

WATER SYSTEM EXTENSION AGREEMENT

THIS WATER EXTENSION AGREEMENT (the "Agreement") is entered into this 21st day of July, 2008, between **RAINIER VIEW WATER CO., INC.**, a corporation organized under the laws of the State of Washington, hereinafter referred to as the "Owner," and **BETHEL SCHOOL DISTRICT NO. 403**, a Washington municipal corporation, hereinafter referred to as the "District."

RECITALS

1. The District is in the process of constructing a junior high school known as Liberty Junior High School ("Liberty Junior High") and is in need of water service to Liberty Junior High. Therefore, as a condition of obtaining water service to Liberty Junior High, the District is required to install a water distribution main and related operating equipment and appurtenances to Owner's standards and specifications.

2. Owner owns and operates a public water system, and is willing to provide domestic and irrigation water service to the District and own and operate the water distribution main and related operating equipment and appurtenances if constructed to Owner's standards and specifications.

NOW, THEREFORE, in consideration of the mutual promises and benefits to be derived, it is agreed as follows:

AGREEMENT

1. The District shall install: (i) Two Thousand Five Hundred Ninety-One (2,591) lineal feet of 12" water distribution main onto the District Property described below connecting to the existing waterline at Eustis Hunt Road at a point south of Pioneer Valley Elementary School extending east along the driveway and looping around Liberty Junior High to the south then east along the driveway to connect to the existing waterline in 78th Avenue East and (ii) related operating equipment and appurtenances: one (1) two inch (2") domestic water meter, one (1) four inch (4") domestic water meter, and four (4) hydrants as more particularly shown on Drawing No. 1 prepared by Apex

Engineering, Inc., attached hereto as Exhibit "A" and by this reference incorporated herein ("System Extension") to Owner's Conditions and Standards, a copy of which is attached hereto as Exhibit "B", and by this reference incorporated herein, at the location commonly known as 204th Street East and 78th Avenue East and legally described on Exhibit "C" attached hereto and incorporated herein by this reference.

2. Owner shall make available to the District in accordance with the terms of this Agreement seven (12) ERUs for domestic service and twenty-seven (27) ERUs for irrigation service. Owner and the District acknowledge that the 39 ERUs constitutes 15.60 acre feet per year and that 15.60 acre feet shall reduce the water capacity available to the District under that certain prior agreement between Owner and the District known as the Purchase and Sale Agreement, dated January 8, 2003 (the "Prior Agreement"). This Agreement shall be deemed to amend that Prior Agreement to include supply to Liberty Junior High School.

3. The District shall provide Owner with an Assignment of Funds of not less than fifteen percent (15%) of the estimated cost of the System Extension for performance and maintenance under this Agreement and the District shall hold Owner harmless from the negligence of the District, its agents, liens, third-party liability, and defective materials or equipment, a form of said Assignment of Funds is attached hereto as Exhibit "D" and by this reference incorporated herein.

4. The District shall procure and maintain for the period of the Agreement up to the Date of Acceptance, as set forth under Paragraph 9, insurance coverage provided by the School Insurance Association of Washington against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the District, its agents, representatives, employees or subcontractors. The insurance required shall include the specific coverages and be written for not less than the limits of liability and coverages listed below or required by law, whichever is greater.

Workers Compensation, etc., shall have the following minimum limits:

- A. State Statutory
- B. Applicable Federal (e.g., longshoremens') Statutory
- C. Employer's Liability \$1,000,000

Comprehensive General Liability shall have the following minimum limits:

- A. Bodily injury (including completed operations and products liability):
 - \$1,000,000 Each Person
 - \$1,000,000 Each Accident

Property Damage:

\$1,000,000 Each Occurrence
or a combined single limit of \$1,000,000

- B. Property Damage liability insurance will provide explosion, collapse and underground coverages where applicable.
- C. Personal injury, with employment exclusion deleted
 - \$1,000,000 Annual Aggregate

Comprehensive Automobile Liability shall have the following minimum limits:

Bodily Injury:

\$1,000,000 Each Person
\$1,000,000 Each Occurrence

Property Damage:

