

**1986 CONTRACT BETWEEN THE CITY OF EVERETT  
AND THE SILVER LAKE WATER DISTRICT CONCERNING  
THE ANNEXATION OF A PORTION OF THE DISTRICT BY THE CITY**

THIS CONTRACT is made by and between the City of Everett, Washington, hereafter called "City," and the Silver Lake Water District, hereinafter called the "District."

WHEREAS, the City and the District previously entered an agreement concerning annexation of a portion of the District by the City; and

WHEREAS, the City has thereafter annexed additional land which at the time of such annexation was and is now located within the District and which land is receiving water service from the District; and

WHEREAS, the City desires to assume full management and control of the local water facilities and service within the territories so annexed; and

WHEREAS, the District has caused to be issued its "Water Revenue Bonds, 1984," dated June 20, 1984, of which a principal amount of \$1,270,000 is now outstanding which constitutes a lien upon the gross revenues of the District's water system, including that portion of the system now within the City; and

WHEREAS, certain water facilities located within and adjacent to the boundaries of the City are such that those facilities are essential to the operation of the remaining facilities of the District and must be retained by the District in order to provide adequate water service for customers of the District; and

WHEREAS, it is the desire of the parties to define, by means of this contract, the rights and responsibilities of the parties with respect to ownership, management, and control of the water facilities within the territories annexed to the City and to set forth the manner in which the debts and obligations of the District as they relate to the annexed territories shall be disposed of, and to establish certain other points of agreement relating to the mutual interest of both the City and the District;

NOW, THEREFORE, pursuant to the authority contained in RCW 35.13.250 and 56.08.060, it is hereby agreed as follows:

1. It is acknowledged that by prior agreements and understandings, the City provides water service to all areas west of I-5 and north of 100th St. S.E. and west of 35th Avenue S.E., except portions of the E 1/2 of the SE 1/4 of Section 17

and portions of the SW 1/4 of Section 19, T28N, R 5 EWM and portions of Sections 24 and 25, T28N, R 4 EWM. The territory described in Exhibit A attached hereto and by this reference made a part hereof shows areas of the District south of 100th which have been annexed to the City. All water facilities described in Exhibit A, and hereafter referred to as "SLWD Mains" are facilities within the City which were constructed and are now owned, operated, and maintained by the District and are essential to the efficient operation of water facilities of the District located outside the City. The District shall retain its ownership of and responsibility to maintain and operate the SLWD Mains. The District will save and hold harmless and defend the City from any and all claims, damages, injuries and liabilities relating to or arising out of the ownership, operation, and maintenance of the SLWD Mains by the District.

As of June 1, 1986, all other water facilities within the area described in Exhibit A, and hereinafter referred to as the "City of Everett Mains," plus water service lines appurtenant thereto servicing customers within said annexed area shall have been deemed to have been transferred to, and all ownership, management, operation, and maintenance thereof shall hereafter vest fully in and under, the control of the City, and shall be billed by the City for water service. The City assumes full responsibility for furnishing domestic water service to all water customers in the annexed area and to all other properties adjoining the City of Everett Mains and SLWD Mains within the territory, described in the City-annexed areas and Exhibit A. All water service lines or City of Everett Mains directly connecting properties within the City to the SLWD Mains shall be transferred to the City, and all ownership, management, operation and maintenance thereof shall hereafter be fully in and under the control of the City, and all water customers of the District served by such service lines or City of Everett Mains shall become the water customers of the City and shall be billed by the City for water service.

2. The following subsections provide for general operational rules and procedures which have been observed by the City and the District in connection with providing water service to the annexed and immediately adjacent areas. It is the intent of both parties to set forth these general rules and procedures and be guided by them in the continued future operation of both the City's and the District's water system. It is not the intent of the parties hereto that the following outline should cover every eventuality but rather that such rules and procedures shall be adhered to when applicable and that instances not included below be

administered in a manner generally in keeping with the policies of both parties and settled in a manner which is fair and reasonable.

A. Commencing with the effective date of this agreement, following annexation into the City of former District customers, all contacts and matters concerning water supply and service to such customers shall become the sole responsibility of the City. The balance of all District customers not annexed to the City shall remain the customers of the District and all contacts and matters concerning water supply and service to such customers shall remain the sole responsibility of the District.

B. The City will bill the District and the District will pay the City for water consumed by customers of the District which will be measured in the following manner:

1. The City will periodically read the master meters located at Stockshow Road and 4th Avenue W., Stockshow Road and 7th Avenue, 21st Avenue and 100th Street S.E., and at such other locations as mutually agreed upon in the future to determine the total amount of water passing into the District.
2. The City will periodically read the individual customer meters of customers within the annexed area of the District. Such individual customer readings will be provided to the District by the City.
3. Based on the City's meter readings the total amount of water measured by such individual meter readings shall be deducted from the total amount of water measured by the master readings.
4. From the amount thus determined, there shall be deducted an amount equal to 10% of the total amount of water measured by the individual meter readings within the annexed area of the District to reflect loss of water due to leakage.
5. City shall be obligated to enforce water liens of the District for unpaid District charges prior to June 1, 1986.

