March 31, 2011

AGREEMENT FOR THE CENTRAL WASHINGTON RESOURCE ENERGY COLLABORATIVE (CWREC)

This Agreement is made and entered into by and between Kittitas County, Puget Sound Energy, enXco Development Corporation, and the Kittitas County Chamber of Commerce (together, the Parties). Collectively, this collaboration is referred to as the Central Washington Resource Energy Collaborative (CWREC). This CWREC Agreement sets forth the Parties' understanding and the basic terms with respect to their working relationship.

In 2007 the State of Washington Legislature adopted SHB 1091 amending RCW 43.330.270 and 43.330.280 to create an Innovation Partnership Zone (IPZ) program through which the state will encourage and support research institutions, workforce training organizations, and globally competitive companies to work cooperatively in close geographic proximity to create commercially viable products and jobs. CWREC submitted an application to the Washington State Department of Commerce for the designation as a new IPZ in August 2009 and was granted that status in October of 2009. The IPZ defines the property boundaries which includes the offices of each of the participating entities.

The working relationship shall be based on mutual trust and shared values. The participating entities share a mutual interest in innovative renewable energy and technology transfer with direct commercial application which could add to the existing knowledge base and may produce positive return on investment.

The CWREC Parties hereby agree:

ARTICLE 1

PURPOSE

The CWREC Parties acknowledge that this Agreement is to define the framework for a working relationship in order to develop and cultivate innovation within the partnership zone (IPZ).

ARTICLE 2

PARTIES TO AGREEMENT

Each Party to this Agreement certifies, when appropriate and lawful, that it intends to participate with all other Parties to this Agreement on its effective date and with such other parties as may later be added to and become signatories to this Agreement as further provided in Article 4. Each Party also agrees that the cancellation or withdrawal of a Party shall not affect this Agreement nor any other rights or duties under this Agreement.

ARTICLE 3

EFFECTIVE DATE AND DURATION OF AGREEMENT

This Agreement shall be effective on the date when all Parties have signed. Although the enabling legislation determines the IPZ designation for an initial four year period, that designation may be extended for additional periods upon request. CWREC shall continue until terminated by a majority of the Parties.

ARTICLE 4

CWREC PARTICIPANTS

The enabling legislation requires that the IPZ collaborative include a research entity, such as a university or national laboratory, a globally competitive firm in a research-based industry, and an entity capable of providing workforce training. The collaborative must have the support of a local government jurisdiction, an associate development organization, port district, or chamber of commerce. CWREC meets these criteria and may add additional participants as agreed to by the majority of the Parties to this Agreement.

The current CWREC participants are Kittitas County (local jurisdiction), Central Washington University (research institution, educational institution, workforce training), Kittitas County Chamber of Commerce (zone administrator), Puget Sound Energy (globally competitive firm), and enXco Development Corporation (globally competitive firm).

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Reciprocal Representations and Warranties. Each Party represents and warrants to the other Parties, as of the date hereof, after giving effect to the execution and delivery of this Agreement, as follows:

Such Party's execution, delivery and performance of this Agreement has been duly authorized by all necessary actions on its part, and does not contravene, or constitute a default under, any provision of applicable law or regulation or of this Agreement or of any material lease, judgment, injunction, order, decree or other instrument binding upon it or any of its affiliates.

B. Each Party will participate in the overall vision, planning and operation for CWREC.

The Parties agree to support and promote the activities of the CWREC in accordance with the policies adopted by the CWREC Governing Committee. The Parties agree to unanimous vote of the Governing Committee before being obligated to commit funds in accordance with Article 10 Funding. If a unanimous funding decision is not made, those Parties in agreement may proceed with their own funding and activities appropriately within or outside of CWREC, provided however that those Parties electing not to participate in such activities shall on no account be liable for any costs or other obligations incurred in connection with such activities.

Notwithstanding anything in this Agreement to the contrary, the Parties may engage or invest in, and devote their time to, any other business venture or activity of any nature and description.

Each Party will participate as follows:

Kittitas County will:

a). Provide appropriate infrastructure improvements to the Kittitas County Airport Industrial Park (Bowers Field Complex) to serve the needs of the CWREC.

b). Reserve land at the Kittitas County Airport industrial Park (Bowers Field Complex) for future IPZ expansion.

c). Assist in funding opportunities for the construction of a building to be located at the Kittitas County Airport Industrial Park. This building is intended to house research, technology transfer, laboratories, prototype development, and incubation activities.

d). Meet regulatory requirements for the CWREC and IPZ; zoning, building code, SEPA, etc.

e). Provide Associate Development Organization ("ADO") designation and funding from Washington State's Department of Commerce for the Zone Administrator.

