

SNOHOMISH COUNTY PUD
2021 Water System Plan
Volume 8 of 16 -
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Commission Resolutions 5864-6038
December 2022

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Pertinent District Resolutions

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- No. 5947 Amending Water Utility Wholesale Rates for Arlington and Granite Falls
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- No. 5983 Establishing Rates and Charges for Water Utility Service to Snohomish
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- No. 6016 Authorizing Water Supply Contract with Everett
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RESOLUTION NO. 5864

A RESOLUTION Establishing District Rates and Charges for Water Utility Service to the Warm Beach Water System and Revising Tables B-6, B-7, and B-8 of the Water Utility's Customer Service Policies and Procedures

WHEREAS, the Commission has authorized the CEO/General Manager to execute a Transfer Agreement to secure the District's acquisition of the Warm Beach Water Association water system ("Water System"). Transfer of such Water System to the District is scheduled to occur on or about September 12, 2018; and

WHEREAS, District staff have evaluated the Water System and have determined that certain improvements will be necessary to bring such Water System to acceptable operating standards; the customers have requested that the District proceed with such improvements upon acquisition; and the District has expressed a willingness to accept and operate such Water System with the understanding that such improvements shall be installed and that such rates and charges will be implemented as shall be necessary and appropriate to fund such undertaking; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its water utility services, and has the power and obligation under RCW 54.24.080 to establish, maintain, and collect rates or charges for water and other services supplied by the District which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, existing District water service policies provide that each satellite water system shall be self-supporting and that the financial condition of any existing District water system shall not be adversely affected as a result of the establishment or operation of a satellite water system; and

WHEREAS, the District determined that a surcharge of \$35.00 per month per customer for 20 years will be sufficient to repay the costs of the proposed water system improvements, and such surcharge was presented in a proposal to the Water System customers and met with a favorable response; and

WHEREAS, the proposal also recommended that new customers obtaining service from the Warm Beach Water System after the transfer to the District would pay the District's standard connection charges, including a General Facilities Charge ("GFC"), a Distribution System Charge ("DSC") and a Service Connection Charge ("SCC"), which charges cover each new customer's share of the Water System facilities including the planned improvements plus future capacity improvements; and that such customers would not be subject to the surcharge described above; and

WHEREAS, immediately upon closing of the Water System ownership transfer the District will commence delivery of water utility services to the system's existing customers; accordingly, it is incumbent upon the Commission to establish water service rates and charges specifically applicable to such Water System which shall be in effect upon transfer, including general rates and charges; a monthly surcharge; a service connection charge; a distribution system charge; and a general facilities charge; and

WHEREAS, on July 24, 2018, the District held a public hearing to provide water customers the opportunity to comment on the proposed revisions, rates, and charges and the Commission has considered the information and comments provided at such hearing; and

WHEREAS, the Commission has reviewed and considered the proposed Warm Beach water rates and charges and hereby finds that such water rates and charges are reasonable and proper, and in the best interest of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

Section 1. The District's rates for water utility service for the Warm Beach service area shall be as described in Tables B-6, B-7 and B-8 of the Water Utility's Customer Service Policies and Procedures, copies of which are attached hereto as an Exhibit and incorporated herein by this reference. Such rates and charges shall include a \$35 monthly surcharge to defray the cost of system improvements to be installed by the District for the benefit of such Water System customers, as described upon the respective Tables. Should closing for the acquisition of the Water System occur at any time other than the first day of a billing period, all monthly water service rates and charges shall be pro-rated accordingly, except charges for water consumption shall be based upon volume delivered during the applicable billing period.

Section 2. The Service Connection Charge ("SCC"), General Facilities Charge ("GFC") and Distribution System Charge ("DSC") for connection to the Warm Beach Water System shall be as described in Tables B-1, B-2 and B-4 of the Water Utility's Customer Service Policies and Procedures, and shall apply to each new customer attaching to such Water System beginning September 13, 2018.

Section 3. Should the transfer of the Water System to the District occur on a day other than September 12, 2018, then the effective dates of the above rates and charges shall be adjusted to the day following the actual date of the ownership transfer.

Section 4. Except as may be expressly modified hereby, Resolution Nos. 5647, 5829 and 5845 shall remain in full force and effect.

PASSED AND APPROVED this 7th day of August, 2018.

(absent)

President

Vice-President

Secretary

Table B-6
Water Service Rates and Charges - Single Family ^(1,2)

Description	Monthly Customer Charge	Commodity Rate	Unmetered Monthly Rate	Monthly Surcharge
General Rates and Charges	\$22.98	\$3.52/CCF	\$58.20	N/A
Special Rates and Charges				
Lake Roesiger ⁽³⁾	\$22.98	\$3.52/CCF	\$66.60 ⁽³⁾	N/A
Dubuque ⁽⁵⁾	\$22.98	\$3.52/CCF	\$68.20 ⁽⁴⁾	10.00 ⁽⁵⁾
Booster Facilities ⁽⁶⁾	\$23.98	\$3.52/CCF	N/A	N/A
Kla-Ha-Ya Water System ⁽⁷⁾	\$22.98	\$3.52/CCF	\$88.20 ⁽⁴⁾	30.00 ⁽⁷⁾
Machias Ridge East ⁽⁸⁾	\$22.98	\$3.52/CCF	\$89.39 ⁽⁴⁾	31.19 ⁽⁸⁾
West Machias/T Marks/Joywood ⁽⁹⁾	\$22.98	\$3.52/CCF	\$88.20 ⁽⁴⁾	30.00 ⁽⁹⁾
Lake Stevens Integrated System ⁽¹⁰⁾	\$22.98	\$3.52/CCF	\$78.20 ⁽⁴⁾	20.00 ⁽¹⁰⁾
Kayak Estates Water System ⁽¹¹⁾	\$22.98	\$3.52/CCF	\$78.20 ⁽⁴⁾	20.00 ⁽¹¹⁾
Cascade Acres ⁽¹²⁾	\$22.98	\$3.52/CCF	\$88.20 ⁽⁴⁾	30.00 ⁽¹²⁾
Warm Beach ⁽¹³⁾	<u>\$22.98</u>	<u>\$3.52/CCF</u>	<u>\$93.20 ⁽⁴⁾</u>	<u>35.00 ⁽¹³⁾</u>

Notes:

CCF = 100 Cubic Feet

N/A = Not Applicable

Footnotes:

- (1) Single-family applications shall include single-family residential units; and duplexes and multiple-family residential customers with individual meters to each unit.
- (2) Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- (3) An additional charge of \$0.84/CCF is charged to Lake Roesiger residents, for septic tank pumping.
- (4) Includes monthly surcharge.
- (5) Surcharge ends: July 1, 2026 (Refer to Resolution 4482)
- (6) This schedule will be on limited accounts (see 2.3.11 Booster Facilities).
- (7) Surcharge ends: July 1, 2019 (Refer to Resolution 5087)
- (8) Surcharge ends: April 1, 2022 (Refer to Resolution 4915)
- (9) Surcharge ends: March 1, 2020 for W Machias, August 1, 2028 for Tom Marks/Joywood & March 1, 2018 for duplex units metered individually. (Refer to Resolution 5087)
- (10) Surcharge ends: June 15, 2021 (Refer to Resolution 5157)
- (11) Surcharge ends: November 18, 2026 (Refer to Resolution 5271, plus delay due to actual ownership transfer date)
- (12) Surcharge ends: December 31, 2034 (Refer to Resolution 5657)
- (13) Surcharge ends: September 13, 2038 (Refer to Resolution 5864)

Table B-7
Water Service Rates and Charges - Multiple Family^(1,2)

Description	Monthly Customer Charge	Commodity Rate	Monthly Surcharge	Septic Pumping Charge
General Rates and Charges	\$23.09	\$3.34/CCF	N/A	N/A
Special Rates and Charges				
Lake Roesiger ⁽⁴⁾	\$23.09	\$3.34/CCF	N/A	\$0.84/CCF
Dubuque ⁽³⁾	\$23.09	\$3.34/CCF	\$10.00 ⁽³⁾	N/A
West Machias ⁽⁵⁾	\$23.09	\$3.34/CCF	\$30.00 ⁽⁵⁾	N/A
Kla-Ha-Ya ⁽⁶⁾	\$23.09	\$3.34/CCF	\$30.00 ⁽⁶⁾	N/A
Lake Stevens Integrated System ⁽⁷⁾	\$23.09	\$3.34/CCF	\$20.00 ⁽⁷⁾	N/A
Kayak Estates Water System ⁽⁸⁾	\$23.09	\$3.34/CCF	\$20.00 ⁽⁸⁾	N/A
Cascade Acres ⁽⁹⁾	\$23.09	\$3.34/CCF	\$30.00 ⁽⁹⁾	N/A
<u>Warm Beach⁽¹⁰⁾</u>	<u>\$23.09</u>	<u>\$3.34/CCF</u>	<u>\$35.00⁽¹⁰⁾</u>	<u>N/A</u>

Notes:

CCF = 100 Cubic Feet

N/A = Not Applicable

Footnotes:

- (1) Multiple-family applications shall include duplexes, triplexes, and other multiple-family residential customers of two units or more, metered through one meter.
- (2) Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- (3) Surcharge ends: July 1, 2026 (Refer to Resolution 4482)
- (4) An additional charge of \$0.84/CCF is charged to Lake Roesiger residents for septic tank pumping.
- (5) Surcharge ends: November 1, 2025 (Refer to Resolution 5087)
- (6) Surcharge ends: February 1, 2025 (Refer to Resolution 5087)
- (7) Surcharge ends: June 15, 2021 (Refer to Resolution 5157)
- (8) Surcharge ends: November 18, 2026 (Refer to Resolution 5271, plus delay due to actual ownership transfer date)
- (9) Surcharge ends: December 31, 2034 (Refer to Resolution 5657)
- (10) Surcharge ends: September 13, 2038 (Refer to Resolution 5864)

Table B-8
Water Service Rates and Charges - Commercial/Industrial ^(1,2)

Description	Monthly Customer Charge	Commodity Rate	Monthly Surcharge	Monthly Septic Pumping Charge
General Rates and Charges	\$50.17	\$3.24/CCF	N/A	N/A
Special Rates and Charges				
Lake Connor Park	\$94.32	\$3.82/CCF	N/A	N/A
Lake Roesiger ⁽³⁾	\$50.17	\$3.24/CCF	N/A	\$0.84/CCF
West Machias ⁽⁴⁾	\$50.17	\$3.24/CCF	30.00 ⁽⁴⁾	N/A
Lake Stevens Integrated System ⁽⁵⁾	\$50.17	\$3.24/CCF	20.00 ⁽⁵⁾	N/A
Kayak Estates Water System ⁽⁶⁾	\$50.17	\$3.24/CCF	20.00 ⁽⁶⁾	N/A
<u>Warm Beach ⁽⁷⁾</u>	<u>\$50.17</u>	<u>\$3.24/CCF</u>	<u>35.00 ⁽⁷⁾</u>	<u>N/A</u>

Notes:

CCF = 100 Cubic Feet

N/A = Not Applicable

Footnotes:

- (1) Commercial or industrial occupants, including governmental and institutional occupants.
- (2) Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- (3) An additional charge of \$0.84/CCF is charged to Lake Roesiger customers for septic tank pumping.
- (4) Surcharge ends: March 1, 2020 (Refer to Resolution 5087)
- (5) Surcharge ends: June 15, 2021 (Refer to Resolution 5157)
- (6) Surcharge ends: November 18, 2026 (Refer to Resolution 5271, plus delay due to actual ownership transfer date)
- (7) Surcharge ends: September 13, 2038 (Refer to Resolution 5864)

RESOLUTION NO. 5879

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 61 to Carry Out that Plan; and Fixing the Date, Time and Place For a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District,

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$62,005.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 61 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the

plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

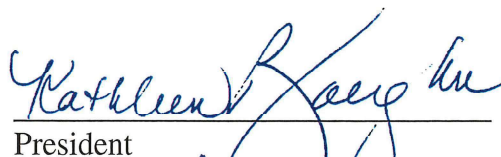
Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 61 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

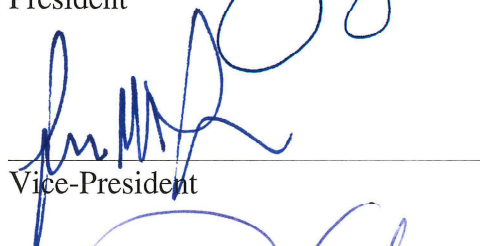
Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 18th day of December, 2018, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "A" hereto.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

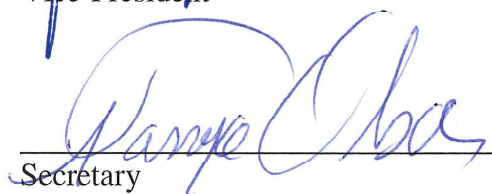
PASSED AND APPROVED this 20th day of November, 2018.



President



Vice-President



Secretary

**Preliminary Assessment Roll for Lots Within Boundaries of 2018 Non-Contiguous LUD 61
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
290705-004-013-00	SEC 05 TWP 29 RGE 07 LOT 7 L.T.S. 3(10-81) SURV AF NO 8203045005	Brian McMurray 3219 Robe Menzel Rd. Granite Falls, WA 98252	\$12,825.00
300730-003-014-00	Section 30 Township 30 Range 07 Quarter SW - COM NE COR SD NE1/4 SW1/4 TH S00*59 08E ALG N & S C/L SD SEC FOR 170FT TH S78*5052W TO WLY R/W LN OF CO RD TPB TH CONT S78*50 52W TO CTR PILCHUCK RIV THNLY ALG CTR SD RIV TO N LN SD NE1/4 SW1/4 TH N88*01 00E ALG SD N LN TO WLY R/W LN CO RD TH SLY ALG SD WLY R/W TO TPB REFER TO 30073000301402 FOR MH ONLY	Tracy Ellis 6118 14th Ave NW Tulalip, WA 98271	\$9,955.00
290705-003-005-00	SEC 05 TWP 29 RGE 07 BEG NE COR NE1/4 SW1/4 TH S89*24 32W ALG N LN SUB 426.89FT TO INT NELY R/W CARPENTER-GRANITE FALLS RD TH S30*39 06E ALG SD NELY R/W 257.73FT TH N55*13 09E 359.59FT TO E LN SUB THN00*20 53E ALG SD E LN SUB 21FT TO NE COR SUB & POB AKA LOT 3 OF SP 463(10-79) REC AF NO 8002270222	Warren & Diana Oltmann PO Box 1262 Granite Falls, WA 98252	\$9,790.00
300633-001-014-00	Section 33 Township 30 Range 06 Quarter NE PAR C OF SNO CO PFN 16-115053- BLA REC UND AFN 2016111400670 & DELINEATED PER ROS REC UND AFN 201611085001; BEING A PTN OF SE 1/4 NE 1/4 OF SD SEC	Daniel & Susan Blatter 5312 147th Ave NE Lake Stevens, WA 98258	\$9,690.00
300731-004-014-00	SEC 31 TWP 30 RGE 07 BEG AT SW COR NW1/4 SE1/4 TH N00*33 32W ALG W LN SD SUB 330.02FT TH N63*13 08E 941.50FT TH S08*1651E 245.78FT TH N69*00 05E 260.18FT TO WLY R/W LN OF 60FT CO RD & BEG OF CRVCONCAVE TO SW THE RAD PT OF WH BEARS S69*00 05W 2367.09FT TH SELY ALG SD R/W LN & ALG THE ARC OF SD CRV THRU A C/A OF 01*27 09 AN ARC DIST OF 60.01FT TH S69*00 05W 272.96FT TH S08*16 51E 206.79FT TH S00*31 50E ALG S LN SD SUB 913.61FT TO SW COR SD SUB & POB AKA LOT 4 SP 14 (1-83) AF NO 8408160198	Betty Roeder 4918 Robe Menzel Rd Granite Falls, WA 98252	\$9,955.00
290620-004-007-00	SEC 20 TWP 29 RGE 06 N1/2 N1/2 NW1/4 SE1/4 EXC E 510FT TH OF & EXC TH PTN OF SD SUB LY S OF FDL: COM SW COR OF SD SUB TH E ALG S LN TO W LN OF E 510FT TH N 25FT TO TPB TH W PLW S LN OF SD N1/2 464.02FT TH N65FT THW PLW S LN OF SD N1/2 TO W LN OF SD N1/2 & TERM OF THIS DESC LN EXC COUNTY RD PER BLA 97111608 REC AFN 9802260555 REFER TO 202906-4-007-0101 FOR MH ONLY	Martin Morones 12324 12th St SE Lake Stevens, WA 98258	\$9,790.00

TOTAL	\$62,005
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EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

**NON-CONTIGUOUS
WATER LUD NO. 61**

FEASIBILITY STUDY REPORT

November, 2018

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 61 are located in unincorporated Snohomish County in the Lake Stevens and Granite Falls areas. They are attached to the District's main on Robe Menzel Road, 147th Avenue NE and 12th Street SE (See Attachment 1 for maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2018 rates:

The cost for one of the property connecting to the distribution main on Robe Menzel Road is \$12,825. The owner entered into an Interim Connection Agreement (ICA) with the District because a main did not front their parcel. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a LUD Administrative fee of \$200 and an Interim Connection Agreement (ICA) fee of \$3,150.

There are two more properties connecting to the distribution main, each on Robe Menzel Road. The connection fees total \$9,955 for each property and consist of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-way permit costing \$100, a Pressure Reducing Valve costing \$280, and a LUD Administrative fee of \$200.

There are two properties connecting to the distribution main; another one on Robe Menzel Road and one on 12th Street SE. The connection fees total \$9,790 for each property and consist of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ¾" meter), a Snohomish County Right-of-way permit costing \$100, a Pressure Reducing Valve costing \$280, and a LUD Administrative fee of \$200.

The cost for the property connecting to the distribution main on 147th Avenue NE is \$9,690, which is for a full service connection. The connection fee consists of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ¾" meter), a Pressure Reducing Valve costing \$280, and a LUD Administrative fee of \$200.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of Properties	Connection Fee	Assessment
1	2018 Standard SF Connection Fee w/1" Meter and ICA	\$12,825.00
2	2018 Standard SF Connection Fee w/1" Meter and PRV	\$19,910.00
2	2018 Standard SF Connection Fee w/PRV	\$19,580.00
1	2018 Standard SF Connection Fee w/PRV and No ROW	\$9,690.00
5 TOTAL		\$62,005.00

2018 Standard SF Connection Fee w/1" Meter and ICA

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
Interim Connection Agreement	\$ 3,150.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$12,825.00

2018 Standard SF Connection Fee w/1" Meter and PRV

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
Pressure Reducing Valve	\$ 280.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$ 9,955.00

2018 Standard SF Connection Fee w/PRV

General Facilities Charge	\$ 3,645.00
Distribution Service Charge	\$ 4,210.00
Service Connection Fee (3/4")	\$ 1,355.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	<u>\$ 200.00</u>
	\$ 9,790.00

2018 Standard SF Connection Fee w/PRV and No ROW

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (3/4")	\$ 1,355.00
Pressure Reducing Valve	\$ 280.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$ 9,690.00

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

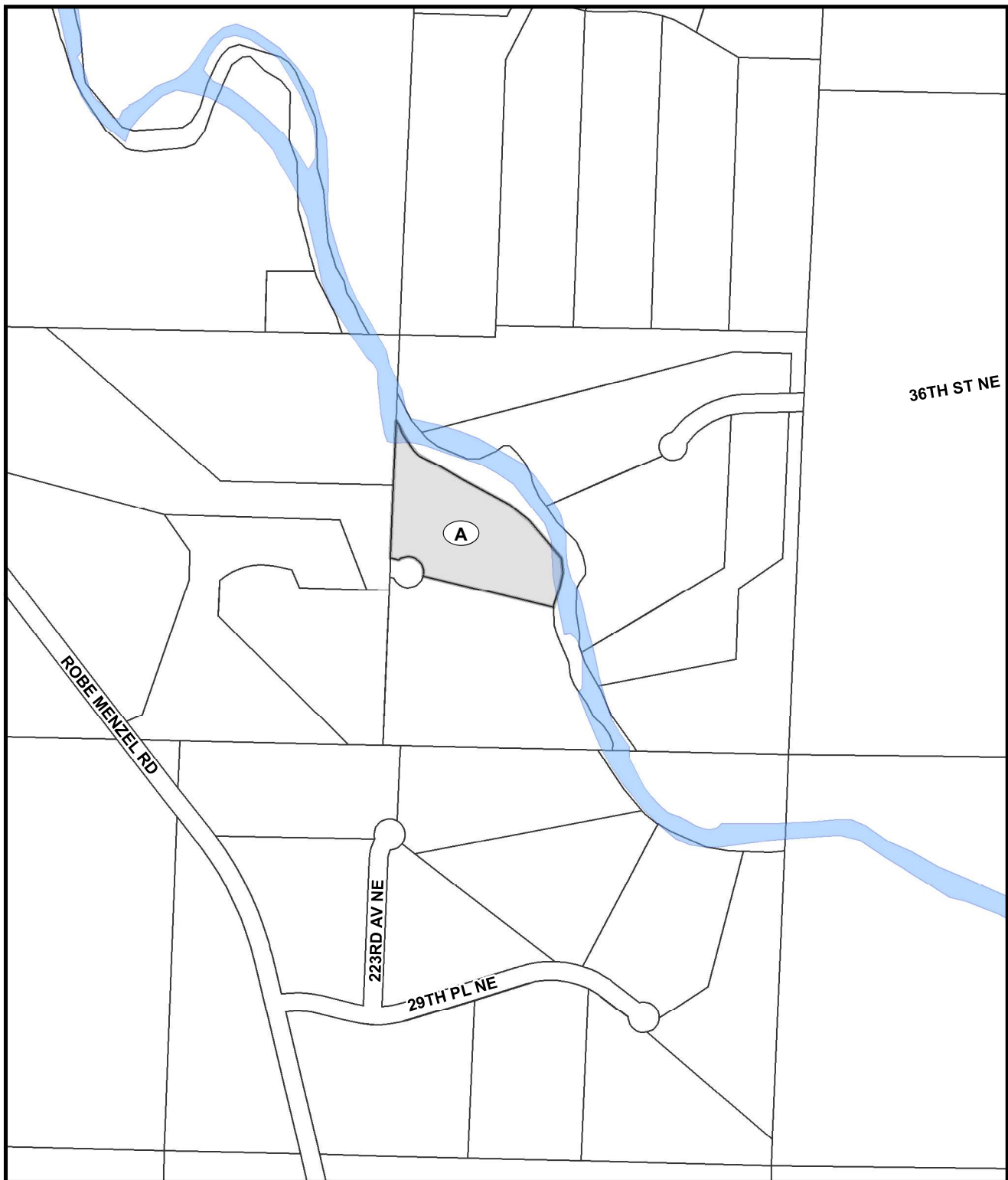
The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$22.98 minimum monthly charge and \$3.52 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$51.14 per month, or \$613.68 per year.

7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.

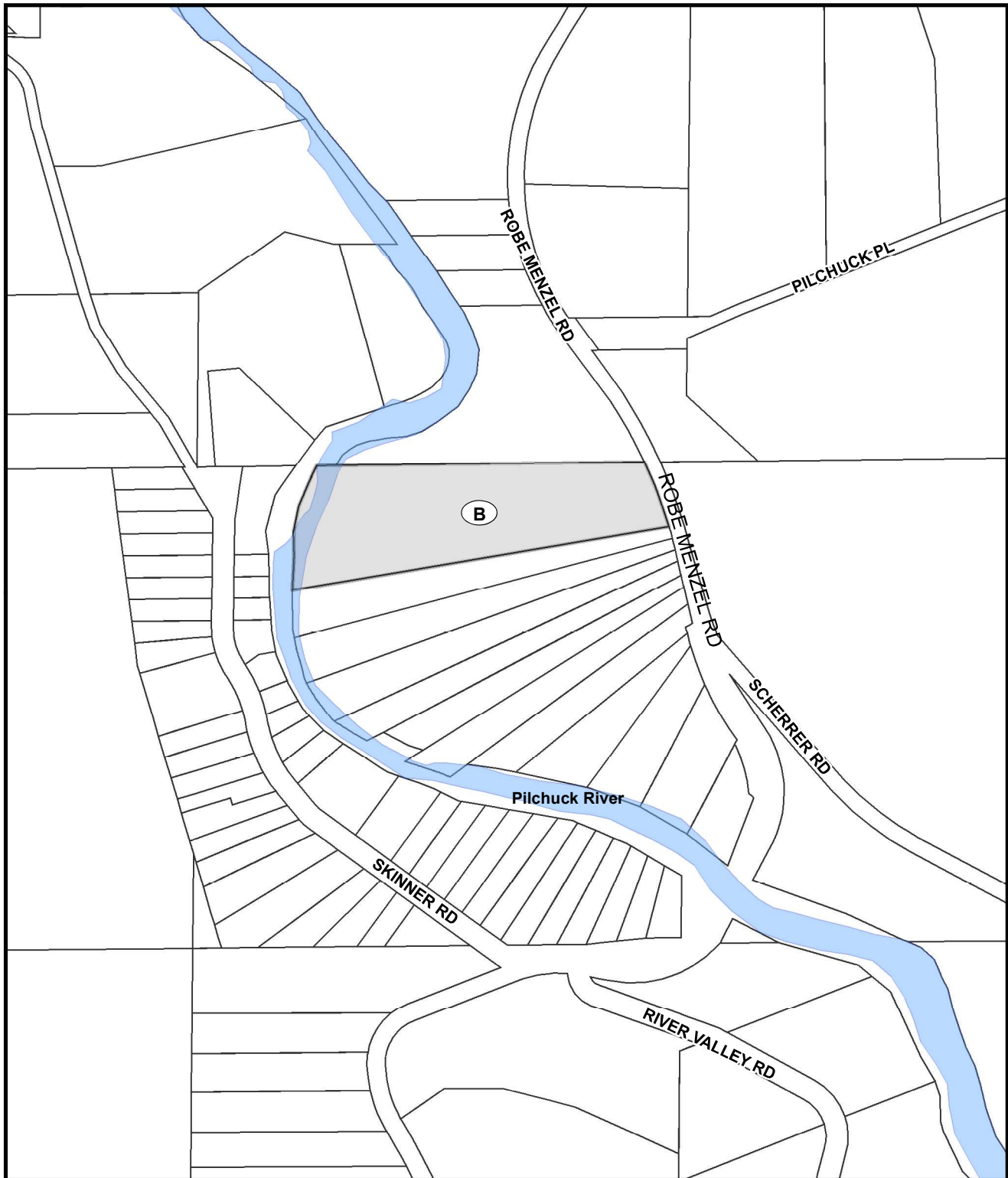


Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

**TAX ACCOUNT #:
290705-004-013-00**

ATTACHMENT 1



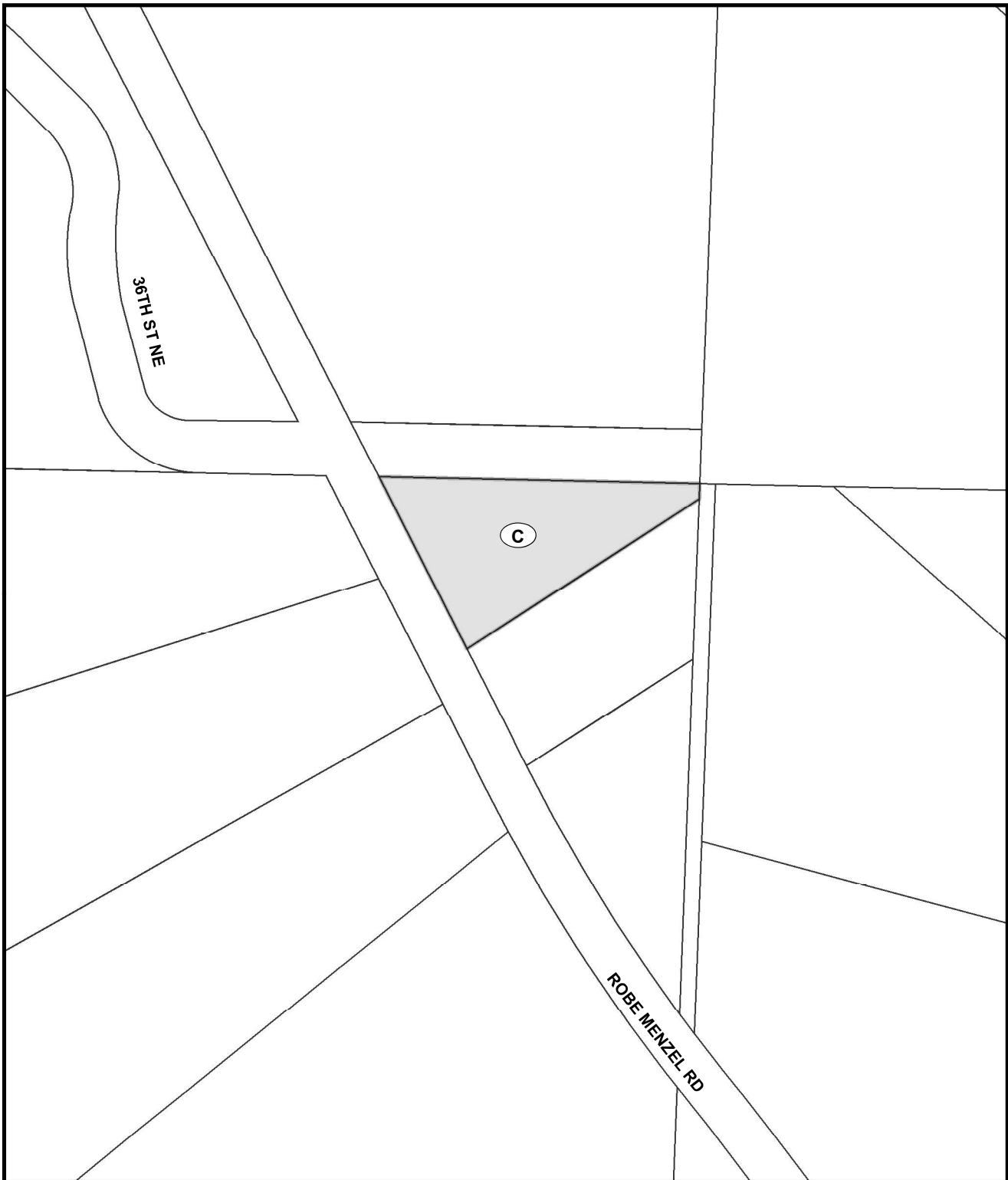
Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

300730-003-014-00

ATTACHMENT 1



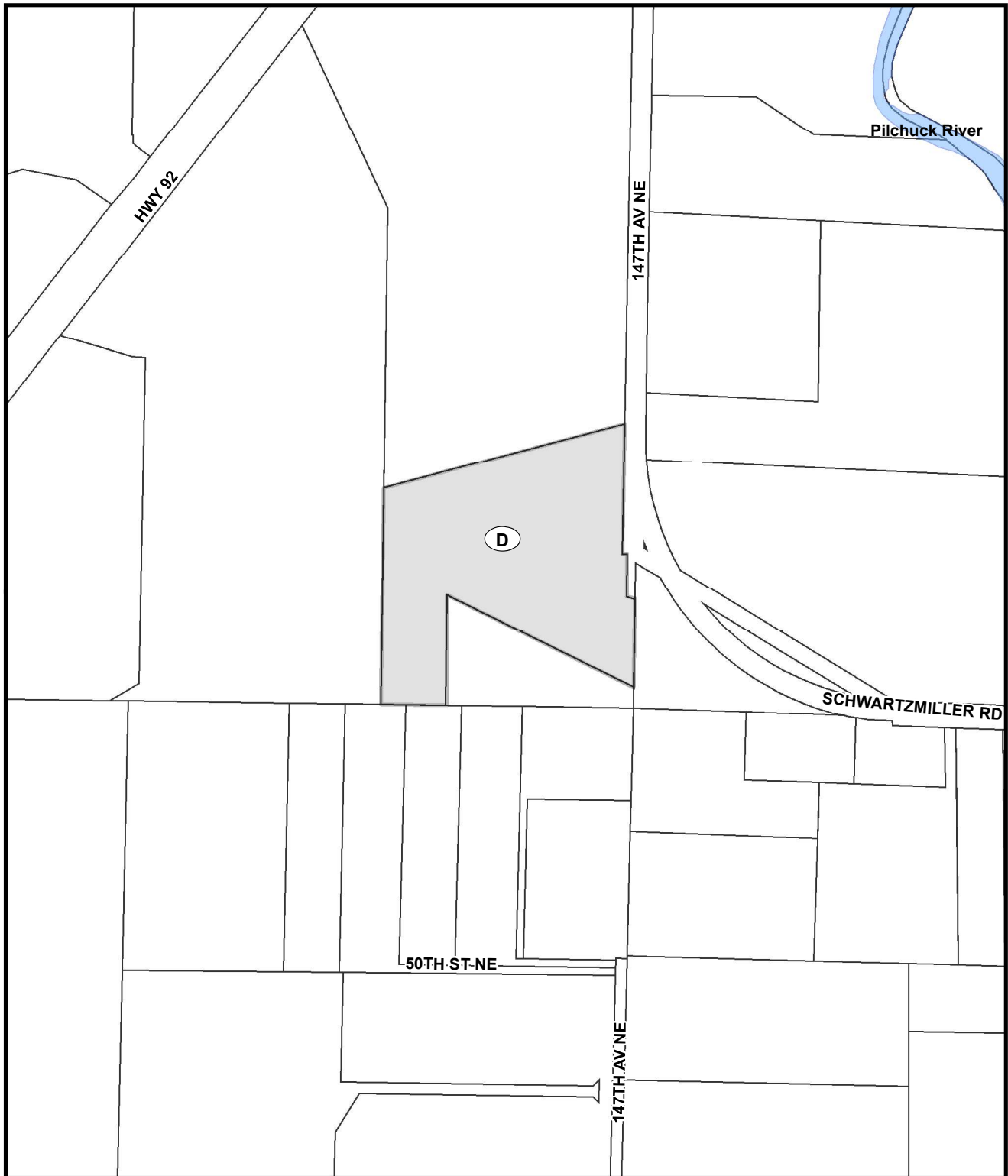
Snohomish County PUD
Water Resources

***NON-CONTIGUOUS
LUD NO. 61***

TAX ACCOUNT #:

290705-033-055-00

ATTACHMENT 1



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

300633-001-014-00

ATTACHMENT 1

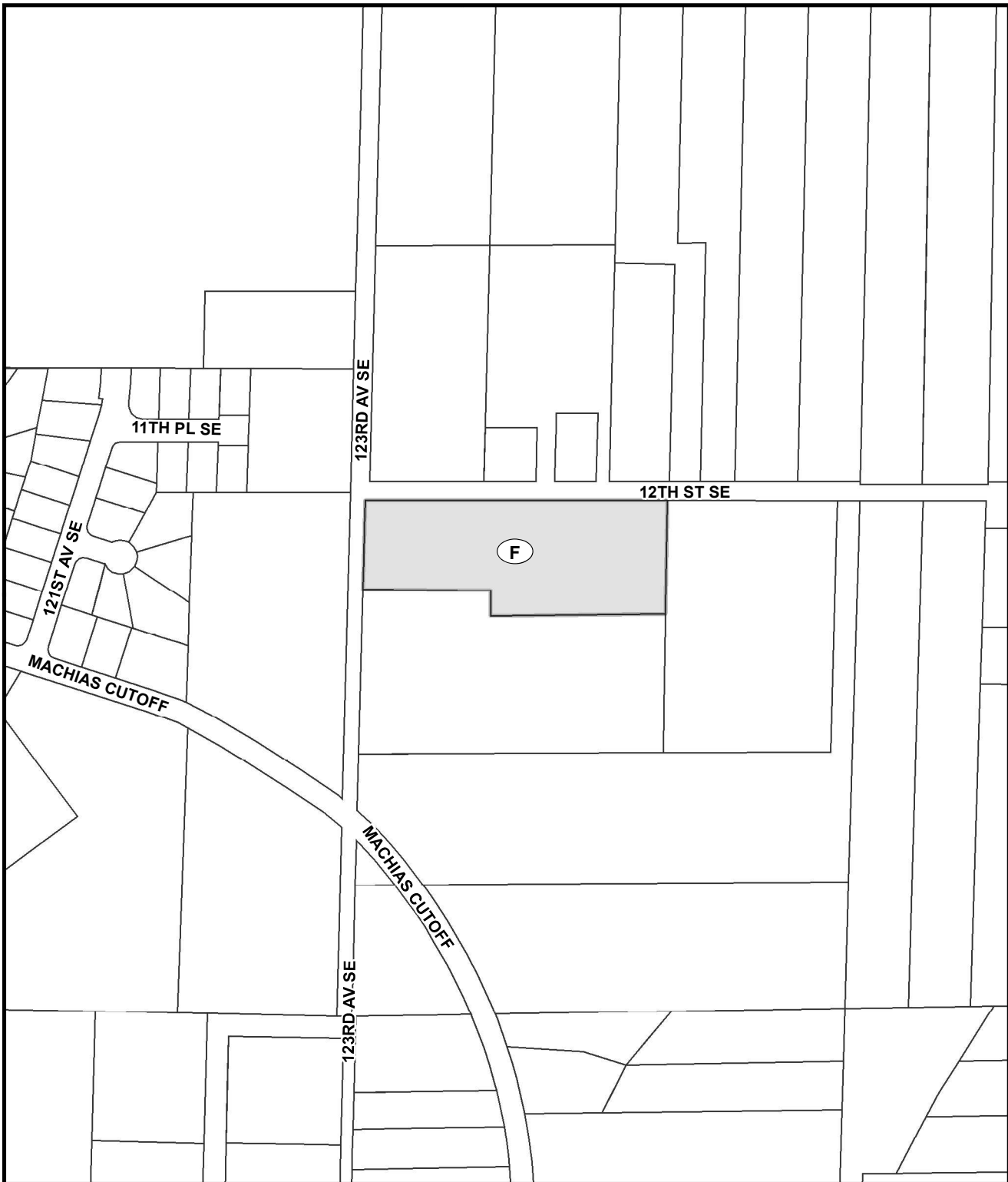


Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

**TAX ACCOUNT #:
300731-044-014-00**

ATTACHMENT 1



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

290620-004-007-00

ATTACHMENT 1



**WATER CONNECTION CONTRACT
FOR
NON-CONTIGUOUS LOCAL UTILITY DISTRICT**

THIS Contract is entered into between the Public Utility District No. 1 of Snohomish County, Washington (the District), and _____(Applicant(s), for the purpose of establishing the terms for connection to the District's water system through direct access to a District-funded water supply pipeline.

