

**INTERLOCAL AGREEMENT BETWEEN CITY OF EDGEWOOD
AND PUYALLUP SCHOOL DISTRICT NO. 3
RELATING TO EDGEWOOD LID NO. 1**

This INTERLOCAL AGREEMENT BETWEEN CITY OF EDGEWOOD AND PUYALLUP SCHOOL DISTRICT NO. 3 (the "Interlocal Agreement") is entered into this 26th of November, 2008 by and between the CITY OF EDGEWOOD, a Washington municipal corporation (the "City") and PUYALLUP SCHOOL DISTRICT NO. 3, a Washington municipal corporation (the "District").

I. RECITALS

A. RCW ch. 39.34, the Interlocal Cooperation Act, authorizes local municipal corporations to enter into agreements to assist and cooperate with each other to better serve the needs of the local community.

B. The District is the owner of certain real property located at 9805 24th Street East, Edgewood, Washington and commonly known as Northwood Elementary School. The District is also the owner of certain real property located at 2300 110th Avenue East, Edgewood, Washington ("Edgemont Junior High School") and 2110 110th Avenue East, Edgewood, Washington ("Hilltop Elementary School") collectively commonly known as the Edgemont/Hilltop Campus.

C. The City is in the process of forming a Local Improvement District ("LID No. 1") for the purpose of providing sanitary sewer service to a portion of the City known as the Phase I Sanitary Sewer Service Area (hereinafter "the Phase I Area").

D. Northwood Elementary School lies within the Phase I Area; however, Northwood Elementary School is currently served with sanitary sewer service by Pierce County under an Interlocal Agreement between the City, the District and Pierce County wherein the District was granted the right to connect to Pierce County's sanitary sewer system provided the District installed, at the District's sole expense, certain sanitary sewer system improvements.

E. The Edgemont/Hilltop Campus is currently served by an on-site sewage disposal system and lies within the City's Phase II Sanitary Sewer Service Area (hereinafter "the Phase II Area"). The Phase II Area is not included within the City's LID No. 1. The District has requested that the Edgemont/Hilltop Campus be included within the City's LID No. 1 in order to provide the District with the ability to discontinue use of its existing on-site sewage disposal system serving the Edgemont/Hilltop Campus.

F. The City and the District recognize that there are substantial mutual benefits to the Edgewood Community and the District Schools by addressing the service issues at Northwood and the Edgemont/Hilltop Campus.

G. Consistent with the Interlocal Cooperation Act, the City and the District recognize and acknowledge that mutual assistance and cooperation is in the best interests of the City and the District to better serve the needs of the City and the District. The terms and conditions under which the City and the District intend to implement such mutual assistance are set forth under this Interlocal Agreement.

II. AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits herein, the City and the District agree as follows:

1. Interlocal Cooperation Act.

1.1 RCW ch. 39.34 authorizes the execution of an Interlocal Agreement for the purpose of providing mutual assistance and cooperation between municipal corporations.

1.2 The City and the District recognize that certain adjustments to the City's General Sewer Plan to allow sanitary sewer service to the Edgemont/Hilltop Campus and certain assessment adjustments to the Northwood Elementary School Property would assist the long-term needs of the Edgemont/Hilltop Campus and Northwood Elementary School and would facilitate the continued use by the Edgewood Community of the recreational fields and facilities of both the Edgemont/Hilltop Campus and Northwood Elementary School.

1.3 The City and the District acknowledge that the cooperation and mutual assistance provided hereinbelow is in the best interests of the City and the District.

2. Northwood Elementary School.

2.1 Interlocal Agreement between the City, Pierce County, and the District/Existing Sanitary Sewer Connection to Northwood Elementary.

2.1.1 The City and the District acknowledge and recognize that Northwood Elementary School is currently served by sanitary sewer service by Pierce County under that certain Interlocal Agreement between the Puyallup School District, Pierce County, and the City of Edgewood for the Provision of Sanitary Sewer Service to Northwood Elementary School, executed as of December 9, 1997, and attached hereto as Exhibit 1 and incorporated herein by this reference (the "Sanitary Sewer Interlocal Agreement").