The Kittitas County Chamber of Commerce will:

a). Assist in funding opportunities and coordinate construction of a building to be located at the Kittitas County Airport Industrial Park. This building is intended to house research, technology transfer, laboratories, prototype development, and incubation activities.

b). Provide management of the physical site and structure, rents shall be provided by the users.

c). Act as the liaison with the Parties in the absence of an Executive Director for CWREC and in coordination with the Department of Commerce and other governmental entities as needed.

d). Develop and maintain public support for the CWREC.

e). Assist with research and recruiting of funding sources and project opportunities for CWREC.

f). In the absence of other agreed upon arrangements for the hiring of an Executive Director, the Kittitas County Chamber of Commerce may recruit and, with the concurrence of the other Parties, hire the Executive Director. Compensation and benefits would be drawn from CWREC funds.

Puget Sound Energy will:

a). Provide liaison with other energy companies

b). Have a physical presence within the IPZ and actively participate in commercial activities within the IPZ

c). Provide resources to facilitate the successful operations of the CWREC, as defined in the Funding Article 10 or as further agreed to by the Parties in a unanimous vote of the CWREC Governing Committee.

d). Contribute applicable renewable energy knowledge and expertise.

enXco Development Corporation will, as determined by the Governing Committee:

a). Have a physical commercial presence within the IPZ.

b). Provide the funding in accordance with Article 10 Funding or as further agreed to by the Parties in a unanimous vote of the Governing Committee.

c). Contribute applicable renewable energy knowledge and expertise.

It is expected that each Party will provide resources as described above to the CWREC. Each Party's funding commitments shall be accomplished, and shall be executed, as described in Article 10 Funding.

ARTICLE 6

NATURE OF THE REGION

CWREC shall function within the Innovation Partnership Zone (IPZ) as defined by RCW 43.300.270 as amended and shall act through a Governing Committee, performing all the functions and duties normally expected. The Governing Committee shall be responsible for implementation of all requirements of RCW 43.300.270 and 43.330.280 as amended from time to time. If, in the future, the legislature adopts onerous requirements, materially different from those during the inception of the IPZ, as determined in the sole discretion of the affected Party, such affected Party may withdraw or cancel as described in Article 12 Cancellation and Withdrawal.

ARTICLE 7

ORGANIZATION

A. CWREC shall be governed by a Governing Committee which shall be composed of one representative of each Party. Each Party through its designated representative shall have one vote. Each Party shall also appoint an alternate representative to act on behalf of the Party if the designated representative is not available, as provided by the Governing Committee Bylaws.

B. The Governing Committee shall have the authority and power to adopt Bylaws which shall be consistent with this Agreement and shall be binding on all Parties when signed by the Parties to this Agreement. The Governing Committee also shall have the authority to establish necessary task forces to assist the Committee in the performance of its duties. The Governing Committee shall establish all policies for CWREC, and shall approve all budgets for expenditures. Unless otherwise specifically set forth herein, the approval of any action by the Governing Committee shall be on a unanimous vote.

ARTICLE 8

INSURANCE, INDEMNIFICATION, AND LIMITATION OF LIABILITY

Each Party to this agreement shall indemnify the other Parties and hold them harmless from all claims, costs, damages, or expenses arising out of the negligence, recklessness, gross negligence, fraud, bad faith or willful misconduct of each such indemnifying Party. In the case of the negligence, recklessness, gross negligence, fraud, bad faith or willful misconduct of two or more Parties, any damages allowed shall be levied in proportion to

the percentage of negligence, recklessness, gross negligence, fraud, bad faith or willful misconduct attributable to each such indemnifying Party; provided, however, that the foregoing indemnity shall not apply to any Party to the extent that such costs, damages, or expenses are caused by the gross negligence, fraud, bad faith or willful misconduct of such Party, its officers, employees, or agents.

No officer, employee, or agent of a Party acting in good faith within the scope of his or her authority shall be personally liable in any manner whatsoever for any debt, liability or other obligation arising hereunder, whether such debt, liability or other obligation arises in contract, tort, or otherwise; and no Party shall in any event have any liability whatsoever in excess of the amount that it has funded pursuant to Article 10 Funding.