Applicant declares and warrants as follows:

- (1) Applicant's service address is: (2) Applicant's mailing address is:
- (3) Property tax account number is: 4) Applicant's telephone number is:
(H) _____
(W) _____
- (5) The legal description of the property is:

The Applicant and the District agree as follows:

- (1) Applicant requests District water service through direct connection to the supply pipeline.
- (2) Applicant agrees to pay the District the following amounts per residential unit:
- | | |
|--------------------------------|---------------|
| a. General Facilities Charge | \$ |
| b. Distribution Service Charge | \$ |
| c. Service Connection Fee | \$ |
| d. County Right-of-Way Permit | \$ |
| e. Pressure Reducing Valve | \$ |
| f. LUD Administration Fee | <u>\$ 200</u> |

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the

responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$_____ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2019 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment – Penalty -- Termination of Water Service – Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

<http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214>.

Entered into this _____ day of _____, 2018.

Public Utility District No. 1
Of Snohomish County

By: _____
Representative

By: _____
Applicant

By: _____
Applicant

State of Washington)
§
County of Snohomish)

I certify that I know or have satisfactory evidence that _____ and _____,
Applicant(s), is/are the person(s) who appeared before me, and said person(s) acknowledged that
(he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act
for the uses and purposes mentioned in this instrument.

Date: _____

Signature of Notary Public in and for the State of Washington

Residing at _____

My appointment expires _____

RESOLUTION NO. _____

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 20, 2018, and applicable to the local utility district hereinafter described, forming Local Utility District No. 61 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 20, 2018, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 61 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 21, 2018, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 18, 2018, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 61; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 61 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 61 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$62,005. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 61 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 61, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 61 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 18th day of December, 2018.

President

Vice-President

Secretary

RESOLUTION NO. 5883

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 20, 2018, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 61 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5879 passed by the Board of Commissioners of the District on November 20, 2018, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 61 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 21, 2018, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 18, 2018, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 61; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 61 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5879 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 61 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$62,005. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 61 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid


amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 61, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt


thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 61 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

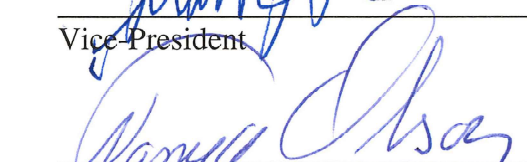
PASSED AND APPROVED this 18th day of December, 2018.



President



Vice President

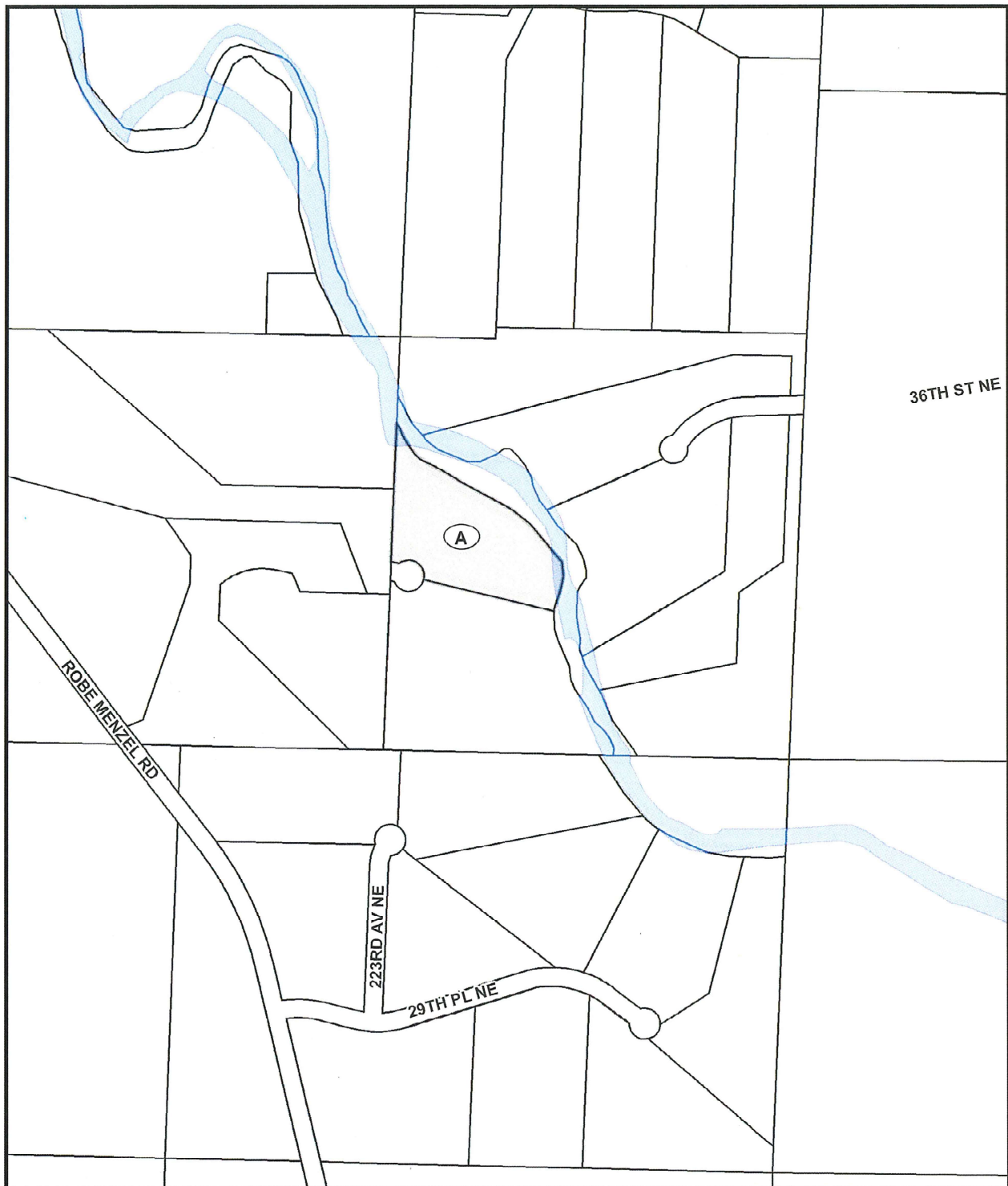


Secretary

**Final Assessment Roll for Lots Within Boundaries of 2018 Non-Contiguous LUD 61
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
290705-004-013-00	SEC 05 TWP 29 RGE 07 LOT 7 L.T.S. 3(10-81) SURV AF NO 8203045005	Brian McMurray 3219 Robe Menzel Rd. Granite Falls, WA 98252	\$12,825.00
300730-003-014-00	Section 30 Township 30 Range 07 Quarter SW - COM NE COR SD NE1/4 SW1/4 TH S00*59 08E ALG N & S C/L SD SEC FOR 170FT TH S78*5052W TO WLY R/W LN OF CO RD TPB TH CONT S78*50 52W TO CTR PILCHUCK RIV THNLY ALG CTR SD RIV TO N LN SD NE1/4 SW1/4 TH N88*01 00E ALG SD N LN TO WLY R/W LN CO RD TH SLY ALG SD WLY R/W TO TPB REFER TO 30073000301402 FOR MH ONLY	Tracy Ellis 6118 14th Ave NW Tulalip, WA 98271	\$9,955.00
290705-003-005-00	SEC 05 TWP 29 RGE 07 BEG NE COR NE1/4 SW1/4 TH S89*24 32W ALG N LN SUB 426.89FT TO INT NELY R/W CARPENTER-GRANITE FALLS RD TH S30*39 06E ALG SD NELY R/W 257.73FT TH N55*13 09E 359.59FT TO E LN SUB THN00*20 53E ALG SD E LN SUB 21FT TO NE COR SUB & POB AKA LOT 3 OF SP 463(10-79) REC AF NO 8002270222	Warren & Diana Oltmann PO Box 1262 Granite Falls, WA 98252	\$9,790.00
300633-001-014-00	Section 33 Township 30 Range 06 Quarter NE PAR C OF SNO CO PFN 16-115053- BLA REC UND AFN 2016111400670 & DELINEATED PER ROS REC UND AFN 201611085001; BEING A PTN OF SE 1/4 NE 1/4 OF SD SEC	Daniel & Susan Blatter 5312 147th Ave NE Lake Stevens, WA 98258	\$9,690.00
300731-004-014-00	SEC 31 TWP 30 RGE 07 BEG AT SW COR NW1/4 SE1/4 TH N00*33 32W ALG W LN SD SUB 330.02FT TH N63*13 08E 941.50FT TH S08*1651E 245.78FT TH N69*00 05E 260.18FT TO WLY R/W LN OF 60FT CO RD & BEG OF CRVCONCAVE TO SW THE RAD PT OF WH BEARS S69*00 05W 2367.09FT TH SELY ALG SD R/W LN & ALG THE ARC OF SD CRV THRU A C/A OF 01*27 09 AN ARC DIST OF 60.01FT TH S69*00 05W 272.96FT TH S08*16 51E 206.79FT TH S00*31 50E ALG S LN SD SUB 913.61FT TO SW COR SD SUB & POB AKA LOT 4 SP 14 (1-83) AF NO 8408160198	Betty Roeder 4918 Robe Menzel Rd Granite Falls, WA 98252	\$9,955.00
290620-004-007-00	SEC 20 TWP 29 RGE 06 N1/2 N1/2 NW1/4 SE1/4 EXC E 510FT TH OF & EXC TH PTN OF SD SUB LY S OF FDL: COM SW COR OF SD SUB TH E ALG S LN TO W LN OF E 510FT TH N 25FT TO TPB TH W PLW S LN OF SD N1/2 464.02FT TH N65FT THW PLW S LN OF SD N1/2 TO W LN OF SD N1/2 & TERM OF THIS DESC LN EXC COUNTY RD PER BLA 97111608 REC AFN 9802260555 REFER TO 202906-4-007-0101 FOR MH ONLY	Martin Morones 12324 12th St SE Lake Stevens, WA 98258	\$9,790.00

TOTAL	\$62,005
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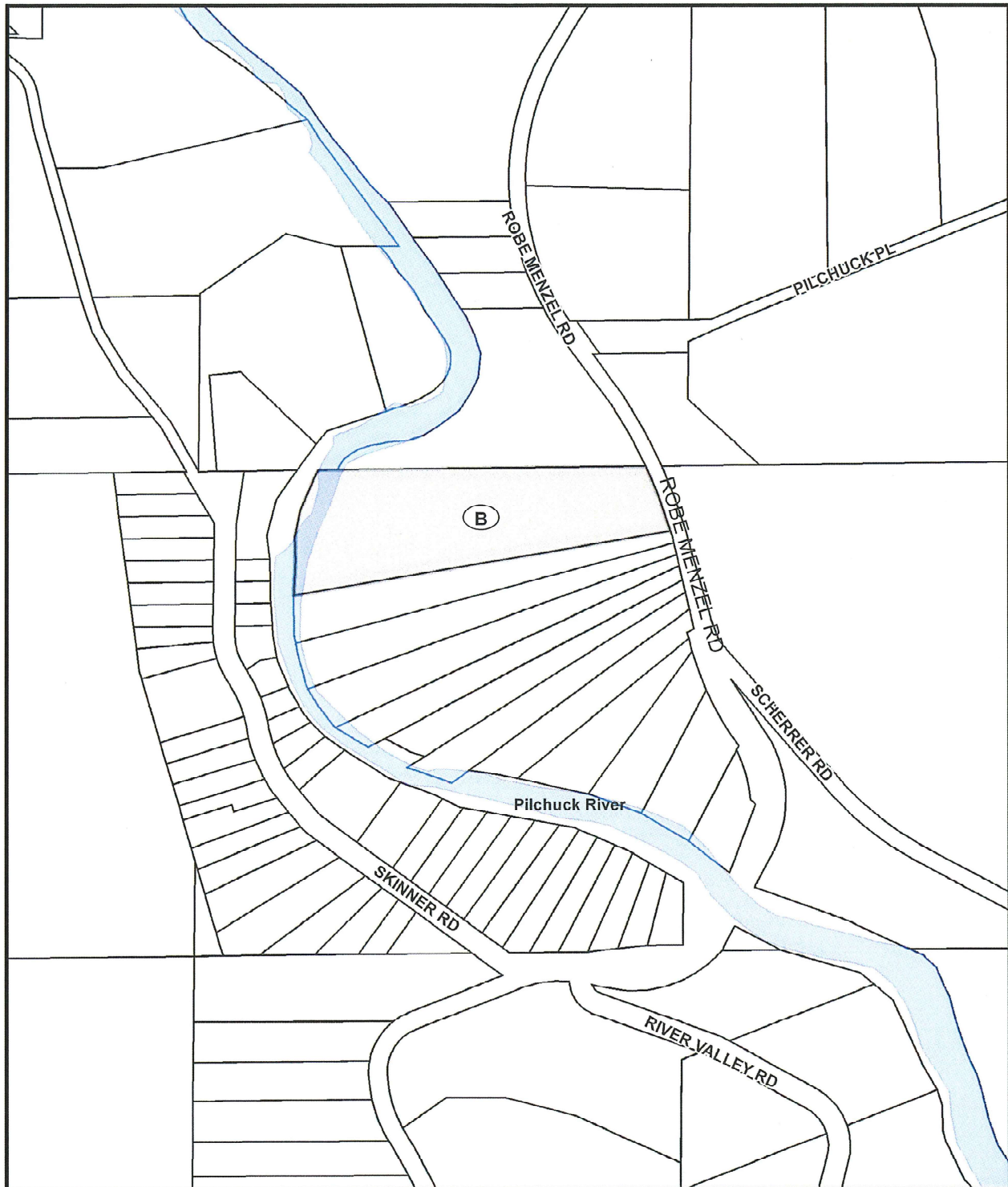


**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

290705-004-013-00

EXHIBIT B

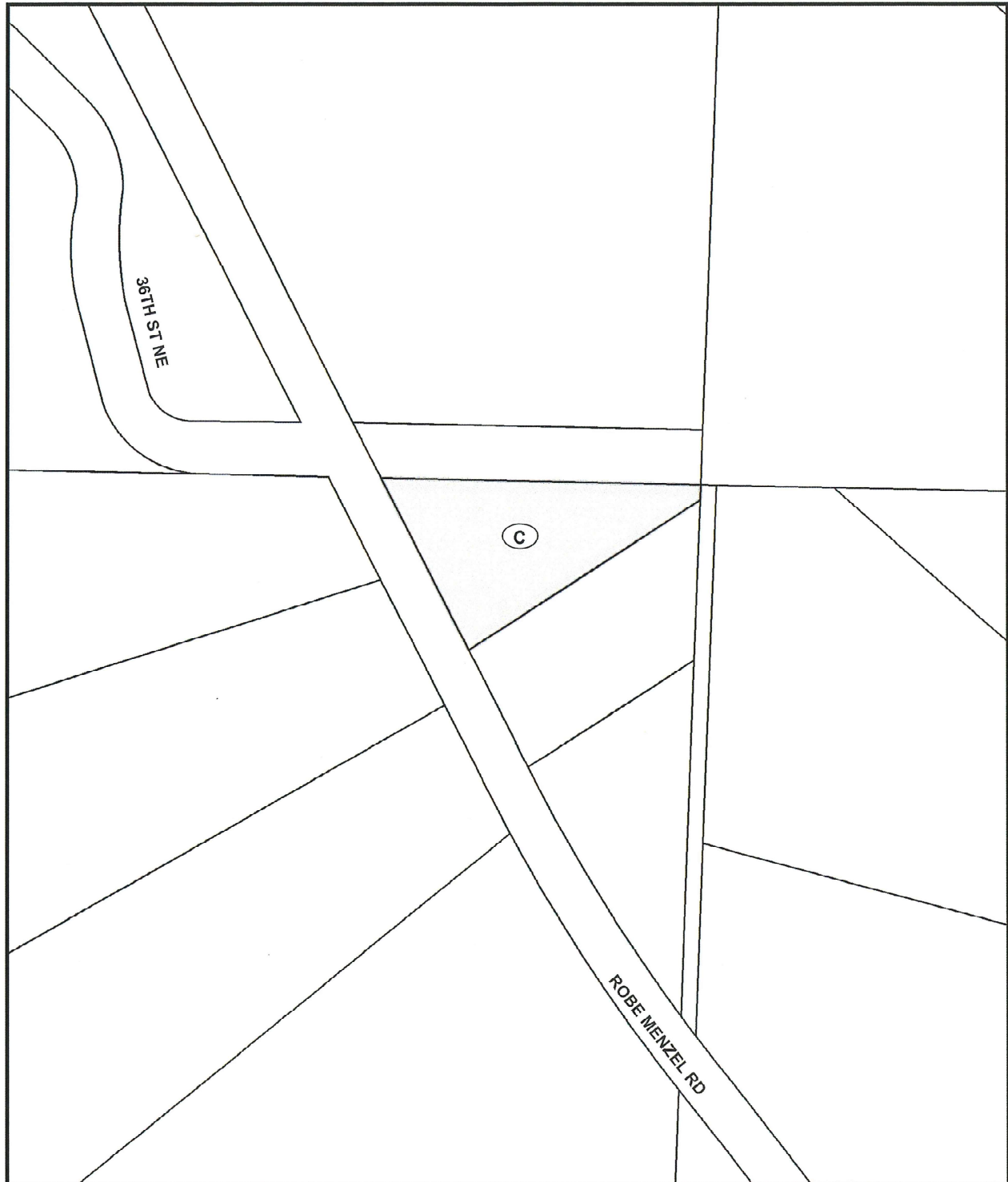


**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

300730-003-014-00

EXHIBIT B



**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

290705-033-055-00

EXHIBIT B



SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1
Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**
TAX ACCOUNT #:
300633-001-014-00

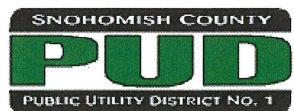
EXHIBIT B



SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1
Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**
TAX ACCOUNT #:
300731-044-014-00

EXHIBIT B



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 61**

TAX ACCOUNT #:

290620-004-007-00

EXHIBIT B

RESOLUTION NO. 5896

A RESOLUTION Amending the District's Water Utility Wholesale Rates for the City of Arlington and the City of Granite Falls

WHEREAS, on July 28, 1998, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted Resolution No. 4770 authorizing the General Manager to execute a Wholesale Water Agreement with the City of Arlington; and

WHEREAS, on November 17, 2009, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted Resolution No. 5463 authorizing the General Manager to execute a Wholesale Water Agreement with the City of Granite Falls; and

WHEREAS, the Wholesale Water Agreements contain terms establishing Wholesale Water Rate adjustments by the District from time to time based upon the costs to the District for water supplied and sold to the cities; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080, to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, District staff have calculated 2019 Wholesale Water Rates for the City of Arlington and the City of Granite Falls pursuant to state law and consistent with the relevant terms and conditions in the respective Wholesale Water

Agreements, and have hereby proposed 2019 Wholesale Water Rates for the cities as described in attached Exhibit "A," effective April 1, 2019, to address the factors set forth above; and

WHEREAS, the City of Arlington and the City of Granite Falls were notified in writing on February 14, 2019, of the District's proposed adjustments to the Wholesale Water Rates, thus satisfying the timing and notice requirements included in the respective Wholesale Water Agreements; and

WHEREAS, on February 19, 2019, a public meeting was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates; and

WHEREAS, on March 5, 2019, a public hearing was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates, and to provide District water service customers the opportunity to comment thereon; and

WHEREAS, the Board of Commissioners has considered the information and comments provided at such meetings; and

WHEREAS, the Commission finds that the proposed amendment of the District's Wholesale Water Utility Rates for the City of Arlington and the City of Granite Falls is appropriate and consistent with the respective Wholesale Water Agreements, and is reasonable, proper and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

Section 1. The District's rates for Wholesale Water Utility service shall be revised as set forth in Exhibit "A," which Exhibit is attached hereto and incorporated herein by this reference.

Section 2. Any future proposed changes to the Wholesale Water Utility Rates will be periodically reviewed and approved by the Commission as necessary.

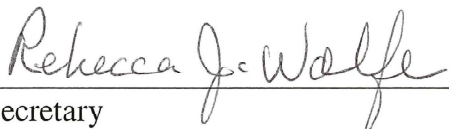
PASSED AND APPROVED this 5th day of March, 2019.



President

(absent)

Vice-President



Secretary

**PROPOSED CHANGES TO THE DISTRICT'S WHOLESALE WATER UTILITY RATES
(Effective April 1, 2019)**

**Table B-9
Wholesale Water Service ^(1,2)**

Commodity Charge

City of Granite Falls ^(3,4) ~~\$2.11~~ **\$2.15**/CCF ⁽⁵⁾

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Water will be supplied through three master meters and to several City of Granite Falls retail customers served directly from the District's mains.
- ⁽⁴⁾ Wholesale service to Granite Falls is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Granite Falls, as amended from time to time, including, but not limited to, Section 2 thereof.
- ⁽⁵⁾ The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Granite Falls.

Commodity Charge

City of Arlington ^(3,4) ~~\$2.16~~ **\$2.20**/CCF ⁽⁵⁾

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Water will be supplied through one master meter.
- ⁽⁴⁾ Wholesale service to Arlington is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Arlington, as amended from time to time, including, but not limited to, Section 3 thereof.
- ⁽⁵⁾ The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Arlington.

RESOLUTION NO. 5923

A RESOLUTION Authorizing the CEO/General Manager to Execute Amendment No. 1 to the Wholesale Water Agreement with the City of Granite Falls

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") entered into a Wholesale Water Agreement with the City of Granite Falls (the "City") in November 2009 whereby the City purchases water from the District for resale to its water utility customers; and

WHEREAS, the Wholesale Water Agreement (the "2009 Agreement") also provides that the District shall serve certain City retail customers via a water service directly connected to a District main, defined as "Direct Service Customers"; and

WHEREAS, the 2009 Agreement states that after ten years from the effective date of the Agreement that any remaining Direct Service Customers shall become District retail customers and the City will no longer bill those customers. The Direct Service Customers may be transferred to the City water mains at any time prior to the ten year cut-off at no cost to the District, and upon such transfer shall become City customers; and

WHEREAS, the City has been unable to transfer all of the Direct Service Customers to a new City owned water main within the ten-year window set forth in the 2009 Agreement; and

WHEREAS, the District would prefer to maintain a clear demarcation between its water service area and the City's water service area, and upon execution of Amendment No. 1 anticipate immediately entering into good-faith negotiations prior to the expiration of the Amendment to address the issue of Direct Service Customers; and

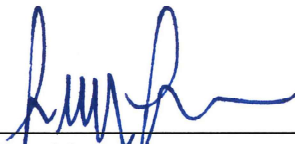
WHEREAS, District staff have reviewed the terms of the Amendment No. 1 and recommends that the Board accept the Amendment; and

WHEREAS, the Board of Commissioners have reviewed the proposed Amendment No. 1 to the Wholesale Water Agreement with the City of Granite Falls and finds that approving the Amendment is in the best interest of the District and its water service customers.

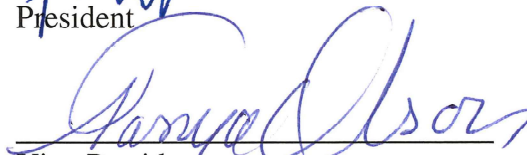
NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, that the CEO/General Manager or his designee, is authorized to:

1. Execute the Amendment No. 1 to the above referenced Wholesale Water Agreement to extend the cut-off date by approximately four months in a form substantially similar to the Amendment attached hereto as Exhibit "A"; provided that the final form of the Amendment shall be subject to review and approval by the District's General Counsel or her designee; and
2. Take any and all other actions necessary to complete the Amendment.


PASSED AND APPROVED this 5th day of November, 2019.



President



Vice-President



Secretary

EXHIBIT A
AMENDMENT NO. 1 TO
WHOLESALE WATER AGREEMENT

THIS AMENDMENT NO. 1 TO WHOLESALE WATER AGREEMENT (the "First Amendment") is made and entered into this ____ day of _____, 2019, by and between Public Utility District No.1 of Snohomish County, a municipal corporation of the State of Washington, (the "District"), and the City of Granite Falls, herein referred to as "the City," and collectively herein referred to as the "Parties."

WHEREAS, the District and the City executed an agreement entitled "Wholesale Water Agreement" (the "2009 Agreement") on November 17, 2009, to provide for the sale of water to the City; and

WHEREAS, under the terms of the 2009 Agreement, the District also provides water to Direct Service Customers which are defined as City retail customers who are billed for water service by the City but who are served with water via a water service directly connected to a District main; and

WHEREAS, the 2009 Agreement states that "After ten (10) years from the Effective Date of this Agreement, any remaining Direct Service Customers shall become District retail customers and the City will no longer bill those customers. Direct Service Customers may be transferred to the City water mains at any time prior to the ten (10) year cut off date referred to above, at no cost to the District, and upon such transfer shall become City customers"; and

WHEREAS, the City has been unable to transfer all of the Direct Service Customers to a new City owned water main within the ten-year window set forth in the 2009 Agreement; and

WHEREAS, the District would prefer to maintain a clear demarcation between its water service area and the City's water service area, and the Parties have been in discussions about amending the 2009 Agreement to allow the City to retain said Direct Service Customers while still making the District whole from a financial standpoint; and

WHEREAS, the District and the City upon execution of this Amendment No. 1 anticipate immediately entering into good-faith negotiations prior to the expiration of this amendment to address the issue of Direct Service Customers;

NOW THEREFORE, for and in consideration of the mutual benefits conferred on both parties, the parties agree as follows:

Section 1. Subsection d) of Section 2 – Direct Service Customers, of the 2009 Agreement is amended to read as follows:

- d) The District shall read all Direct Service Customer meters and bill the City at the established wholesale rate for each service on a bimonthly basis. The City shall be responsible for payment of the total amount due, regardless of its ability to collect payment from its retail customers. If the District notices a higher than normal meter reading, the City will be notified per the normal District process; however, no credit for leak adjustments will be allowed for the Direct Service Customers. The City shall be responsible for billing the Direct Service Customers at its retail rate, and shall be responsible for customer inquiries and complaints, and notification of water quality events or issues.

After March 31, 2020, any remaining Direct Service Customers shall become District retail customers and the City will no longer bill those customers. Direct Service Customers may be transferred to City water mains at any time prior to March 31, 2020, at no cost to the District and upon such transfer become City customers. All new Direct Service Customers shall be subject to the appropriate DSC and customer service related charges as defined in the District's Policies Manual.

Section 2. All other terms and conditions of the 2009 Agreement shall remain in full force and effect except as expressly modified by this First Amendment.

Section 3. In the event any provisions of this Amendment No. 1 conflict with the 2009 Agreement the provisions of this Amendment No. 1 shall control.

Section 4. This Amendment may be executed in two or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the day and year first written above.

PUBLIC UTILITY DISTRICT NO. 1
OF SNOHOMISH COUNTY

CITY OF GRANITE FALLS

By: _____
John Haarlow
CEO/General Manager

By: _____
Name: _____
Title: _____

Approved as to Form:

Approved as to Form:

Assistant General Counsel

City Attorney

AMENDMENT NO.1 TO WHOLESALE
WATER AGREEMENT

RESOLUTION NO.5930

A RESOLUTION Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 62 to Carry Out that Plan; and Fixing the Date, Time and Place for a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from

Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$17,210.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and

established in the office of the Snohomish County Treasurer, to be known as “Local Utility District No. 62 (Water Distribution System) – Non-Contiguous” and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District’s Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District’s integrated water

system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

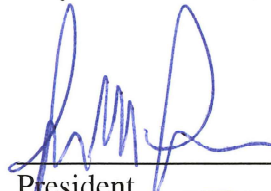
Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 62 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

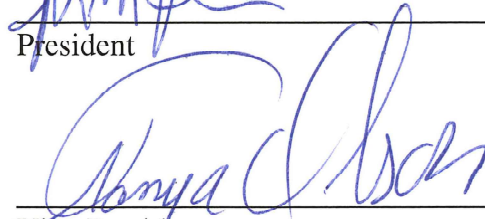
Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 17th day of December, 2019, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "A" hereto.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

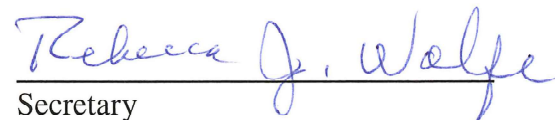
PASSED AND APPROVED this 19th day of November, 2019.



President



Vice-President



Secretary

**Preliminary Assessment Roll for Lots Within Boundaries of 2019 Non-Contiguous LUD 62
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
280608-001-008-00	SEC 08 TWP 28 RGE 06TH PTN NW1/4 NE1/4 COM INT S LN CO RD WITH W LN NW1/4 NE1/4 TH S00*19 45E ALG W LN SD SUB 948.47FT TH S89*22 28E 651.64FT TPB TH S89*22 28E 651.65FT TAP ON E LN SD SUB TH N00*40 04W ALG SD ELN 355FT TH N89*22 28W 650.6FT TH S00*29 56E 354.98FT TO TPB SUBJ ESE PUD 1	Christine Nilson 7027 125th Ave SE Snohomish, WA 98290	\$13,105.00
003843-000-025-00	TERRACE FALLS ASSR PLAT BLK 000 D-00 - LOT 25 SUBJ RD & UTIL ESMT 888/4	Miguel Santos 12829 Terrace Falls Rd Arlington, WA 98223	\$4,105.00
TOTAL			\$17,210

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

**NON-CONTIGUOUS
WATER LUD NO. 62**

FEASIBILITY STUDY REPORT

November, 2019

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 62 are located in unincorporated Snohomish County in the Snohomish and Arlington areas. They are attached to the District's main on 125th Avenue SE, and Terrace Falls Road (See attached maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2019 rates:

There are two properties connecting to the distribution main; one on 125th Avenue SE and one on Terrace Falls Road. The connection fees total \$13,105 for each property. Each property owner entered into an Interim Connection Agreement (ICA) with the District because a main did not front their parcel. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a Pressure Reducing Valve costing \$280, a LUD Administrative fee of \$200 and an Interim Connection Agreement (ICA) fee of \$3,150. The customer on Terrace Falls Road paid \$9,000 toward the cost of the installation and the total assessment for this lot will be \$4,105.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of Properties	Connection Fee	Assessment
1	2019 Standard SF Connection Fee w/1" Meter, PRV and ICA	\$13,105.00
1	2019 Standard SF Connection Fee w/1" Meter, PRV and ICA	\$4,105.00
2 TOTAL		\$17,210.00

2019 Standard SF Connection Fee w/1" Meter, PRV and ICA

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
Pressure Reducing Valve	\$ 280.00
Interim Connection Agreement	\$ 3,150.00
LUD Administrative Fee	\$ 200.00
	<u>\$13,105.00</u>

2019 Standard SF Connection Fee w/1" Meter, PRV and ICA

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
Pressure Reducing Valve	\$ 280.00
Interim Connection Agreement	\$ 3,150.00
LUD Administrative Fee	\$ 200.00
Cash Down Payment	<u>\$ -9,000.00</u>
	\$ 4,105.00

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of

water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$22.98 minimum monthly charge and \$3.52 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$51.14 per month, or \$613.68 per year.

