

## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (MOA) sets forth the basis on which Cascade Water Alliance (Cascade) and the Lake Tapps Community Council (Lake Tapps Community) agree to move forward together to maintain the long-term viability of Lake Tapps and to establish the conditions upon which the Lake Tapps Community would support Cascade's proposed water right. This MOA and the Definitive Agreement that it contemplates result from more than ten years of hard work by the leadership of the Lake Tapps Community to ensure that the Community's needs were correctly analyzed and addressed. It also results from a renewed effort by Cascade to fully address these needs and to do so in a way that allows the Lake Tapps Community to rely on these commitments for the long term viability of Lake Tapps.

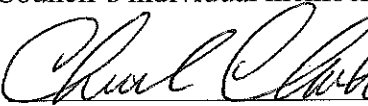
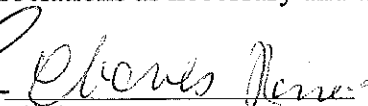
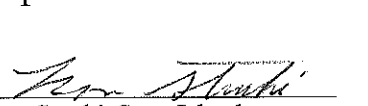
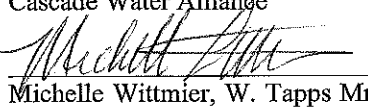
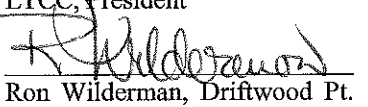
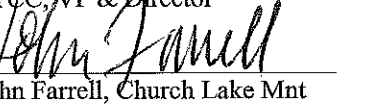
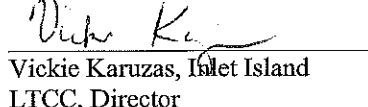
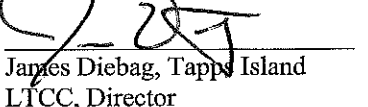
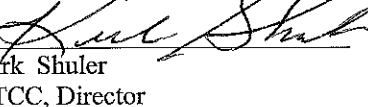
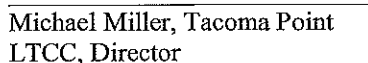
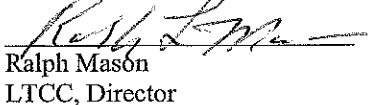
1. This Memorandum of Agreement (MOA) is a commitment by the leadership of the Lake Tapps Community Council and the Chief Executive Officer of Cascade to develop the necessary implementing documents to accomplish all of the terms listed in paragraph two below and to recommend that package to their respective boards. This MOA forms the basis for the parties to develop the necessary implementing documents, including an addendum to or amended version of the 2004 Reservoir Management Agreement (with such addendum or as amended, hereinafter the "Definitive Agreement") that will set forth the binding terms and obligations mutually agreed upon by the parties, and as appropriate, proposed references in the Report of Examination and water rights decision to be issued by the Washington Department of Ecology.
  - a. Both parties agree to make development of the implementing documents a priority.
  - b. The target date for completing such agreement is 30 days.
2. The following points would be incorporated in the implementing documents which will become effective upon Cascade's final acquisition of Lake Tapps Reservoir from Puget Sound Energy, Inc. :
  - a. Cascade will maintain "Normal Full Pool" (defined as a water surface elevation between 542.2 msl and 543.7 msl<sup>1</sup> from April 15 through September 30 each year for thirty years (anticipated through 2040) or until use of Lake Tapps for municipal water supply commences, whichever is later.
  - b. After 2040 or following commencement of use of Lake Tapps as a municipal water supply, Cascade will maintain "Normal Full Pool" from April 15 through September 15 each year.
  - c. After 2040 or following commencement of use of Lake Tapps as a municipal water supply, Cascade will maintain "Normal Full Pool" from September 15 through September 30 more than ninety percent (90%) of the time.
  - d. Cascade will make all reasonable efforts to maintain "Normal Full Pool" from October 1 to October 31 in all years.
  - e. The parties agree to develop a process through which the range of msl elevation for "Normal Full Pool" may be adjusted by mutual agreement of both parties.

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<sup>1</sup> The U.S. Geological Survey in Washington State uses the National Geodetic Vertical Datum (NGVD) of 1929 as the datum for gages to determine the elevation of gage-height data.

- f. Cascade will establish and fund an ongoing stream flow, lake level and water quality data collection program which will allow Cascade, the Lake Tapps Community and others to create a more robust information base to provide better information to support lake management decisions and to provide a better, more reliable information base for assessing long term changes in hydrology or water conditions.
- g. The parties agree to continue and fully implement the lake management team established by the 2004 Reservoir Management Agreement to help plan the yearly operations of the reservoir (specifically the annual schedule for spring refill/fall drawdown and the appropriate reservoir levels to be maintained) and other activities as appropriate.
- h. The parties agree that the Definitive Agreement shall provide a review process by which either Cascade or the Lake Tapps Community can propose modifications to their agreement; such review must take place no later than 20 years or no later than the year 2030. However, in the event that information developed from the program described in paragraph (f) above or information from other sources raises concerns about the long-term changes in the hydrograph as a result of global climate change or other factors, either party may propose meeting and conferring at any time. Any modifications will require mutual agreement by both parties.
- i. Cascade and the Lake Tapps Community are concerned about how a severe drought or a combination of back-to-back significant droughts could negatively affect Cascade and its ability to meet its water supply needs, the "Normal Full Pool" commitments described above, contractual commitments to provide for instream flows, unforeseen operational issues, and the individual and municipal wells that are recharged as a result of a full lake level. The parties agree to work together to assess and address these concerns, including working on what measures Cascade could take in these circumstances and how adaptive management might be utilized to address these concerns.

On behalf of our organizations, Cascade and Lake Tapps Community, we concur in this MOA and commit to work to complete development of the implementing documents which would then require approval from the Cascade Water Alliance Board of Directors, the Lake Tapps Community Council ("LTCC") and the governing bodies of the Lake Tapps Community Council's individual member associations as necessary and appropriate.

 Chuck Clarke, CEO Cascade Water Alliance	 Charles Romeo LTCC, President	 Leon Stucki, Snag Island LTCC, VP & Director
 Michelle Wittmier, W. Tapps Mnt LTCC, Director	 Ron Wilderman, Driftwood Pt. LTCC, Director	 John Farrell, Church Lake Mnt LTCC, Director
 Vickie Karuzas, Inlet Island LTCC, Director	 James Diebag, Tapps Island LTCC, Director	 Kirk Shuler LTCC, Director
 Michael Miller, Tacoma Point LTCC, Director	 Ralph Mason LTCC, Director	Signed on April 10, 2009