

INTERLOCAL COOPERATION AGREEMENT

This Agreement, effective 12/2/2002 is by and BETWEEN the PUBLIC UTILITY DISTRICT NO. 2 of Grant County, WA, (hereinafter called the "GCPUD"), and Quincy School District #144, (hereinafter called "QSD").

Recitals:

QSD and GCPUD desire to enter into a cooperative arrangement allowing utilization of each other's fiber optic facilities as described below.

NOW THEREFORE, IT IS AGREED THAT:

1. GCPUD Use of QSD Fiber Optic Facilities. QSD shall provide the use of excess single mode fiber optic cable strands, to GCPUD to assist in providing fiber optic communications to the Quincy Area.
 - a. QSD hereby authorizes GCPUD to use, at no cost, the QSD's existing fiber optic system as referenced in QSD WAN Project drawings E 1.1, E 1.2, E 1.3, and E 2.1, dated 11/17/99 .
 - b. The QSD reserves for its exclusive use the following; Four (4) strands of Single Mode Fiber and all of the Multi Mode Fiber strands. Any remaining Single Mode Fiber Strands may be used by GCPUD without any restrictions.
2. QSD Interconnection with GCPUD ZIPP Network. GCPUD shall provide the QSD for QSD's own use, at no cost; access to, interconnection with, and use of the GCPUD ZIPP Fiber Network. QSD shall not resell or make any commercial use of the same.
3. Term of Agreement. This agreement shall commence upon its execution by both QSD and GCPUD and continue on a year to year basis, provided however, either party may terminate this Agreement at any time by giving 180 days prior written notice.
4. Financing. Neither GCPUD nor QSD will be responsible for any cost or expense arising out of this agreement except with respect to their own fiber optic facilities and there shall be no transfer of ownership of any such facilities.
5. Administrator. The GCPUD's Director of Customer Service shall be responsible for administering this Agreement for GCPUD and shall establish procedures to be followed by GCPUD personnel in conjunction with the same. The QSD's Superintendent shall be responsible for administering this agreement for the

QSD and shall establish procedures to be followed by QSD personnel in conjunction with the same.

6. Assignment. The agreement may not be assigned by either party.

7. Indemnity.

a. GCPUD agrees to defend, indemnify, and hold harmless QSD and its respective board of directors, officers, employees, agents, and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to or destruction of property belonging to QSD or others, resulting from GCPUD's negligent acts or omissions or intentional misconduct in connection with the performance of this agreement, excepting that any liability attaching to GCPUD shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of QSD, its directors, officers, employees, agents, or representatives.

b. QSD agrees to defend, indemnify, and hold harmless GCPUD, its employees, agent, and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to, or destruction of property belonging to QSD or others, resulting from QSD's negligent acts or omissions or intentional misconduct in connection with the performance of this agreement, excepting that any liability attaching to QSD shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of GCPUD, its employees, agents, or representatives.

8. Filing. Upon execution of this Agreement, the parties shall file a true and complete copy thereof with the City Clerk, Grant County Auditor and Secretary of State in compliance with the provisions of Chapter 39.34. This Agreement shall not be deemed effective until such filings have been completed.

9. Governing Law. This Agreement shall be governed by the laws of the State of Washington.

10. Entire Agreement. This document contains the entire and integrated agreement of the parties and may not be modified except in writing, signed by both parties.

11. Notice. Any required notices under the terms of this Agreement shall be sufficiently given if personally delivered or mailed to the following locations:

QSD # 144
119 J Southwest
Quincy, WA 98848

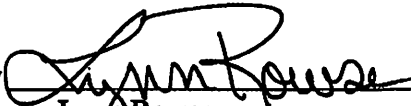
PUD No. 2 of Grant Co., WA.
PO Box 878
30 C Street SW
Ephrata, WA 98823
ATTN: Director of Customer Service

In WITNESS THEREOF, the parties hereto enter into the above and foregoing Agreement the day and year first above written.

QSD # 144

PUBLIC UTILITY DISTRICT
No. 2 of GRANT COUNTY,
WA

By


Lynn Rowse

By:


Don Godard

Title Superintendent

Title Manager