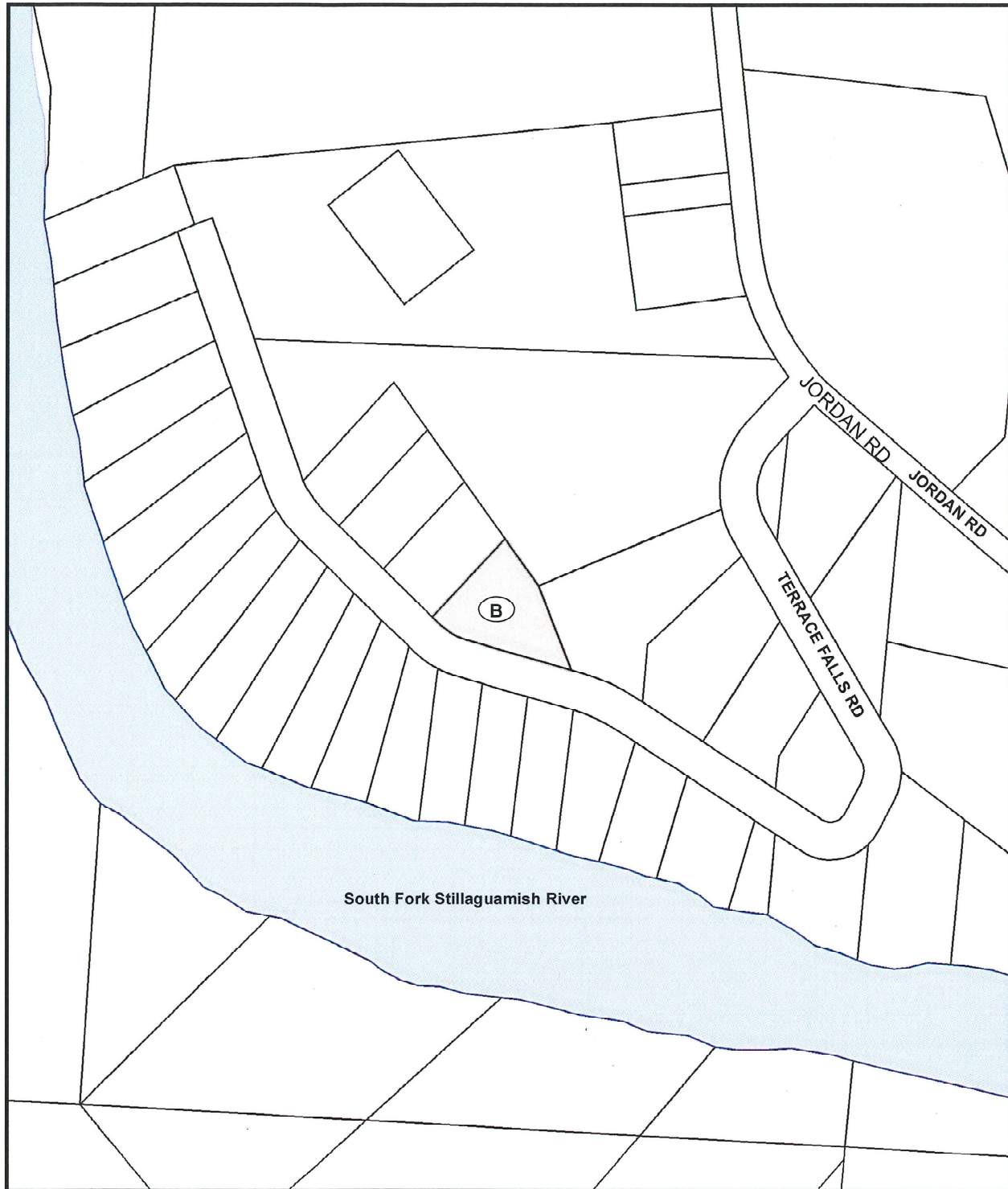
7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.



**NON-CONTIGUOUS
LUD NO. 62**
TAX ACCOUNT #:
280608-001-008-00

EXHIBIT B



SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1
Snohomish County PUD
Water Resources

NON-CONTIGUOUS
LUD NO. 62
TAX ACCOUNT #:
003843-000-025-00

EXHIBIT B



**WATER CONNECTION CONTRACT
FOR
NON-CONTIGUOUS LOCAL UTILITY DISTRICT**

THIS Contract is entered into between the Public Utility District No. 1 of Snohomish County, Washington (the District), and _____(Applicant(s), for the purpose of establishing the terms for connection to the District's water system through direct access to a District-funded water supply pipeline.

Applicant declares and warrants as follows:

- (1) Applicant's service address is: (2) Applicant's mailing address is:
- (3) Property tax account number is: 4) Applicant's telephone number is:
(H) _____
(W) _____
- (5) The legal description of the property is:

The Applicant and the District agree as follows:

- (1) Applicant requests District water service through direct connection to the supply pipeline.
- (2) Applicant agrees to pay the District the following amounts per residential unit:
- | | |
|--------------------------------|---------------|
| a. General Facilities Charge | \$ |
| b. Distribution Service Charge | \$ |
| c. Service Connection Fee | \$ |
| d. County Right-of-Way Permit | \$ |
| e. Pressure Reducing Valve | \$ |
| e. ICA | \$ |
| f. LUD Administration Fee | <u>\$ 200</u> |

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way

within which the supply pipeline is constructed. Applicant understands and acknowledges that the responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$_____ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2020 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment – Penalty – Termination of Water Service – Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

<http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214>.

Entered into this _____ day of _____, 2019.

Public Utility District No. 1
Of Snohomish County

By: _____
Representative

By: _____
Applicant

By: _____
Applicant

State of Washington)
 §

County of Snohomish)

I certify that I know or have satisfactory evidence that _____ and _____, Applicant(s), is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Date: _____

Signature of Notary Public in and for the State of Washington

Residing at _____

My appointment expires _____

RESOLUTION NO. _____

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 19, 2019, and applicable to the local utility district hereinafter described, forming Local Utility District No. 62 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 19, 2019, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 62 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 20, 2019, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 17, 2019, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 62; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 62 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 62 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$17,210. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 62 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 62, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 62 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 17th day of December, 2019.

President

Vice-President

Secretary

RESOLUTION NO. 5933

SIXTH SUPPLEMENTAL WATER SYSTEM
REVENUE BOND RESOLUTION

A RESOLUTION authorizing the issuance of \$6,570,000 principal amount of Water System Revenue Refunding Bonds, Series 2019, of Public Utility District No. 1 of Snohomish County, Washington, to refund certain outstanding water system revenue bonds of the District, and approving a bond purchase contract for the sale of the bonds to Barclays Capital Inc.

WHEREAS, Public Utility District No. 1 of Snohomish County, Washington (the "District") owns and operates a water supply and distribution system (the "Water System"); and

WHEREAS, the Commission of the District (the "Commission"), by Resolution No. 3825 adopted on August 25, 1992 (the "1992 Resolution"), authorized the issuance from time to time of bonds of the District payable from revenue of the Water System (the "Bonds"); and

WHEREAS, the Commission by Resolution No. 5460 adopted on November 3, 2009 (the "2009 Bond Resolution"), issued a series of Bonds designated as Public Utility District No. 1 of Snohomish County, Washington, Water System Revenue Bonds, Series 2009 (the "2009 Bonds"), which remain outstanding as follows:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2020	\$580,000	4.000%
2021	600,000	4.000
2022	625,000	4.000
2023	650,000	4.000
2024	675,000	4.000
2025	705,000	4.000
2026	730,000	4.125
2027	760,000	4.200
2028	795,000	4.250
2029	830,000	4.300
2030	865,000	4.375
2031	900,000	4.375

WHEREAS, pursuant to the 2009 Resolution, the District may call the 2009 Bonds maturing on and after December 1, 2020 (the "Refunded Bonds"), in whole or in part, for redemption on December 1, 2019 or any date thereafter, at the price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, it appears to the Commission that the Refunded Bonds may be optionally redeemed with the proceeds of the series of refunding Bonds authorized herein (the "2019 Bonds") on or about the date of issuance of the 2019 Bonds at a substantial savings to the District; and

WHEREAS, the District has received the offer of Barclays Capital Inc. (the "Underwriter") to purchase the 2019 Bonds on terms and conditions set forth in that offer and in this Sixth Supplemental Resolution, and the Commission has determined that it is in the best interest of the District to accept that offer and to approve a bond purchase contract to be entered into by the District and the Underwriter, as provided in this Sixth Supplemental Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY, WASHINGTON AS FOLLOWS:

ARTICLE I

DEFINITIONS AND FINDINGS

Section 1.01. Supplemental Resolution. This Sixth Supplemental Resolution is supplemental to the 1992 Resolution and is adopted in accordance with Article II of the 1992 Resolution.

Section 1.02. Definitions. All terms defined in Section 1.1 of the 1992 Resolution have the same meanings when used in this Sixth Supplemental Resolution. In addition, in this Sixth Supplemental Resolution:

"Bond Purchase Contract" has the meaning assigned to such term in Section 3.01 hereof.

"CEDE & Co." has the meaning assigned to such term in Section 2.02(B)(1) hereof.

"DTC" means The Depository Trust Company of New York, New York.

"EMMA" means the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org

"Financial Obligation" has the meaning assigned to such term in Section 4.01(C) hereof.

"Letter of Representations" has the meaning assigned to such term in Section 2.02(A) hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any successor to its functions.

“Redemption Account” means the account created by Section 3.04(A) hereof.

“Refunded Bond Redemption Date” has the meaning assigned to such term in Section 3.04(A) hereof.

“Refunded Bond Redemption Price” has the meaning assigned to such term in Section 3.04(A) hereof.

“Refunded Bonds” means the 2009 Bonds maturing on and after December 1, 2020.

“Rule” means the SEC's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

“Tax Certificate” means the certificate executed by the Treasurer or Deputy Treasurer of the District pertaining to tax matters with respect to the 2019 Bonds.

“Underwriter” means Barclays Capital Inc.

“1992 Resolution” means Resolution No. 3825 of the Commission, adopted on August 25, 1992.

“2009 Bond Resolution” means Resolution No. 5460 of the Commission, adopted on November 3, 2009, and also identified as the Fourth Supplemental Resolution.

“2009 Bonds” means the Water System Revenue Bonds, Series 2009, issued pursuant to the 1992 Resolution and the 2009 Bond Resolution.

“2019 Bonds” means the Water System Revenue Refunding Bonds, Series 2019, authorized to be issued pursuant to the 1992 Resolution and this Sixth Supplemental Resolution.

Section 1.03. Findings.

A. *Parity Conditions.* The Commission hereby finds as required by Section 2.4 of the 1992 Resolution as follows:

(1) The 2019 Bonds will be issued for the purpose of refunding outstanding Water System revenue bonds.

(2) At the time of the issuance of the 2019 Bonds there will be on file a certificate of the Treasurer or the Deputy Treasurer as required by Section 2.4(a) of the 1992 Resolution.

B. *Due Regard.* The Commission hereby finds that due regard has been given to the costs of operation and maintenance of the Water System and that it has not obligated the District to set aside into the Bond Fund for the account of the 2019 Bonds a greater amount

of the revenues and proceeds of the Water System than, in its judgment, will be available over and above the costs of maintenance and operation.

ARTICLE II

AUTHORIZATION OF 2019 BONDS; TAX COVENANTS

Section 2.01. Terms of the 2019 Bonds.

A. *Description.* The District will issue and sell the 2019 Bonds in the aggregate principal amount of \$6,570,000 to refund the Refunded Bonds and to pay costs of issuing the 2019 Bonds. The 2019 Bonds will be designated “Public Utility District No. 1 of Snohomish County, Washington, Water System Revenue Refunding Bonds, Series 2019”; will be dated the date of their initial delivery to the Underwriter; will be in the denomination of \$5,000 each or any integral multiple thereof, provided that no 2019 Bond will represent more than one maturity; will be fully registered as to both principal and interest; and will be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification. The 2019 Bonds shall bear interest from their date until such interest has been paid or its payment duly provided for, payable June 1, 2020, and semiannually thereafter on the first days of each succeeding December and June and shall mature on December 1 in the years and amounts as are set forth below:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2020	\$425,000	5.00%
2021	430,000	5.00
2022	455,000	5.00
2023	475,000	5.00
2024	500,000	5.00
2025	525,000	5.00
2026	550,000	5.00
2027	580,000	5.00
2028	610,000	5.00
2029	640,000	5.00
2030	675,000	5.00
2031	705,000	5.00

B. *Redemption.* The 2019 Bonds shall not be subject to redemption prior to their scheduled maturity.

C. *Purchase of 2019 Bonds.* The District also reserves the right to purchase any of the 2019 Bonds in the open market at any time at prices deemed reasonable by the District. All 2019 Bonds so purchased shall be cancelled by the Bond Registrar.

Section 2.02. Book Entry System of Registration and Transfer.

A. *DTC Acceptance; Letter of Representations.* The 2019 Bonds will initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the 2019 Bonds as eligible for deposit at DTC, the District has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Letter of Representations"). The 2019 Bonds will be issued in denominations equal to the aggregate principal amount of each maturity and initially will be registered in the name of CEDE & Co., as the nominee of DTC.

Neither the District nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the accuracy of any records maintained by DTC or any DTC participant as to the 2019 Bonds, the payment by DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the 2019 Bonds, any notice that is permitted or required to be given to registered owners under this Sixth Supplemental Resolution (except any such notices as are required to be given by the District to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the 2019 Bonds or any consent given or other action taken by DTC as the registered owner of the 2019 Bonds. For so long as any 2019 Bonds are held in fully immobilized form hereunder, DTC or its successor depository will be deemed to be the registered owner for all purposes hereunder, and (except as provided in Article IV of the 1992 Resolution) all references in this Sixth Supplemental Resolution to registered owners, bondowners or the like will mean DTC or its nominee and not the owners of any beneficial interests in the 2019 Bonds.

B. *Use of Depository.*

(1) The 2019 Bonds will be registered initially in the name of "CEDE & Co.," as nominee of DTC, with one Bond for each maturity. Purchases of the 2019 Bonds may be made through brokers and dealers, who must be or act through participants in DTC, in principal amounts of \$5,000 and integral multiples thereof. Registered ownership of such immobilized 2019 Bonds, or any portions thereof, may not thereafter be transferred except (a) to any successor of DTC or its nominee, provided that any such successor must be qualified under any applicable laws to provide the service proposed to be provided by it; (b) to any substitute depository appointed by the District pursuant to subsection (ii) below or such substitute depository's successor; or (c) to any person as provided in subsection (iv) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the District that it is no longer in the best interests of owners of beneficial interests in the 2019 Bonds to continue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the District may appoint a substitute depository or terminate the use of a depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (a) or (b) of subsection (i) above, the Registrar will, upon receipt of all outstanding 2019 Bonds, together with a written request on behalf of the District, issue a single new 2019 Bond for each maturity of such 2019 Bonds then outstanding, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request of the District.

(4) If (a) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository or (b) the District determines that it is in the best interests of the District or the beneficial owners of the 2019 Bonds that they be able to obtain bond certificates, the ownership of 2019 Bonds may then be transferred to any person or entity as herein provided, and the 2019 Bonds will no longer be held in fully immobilized form. The District will deliver a written request to the Registrar, together with a supply of definitive 2019 Bonds, to issue 2019 Bonds as herein provided in any authorized denomination. Upon receipt of all then outstanding 2019 Bonds by the Registrar together with a written request on behalf of the District to the Registrar, new 2019 Bonds will be issued in such denominations and registered in the names of such persons as are specified in such written request.

(5) As long as DTC or its successor (or substitute depository or its successor) is not the registered owner of the 2019 Bonds, any 2019 Bond may be transferred pursuant to its provisions at the principal office for such purpose of the Registrar by surrender of such 2019 Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by his or her duly authorized attorney, and thereupon the District will issue and the Registrar will authenticate and deliver at the principal office of the Registrar (or send by registered or first-class insured mail to the registered owner thereof at his expense), in the name of the transferee or transferees, a new 2019 Bond of the same interest rate, principal amount and maturity, and on which interest accrues from the last interest payment date to which interest has been paid so that there will result no gain or loss of interest as a result of such transfer, upon payment of any applicable tax or governmental charge. To the extent of denominations authorized in respect of any such 2019 Bond by the terms of this Sixth Supplemental Resolution, one such 2019 Bond may be transferred for several such 2019 Bonds of the same interest rate and maturity, and for a like aggregate principal amount, and several such 2019 Bonds of the same interest rate and maturity may be transferred for one or several such 2019 Bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount.

Section 2.03. Tax Covenants.

A. *General.* The District intends to issue the 2019 Bonds as obligations the interest on which is excluded from gross income for federal income tax purposes under section 103 of the Code, and the following covenants and authorizations are made in furtherance of such intention.

B. *Tax Certificate.* The Treasurer or Deputy Treasurer is authorized to execute the Tax Certificate at the time the 2019 Bonds are issued, which will certify to various facts and representations concerning the 2019 Bonds, based on the facts and estimates known or

reasonably expected on the date of issuance of the 2019 Bonds, and make certain covenants with respect to the 2019 Bonds.

C. *Tax Certificate.* If it is determined by the Treasurer or the Deputy Treasurer to be in the best interest of the District and the 2019 Bonds meet the necessary qualifications, the Treasurer or Deputy Treasurer is authorized to designate the 2019 Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

ARTICLE III

SALE OF 2019 BONDS: PLAN OF REFUNDING

Section 3.01 Sale of 2019 Bonds. The Commission hereby finds that the Underwriter's offer to purchase the 2019 Bonds, as set forth in the bond purchase contract presented to the Commission at this meeting (the “Bond Purchase Contract”), is reasonable and that it is in the best interest of the District that the 2019 Bonds be sold to the Underwriter on the conditions set forth in the Bond Purchase Contract and in this Sixth Supplemental Resolution. The Commission hereby authorizes the President of the Commission, Chief Executive/General Manager, Treasurer or Deputy Treasurer to execute the Bond Purchase Contract and deliver it to the Underwriter.

Section 3.02. Official Statement; Use of Documents. The President of the Commission, Chief Executive/General Manager, Treasurer or Deputy Treasurer are authorized and directed to execute and deliver to the Underwriter copies of an Official Statement in substantially the form of the Preliminary Official Statement; provided, however, that the Chief Executive/General Manager is authorized to supplement or amend the Preliminary Official Statement as the Chief Executive/General Manager, with the approval of Bond Counsel to the District, deems necessary or appropriate.

The Commission approves and authorizes the use of the Official Statement (including any such supplements and amendments thereto) in connection with the public offering and sale of the 2019 Bonds by the Underwriter.

Section 3.03. Execution and Delivery of the 2019 Bonds. The proper officers of the Commission and the Chief Executive/General Manager, Treasurer or the Deputy Treasurer of the District are hereby authorized and directed to do all things necessary or proper for the printing, execution and delivery of the 2019 Bonds to the Underwriter, upon payment of the purchase price specified in the Bond Purchase Contract, in accordance with the terms of the Bond Purchase Contract, the 1992 Resolution, and this Sixth Supplemental Resolution.

Section 3.04. Disposition of 2019 Bond Proceeds; Refunding Plan and Account. The proceeds from the sale of the 2019 Bonds will be applied as follows:

A. *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the ratepayers of the District, the 2019 Bonds shall be issued to provide for the optional redemption of the Refunded Bonds with a portion of the proceeds of the 2019 Bonds. Subject to the cancellation of the notice of optional redemption for the Refunded Bonds pursuant to the 2009 Bond Resolution, the Refunded Bonds shall be called for

optional redemption on December 18, 2019 (the "Refunded Bond Redemption Date"). To effect the optional redemption and refunding of the Refunded Bonds, there is hereby authorized to be created in the Bond Fund an account (the "Redemption Account") and drawn upon for the sole purpose of paying the Outstanding par amount of the Refunded Bonds, plus accrued interest thereon to the 2009 Bond Redemption Date (the "Refunded Bond Redemption Price").

A portion of the proceeds of the sale of the 2019 Bonds (exclusive of accrued interest thereon, if any, which shall be paid into the Interest Account in the Bond Fund and used to pay interest on the 2019 Bonds) shall be credited to the Redemption Account.

Money in the Redemption Account shall be used to provide for the optional redemption of the Refunded Bonds on the Redemption Date as authorized by the 1992 Resolution and the 2009 Bond Resolution and to pay costs of issuance of the 2019 Bonds.

B. *Refunding Procedures.* The net proceeds of sale of the 2019 Bonds shall be delivered to the Paying Agent for the purpose of optionally redeeming the Refunded Bonds and paying related costs of issuance of the 2019 Bonds. Immediately upon receipt of such funds, the Paying Agent shall use the funds to optionally redeem the Refunded Bonds as authorized by the 2009 Bond Resolution and to pay costs of issuance of the 2019 Bonds.

C. *Call For Redemption of Refunded Bonds.* The District hereby ratifies and approves all actions taken by the District officials prior to the adoption of this resolution and hereafter taken related to the Notice of Full Optional Redemption provided to bondholders by the Paying Agent on November 18, 2019, calling the Refunded Bonds for redemption on December 18, 2019.

The Chief Executive/General Manager, Treasurer, the Deputy Treasurer and other officers and employees of the District are authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notices therefor. The costs of publication of such notices shall be an expense of the District.

The District will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Paying Agent are paid when due.

Section 3.05. Continuing the Debt Service Reserve Forward Delivery Agreement. To provide for all or a portion of the reserve requirement for the 2019 Bonds and other outstanding Bonds, the District wishes to continue the Debt Service Reserve Forward Delivery Agreement (the "Agreement") in accordance with its terms but at a lower notional amount reflecting the lower reserve requirement resulting from the optional redemption by the District of its Water System Revenue and Refunding Bonds, Series 2006 and the refunding of the 2009 Bonds. The Provider (as defined in the Agreement) has agreed to continue the Agreement, as set forth in a Third Amendment to the Agreement (the "Amendment"), a copy of which is filed with the records of this meeting. The Commission hereby approves the Amendment and authorizes the Chief Executive/General Manager, Treasurer or Deputy Treasurer to execute the Amendment on behalf of the District, deliver the Amendment to the Provider, and take all such additional actions as may be necessary or desirable to complete the transaction contemplated by the Amendment. The District hereby

ratifies and approves all actions taken by the District officials prior to the adoption of this resolution and hereafter taken related to the Amendment.

ARTICLE IV

ONGOING DISCLOSURE

Section 4.01. Undertaking to Provide Ongoing Disclosure.

A. *Contract/Undertaking.* This section constitutes the District's written undertaking for the benefit of the holders of the 2019 Bonds as required by Section (b)(5) of the Rule.

B. *Financial Statements/Operating Data.* The District agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2020 for the fiscal year ending December 31, 2019):

(1) Annual financial statements showing ending fund balances for the Water System, prepared in accordance with generally accepted accounting principles as promulgated for municipalities (and as modified as may be required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)) and generally of the type included in the official statement for the 2019 Bonds under the heading "Comparative Income Statements";

(2) Principal amount of outstanding Bonds;

(3) Debt service coverage for outstanding Bonds;

(4) Aggregate cubic feet of water usage per year for, and gross revenue from, the Water System's ten largest customers; and

(5) Water System operating statistics showing average number of customers, water sales, system use and losses and water purchased.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

Such annual information and operating data described above will be provided on or before 9 months after the end of the District's fiscal year. The District's current fiscal year ends December 31. The District may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the District may cross-reference to other documents available to the public on the MSRB's internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the District will provide to the MSRB the District's audited annual financial statement prepared in accordance with generally accepted accounting principles (and as modified as may be

required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)), when and if available.

C. *Specified Events.* The District agrees to provide or cause to be provided to the MSRB in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2019 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2019 Bonds, or other material events affecting the tax status of the 2019 Bonds;
- (7) Modifications to the rights of 2019 Bond owners, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the 2019 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the District;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect 2019 Bond owners, if material; or

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Solely for purposes of disclosure, and not intending to modify this undertaking, the District advises that no real property secures repayment of the 2019 Bonds. The only debt service reserve is the Reserve Account.

For purposes of the event identified in Section 4.01(C)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For purposes of the events specified in Section 4.01(C)(15) and Section 4.01(C)(16) above, the term "Financial Obligation" means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

D. *Notification Upon Failure to Provide Financial Data.* The District agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection B above on or before the date set forth in subsection B above.

E. *Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through EMMA. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

F. *Termination/Modification.* The District's obligations to provide annual financial information and notices of specified events will terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. This section, or any provision hereof, will be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the 2019 Bonds; and (2) notifies the MSRB of such opinion and the cancellation of this section.

Notwithstanding any other provision of this resolution, the District may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment or waiver of a provision of this section, the District shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a specified event under subsection (c), and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

G. *Bond Owner's Remedies Under This Section.* In the event of a failure of the District to comply with any provision of its continuing disclosure obligations hereunder, the dissemination agent may (and, at the request of the Participating Underwriters or the owners of at least 25% of aggregate principal amount of the 2019 Bonds then Outstanding, shall), or any owner or Beneficial Owner of the 2019 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its continuing disclosure undertaking in this Section 4.01; provided, that any such action may be instituted only in a Washington State Court sitting in Snohomish County or in U.S. District Court for the Western District of Washington. Any failure by the District to comply with the provisions of this undertaking will not be an event of default with respect to the 2019 Bonds under the 1992 Resolution or this resolution, and the sole remedy hereunder in the event of any failure of the District to comply with its continuing disclosure obligations hereunder shall be an action to compel performance, and no person shall be entitled to recover monetary damages for such failure to comply. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019 Bonds, including persons holding 2019 Bonds through nominees or depositories.

ARTICLE V

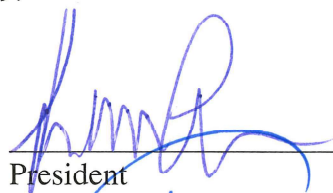
MISCELLANEOUS

Section 5.01. Effective Date. This Sixth Supplemental Resolution will become effective upon its adoption.

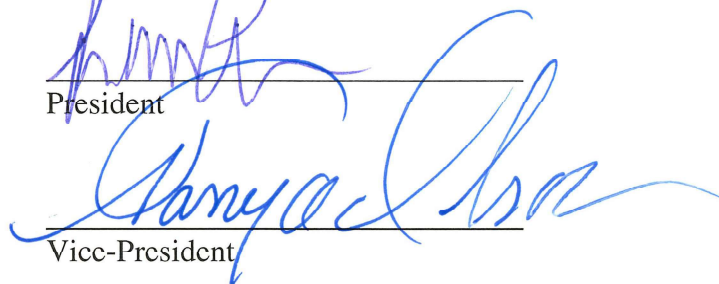
Section 5.02. Ratification of Past Acts and Authorization of Future Acts. All actions and proceedings heretofore taken by the officers, agents, attorneys and employees of the District in connection with the sale and issuance of the 2019 Bonds are hereby ratified, approved and confirmed.

The Commission further authorizes and directs all proper officers, agents, attorneys and employees of the District to carry out or cause to be carried out all obligations of the District under this Sixth Supplemental Resolution, to execute additional documents and certificates and to perform such other acts as they may consider necessary or advisable in connection with the sale, issuance and management of the 2019 Bonds.

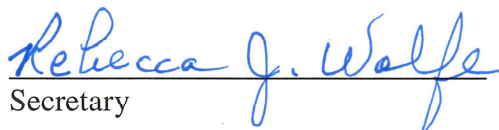
Adopted by the Commission of Public Utility District No. 1 of Snohomish County,
Washington, this 11th day of December, 2019.



President



Vice-President



Secretary

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY, WASHINGTON**\$6,570,000****WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2019****BOND PURCHASE CONTRACT**

December 11, 2019

Public Utility District No. 1 of Snohomish County, Washington
2320 California Street
Everett, Washington 98201

Ladies and Gentlemen:

Barclays Capital Inc. (the “Underwriter”) hereby offers to enter into this bond purchase contract (this “Purchase Contract”) with Public Utility District No. 1 of Snohomish County, Washington (the “District”), which upon the District’s acceptance hereof will be binding upon the District and the Underwriter. This offer is made subject to the District’s acceptance by execution of this Purchase Contract and its delivery to the Underwriter on or before 11:59 p.m., Pacific Time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered by the Underwriter to the District at any time prior to the acceptance hereof by the District. All capitalized terms not otherwise defined herein shall be as defined in Resolution No. 5933, adopted by the Commission of the District (the “Commission”) on December 11, 2019 (the “Resolution”).

1. Purchase and Sale. Subject to the terms and conditions and upon the basis of the representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the District for offering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the District’s \$6,570,000 aggregate principal amount of Water System Revenue Refunding Bonds, Series 2019 (the “2019 Bonds”). The 2019 Bonds shall be dated their date of delivery and shall have the maturities, bear interest on the dates and at the rates, and be subject to redemption as set forth in Exhibit “A” hereto. The purchase prices of the 2019 Bonds shall be the purchase prices set forth in Exhibit “A” hereto.

The 2019 Bonds shall be issued under and pursuant to the Resolution.

The 2019 Bonds are being issued for the purposes described in the Preliminary Official Statement relating to the 2019 Bonds dated December 3, 2019 (together with all appendices thereto and such amendments thereto as shall have been accepted by the Underwriter, the “Preliminary Official Statement”), namely: the proceeds of the 2019 Bonds are to be used for the purposes of (a) paying the costs of refunding the District’s Water System Revenue Bonds, Series 2009 (the “Refunded Bonds”), (b) funding the Reserve Account to the Reserve Account Requirement, if

necessary, and (c) paying the costs of issuing the 2019 Bonds. The 2019 Bonds shall otherwise be as described in the Preliminary Official Statement.

The District agrees and acknowledges that: (a) with respect to the engagement of the Underwriter by the District, including in connection with the purchase, sale, and offering of the 2019 Bonds, and the discussions, conferences, negotiations, and undertakings in connection therewith, the Underwriter (i) is and has been acting as a principal and not an agent, municipal advisor, financial advisor, or fiduciary of the District and (ii) has not assumed any advisory or fiduciary responsibility in favor of the District (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (b) the District has consulted its own legal, accounting, tax, financial, and other advisors to the extent it has deemed appropriate; and (c) this Purchase Contract expresses the entire relationship between the parties hereto.

2. Official Statement.

The District hereby ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the 2019 Bonds. The District hereby represents and warrants that the Preliminary Official Statement was deemed final by the District as of its date, except for the omission of information permitted to be excluded by Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). The Official Statement of the District relating to the 2019 Bonds, in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Underwriter, is referred to as the “Official Statement.”

The District authorizes the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the public offering and sale of the 2019 Bonds. Upon the acceptance hereof by the District, the District shall cause to be delivered to the Underwriter a copy of the Official Statement. The District covenants and agrees to cause reasonable quantities of the Official Statement to be delivered to the Underwriter, without charge, within seven business days after the date hereof, and in any event, upon the request of the Underwriter, in sufficient time to accompany any confirmation requesting payment from any customer of the Underwriter and in sufficient time to permit the Underwriter to comply with the provisions of Rule 15c2-12 and with all applicable rules of the Municipal Securities Rulemaking Board.

The District agrees to deliver to the Underwriter as many copies of the Official Statement as the Underwriter requests to comply with paragraph (b)(4) of Rule 15c2-12 and all applicable rules of the Municipal Securities Rulemaking Board, and the Underwriter agrees to use its best efforts to comply with such requirements. The District agrees to deliver those Official Statements within seven business days after the date hereof, but in any event at least two business days prior to the Closing (defined herein).

Unless otherwise notified in writing by the Underwriter, the District may assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date (defined herein). In the event such notice is so given in writing by the Underwriter, the Underwriter agrees to notify the District in writing following the occurrence of the end of the underwriting period.

The District covenants and agrees that if, after the date hereof and until 25 days after the end of the underwriting period: (a) any event shall occur that would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or (b) it is necessary to amend or supplement the Official Statement to comply with law, then in either such case the District will notify the Underwriter and provide the Underwriter with such information as the Underwriter may from time to time reasonably request, and will prepare and furnish, at its own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended or supplemented, as of the time the Official Statement is delivered to a purchaser: (i) will not contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading and (ii) will comply with law.

3. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the 2019 Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B (the “Issue Price Certificate”), with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2019 Bonds.

(b) Except as otherwise set forth in Schedule A attached to the Issue Price Certificate, the District will treat the first price at which 10% of each maturity of the 2019 Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District and Bond Counsel the price or prices at which it has sold to the public each maturity of the 2019 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2019 Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold 2019 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until either: (i) the Underwriter has sold all the 2019 Bonds of that maturity or (ii) the 10% test has been satisfied as to the 2019 Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section, if any 2019 Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the 2019 Bonds.

(c) The Underwriter confirms that it has offered the 2019 Bonds to the public on or before the date hereof (the “Sale Date”) at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A attached to the Issue Price Certificate, except as otherwise set forth therein. Schedule A also sets forth, as of the Sale Date, the maturities, if any, of the 2019 Bonds for which the 10% test has

not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the Sale Date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2019 Bonds, the Underwriter will neither offer nor sell unsold 2019 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

- (i) the close of the fifth business day after the Sale Date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth business day after the Sale Date whether it has sold 10% of that maturity of the 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

- (d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- A. (I) to report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all the 2019 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the 2019 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon the request of the Underwriter; and (II) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter.

- B. to promptly notify the Underwriter of any sales of 2019 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2019 Bonds to the public (each such term being used as defined below); and

- C. to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

- (ii) any selling group agreement relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain

language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2019 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all the 2019 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the 2019 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on:

(i) in the event a selling group has been created in connection with the initial sale of the 2019 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2019 Bonds, as set forth in a selling group agreement and the related pricing wires; and

(ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the 2019 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2019 Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2019 Bonds.

(f) The Underwriter acknowledges that sales of any 2019 Bond to any person that is a related party to an underwriter participating in the initial sale of the 2019 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an

underwriting syndicate) to participate in the initial sale of the 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2019 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2019 Bonds to the public); and

(iii) a purchaser of any of the 2019 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) “Sale Date” means the date of the execution of this Purchase Contract by all parties.

4. Representations, Covenants, and Agreements. The District represents, covenants and agrees to and with the Underwriter that:

(a) The District is a municipal corporation duly created and validly existing under the laws of the state of Washington (the “State”) with full legal right, power, and authority: (i) to adopt the Resolution and to perform the agreements on its part contained therein; (ii) to enter into, execute, and deliver this Purchase Contract; (iii) to issue, sell and deliver the 2019 Bonds to the Underwriter as provided herein and in the Official Statement; and (iv) to create in favor of the 2019 Bonds a prior lien and charge upon the Net Revenues equal to the charges necessary to pay the principal of and interest on the Outstanding Bonds and superior to all other charges of any kind or nature, except as otherwise set forth in the Resolution.

