ORIGINAL

INTERLOCAL COOPERATIVE AGREEMENT

THIS AGREEMENT is made by and between Public Utility District No. 1 of Douglas County, Washington ("Douglas"), and Public Utility District No. 1 of Pend Oreille County, Washington ("Pend Oreille"), collectively referred to as "Parties".

Recitals:

A. Public Utility Districts are authorized, pursuant to RCW Chapter 39.34 to enter into Interlocal Cooperative Agreements.

B. Pend Oreille desires to make Internet Protocol Television ("IPTV") available to end users connected to the Pend Oreille PUD Community Network System ("CNS");

C. Douglas operates an IPTV head end capable of providing IPTV to the CNS.

D. Douglas desires access to the US Bank in Spokane and the DF230 Cabinet point of presence ("DF230 POP") in order to continue transporting Spokane broadcast content to Retail Service Providers (RSPs) via the Douglas County Community Network ("DCCN").

E. Pend Oreille currently has a presence at both the US Bank building and the DF230 POP and has a connection to Douglas at the Eastmont Communications Building Number Three ("Eastmont Communications").

F. Pend Oreille and Douglas have negotiated the terms of this Agreement and believe the same to be in the best interests of each District.

NOW, THEREFORE, in consideration of mutual premises and covenants contained herein, the Parties hereto agree as follows:

1. TERM.

This Agreement shall commence on the later of the date of execution by Douglas or the date of execution by Pend Oreille and continue for a period of twenty (20) years.

2. PURPOSE.

During the term of this Agreement, Pend Oreille and Douglas shall exchange services as described on "Schedule A", which is attached to and made a part of this Agreement.

3. TERMINATION.

This Agreement may be terminated early by either party with ninety (90) days written notice to the other party of the intent to terminate. In the event of Douglas' early termination, if requested by Pend Oreille and provided Douglas intends to continue operation of its IPTV head end, Douglas will make reasonable efforts to continue delivery of its IPTV signal to Pend Oreille, under its then existing telecommunication services policies and fees, for a period of up to two (2) years after termination. All costs associated with delivery of the IPTV signal from the head end to Pend Oreille shall be borne by Pend Oreille during this two (2) year period and Douglas shall have no responsibility to bear any expense associated with data transport.

In the event of Pend Oreille's early termination, Douglas will assume all payments for the remaining term of the phase 1 third party transport circuit between US Bank and Douglas County, as well as pay for any Pend Oreille resources required to receive Spokane off air content. If requested by Douglas, Pend Oreille will make reasonable efforts to continue providing Douglas connectivity to US Bank building, under its then existing policies and fees, for a period of up to two years (2) after termination, cost of which shall be paid by Douglas. Reasonable efforts shall include maintaining and renewing contracts for, or purchase of, suitable circuit(s) from third party providers and resale of the purchased circuits to Douglas at the cost of acquisition with no administrative fees or mark-up. All costs associated with connectivity from US Bank building to Douglas shall be borne by Douglas during this two-year period and Pend Oreille shall have no responsibility to bear any expense associated with data transport.

4. JURISDICTION AND VENUE.

This Agreement is made, executed under and is to be construed by the laws of the State of Washington. Sole and exclusive venue of any legal action hereunder shall be in the Superior Court of the State of Washington in and for the County of Douglas. The substantially prevailing party in any litigation shall be entitled to receive reasonable attorney fees and all of the reasonable costs of the suit, including but not limited to expert witness fees, travel, meals, and lodging expenses.

5. FAILURE TO PERFORM.

If any Party determines that the other Party is not in compliance with one or more of the requirements of this Agreement, it shall notify the other Party within five (5) business days of such determination.

6. LIMITATION OF LIABILITY.

In no event shall either Party be liable to the other Party for any lost or perspective profits or any other special, punitive, exemplary, consequential, incidental, or indirect losses or damages (in tort, contract, or otherwise) under or in respect of this

Agreement or for any failure of performance related hereto howsoever caused, whether or not arising from such Party's sole, joint, or concurrent negligence.

7. AUTHORITY.

Each person signing this Agreement has the full authority of the entities on behalf of which they are signing to execute this Agreement and to bind those entities to the terms of this Agreement.