\$1,000,000 Each Occurrence
or combined single limit of \$1,000,000

The comprehensive general liability insurance will include completed operations insurance. All of the policies of insurance so required to be purchased and maintained (or the certificates) for the coverage afforded will not be canceled, materially changed or renewal refused until at least forty-five (45) days' prior written notice has been given to Owner by certified mail. All such insurance shall remain in effect until Date of Acceptance, as set forth under Paragraph 9, and at all times thereafter when the District may be correcting, removing or replacing defective work. In addition, the District shall maintain such completed operations insurance for at least one (1) year after Date of

Acceptance, as set forth under Paragraph 9, and furnish Owner with evidence of continuation of such insurance. The original policy or a signed certificate of insurance shall be filed with the Owner.

5. Insurance Coverage Certificates.

Prior to the commencement of work, the District shall furnish to the Owner acceptable proof of such insurance coverage as set forth under Paragraph 4 ("Insurance Certificates") on a form acceptable to the Owner in the exercise of its reasonable discretion. All insurance certificates must have the project title and address. All Insurance Certificates shall specifically require forty-five (45) days prior notice to the Owner of cancellation or any material change. Owner shall be named as an additional insured on all Insurance Certificates.

6. All work by the District shall be subject to passing inspection by Owner's Engineer. The District shall pay for the cost of inspection within ten (10) days from the date of receipt of an inspection invoice.

7. The District has previously submitted an application to construct the System Extension, and in that application made certain promises, representations and warranties. Said application is attached hereto as Exhibit "E," and by this reference incorporated herein. The District specifically reaffirms said promises, representations and warranties contained in Exhibit "E."

8. The District shall furnish all necessary conveyances in a form to be approved by the Owner, in the exercise of its reasonable discretion, including: (1) a duly executed easement for access to the area around said System Extension for purposes of maintaining and repairing, if necessary, the System Extension, a form of said easement is attached hereto as Exhibit "F"; and (2) a Bill of Sale the form of which is attached hereto as Exhibit "G".

9. From the Date of Acceptance of the System Extension, Owner shall, subject to approval by the Washington Utilities and Transportation Commission, maintain and operate the System Extension. Owner has no duty to accept the System Extension, or any portion thereof, if the System Extension does not pass inspection by Owner's Engineer or does not conform strictly to Owner's Conditions and Standards. As used in this Agreement, Date of Acceptance is the date that the last of the following events occurs: (1) payment by the District of all sums owed by the District under this Agreement; (2) delivery of all documents required under Paragraph 8; or (3) the System Extension passing inspection by Owner's Engineer.

10. Nothing in this Agreement entitles the District or the District's successors or assigns to connect to Owner's water system, including System Extension, except in accordance with the terms, conditions and charges in Owner's tariff filed with the Washington Utilities and Transportation Commission. Upon execution of this Agreement, the District shall pay to Owner the sum of FIVE HUNDRED Dollars (\$500.00) to reimburse Owner for the costs of preparation of this Agreement and submission of this Agreement to the Washington Utilities and Transportation Commission.

11. Owner does not warrant delivery of any specific quantity or quality of water. Owner is responsible only to produce the minimum state standards for water quality as they apply to the System Extension to serve Liberty Junior High School. Such standards may not be sufficient for large lots, some commercial developments, agricultural use or highly landscaped lots. Developer is relying on Developer's own knowledge to determine the adequacy of the System Extension to meet Developer's needs and those of Developer's assigns and successors in interest.

12. The District shall design all irrigation and landscaping for open space or other areas to serve conservation goals. Design criteria shall be to use no more than eight hundred (800) gallons per irrigation ERU per day during peak season of May through September. The design criteria shall also be a usage criterion. The calculation of the