(b) By all necessary official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized all necessary action to be taken by it for: (i) the adoption of the Resolution and the issuance and sale of the 2019 Bonds, (ii) the approval, execution and delivery of, and the performance by the District of the obligations on its part, contained in the 2019 Bonds and this Purchase Contract, (iii) the approval, distribution, and use of the Preliminary Official Statement and the approval, execution, distribution, and use of the Official Statement for use by the Underwriter in connection with the public offering of the 2019 Bonds, and (iv) the consummation by the District of all other transactions described in the Resolution, this Purchase Contract and any and all such other agreements and documents as may be required to be executed, delivered, and/or received by the District in order to carry out, give effect to, and consummate the transactions described herein and in the Resolution.

(c) The Resolution has been duly adopted, this Purchase Contract has been duly authorized, executed, and delivered, and the Resolution and this Purchase Contract are legal, valid, and binding obligations of the District enforceable against the District in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally; by general principles of equity; and by the exercise of judicial discretion in appropriate cases.

(d) The District is in compliance in all material respects with the provisions of the Resolution, no default exists thereunder, and no event has occurred which, with the passing of time or the delivery of notice, would or could constitute a default thereunder.

(e) Except for the omission of information permitted to be excluded by Rule 15c2-12 and information regarding the Depository Trust Company ("DTC") and its book-entry only system (as to which no representation is made in this sentence), the Preliminary Official Statement as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) At the time of the District's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to Section 2) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement (except for information regarding DTC and its book-entry only system, as to which no representation is made in this sentence), as supplemented and amended, does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) If the Official Statement is supplemented or amended pursuant to Section 2, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto up to and including the date that is 25 days after the end of the underwriting period, the Official Statement (except for information regarding DTC and its book-entry only system, as to which no representation is made in this sentence) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) The Commission has duly authorized and approved the execution and delivery of the Official Statement by the President of the Commission of the District, the General Manager or Treasurer or his designee.

(i) The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect any such amendment or supplement without the written consent of the Underwriter. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any

governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the 2019 Bonds.

(j) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, there has been no material adverse change since December 31, 2018, in the financial position, results of operations, or condition, financial or otherwise, of the District, other than changes in the ordinary course of business or in the normal operation of the District.

(k) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the District is not in material breach of or in material default under any applicable constitutional provision, law, or administrative regulation of the State or the United States, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute such a default or event of default by the District under any of the foregoing.

(l) The execution and delivery of the 2019 Bonds and this Purchase Contract and the adoption of the Resolution and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument with respect to the Water System to which the District is a party or to which the District is or to which any of its property or assets are otherwise subject which breach or default would have a material adverse effect on the business, operations or financial condition of the Water System, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District to be pledged to secure the 2019 Bonds or under the terms of any such law, regulation, or instrument, except as provided by the 2019 Bonds and the Resolution.

(m) The financial statements of and other financial information regarding the District in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. The financial statements of the District have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the District's audited financial statements included in the Preliminary Official Statement and in the Official Statement.

(n) When delivered to The Depository Trust Company ("DTC") for the account of the Underwriter and paid for in full in accordance with the terms of this Purchase Contract, the 2019 Bonds: (i) will have been duly authorized, executed, issued, and

delivered by the District and (ii) will constitute valid, legally binding obligations of the District, enforceable against the District in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, by general principles of equity, and by the exercise of judicial discretion in appropriate cases.

(o) Upon the issuance, authentication, and delivery of the 2019 Bonds, the Resolution will provide, for the benefit of the holders, from time to time, of the 2019 Bonds, the legally valid and binding pledge and lien it purports to create as set forth in the Resolution.

(p) The 2019 Bonds and the Resolution conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement; and the proceeds of the sale of the 2019 Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the caption "PURPOSE AND APPLICATION OF THE 2019 BOND PROCEEDS."

(q) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, government agency, public board, or public body, pending or, to the best knowledge of the District, threatened against the District: (i) affecting the existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain, or enjoin the sale, issuance, or delivery of the 2019 Bonds, (iii) in any way contesting or affecting the validity or enforceability of the 2019 Bonds or this Purchase Contract, (iv) contesting the exclusion from gross income of interest on the 2019 Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the District or any authority for the issuance of the 2019 Bonds, the adoption of the Resolution, or the execution and delivery of this Purchase Contract, nor, to the best knowledge of the District, is there reasonable basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the validity or enforceability of the 2019 Bonds or this Purchase Contract.

(r) The District will furnish such information and execute such instruments and take such action not inconsistent with law in cooperation with the Underwriter, at no expense to the District, as the Underwriter may reasonably request: (i) to (A) qualify the 2019 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the 2019 Bonds for investment under the laws of such states and other jurisdictions and (ii) will use its best efforts to continue such qualifications in effect so long as required for the distribution of the 2019 Bonds (provided, however, that the District will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the District of any written notification with respect to the suspension of the qualification of the 2019 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(s) Except as disclosed in the Preliminary Official Statement and the Official Statement, all material authorizations, approvals, licenses, permits, consents, and orders of any governmental authority, legislative body, board, agency, or commission having jurisdiction of the matter that: are required for the due authorization of, that would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Resolution, this Purchase Contract, the issuance of the 2019 Bonds, or the due performance by the District of its obligations under the Resolution, this Purchase Contract, and the 2019 Bonds or have been duly obtained or will be duly obtained prior to the Closing.

(t) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the 2019 Bonds as provided in and subject to all of the terms and provisions of the Resolution, including for payment or reimbursement of District expenses incurred in connection with the negotiation, marketing, issuance, and delivery of the 2019 Bonds to the extent required by Section 8, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2019 Bonds.

(u) Prior to the Closing, the District will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations, or condition, financial or otherwise, of the District.

(v) The District will not, prior to the Closing, offer or issue any bonds, notes, or other obligations for borrowed money payable from revenues of the Water System or incur any material liabilities, direct or contingent with respect to the Water System, except in the ordinary course of business, without the prior approval of the Underwriter (which approval shall not be unreasonably withheld).

(w) Any certificate signed by any official of the District authorized to do so in connection with the transactions described in this Purchase Contract shall be deemed a representation by the District to the Underwriter as to the statements made therein.

(x) The District has not defaulted in the payment of principal or interest on any of its debt obligations.

(y) Nothing has occurred since December 31, 2018, that is material to the Water System or the District that has not been disclosed and should be disclosed to make the Preliminary Official Statement or the Official Statement true and correct in all material respects.

(z) The District will undertake, pursuant to the Resolution, to provide certain annual financial information and to provide notices upon the occurrence of certain events. An accurate description of this undertaking is included in each of the Preliminary Official Statement and the Official Statement. Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure undertaking under Rule 15c2-12.

5. Closing. At 8:00 a.m., Pacific Time, on December 18, 2019, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District and the Underwriter (the “Closing Date”), the District will deliver to the Underwriter the 2019 Bonds, duly executed and authenticated, through the facilities of DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, and shall deliver to the Underwriter the documents mentioned in Section 6, at such place as may be mutually agreed upon by the District and the Underwriter. The 2019 Bonds will be issued as one fully registered 2019 Bond for each maturity of each series, registered in the name of “Cede and Co.,” as registered owner and nominee for DTC, as securities depository. The Underwriter will accept such delivery and pay the purchase prices of the 2019 Bonds as set forth in Section 1 by wire in immediately available federal funds. The payment and delivery of the 2019 Bonds, together with the delivery of the aforementioned documents, is called the “Closing.” The documents mentioned in Section 6 shall be made available at a mutually agreeable location for inspection by the Underwriter before the Closing.

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the performance by the District of its obligations to be performed hereunder and under the documents mentioned in this Section 6, at or prior to the Closing, and also shall be subject to the following conditions:

(a) At the time of the Closing: (i) the Resolution shall be in full force and effect, and shall not have been amended, modified, or supplemented, except as disclosed in the Preliminary Official Statement or the Official Statement, (ii) no change other than the inclusion of information permitted to be excluded by Rule 15c2-12 shall have been made between the date of the Preliminary Official Statement and the Official Statement, except any change that has been accepted by the Underwriter, and (iii) the District shall perform or shall have performed all of its obligations required under or specified in this Purchase Contract, the Official Statement, and the Resolution to be performed at or prior to the Closing.

(b) At the time of the Closing, no Event of Default shall have occurred or be existing under the Resolution, nor shall any event have occurred which, with the passage of time or the giving of notice, shall constitute an Event of Default under the Resolution, nor shall the District be in default in the payment of principal or interest on any of its obligations for borrowed money.

(c) At or prior to the Closing, the Underwriter shall receive the following documents relating to the issuance of the 2019 Bonds:

(i) A copy of the Resolution, certified by the Clerk of the Commission as having been duly adopted by the District and as being in full force and effect on the Closing Date.

(ii) One copy of the Official Statement manually executed on behalf of the District by Treasurer or other Authorized Officer of the District.

(iii) The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, as to the 2019 Bonds, dated the Closing Date and substantially in the form included in the Preliminary Official Statement as Appendix C.

(iv) A supplemental opinion of Bond Counsel, dated the Closing Date and substantially in the form set forth in Exhibit “C” hereto.

(v) An opinion of General Counsel to the District, dated the Closing Date and substantially in the form set forth in Exhibit “D” hereto.

(vi) A certificate of the District’s CEO/General Manager, dated the Closing Date and substantially in the form set forth in Exhibit “E” hereto.

(vii) A Certificate of the Treasurer of the District pursuant to Section 2.4(a) of Resolution No. 3825 adopted August 25, 1992.

(viii) A copy of the Tax Certificate referred to in Section 2.03 of the Resolution.

(ix) Evidence satisfactory to the Underwriter that the 2019 Bonds have been rated “Aa2” by Moody’s Investors Service, Inc.

(x) The Letter of Representations between the District and DTC.

(xi) The opinion of Kutak Rock LLP, counsel to the Underwriter, in form and substance acceptable to the Underwriter.

(xii) Such additional certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations of the District and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(d) Subsequent to the Closing, the Underwriter shall receive no less than one electronic copy of the transcript proceedings relating to the 2019 Bonds.

7. Termination of Contract. The Underwriter shall have the right to terminate the Underwriter’s obligation under this Purchase Contract to purchase, to accept delivery of, and to pay for the 2019 Bonds if, after the execution hereof and prior to the Closing, the market price or marketability of the 2019 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2019 Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court

of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary, or proposed), press release, statement, or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the 2019 Bonds, or the interest on the 2019 Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein.

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release, or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, which, in the opinion of Underwriter or its counsel, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the 2019 Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect.

(c) There shall have occurred: (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) the escalation of hostilities existing prior to the act, or (iii) the declaration of a national emergency or (iv) any other material national or international calamity or crisis, or any material adverse change in the financial, political, or economic conditions affecting the United States or the District.

(d) (i) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, (ii) as to the Bonds or obligations of the general character of the Bonds, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading such securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force related to such securities (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter).

(e) A general banking moratorium declared by federal, State of New York, or State officials.

(f) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) There shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the District, except for changes which the Official Statement discloses are expected to occur.

(h) There shall have occurred any downgrading or published negative credit watch or similar published information from Moody's on any of the District's debt obligations related to the Water System, which action reflects a change or possible change, in the ratings accorded any such obligations of the District (including any rating to be accorded the 2019 Bonds).

(i) A material disruption in securities settlement, payment, or clearance services shall have occurred.

If the District shall be unable to satisfy the conditions contained in this Purchase Contract or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the District shall be under a further obligation hereunder, except that the District and the Underwriter shall pay their respective expenses as set forth in Section 8.

8. Expenses. The District shall pay or cause to be paid from the proceeds of the 2019 Bonds or other funds of the District available to it, the expenses incident to the performance of its obligations hereunder, including, but not limited to:

(a) the fees and disbursements of the Registrar in connection with the issuance of the 2019 Bonds;

(b) the fees and disbursements of PFM Financial Advisors, LLC, ImageMaster, LLC, Bond Counsel and Disclosure Counsel, and any other experts or consultants retained by the District in connection with the transactions contemplated hereby;

(c) the cost of obtaining ratings on the 2019 Bonds;

(d) the cost of printing and posting the Preliminary Official Statement and the Official Statement; and

(e) the cost of meals, lodging, and travel for the District and its representatives incurred by or on their behalf in connection with the negotiation, marketing, issuance, and delivery of the 2019 Bonds.

As a convenience to the District, the Underwriter may, from time to time, make arrangements for certain items and advance certain costs for which the District is responsible hereunder, such as printing of the Preliminary Official Statement and Official Statement, meals, lodging, and travel arrangements for District representatives, in connection with the transaction. In the event that the Underwriter incurs or advances the cost of any expense for which the District is responsible hereunder, the District shall reimburse the Underwriter at or prior to Closing; if at Closing, reimbursement may be included in the expense component of the Underwriter's spread. The Underwriter shall pay, and the District shall be under no obligation to pay, the cost of delivering the purchase price of the 2019 Bonds in immediately available federal funds and all

other expenses the Underwriter incurs in connection with their public offering and distribution of the 2019 Bonds, including, but not limited to, the costs of any Blue Sky or legal investment memoranda and any Blue Sky filings or any advertising expenses incurred by the Underwriter in connection with the public offering of the Bonds.

9. Notice. Any notice or other communication to be given to the District under this Purchase Contract may be given by delivering the same in writing to Public Utility District No. 1 of Snohomish County, Washington, 2320 California Street, Everett, Washington 98201, Attention: CEO/General Manager, with a copy to the General Counsel, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Barclays Capital Inc., 701 Fifth Avenue, Suite 7101, Seattle, Washington 98104; Attention: Sean Keatts, Director.

10. Entire Agreement. This Purchase Contract shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including any successors or assigns of the Underwriter). This Purchase Contract shall become effective when accepted by the District in writing as heretofore specified and may not be amended or modified except in a writing signed by the District and the Underwriter. No other person shall acquire or have any right hereunder by virtue hereof. All the District's representations, warranties, and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of: (a) any investigation made by or on behalf of the Underwriter; provided, that if as a result of any such investigation the Underwriter shall have received actual knowledge prior to the Closing Date that any such representation, warranty, or agreement is incorrect, such representation, warranty, or agreement shall remain operative and in full force and effect only if the Underwriter shall have promptly notified the District of the result of such investigation; (b) delivery of and payment for the 2019 Bonds hereunder; and (c) any termination of this Purchase Contract.

11. State Law Governs. The validity, interpretation, and performance of this Purchase Contract shall be governed by the laws of the State.

12. Severability. If any one or more of the provisions of this Purchase Contract are declared by a court of competent jurisdiction to be contrary to law, then such provision shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions in this Purchase Contract.

[Signature Page to Follow]

13. Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

THE UNDERWRITER:

BARCLAYS CAPITAL INC.

Sean Keatts, Director

Accepted and agreed to as of the date first above written:

THE DISTRICT:

PUBLIC UTILITY DISTRICT NO. 1 OF
SNOHOMISH COUNTY, WASHINGTON

John Harlow
CEO/General Manager

[Signature Page to Bond Purchase Contract]

Exhibit A**DESCRIPTION OF CERTAIN TERMS OF THE 2019 BONDS**

Aggregate Principal Amount:	\$6,570,000.00
Plus Original Issue Premium:	1,455,482.15
Less Underwriter's Discount:	(34,272.00)
Aggregate Purchase Price:	<u>\$7,991,210.15</u>

True Interest Cost: 1.678849%

Maturity Dates and Interest Rates:

<u>Due December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2020	\$425,000	5.00%	1.090%	103.695
2021	430,000	5.00	1.110	107.493
2022	455,000	5.00	1.140	111.176
2023	475,000	5.00	1.170	114.751
2024	500,000	5.00	1.230	118.060
2025	525,000	5.00	1.340	120.873
2026	550,000	5.00	1.420	123.621
2027	580,000	5.00	1.510	126.060
2028	610,000	5.00	1.610	128.157
2029	640,000	5.00	1.690	130.204
2030	675,000	5.00	1.830	131.331
2031	705,000	5.00	1.940	132.503

Interest Payment Dates:

Interest on the 2019 Bonds will be payable on each June 1 and December 1, commencing on June 1, 2020.

Redemption Provisions:

Optional Redemption. The 2019 Bonds are not subject to redemption prior to their stated dates of maturity.

Exhibit B**ISSUE PRICE CERTIFICATE**

**Public Utility District No. 1 of Snohomish County, Washington
Water System Revenue Refunding Bonds, Series 2019
Principal Amount of \$6,570,000**

The undersigned, on behalf of Barclays Capital Inc. (“Barclays”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2019 Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least ten percent of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Barclays offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2019 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Purchase Contract, Barclays has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2019 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2019 Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *District* means Public Utility District No. 1 of Snohomish County, Washington.

(b) *General Rule Maturities* means the Maturities of the 2019 Bonds listed in Schedule A as the “General Rule Maturities.”

(c) *Hold-the-Offering-Price Maturities* means the Maturities of the 2019 Bonds listed in Schedule A as the “Hold-the-Offering-Price Maturities.”

(d) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least ten percent of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(e) *Maturity* means 2019 Bonds with the same credit and payment terms. 2019 Bonds with different maturity dates, or 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2019 Bonds. The Sale Date of the 2019 Bonds is December 11, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Bonds to the Public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2019 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2019 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Barclay’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the 2019 Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the 2019 Bonds.

Dated this 18th day of December, 2019.

BARCLAYS CAPITAL INC.

Sean Keatts, Director

Schedule A

**Sale Prices of the General Rule Maturities
and Initial Offering Prices of the Hold-the-Offering Price Maturities**

Maturity (December 1)	Principal Amount	Sales Price of General Rule Maturities (10% Sold to Public) ⁽¹⁾	(Initial Offering Prices of the Hold- The-Offering-Price Maturities)
2020	\$425,000	103.695%	
2021	430,000	107.493	
2022	455,000	111.176	
2023	475,000		114.751%
2024	500,000		118.060
2025	525,000	120.873	
2026	550,000	123.621	
2027	580,000		126.060
2028	610,000		128.157
2029	640,000		130.204
2030	675,000	131.331	
2031	705,000	132.503	

⁽¹⁾ Represents a percentage of the principal (or par) amount of the maturities of the 2019 Bonds.

Schedule B

Pricing Wire or Equivalent Communication

(Attached)

Exhibit C**Opinion Required by Section 6(c)(iv) of the Purchase Contract**

December __, 2019

Barclays Capital Inc.
Seattle, Washington

\$6,570,000

Public Utility District No. 1 of Snohomish County, Washington
Water Revenue Refunding Bonds, Series 2019
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 6(c)(iv) of the Bond Purchase Contract, dated December 11, 2019 (the “Purchase Contract”), between you and Public Utility District No. 1 of Snohomish County, Washington (the “District”), providing for the purchase of \$6,570,000 principal amount of the District’s Water Revenue Refunding Bonds, Series 2019 (the “Bonds”). The Bonds are being issued pursuant to Resolution No. 3825, adopted by the Commission of the District (the “Commission”) on August 25, 1992, as amended, and Resolution No. 5933, adopted by the Commission on December 11, 2019 (collectively, the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or, if not defined in the Resolution, in the Purchase Contract.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the District concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the District. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel and disclosure counsel to the District, we have reviewed the Purchase Contract, the Resolution, the Tax Certificate, certain portions of the preliminary official statement of the District, dated December 3, 2019, with respect to the Bonds (the “Preliminary Official Statement”) and of the official statement of the District, dated December 11, 2019, with respect to the Bonds (the “Official Statement”), an opinion of counsel to the District, certificates of the District, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the

documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public utility districts in the State of Washington. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding agreement of, the District.

3. The statements contained in the Official Statement under the captions "DESCRIPTION OF THE 2019 BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" and APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Bonds, the Resolution, and the form and content of our Bond Opinion, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Preliminary Official Statement or in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel and disclosure counsel to the District in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the District, its counsel, financial advisors and others, during which conferences the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the District and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our

role as bond counsel and disclosure counsel to the District, we advise you as a matter of fact and not opinion that (a) as of December 11, 2019, no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of that date that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) as of the date of the Official Statement and as of the date hereof, no facts had come to the attention of the attorneys in our firm rendering legal service with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, we expressly exclude from the scope of this paragraph and express no view or opinion about (i) any difference in information contained in the Preliminary Official Statement compared to what is contained in the Official Statement, whether or not related to pricing or sale of the Bonds and whether any such difference is material and should have been included in the Preliminary Official Statement, and (ii) with respect to both the Preliminary Official Statement and the Official Statement any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about environmental matters, litigation, any management discussion and analysis, any statements about compliance with prior continuing disclosure undertakings, or any information about book-entry, DTC, ratings, rating agencies, the Reserve Forward Delivery Agreement, the provider of the Reserve Forward Delivery Agreement, the Underwriter, underwriting, and the information contained in Appendices A and D, included or referred to therein or omitted therefrom. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel and disclosure counsel to the District. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter in connection with the original issuance of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Exhibit D**Opinion Required by Section 6(c)(v) of the Purchase Contract**

[Letterhead of District General Counsel]

[Closing Date]

Orrick, Herrington & Sutcliffe LLP
701 Fifth Avenue, Suite 5600
Seattle, Washington

Barclays Capital Inc.
701 Fifth Avenue, Suite 7101
Seattle, Washington 98104

**Re: Public Utility District No. 1 of Snohomish County, Washington,
\$6,570,000 Water System Revenue Refunding Bonds, Series 2019**

Ladies and Gentlemen:

I am General Counsel for Public Utility District No. 1 of Snohomish County, Washington (the “District”). At the request of the District, I have examined certain matters pertaining to an issue of \$[] principal amount of Water System Revenue Refunding Bonds, Series 2019 of the District (the “Bonds”).

In such connection, I have examined such documents and certificates of the District upon which I have relied as to factual matters and satisfied myself as to such matters as I have deemed relevant and necessary in order to enable me to express the opinions set forth below.

All capitalized terms not defined herein shall have the meanings given them in the Purchase Contract dated December 11, 2019, between Barclays Capital Inc. and the District. This opinion is being delivered to you pursuant to Paragraph 6(c)(v) of the Purchase Contract.

1. The District is a municipal corporation of the State of Washington, duly created and validly existing under Title 54 of the Revised Code of Washington (the “Enabling Act”), and has full legal right, power and authority to acquire, construct, operate, maintain and improve the Water System and to carry on its business as currently being conducted and as proposed to be conducted, as described in the Official Statement.

2. Other than as set forth in the Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, government agency, public board or body is pending or, to the best of my knowledge after due investigation, threatened (i) in any way questioning the corporate existence of the District or titles of the officers of the District to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge of such revenues, or the application of the proceeds of sale of the Bonds; (iii) in any way contesting or affecting the validity, execution or delivery of the Bonds or the Resolution or the tax-exempt status of the interest on the Bonds, or contesting the powers of the District or any authority for the issuance of the Bonds or the adoption of the Resolution; (iv) that may result in any material adverse change relating to the business operations or financial condition of the District's Water System or its ability to pay the Bonds; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and to the best of my knowledge there is no basis for any such action, suit, proceeding, inquiry or investigation.

3. To the best of my knowledge, the execution and delivery by the District of the Bonds and the Purchase Contract and the adoption by the District of the Resolution and compliance with the provisions on the District's part contained therein will not conflict with or constitute a material breach of or default under, any constitutional provisions, law, administrative regulations, judgment, court decree, loan agreement, indenture, bond, note or resolution to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor does such execution, delivery, adoption and compliance conflict with or constitute a material breach or a default under any agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject.

Very truly yours,

Anne Spangler
General Counsel

Exhibit E**Certificate Required by Section 6(c)(vi) of the Purchase Contract**

We, [Treasurer] of Public Utility District No. 1 of Snohomish County, Washington (the “District”), and Anne Spangler, General Counsel of the District, hereby certify as follows:

(1) Capitalized terms used but not otherwise defined in this Certificate shall have the meanings given thereto in the Bond Purchase Contract, dated December 11, 2019 (the “Purchase Contract”), between the District and Barclays Capital Inc. (the “Underwriter”), relating to \$6,570,000 aggregate principal amount of the District’s Water System Revenue Refunding Bonds, Series 2019 (the “Bonds”).

(2) The representations of the District contained in the Purchase Contract were and are true and correct in all material respects, and the District has complied with all agreements and covenants and satisfied (or the Underwriter has waived) all conditions contemplated by the Purchase Contract, the Bonds and Resolutions No. 3825 and 5933 of the District on its part to be performed or satisfied at or prior to the date of the Closing.

(2) Insofar as the District and its affairs, including its financial affairs, are concerned, the Official Statement (except for information regarding DTC and its book-entry only system, as to which no representation is made in this paragraph) did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(3) Insofar as the descriptions, statements and data, including financial data, of or pertaining to other entities and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the District believes to be reliable, and the District has no reason to believe that they contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

IN WITNESS WHEREOF, I have set my signature on December ____, 2019.

PUBLIC UTILITY DISTRICT NO. 1 OF
SNOHOMISH COUNTY, WASHINGTON

[_____, Treasurer]

Anne Spangler
General Counsel

RESOLUTION NO. 5936

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 19, 2019, and Applicable to the Local Utility District Hereinafter Described, forming Local Utility District No. 62 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5930 passed by the Board of Commissioners of the District on November 19, 2019, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 62 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 20, 2019, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 17, 2019, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 62; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 62 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5930 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 62 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$17,210. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 62 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and

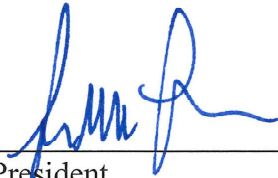
subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hercof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 62, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby

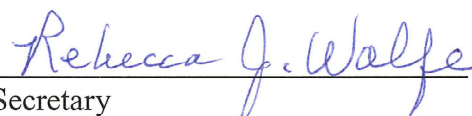
authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 62 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 17th day of December, 2019.



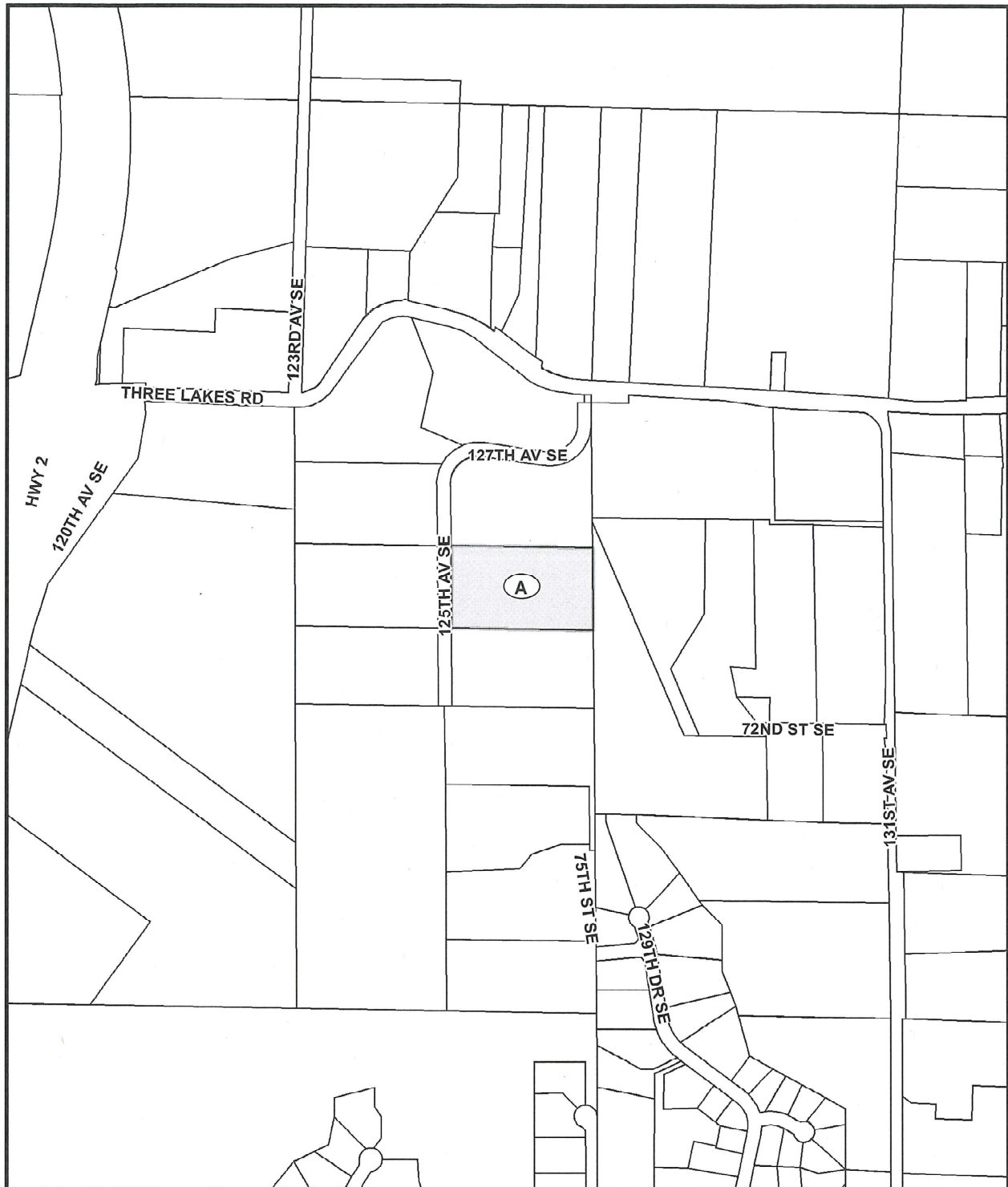
President

Vice-President

Secretary

**Final Assessment Roll for Lots Within Boundaries of 2019 Non-Contiguous LUD 62
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
280608-001-008-00	SEC 08 TWP 28 RGE 06TH PTN NW1/4 NE1/4 COM INT S LN CO RD WITH W LN NW1/4 NE1/4 TH S00*19 45E ALG W LN SD SUB 948.47FT TH S89*22 28E 651.64FT TPB TH S89*22 28E 651.65FT TAP ON E LN SD SUB TH N00*40 04W ALG SD ELN 355FT TH N89*22 28W 650.6FT TH S00*29 56E 354.98FT TO TPB SUBJ ESE PUD 1	Christine Nilson 7027 125th Ave SE Snohomish, WA 98290	\$13,105.00
003843-000-025-00	TERRACE FALLS ASSR PLAT BLK 000 D-00 - LOT 25 SUBJ RD & UTIL ESMT 888/4	Miguel Santos 12829 Terrace Falls Rd Arlington, WA 98223	\$4,105.00
TOTAL			\$17,210



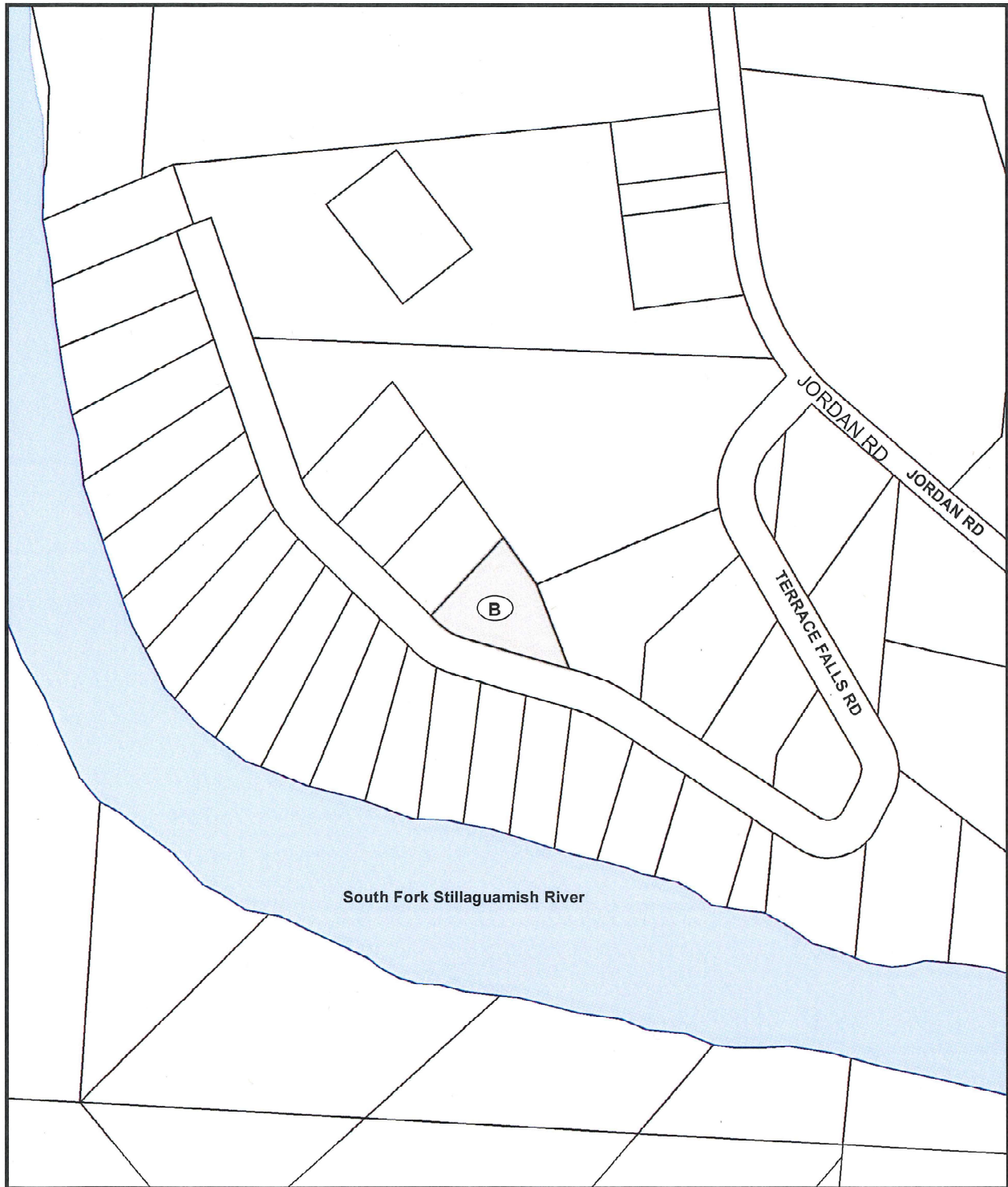
Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 62**

TAX ACCOUNT #:

280608-001-008-00

EXHIBIT B



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 62**

TAX ACCOUNT #:

003843-000-025-00

EXHIBIT B

RESOLUTION NO. 5942

A RESOLUTION Authorizing the CEO/General Manager to Execute a Wholesale Water Agreement for the Sale of Water to Seymour's Water Company for Resale to its Twin Falls Water System

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") entered into a Wholesale Water Agreement with Twin Falls Water Company, Inc to provide for the sale of water to its Twin Falls Water System, which Agreement is now expiring; and

WHEREAS, Seymour's Water Company ("Seymour's") now owns and operates the Twin Falls Water System; and

WHEREAS, Seymour's continues to require a high quality, dependable supply of water in order to serve its retail water service customers in its Twin Falls Water System ("Twin Falls"). In order to meet its water supply objectives, Seymour's desires to continue to purchase water from the District on a wholesale basis for resale by that company to its Twin Falls water service customers; and

WHEREAS, RCW 54.16.040 states in relevant part that any contract for the sale of water by the District to any publicly or privately owned public utility that sells water to the public "shall only be made pursuant to a resolution of the commission authorizing such contract, which resolution shall be introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution: PROVIDED FURTHER, That it shall first make adequate provision for the needs of the district, both actual and prospective;" and

WHEREAS, the District's Lake Stevens Integrated Water System has sufficient supply and capacity to provide water to Twin Falls without impairing service to the District's other

retail and wholesale water service customers, and the District is willing and able to provide the desired water supply; and

WHEREAS, District staff have reviewed the Wholesale Water Agreement and revised it to clarify the conditions under which the District will continue to supply water to Twin Falls. Representatives of Seymour's have also had an opportunity to provide input on the Agreement; and

WHEREAS, District staff recommend that the District enter into a Wholesale Water Agreement substantially in the form attached hereto as Exhibit "A" and incorporated herein by this reference providing for the sale of water by the District to Seymour's on a wholesale basis until December 31, 2029; and

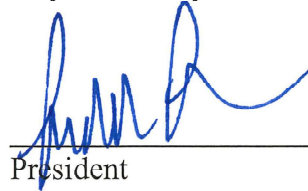
WHEREAS, a resolution authorizing the proposed Wholesale Water Agreement was introduced at a properly noticed meeting of the Board of Commissioners on January 7, 2020, at least ten days prior to the date of the adoption of the resolution as required by RCW 54.16.040; and

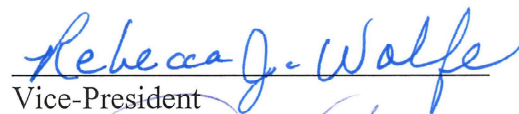
WHEREAS, the Board of Commissioners finds that it is in the best interests of the District and its ratepayers for the District to sell water to Seymour's on the terms and subject to the conditions set forth in the Agreement, and that the District's Lake Stevens Integrated Water System has sufficient supply and capacity to provide the requested water service throughout the term of the proposed Agreement while meeting the needs of its other existing and anticipated retail and wholesale customers.