C. Responsibility for new water service installation shall be borne by the party to this agreement in whose area the customer desiring service is located. The City shall install a water meter for each new service connection. All customer relations and contacts, including the application for service, turn-ons, shut-offs, and subsequent billings for water service, shall be done by the party in whose area the customer is located.

D. Fire hydrants located on SLWD Mains may be used for firefighting purposes only by both the City and the fire protection agency serving customers of the District without charge to either party for water so used. Water from fire hydrants used for any other purpose than that set forth above shall be measured

through a meter with the express consent of the party in whose area said fire hydrant is located.

E. In the event certain operational or other problems of mutual concern occur which cannot be remedied by reference to this agreement, then the parties hereto agree to resolve such problems in a matter which will be neither detrimental or harmful to either party from an operational or financial viewpoint.

3. In satisfaction of the City's proportionate share of the indebtedness of the District, the City shall pay to the District on or before November 1, 1986, and each six (6) months thereafter a sum of money equivalent to 3.6% of the total debt services payments to be paid by the District on its Water Revenue Bonds, 1984, all as shown on the Schedules of Semi-Annual Debt Services attached hereto as Exhibit B. In lieu of said principal and interest payments, the City may, on or before November 1, 1986, make one lump sum payment of principal in the amount of \$39,381.74, and thereafter no further payments shall be required. All money paid by the City to the District pursuant to this paragraph shall be used by the District to retire or pay principal and interest on the District's "Water Revenue Bonds, 1984," and shall be used for no other purpose.

4. This contract shall in no way affect or change the rights or powers of the City or District to make and enforce collection of reasonable charges for water supplied by each to the other.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and each warrant that they have authorized the execution of this contract and the undersigned parties warrant their authority on behalf of the parties to this agreement to execute the same for and on behalf of the respective parties.

Date: 3-24-86

CITY OF EVERETT

William E. Moore  
WILLIAM E. MOORE, Mayor

SILVER LAKE WATER DISTRICT

H. J. Small  
PRESIDENT, Board of Water  
Commissioners

ATTEST:

Edward Thompson  
CITY CLERK

J. J. O'Brien  
SECRETARY, Board of Water  
Commissioners

APPROVED AS TO FORM:

Bruce J. [Signature]  
CITY ATTORNEY

\$1,270,000  
 EVER LAKE WATER DISTRICT  
 WASHINGTON COUNTY, WASHINGTON  
 WATER REVENUE BONDS, 1984

Schedule of Semiannual Debt Service

Period Ending	Coupon Rate	Principal	Interest	Total Debt Service	Annual Debt Service
12/ 1/1984			68,381.25	68,381.25	
6/ 1/1985			68,381.25	68,381.25	136,762.50
12/ 1/1985			68,381.25	68,381.25	
6/ 1/1986			68,381.25	68,381.25	136,762.50
12/ 1/1986			68,381.25	68,381.25	
6/ 1/1987			68,381.25	68,381.25	136,762.50
12/ 1/1987			68,381.25	68,381.25	
6/ 1/1988	8.500	30,000	68,381.25	98,381.25	166,762.50
12/ 1/1988			67,106.25	67,106.25	
6/ 1/1989	9.000	35,000	67,106.25	102,106.25	169,212.50
12/ 1/1989			65,531.25	65,531.25	
6/ 1/1990	9.250	35,000	65,531.25	100,531.25	166,062.50
12/ 1/1990			63,912.50	63,912.50	
6/ 1/1991	9.500	40,000	63,912.50	103,912.50	167,825.00
12/ 1/1991			62,012.50	62,012.50	
6/ 1/1992	9.750	45,000	62,012.50	107,012.50	149,025.00
12/ 1/1992			59,818.75	59,818.75	
6/ 1/1993	10.000	50,000	59,818.75	109,818.75	169,637.50
12/ 1/1993			57,318.75	57,318.75	
6/ 1/1994	10.200	55,000	57,318.75	112,318.75	169,637.50
12/ 1/1994			54,513.75	54,513.75	
6/ 1/1995	10.400	60,000	54,513.75	114,513.75	169,027.50
12/ 1/1995			51,393.75	51,393.75	
6/ 1/1996	10.750	65,000	51,393.75	116,393.75	167,787.50
12/ 1/1996			47,900.00	47,900.00	
6/ 1/1997	10.800	70,000	47,900.00	117,900.00	165,800.00
12/ 1/1997			44,120.00	44,120.00	
6/ 1/1998	10.900	80,000	44,120.00	124,120.00	168,240.00
12/ 1/1998			39,760.00	39,760.00	
6/ 1/1999	11.000	90,000	39,760.00	129,760.00	169,520.00
12/ 1/1999			34,810.00	34,810.00	
6/ 1/2000	11.100	100,000	34,810.00	134,810.00	169,620.00
12/ 1/2000			29,260.00	29,260.00	
6/ 1/2001	11.200	110,000	29,260.00	139,260.00	168,520.00
12/ 1/2001			23,100.00	23,100.00	
6/ 1/2002	11.300	120,000	23,100.00	143,100.00	166,200.00
12/ 1/2002			16,320.00	16,320.00	
6/ 1/2003	11.400	135,000	16,320.00	151,320.00	167,640.00
12/ 1/2003			8,625.00	8,625.00	
6/ 1/2004	11.500	150,000	8,625.00	158,625.00	167,250.00
		1,270,000	1,998,055.00	3,268,055.00	