eight hundred (800) gallon per ERU per day usage limitation shall be made on a monthly basis. Under this method of calculation, water that is not used in a month may not be saved or "banked" for use in a later month in the irrigation season. In addition, the District agrees to adopt a "best practices" approach to the use of irrigation service. This best practices approach includes, but is not limited to, the following: (a) irrigation of grass areas at a rate of no more than one (1) inch per week; (b) sizing irrigation sprinklers and installing irrigation sprinklers to provide as near a uniform coverage of grass-landscaped areas as feasible; (c) not using watering practices that involve a "sponge" approach where water is applied in one area with the thought that it will eventually provide coverage of other areas through the water traveling over, through or under the ground; (d) not irrigating when the temperature is forecasted to exceed ninety (90) degrees Fahrenheit; and (e) installing rain sensors at each irrigation location so that irrigation does not occur during or shortly after rainfall. The District warrants that it will use its best efforts to meet these conservation goals. All irrigation use is subject to Owner's ability to limit or stop irrigation for periods of time. In the event of a conflict between the authorization in this Agreement related to irrigation and the terms of the Owner's tariff as set forth in the Irrigation Schedule, the terms of the tariff shall control.

13. This Agreement may be terminated by Owner, at Owner's discretion, upon ten (10) calendar days' advanced written notice to the District, if the District fails to pay any amounts due under this Agreement when due. **TIME IS OF THE ESSENCE IN THIS AGREEMENT.** If this Agreement is terminated under this provision, Owner shall have no obligation to provide service to the District or the District's successors or assigns, and the District shall forfeit any rights in the System Extension.

14. The District covenants and agrees that it shall install a backflow prevention device on any irrigation facilities. The District further covenants and warrants that it shall be responsible for maintaining the backflow prevention device in working order. The backflow prevention device shall be inspected and tested at the District's expense by a Washington Certified Back Flow Assembly Tester as required by Department of Health rules. The District may contract for the backflow certification with any

Washington Certified Back Flow Assembly Tester. A copy of satisfactory certification will be provided to Owner prior to the date of providing service under this Agreement and on an ongoing basis as testing certifications are required by state law and regulation. The backflow prevention device shall be accessible to Owner and its employees and agents at all times.

15. Miscellaneous.

a. Jurisdiction. This Agreement is made with reference to and is intended to be construed in accordance with the laws of the State of Washington. The parties agree that the venue for any suit brought hereunder shall be laid exclusively in Pierce County, Washington.

b. Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the successors, heirs, assigns and personal representatives of the parties.

c. Execution of Counterpart. This Agreement shall be executed separately or independently in any number of counterparts, each and all of which together shall be deemed to have been executed simultaneously and for all purposes be one agreement.

d. Construction. This Agreement shall not be construed more favorably to one party over another, notwithstanding the fact that one party, or its attorney, may have been more responsible for the preparation of the document.

e. Attorney's Fees. In the event that any party hereto retains an attorney to enforce any of the provisions hereof, then the prevailing party shall be entitled to reasonable attorney's fees incurred in both trial and appellate courts, or fees incurred without suit and all court and accounting costs.

f. Termination/Survival. This Agreement shall terminate upon the Date of Acceptance as defined under Paragraph 9 above; provided, however, Paragraphs 2, 3, 7, 11, 12, 14, and 15 shall survive termination of this Agreement.

g. Amendment. No modification, amendment, addition to, or termination of this Agreement nor waiver of any of its provisions shall be valid or enforceable unless in writing and signed by all parties, and further, no modification or amendments of specifications or approval of "approved equal" materials shall be valid or enforceable unless approved in writing by Owner's Engineer.

h. Waiver. No failure on the part of either party to exercise, and no delay in exercising, any rights hereunder shall operate as a waiver thereof; nor shall any waiver or acceptance of a partial, single or delayed performance of any term or condition of this Agreement operate as a continuing waiver or a waiver of any subsequent breach thereof.

i. Notices. Any notice provided for in this Agreement shall be deemed delivered if it is in writing and if personally delivered, on the date of delivery, or if sent by certified mail, postage prepaid, return receipt requested, three (3) days after the date of deposit in the mail, and shall be addressed as set forth below, or to such other address as the parties may hereafter designate by notice given in the same manner.

To Owner: Rainier View Water Company, Inc.
P.O. Box 44427
Tacoma, WA 98444

To District: Bethel School District No. 403
516 176th Street East
Spanaway, WA 98387
Attention: Director of Construction and Planning

j. Effective Date. For purposes of transfer of the System Extension, and Owner's obligations herein, the effective date of this Agreement shall be thirty (30) days after this Agreement is filed with the Washington Utilities and Transportation Commission.