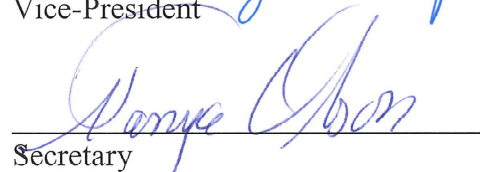
NOW, THEREFORE BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County hereby approves the sale of water by the District

to Seymour's on a wholesale basis, and hereby authorizes the District's CEO/General Manager or his designee to execute in the name and on behalf of the District a Wholesale Water Agreement with Seymour's Water Company, in a form substantially similar to the Agreement attached hereto as Exhibit "A."

PASSED AND APPROVED this 21st day of January 2020.



President

Vice-President

Secretary

WHOLESALE WATER AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 2019, by and between Public Utility District No. 1 of Snohomish County, Washington (the "District") and Seymour's Water Company ("Seymour's"), a "Group B" water system under Chapter 246-291 WAC. The District and Seymour's are also referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, Seymour's wishes to purchase water wholesale from the District for resale by Seymour's to its Twin Falls Water System retail customers, and the District is willing to sell water wholesale to Seymour's for resale under the terms of this Agreement,

NOW, THEREFORE, for the mutual benefits to be derived, the Parties agree as follows:

Section 1 – Definitions

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

- a) Cubic Foot: shall mean a unit of measurement of water equal to 7.48 gallons.
- b) Equivalent Residential Unit ("ERU"): shall mean the volume of water demand and use deemed and agreed by the District to be characteristic of a single-family residential unit and shall equal 0.55 gallons per minute (gpm) measured on the basis of peak day demand for purposes of residential, commercial or multi-family connections.
- c) General Facilities Charge ("GFC"): shall represent the proportionate share of the District's cost of source, storage and transmission facilities necessary to supply an ERU. The GFC shall be the same as that established for the District's Integrated Water System, except as otherwise provided herein, and shall be subject to amendment by the District's Board of Commissioners from time to time.
- d) Twin Falls Water Service Area: shall mean that area consisting of the "Twin Falls Development" described as follows:

Lots 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16, inclusive, of that record of survey as recorded under Auditor's file number 200111275007, records of Snohomish County, State of Washington.
- e) May: shall mean permissive.
- f) Master Meter: shall mean the water volume measuring device and appurtenances, in the District's water main at the point of connection with the Twin Falls Water System. The Master Meter site marks the location of delivery between the District's water system and the Twin Falls Water System.
- g) Shall: shall mean mandatory.

Section 2 - Delivery and Use of Water

- a) The District shall continue delivery of wholesale water supply to the Twin Falls Water System under the terms and conditions of this Agreement and the maintenance and annual testing of the required Washington State approved reduced pressure backflow assembly. All annual test results shall be forwarded to the District.
- b) Wholesale water supply delivered to the Twin Falls Water System under this Agreement is intended for single-family residential domestic supply only, to serve not more than fourteen (14) total residential connections. Twin Falls Water System may not serve more than fourteen (14) residential connections, nor may it serve non-residential connections, without prior written approval from the District.
- c) Any additional capacity not achieved through the existing 1 ½" master meter will require payment of additional GFC's and installation of a larger meter.

Section 3 - Wholesale Water Rate and Billing

- a) The wholesale water rate to be paid by Seymour's to the District shall be per 100 cubic feet ("CCF") of water, delivered to the Twin Falls Water System at the Master Meter.
- b) Except as otherwise provided herein, the wholesale water rate to be paid by Seymour's to the District per CCF shall be as provided in the District's Commercial/Industrial Water Rate Table, as it may be amended from time-to-time.
- c) The period of billing for water supplied under this Agreement shall be monthly, beginning with the month during which the Twin Falls Water System first uses water via the Master Meter. The Master Meter shall be read by the District and the results recorded in accordance with the District's applicable reading cycle. Billing to Seymour's will be issued on or before the 10th day of each month following reading of the Master Meter. Payment to the District shall become due within 30 days of issuance of the billing invoice. Collection of delinquent amounts shall be in accordance with District policy. District remedies for delinquency include but are not limited to disconnection of service.

Section 4 - Master Meter; Payment for Master Meter

- a) All water supply delivered by the District to the Twin Falls Water System shall be delivered and measured through the existing Master Meter installed by the District's crew in 2003. The line of demarcation and "point of delivery" between the District and the Twin Falls Water System shall be immediately downstream of the 1-1/2" master meter and immediately upstream of the reduced pressure backflow assembly. The obligation for installation, ownership, annual testing and operation of the Washington State approved backflow assembly shall be solely that of Seymour's.
- b) Access to the Master Meter and appurtenances shall be made available to Seymour's at all reasonable times. The Master Meter shall be checked for accuracy on a frequency recommended by the meter manufacturer, as part of normal maintenance, and Master Meter test data shall be available to Seymour's at all reasonable times, upon request.

Section 5 - Administrators

Each Party to this Agreement shall designate an individual (an "Administrator"), who may be designated by title or position, to oversee and administer such Party's participation in this Agreement. The Parties' initial Administrators shall be the following individuals:

District's Initial Administrator:

Seymour's Initial Administrator:

Brant Wood Assistant General Manager, Water Utility P.O. Box 1107 m/s LS Everett, WA 98206-1107	
---	--

Each Party may change its Administrator at any time by delivering written notice of such Party's new Administrator to the other Party.

Section 6 - Water Quality

- a) The water supplied by the District to Seymour's under this Agreement shall meet all state and federal drinking water standards at the point of delivery to the Twin Falls Water System and shall be of the same standard and quality as that normally delivered by the District to its retail customers. Seymour's, to the extent allowed by law, shall be responsible for maintaining water quality beyond the point of delivery; and Seymour's shall hold the District harmless from and against any and all claims, losses, or damages arising from or relating to the introduction into its System of water or other substances beyond the point of delivery.
- b) Seymour's acknowledges that the District has advised that water quality in the Twin Falls Water System may be adversely impacted by the use of unusually long distribution and service lines, and that depending upon Twin Falls Water System customer usage patterns: 1) the chlorine treatment provided by the District to protect water in its distribution system may dissipate and become ineffective before reaching the point of residential use and consumption (the "tap"); and 2) chlorine in water with substantial storage time in the storage and distribution system may eventually combine with certain other materials in the water to develop treatment "by-products" or "residuals" which may exceed certain health standards before reaching the "tap." Seymour's shall be solely responsible for operation and maintenance of its water system, including but not limited to any required system disinfection and flushing, in a manner which maintains potable water quality for its water service customers.
- c) In consideration of the District's agreement to provide water service to Seymour's, Seymour's hereby agrees to release, indemnify and hold the District harmless from and against any and all claims, damages, injuries or losses, whether physical or monetary, arising from or relating to the District's supply of water service to Seymour's, to the extent any such claim, damage, injury or loss is caused by or results from conditions within the Twin Falls Water System or its failure to properly treat and maintain the quality of the water delivered to it by the District.

Section 7 - Quantity, Pressure and Reliability

- a) The District shall use best reasonable efforts to provide water to the Twin Falls Water System at hydraulic grade line elevations (in the absence of a fire flow or main break event) at a minimum of 500 feet above mean sea level at the point of delivery. The District's system will have sufficient storage and hydraulic capacity to supply water at the rate that meets or exceeds the water carrying capacity of Twin Falls' non-fire flow distribution system, subject to conditions beyond the reasonable control of the District. Per Washington State Department of Health design standards, the maximum instantaneous demand flow for 14 residential connections is 31.4 gpm, which should minimally depress the existing grade line of the District's water system.
- b) It shall be the sole obligation of Seymour's to install and maintain such pressure reducing and pressure relief valves and appurtenances as may be needed to regulate the pressure to protect and to conform to the needs of the Twin Falls Water System and its water service customers. Multiple installation of both types of pressure control valves may be required at various locations in the Twin Falls System. Failure to install and maintain proper pressure control valves may result in damage to the Twin Falls Water System or customer water systems. The District shall not be responsible for any loss or damage related to failure of Seymour's to install and maintain all pressure control valves required for System and customer protection.
- c) The District's system will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable rules and regulations in order to provide maximum reliability of service to the Twin Falls Water System. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity or continuity of service because of the possibility of accidents or unforeseen failures to the District's or City or Everett's water systems. Therefore, the District shall not be held liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the Twin Falls Water System, the District shall immediately notify Seymour's through verbal or telephone contact and shall restore service and make water available as soon as it can reasonably do so.
- d) In the event of scheduled maintenance, alterations, extensions or connections, the District shall provide written notification to Seymour's, and schedule such work to minimize the potential impacts of disruption of service to the Twin Falls Water System.

Section 8 – Notices

All written notices required to be given by any Party to the other Party under this Agreement shall be in writing and shall be delivered either in person, by United States mail or by electronic mail (email) to the applicable Administrator or the Administrator's designee. Notice delivered in person shall be deemed given when accepted by the recipient. Notice by United States mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, and addressed to the Administrator, or their designee, at the addresses set forth in Section 5 of this Agreement. Notice delivered by email shall be deemed given as of the date and time received by the recipient.

Section 9 - Resolution of Disputes

The parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both parties. Disputes between the parties not submitted by mutual agreement to such alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This contract shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 10 - Waivers

Any waiver at any time by a Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Any Party may waive any notice or agree to accept a shorter notice than specified in this Agreement. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Agreement.

Section 11 - Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

Section 12 - Term

This Agreement shall be effective from the date of execution by authorized representatives of both parties hereto and shall continue in effect through December 31, 2029. Upon expiration of this Agreement, the Parties may negotiate and enter a new agreement for wholesale water supply. Such agreement shall be subject to DISTRICT policy in effect at such time.

This Agreement may be amended at any time upon mutual written agreement of the Parties. Notice shall be given by certified mail and addressed to the Administrator, or their designee at the addresses set forth in Section 5 of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed this _____ day of _____, 2019.

Public Utility District No. 1 of Snohomish County
PO Box 1107
Everett, WA 98206

Seymour's Water Company
PO Box 425
Lake Stevens, WA 98258

By: _____
John Haarlow, CEO/General Manager
Date: _____

By: _____
Ronald Margolis
Date: _____

APPROVED AS TO FORM:

By: _____
Assistant General Counsel

RESOLUTION NO. 5943

A RESOLUTION Authorizing the CEO/General Manager to
Execute a Wholesale Water Agreement for the Sale of Water to
Iliad, Inc., d.b.a. Sudden View Water System

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") entered into a Wholesale Water Agreement with Iliad, Inc., d.b.a. Sudden View Water System ("Sudden View") to provide for the sale of water to Sudden View, which agreement is now expiring; and

WHEREAS, Sudden View continues to require a high quality, dependable supply of water in order to serve its retail water service customers. In order to meet its water supply objectives, Sudden View desires to continue to purchase water from the District on a wholesale basis for resale by that company to its water service customers; and

WHEREAS, RCW 54.16.040 states in relevant part that any contract for the sale of water by the District to any publicly or privately owned public utility that sells water to the public "shall only be made pursuant to a resolution of the commission authorizing such contract, which resolution shall be introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution: PROVIDED FURTHER, That it shall first make adequate provision for the needs of the district, both actual and prospective;" and

WHEREAS, the District's Lake Stevens Integrated Water System has sufficient supply and capacity to provide water to Sudden View without impairing service to the District's other retail and wholesale water service customers, and the District is willing and able to provide the desired water supply; and

WHEREAS, District staff have reviewed the terms of the Wholesale Water Agreement and revised it to clarify the terms and conditions under which the District will continue to supply water to Sudden View. Representatives of Sudden View have also had an opportunity to provide input on the Agreement; and

WHEREAS, District staff recommend that the District enter into a Wholesale Water Agreement attached hereto as Exhibit "A" and incorporated herein by this reference providing for the sale of water by the District to the Sudden View on a wholesale basis until December 31, 2029; and

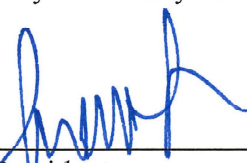
WHEREAS, a resolution authorizing the proposed Wholesale Water Agreement was introduced at a properly noticed meeting of the Board of Commissioners on January 7, 2020, at least ten days prior to the date of the adoption of the resolution as required by RCW 54.16.040; and

WHEREAS, the Board of Commissioners finds that it is in the best interests of the District and its ratepayers for the District to sell water to Sudden View on the terms and subject to the conditions set forth in the Agreement, and that the District's Lake Stevens Integrated Water System has sufficient supply and capacity to provide the requested water service throughout the term of the proposed Agreement while meeting the needs of its other existing and anticipated retail and wholesale customers.

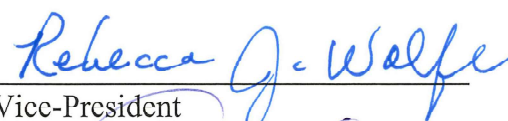
NOW, THEREFORE BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County hereby approves the sale of water by the District to the Sudden View on a wholesale basis, and hereby authorizes the District's CEO/General Manager or his designee to execute in the name and on behalf of the District a Wholesale Water

Agreement with Sudden View Water System, in a form substantially similar to the Agreement attached hereto as Exhibit "A."

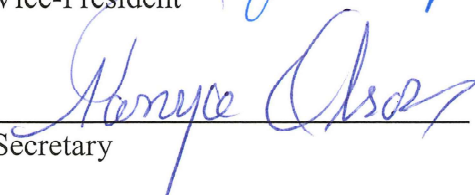
PASSED AND APPROVED this 21st day of January 2020.



President



Vice-President



Secretary

WHOLESALE WATER AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 2019, by and between Public Utility District No. 1 of Snohomish County, Washington (the "District"), and Iliad, Inc. d/b/a/ Sudden View Water System ("Iliad"), a Washington corporation. The District and Iliad are also referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, Iliad desires to purchase water wholesale from the District for resale by Iliad to its Sudden View Water System customers and the District is willing to sell water wholesale to Iliad, for resale, under the terms of this Agreement; and

WHEREAS, the District and Iliad have previously entered into an Application/Agreement for Private Developer Water System Extension (the "Extension Agreement") whereby Iliad, at its own expense, will cause a distribution water main to be installed to connect the District's integrated water system to Iliad's Sudden View Water System, and such Extension Agreement remains fully in effect.

NOW, THEREFORE, for the mutual benefits to be derived, the Parties agree as follows:

Section 1 - Definitions

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

- a) Cubic Foot: shall mean a unit of measurement of water equal to 7.48 gallons.
- b) Equivalent Residential Unit ("ERU"): shall mean the volume of water demand and use deemed and agreed by the District to be characteristic of a single-family residential unit and shall equal 0.55 gallons per minute (gpm) measured on the basis of peak day demand for purposes of residential, commercial or multi-family connections.
- c) General Facilities Charge ("GFC"): shall represent the proportionate share of the District's cost of source, storage and transmission facilities necessary to supply an ERU. The GFC shall be the same as that established for the District's Integrated Water System, except as otherwise provided herein, and shall be subject to amendment by the District's Board of Commissioners from time to time.
- d) Iliad/Sudden View Water System Service Area: shall mean that area consisting of the "Sudden View Development" described as follows.

Lots 1 through 37 of survey, recorded under Auditor's File No. 7810040163, records of Snohomish County, Washington. Being a portion of Section 20, Township 31 North, Range 6 East, W.M., Snohomish County, Washington. TOGETHER with Lots 1 through 7 of survey, recorded under Auditor's File No. 7907230156, records of Snohomish County, Washington. Being located in the Southeast quarter of the Southeast quarter of Section 18, Township 31 North, range 6 east, W.M., Snohomish County, Washington. TOGETHER with Lots 24

and 15 of survey, recorded under Auditor's File No. 7612020124, records of Snohomish County, Washington. Being a portion of the Southwest quarter of the Southwest quarter of section 17, Township 31 North, range 6 East, W.M., Snohomish County, Washington.

- e) May: shall mean permissive.
- f) Master Meter: shall mean the water volume measuring device and appurtenances, including a rate of flow control valve placed in the District's water main at the point of connection with the Sudden View Water System. The Master Meter shall be located on 123rd Avenue NE at a site approximately 1100 feet north of the intersection of 172nd Street NE and 123rd Avenue NE. The Master Meter site marks the location of delivery between the District's water system and the Sudden View Water System.
- g) Shall: shall mean mandatory.

Section 2 - Delivery and Use of Water

- a) The District shall continue delivery of wholesale water supply to the Sudden View Water System through the Master Meter subject to the following conditions:
 - i) Iliad shall ensure that the Sudden View Water System remains disconnected from its ground-water source of supply; and
 - ii) Annually test and continually maintain a Washington State approved double check backflow assembly immediately downstream of the Master Meter, and forward all annual tests results to the District.
- b) Wholesale water supply delivered to the Sudden View Water System under this Agreement is intended for single-family residential domestic supply only, to serve up to forty-eight (48) total residential connections within the Sudden View Water System Service Area. GFCs have been established by the District based upon an assumption that each connection shall equal one ERU. Iliad shall not serve more than 48 residential connections and shall not serve any non-residential connections without prior written approval of the District. If Iliad intends to attach any non-residential customer to the Sudden View Water System, it shall notify the District at least thirty (30) days in advance of connection so the District may determine the correct ERU classification for any such connection and re-calculate the GFC amount due the District.

Section 3 - Wholesale Water Rate and Billing

- a) The wholesale water rate to be paid by Iliad to the District shall be per 100 cubic feet ("CCF") of water, delivered to the Sudden View Water System at the Master Meter.
- b) Except as otherwise provided herein, the wholesale water rate to be paid by Iliad to the District per CCF shall be as provided in the District's Water Commercial/Industrial Rate Table, as it may be amended from time-to-time.
- c) The period of billing for water supplied under this Agreement shall be bi-monthly, beginning with the month during which the Sudden View Water System first uses water

via the Master Meter. The Master Meter shall be read by the District and the results recorded in accordance with the District's applicable reading cycle. Billing to Iliad will be issued on or before the 10th day of each month following reading of the Master Meter. Payment to the District shall be due within 30 days of issuance of the billing invoice. Collection of delinquent amounts will be in accordance with District policy. District remedies for delinquency include but are not limited to disconnection of service.

Section 4 - General Facilities Charge: Payment of Total GFC

- a) The GFC for Iliad shall be Three Thousand Six Hundred Forty-Five dollars (\$3,645) per ERU in 2019 and shall be subject to adjustment by the Board of Commissioners from time to time.
- b) The "Total GFC" that remains unpaid to the District by Iliad for attachment of the Sudden View Water System to the District's integrated water system shall be equal to the applicable GFC amount multiplied by twenty-four (24) ERUs.
- c) The GFCs due the District hereunder for each of the remaining twenty-four (24) residential service connections shall be paid to the District by Iliad as each additional service connection to the Sudden View Water System is made.

Each GFC payment shall be delivered to the District no later than ten (10) days following hook-up by Iliad of a new service connection.

- d) Iliad shall supply the District an annual report by January 15th of each year detailing the current customer list including name, address, phone number, and date attached to the Sudden View Water System. If Iliad fails to submit the required report, a 30% (thirty percent) surcharge shall be added to its bi-monthly billing beginning with the first billing after the January 15th deadline and continuing until the completed report has been submitted.
- e) In the event that a connection is made to the Sudden View Water System without the required GFC payment detailed in Subsection d) above, Iliad shall be directly obligated to pay the sum due plus interest at the rate of 12% (twelve percent) per annum from and after the date that the new, unpaid connection was made. The District shall use the annual report supplied by Iliad and the District's electrical customer database to assist in determining whether an unpaid connection was made to the System.
- f) Should Iliad fail to produce the required annual report upon more than one occasion; or should Iliad fail to pay when due each required GFC payment, then the District may declare Iliad in default and all remaining GFC payment amounts shall become due and payable upon declaration of default.
- g) All payments due under this Agreement shall be deemed delinquent if more than ten (10) days past due. Delinquent GFC payment amounts and unpaid service billings shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of 1% per month, or 12% per year.
- h) Should a commercial or multi-family connection be made to the Sudden View Water System, a GFC shall be collected based upon such classification; the total number of

GFCs due shall be adjusted accordingly.

- i) GFC payments made to the District are non-refundable.

Section 5 - Master Meter; Payment for Master Meter

- a) All water supply delivered by the District to the Sudden View Water System shall be delivered and measured through the Master Meter installed by Iliad in May, 2004. The line of demarcation and "point of delivery" between the District and Iliad shall be immediately downstream of the Master Meter and immediately upstream of the double check backflow assembly. The obligation for installation, ownership, annual testing and operation of the Washington State approved backflow assembly shall be solely that of Iliad.
- b) Access to the Master Meter and appurtenances shall be made available to Iliad at all reasonable times. The Master Meter shall be checked for accuracy on a frequency recommended by the meter manufacturer, as part of normal maintenance, and Master Meter test data shall be available to Iliad at all reasonable times, upon request.

Section 6 - Administrators

Each Party to this Agreement shall designate an individual (an "Administrator"), who may be designated by title or position, to oversee and administer such Party's participation in this Agreement. The Parties' initial Administrators shall be the following individuals:

District's Initial Administrator:

Iliad's Initial Administrator:

Brant Wood Assistant General Manager, Water Utility P.O. Box 1107 m/s LS Everett, WA 98206-1107	
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Each Party may change its Administrator at any time by delivering written notice of such Party's new Administrator to the other Party.

Section 7 - Water Quality

The water supplied by the District to Iliad under this Agreement shall meet all state and federal drinking water standards at the point of delivery to the Sudden View Water System and shall be of the same standard and quality as that normally delivered by the District to its retail customers. Iliad, to the extent allowed by law, shall be responsible for maintaining water quality beyond the point of delivery; and Iliad shall hold the District harmless from and against any claims, losses, or damages arising from or relating to the introduction into its System of water or other substances beyond the point of delivery.

Section 8 - Quantity, Pressure and Reliability

- a) The District shall use best reasonable efforts to provide water to the Sudden View Water System at hydraulic grade line elevations (in the absence of a fire flow or main break

event) at a minimum of 600 feet above mean sea level at the point of delivery. The District's system will have sufficient storage and hydraulic capacity to supply water at the rate that meets or exceeds the water carrying capacity of Sudden View's non-fire flow distribution system, subject to conditions beyond the reasonable control of the District. Per Washington State Department of Health design standards, the maximum instantaneous demand flow for 48 residential connections is 103.1 gpm, which should minimally depress the existing grade line of the District's water system.

- b) It shall be the sole obligation of Iliad to install and maintain such pressure reducing and pressure relief valves and appurtenances as may be needed to regulate the pressure to protect and to conform to the needs of the Sudden View Water System distribution system and its water service customers. Multiple installation of both types of pressure control valves may be required at various locations in the Sudden View Water System. Failure to install and maintain proper pressure control valves may result in damage to the Sudden View Water System or customer water systems. The District shall not be responsible for any loss or damage related to failure of Iliad to install and maintain all pressure control valves required for System and customer protection.
- c) The District's system will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable rules and regulations in order to provide reliability of service to the Sudden View Water System. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity or continuity of service because of the possibility of accidents or unforeseen failures to the District's or City of Everett's water systems. Therefore, the District shall not be held liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the Sudden View Water System, the District shall immediately notify Iliad through verbal or telephone contact and shall restore service and make water available as soon as it can reasonably do so.
- d) In the event of scheduled maintenance, alterations, extensions or connections, the District shall provide written notification to Iliad, and schedule such work to minimize the potential impacts of disruption of service to the Sudden View Water System.

Section 9 - Notices

All written notices required to be given by any Party to the other Party under this Agreement shall be in writing and shall be delivered either in person, by United States mail, or by electronic mail (email) to the applicable Administrator or the Administrator's designee. Notice delivered in person shall be deemed given when accepted by the recipient. Notice by United States mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, and addressed to the Administrator, or their designee, at the addresses set forth in Section 6 of this Agreement. Notice delivered by email shall be deemed given as of the date and time received by the recipient.

Section 10 - Resolution of Disputes

The Parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both parties. Disputes between the Parties not submitted by mutual agreement to such alternative process shall be resolved by application to

the Superior Court of the State of Washington, with venue in Snohomish County. This Agreement shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 11 - Waivers

Any waiver at any time by a Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Any Party may waive any notice or agree to accept a shorter notice than specified in this Agreement. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Agreement.

Section 12 – Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

Section 13 - Term

This Agreement shall be effective from the date of execution by authorized representatives of both Parties hereto and shall continue in effect through December 31, 2029. Upon expiration of this Agreement, the Parties may negotiate and enter a new agreement for wholesale water supply. Such agreement shall be subject to District policy in effect at such time.

This Agreement may be amended at any time upon mutual written agreement of the Parties. Notice shall be given by certified mail and addressed to the Administrator, or their designee at the addresses set forth in Section 6 of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be
executed this _____ day of _____, 2019.

Public Utility District No. 1 of Snohomish County
P.O. Box 1107
Everett, WA 98206

Iliad Inc. dba Sudden View Water System
PO Box 20098
Seattle, WA 98102

By: _____
John Haarlow, CEO/General Manager
Date: _____

By: _____
David Dorland, President
Date: _____

APPROVED AS TO FORM:

By: _____
Assistant General Counsel

RESOLUTION NO. 5947

A RESOLUTION Amending the District's Water Utility Wholesale Rates for the City of Arlington and the City of Granite Falls

WHEREAS, on July 28, 1998, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted Resolution No. 4770 authorizing the General Manager to execute a Wholesale Water Agreement with the City of Arlington; and

WHEREAS, on November 17, 2009, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted Resolution No. 5463 authorizing the General Manager to execute a Wholesale Water Agreement with the City of Granite Falls; and

WHEREAS, the Wholesale Water Agreements contain terms establishing Wholesale Water Rate adjustments by the District from time to time based upon the costs to the District for water supplied and sold to the cities; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080, to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, District staff have calculated 2020 Wholesale Water Rates for the City of Arlington and the City of Granite Falls pursuant to state law and consistent with the relevant terms and conditions in the respective Wholesale Water Agreements,

and have hereby proposed 2020 Wholesale Water Rates for the cities as described in attached Exhibit "A," effective April 1, 2020, to address the factors set forth above; and

WHEREAS, the City of Arlington and the City of Granite Falls were notified in writing on February 13, 2020, of the District's proposed adjustments to the Wholesale Water Rates, thus satisfying the timing and notice requirements included in the respective Wholesale Water Agreements; and

WHEREAS, on February 18, 2020, a public meeting was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates; and

WHEREAS, on March 3, 2020, a public hearing was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates, and to provide District water service customers the opportunity to comment thereon; and

WHEREAS, the Board of Commissioners has considered the information and comments provided at such meetings; and

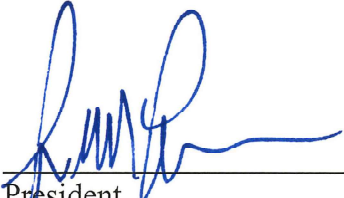
WHEREAS, the Commission finds that the proposed amendment of the District's Wholesale Water Utility Rates for the City of Arlington and the City of Granite Falls is appropriate and consistent with the respective Wholesale Water Agreements, and is reasonable, proper and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

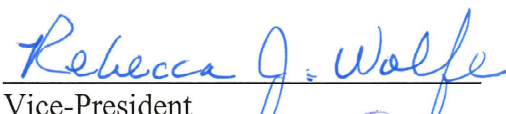
Section 1. The District's rates for Wholesale Water Utility service shall be revised as set forth in Exhibit "A," which Exhibit is attached hereto and incorporated herein by this reference.

Section 2. Any future proposed changes to the Wholesale Water Utility Rates will be periodically reviewed and approved by the Commission as necessary.

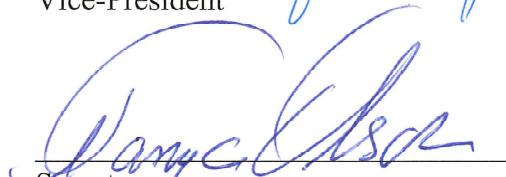
PASSED AND APPROVED this 3rd day of March, 2020.



President



Vice-President



Secretary

PROPOSED CHANGES TO THE DISTRICT'S WHOLESALE WATER UTILITY RATES
(Effective April 1, 2020)

Table B-9
Wholesale Water Service ^(1,2)

Commodity Charge

City of Granite Falls ^(3,4) ~~\$2.15~~ **\$2.20**/CCF ⁽⁵⁾

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Water will be supplied through three master meters and to several City of Granite Falls retail customers served directly from the District's mains.
- ⁽⁴⁾ Wholesale service to Granite Falls is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Granite Falls, as amended from time to time, including, but not limited to, Section 2 thereof.
- ⁽⁵⁾ The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Granite Falls.

Commodity Charge

City of Arlington ^(3,4) ~~\$2.20~~ **\$2.25**/CCF ⁽⁵⁾

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Water will be supplied through one master meter.
- ⁽⁴⁾ Wholesale service to Arlington is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Arlington, as amended from time to time, including, but not limited to, Section 3 thereof.
- ⁽⁵⁾ The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Arlington.

RESOLUTION NO. 5965

A RESOLUTION Authorizing the CEO/General Manager to
Execute Amendment No. 1 to Everett and JOA Participants Water
Supply Contract

WHEREAS, Public Utility District No. 1 of Snohomish County (the “PUD”) entered into the Everett and JOA (“Joint Operating Agreement”) Participants Water Supply Contract (the “1991 Water Supply Contract”) with the City of Everett, the City of Marysville, and the Tulalip Tribes of Washington in October 1991; and

WHEREAS, the PUD, the City of Everett (“Everett”), the City of Marysville (“Marysville”), and the Tulalip Tribes of Washington (the “Tribes”), hereinafter referred to as the “Participants,” are each authorized to operate water systems and to enter into agreements regarding water; and

WHEREAS, the 1991 Water Supply Contract expires on July 1, 2020; and

WHEREAS, the Participants desire to extend the 1991 Water Supply Contract for one (1) year to give time for the conclusion of negotiations and for consideration by the Everett City Council, Marysville City Council, the PUD Board of Commissioners, and the Tribal Council; and

WHEREAS, PUD staff has reviewed the terms of the Amendment No. 1 and recommends that the Board accept the Amendment; and

WHEREAS, the Board of Commissioners has reviewed the proposed Amendment No. 1 and finds that approving the Amendment is in the best interest of the PUD and its water service customers.

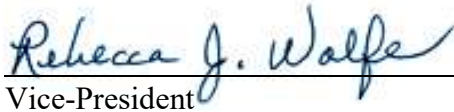
NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, that the CEO/General Manager or his designee, is authorized to:

1. Execute the Amendment No. 1 to the above referenced 1991 Water Supply Contract to extend the expiration date by one (1) year in a form substantially similar to the Amendment attached hereto as Exhibit "A"; provided that the final form of the Amendment shall be subject to review and approval by the District's General Counsel or her designee; and
2. Take any and all other actions necessary to complete the Amendment.

PASSED AND APPROVED this 16th day of June 2020.



President



Vice-President



Secretary

**AMENDMENT NO. 1
TO
EVERETT AND JOA PARTICIPANTS
WATER SUPPLY CONTRACT**

This AMENDMENT NO. 1 TO WATER SUPPLY CONTRACT (this “*Amendment*”) is dated for reference purposes the ____ day of June, 2020, and is by and between the City of Everett, a Washington municipal corporation (“*Everett*”), and the City of Marysville, a Washington municipal corporation (“*Marysville*”), and Public Utility District No. 1 of Snohomish County, a Washington municipal corporation (“*PUD*”) and the Tulalip Tribes (“*Tribes*”), a federally recognized Indian Tribe, hereinafter referred to as “*Participants*.”

RECITALS

- A. The Participants are each authorized to operate water systems and to enter into agreements regarding water.
- B. The Participants are parties to a Water Supply Contract dated October 15, 1991 (the “*1991 Water Supply Contract*”).
- C. The 1991 Water Supply Contract expires on July 1, 2020. The Participants are currently negotiating a replacement contract, which should be ready for consideration later in 2020.
- D. The Participants desire to extend the 1991 Water Supply Contract for one year, to give time for conclusion of negotiations and for consideration by the Everett City Council, Marysville City Council, the PUD Commission, and the Tribal Council.

AGREEMENT

The Participants agree as follows:

1. Amendment to Section 8. Section 8. of the 1991 Water Supply Contract is hereby amended to read as follows:

The term of this Contract shall be in full force and effect and binding upon the parties until July 1, 2021. The Participants shall have a right to renew this Contract for an extended term of similar duration and for a quantity of water consistent with the demands projected by the CWSP.

2. Full Force and Effect. All provisions of the 1991 Water Supply Contract remain in full force and effect, except as expressly modified by this Amendment.