2.1.2 The City and the District acknowledge and recognize that the Sanitary Sewer Interlocal Agreement provided the mechanism for the District to obtain sanitary sewer service to Northwood Elementary School; provided the District, at the District's sole expense, installed a certain public sanitary sewer line extension from Northwood Elementary School to a point of connection to an existing sanitary sewer line owned and operated by Pierce County. In conjunction with the Sanitary Sewer Interlocal

Agreement granted the District the right to reimbursement for certain sanitary sewer system improvements under a certain Reimbursement Agreement between Pierce County and Puyallup School District No. 3 for Installation of a Public Sanitary Sewer System at Northwood Elementary – Contract No. 98-9611, executed as of September 11, 1998, a copy of which is attached hereto as Exhibit 2 and incorporated herein by this reference (the “District Sanitary Sewer Reimbursement Agreement”).

2.1.3 The City and the District reiterate their collective intent to maintain in existence and effect the Sanitary Sewer Interlocal Agreement.

2.1.4 The City has informed the District that it currently has an informal understanding with Pierce County which is intended to be memorialized by written agreement under which the City will assume authority and jurisdiction over certain sanitary sewer areas which includes Northwood Elementary School (the “Sanitary Sewer Service Area Transfer Agreement”).

2.1.5 Upon delivery of a fully executed copy of the Sanitary Sewer Service Area Transfer Agreement to the District and upon the effective date of such agreement:

2.1.5(a) the District shall thereafter be obligated to pay City sewer service fees and other sewer utility charges, without limitation, which are uniformly charged to similarly situated customers, as may be lawfully established by the City. By virtue of the connection fees and charges previously paid by the District as part of the District Sanitary Sewer Reimbursement Agreement, no connection fees or similar one-time charges will be paid by the District for the Northwood Elementary School existing sewer connection.

2.1.5(b) the City shall assume the obligations of Pierce County for the administration of the District Sanitary Sewer Reimbursement Agreement and thereafter the City shall be responsible for providing notice of any right to reimbursement and such reimbursement to which the District is entitled under the District Sanitary Sewer Reimbursement Agreement. The parties acknowledge that the District Sanitary Sewer Reimbursement Agreement expires September 11, 2013; and

2.1.5(c) subject to satisfaction of the conditions set forth in Section 5.2.1, the Northwood Elementary School Property shall be deemed to be connected to the City’s Phase I Sanitary Sewer System within the meaning of Title 11 EMC.

2.2 Northwood Replacement Elementary School.

2.2.1 At the time the District submits a building permit application to the City for replacement of Northwood Elementary School with a new, replacement school (the “Northwood Replacement Elementary School”):

2.2.1(a) the District shall thereafter be obligated to pay to the City all such applicable fees and charges, including without limitation any application and

inspection fees and Connection Fees for sanitary sewer treatment capacity, as may be lawfully established by the City.

2.2.1(b) the District, at the District's sole expense, shall be responsible for installation and future maintenance of such necessary on-site sanitary side sewer line(s) and appurtenances to connect, in the exercise of the City's reasonable engineering discretion, to that portion of the City's Phase I Sanitary Sewer System which may be located along the eastern boundary of the Northwood Elementary School Property or located within 24th Street East.

2.2.2 At the time of the District's connection to the City's Phase I Sanitary Sewer System in accordance with Section 2.2.1(b) above, the District shall take such necessary steps, in coordination with the City, to disconnect the Northwood Elementary School Property to that certain sanitary sewer line existing, as of the Effective Date of this Interlocal Agreement; provided, however, the District shall have no responsibility whatsoever for ensuring that service is maintained to any other properties which may be served by that certain public sewer line extending north of the Northwood Elementary School Property (the "Northwood Elementary School Sewer Line"). The parties acknowledge that there are other properties that are connected or that may be able to connect to the Northwood Elementary Sewer Line. The District shall not be responsible in any manner, including any associated costs and expenses, for providing continued sanitary sewer service to those properties within the Tributary Area of the Northwood Elementary Sewer Line as shown on Exhibit 3, attached hereto and incorporated herein by this reference.