ARTICLE 9

ADMINISTRATIVE ENTITY

The Kittitas County Chamber of Commerce or its successor shall have a Business Office which shall be given general administrative responsibility for the CWREC activities including acting as the fiscal agent for CWREC.

ARTICLE 10

FUNDING

Financing the Central Washington Resource Energy Collaborative (CWREC) will need a variety of support efforts to make it successful over an extended period of time. It is recognized that the long-term objective is to make CWREC a self-sustaining operation. However, for an estimated initial four or five year period CWREC will need a subsidizing support system. The overall funding plan for CWREC includes an annual pledge from each of the Parties as fair share and, as near as possible, in equal amounts. These pledged contributions may be in the form of direct financial, as an in-kind, and indirect financial contribution, or some combination of each. In some instances the contribution would be cash, such as the enXco commitment for $100,000 per year for four years beginning January 1, 2010. Kittitas County has committed to provide $100,000 per year for five years (2010 – 2014) as authorized by resolution #2010-65 which is subject to restrictions described in RCW 82.14.370, sales and use tax for public facilities in rural counties; however the funds may be used for facilities and staffing. Central Washington University, although not a Party to this CWREC Agreement, intends to enter into a separate Interlocal Agreement with Kittitas County for the purpose of promoting the mutual interests of CWU and the County in benefiting from and providing support for the programs and activities of CWREC. Puget Sound Energy will provide $20,000 per year for matching funds for grants and will secure approximately $80,000 per year funding for special projects that promote the use of renewable resource production. The Kittitas County Chamber of Commerce, on an interim basis, will provide office space, fiduciary and staff support services, and over the initial 4 year period, construction and

building management. The Kittitas County Chamber of Commerce will also assist with research and recruiting of funding sources and project opportunities.

Each year the Governing Committee, in concert with the annual budget development, will determine the financial needs along with each Party's fair share and expected contribution.

ARTICLE 11

BUDGET AND RECORDS

A. The Governing Committee shall establish and maintain annual budgets for the operation of CWREC. In adopting the annual budget, a unanimous vote of the Governing Committee members is required.

B. The Governing Committee, on behalf of CWREC, shall establish and maintain such funds and accounts as may be required by generally accepted accounting practices. Financial records of the CWREC shall be open to inspection at all reasonable times at the request of any Party. CWREC shall be subject to audit by an independent auditing firm as selected by the Governing Committee. A complete written report of the financial activities of CWREC, including an audit of the accounts and records of CWREC, shall be provided to each Governing Committee member. Costs of said audit shall be a normal expense of CWREC.

ARTICLE 12

CANCELLATION AND WITHDRAWAL

A. A Party's participation in this Agreement and CWREC may be involuntarily cancelled for cause at any time by an affirmative vote of three quarters of the entire Governing Committee. Cause for cancellation shall include, but not be limited to:

1. failure to participate in a majority of meetings of the Committee;
2. failure to meet applicable goals and standards in a good faith effort;
3. failure to notify the Committee of known incidents, claims, and lawsuits which may have an adverse impact on CWREC; and,
4. failure to meet all financial obligations to CWREC as outlined in Article 10.

The effective date of cancellation shall be immediate upon the date of Governing Committee action unless a different period is otherwise determined by the Committee. Until the effective date, the cancelled Party shall still benefit from the services of CWREC.

Upon the involuntary cancellation of a Party's participation in this Agreement and CWREC pursuant to this Article 12(A), all obligations of such Party under this Agreement shall immediately be terminated.

B. No Party may voluntarily withdraw from CWREC until the Party has given CWREC a three month written notice of its intent to withdraw or as otherwise provided in other sections of this Agreement. A Party, whether through an involuntary cancellation or voluntary withdrawal, must meet or be responsible only for the commitments made during its term of participation.

C. The cancellation or withdrawal of one or more Parties shall not automatically terminate this Agreement for the other remaining Parties. The withdrawing Party is entitled to receive reasonable compensation for any personal property of the Party retained by CWREC.

ARTICLE 13

TERMINATION OF CWREC

This Agreement may be terminated at any time by the written consent of a majority of the Parties, provided that this Agreement and CWREC shall continue for a reasonable time solely for the purpose of winding up the then existing affairs of CWREC.