16. The Owner's acceptance of the System Extension is subject to approval by the Washington Utilities and Transportation Commission which requires this Agreement to have been filed with it at least thirty (30) days prior to transfer of the System Extension (effective date of Agreement). The District understands that any work done on the System Extension prior to Washington Utilities and Transportation Commission approval is done at its sole risk and Owner has no duty to accept said work. The District further understands Washington Utilities and Transportation Commission approval is not automatic and Owner has not guaranteed or warranted such approval.

17. Other than for breach and termination under Paragraph 13, if Owner finds the District to be in breach of any term of this Agreement, Owner shall provide the District with notice of breach, setting out the nature of the breach. The District shall cure said breach within thirty (30) days of delivery of notice. Delivery is deemed to occur upon compliance with Paragraph 15.i, Notices, above. If the District fails to cure said breach within said thirty (30) days after delivery of notice, Owner, at its sole discretion, may terminate this Agreement at any time after the period for cure has passed. Upon termination, Owner shall have no further obligation of any nature to the District or the District's successors-in-interest.


18. To the extent allowed by law, the District shall hold Owner and its officers, agents, and employees harmless from all suits, claims or liabilities, including attorney's fees, costs, and expenses relating to the District's obligations under this Agreement for or on account of injuries or damages sustained by any persons or property resulting from negligent or willful activities or omissions of the District, its agents, employees, or on account of any unpaid wages or other remuneration for services or for failure to comply with Chapter 19.122 RCW ("dig-up laws") or any violation of county franchise

requirements; and if judgment be rendered or settlement made requiring payment of damages by Owner, which damages are based in whole or in part on the negligent or willful activities or omissions of the District, its agents or employees, or on account of any unpaid wages or other remuneration for services or for a violation of Chapter 19.122 RCW or county franchise requirements, the District shall pay the same.

19. By signing this Agreement, the District warrants that it is a Washington municipal corporation, that the person signing on the District's behalf is authorized to do so and shall bind the District and that execution of this Agreement shall not put the District in breach of any other agreement.

EXECUTED by the parties the date first above written.

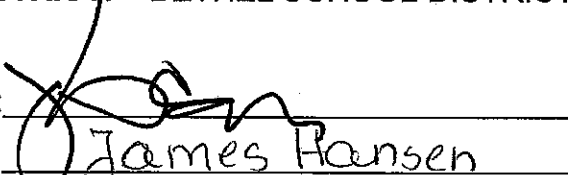
OWNER: RAINIER VIEW WATER CO., INC.

By: 
Robert Blackman

[print name]

Its: MANAGER

DISTRICT: BETHEL SCHOOL DISTRICT NO. 403

By: 
James Hansen

[print name]