2.3 LID No. 1 Assessment for Northwood Elementary School.

2.3.1 In recognition of the District's substantial existing sanitary sewer system improvements as part of the Northwood Elementary School Sewer Line, as of the Effective Date of this Interlocal Agreement, and in consideration of the benefits to the Edgewood Community, the City shall be responsible for the payment of the District's LID No. 1 Final Assessment for Pierce County Parcel Nos. 0420091011 and 0420091014 (Northwood Elementary School) in an amount not to exceed \$44,232.40 (which sum represents the total connection charges previously paid by the District to Pierce County for the Northwood Elementary School Sewer Line).

3. Edgemont/Hilltop Campus.

3.1 Inclusion of the Edgemont/Hilltop Campus in the City's Phase I Sanitary Sewer Service Area.

3.1.1 The parties acknowledge that, as of the Effective Date of this Interlocal Agreement, the Edgemont/Hilltop Campus is within the City's Phase II Sanitary Sewer Service Area.

3.1.2 In consideration of the substantial benefits to the Edgewood Community in the nature of recreational amenities and use of the facilities at Edgemont Junior

High School and benefits to the District Schools and in consideration of the District's obligation to pay the LID No. 1 Final Assessment in accordance with Section 3.3.1 below, the City, subject to satisfaction of the conditions under Sections 5.1, 5.2.2 and 5.2.3 below, shall:

3.1.2(a) adopt a Resolution authorizing the inclusion of the Edgemont/Hilltop Campus (Pierce County Parcel Nos. 0420102018, 0420102037, and 0420103132) in the City's Phase I Sanitary Sewer Service Area;

3.1.2(b) take such steps as are necessary, including seeking approval of the Department of Ecology if required, to amend the City's General Sewer Plan to include the Edgemont/Hilltop Campus (Pierce County Parcel Nos. 0420102018, 0420102037, and 0420103132) in the City's Phase I Sanitary Sewer Service Area; and

3.1.2(c) take such steps as are necessary in good faith to work with Lakehaven Utility District to amend that certain Agreement between the City of Edgewood and Lakehaven Utility District, executed as of January 23, 2007, to include the Edgemont/Hilltop Campus (Pierce County Parcel Nos. 0420102018, 0420102037, and 0420103132) in the City's Phase I Sanitary Sewer Service Area in order to ensure service to the Edgemont/Hilltop Campus.

3.1.3 By execution of this Interlocal Agreement, the District hereby elects to be included within the City's Phase I Sanitary Sewer Service Area.

3.2 Edgemont/Hilltop Campus Connection to the Phase I Sanitary Sewer System.

3.2.1 The District acknowledges its intent, but not a contractual obligation, to construct and install a sewer line fronting the Edgemont/Hilltop campus at some currently undetermined future time. Upon the construction, installation and operation of any such line, the Edgemont/Hilltop Campus shall be deemed to be connected to the City's Phase I Sanitary Sewer System within the meaning of Title 11 EMC.

3.2.2 Upon such connection, the District shall be responsible, at the District's sole expense, for the installation of a connection sewer from the Edgemont/Hilltop Campus along 24th Street East to the terminus of the City's Phase I Sanitary Sewer System to be installed by the City in 24th Street East (the "Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection").

3.2.3 At the time of connection to the City's Phase I Sanitary Sewer System, the District shall be obligated to pay the City all applicable fees and charges, including without limitation any application and inspections fees, and Connection Fees for sewage treatment capacity relating to Edgemont Junior High School and Hilltop Elementary School, as may be lawfully established by the City.

3.2.4 The Edgemont/Hilltop Campus Sanitary Sewer Connection shall be a tightline and shall not allow any connections by properties within the City's Phase II Sanitary Sewer Service Area between the Edgemont/Hilltop Campus and the Phase I Area.

3.2.5 The District and the City generally agree that the Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection shall generally consist of an on-site sewer grinder pump system located near the Edgemont Junior High School's existing on-site sewage disposal system and installation of a three (3) inch diameter force main to a point of connection in 24th Street East, then west within 24th Street East to a point of connection at the terminus of the City's Phase I Sanitary Sewer Line to be installed by the City in 24th Street East. The District shall bear the entire expense of installing and constructing said sewer grinder pump system and force main extension, and shall be solely responsible for obtaining any necessary approvals and/or permits from the City for construction of the Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection.