ARTICLE 14

PROPERTY OF THE REGION

A. CWREC may acquire, hold and dispose of personal property to the extent permitted by law.

B. Decisions regarding the final disposition of funds or other property contributed or otherwise acquired hereunder shall be by a unanimous vote of the Governing Committee, provided that unexpended cash assets and personal property contributed by a Party, if any, will be returned to the contributing Party.

ARTICLE 15

LEGAL NOTICES

Legal Notices to each Party shall be sent prepaid by certified mail to the Party's designated representative at such addresses as may be given in writing to CWREC.

ARTICLE 16

AMENDMENTS

This Agreement and the attached CWREC Bylaws may be amended at any time by written agreement signed by each of the Parties hereto.

ARTICLE 17

PROHIBITION AGAINST ASSIGNMENT

No Party may assign any right, claim, or interest it may have under this Agreement, except in the case of a merger or acquisition. No creditor, assignee, or third-party beneficiary of any Party shall have any right, claim, or title to any part, share, interest, fund, or asset arising under this Agreement.

ARTICLE 18

INDEPENDENT CAPACITY

This Agreement is not intended to and shall not create a relationship such as partnership, franchise, community of interest, joint venture, agency, or employment relationship. In the performance of this Agreement, the Parties will each be acting in their individual, corporate or governmental capacities and not as agents, employees, partners, joint venturers, or associates of one another. The officers, employees, or agents of each Party who are engaged in the performance of this Agreement shall continue to be the officers, employees, or agents of that Party and shall not be considered for any purpose to be the officers, employees, or agents of any other Party hereto.

ARTICLE 19

ENFORCEMENT AND VENUE

This Agreement shall be interpreted according to the laws of Washington State. Exclusive jurisdiction over cases arising under it shall be in Washington State courts. Venue shall be in the County of Kittitas.

ARTICLE 20

DEFAULT

If any Party fails to perform any term or condition of this Agreement and such failure continues for a period of 60 days after the CWREC Governing Committee has given the Party written notice of such failure, the Party shall be in default hereunder. Upon default,

the Governing Committee may, in accordance with Article 12 hereof, immediately cancel the Party's participation in this Agreement or exercise any other remedies herein provided or otherwise provided by law. The rights and remedies of the Parties to this Agreement are cumulative in nature and pursuit of any particular remedy shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available by law.

ARTICLE 21

NO WAIVERS

No waiver or forbearance of a breach of any covenant, term, or condition of this Agreement shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term, or condition, and the acceptance of any performance hereunder, or the payment of any sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver of the right to demand payment of all other sums owing or a waiver of any other default then or thereafter existing.

ARTICLE 22

DISPUTE RESOLUTION

A. The Parties agree to devote such commercially reasonable time, resources, and attention as needed to resolve disagreements concerning this Agreement at the earliest time possible. In the event any disagreement arises among the Parties concerning this Agreement, including disagreements regarding the meaning of, or any Party's compliance with, this Agreement, the Parties shall first attempt to resolve such disagreements on an informal basis.

B. In the case of any disagreement arising from this Agreement, any Party may initiate the formal dispute resolution process after the Party has attempted in good faith to resolve the disagreements informally. A requesting Party shall provide written notice to the other Parties that describes the issues in dispute. Within 30 days of receiving the written notice, the members of the Governing Committee not involved in the dispute shall meet and resolve the dispute.

If such members of the Governing Committee fail to resolve the dispute, the dispute resolution process shall then be to secure the services of a mediator acceptable to the disputing Parties. If formal mediation is requested, the cost of the mediation shall be borne equally by the disputing Parties. The decision of the mediator shall be final.

ARTICLE 23

SEVERABILITY

If any term or provision of this Agreement shall to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision in the Agreement shall be valid and be enforceable to the fullest extent permitted by law.

ARTICLE 24

HEADINGS

The Article and Section headings in this Agreement are inserted for convenience only and are not intended to be used in the interpretation of the contents of the Articles and Sections they introduce.

ARTICLE 25

COUNTERPART COPIES

This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

ARTICLE 26

AGREEMENT COMPLETE

The foregoing, together with the CWERC Bylaws appended hereto as "Attachment A," which Bylaws are incorporated herein by reference, constitutes the full and complete agreement of the Parties and shall supersede all their previous understandings and agreements. No other understandings, oral or otherwise, regarding the subject matter hereof shall be deemed to exist or to bind any of the Parties hereto. IN WITNESS WHEREOF, the Parties have executed this CWREC Agreement by authorized officials thereof on the dates indicated.

