manager

Dated: February 7, 2011