3.2.6 The District shall deliver to the City by Bill of Sale the Edgemont/Hilltop Campus Sanitary Sewer Connection generally described under Paragraph 3.2.5 above and constructed by the District subject to agreement between the District and the City for the City's maintenance of the Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection, together with all necessary and appropriate easement rights pertaining thereto. Such maintenance agreement shall be consistent with recognized engineering standards based upon the nature, length and appurtenances of the Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection.

3.2.7 The District and the City recognize and acknowledge that because the planned Phase II Sanitary Sewer System will employ a gravity-based conveyance mechanism, the Edgemont/Hilltop Sanitary Sewer Tightline Connection will likely not be useable as part of the City's Phase II Sanitary Sewer System when the City's Phase II Sanitary Sewer System is constructed and operational.

3.3 LID No. 1 Assessment for Edgemont/Hilltop Campus. The District shall be obligated to pay the LID No. 1 Final Assessment for the Edgemont/Hilltop Campus when due and owing even in the event the District has elected to not connect to the City's Phase I Sanitary System.

3.4 Phase II Sanitary Sewer System.

3.4.1 The District acknowledges and recognizes that the City may, in the City's discretion at some time in the future, construct the City's Phase II Sanitary Sewer System under an LID (the "LID Method"). The District also acknowledges and recognizes that all or a portion of the City's Phase II Sanitary Sewer System may be constructed by others through a developer's extension agreement (the "Developer's Extension Method") or other lawful means ("Other Method").

3.4.2 In the event that the City's Phase II Sanitary Sewer System is constructed by the LID Method, the Developer's Extension Method, or Other Method, the

District shall be obligated to disconnect from the Edgemont/Hilltop Campus Sanitary Sewer Tightline Connection and to connect, at the District's sole expense and consistent with applicable City regulations, to the nearest portion of a public sanitary sewer line under the City's Phase II Sanitary Sewer System; provided, however, the Edgemont/Hilltop Campus shall not be subject to and the District shall not be obligated to pay any LID Assessments, Latecomer Charges, Connection Fees or any such other Assessments or Extension Charges for connection to the City's Phase II Sanitary Sewer System. Provided, that the District shall be fully subject to and shall be obligated to pay all other applicable fees and charges, including without limitation any application fees and inspections fees.

4. Additional Consideration. As additional consideration for the terms and conditions of this Interlocal Agreement, the District agrees, consistent with its history of cooperation with the City on school property within the City, to provide notice to the City, in the event at some time in future, the District elects to surplus, by Board Resolution, that certain Pierce County Parcel No. 0420103132.

5. Conditions Precedent under this Interlocal Agreement.

5.1 The District and the City recognize that the rights and duties under this Interlocal Agreement are expressly contingent upon the City's successful formation and funding of LID No. 1.

5.2 The District acknowledges that certain conditions precedent must occur prior to performance of certain obligations of the City under this Interlocal Agreement. Therefore, the District agrees that:

5.2.1 In recognition of the Northwood Elementary School's existing sewer service and the potential construction of new sewer lines within LID No. 1, the City concludes that upon the City accepting ownership of the sewer line constructed and installed by the District under the District Sanitary Sewer Reimbursement Agreement as a result of the consummation of the Sanitary Sewer Service Area Transfer Agreement with Pierce County, the Northwood Elementary School shall be deemed connected with the City's Phase I Sanitary Sewer System within the meaning of Title 11 EMC.

5.2.2 the obligations under Section 3.1.2 are expressly contingent upon approval, in the City's discretion, of the Edgewood City Council; and

5.2.3 the inclusion of the Edgemont/Hilltop Campus within the City's Phase I Area is subject to the approval of the Department of Ecology; and

5.3 The City shall have the discretion to determine compliance with the City's Municipal Code for the existing sewer line on the Northwood Elementary School Property which may include revisions to the City's Sanitary Sewer Utility Ordinance; provided, however, nothing herein shall alter, modify or change the District's financial obligations under this Interlocal Agreement; and

5.4 In the event the City Council fails to approve any of the obligations set forth under Section 3.1.2:

5.4.1 the District shall have no right to connect the Edgemont/Hilltop Campus to the Phase I Sanitary Sewer System; and

5.4.2 the City shall have no right to collect any LID Assessment from the District pursuant to Section 3.3 and the rights and obligations under Section 4 above shall be null and void.