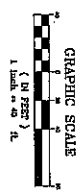
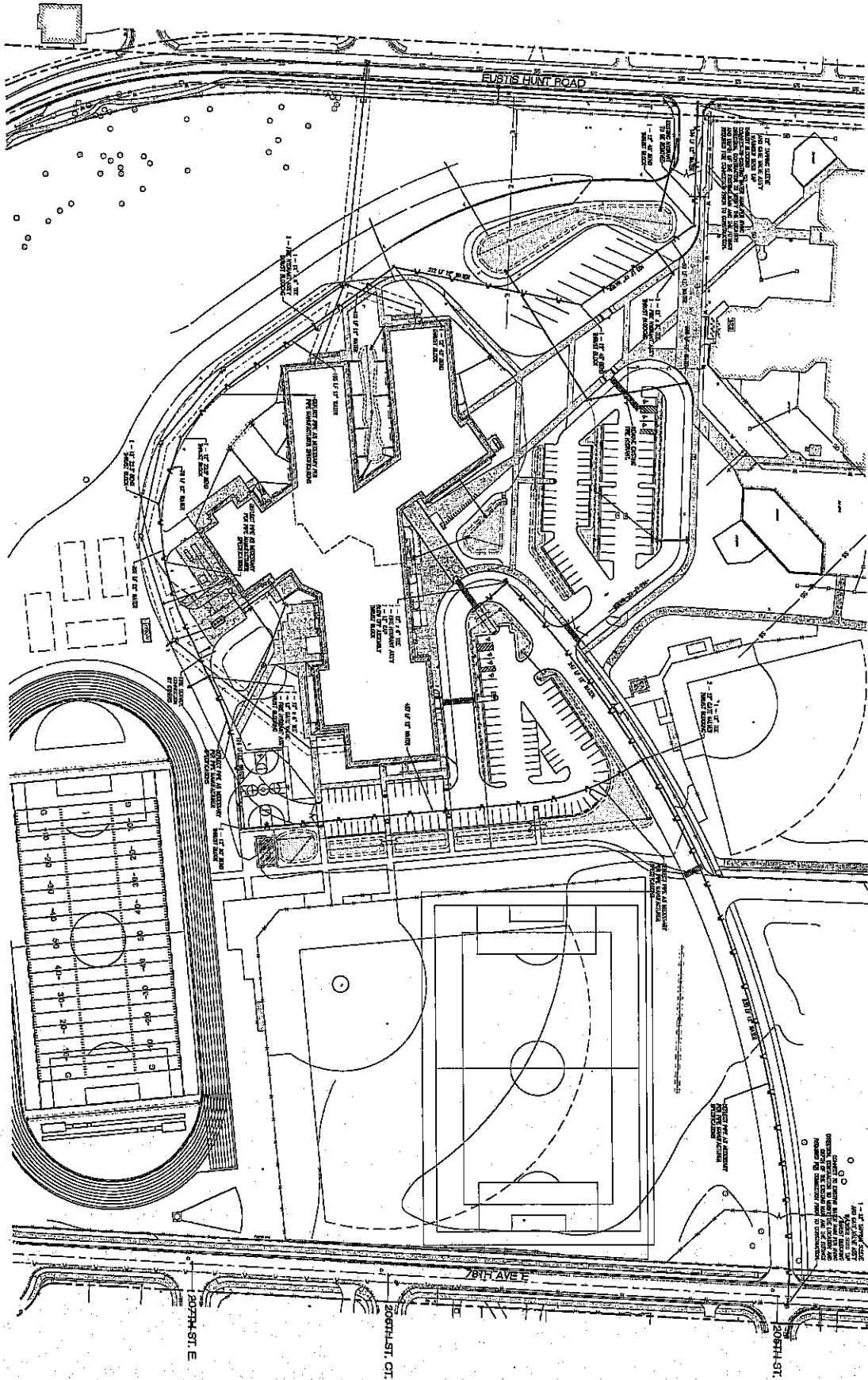
Its: Representative

LIST OF EXHIBITS TO
WATER SYSTEM EXTENSION AGREEMENT

- Exhibit A: System Extension Details: Drawing No. 1
- Exhibit B: Owner's Conditions & Standards
- Exhibit C: District Property Legal Description
- Exhibit D: Assignment of Funds
- Exhibit E: Application to Construct System Extension
- Exhibit F: Access Easement
- Exhibit G: Bill of Sale

EXHIBIT A

SYSTEM EXTENSION DETAILS: DRAWING NO. 1



ONE-CALL NOTE:
 #1-800-424-5555
 BEFORE DIGGING OR DRILLING, CALL 800-424-5555 TO LOCATE ALL UTILITIES. CALLING 800-424-5555 IS THE ONLY WAY TO AVOID DAMAGE TO UTILITIES AND TO BE COMPENSATED FOR ANY DAMAGE TO UTILITIES. CALLING 800-424-5555 IS THE ONLY WAY TO AVOID DAMAGE TO UTILITIES AND TO BE COMPENSATED FOR ANY DAMAGE TO UTILITIES.