[Signature pages follow]

CITY OF MARYSVILLE (“MARYSVILLE”)

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

CITY OF EVERETT (“EVERETT”)

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

**SNOHOMISH PUBLIC UTILITY
DISTRICT NO. 1 (“PUD”)**

John Haarlow, CEO/General Manager

APPROVED AS TO FORM:

Shawn Aronow, Assistant General Counsel

TULALIP TRIBES (“TRIBES”)

TRIBAL CHAIR

RESOLUTION NO. 5983

A RESOLUTION Establishing District Rates and Charges for Water Utility Service to the City of Snohomish and Revising Table B-9 of the Water Utility's Customer Service Policies and Procedures

WHEREAS, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") has authorized the CEO/General Manager to execute Wholesale Water Agreements with the City of Granite Falls and the City of Snohomish, and the Commission finds that a new wholesale water rate for the City of Snohomish needs to be established, and that certain references contained in Table B-9 Wholesale Water Service of the Water Utility's Customer Service Policies and Procedures are outdated and/or superfluous; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080 to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, the District has retained the services of FCS Group, a company specializing in utility rate and fee consulting, to assist the Water Utility in developing and recommending a new wholesale rate for the City of Snohomish consistent with state law. District staff has reviewed and agrees with the findings of the FCS Group rate study and recommendation, and has hereby proposed the wholesale rate for the City of Snohomish as

well as the minor revisions to Table B-9 as described in attached Exhibit “A,” effective December 1, 2020, to address the factors set forth above; and

WHEREAS, the City of Snohomish has had an opportunity to review and has accepted the proposed rate, thus satisfying the timing and notice requirements in the current Wholesale Agreement; and

WHEREAS, on October 20, 2020, a public hearing was held to review the recommended changes to the District’s rates and charges for Water Utility service to the City of Snohomish, and to provide District water service customers the opportunity to comment thereon; and

WHEREAS, the Board of Commissioners has considered the information and comments provided at such meeting; and

WHEREAS, the Board of Commissioners finds that the proposed amendment of the Water Utility’s Wholesale Water Service rates for the City of Snohomish and the revisions to Table B-9 are appropriate and the proposed wholesale water rate for the City of Snohomish is reasonable and proper and in the best interests of the District and its customers.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

Section 1. The District’s rate for Water Utility service shall be revised as set forth in Exhibit “A”, which is attached hereto and incorporated herein by this reference.

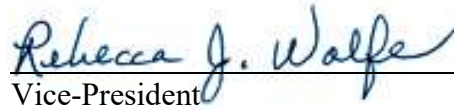
Section 2. The rate amendment hereby imposed shall become effective for the service described in such schedule, beginning December 1, 2020, and such rate amendment shall

remain in effect until further revised. All water consumption prior to December 1, 2020, shall be billed at the rates in effect prior to such date.

Section 3. Existing rates not revised by this resolution shall remain in effect unchanged.

PASSED AND APPROVED this 3rd day of November, 2020.



President

Vice-President

Secretary

Table B-9
Wholesale Water Service

Exhibit A
Page 1 of 1

Commodity Charge

City of Granite Falls \$2.20/CCF

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Wholesale service to Granite Falls is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Granite Falls, as amended from time to time.

Commodity Charge

City of Arlington ^(3,4) \$2.25/CCF ⁽⁵⁾

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- ⁽³⁾ Water will be supplied through one master meter.
- ⁽⁴⁾ Wholesale service to Arlington is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Arlington, as amended from time to time, including, but not limited to, Section 3 thereof.
- ⁽⁵⁾ The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Arlington.

Commodity Charge

City of Snohomish \$2.85/CCF

Footnotes:

- ⁽¹⁾ Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- ⁽²⁾ Wholesale service to Snohomish is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Snohomish, as amended from time to time.

RESOLUTION NO. 5985

A RESOLUTION Authorizing the CEO/General Manager to
Execute a Wholesale Water Agreement with the City of Granite
Falls

WHEREAS, Public Utility District No. 1 of Snohomish County (the “District”) originally entered into a Wholesale Water Agreement with the City of Granite Falls (the “City”) on April 1, 1996, and subsequently entered into a new Agreement on October 8, 2009; and

WHEREAS, the 2009 Wholesale Water Agreement (the “2009 Agreement”) was amended on November 19, 2019, to allow both parties more time to negotiate a new Agreement that encompasses the several changes that have occurred in the subsequent years, including but not limited to the City’s desire to continue to allow the District to serve Direct Service Customers within its Retail Water Service Area; and

WHEREAS, high quality, dependable water supply is important to serve the City’s water service customers and to accomplish the goals of the long-term comprehensive plans of the City, the District, and Snohomish County; and

WHEREAS, District staff have reviewed the terms of the 2020 Wholesale Water Agreement and revised it to clarify the terms and conditions under which the District will continue to supply water to the City. Representatives of the City have also had an opportunity to provide input on the Agreement; and

WHEREAS, the Parties mutually desire to terminate the 2009 Agreement in its entirety and replace it with this new Wholesale Water Agreement between Public Utility District No. 1 of Snohomish County and City of Granite Falls (the “2020 Wholesale Water Agreement”); and

WHEREAS, staff recommend that the District enter into the 2020 Wholesale Water Agreement attached hereto as Exhibit “A” and incorporated herein by this reference providing for the sale of water by the District to the City of Granite Falls on a wholesale basis through December 31, 2040; and

WHEREAS, RCW 54.16.040 states in relevant part that any contract for the sale of water by the District to any publicly or privately owned public utility that sells water to the public “shall only be made pursuant to a resolution of the commission authorizing such contract, which resolution shall be introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution; PROVIDED FURTHER, That it shall first make adequate provision for the needs of the District, both actual and prospective;” and

WHEREAS, a resolution authorizing the proposed 2020 Wholesale Water Agreement was introduced at a properly noticed meeting of the Board of Commissioners on October 20, 2020, at least ten days prior to the date of the adoption of the resolution as required by RCW 54.13.040; and

WHEREAS, the District’s Integrated Water System has sufficient supply and capacity to provide water to the City without impairing service to the District’s other retail and wholesale water service customers, and the District is willing and able to provide the desired water supply; and

WHEREAS, the Board of Commissioners have reviewed the proposed 2020 Wholesale Water Agreement with the City of Granite Falls and finds that it is in the best interest of the District and its ratepayers to sell water to the City on the terms and subject to the conditions set forth in the Wholesale Water Agreement, and that the District’s Integrated Water System has sufficient supply and capacity to provide the requested water service throughout the term

of the proposed Wholesale Water Agreement while meeting the needs of its other existing and anticipated retail and wholesale customers.

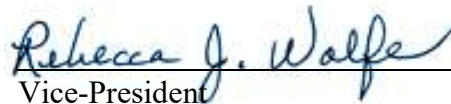
NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, hereby approves the sale of water by the District to the City of Granite Falls on a wholesale basis, and hereby authorizes the District's CEO/General Manager or his designee to:

1. Execute the above referenced Wholesale Water Agreement Between Public Utility District No. 1 of Snohomish County and City of Granite Falls in a form substantially similar to the Agreement attached hereto as Exhibit "A"; provided that the final form of the Agreement shall be subject to review and approval by the District's General Counsel or her designee; and
2. Take any and all other actions necessary to complete the Agreement.

PASSED AND APPROVED this 3rd day of November, 2020.



President



Vice-President



Secretary

Exhibit A

**WHOLESALE WATER AGREEMENT BETWEEN
PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY
AND CITY OF GRANITE FALLS**

THIS AGREEMENT is made and entered into this ____ day of _____, 2020, by and between the Public Utility District No. 1 of Snohomish County, a Washington municipal corporation (the "District"), and the City of Granite Falls (the "City"). The District and the City are also referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, the City and the District previously entered into a Wholesale Water Agreement on April 1, 1996, and subsequently entered into a new Wholesale Water Agreement on October 8, 2009; and

WHEREAS, the Parties understand that several changes have occurred since the Agreement was entered in 2009, including but not limited to the City's desire to continue to allow the District to serve Direct Service Customers within its Retail Water Service Area; and

WHEREAS, the Parties agree that such changes warrant and necessitate substantial modifications to the 2009 Agreement; and

WHEREAS, high quality, dependable water supply is important to serve the City's water service customers and to accomplish the goals of the long-term comprehensive plans of the City, the District, and Snohomish County; and

WHEREAS, the City desires to purchase water wholesale from the District for said purpose and the District is willing to sell water wholesale to the City, for said purpose, under the terms of this Agreement; and

WHEREAS, the Parties agree that it is in the best public interest to do so; and

WHEREAS, the Parties mutually desire to terminate the 2009 Agreement in its entirety and replace it with this new Agreement.

NOW, THEREFORE, for the mutual benefits to be derived, the Parties agree as follows:

Section 1 - Definitions

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

1.1 Cubic Foot: shall mean a unit of measurement of water equal to 7.48 gallons.

Exhibit A

1.2 Direct Service Customer: shall mean those City water customers located within the City's Retail Water Service Area who are billed for water service by the City and who are served via a water connection to a District main because the City does not currently have a distribution system capable of providing service and/or where the City has determined it is more economical to supply its retail water customer from the District's water transmission system. The District shall own, operate, locate, inspect, and maintain, at its sole cost and expense, all Direct Service Customer facilities from the main to the water meter.

1.3 Distribution System Charge: The Distribution System Charge ("DSC") is accessed to compensate for costs the District and its existing customers have paid to install the system's existing local distribution network, or for the costs of installing new distribution lines required to support the addition of the new customers. The DSC applies to each new District retail customer connecting to a District-owned water main when allowed per mutual agreement within the City's Future Water Service Area but outside of the Retail Water Service Area when such customer has not contributed to the cost of the water main either through an LUD assessment, other charge imposed by District policy, or through purchase of an individual parcel specifically for which the water main extension was originally installed. The DSC charge shall be applied per the District's Policies Manual.

1.4 Equivalent Residential Unit ("ERU"): shall mean the volume of water demand and use deemed and agreed by the District and the City to be characteristic of a single-family residential unit, and, notwithstanding any provision to the contrary in the District's Policies Manual, shall equal an average water consumption of 800 cubic feet per month. A single-family residential unit shall include, for example, but not be limited to, an apartment unit, a condominium unit, a single-family house, and/or each discrete living unit of a multiplex residential structure. ERUs applicable to non-residential water users shall be as established in Appendix B of the District's Policies Manual.

1.5 Retail Water Service Area: shall mean that respective territory within which a particular water utility provides exclusive or predominant retail water service for residential, commercial, or industrial water consumers. The City's Retail Water Service Area includes the City's existing retail customers which are predominately within the Granite Falls City Limits. For the purposes of this Agreement, the City's Retail Water Service Area shall not exceed the City's Future Water Service Area as shown in Exhibit 1, attached hereto, without mutual consent of the Parties.

1.6 Future Water Service Area: shall mean that respective territory within which a particular water utility provides exclusive or predominant future retail water service for residential, commercial, or industrial water consumers. The City of Granite Falls' Future Water Service Area shall remain fixed and not exceed the limits of the Future Water Service

Exhibit A

Area boundary as shown on Exhibit 1, attached hereto, without the mutual written consent of the Parties.

1.7 General Facilities Charge (“GFC”): shall be that charge normally levied per ERU for a customer’s hook-up to the City’s water system, representing a proportionate share of the cost of providing the additional source, storage, and transmission components necessary to provide service to the new customers. The GFC charge shall be applied as established in Appendix B of the District’s Policies Manual.

1.8 Granite Falls City Limits: shall mean that area within the established limits of the City of Granite Falls at the time of the execution of this Agreement and any real property that is annexed to the City during the term of this Agreement.

1.9 Master Meter: shall mean the water volume measuring device and appurtenances in the District’s water main at its points of connection with the City’s water system. There are three existing Master Meters as shown in Exhibit 1, attached hereto. The Master Meters are located at the intersection of Stanley Street and Alder Avenue, the intersection of Jordan Road and Saratoga Street, and at the west entrance to Granite Falls High School on Burn Road. The Master Meters constitute the location of each of the points of delivery between the District’s water system and the City’s water system. Additional Master Meters may be installed in the future at such mutually agreed upon locations if the District determines that it is reasonably necessary to enhance the City’s water system hydraulics. The Master Meters shall be owned and maintained by the District, provided, however, that all costs associated with the installation of a new Master Meter and appurtenances shall be borne solely by the City or its agent.

1.10 May: shall mean permissive.

1.11 Policies Manual: shall mean the current version of the District’s *Policies and Procedures Manual for the Administration of Water Services*, as may be amended by the District from time to time.

1.12 Service Meter: shall mean the water volume measuring device and appurtenances connecting an individual retail water service customer directly to either the City’s or the District’s water main.

1.13 Shall: shall mean mandatory.

Exhibit A**Section 2 - Delivery and Use of Water**

The District shall deliver water to the City for resale to customers and the City shall pay the District for delivery of water.

Section 3 - Master Meters and Point of Delivery

3.1 All water supply delivered by the District to the City shall be delivered and measured through the Master Meters. The line of demarcation and “Point of Delivery” between the District’s water system and the City’s transmission main shall be the Master Meters. The City shall be responsible for constructing all connections between the City’s water system and each Point of Delivery to its water system.

3.2 Access to the Master Meters and appurtenances, including any flow or pressure trends from the District’s SCADA system, shall be made available to the City at all reasonable times. The Master Meters shall be checked by the District for accuracy periodically after installation or up to once per year as requested by the City, as part of normal maintenance. Master Meter test data shall be available to the City at all reasonable times, upon request.

Section 4 - Quantity, Pressure and Reliability

4.1 The District shall attempt at all times to provide water to the City at a hydraulic grade line elevation between 716 feet and 726 feet above mean sea level at the Master Meter connections. The District's water system has sufficient storage and hydraulic capacity to supply water to meet the City’s average and typical peak demands, including fire flows up to 3,000 gallons per minute (gpm) total through the combined Master Meters for a two (2) hour duration, subject to forces or conditions beyond the reasonable control of the District.

4.2 Exceptional peak demands, as may be associated with industrial users with large peaking factors or fire flow requirements exceeding 3,000 gpm, may require modification, at the applicant’s sole expense, to the District’s water system.

4.3 It shall be the responsibility of the City to install and maintain such control valves and appurtenances in its water system as may be needed to regulate the pressure to conform to the needs of the City's water system and customers. The District shall not be responsible for any loss or damage related to failure of the City to install and maintain all control valves required for system and customer protection.

Exhibit A

4.4 The District's water system will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable rules and regulations in order to provide reliability of service to the City. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity, or continuity of service because of the possibility of accidents or unforeseen failures to the District's or City of Everett's water systems. The District shall not be liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any other forces or conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the City, the District shall immediately notify the City through verbal or telephone contact and shall restore service and make water available as soon as it can reasonably do so.

4.5 In the event of scheduled maintenance, alterations, extensions, or connections, the District shall provide written notice to the City, and schedule such work to minimize the potential disruption of service to the City. The City is responsible for notifying its customers of any disruptions in service.

Section 5 – Water Quality

5.1 The water supplied by the District to the City under this Agreement shall meet all state and federal drinking water standards at the Points of Delivery. The City, to the extent allowed by law, shall be responsible for maintaining water quality beyond the Points of Delivery and assurance of compatibility of delivered water with that supplied by the City; and the City shall hold the District harmless from and against any claims, losses, or damages arising from or relating to the introduction into its system of water or other substances beyond the Points of Delivery.

5.2 The District shall be responsible for all initial and subsequent cross connection inspections on the Direct Service Customer connections. If a backflow prevention assembly is deemed necessary for the adequate protection of the District's water system, the City will be notified and shall be responsible for notifying its customer of the requirement. District staff will send out annual notification to the City for testing of any backflow prevention assemblies associated with a Direct Service Customer. The City shall be responsible for notifying its customer of the testing requirement and forwarding all test results to the District. Failure to install the appropriate backflow prevention assembly or complete the necessary annual testing shall result in the termination of service. The District shall identify the timetable for termination. If the City does not terminate the service within that timeframe, the District may terminate the service at the City's expense. The City shall immediately notify the District if it is aware of a change of use of any existing or proposed Direct Service Customer connection that may lead to a potentially higher risk category and require either the installation of a new or different backflow prevention assembly.

Exhibit A**Section 6 – Wholesale Water Rate and Billing**

6.1 Wholesale Water Rate: The wholesale water rate to be paid by the City to the District shall be per 100 cubic feet (“CCF”) of water, delivered to the City at the Master Meters. The District’s water rates are set forth in the Table B-9 of the District’s Policies Manual.

6.2 Wholesale Rate Adjustments: The wholesale water rate per CCF may be adjusted by the District’s Board of Commissioners from time to time and as provided herein. The District will provide notice to the City of any proposed adjustments to the wholesale water rate as set forth in this Section.

Although it is not the District’s intent to adjust the wholesale water rate more than one (1) time per year and notwithstanding anything else to the contrary herein, should the purchase cost of water to the District increase or decrease at any time during the term of this Agreement, such change in cost per 100 CCF of water shall be reflected by a corresponding equal increase or decrease in the wholesale water rate, effective upon the date such change becomes applicable to the District. The District shall provide notice to the City of the increase or decrease in the wholesale water rate as set forth in this Section.

The District agrees that the City’s wholesale water rate shall not be higher than the commodity charge component of the District’s retail water rate for its residential customers.

6.3 Billing Period: The Master Meters shall be read by the District and the results recorded at the end of each monthly billing cycle. Billing to the City will be issued on a monthly basis. Payment to the District shall be due within thirty (30) days of issuance of the billing invoice. A payment shall be deemed delinquent if more than ten (10) days past due. Delinquent wholesale water charge amounts shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of one percent (1%) per month, or twelve percent (12%) per year.

6.4 Direct Service Customers: The District will read all Direct Service Customer meters and bill the City monthly at the established District retail rate as set forth in Appendix B of the District’s Policies Manual and as may be adjusted by the Board of Commissioners from time to time. The retail rates paid by Direct Service Customers shall be based on customer class and include both the fixed component (as shown in the rate tables as either a monthly or daily customer charge) and the commodity rate. The City shall be responsible for payment of the total amount due, regardless of its ability to collect payment from its retail customers. If the District notices a higher than normal meter reading, the City will be notified, however, no credit for leak adjustments will be allowed for the Direct Service

Exhibit A

Customers. The City shall be responsible for billing the Direct Service Customers at its retail rate, and shall be responsible for customer inquiries and complaints, and notification of water quality events or issues.

Direct Service Customers may be transferred to City water mains at any time during the term of this Agreement at no cost to the District, and upon such transfer shall become City customers. All new Direct Service Customers shall be subject to the applicable connection fees as defined in the District's Policies Manual, except for the District's Distribution System Charge ("DSC"). Connection to a District water main inside the City's Retail Water Service Area is not intended to be permanent and over time those services will be transferred to a permanent City water main; therefore, the District will waive the DSC for any new Direct Service Customer connected to an existing District water main within the City's Retail Water Service Area, after the date of execution of this Agreement.

6.5 Review of Wholesale Water Rate Changes: The District shall provide to the City documentation to support any proposed change in the wholesale water rate. The City shall have the opportunity to comment on any proposed change. The District shall provide the City 60 days' notice prior to implementing any proposed change to the wholesale water rates.

6.6 Other Charges: All applicable customer service fees associated with a Direct Service Customer (e.g. shut-off, turn-on, and miscellaneous connection fees, etc.) shall be billed to the City as set forth in Appendix B of the District's Policies Manual.

Section 7 – General Facilities Charge and Distribution System Charge

7.1 The District's GFC and DSC for residential and non-residential connections to the City's water system shall be consistent with the District's Policies Manual. Payment of the applicable DSC shall only apply to District Retail Customers who are connected to a District water main (upon mutual agreement of the City and the District) within the City's Future Water Service Area but outside of the City's Retail Water Service Area. The District shall provide the City at least 30 days' notice prior to implementing any proposed change in the GFC or DSC.

7.2 As the City adds new water service customers after the effective date of this Agreement, the City shall pay to the District the District's applicable GFC for each new water service customer connection to the City's water system. On or before the 10th day of each month following the Effective Date of this Agreement, the City shall report to the District the number of new water service customers and their ERU classification as defined in the District's Policies Manual – Appendix B for the preceding month. The City shall submit

Exhibit A

payment of the appropriate new customer GFC amount to the District on or before the 10th day of each month along with the report.

7.3 The City shall pay to the District any applicable GFC, Service Connection Charge (SCC), and miscellaneous connection fees as set forth in Appendix B of the District's Policies Manual prior to the District installing a new Direct Service Connection. The number of ERUs applicable to each new Direct Service Connection shall be determined as indicated in Appendix B of the District's Policies Manual.

Section 8 – Service Area Boundaries and Transfer of Customers

8.1 Except as specifically provided otherwise herein, the City shall retain its responsibility as the retail water purveyor within the City's Retail Water Service Area, including those locations where the City does not currently have a distribution system capable of providing service and/or has determined that it is more convenient and economical for the City to supply its retail water customers directly from the District's water transmission system (Direct Service Customers).

8.2 The District and the City agree to work together to limit the addition of new Direct Service Customers. Any decision to allow a new Direct Service Customer shall be consistent with all applicable District and City policies and be allowed only if the City recommends such a direct service connection and the District agrees it is unreasonable to provide service from a City water main.

8.3 Where the District provides water service to the City's retail customers (Direct Service Customers), the District shall, in its sole discretion and at its option, perform and/or inspect all work associated with the excavation, tapping, backfilling, and restoration of the District's pipelines, and all such work shall be performed in accordance with District standards. The City shall pay the District all applicable fees for the installation as set forth in Appendix B of the District's Policy Manual.

8.4 Direct Service Customers within the City's Future Retail Water Service Area, as shown on Exhibit 1, shall be transferred to the City when a City water main is available to serve those customers, and the District's service line and appurtenances shall be abandoned in accordance with District standards. The transfer of service connection to the City's water distribution lines shall be performed by the City under the District's general supervision. All costs associated with transfer of service and abandonment of District service, including but not limited to any applicable inspection costs, shall be borne by the City. Such transfers are not subject to additional District GFC or DSC charges. However, in the event that customers being transferred to the City have financed their GFC and other applicable costs by the

Exhibit A

formation of a District LUD, then those payments by the customer shall continue to be paid to the District until the obligation is satisfied.

Section 9 – Conversion of Existing District or City Customers

If an existing City retail water service customer outside the City's Retail Water Service Area is converted from service via a City water line to a service connection from a District water line, the City shall pay for the actual costs of the service connection conversion performed by the District, and such customer shall upon completion of the conversion, become a permanent retail water service customer of the District. No additional GFC will be levied; however, the District's DSC shall apply as set forth in the District's Policies Manual.

Section 10 – Construction Standards and Permit Fees for Granite Falls Project within City Rights-of-Way

Within the City's rights-of-way, construction and surface restoration of the Project and subsequent connections and repairs shall be accomplished in accordance with the City's Public Works standards or applicable portions of the Snohomish County Road Standards. The City agrees to charge, and the District agrees to pay, the City's normal and accustomed permit fees for utility construction and repair within City rights-of-way.

Section 11 – Fire Hydrants

The District's water system currently includes fire hydrants within the City's Future Water Service Area. Future hydrants on District water mains within the City's UGA, if allowed, will be in accordance with District standards and at the applicant's sole cost. Spacing and placement of those hydrants shall be as required by the City's Public Works standards and policies. Any new development within the City's Future Water Service Area shall be required to extend a City main to provide service consistent with the City's policies. The District reserves the right to impose additional charges for fire hydrants if required by law.

Section 12 - Future Capacity Changes

Should the City's water supply require additional capacity in the future, all costs associated with additional capacity and meter upsizing shall be borne solely by the City. Any upgrades to the Master Meters shall be per the District's most current version of its "Water Resources Standards and Specifications for Design and Construction." In addition, any desired increase in capacity by the City will be subject to review and adjustment of the wholesale water rate as described in Section 6 above.

Exhibit A

Section 13 - Use of City's Existing Water Sources

The City owns water wells that have been physically disconnected from the City's water distribution system. The City intends to retain its existing wells and water rights for non-potable use. If in the future the City chooses to reactivate its wells with the intention of supplementing the District supplied water source or providing an emergency backup water supply, the City agrees that prior to such action it shall install DOH-approved backflow prevention measures between the District's Master Meter connections and the City's distribution system at its own cost and expense.

Section 14 - Term

This Agreement shall be effective from the date of execution by authorized representatives of both Parties hereto and shall continue in effect through December 31, 2040, unless terminated by mutual agreement or upon five (5)-years written notice by either Party.

Section 15 - Administrators

Each Party to this Agreement shall designate an individual (an "Administrator"), who may be designated by title or position, to oversee and administer such Party's participation in this Agreement. The Parties' initial Administrators shall be the following individuals:

District's Initial Administrator:

City's Initial Administrator:

Brant E. Wood, P.E.
AGM, Water Utility
Snohomish County PUD No. 1
PO Box 1107 ms/LS
Everett, WA 98206-1107

Each Party may change its Administrator at any time by delivering written notice of such Party's new Administrator to the other Party.

Section 16 - Notices

All written notices required to be given by any Party to the other Party under this Agreement shall be in writing and shall be delivered either in person, by United States mail, or by electronic mail (email) to the applicable Administrator or the Administrator's designee. Notice delivered in person shall be deemed given when accepted by the recipient. Notice by United States mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, and addressed to the Administrator, or their designee, at the

Exhibit A

addresses set forth in Section 15 of this Agreement. Notice delivered by email shall be deemed given as of the date and time received by the recipient.

Section 17 – Indemnity

17.1 Nothing herein shall be interpreted to create indemnity or cross indemnity agreements between the Parties. In the event of claim, loss or liability alleged to have arisen out of the ownership or operation of the District's water supply system or the City's water supply system, the Parties agree that their liability shall be borne in accordance with and as determined under applicable Washington State and federal laws.

17.2 Notwithstanding any other provision of this Agreement, neither the City nor the District shall be liable under or pursuant to this Agreement for any indirect, incidental, special, exemplary or consequential damages, including but not limited to damages for lost profits or benefits, even if such party has been advised of the possibility or existence of such damages.

Section 18 – Uncontrollable Forces or State or Federal Law Changes

Neither of the Parties hereto shall be considered in default in respect to any obligations hereunder if prevented from fulfilling such obligations by reason of uncontrollable forces or conditions, or material changes in Washington State or federal law. Parties rendered unable to fulfill any obligation hereunder by reason of an uncontrollable force or condition, or material change in state or federal law shall exercise due diligence to deal with such uncontrollable force or condition with all reasonable dispatch and to take actions consistent with the purpose of this Agreement.

Section 19 – Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

Section 20 – Assignment

Neither this Agreement nor any right or privilege herein shall be assigned by any Party without the written consent of the other Party.

Exhibit A**Section 21 - Resolution of Disputes**

The Parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both Parties. Each Party agrees to bear its own costs, and any common costs of arbitration or alternative dispute resolution measure shall be borne by the Parties. Disputes between the Parties not submitted by mutual agreement to binding arbitration or such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This contract shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing Party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 22 – Exhibits

Exhibits referred to throughout this Agreement are attached hereto and incorporated herein as though fully set forth at each reference.

Section 23 – Miscellaneous

23.1 Headings. The headings used herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

23.2 No Third-Party Beneficiaries. Except as expressly set forth in this Agreement, none of the provisions of this Agreement shall inure to the benefit of or be enforceable by any third party.

23.3 Waivers. Except as otherwise provided herein or as agreed to by the Parties, no provision of this Agreement may be waived except as documented or confirmed in writing. Any waiver at any time by a party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Either Party may waive any notice or agree to accept a shorter notice than specified in this Agreement. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Agreement.

23.4 Invalid Provision. The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

Exhibit A

23.5 Amendment. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to this Agreement signed by both Parties.

23.6 Assignment and Subcontracts. Neither Party may assign this Agreement or assign or subcontract all or any part of such Party's rights or obligations under this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Without in any way limited the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

23.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23.8 Signature Authority. Each of the undersigned signatories represents and warrants that he or she has all necessary and proper authorization to execute and deliver this Agreement on behalf of the Party of which he or she is signing.

23.9 Rule of Construction. No provision of the Agreement shall be construed in favor or against either of the Parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which such provision or any other provision or provisions of this Agreement is or are inconsistent with any prior draft thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____, 2020.

PUBLIC UTILITY DISTRICT NO. 1
OF SNOHOMISH COUNTY

CITY OF GRANITE FALLS

By: _____
John Haarlow
General Manager/CEO

By: _____
_____, Mayor

APPROVED AS TO FORM

ATTEST

By: _____
Shawn J. Aronow
Assistant General Counsel

By: _____
_____, City Clerk

RESOLUTION NO. 5986

A RESOLUTION Authorizing the CEO/General Manager to
Execute a Wholesale Water Agreement with the City of Snohomish

WHEREAS, Public Utility District No. 1 of Snohomish County (the “District”) and the City of Snohomish (the “City”) entered a Wholesale Water Agreement (the “2012 Agreement”) on April 17, 2012, that allowed Temporary/Seasonal and Emergency Only Use; and

WHEREAS, the District and the City subsequently amended the 2012 Agreement on April 19, 2017, to allow the City to use the existing 2” wholesale connection full-time until a permanent wholesale agreement was executed, and to have the 2012 Agreement remain in effect through 2018 and thereafter with an option to extend the term one year by mutual agreement; and

WHEREAS, the City’s wholesale water supply needs have changed since the previous Agreements. Specifically, the City decommissioned its Water Treatment Plant Facility in February 2017, which was an integral part of City’s water supply infrastructure that provided service to approximately 75 customers along its transmission main (“Transmission Main Customers”) and the southern portion of the City (the “218 Zone”); and

WHEREAS, the City has reconfigured its water system to serve the 218 Zone with water supply from the City of Everett Water Transmission Main No. 5. The City now desires to utilize the District water supply full-time for resale to its Transmission Main Customers and as redundant supply, as needed, for the 218 Zone; and

WHEREAS, the City may desire in the future to have additional points of connection between its water system and the District water supply full-time for redundancy; and

WHEREAS, District staff have reviewed the terms of the 2020 Wholesale Water Agreement and revised it to clarify the terms and conditions under which the District will continue to supply water to the City. Representatives of the City have also had an opportunity to provide input on the Agreement; and

WHEREAS, the Parties mutually desire to terminate the 2012 Agreement (and Amendment thereto) in its entirety and replace it with this new Wholesale Water Agreement Between Public Utility District No. 1 of Snohomish County and City of Snohomish (the “2020 Wholesale Water Agreement”); and

WHEREAS, staff recommend that the District enter into the 2020 Wholesale Water Agreement attached hereto as Exhibit “A” and incorporated herein by this reference providing for the sale of water by the District to the City of Snohomish on a wholesale basis through December 31, 2040; and

WHEREAS, RCW 54.16.040 states in relevant part that any contract for the sale of water by the District to any publicly or privately owned public utility that sells water to the public “shall only be made pursuant to a resolution of the commission authorizing such contract, which resolution shall be introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution; PROVIDED FURTHER, That it shall first make adequate provision for the needs of the district, both actual and prospective;” and

WHEREAS, a resolution authorizing the proposed 2020 Wholesale Water Agreement was introduced at a properly noticed meeting of the Board of Commissioners on October 20, 2020, at least ten days prior to the date of the adoption of the resolution as required by RCW 54.13.040; and

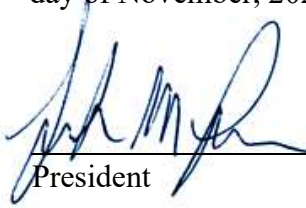
WHEREAS, the District's Integrated Water System has sufficient supply and capacity to provide water to the City without impairing service to the District's other retail and wholesale water service customers, and the District is willing and able to provide the desired water supply; and

WHEREAS, the Board of Commissioners have reviewed the proposed 2020 Wholesale Water Agreement with the City of Snohomish and finds that it is in the best interest of the District and its ratepayers to sell water to the City on the terms and subject to the conditions set forth in the Wholesale Water Agreement, and that the District's Integrated Water System has sufficient supply and capacity to provide the requested water service throughout the term of the proposed Wholesale Water Agreement while meeting the needs of its other existing and anticipated retail and wholesale customers.

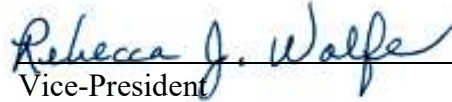
NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, hereby approves the sale of water by the District to the City of Snohomish on a wholesale basis, and hereby authorizes the District's CEO/General Manager or his designee to:

1. Execute the above referenced Wholesale Water Agreement Between Public Utility District No.1 of Snohomish County and City of Snohomish in a form substantially similar to the Agreement attached hereto as Exhibit "A"; provided that the final form of the Agreement shall be subject to review and approval by the District's General Counsel or her designee; and
2. Take any and all other actions necessary to complete the Agreement.

PASSED AND APPROVED this 3rd day of November, 2020.



President



Vice-President



Secretary

Exhibit A

**WHOLESALE WATER AGREEMENT BETWEEN
PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY
AND CITY OF SNOHOMISH**

THIS AGREEMENT is made and entered into this ____ day of _____, 2020, by and between the Public Utility District No. 1 of Snohomish County, a Washington municipal corporation (the "District"), and the City of Snohomish, a Washington municipal corporation (the "City"). The District and the City are also referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, the City and the District previously entered into a Wholesale Water Agreement (the "2012 Agreement") on April 17, 2012, that allowed for Temporary/Seasonal and Emergency Only Use, and subsequent Amendment No. 1 (the "Amendment") to said 2012 Agreement on April 19, 2017, that allowed the City to use the existing 2" wholesale connection full-time until a permanent wholesale agreement was executed; and

WHEREAS, it was agreed that the 2012 Agreement and subsequent Amendment to the 2012 Agreement shall remain in effect through 2018, and thereafter with an option to extend the term one year by mutual agreement; and

WHEREAS, the District and the City have worked in good faith to negotiate the terms of the new full-time water supply agreement; and

WHEREAS, the City's wholesale water supply needs have changed since the previous Agreements; and

WHEREAS, the City decommissioned its Water Treatment Plant Facility in February 2017, and said Facility was an integral part of its water supply infrastructure that provided water service to approximately 75 customers along its transmission main ("Transmission Main Customers") and the southern portion of the City (the "218 Zone"); and

WHEREAS, the City has reconfigured its water system to serve the 218 Zone with water supply from the City of Everett Water Transmission Main No. 5; and

WHEREAS, the City now desires to utilize the District water supply full-time for resale to its Transmission Main Customers and as redundant supply, as needed, for the 218 Zone; and

Exhibit A

WHEREAS, the City may desire in the future to have additional points of connection between its water system and the District water supply full-time for redundancy; and

WHEREAS, the City desires to purchase water wholesale from the District for said purpose and the District is willing to sell water wholesale to the City, for said purpose, under the terms of this Agreement; and

WHEREAS, the Parties agree that it is in the best public interest to do so; and

WHEREAS, the Parties mutually desire to replace the 2012 Agreement and Amendment in their entirety with this new Agreement.

NOW, THEREFORE, for the mutual benefits to be derived, the Parties agree as follows:

Section 1 - Definitions

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

1.1 Average Daily Demand: shall mean the total annual amount of water received by the City from the District (in cubic feet), divided by the number of days the use occurred in that year.