SIGNATURES

Dated this 30 day of June, 2011

Paul Jewell, Kittitas County

Robert Hansen, Kittitas County Chamber of Commerce

Joseph B. Fahrendorf, enXco Development Corporation

Paul Wiegand, Puget Sound Energy

CWREC

March 31, 2011

"Attachment A"

Central Washington Resource Energy Collaborative By-Laws

Article 1 Governing Committee

1. General Powers. The affairs of CWREC shall be managed by its Governing Committee.

2. Composition and Selection. CWREC shall be governed by a Governing Committee which shall be composed of one member from each signatory Party (as defined in the Agreement of the Central Washington Resource Energy Collaborative, referred to herein as the "CWREC Agreement"). Each member shall be appointed by and serve at the pleasure of their respective Party. Each Party shall also appoint at least one alternate committee member.

   (a) Appointment of a Governing Committee member shall be effective upon receipt of a written notice of appointment to the Governing Committee. Removal of a Governing Committee member by a Party shall be effective upon receipt of a written notice of termination to the Governing Committee.
   (b) An alternate committee member may attend meetings and vote in the absence of the appointed member. "Absence," as the term is used in this section, includes "vacancy" as defined below in Section 5 Vacancies.
   (c) If a signator Party's membership in CWREC is terminated for any reason by any method, that Party shall no longer have a member on the Governing Committee or on any task force created by the Committee as of the date of such termination.

3. Resignation. A member of the Governing Committee may resign at any time by giving written notice to the Governing Committee or to the Chair. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

4. Vacancies. A vacancy in the Governing Committee shall exist in case of death, resignation, expiration of term, or removal of a member by the signator Party that made the appointment, or when the Executive Director ceases to be an employee or official

of the appointing Party. Vacancies in the positions of committee member or alternate member shall be filled in the manner provided by these By-Laws for regular appointment of such persons.

5. Compensation. Reasonable and necessary expenses incurred by members of the Governing Committee for attendance at meetings of the Committee and its task forces, or in pursuit of CWREC business, may be reimbursed. All reimbursement must be authorized by the Governing Committee.

6. Meetings.

   Annual Meetings. The annual meeting of the Governing Committee shall be held in January of each year at a date and time designated by the Governing Committee. At the meeting, the affairs of CWREC shall be considered and any other business may be transacted which is within the powers of the Governing Committee. The election of officers shall take place every even-numbered year for a two year term.

   Regular Meetings. A monthly meeting schedule shall be established for the Governing Committee including an annual meeting held in January. The annual meeting held in January shall serve as a regular meeting. Agenda and materials supporting discussion issues or action items will be made available at least 24 hours prior to meetings.

   Meetings may be by means of a conference telephone or similar communications equipment. All persons participating in a telephone conference meeting must hear each other simultaneously. Participation by such means shall constitute presence in person at the meeting.

   Special Meetings. Special meetings of the Governing Committee, for the purpose of taking any action which is within the powers of the Governing Committee, may be called at any time by the Chair or by not less than two members. Upon receipt of a written request that a special meeting of the Governing Committee be called for any proper purpose, the Chair forthwith shall cause notice to be given to the members that a meeting will be held at a time requested by the Chair or members calling the meeting. The meeting shall be held not less than twenty-four (24) hours nor more than ten (10) days after receipt of the request. No business other than that specified in the notice of the special meeting shall be transacted at that meeting. Special meetings may be by means of a conference telephone or similar communications equipment. All persons participating in a telephone conference meeting must hear each other simultaneously. Participation by such means shall constitute presence in person at the meeting.

7. Notice. Notice of each annual, regular and special meeting shall be given to each member by mail, fax, email or other means of communication. Each notice shall specify;

   (a) The place, the date, and the hour of such meeting;

(b) A proposed agenda for the meeting which, providing the meeting is not a special meeting, shall not preclude the Governing Committee from addressing matters not on the proposed agenda;

(c) Such other matters, if any, as may be expressly required by statute or by the CWREC Agreement.

8. Place of Meeting. All meetings of the Governing Committee shall be held at a mutually convenient location designated by the Chair.

9. Quorum. A majority of the members of the Governing Committee shall constitute a quorum for the transaction of business. The Governing Committee must have and maintain a quorum in order to take action. For the commitment of funds, a quorum consists of all members and funding issues will require a unanimous vote of the Governing Committee. Written direction by a member will be accepted.