RAINIER VIEW WATER COMPANY
BETHEL JR HIGH #6 - WATER MAIN EXTENSION - PLAN
 A PORTION OF SEC. 5, TWP. 18 N, RGE 4 E, W14
 PIERCE COUNTY, WASHINGTON

W.R.D.
 DESIGN APPROVAL DATE 5-22-08
 RAINIER VIEW WATER COMPANY

PROJECT NO. 04200-0016 PROJECT PERMIT NO. 072788

PROJECT MANAGER	DATE REVISION
DESIGNER	2/25/08
CHECKED BY	
APPROVED BY	
DATE	
SCALE	
SHEET 2 OF 2	
PLANS	30000



TITLE RAINIER VIEW WATER COMPANY
 BETHEL JR HIGH #6
 WATER MAIN EXTENSION
 PLAN

CLIENT RAINIER VIEW WATER COMPANY
 P.O. BOX 44427
 TACOMA, WA 98448-0427
 ATTN: MR. BOB BLACKMAN (253)537-5634



REV. NO.	REVISION DESCRIPTION	DATE	BY
2	REVISED PLAN REMOVED PART OF 12" MAIN	5-15-08	RB
1	REVISED - REACTION OF HYDRANTS UPDATED BASE MAP 3-18-08	3-19-08	RB

EXHIBIT B
OWNER'S CONDITIONS & STANDARDS

**STANDARD CONSTRUCTION SPECIFICATIONS
RAINIER VIEW WATER COMPANY**

NOVEMBER 2007

EXHIBIT C
DISTRICT PROPERTY LEGAL DESCRIPTION

LOT 1, LOTS 2 THROUGH 4, AND LOTS 5 THROUGH 8, INCLUSIVE, OF PIERCE COUNTY LARGE LOT RECORDED NOVEMBER 10, 1987 UNDER RECORDING NO. 8711190205, RECORDS OF PIERCE COUNTY, WASHINGTON;

EXCEPT THOSE PORTIONS DEEDED TO PIERCE COUNTY FOR RIGHT-OF-WAY AND SUBJECT TO ENCUMBRANCES OF RECORD.

EXHIBIT D
ASSIGNMENT OF FUNDS

**BETHEL SCHOOL DISTRICT NO. 403
ASSIGNMENT OF FUNDS
LIBERTY JUNIOR HIGH SCHOOL**

THIS AGREEMENT ("Agreement") is for the Assignment of Funds from Bethel School District No. 403 (the "District") and is entered into this 28th day of August, 2008.

I. RECITALS

A. The District is the owner of certain real property commonly known as the Liberty Junior High School Property, located in unincorporated Pierce County, Washington, and legally described on Exhibit A attached hereto and incorporated herein by this reference.

B. The District is in the process of obtaining a water system extension from Rainier View Water Company, Inc. ("Rainier View") to serve Liberty Junior High School (the "Project").

C. As a portion of the requirements to complete the Project, the District is required to reserve certain funds for the exclusive purpose of work to be performed under the Water System Extension Agreement, dated the 28th day of August, 2008 (the "Extension Agreement").

D. The purpose of this Assignment of Funds is to provide assurances to Rainier View that the District will comply with paragraphs 1, 3 and 6 of the Extension Agreement.

II. AGREEMENT

Now, therefore, in consideration of the mutual covenants and benefits herein, the District agrees as follows:

1. The District hereby reserves the sum of Nineteen Thousand One Hundred Forty Five Dollars (\$19,145.00) for the benefit of Rainier View in conjunction with work to be performed under the Extension Agreement (said funds shall be referred to as the "Performance/Maintenance Funds").

2. The Performance/Maintenance Funds shall be held with the Pierce County Treasurer in an exclusive account for the purposes under this Agreement.

3. In the event the District fails to perform the work required under the Extension Agreement, Rainier View shall have the right to utilize the Performance/Maintenance Funds to complete the work required under the Extension Agreement, provided Rainier View has provided: (a) written notice to the District of any such violations of the Extension Agreement and

(b) a thirty (30) day opportunity to the District to complete the required work under the Extension Agreement.

4. The Performance/Maintenance Funds under this Assignment shall be released one (1) year after Rainier View has accepted the System Extension in accordance with the Extension Agreement terms.