1.2 Cubic Foot: shall mean a unit of measurement of water equal to 7.48 gallons.

1.3 Equivalent Residential Unit ("ERU"): shall mean the volume of water demand and use deemed and agreed by the District and the City to be characteristic of a single-family residential unit, and, notwithstanding any provision to the contrary in the District's Policies Manual, shall equal an average water consumption of 800 cubic feet per month. A single-family residential unit shall include, for example, but not be limited to, an apartment unit, a condominium unit, a single-family house, and/or each discrete living unit of a multiplex residential structure. ERUs applicable to non-residential water users shall be as established in Appendix B of the District's Policies Manual.

1.4 General Facilities Charge ("GFC"): shall be that charge normally levied per ERU for a customer's hook-up to the City's water system, representing a proportionate share of the cost of providing the additional source, storage, and transmission components necessary to provide service to the new customers. Due to the

Exhibit A

unknown nature of the City's future service to its current Transmission Main Customers, the GFC charge shall in the case of this Agreement be waived in lieu of a capacity leasing agreement whereas the City agrees to pay for access to capacity being made available by the District on a per one hundred cubic feet (CCF) basis.

1.5 Master Meter: shall mean the water volume measuring device and appurtenances, including a City owned, operated, and maintained pressure reducing valve and double check backflow prevention assembly, at the point of connection with the City's water system. Master Meter sites constitute the line of demarcation and the location of each point of delivery between the District's water system and the City's water system. There is one existing Master Meter located in the vicinity of the City's 18" asbestos cement transmission main on Robe Menzel Road some 675 feet northwest of its intersection with 29th Place NE, as shown on Exhibit A, and referred to as the "Primary Master Meter." Additional Master Meters may be installed in the future at such mutually acceptable locations if: 1) the District agrees that it is reasonably necessary to enhance the City's water system; and 2) the Primary Master Meter remains in service. The Master Meter(s) shall be owned and maintained by the District, provided, however, that all costs associated with the installation of a new Master Meter and appurtenances shall be borne solely by the City or its agent.

As a condition of water service under this Agreement, the Primary Master Meter shall not be removed or abandoned except as deemed necessary by the District for maintenance, repair and/or replacement. All other points of delivery of water through Master Meters shall be ancillary to the Primary Master Meter. All costs associated with the removal and abandonment of any Master Meter shall be borne solely by the City.

1.6 May: shall mean permissive.

1.7 Peak Day Demand: shall mean the amount of water purchased by the City from the District (in cubic feet) on the day of each year on which the City receives the greatest amount of water from the District.

1.8 Peaking Factor: shall mean Peak Day Demand divided by Average Daily Demand.

1.9 Policies Manual: shall mean the current version of the District's *Policies and Procedures Manual for the Administration of Water Services*, as may be amended by the District from time to time.

1.10 Shall: shall mean mandatory.

Exhibit A

1.11 Snohomish Water Service Area: shall mean that area identified in the December 2010 edition of the North Snohomish County Coordinated Water System Plan as the City's water service area, plus any real property which is added to the City's water service area through subsequent amendments to the Coordinated Water System Plan.

1.12 Year: shall mean a 365-day time period and represent the time from the date of the official execution of the Wholesale Water Agreement or from a future annual anniversary of this date, to a date 365 days later.

Section 2 – Delivery and Use of Water

The District shall deliver water to the City for resale to its Transmission Main Customers and as redundant supply for the 218 Zone, and the City shall pay the District for the delivery of water.

Section 3 – Point of Delivery

The water shall be delivered and measured through the Master Meter(s). The line of demarcation and “Point of Delivery” between the District’s water system and the City’s transmission main shall be the Master Meter(s).

Section 4 – Quantity, Pressure and Reliability

4.1 The District shall attempt at all times to provide water to the City at a hydraulic grade line elevation between 790 feet and 811 feet above mean sea level at the Primary Master Meter connection. Additional future hydraulic grade line elevations shall be determined upon the location of any future Master Meter(s), if deemed necessary by the District. The District's system will have sufficient storage and hydraulic capacity to supply water to meet the City’s intended use as agreed to and described herein, subject to forces or conditions beyond the reasonable control of the District.

4.2 It shall be the responsibility of the City to install and maintain such control valves and appurtenances as may be needed to regulate the pressure to conform to the needs of the City's water system and customers. Such valves and appurtenances shall be solely owned by the City. The District shall not be responsible for any loss or damage related to failure of the City to install and maintain all control valves required for system and customer protection.

4.3 The District's system will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable

Exhibit A

rules and regulations in order to provide reliability of service to the City. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity, or continuity of service because of the possibility of accidents or unforeseen failures to the District's or City of Everett's water systems. The District shall not be liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any other forces or conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the City, the District shall immediately notify the City through verbal or telephone contact and shall restore service and make water available as soon as it can reasonably do so.

4.4 In the event of scheduled maintenance, alterations, extensions, or connections, the District shall provide written notice to the City, and schedule such work to minimize the potential disruption of service to the City.

Section 5 – Water Quality

The water supplied by the District to the City under this Agreement shall meet all state and federal drinking water standards at the Point(s) of Delivery. The City, to the extent allowed by law, shall be responsible for maintaining water quality beyond the Point(s) of Delivery and assurance of compatibility of delivered water with that supplied by the City; and the City shall hold the District harmless from and against any claims, losses, or damages arising from or relating to the introduction into its system of water or other substances beyond the Point(s) of Delivery.

Section 6 – Wholesale Water Rate and Billing

6.1 Wholesale Rate. Rates for water delivery service under this Agreement shall be established by the District's Board of Commissioners. (For ease of reference, this current rate is set forth in District Resolution No. [REDACTED], as \$2.85/CCF.) The City has selected the 100% Variable Rate.

6.2 Wholesale Rate Adjustments. The wholesale water rate per CCF may be adjusted by the District's Board of Commissioners from time to time. It is anticipated that the wholesale rate will be reviewed and adjusted at least every four (4) years or as necessary based on changes including, but not limited to, the District's overall operating expenses, the facilities required to serve the Master Meter(s) and the number of Master Meters, the number of customers served from the Master Meter(s), total capacity required by the City, cost of purchased water from the City of Everett, utility taxes, and cost of power. Future adjustments to the wholesale water rate shall be set forth in the District's Policies Manual.

Exhibit A

6.3 Although it is not the District's intent to adjust the wholesale water rate more than one (1) time per year and notwithstanding anything else to the contrary herein, should the purchase cost of water to the District increase or decrease at any time during the term of this Agreement, such change in cost per 100 CCF of water shall be reflected by a corresponding equal increase or decrease in the wholesale water rate, effective upon the date such change becomes applicable to the District. The District shall provide notice to the City of the increase or decrease in the wholesale water rate as set forth in this Section.

6.4 The District reserves the right to alter the methodology of calculating the rate. The District shall provide the City at least 60 days' notice prior to implementing any proposed change to the City's wholesale water rate.

6.5 Billing Period. The Master Meter(s) shall be read by the District and the results recorded at the end of each monthly billing cycle. Billing to the City will be issued on a monthly basis. Payment to the District shall be due within thirty (30) days of issuance of the billing invoice. A payment shall be deemed delinquent if more than ten (10) days past due. Delinquent wholesale water charge amounts shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of one percent (1%) per month, or twelve percent (12%) per year.

Section 7 – Administrators

Each Party to this agreement shall designate an individual (an "Administrator"), who may be designated by title or position, to oversee and administer such Party's participation in this Agreement. The Parties' initial Administrators shall be the following individuals:

District's Initial Administrator:

*Brant E. Wood, P.E.
AGM Water Utility
Snohomish County PUD No. 1
PO Box 1107 ms/l
Everett, WA 98206-1107*

City's Initial Administrator:

*Steve Schuller / City Administrator
& Utility General Manager
City of Snohomish
PO Box 1589
Snohomish, WA 98291*

Each Party may change its Administrator at any time by delivering written notice of such Party's new Administrator to the other Party.

Exhibit A

Section 8 - Term

This Agreement shall be effective from the date of execution by authorized representatives of both Parties hereto. This Agreement shall continue in effect through December 31, 2040, unless earlier terminated by written mutual agreement of the Parties or upon three (3)-years written notice by either Party; PROVIDED, that the term of the Agreement may be extended or renewed for up to five (5) additional years by written notice from the City to the District.

Section 9 - Use of City's Existing Water Sources

It is understood that the City decommissioned its Water Treatment Plant Facility in February 2017, and on December 13, 2019, placed its water rights in Trust with the Washington State Department of Ecology. The City shall continue to serve its customers within its retail water service area by water from its City of Everett water source and desires to utilize the District water supply full-time for resale to its Transmission Main Customers and as redundant supply, as needed, for the 218 Zone.

Section 10 - Future Capacity Changes

Should the City's water supply require additional capacity in the future, all costs associated with additional capacity and meter upsizing shall be borne solely by the City. Any upgrades to the Master Meter(s) shall be per the District's most current version of its "Water Resources Standards and Specifications for Design and Construction." In addition, any desired increase in capacity by the City will be subject to review and adjustment of the wholesale water rate as described in Section 6 above.

Section 11 - Master Meter

11.1 Access to each Master Meter and appurtenances shall be made available to the City at all reasonable times. The District shall check each Master Meter for accuracy on a frequency recommended by the meter manufacturer, as part of normal maintenance, and each Master Meter test data shall be available to the City at all reasonable times, upon request. The City may, in its sole discretion, with not less than five (5) days written notice to the District, conduct its own independent testing of each Master Meter for accuracy and shall provide the results to the District. All testing shall be performed by a District pre-approved independent third party that is a licensed and bonded contractor and/or consultant specializing in meter testing. If the independent test results reflect a material difference in the accuracy of the Master Meter(s) the District and City agree to

Exhibit A

meet in good faith in an effort to reach a fair and equitable adjustment to the amount billed to the City.

11.2 The City shall be responsible for the operation and ongoing maintenance of the pressure reducing valve and backflow prevention assembly installed downstream of each Master Meter as necessary to protect their transmission line and customers. The City shall at their sole cost have the backflow assembly tested by a Washington State Certified Backflow Assembly Tester on an annual basis and the results forwarded to the District no later than December 31st of each calendar year.

Section 12 - Notices

All written notices required to be given by any Party to the other Party under this Agreement shall be in writing and shall be delivered either in person, by United States mail, or by electronic mail (email) to the applicable Administrator or the Administrator's designee. Notice delivered in person shall be deemed given when accepted by the recipient. Notice by United States mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, and addressed to the Administrator, or their designee, at the addresses set forth in Section 7 of this Agreement. Notice delivered by email shall be deemed given as of the date and time received by the recipient.

Section 13 – Indemnity

13.1 Nothing herein shall be interpreted to create indemnity or cross indemnity agreements between the Parties. In the event of claim, loss or liability alleged to have arisen out of the ownership or operation of the District's water supply system or the City's water supply system, the Parties agree that their liability shall be borne in accordance with and as determined under applicable Washington State and federal laws.

13.2 Notwithstanding any other provision of this Agreement, neither the City nor the District shall be liable under or pursuant to this Agreement for any indirect, incidental, special, exemplary or consequential damages, including but not limited to damages for lost profits or benefits, even if such party has been advised of the possibility or existence of such damages.

Section 14 – Uncontrollable Forces or State or Federal Law Changes

Neither of the Parties hereto shall be considered to be in default in respect to any obligations hereunder if prevented from fulfilling such obligations by reason of

Exhibit A

uncontrollable forces or conditions, or material changes in Washington State or federal law. Parties rendered unable to fulfill any obligation hereunder by reason of an uncontrollable force or condition, or material change in state or federal law shall exercise due diligence to deal with such uncontrollable force or condition with all reasonable dispatch and to take actions consistent with the purpose of this Agreement.

Section 15 – Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

Section 16 – Assignment

Neither this Agreement nor any right or privilege herein shall be assigned by any Party without the written consent of the other Party.

Section 17 - Resolution of Disputes

The Parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both Parties. Each Party agrees to bear its own costs, and any common costs of arbitration or alternative dispute resolution measure shall be borne by the Parties. Disputes between the Parties not submitted by mutual agreement to such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This Agreement shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing Party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 18 – Exhibits

Exhibit “A” referred to in this Agreement, is attached hereto and incorporated herein as though fully set forth at each reference.

Section 19 – Miscellaneous

19.1 Headings. The headings used herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

Exhibit A

19.2 No Third-Party Beneficiaries. Except as expressly set forth in this Agreement, none of the provisions of this Agreement shall inure to the benefit of or be enforceable by any third party.

19.3 Waivers. Except as otherwise provided herein or as agreed to by the Parties, no provision of this Agreement may be waived except as documented or confirmed in writing. Any waiver at any time by a party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Either Party may waive any notice or agree to accept a shorter notice than specified in this Agreement. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Agreement.

19.4 Invalid Provision. The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

19.5 Amendment. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to this Agreement signed by both Parties.

19.6 Assignment and Subcontracts. Neither Party may assign this Agreement or assign or subcontract all or any part of such Party's rights or obligations under this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Without in any way limited the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

19.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19.8 Signature Authority. Each of the undersigned signatories represents and warrants that he or she has all necessary and proper authorization to execute and deliver this Agreement on behalf of the Party of which he or she is signing.

19.9 Rule of Construction. No provision of the Agreement shall be construed in favor or against either of the Parties hereto by reason of the extent to which any such

Exhibit A

party or its counsel participated in the drafting thereof or by reason of the extent to which such provision or any other provision or provisions of this Agreement is or are inconsistent with any prior draft thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____, 2020.

PUBLIC UTILITY DISTRICT NO. 1
OF SNOHOMISH COUNTY

CITY OF SNOHOMISH

By: _____

John Haarlow
General Manager/CEO

APPROVED AS TO FORM

By: _____

Shawn J. Aronow
Assistant General Counsel

By: _____

John T. Kartak, Mayor

ATTEST

By: _____

Pat Adams, City Clerk

APPROVED AS TO FORM

By: _____

Grant K. Weed, City Attorney

RESOLUTION NO. 5988

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 63 to Carry Out that Plan; and Fixing the Date, Time and Place For a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit “B” hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit “B,” appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$42,475.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as “Local Utility District No. 63 (Water Distribution System) – Non-Contiguous” and shall be used for paying

principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

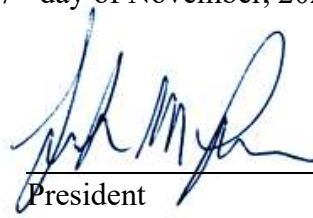
Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 63 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit “C.”

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, or at a publicly noticed video conference meeting, if appropriate, at 1:30 p.m. on the 15th day of December, 2020, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit “A” hereto.

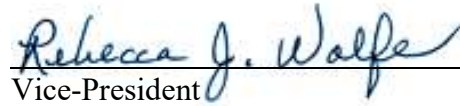
The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 17th day of November, 2020.



Handwritten signature in blue ink, appearing to read "John M. [unclear]".

President



Handwritten signature in blue ink, reading "Rebecca J. Wolfe".

Vice-President



Handwritten signature in blue ink, reading "Tanya Elson".

Secretary

**Preliminary Assessment Roll for Lots Within Boundaries of 2020 Non-Contiguous LUD 63
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
003977-000-021-02	BROOKSIDE ACRES BLK 000 D-02 - E 200FT LOT 21	Brandon and Loren Karl Olson 5018 144th Dr SE Snohomish, WA 98290	\$9,790.00
310628-001-008-00	Section 28 Township 31 Range 06 Quarter NE TH PTN GOVT LOT 6 & E1/2 NW1/4NE1/4 SD SEC LY N OF COM NE COR GOVT LOT6 SD SEC TH N88*22 47W ALG N LN SD GOVT LOT 6 FOR 66FT TO WLY MGN OF EXIST CO RD THS03*03 15W ALG SD WLY MGN CO RD FOR 62.65 FT TO EXIST FENCE LN THE TPB TH N60*29 37W 28.68 FT TH N44*06 32W 115.94 FT TH N42*59 39W 100 FT TH N47*19 27W 194.94 FT TH N48*40 59W 99.95 FT TH N49* 15 43W100 FT TH N51*29 53W 58.42 FT TH N31*02 15W 17.32 FT TH N53* 38 11W 56.28FT TO W LN SD E1/2 NW1/4 NE1/4 SD SEC AAP 439.84FT N OF SW COR SD E1/2 NW1/4 NE1/4 & S OF A LN COM NE COR GOVT LOT 6 IN SEC28-31-6 TH N88*22 47W ALG N LN SD GOVT LOT 6 FOR 66FT TO WLY MGN OF EXST CO RD TH N03*03 15E 597.29FT TO POB TH N87*36 07W 593.34 FT TO THE WESTERN LN OF E1/2 NW1/4 NE1/4 & TERM SD LN EXC N 245.99FTSD PARCEL AKA LOT 2 SP 113 (3-78) REC AFN8106230148 BEING REV REC AFN 7805050306	Brett and Amanda Perry 16804 143rd Ave NE Arlington, WA 98223	\$13,105.00
290536-001-027-00	SEC 36 TWP 29 RGE 05LOT 1 OF SP 252 (7-86) REC'D AF NO'S 8612310567 & 8702180334	Lauro Hernandez 3707 Tom Marks Rd Snohomish, WA 98290	\$9,790.00
290620-004-021-00	SEC 20 TWP 29 RGE 06RT-25) TH PTN SE1/4 SE1/4 DAF BEG INT NLY LN CO RD & NWLY LN BNRR R/W TH NWLY ALG NLY LN CO RD 220FT TO TPB TH CONT ALG NLY LN CO RD 208FT TH NELY AT R/A TO SD CO RD 208FT TH SELY PLTN LN SD CO RD 208FT TH SWLY TO TPB	Monica Doppel 12919 Machias Cutoff Lake Stevens, WA 98258	\$9,790.00
TOTAL			\$42,475

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

**NON-CONTIGUOUS
WATER LUD NO. 63**

FEASIBILITY STUDY REPORT

November, 2020

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 63 are located in unincorporated Snohomish County in the Snohomish, Arlington and Lake Stevens areas. They are attached to the District's main on 144th Drive SE, 143rd Avenue NE, Tom Marks Road and Machias Cutoff (See attached maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2020 rates:

There are three properties connecting to the distribution main; one each on 144th Drive SE, Tom Marks Road and Machias Cutoff. The connection fees total \$9,790 for each property and consist of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ¾" meter), a Snohomish County Right-of-way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

There is one property connecting to the distribution main on 143rd Avenue NE. The connection fees total \$13,105 for each property. This property owner entered into an Interim Connection Agreement (ICA) with the District because a main did not front their parcel. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a Pressure Reducing Valve costing \$280, a LUD Administrative fee of \$200 and an Interim Connection Agreement (ICA) fee of \$3,150.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a

Feasibility Study
Non-Contiguous LUD No. 63
November 2020

service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of Properties	Connection Fee	Assessment
3	2020 Standard SF Connection Fee w/ ¾" Meter and PRV	\$29,370.00
1	2020 Standard SF Connection Fee w/1" Meter, PRV and ICA	\$13,105.00
4 TOTAL		\$42,475.00

2020 Standard SF Connection Fee w/ ¾" Meter and PRV

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,355.00
County Right-of-Way Permit	\$ 100.00
Pressure Reducing Valve	\$ 280.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$ 9,790.00

2020 Standard SF Connection Fee w/1" Meter, PRV and ICA

General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
Pressure Reducing Valve	\$ 280.00
Interim Connection Agreement	\$ 3,150.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$13,105.00

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$22.98 minimum monthly charge and \$3.52 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$51.14 per month, or \$613.68 per year.

7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.



**WATER CONNECTION CONTRACT
FOR
NON-CONTIGUOUS LOCAL UTILITY DISTRICT**

THIS Contract is entered into between the Public Utility District No. 1 of Snohomish County, Washington (the District), and _____(Applicant(s), for the purpose of establishing the terms for connection to the District's water system through direct access to a District-funded water supply pipeline.

Applicant declares and warrants as follows:

- (1) Applicant's service address is: (2) Applicant's mailing address is:
- (3) Property tax account number is: 4) Applicant's telephone number is:
(H) _____
(W) _____
- (5) The legal description of the property is:

The Applicant and the District agree as follows:

- (1) Applicant requests District water service through direct connection to the supply pipeline.
- (2) Applicant agrees to pay the District the following amounts per residential unit:
- | | |
|--------------------------------|---------------|
| a. General Facilities Charge | \$ |
| b. Distribution Service Charge | \$ |
| c. Service Connection Fee | \$ |
| d. County Right-of-Way Permit | \$ |
| e. Pressure Reducing Valve | \$ |
| e. ICA | \$ |
| f. LUD Administration Fee | <u>\$ 200</u> |

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way

within which the supply pipeline is constructed. Applicant understands and acknowledges that the responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$_____ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2021 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment – Penalty -- Termination of Water Service – Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

<http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214>.

Entered into this _____ day of _____, 2020.

Public Utility District No. 1
Of Snohomish County

By: _____
Representative

By: _____
Applicant

By: _____
Applicant

State of Washington)
§

County of Snohomish)

I certify that I know or have satisfactory evidence that _____ and _____, Applicant(s), is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Date: _____

Signature of Notary Public in and for the State of Washington

Residing at _____

My appointment expires _____

RESOLUTION NO. _____

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 17, 2020, and applicable to the local utility district hereinafter described, forming Local Utility District No. 63 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 17, 2020, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 63 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 18, 2020, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 15, 2020, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 63; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 63 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 63 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$42,475. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 63 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 63, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 63 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 15th day of December, 2020.

President

Vice-President

Secretary

RESOLUTION NO. 5991

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 17, 2020, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 63 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5988 passed by the Board of Commissioners of the District on November 17, 2020, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 63 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 24, 2020, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 15, 2020, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and - 800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 63; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 63 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5988 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 63 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$42,475. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 63 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

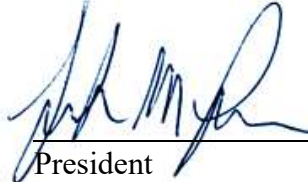
amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

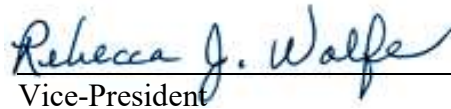
Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 63, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 63 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 15th day of December, 2020.



President

Vice-President

Secretary

**Preliminary Assessment Roll for Lots Within Boundaries of 2020 Non-Contiguous LUD 63
of Public Utility District No. 1 of Snohomish County, Washington**

<u>Tax Account No.</u>	<u>Legal Description</u>	<u>Recorded Owner & Mailing Address</u>	<u>Assessment</u>
003977-000-021-02	BROOKSIDE ACRES BLK 000 D-02 - E 200FT LOT 21	Brandon and Loren Karl Olson 5018 144th Dr SE Snohomish, WA 98290	\$9,790.00
310628-001-008-00	Section 28 Township 31 Range 06 Quarter NE TH PTN GOVT LOT 6 & E1/2 NW1/4NE1/4 SD SEC LY N OF COM NE COR GOVT LOT6 SD SEC TH N88*22 47W ALG N LN SD GOVT LOT 6 FOR 66FT TO WLY MGN OF EXIST CO RD THS03*03 15W ALG SD WLY MGN CO RD FOR 62.65 FT TO EXIST FENCE LN THE TPB TH N60*29 37W 28.68 FT TH N44*06 32W 115.94 FT TH N42*59 39W 100 FT TH N47*19 27W 194.94 FT TH N48*40 59W 99.95 FT TH N49* 15 43W100 FT TH N51*29 53W 58.42 FT TH N31*02 15W 17.32 FT TH N53* 38 11W 56.28FT TO W LN SD E1/2 NW1/4 NE1/4 SD SEC AAP 439.84FT N OF SW COR SD E1/2 NW1/4 NE1/4 & S OF A LN COM NE COR GOVT LOT 6 IN SEC28-31-6 TH N88*22 47W ALG N LN SD GOVT LOT 6 FOR 66FT TO WLY MGN OF EXST CO RD TH N03*03 15E 597.29FT TO POB TH N87*36 07W 593.34 FT TO THE WESTERN LN OF E1/2 NW1/4 NE1/4 & TERM SD LN EXC N 245.99FTSD PARCEL AKA LOT 2 SP 113 (3-78) REC AFN8106230148 BEING REV REC AFN 7805050306	Brett and Amanda Perry 16804 143rd Ave NE Arlington, WA 98223	\$13,105.00
290536-001-027-00	SEC 36 TWP 29 RGE 05LOT 1 OF SP 252 (7-86) REC'D AF NO'S 8612310567 & 8702180334	Lauro Hernandez 3707 Tom Marks Rd Snohomish, WA 98290	\$9,790.00
290620-004-021-00	SEC 20 TWP 29 RGE 06RT-25) TH PTN SE1/4 SE1/4 DAF BEG INT NLY LN CO RD & NWLY LN BNRR R/W TH NWLY ALG NLY LN CO RD 220FT TO TPB TH CONT ALG NLY LN CO RD 208FT TH NELY AT R/A TO SD CO RD 208FT TH SELY PLTN LN SD CO RD 208FT TH SWLY TO TPB	Monica Doppel 12919 Machias Cutoff Lake Stevens, WA 98258	\$9,790.00
TOTAL			\$42,475



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 63**

TAX ACCOUNT #:

003977-000-021-02

EXHIBIT B

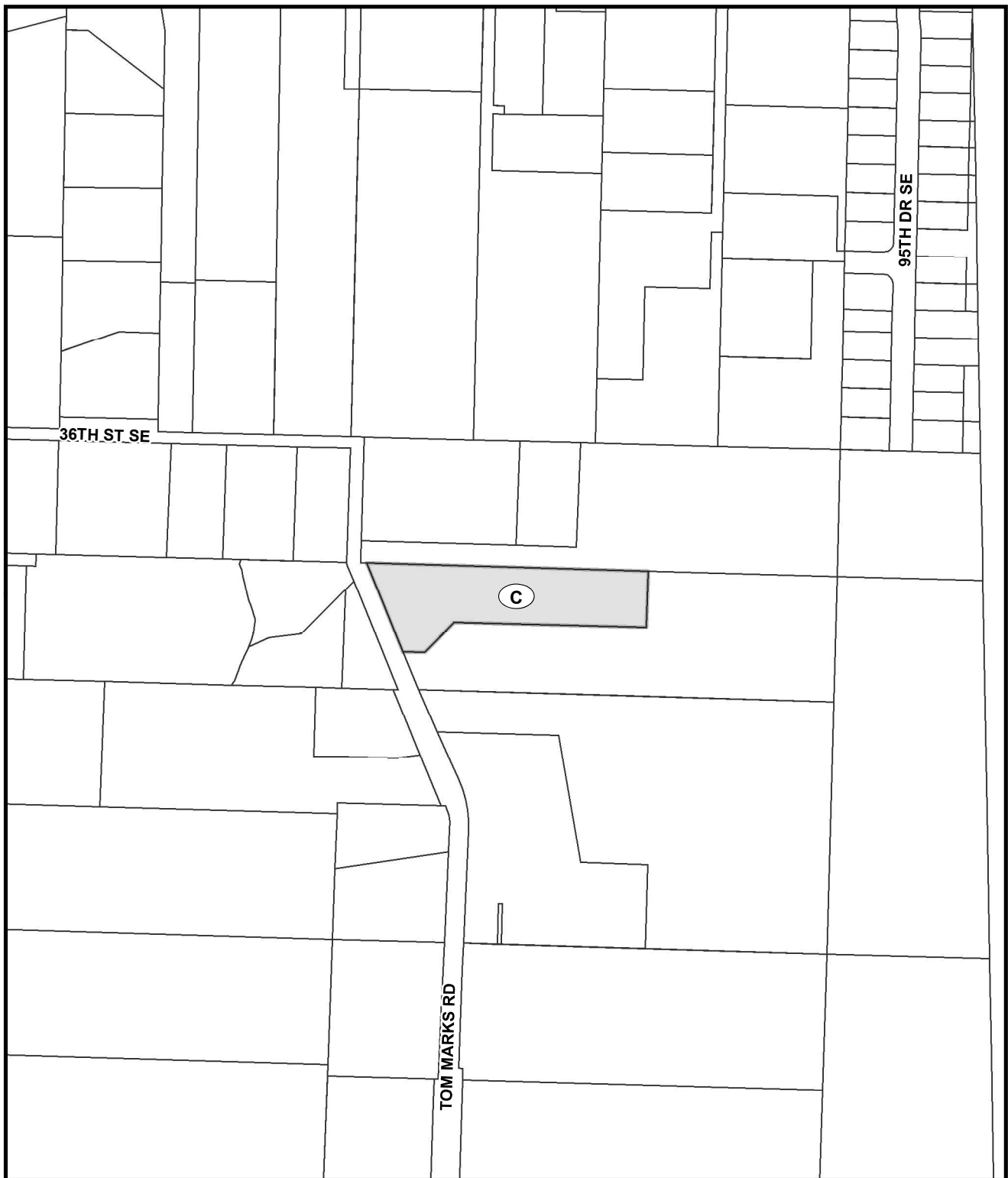


Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 63**

**TAX ACCOUNT #:
310628-001-008-00**

EXHIBIT B

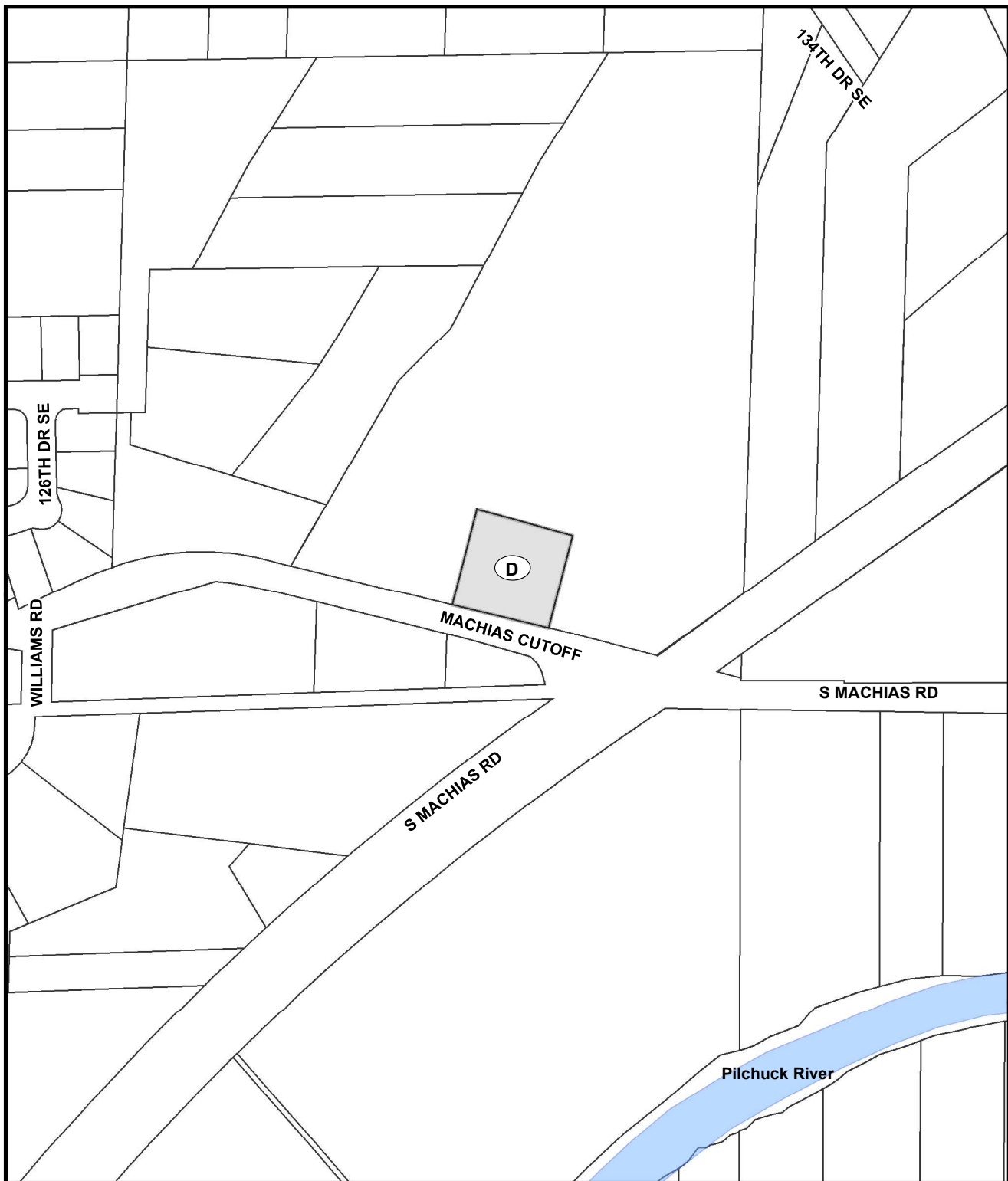


Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 63**

**TAX ACCOUNT #:
290536-001-027-00**

EXHIBIT B



Snohomish County PUD
Water Resources

**NON-CONTIGUOUS
LUD NO. 63**

**TAX ACCOUNT #:
290620-004-021-00**

EXHIBIT B

RESOLUTION NO. 6016

A RESOLUTION Authorizing the CEO/General Manager to Execute a Water Supply Contract Between the City of Everett and the Joint Operating Agreement Participants

WHEREAS, Public Utility District No. 1 of Snohomish County (the “District”) entered into the Everett and Joint Operating Agreement (“JOA”) Participants Water Supply Contract (the “1991 Water Supply Contract”) with the City of Everett, the City of Marysville, and the Tulalip Tribes of Washington in October 1991; and

WHEREAS, the District, the City of Everett (“Everett”), the City of Marysville (“Marysville”), and the Tulalip Tribes of Washington (the “Tribes”), hereinafter referred to as the “Participants,” are each authorized to operate water systems and to enter into agreements regarding water; and

WHEREAS, the 1991 Water Supply Contract was originally set to expire on July 1, 2020, and June 16, 2020, the Board approved Amendment No. 1 to the 1991 Water Supply Contract on June 16, 2020 in order to extend expiration date on the original contract to July 1, 2021, and provide time for the conclusion of negotiations and for formal consideration by the other Participants; and

WHEREAS, said negotiations have completed and the City of Everett and the JOA Participants have agreed on a final new Water Supply Contract for the Board’s review, attached hereto as Exhibit “1”; and

WHEREAS, District staff has reviewed the terms of the new Water Supply Contract between the City of Everett and JOA Participants and recommends that the Board accept the new contract; and

WHEREAS, the Board of Commissioners has reviewed the new Water Supply Contract and finds that approving the contract is in the best interest of the PUD and its water service customers.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, that the CEO/General Manager or his designee, is authorized to:

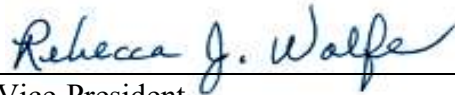
1. Execute the new Water Supply Contract between the City of Everett and JOA Participants in a form substantially similar to the contract attached hereto as Exhibit "1"; provided, that the final form of the contract shall be subject to review and approval by the District's General Counsel or her designee; and
2. Take any and all other actions necessary to complete and implement the Water Supply Contract.