Interest Start Date: 6/ 1/1984  
 Delivery Date: 6/20/1984  
 First Interest Payment Date: 12/ 1/1984  
 Accrued Interest: 07,218.02

Average life : 14 Years, 2 Months, 29 Days

\*\*\* Foster & Marshall/American Express Inc. \*\*\*

EXHIBIT B

CITY OF EVERETT

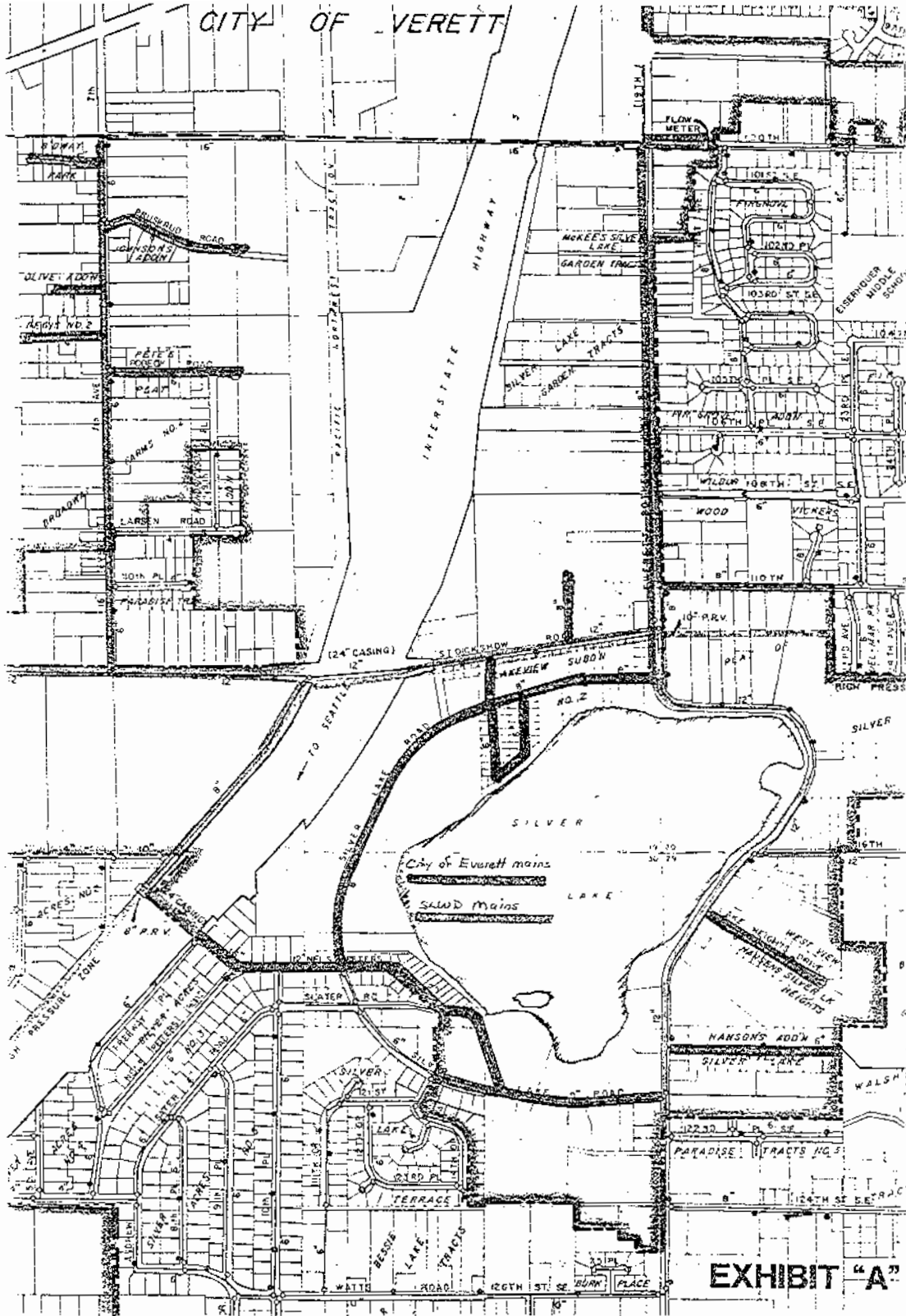


EXHIBIT "A"