5. All notices provided for herein may be transmitted by Federal Express or other overnight courier service or delivered or mailed registered or certified mail, return receipt requested. If a notice is mailed, it shall be considered delivered three (3) days after deposit in such mail. If notice is sent via overnight courier, it shall be deemed received upon the next business day. The addresses to be used in connection with such correspondence and notices are the following, or such other address as a party shall from time to time direct:

The District: Bethel School District No. 403
516 176th Street East
Spanaway, WA 98387
Telephone: 253-683-6040
Facsimile: 253-683-6049
Email: jhansen@bethelsd.org
Attn: James Hansen, Director of
Construction and Planning

Rainier View: P.O. Box 44427
Tacoma, WA 98448
Attn: Operations Manager

5410 189th Street East
Puyallup, WA 98375
Telephone: 360-956-7001
Facsimile: 360-753-6862
Attn: Operations Manager

IN WITNESS WHEREOF, the District has executed this Agreement for Assignment of Funds on the date and year set forth above.

BETHEL SCHOOL DISTRICT NO. 403


By: 
James Hansen
Its: Director of Construction and Planning
Date: 28 August 2008
[acknowledgement continued on next page]

EXHIBIT A

LOT 1, LOTS 2 THROUGH 4, AND LOTS 5 THROUGH 8, INCLUSIVE, OF PIERCE COUNTY LARGE LOT RECORDED NOVEMBER 10, 1987 UNDER RECORDING NO. 8711190205, RECORDS OF PIERCE COUNTY, WASHINGTON;

EXCEPT THOSE PORTIONS DEEDED TO PIERCE COUNTY FOR RIGHT-OF-WAY AND SUBJECT TO ENCUMBRANCES OF RECORD.

EXHIBIT E

APPLICATION TO CONSTRUCT SYSTEM EXTENSION

OWNER WILL NOT REQUIRE AN APPLICATION

EXHIBIT F
ACCESS EASEMENT

WHEN RECORDED RETURN TO:
RAINIER VIEW WATER CO. INC.
P.O. BOX 44427
TACOMA, WA 98444

Exhibit "F"
**RAINIER VIEW WATER COMPANY INC.
EASEMENT FOR WATER SYSTEM**

The Grantor, _____, does hereby grant to Rainier View Water Company Inc., a Washington corporation, Grantee, its successors and assigns, an easement and right-of-way over, through, under, across, upon and in the following described property and situated in Pierce County, Washington, to-wit:

for the construction, operation, maintenance, repair and/or replacement of a waterline, pumphouse and appurtenances thereto, together with all right of ingress and egress to and from said easement for all purposes necessary and related thereto.

Dated this _____ day of _____, 20____.

EXHIBIT G
BILL OF SALE

RAINIER VIEW WATER COMPANY INC.

BILL OF SALE
Exhibit "G"

KNOW ALL MEN BY THESE PRESENTS that for and in consideration of the sum of One Dollar (\$1.00) and other good and sufficient consideration, receipt whereof is hereby acknowledged, the undersigned grantor(s) Bethel School District #403 do(es) by these presents hereby convey, set over, assign, transfer and sell to the Rainier View Water Company, Inc., a Washington corporation, the following described water mains and appurtenances thereto, situated in Pierce County, Washington:

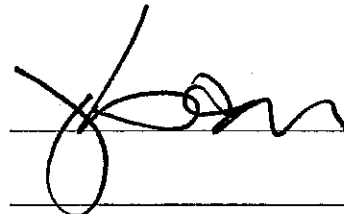
Along From To Size Length

All water facilities associated within the Project of Liberty Junior High School shown on the attached drawing. (Exhibit "A")

The said grantor (s) hereby certifies that he/they/it is /are the sole owner (s) of all of the property above described, that they have full power to convey the same and that they will defend the said title of said Water Company against any and all persons lawfully making claim thereto.

The total cost of installing the above described extension(s), including labor and materials, is Ninety Six Thousand Three Hundred Ten Dollars (\$96,310.00). The Developer's Maintenance Bond will be for 15% of this amount.

Dated this 28th day of August, 2008.



STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this day personally appeared before me James Hansen to me known to be the representative of the Bethel School District No. 403, the municipal corporation described in and that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said municipal corporation.

GIVEN under my hand and official seal this 28th day of August, 2008.

Sabine Fintab
[printed name of notary]
NOTARY PUBLIC in and for the State
of Washington, residing at POY
My Commission Expires: 10-4-2008