6. Miscellaneous.

6.1 Effective Date. This Interlocal Agreement shall be effective upon the date (the "Effective Date") of the last signature of a party.

6.2 Notices. All notices provided for herein may be telecopied (with machine verification of receipt), sent by Federal Express or other overnight courier service or delivered or mailed registered or certified mail, return receipt requested. If a notice is mailed, it shall be considered delivered three (3) days after deposit in such mail. If a notice is sent via telecopy, it shall be deemed received upon receipt of verification of transmission. If a notice is sent via overnight courier, it shall be deemed received upon the next business day. The addresses to be used in connection with such correspondence and notices are the following, or such other address as a party shall from time to time direct:

District: Puyallup School District No. 3
323 - 12th Street Northwest
Puyallup, WA 98371
Telephone: 253-841-8772
Facsimile: 253-841-8640
Attention: Rudolph J.K. Fyles,
Executive Director of Facilities

City: City of Edgewood
2221 Meridian Avenue East
Edgewood, WA 98371-1010
Telephone: 253-952-3299
Facsimile: 253-952-3537
Attention: Kim Wilde, City Manager

6.3 No Third Party Beneficiary. This Interlocal Agreement is intended for the exclusive benefit of the signatory parties, and shall not be construed as vesting any rights, privileges or benefits in or for any third parties.


6.4 Construction. This Memorandum shall not be construed more favorably to one party over another, notwithstanding the fact one party, or its attorney, may have been more responsible for the preparation of the document.

6.5 Amendment. This Interlocal Agreement constitutes the entire agreement between the parties and no modification, amendment, addition to or changes to this Interlocal Agreement shall be valid unless in writing and signed by all parties.

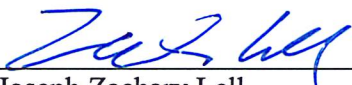
6.6 Regulatory, Legislative and Administrative Authority Preserved. Nothing in this Interlocal Agreement shall be construed as waiving, abridging or otherwise limiting the legislative, administrative or regulatory power and discretion of the Edgewood City Council, which the City hereby expressly reserves in full.

IN WITNESS WHEREOF, the parties have executed this Interlocal Agreement on the date and year set forth above.

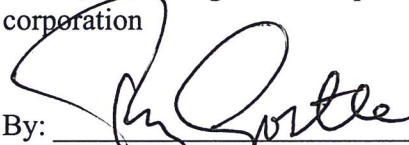
CITY OF EDGEWOOD, a Washington corporation

By: 
Kim Wilde
Its: City Manager
Date: 11/26/08


Approved as to form:


Joseph Zachary Lell
City Attorney
Date: 11/29/08

PUYALLUP SCHOOL DISTRICT NO. 3, a Washington municipal corporation

By: 
Dr. Tony Apostle
Its: Superintendent
Date: November 26, 2008

Approved as to form:

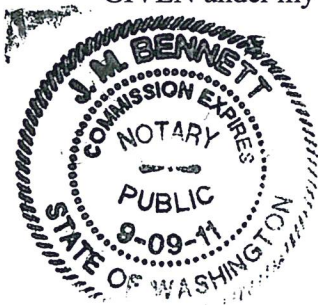

Mary J. Urbaek
District Attorney
Date: December 1, 2008

[acknowledgements continued on next page]

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this day personally appeared before me Kim Wilde to me known to be the City Manager of the City of Edgewood, the municipal corporation described in and that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said municipal corporation.

GIVEN under my hand and official seal this 26 day of NOVEMBER, 2008.



Jim Bennett
JMBENNETT
[printed name of notary]

NOTARY PUBLIC in and for the State
of Washington, residing at Puyallup WA
My Commission Expires: 9-9-11

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this day personally appeared before me Dr. Tony Apostle to me known to be the Superintendent of the Puyallup School District No. 3, the municipal corporation described in and that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said municipal corporation.

GIVEN under my hand and official seal this 26th day of November, 2008.



Angie M. Boyle
Angie M. Boyle
[printed name of notary]

NOTARY PUBLIC in and for the State
of Washington, residing at Bonney Lake
My Commission Expires: 5-14-12

EXHIBIT 1
SANITARY SEWER INTERLOCAL AGREEMENT BETWEEN THE CITY, PIERCE
COUNTY AND THE DISTRICT