8. ENTIRE AGREEMENT.

This Agreement, including documents expressly incorporated by reference, constitute the entire Agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

9. UNCONTROLLABLE FORCES.

The Parties shall not be in breach of their respective obligations to the extent that the failure to fulfill any obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party's reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:

1. strikes or stoppage;
2. floods, earthquakes, or other natural disasters; terrorist acts; and
3. final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, or conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of any Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require any Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Parties

apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance.

10. ASSIGNMENT.

This Agreement is binding on any successors and assigns of the Parties. No Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Parties' written consent. Such consent shall not be unreasonably withheld.

11. SEVERABILITY.

In the even any provision in this Agreement should be determined to be unenforceable or otherwise invalid for any reason, such provision shall be enforced and validated to the extent permitted by law. All other provisions of this Agreement are severable, and the unenforceability or invalidity of any single provision hereof shall not effect the remaining provisions.

12. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained herein or in the Agreement, whether express or implied, in no event shall either Party be required to pay or be liable to the Counterparty for any consequential, indirect or punitive damages, opportunity costs or lost profits.

13. NOTIFICATION.

A. Notification to Pend Oreille

All notices shall be sent to:

_____

_____

Public Utility District No. 1 of Pend Oreille County
130 N. Washington
P.O. Box 190
Newport, WA 99156
Phone: (509) 447-3137

B. Notification to Douglas

All notice shall be sent to:

Bill Dobbins

General Manager

Public Utility District No. 1 of Douglas County
1151 Valley Mall Parkway
East Wenatchee, WA 98802
Phone: (509) 884-7191

14. SIGNATURES.

IN WITNESS WHEREOF, each Party to this Agreement has caused it to be executed on the date indicated below.

PUBLIC UTILITY DISTRICT NO. 1
OF PEND OREILLE COUNTY,
WASHINGTON

By _____

Title General Manager

Date April 16, 2013

PUBLIC UTILITY DISTRICT NO. 1
OF DOUGLAS COUNTY,
WASHINGTON

By _____

Title General Manager

Date April 29, 2013

INTERLOCAL COOPERATIVE AGREEMENT

SCHEDULE A

Douglas will provide IPTV headend access to Pend Oreille and Pend Oreille will provide Spokane Studio feed and off-air broadcast transport and colocation service to Douglas.

This Agreement will be implemented in two phases.

Phase one will begin as soon as services can be established. Phase two will begin once Pend Oreille begins delivering IPTV to end users in Pend Oreille County.

Phase One

Pend Oreille will provide:

- A one Gigabit circuit, capable of reliably transporting Spokane broadcast IPTV signals using multicast Internet Protocol,("IP Transport") between the Spokane Broadcaster's feed at US Bank in Spokane and the Douglas Headquarters Building.
- A one Gigabit circuit from Douglas equipment located at the DF230 POP on the Pend Oreille CNS to the Douglas Headquarters Building.
- Colocation of up to one half of a standard seven (7) foot equipment rack and sufficient power to operate any equipment necessary to fulfill the requirements of this Interlocal Agreement, ("Collocation Service") and external space to mount an antenna mast and three antennas at the DF230 Cabinet if a reasonable effort by Pend Oreille can provide such capability.
- Availability, if needed, of Pend Oreille technical personnel to provide "hands on" work on Douglas equipment. All labor will be billed to Douglas at actual cost.

Douglas will provide:

- Payment of half the cost of IP Transport between US Bank and the Columbia NoaNet POP.
- Payment for any utilized Pend Oreille Colocation Service and/or antenna colocation.
- Colocation Service at Eastmont Communications at no cost to Pend Oreille.

- Dark fiber sufficient for one IP Transport circuit from the Columbia NoaNet POP to Pend Oreille equipment located at Eastmont Communications at no cost to Pend Oreille.
- Dark Fiber sufficient for IP Transport circuit from Eastmont Communications to the Headquarters DCCN server room at no cost to Pend Oreille.
- Availability, if needed, of Douglas technical personnel to provide "hands on" work on Pend Oreille equipment. All labor will be billed to Pend Oreille at actual cost.

Phase Two

Pend Oreille will provide:

- All phase one provisions

Douglas will provide:

- Dark Fiber sufficient for an additional IP Transport circuit from Eastmont Communications to the Headquarters DCCN server room.
- Dark Fiber sufficient to provide Pend Oreille a connection to a diverse circuit provider.
- All phase one provisions except:
    - Payment for IP Transport between US Bank and the Columbia NoaNet POP.
    - Payment for Pend Oreille colocation.