10. Rules of Procedure for Meetings. All meetings of the Governing Committee shall be conducted in accordance with Robert's Rules of Order, except where such are in conflict with the law, the CWREC Agreement, or these By-Laws, whereupon the later three in the listed order of priority shall govern over Robert's Rules of Order.

11. Voting. Parties which are represented by an alternate member on the day of a meeting of the Governing Committee shall be entitled to vote at the meeting. Every committee member shall have one vote. Actions by the Governing Committee may also be taken by the unanimous written consent of the members of the Governing Committee.

Article 2 Officers

1. Officers. The Governing Committee shall elect officers to govern CWREC. Each officer must be a member of the Governing Committee and may not be an alternate member. An alternate member may not act in place of an officer in the capacity of the officer. The officers of CWREC shall be a Chair, Vice Chair, Secretary and Treasurer. The Governing Committee may in addition provide for other officers as it deems necessary for the performance of the business of the CWREC.

2. Election and Term of Office. Officers of the Governing Committee shall be elected by the Governing Committee, from its members, at the annual meeting in January and shall serve a term of two years, or until replaced by subsequent election. Each officer's term shall commence upon that officer's election.

3. Removal. Any officer may be removed without cause by a three-fourths vote of the Governing Committee at any regular or special meeting at which a quorum is present. Such removal shall not, in and of itself, result in a removal of such member from the Governing Committee.

4. Resignation. An officer may resign at any time by giving written notice to the Governing Committee or to the Chair. Any such resignation shall take effect at the date

of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Upon resignation, removal or otherwise occurring vacancy of an officer, the Governing Committee shall hold an election at the next regular meeting to fill the position for the remainder of the term.

5. Chair. The Chair shall chair the Governing Committee, preside over meetings of the Governing Committee, and shall have such other powers and duties as may be prescribed by the Governing Committee or these By-Laws.

6. Vice Chair. In the absence of the Chair or in the event of his/her inability or refusal to perform the duties of the Chair, the Vice Chair shall perform all the duties of the Chair, and when so acting shall have all the powers of the Chair.

7. Secretary. The Secretary shall assure that minutes of actions are taken at all meetings of the Governing Committee, the notices given thereof, the names of those present at the meetings and the proceedings thereof, shall be sent to each member. The minutes of all meetings of the Governing Committee shall be sent as soon as possible after each meeting. The Secretary shall assure that meeting notices are given in accordance with the By-Laws. The Secretary shall assure that the official CWREC documents and records, including the book of minutes of Governing Committee meetings and a list of all committee members and alternate members, are kept at the Regional Office of CWREC. The Secretary shall assure distribution to the members of copies of the same, and shall have such other powers and duties as may be prescribed by the Governing Committee or these By-Laws.

8. Treasurer. The Treasurer shall assure that adequate and correct financial records of CWREC, including accounts of all assets, liabilities, receipts and disbursements, are kept and maintained and reported as directed by the Governing Committee. The Treasurer shall assure that adopted financial policies and procedures shall be followed and shall have such other powers and duties as may be prescribed by the Governing Committee or these By-Laws.

Article 3 Task Forces

1. Task Forces. The Governing Committee may create task forces by resolution which shall include information regarding the membership, parameters of the task force, allocation of funding, reporting structure and a review date.

Article 4 Executive Director

1. Powers and Duties. The CWREC Executive Director shall:

   (a) carry out the policies and directives of the Governing Committee and shall be responsible for the efficient administration of the affairs of CWREC;

   (b) keep the Governing Committee advised of the affairs of CWREC;

   (c) have such other powers and duties as may be determined and authorized by the Governing Committee; and,

   (d) submit a register of revenues and expenditures to the Governing Committee for review and approval.

2. Authorization to Sign Contracts. As authorized by the appropriate Party or Parties to the CWREC Agreement, the CWREC Executive Director may enter into contracts or execute other instruments in connection with CWREC's activities, and such authorization may be general or confined to specific instances. However, the CWREC Executive Director shall provide the Governing Committee a timely accounting of contracts or instruments executed in connection with CWREC's activities. Unless expressly authorized, the CWREC Executive Director shall have no power or authority to bind CWREC or any Party by any contract or engagement or to pledge or to render CWREC or any Party liable for any purpose or in any amount.