PASSED AND APPROVED this 15th day of June, 2021.

President



Vice-President



Secretary



**EVERETT AND JOA PARTICIPANTS
WATER SUPPLY CONTRACT**

THIS CONTRACT is made and entered into by and between the City of Everett, a municipal corporation of the State of Washington, hereinafter referred to as "Everett," and the City of Marysville ("Marysville"), and Public Utility District No. 1 of Snohomish County ("PUD"), municipal corporations of the State of Washington, and the Tulalip Tribes of Washington (Tribes), a federally recognized Indian Tribe, the latter three entities hereinafter referred to as "Participants"

WHEREAS, Everett owns and operates a water supply system located in Snohomish County, Washington. This system has regional supply capability for domestic, commercial, and industrial water consumption; and

WHEREAS, pursuant to RCW 35.92 and RCW 39.94, Everett is authorized to enter into contracts with other municipalities and recognized tribes to supply water. Pursuant to WAC 246-290-100, Everett has prepared a Water System Plan identifying certain areas of north Snohomish County as being within its long-range wholesale water supply service area; and

WHEREAS, the Participants own and operate water supply systems in north Snohomish County, Washington, and distribute water on a retail basis to domestic, commercial, and industrial customers within their respective service areas; and

WHEREAS, the Participants in 1991 entered into a Joint Operating Agreement ("JOA") for the purpose of the construction and operation of a 30-inch pipeline by Marysville from the Everett transmission line to the Sunnyside vicinity (the "Phase I JOA Pipeline"), allocating pipeline capacity among the Participants, and cooperating in a regional solution to meet future water supply needs; and

WHEREAS, the Participants together with Washington State, Snohomish County, Everett and other public water purveyors have jointly prepared a Coordinated Water System Plan ("CWSP") for north Snohomish County and have prepared individual Comprehensive Water System Plans; and

WHEREAS, the execution of this Contract and the participation of the Tribes in the processes contemplated by the Contract do not constitute nor imply any abrogation, diminishment or waiver of the Tribes existing or reserved rights or sovereign powers, whether arising under treaty, statute or common law; and

WHEREAS, Everett and Tribes executed a separate wholesale water delivery contract in 2016 and nothing in this Contract is intended to alter the terms of that contract or the water delivered thereunder, and

WHEREAS, Everett and the Participants entered into a water supply contract in October

of 1991 which terminated July 1, 2020, and has been extended to July 1, 2021. That contract states that the Participants shall have the right to renew the contract for an extended term of similar duration and for a quantity of water consistent with the demands projected by the CWSP.

NOW, THEREFORE, for the mutual benefits to be derived, the parties agree as follows:

1. **Delivery of Water.** Everett hereby agrees to deliver and sell to the Participants, and the Participants hereby agree to purchase from Everett, a maximum of twenty million gallons of water per day (20 MGD). The Participants will pay Everett for the delivery and treatment of such water, to be used as one of Participants' sources of supply, in accordance with Everett's usual and accustomed rates and conditions for customers similarly situated and as provided in Section 5 hereof.

2. **Point of Delivery.** Everett shall deliver water to the Participants at the connection point located at 87th Ave SE and 20th St SE. This connection point is referred to in this Contract as the "Everett connection point." Since this tap is owned by Marysville, Everett will coordinate any operational issues with Marysville as well as the PUD. Other future connection points to serve multiple Participants shall be subject to mutual agreement. The actual point of delivery at the connection point shall be the upstream flange of the valve downstream of the master meter and check valve.

3. **Quantity of Water.** Marysville constructed the Phase I JOA Pipeline from the Everett connection point as Phase 1 of the preliminary CWSP and JOA. Everett and Participants agree that each have, and will continue to make, significant capital investments in water supply facilities which are interdependent, and that coordinated planning will be required throughout the term of this Contract to maximize public benefits and minimize costs. In the design of future Participants' water supply projects, Everett shall not be responsible for storage beyond Everett's existing storage at Chaplain Reservoir. Everett agrees to use best efforts, subject to meeting the requirements of all Everett customers and subject to Section 10 and Section 11 below, to provide a regular and uninterrupted supply of water at the Everett connection point. Everett will exercise best efforts to operate so as to supply water at a hydraulic head of not less than 440' mean sea level at the Everett connection point throughout the term of this Contract as long as parties are in compliance with the Operating Plan (**Exhibit B**).

It is understood that the Participants may reach peak demands of 20 million gallons per day (MGD) through the Phase I JOA Pipeline before the expiration of this Contract and that additional facilities, including a second pipeline connection to Everett and a regional reservoir, may be required to meet long range demands. A second pipeline connection will require a separate water contract between Everett, Marysville and as many of the other Participants who choose to participate in this second pipeline connection.

Estimated average daily demands and peak day demands of the Participants are shown in the Participants' individual Comprehensive Water System Plans. Everett's facilities have, or will have in the future, the capacity to supply the Participants' water quantity demands at the Everett connection point of a peak of 20 MGD. The PUD and Tribes have other points of

withdrawal from Everett's water system that are not subject to this Contract.

The Participants have developed an Operating Plan (Exhibit B) to accommodate the operational needs of the parties. This plan is for operating purposes only. If conditions change, it may be modified by mutual agreement of the Public Works Directors of Everett and Marysville and the PUD AGM-Water Utility or their designees.

If peak flow ratios (i.e. peak flow/average flow) become an issue that adversely affects Everett's ability to deliver water under the conditions of this Contract, it will convene a committee of itself and the Participants. This committee will be charged with modifying the Operating Plan (Exhibit B) in such a manner to reduce the adverse effects of peaking. If this effort is unsuccessful, Everett reserves the right to implement, and the Participants shall pay, a demand charge as may be established by Everett ordinance.

The quantity of water delivered shall be measured by the master meter referred to in Section 2 above. Nothing herein, however, shall be construed as obligating the Participants to take or purchase any minimum quantity of water from Everett at any time except as Everett's rates require minimum payment related to each connection.

4. **Quality of Water.** Everett agrees that all water delivered to the Participants at the Everett connection point shall be of the same standard and quality as that normally delivered by Everett to master meter customers east of the Snohomish River. Everett shall be responsible for meeting state and federal standards for safe, high-quality drinking water at the point of delivery. All water supplied by Everett for use or sale by the Participants shall be upon the express condition that after it has passed the point of delivery the water becomes the property and responsibility of the Participants, and Everett shall not be liable for any damages or loss resulting from degradation of water quality which may occur beyond such point. Further, Everett shall not be responsible for changes in water quality or operating problems which may result from mixing of different sources of water in the Participants' systems. Participants shall provide means to assure that water will not backflow into the Everett system. Everett shall not be responsible for acts of sabotage that might degrade the quality of water delivered to the Participants.

5. **Rates and Charges.** Rates and charges to be paid by Participants, including a demand charge as described in Section 3 above, shall be established by ordinance of Everett from time to time. (As of the date of this Contract, Everett rate ordinance is Ordinance 3793-27.) The charges for water service shall include a base rate, a minimum charge for each connection, and a filtration charge. The base rate for water and the minimum charge for each connection and the filtration charge shall be established by ordinance of Everett and shall be based on cost of service principles; provided that it is agreed that rates may include usual and accustomed charges imposed on the Everett utility by the Everett's general fund. The rate structure may include a minimum charge for each point of connection without regard to consumption plus a commodity charge. The Participants agree to read each of the master meters on a monthly basis and provide Everett with the readings by the 7th day of each month. Everett agrees that the Participants shall

be served with notice of any future rate modifications that will impact the Participants at least thirty (30) days prior to consideration of such modifications by the Everett City Council.

6. **Payments by Participants.** On a monthly basis, Everett shall bill Marysville for water delivered through the Phase I JOA pipeline master meter less the amount that the PUD withdraws from its Soper Hill tap off of the Phase I JOA pipeline. Everett shall bill the PUD for their water withdrawal from this tap. These bills shall be payable within thirty (30) days after receipt of the invoice. Delinquent bills shall accrue interest at the rate of twelve percent (12%) per annum for any delinquency greater than sixty (60) days.

7. **Resale or Distribution of Water by the Participants** After water has passed the point of delivery and has entered Marysville's Phase I JOA pipeline, the water becomes the property of the Participants according to the point of delivery and/or their respective capacity right as established in the JOA and the use and distribution of the water shall be under the exclusive authority of the Participants, subject only to the following express limitations.

a. Everett Ordinance No. 1347-87 (EMC 14.15.460) requires that new connections outside the City of Everett greater than 12 inches are subject to Everett Water System Plan modification. Participants agree not to allow any customer connection to Participants' water systems which is using water purchased from Everett under this Contract if such connection is greater than 12 inches in diameter or supplies more than one million gallons per day, unless Participants first obtain approval from Everett for such connection. Everett's approval shall not be unreasonably withheld and shall be based on the water supply impacts to the Everett water system caused by such connection.

b. The Participants will distribute water received from Everett in a manner consistent with the Everett Water System Plan, the CWSP, and the individual Participants' Water Systems Plans, as approved by the Washington State Department of Health, if appropriate.

c. The Participants shall not serve water received from Everett, pursuant to the terms of this Contract, in areas outside the service area shown in Exhibit A attached hereto. Exhibit A shall be changed if future Everett Comprehensive Water Plans change the Everett Service Area.

8. **Term of Contract** The term of this Contract shall be from the date of its mutual acceptance by all parties until December 31, 2050. The Participants shall have a right to renew this Contract for an extended term of similar duration and quantity of water for a peak of 20 MGD.

9. **Construction, Operation and Maintenance of Capital Improvements.** The Participants at no cost to Everett shall construct all capital improvements to their water systems and shall own all capital improvements downstream from the point(s) of delivery and shall assume exclusive responsibility for the operation, maintenance, and repair of the same. All construction, operation, and maintenance and repairs shall be in strict compliance with standards

approved by the Washington State Department of Health as appropriate. The Participants shall annually provide to Everett a water system report to include number of customers, peak use and other information useful in optimizing joint operations.

10. **Continuity of Service.**

a. To the extent feasible, Everett shall continuously maintain service to the Participants as set forth in this Contract. In the event of a general emergency or water shortage, Everett and the Participants will share in implementing the necessary water conservation measures. Recognizing that both Everett and the Participants have critical customers, Everett will consult with the Participants regarding water allocations. General restrictions placed upon deliveries to the Participants shall be made according to Everett's most recent Emergency and/or Drought Response Plan. In the event of localized emergency problems, temporary service interruptions may result.

b. It is recognized by the parties that emergency conservation measures may have to be implemented by the Parties on a regional basis in order to meet an emergency condition. The Participants shall assist and support such emergency conservation measures.

c. Everett shall provide oral notice to the Participants, and may temporarily interrupt or reduce deliveries of water to the Participants, if Everett determines that such interruption or reduction is necessary or reasonable in case of system emergencies. Except in cases of emergency, and in order that Participants' operations will not be unreasonably interfered with, Everett shall give the Participants five (5) days' notice of any other interruptions or reduction in services, the reason therefor, and the probable duration thereof, including any interruptions or reduction in services that will be caused by installation of equipment, repairs, replacements, investigations, inspections, or other maintenance performed by Everett on its water system or those parts of the system supplying the Participants.

11. **Force Majeure and Changes in Law.** None of the parties hereto shall be considered to be in default in respect to any obligations hereunder if prevented from fulfilling such obligations due to conditions beyond their reasonable control or due to changes in state or federal law. If a party is unable to perform in whole or in part because of such condition or change in the law, the party shall diligently and promptly take reasonable steps to allow it to perform.

12. **Miscellaneous**

a. **Assignment; Successors Bound.** Neither this Contract nor any right or privilege herein shall be assigned by any party without the written consent of the other parties. This Contract shall apply to and be binding upon the lawful successors of all parties.

b. **Notices.** Unless otherwise provided herein, all notices complying with this Contract shall be sent by registered mail as follows:

To Everett:
Public Works Director
Everett Municipal Building
2930 Wetmore Avenue
Everett, WA 98201

To the PUD:
AGM-Water Utility
PUD No. 1 of Snohomish County
PO Box 1107
Everett, WA 98206

To Marysville:
Utility Manager
City of Marysville Public Works
80 Columbia Avenue
Marysville, WA 98270

To the Tribes:
Public Works Director
Tulalip Tribes of Washington
6406 Marine Drive
Tulalip, WA 98271

c. **Legal Relations.** Notwithstanding any other provision of this Contract, no party to this Contract will liable to any other party for indirect, incidental, special, exemplary or consequential damages, including but not limited to damages for lost revenues or benefits, even if such party has been advised of the possibility or existence of such damages.

d. **No Joint Venture.** This Contract describes the entire relationship of the Participants with Everett with regard to the subject matter herein concerned. Except as maybe explicitly provided otherwise herein, the parties are independent agencies and shall not be deemed to be partners, joint ventures, principals, or agents of each other for any purpose whatsoever. Each party shall have and maintain sole and complete control over all of its employees, agents, and operations.

e. **Dispute Resolution.** Any dispute under or in connection with this Contract may, upon the mutual agreement of the parties, be submitted for resolution by mediation.

f. **Entire Agreement.** This Contract, together with any exhibits, sets forth the entire agreement of the parties with regard to the subject matter hereto.

g. **No Third Party Beneficiaries.** None of the provisions of this Agreement

shall inure to the benefit of or be enforceable by any third party.

h. **Waivers.** Any waiver at any time by a party of its right with respect to a default under this Contract, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Any party may waive any notice or agree to accept a shorter notice than specified in this Contract. Such waiver of notice or acceptance of shorter notice by a party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Contract.

i. **Amendment.** Except for changes to the Operating Plan, no change, amendment or modification of any provision of this Contract shall be valid unless set forth in a written amendment to this Contract signed by all parties with the same formality as this contract.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their proper officer and will become effective on the date of the latest signature on the day of _____, 2021.

CITY OF EVERETT
WASHINGTON

By: _____
Cassie Franklin, Mayor

Date: _____

ATTEST:

City Clerk

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____

CITY OF MARYSVILLE
WASHINGTON

By: _____
Jon Nehring, Mayor

Date: _____

ATTEST:

City Clerk
Date: _____

APPROVED AS TO FORM:

City Attorney
Date: _____

TULALIP TRIBES OF WASHINGTON

By: _____
Teri Gobin, Chair of Tribal Board
of Directors

Date: _____

PUBLIC UTILITY DISTRICT NO. 1 OF
SNOHOMISH COUNTY

By: _____
John Haarlow, CEO/General
Manager

Date: _____

APPROVED AS TO FORM:

Assistant General Counsel

Date: _____

EXHIBIT A

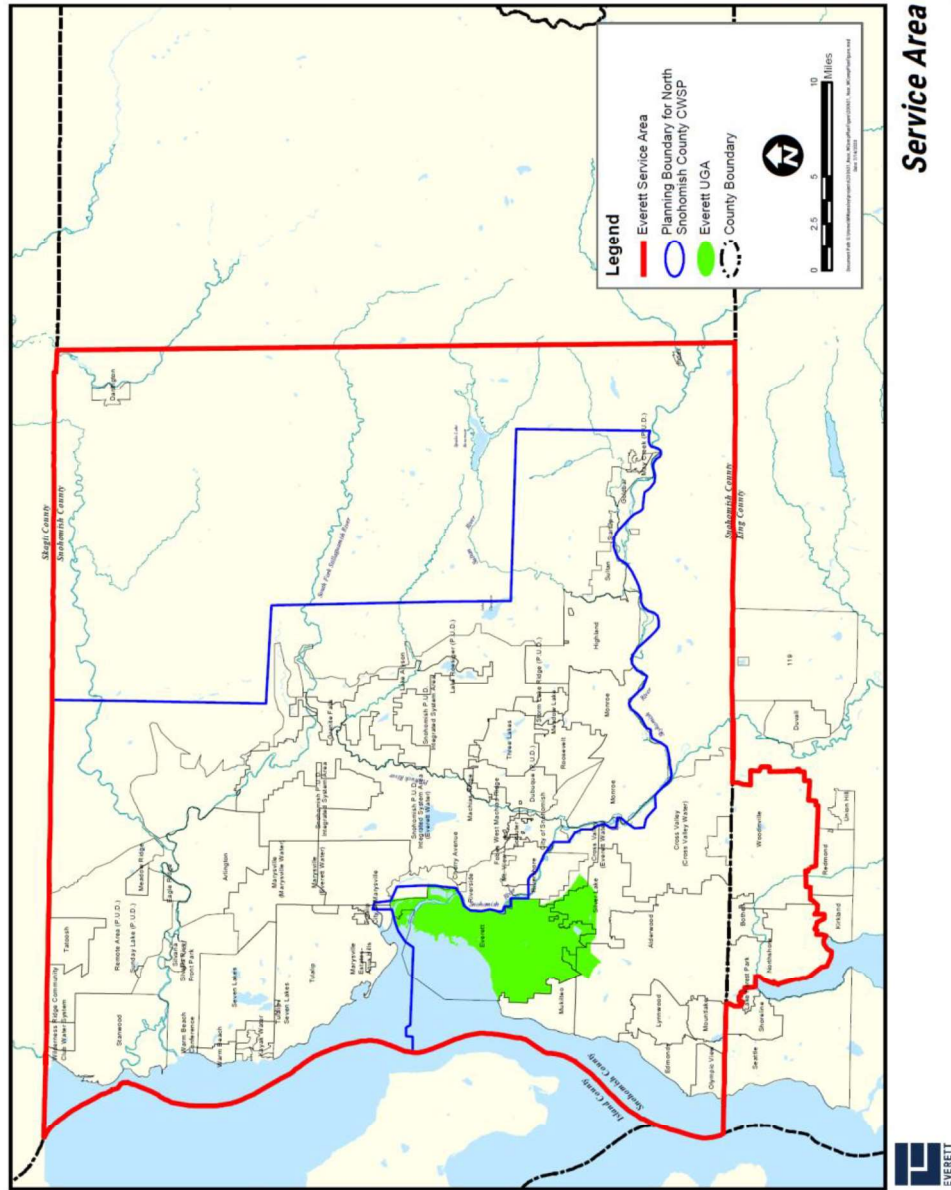


EXHIBIT B**JOA OPERATING PLAN****1. PURPOSE**

This Plan establishes the terms and conditions under which Everett and the Participants shall operate their facilities, how flow changes at the point of delivery and Transmission Line operations shall be coordinated, and the conditions under which Everett meters the flow from Everett's Transmission Line at Marysville's point of delivery.

2. RESPONSIBILITIES OF THE CITY OF MARYSVILLE AND THE PUD

A. Marysville shall maintain and repair all its Facilities starting at the point of delivery from Everett's Water Transmission Line No. 3 downstream of Everett's valve and meter.

B. Marysville and the PUD shall provide Everett's operations contact advance oral or written notice of any proposed flow change that will result in a flow change (increase or decrease) as follows:

1) For flow changes less than 2 million gallons per day (MGD), no notification is necessary.

2) For flow changes equal to or greater than 2 MGD, at least one (1) hour notice, if not previously scheduled.

3. RESPONSIBILITIES OF THE CITY OF EVERETT

A. Everett shall notify Marysville's and the PUD's Operations Contact, as listed in Section 6 of this Plan, at least 24-hours prior to any significant operational changes, construction or shutdown of key Everett facilities that could impact operations of Marysville and the PUD except for an emergency shutdown. Significant operational changes shall include but not be limited to:

1) Closure of valves on Everett's Transmission Line No. 3

2) Removal from service of either of Everett's clearwells located at Everett's Water Filtration Plant.

B. Everett shall immediately notify Marysville's and the PUD's Operations Contact whenever it experiences or initiates an operational change outside the normal operating parameters of Everett's supply system or Everett's Water Transmission Line No. 3.

C. Everett shall own, maintain, and operate a meter including arranging and paying for calibration and or maintenance by the manufacturer or other acceptable service provider.

D. Everett shall respond to Marysville's and the PUD's flow change notifications by managing flows on Everett's Water Transmission Line No. 3 in a manner that is consistent with the "Everett and JOA Participants Water Supply Contract".

4. SHUTDOWNS

A. For any planned shutdowns that impact Marysville and the PUD, Everett shall:

1) Communicate with Marysville's and the PUD's Operations Contact listed in Section 6 about plans that may impact Everett's Water Transmission Line No.3 at least four months in advance to allow for coordination of planned shutdowns.

2) Provide written and verbal notice to Marysville's and the PUD's Operations Contact listed in Section 6 at least 30 calendar days prior to the shutdown.

3) Strive to avoid planned shutdowns on Fridays through Sundays, and during the period from May 15 to September 15.

B. Everett shall immediately inform Marysville's and the PUD's Operations Contact if an emergency shutdown of Everett's Water Transmission Line No. 3 is necessary.

C. Data Sharing

A. As Everett, Marysville and the PUD mutually agree, each party shall provide the other party their system's digital communications, if requested, as described below:

Status of flow, storage, pumping and power supply.

5. EMERGENCIES

A. Everett shall immediately notify Marysville's and the PUD's Operations Contact listed in section 6 whenever it experiences or initiates an operational change outside the normal operating parameters of Everett's supply system or Everett's Water Transmission Line No. 3. Everett shall inform Marysville's and the PUD's operational contact if it believes that an emergency shutdown is necessary, including any closure of the isolation valve on Everett's Water Transmission Line No. 3.

B. Marysville and the PUD shall be responsible for modifying or shutting down its operations during a shutdown emergency as defined in Section 5.A. above.

C. Whenever Marysville or the PUD believes an emergency shutdown of its operations is necessary, their operational contact shall immediately inform Everett's Operations Contact of the pending emergency shutdown.

D. Marysville and the PUD shall be responsible for contacting Everett's Operations Contact and coordinating the re-start of its operations following any emergency shutdown.

E. Marysville or the PUD shall be responsible for any damage to Everett's Water Transmission Line No. 3 caused by their negligent operation of facilities by Marysville or the PUD. Everett shall be responsible for any damage to the Marysville or the PUD Facilities caused by the negligent operation of Everett's water supply system.

6. OPERATIONS CONTACTS

The following persons shall serve as the points of contact for notification of all changes that impact the operation of Marysville and the PUD facilities or the flow in Everett's Water Transmission Line No. 3 under normal and emergency conditions, and oversight of this Plan:

EVERETT'S OPERATIONS CONTACT:

Senior Operator (for emergency conditions)
Everett Water Filtration Plant 425-257-8200
After Hours: 425-257-8821 or 425-568-6650
For Operations Plan Oversight:
Operations Superintendent
425-257-8967 (office) or 425-210-0103 (mobile)

MARYSVILLE'S OPERATIONS CONTACT:

Water Operations Supervisor
360-363-8163 (office) or 425-754-2597 (mobile)
After hours: Standby, 360-913-2560
For Operations Plan Oversight:
Utility Manager
360-363-8161 (office) or 425-583-9030 (mobile)

PUD'S OPERATIONS CONTACT:

Water Superintendent
425-397-3005 (office) or 425-359-0403 (mobile)
After hours only: 425-879-6735
Main water number: 425-397-3000

RESOLUTION NO. 6038

A RESOLUTION Authorizing the CEO/General Manager to Execute the Proposed Water Service Area Agreement Between Public Utility District No. 1 of Snohomish County – May Creek Water System and the City of Gold Bar

WHEREAS, Public Utility District No. 1 of Snohomish County's (the "District's") May Creek water system provides retail water service to incorporated portions of the City of Gold Bar ("City") and to portions of unincorporated Snohomish County; and

WHEREAS, on January 29, 1997, the District signed an "Agreement for Establishing Water Utility Service Area Boundaries," a copy of which is on file with Snohomish County Planning and Development Services ("PDS"), that established service area boundaries for the District's May Creek water system consistent with the North Snohomish County Coordinated Water System Plan; and

WHEREAS, on June 18, 2001, the District and the City entered into a Settlement and Release Agreement ("2001 Agreement"), whereby the District transferred a portion of its May Creek future water service area to the City, and the Parties set forth the retail and adjusted future water service area boundaries for both the City system and the District's May Creek systems; and

WHEREAS, the 2001 Agreement expired on January 1, 2020, but has remained in effect based on mutual consent of the Parties, pending the execution of a new Agreement that establishes and maintains the District's May Creek water service boundaries; and

WHEREAS, prior to the 2001 Agreement, the City connected two residential properties located at 40617 State Route 2 and 40818 May Creek Road, which properties were incorrectly identified in the 2001 Agreement Exhibit A; and

WHEREAS, Washington Administrative Code Section 246-293-250(1) provides that

the future service area boundaries of public water systems shall be determined by written agreement among respective existing purveyors and incorporated into a coordinated water system plan, and the future service area boundaries related to the Parties are depicted in this Agreement; and

WHEREAS, staff recommend that the District enter into the proposed Water Service Area Agreement in order to provide for a one-time voluntary retail boundary line adjustment to the Parties' retail water service area in order to transfer the two aforementioned residential properties to the City's retail water service area for water system planning purposes and establish the water system boundaries between the two systems; and

WHEREAS, the proposed Agreement was presented at the Board's regular public meeting on November 2, 2021, the Board has reviewed the proposed Water Service Area Agreement Between Public Utility District No. 1 of Snohomish County – May Creek Water System and the City of Gold Bar, attached hereto as Exhibit "A", and incorporated herein by this reference, and finds that approving the Agreement is in the best interest of the District and its water service customers.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, hereby authorizes the District's CEO/General Manager or his designee to:

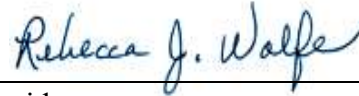
1. Execute the proposed Water Service Area Agreement Between Public Utility District No. 1 of Snohomish County – May Creek Water System and the City of Gold Bar, in a form substantially similar to that which is attached hereto as Exhibit "A"; provided that the final form of the Agreement shall be subject to review and approval by the District's General Counsel or her designee; and

2. Take any and all other actions necessary to complete the Agreement.

PASSED AND APPROVED this 7th day of December, 2021.



President



Vice-President



Secretary

Exhibit A

AFTER RECORDING PLEASE RETURN TO:
SNOHOMISH COUNTY PUD WATER UTILITY
P. O. BOX 1107, M/S LS
EVERETT, WASHINGTON 98206-1107

WATER SERVICE AREA AGREEMENT BETWEEN PUD NO. 1 of SNOHOMISH COUNTY – MAY CREEK WATER SYSTEM AND THE CITY OF GOLD BAR

THIS AGREEMENT is made and entered into this _____ day of _____, 2021, by and between the Public Utility District No. 1 of Snohomish County, a Washington municipal corporation (the "District"), and the City of Gold Bar, a Washington municipal corporation (the "City"). The District and the City are also referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, the **District's** May Creek water system provides retail water service to incorporated portions of the City and to portions of unincorporated Snohomish County; and

WHEREAS, on January 29, 1997, the District signed an "Agreement for Establishing Water Utility Service Area Boundaries," on file with Snohomish County Planning and Development Services (PDS), that established service area boundaries for the District's May Creek water system consistent with the North Snohomish County Coordinated Water System Plan; and

WHEREAS, the District and the City entered into a Settlement and Release Agreement, on June 18, 2001 (2001 Agreement), whereby the District transferred a portion of its May Creek future water service area to the City; and

WHEREAS, in addition to providing for the transfer of a portion of the District's May Creek future water service area, the 2001 Agreement also, as shown in Exhibit A, depicted: (1) the District's current May Creek retail and adjusted future water service area boundaries; and (2) the City's retail and adjusted future water service area boundaries; and

WHEREAS, the 2001 Agreement expired on January 1, 2020, but has remained in effect based on mutual agreement of the Parties pending the execution of a new Agreement and Exhibits that maintain the District's May Creek water service boundaries; and

WHEREAS, Washington Administrative Code (WAC)246-293-250(1) establishes that the future service area boundaries of public water systems shall be determined by written agreement among respective existing purveyors and incorporated into a coordinated water system plan. Such future service area boundaries related to the Parties are depicted in this Agreement; and

WHEREAS, prior to the 2001 agreement, the City connected two residential properties located at 40617 State Route 2 and 40818 May Creek Road located within the District's retail water service area as depicted within the 2001 Agreement Exhibit A. Those properties were incorrectly identified in the 2001 Agreement Exhibit A; and

WHEREAS, the District is willing to make a one-time voluntary retail boundary line adjustment to its retail water service area pursuant to this new Agreement that transfers the two aforementioned residential properties to the City's retail water service area for water system planning purposes.

NOW, THEREFORE, for the mutual benefits to be derived, the Parties agree to as follows:

Section 1: 2021 Agreement Superseding

It is agreed to by the Parties that this new Agreement, hereafter referred to as the “2021 Agreement” and Exhibit A attached hereto fully and accurately reflects the Parties’ current retail and future water service areas. The Parties further agree that the 2021 Agreement and Exhibit A shall replace and supersede the expired 2001 Agreement, related Exhibit A, and all prior negotiations, representations and exhibits for the purpose of describing and maintaining the District’s current May Creek water service area boundaries and City’s current water service area boundaries.

Section 2: Service Area Boundaries Reflected in Water System Plans

The Parties agree that the 2021 Agreement and related Exhibit A shall be fully incorporated and appropriately referenced within their respective water system plans, either by amendment or by inclusion in a water system plan update, whichever occurs sooner but under any circumstance shall occur no later than June 30, 2022.

Section 3: Unauthorized Service Area Connections

The City agrees that it shall take no unilateral action to connect any properties within the District’s retail or future water service area beyond those depicted in Exhibit A to this Agreement and located at 40617 State Route 2 and 40818 May Creek Road, absent securing a written amendment to this Agreement as provided for Section 4 of this Agreement. The City and District further agree that any unilateral and/or unauthorized connection of properties located within the other Party’s respective retail and future water service areas as depicted by Exhibit A shall constitute a violation of this Agreement subject to resolution under Section 7 of this Agreement.

Section 4: Amendment

No change, amendment, or modification of any provision or exhibit to this Agreement shall be valid or authorized unless set forth in a written amendment to this Agreement signed by both Parties.

Section 5: Term

This Agreement shall be effective from the date of execution by authorized representatives of both Parties hereto. This Agreement shall remain in effect unless amended or terminated by written mutual agreement of the Parties or upon one (1) year written notice by either Party; PROVIDED, that the term of the Agreement may be affected by third party legal action or order.

Section 6: Agreement Filed and Recorded

The 2021 Agreement has been filed and recorded with Snohomish County Planning and Development Services.

Section 7: Resolution of Disputes

The Parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both Parties. Each Party agrees to bear its own costs, and any common costs of arbitration or alternative dispute resolution measure shall be borne by the Parties. Disputes between the Parties not submitted by mutual agreement to such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This Agreement shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing Party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective on the

_____ day of _____, 2021.

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY:

By: _____
John Haarlow, CEO/General Manager

Date: _____

APPROVED AS TO FORM:

Assistant General Counsel

Date: _____

CITY OF GOLD BAR:

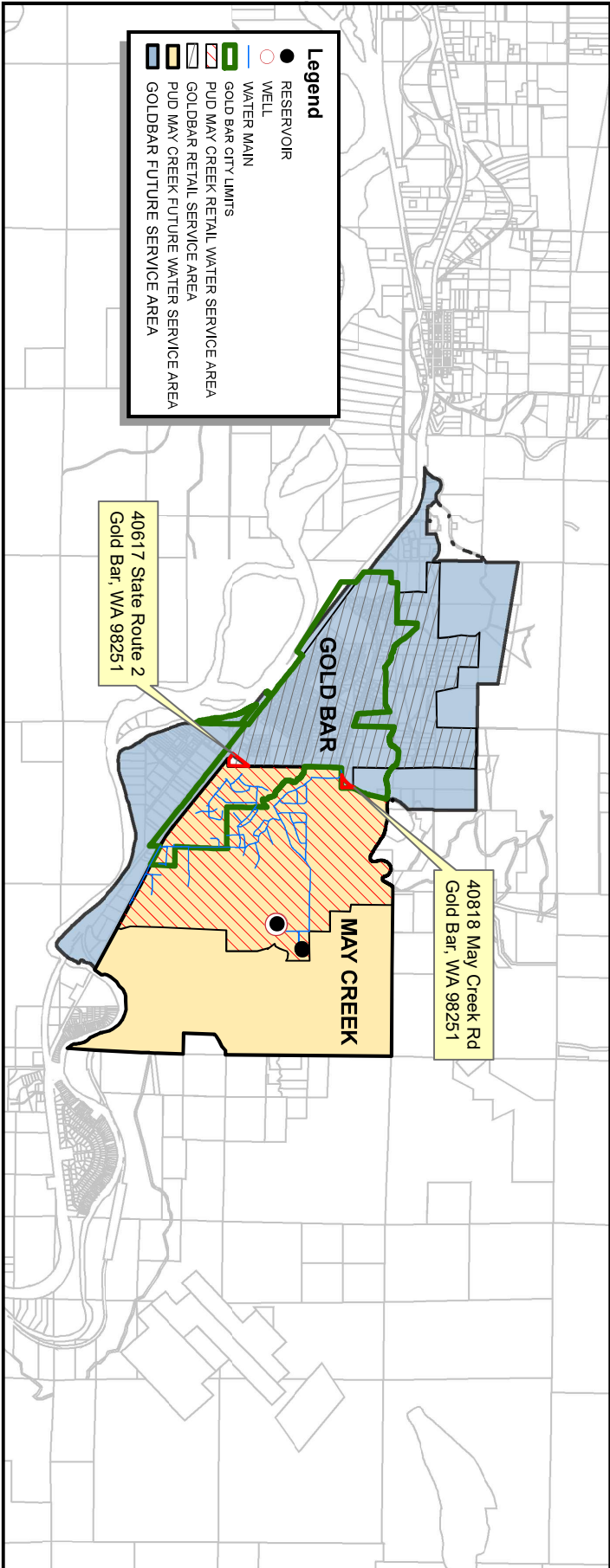
By: _____
William Clem, Mayor


Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____

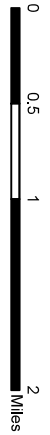


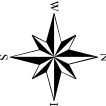


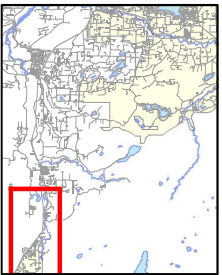
Snohomish County PUD
Public Utility District No. 1
Water Resources

EXHIBIT A - CITY OF GOLD BAR / SNOHOMISH PUD MAY CREEK WATER SERVICE AREA BOUNDARIES

Note: This map is provided as a courtesy only.
The Snohomish County PUD in no way guarantees the accuracy or completeness of the digital data portrayed on this map.
Furthermore, the Snohomish County PUD assumes no liability for any errors or omissions in the digital data.







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