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*INTERLOCAL AGREEMENT FOR THE PROVISION
OF WATER TO THE JOHNS PRAIRIE INDUSTRIAL PARK*

This is an amendment to the Interlocal Agreement (Agreement), dated the 2nd day of February, 2010, by and between the Port of Shelton, a Washington municipal corporation, (Port), the City of Shelton, a Washington City (City) and Public Utility District No. 3 of Mason County, a Washington municipal corporation, (PUD 3). In consideration of the mutual covenants and conditions hereinafter provided, pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW, Section 1 shall be amended as follows:

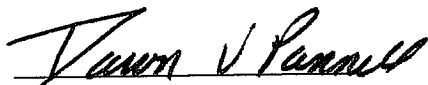
The City, Port and PUD 3 agree that the Port's existing sixteen inch (16") water main running from 1890 Johns Prairie Road to Production Road shall be disconnected from the Port's water system and incorporated by PUD 3 into the construction of the extension of the City's water main. The conditions of the line ownership transfer will be agreed upon between the Port and the PUD. In consideration of substantial investment being made by the PUD and Port, the City shall not charge any connection charges, GFC or other system development charges for the PUD's facilities currently under construction. The City shall not charge any connection charges, GFC or other system development charges for the Port's existing service locations at Johns Prairie, as identified in Exhibit 1, comprising a list of addresses where water service is currently metered at the Port of Shelton's John's Prairie Industrial Park.

IN WITNESS WHEREOF, the authorized representatives of the Parties have duly executed this Agreement this 24th day of October, 2011.

City of Shelton


John Tarrant, Mayor

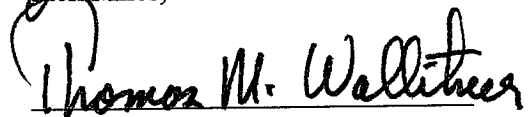

Mike Byrne, Commissioner


Dawn Pannell, Commissioner

Port of Shelton

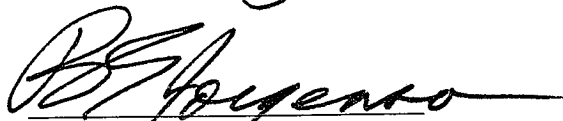

Jay Hupp, Commission Chairman

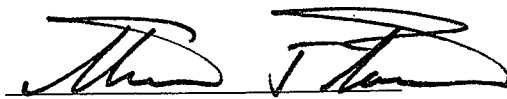

Jack Miles, Commissioner


Thomas M. Wallitner, Commissioner


Mason County Public Utility District No. 3


Linda R. Gott, President


Bruce E. Jorgenson, Vice President


Thomas J. Farmer, Secretary

Attest:


Vicki Look, Shelton City Clerk