The CWREC Executive Director shall have authority to hire, dismiss, and supervise all employees of CWREC.

In the absence of a CWREC Executive Director, the IPZ administrator shall, at the request of the Governing Committee, act as the CWREC Executive Director on a temporary basis and be responsible for the day-to-day conduct of CWREC business until a new Executive Director is appointed.

Article 5 Operations and Finances

1. Accounts. The Governing Board shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles.

2. Fiscal Year. The fiscal year of CWREC shall be from January 1 through December 31.

3. Annual Report. The Executive Director shall send an annual report to each member not later than two (2) months after the close of each fiscal year. Such report shall con-

tain a balance sheet as of the end of the fiscal year, an income statement and statement of changes in financial position for the fiscal year, and the annual audit report.

4. Inspection of CWREC Records. The accounting books and records, the list of each Party's designated committee members, and minutes of proceedings of the Governing Committee shall be open to inspection by any Party at any reasonable time. The right of inspection includes the right to copy and make extracts.

5. Pre-Existing Facilities and Assets. All assets used by CWREC and owned by a Party prior to the establishment of CWREC shall remain the property of the Party during the duration of CWREC and following any dissolution of CWREC and concluding its affairs.

6. Operation of Facilities. CWREC shall have the authority to operate facilities and provide direct client services as determined by the Governing Committee and permitted by law.

7. Revenue. CWREC is authorized to accept revenue from the State of Washington, the U.S. Government, the Parties to the CWREC Agreement, and any other source which is not precluded by any law governing CWREC.

8. Budget. The Governing Committee shall adopt an annual budget consistent with anticipated revenue from all sources. The Governing Committee shall have no authority to adopt a budget in which expenditures exceed revenue plus cash reserves. This in no way precludes the Governing Committee from a decision to accept a long term debt obligation greater than revenues and cash reserves provided sufficient revenues or cash reserves exist to service the regular installments necessary to fulfill the long term obligation, provided further that, should the CWREC take on such long-term debt obligations, the repayment under Article 14 Property of the Region of the CWREC Agreement shall be equally divided amongst the Parties to the CWREC Agreement, not as set forth in Article 10 Funding of the CWREC Agreement.

9. Excess Financial Obligations. In the event CWREC incurs financial obligations which are in excess of its budget and its cash reserves, this financial obligation shall be paid by equally by the Parties to the CWREC Agreement.

Article 6 New Members

1. Members. A new member may join CWREC, after approval of a majority vote of the Governing Committee and shall become an active participant member of CWREC commencing on the date specified by the Governing Committee. The Governing Committee may negotiate membership terms with any new member as it sees fit.

2. New Member Interest in CWREC Assets. A new member shall not assume any liability of CWREC, unless agreed to prior to membership, which arose prior to the date it became a member of CWREC. A new member shall have no claim to any assets of

CWREC which were acquired by CWREC prior to the date the new member became a member. In accordance with Article 7, a new member shall share in CWREC liabilities and assets arising or acquired after the date the member becomes a member.

Article 7 Conflict of Interest and Appearance of Fairness

1. Where conflicts of interest or appearance of fairness issues arise, the affected member shall conform to the advice of CWREC legal counsel. However, if the affected member disagrees with the advice of CWREC legal counsel, the Governing Committee may by majority vote exclude a member from a portion of any executive session where a matter of potential legal conflict between CWREC and the member is to be discussed.

2. All CWREC Governing Committee members shall also comply with the CWREC Conflict of Interest Policy as adopted and amended by the CWREC Governing Committee.

3. Discrimination Prohibition. All parties agree that in fulfilling the terms and conditions of this agreement that no one shall discriminate on the basis of race, creed, color, national origin, age, sex, sexual orientation, gender identity and gender expression, marital status, or the presence of a physical, sensory or mental handicap or status as a protected veteran.

Article 8 Amendments

1. New By-Laws may be adopted or these By-Laws, or any portion hereof, may be amended or repealed by an affirmative two-thirds vote of the Governing Committee following thirty (30) days written notice including a copy of the proposed change(s), provided that such amendments shall be binding only upon written agreement signed by the Parties to the CWREC Agreement.

Dated this 30 day of June, 2011

Paul Jewell, Kittitas County

Robert Hansen, Kittitas County Chamber of Commerce

Joseph B. Fahrendorf, enXco Development Corporation

Paul Wiegand, Puget Sound Energy