

PASS SALES OUTLET CONTRACT

To provide the general public more opportunities to purchase transit passes, the Clallam Transit System ("CTS") and City of Sequim ("OUTLET") hereby agree to the following:

1. CTS will issue a reasonable number of CTS passes to the OUTLET before the beginning of each month (and upon notification, will replenish the OUTLET's stock as necessary). Along with the passes, CTS will supply a bank deposit slip to enable the OUTLET to deposit the amount due for passes sold each month.

2. The passes will be accepted by CTS in a manner consistent with its current policies. CTS will list the OUTLET in its schedules and on-board its buses, and from time to time in its public education efforts at no cost to the OUTLET.

3. The OUTLET will assume full responsibility for the safekeeping and issuance of all passes received from CTS. On or before the 25th day of each month, the remaining passes left unsold will be returned to CTS and the face value of passes not returned to CTS will be deposited at CTS's designated bank with good funds. The OUTLET will be solely responsible, without recourse to CTS, for insuring that it receives good funds for each pass it issues.

mail date

4. If the OUTLET (i) sells at least 20 passes per month (average rate over the previous 12 months), (ii) returns unsold passes and remits funds for passes sold in a timely fashion, CTS will compensate the OUTLET at the rate of 5 percent of the face value of passes sold within 30 days of receiving the unsold passes and remittance. Any discrepancies in the return of unsold passes and remittance of funds will be deducted from amounts due to the OUTLET.

5. The OUTLET will record the name of the person to whom each pass is issued and send a copy of the list to CTS when the unsold passes are returned. Customers who report a pass lost or stolen should be directed to CTS for replacement passes and the OUTLET agrees to verify to CTS (over the phone) the identity of the purchaser.

6. CTS will supply the OUTLET with the current cash fare and pass costs, as well as the definition of each fare and pass type. The OUTLET may display this information as it sees fit.

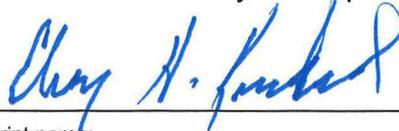
7. The OUTLET agrees to ask for verifying documentation of age (below 19 or over 65) or disability, if necessary, before issuing reduced fare passes to individuals. A Regional Reduced Fare Permit is acceptable documentation, as are State issued identification cards.

8. The OUTLET warrants that it is now and will continue to be an independent contractor. The OUTLET agrees to secure and maintain the necessary permits and licenses to do business in the State of Washington and the local jurisdiction in which it operates, and will make these documents available for inspection by CTS upon demand. The OUTLET further agrees to pay all wages, taxes and benefits due and hold CTS harmless for any such obligations.

This contract is effective as of January 1, 2012 and remains in effect until canceled in writing by either party:

FOR CTS

FOR OUTLET City of Sequim



Date: 2/14/12

Date: 2-27-12

Terry G. Weed, General Manger

Print name: