borne and paid in the following manner:

(a) All revenues received by Second Party from the operation of ferryboats of First Party herein covered shall be used by Second Party first to pay the per diem bare boat charter hire for which First Party is obligated to pay under the bare boat charter covering said vessels;

(b) The balance of the revenue, after payment of bare boat charter hire, shall be used to pay the costs and expenses of operation and maintenance incurred by Second Party in behalf of First Party provided, however, that in the event said operating revenues above charter hire are not sufficient to pay said expenses, Second Party shall provide and pay such deficiency out of funds of Second Party, such funds being either the compensation earned by Second Party for the services rendered hereunder as hereinafter provided or being funds paid to Second Party on account of bare boat charter hire, whichever funds shall be then available and as Second Party may determine advisable under the circumstances;

(c) In the event any revenue remains unexpended or not otherwise obligated after the payment by Second Party of the bare boat charter hire due from First Party and all operating and maintenance expenses such amounts shall be retained by and are payable to Second Party as consideration for and compensation to Second Party for its services rendered and to be rendered under this contract and as consideration for and compensation to Second Party for the use by First Party of the facilities and equipment of Second Party including but not limited to docks, piers, ferry slips, loading and discharging equipment, leases and rental of equipment and premises and all miscellaneous equipment and facilities including office equipment furnished by Second Party to and for the use of First Party under this agreement.

(d) In the event there shall be a deficit from said operation and maintenance of ferry service for which there is no revenue or funds available to pay the same either from the bare boat charter hire funds or excess funds and earnings of Second Party over and above operatin and maintenance costs and expenses as mentioned above such deficit shall be paid by Second Party to the extent of the amount thereof, provided further that Second Party hereby undertakes and agrees to hold First Party harmless and to pay any cost, expense or liability of First Party arising out of charter or operation of the ferries.

5. Second Party shall render a monthly accounting to First Party covering the operations herein provided for if First Party shall require such accounting. The rendering of such an account shall be in such form and detail as will show the results of the operations by Second Party for First Party hereunder.

6. This contract shall commence as of 18th March, 1948 and continue to and including Jan. 10, 1949.

7. Either party hereto shall have the right to cancel and terminate this agreement upon ninety (90) days' written notice given by one party to the other party; provided, however, that Second Party shall have and is hereby granted the right to terminate this agreement upon thirty (30) days' written notice to First Party in the event First Party shall so modify, alter or change and reduce the ferry rates to be charged by Second Party or change, alter or modify the schedules and/or routes for the operation of ferries to such an extent that in the sole judgment and discretion of Second Party said ferries cannot be operated at such rates and/or on such schedules by Second Party for First Party except at a net loss, on the basis of all costs and expenses of operation and maintenance plus payment of charter hire being greater than the revenue derived and to be derived from the operation of the ferryboats covered under this agreement.

8. In carrying out the provisions of this agreement and those properly and necessarily implied therefrom and as required and as is customary in the operating and maintaining of the ferries covered herein and as party of the Island County road system and/or State of Washington Highway System, Second Party is and shall be an independent contractor and not agent for First

indebtedness without the consent of First Party.

9. This contract shall not be assigned by Second Party without the written consent of First Party.

10. In the event Second Party is for any reason unable to perform this contract or to continue to perform this contract by reason of being adjudged a bankrupt or shall have a petition in bankruptcy filed against it or shall make a general assignment for the benefit of creditors or if a received or receivers shall be appointed for Second Party in such event Second Party may terminate this contract and shall not be liable to First Party for damages for the breach hereof.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed the day and year first above written.

ATTEST: J. W. Libbey
Secretary

Seal - Board of County Commissioners
Island County, Wash.

ISLAND COUNTY, a political Subdivision of the State of Washington

By John R Vanderzicht
Carl J. Helland
Horace E. Best
Board of County Commissioners

FIRST PARTY

ATTEST: H. C. Strassburger
Secretary

Seal - Puget Sound Navigation Company
Nevada

PUGET SOUND NAVIGATION COMPANY,
a corporation

By Alex M. Peabody
Its President

SECOND PARTY

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No further business appearing, the Board adjourned.

Attest: J W Libbey
Clerk of said Board and
Deputy County Auditor

John R Vanderzicht
Carl J Helland
Horace E Best
Board of County Commissioners

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April 5, 1948

The Honorable Board of County Commissioners met in regular session this 5th day of April 1948 at their usual meeting place in the Court House in Coupeville. Members present were John R. Vanderzicht, Chairman, Horace E. Best, Carl J. Helland, and J. W. Libbey, deputy auditor.

The following bills and payrolls were approved and ordered paid.

CURRENT EXPENSE FUND

Earl B. Hope, Agent	66.65
Fern McGregor, Home Agent	25.00
Edith Wilson, Stenog.	150.00
Walter Stoddard, Assessor	200.00
Catherine McDonnell, Deputy Assessor	190.00
Esther M. Monson, Auditor	200.00
J. W. Libbey, Deputy	190.00
Mary Coates, Deputy	185.00
Marjorie Varney, Clerk for Auditor	22.00
Nora Coupe, County Clerk	200.00
Harvey Meng, Janitor	135.00
Alden B. Whelan, Pros. Atty.	150.00
Pat Finley, Stenog.	50.00
Helen Baker, Supt. Schools	190.00
Teachers Retirement System	10.00
Ralph C. Bell, Judge	16.52
Charles R. Denney, Judge	16.52
James Zylstra, Court Commissioner	50.00
Alice Bartholomew, Court Stenog.	18.00
Donald Lesan, Court Stenog.	18.00
Nola Howard, Treasurer,	200.00
Esther Morris, Deputy	190.00
Yvonne Cook, Clerk for Treasurer	100.00
Ruth Zylstra, Clerk " "	92.80
G. B. Kennedy, Sheriff	200.00
R. H. Nelson, Deputy Sheriff	190.00
H.H. Fay, Deputy	5.00