

KINGSGATE ANNEXATION AGREEMENT REGARDING WATER FACILITIES

This Kingsgate Annexation Agreement Regarding Water Facilities (“Agreement”) is made by and between the cities of Kirkland (“Kirkland”), and Redmond (“Redmond”), municipal corporations in King County, Washington.

RECITALS

- A. The cities of Kirkland, Redmond, and Bellevue previously entered into an Assumption Agreement whereby the cities assumed the assets, liabilities and operations of the Rose Hill Water District, a former municipal corporation in King County, Washington.
- B. The cities of Kirkland, Redmond, and Bellevue previously entered into an Interlocal Operation and Maintenance Agreement dated October 9, 1997 (the “1997 Agreement”).
- C. Section 2 of the 1997 Agreement assigned the Service Areas to the three cities and provided that any unincorporated area which is subsequently annexed into a city shall remain in or be transferred to the service area of the annexing City.
- D. The City of Kirkland has annexed the Kingsgate Annexation area.
- E. The 1997 agreement is silent on the process and mechanism to transfer the Kingsgate Annexation service area and its associated water facilities between the cities.
- F. Section 14 of the 1997 Agreement provides that the cities may agree to adjust the use and/or ownership of the joint facilities identified in the 1997 Agreement either temporarily or permanently.
- G. Kirkland and Redmond wish to transfer the ownership of the water distribution facilities within the Kingsgate Annexation area and to an area adjacent to the annexation area located on NE 124th Street, east of Willows Road;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the parties agree as follows:

- 1. Redmond agrees to transfer ownership of the water distribution facilities within the Kingsgate Annexation area consisting of approximately 24,000 feet of water mains, fire hydrants, water meters and other appurtenances. In addition, Redmond agrees to transfer ownership of the water distribution facilities to the area east of the annexation area along NE 124th Street, but physically connected to the annexation area water system. See Attachment A.

2. Kirkland agrees that all assets transferred by Redmond to Kirkland under this agreement are transferred "as is, where is" without warranty of any kind. Kirkland agrees that Redmond is not responsible for any defects in the assets transferred under this agreement and that all responsibility for maintenance, repair, or correction of any defects in said assets shall be the sole responsibility of Kirkland upon transfer of the assets.
3. Kirkland agrees to continue to provide water supply to the Redmond water mains lying easterly of the joint use main in 132nd Ave NE through these transferred pipes, and all future replacements thereof, after the transfer of assets by Redmond.
4. Kirkland and Redmond agree that Kirkland's ownership of the water mains in NE 124th Street shall extend to the southern right-of-way line along NE 124th Street. It is further agreed the ownership of the water mains along the boundary line south of NE 124th Street shall be at the City Limits line with Kirkland on the west and Redmond on the east.
5. Kirkland and Redmond administrative staff shall coordinate the transfer of the assets and customers. Redmond shall do a final reading of the transferred customers' meters no later than January 2, 2014, and Kirkland shall concurrently do a beginning read of the transferred customers' meters. Redmond shall provide a bill of sale for the distribution assets that are transferred. The Facilities will be transferred to Kirkland on January 2, 2014.
6. Kirkland agrees to assist Redmond with the collection process for any transferred account that fails to pay their final bill from Redmond. Kirkland will provide water termination service that will remain in effect until Redmond has been paid the amount of the final bill.
7. Redmond agrees that any capital charges related to water distribution collected by Redmond from new development/redevelopment in this area from January 1, 2013, through December 31, 2013 shall be conveyed to Kirkland by February 1, 2014.
8. Severability. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Agreement shall not affect the validity of the remainder of this Agreement.
9. This Agreement shall take effect upon signature by each City. Except as expressly modified by this Agreement, all terms and conditions of the 1997 Agreement and 2005 Amendment shall remain in full force and effect.

EXECUTED by the parties on the dates set forth below.

CITY OF KIRKLAND

By: Marilyn Beard
Its: Deputy City Manager
Dated: 1/2/14

APPROVED AS TO FORM:

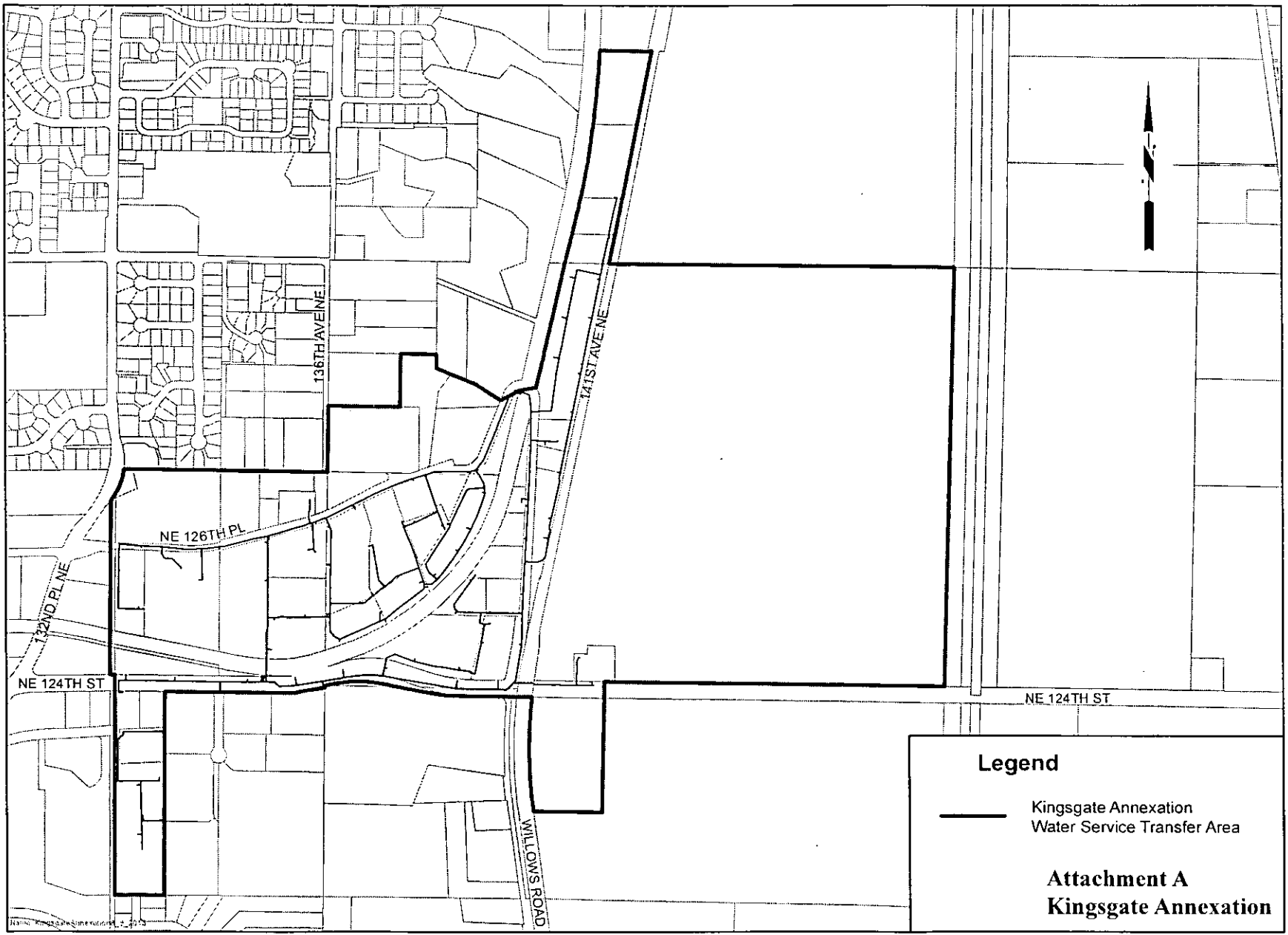
By: [Signature] 12/11/13
Kirkland City Attorney Date

CITY OF REDMOND

By: [Signature]
Its: MAYOR
Dated: 12/19/2013

APPROVED AS TO FORM:

By: [Signature] 12/19/13
Redmond City Attorney Date



Legend

- Kingsgate Annexation Water Service Transfer Area

**Attachment A
Kingsgate Annexation**