

AMENDED
WHOLESALE WATER SUPPLY AGREEMENT

This agreement (the "Agreement") is made and entered into this 4th day of March, 2010, by and between Lehman Enterprises, Inc., a Washington corporation (the "Purveyor"), and the Goss Lakeridge Acres Association, a Washington, non-profit corporation (the "Wholesale Customer").

RECITALS

Whereas the Purveyor owns and operates a public water system, known as CAL Waterworks, WA DOH ID #310406 (the "Water System"), which supplies water for domestic consumption within a service area approved by Island County;

Whereas the Wholesale Customer desires to extend (as described in Exhibit A, which is incorporated herein this reference) its existing water system main to a point of connection with a Water System main, in order to make possible a wholesale supply of water from the Water System to serve multiple parcels of real property within the Wholesale Customer's water system (WA DOH ID #10988C) service area;

Whereas the Wholesale Customer is willing to bear responsibility for construction, maintenance, repair and replacement of the above-described water main extension and related improvements (collectively, the "Extension Project") to the Wholesale Customer's existing water system;

Whereas the Purveyor is willing to provide the Wholesale Customer with water service at a wholesale point of supply from the Water System;

Whereas approval of the Purveyor's wholesale supply of water to the Wholesale Customer has been or will be obtained from all governmental agencies having jurisdiction; and,

Whereas the Purveyor and the Wholesale Customer have reached agreement concerning the matters described above and desire to

reduce the terms and provisions of that agreement to writing, as set forth below,

Now Therefore, in consideration of recitals set forth above, the mutual covenants contained herein and the mutual benefits to be derived hereby, the Purveyor and the Wholesale Customer covenant and agree as follows:

1. The Wholesale Customer shall be responsible for completion of the work contemplated by the Extension Project, preparation of necessary plans and related work, including, but not limited to, surveying of easements and County rights-of-way, environmental assessments, and permitting related to the Extension Project. That work shall be performed in accordance with this Agreement, the Purveyor's specifications, applicable requirements of other governmental agencies and good engineering practice.
2. The Purveyor shall bear responsibility for the preparation of plans for any additional facilities for, or modifications to, the Water System that are related to and may be necessary for the Extension Project and the supply of water to the Wholesale Customer, along with any necessary surveying, environmental assessments and permitting related to such work.
3. The Purveyor shall submit to all regulatory agencies with oversight of the Water System any necessary project report, update to its Water System Plan and/or amendment to its Water System Plan.
4. The Wholesale Customer shall bear all Extension Project costs, as well as the costs of any necessary construction or modification of the Wholesale Customer's existing water system that is related to the Extension Project. In addition, the Wholesale Customer shall own the water main extension contemplated by the Extension Project and described on the attached Exhibit A, and shall bear all costs related to maintenance, repair and replacement of that water main extension.
5. The Purveyor shall bear all costs, if any, of the Purveyor's preparation of plans for additional facilities for, or modification to, existing Water System facilities, as necessary for completion of the Extension Project, as well as for the preparation of reports and submittals for such facilities to all regulatory agencies with oversight of the Water System.

6. The Wholesale Customer shall pay a fixed fee of \$1,000 as reimbursement for the Purveyor's costs incurred in relation to this Agreement, including, but not limited to, the Purveyor's administrative and legal fees and costs.
7. All (if any) easements required upon real property owned by the Wholesale Customer, the Wholesale Customer's water system customers or third parties in connection with the Extension Project shall be obtained by the Wholesale Customer, without cost to the Purveyor. Executed copies of such easements shall be delivered to the Purveyor prior to commencement of the Extension Project construction work.
8. The Extension Project shall be completed and accepted by any deadlines established in connection with the loan to be obtained by the Wholesale Customer from the Drinking Water State Revolving Fund (the "DWSRF").
9. The Wholesale Customer, once obtaining water from the Purveyor through a wholesale meter, shall (if and as applicable) comply with the Purveyor's service policies pertaining to tariffs approved by the WA Utilities and Transportation Commission ("WUTC") and with rules, regulations and conditions established by the State of Washington Department of Health ("WA DOH") for providing water service. The service policies may be found in the Purveyor's current Water System Plan approved by the WA DOH.
10. Upon the execution of this Agreement by both parties and for the 15 active, residential service connections in the Wholesale Customer's service area, the Wholesale Customer shall pay the Purveyor the sum of \$18,000, plus applicable tax of \$905.22, in lieu of the normal Water System facilities charge. For purposes of this Agreement, (A) each actual or potential residential service connection, active or inactive, in the Wholesale Customer's service area constitutes one, equivalent single-family residential unit ("ERU"); and, (B), an "active", residential service connection means that water from the Water System actually is being used by a residential customer of the Wholesale Customer.
11. For each additional residential service connection desired to be served by the Wholesale Customer in its service area, up to a total of 7 above the 15 active connections described above, the Wholesale Customer shall pay the Purveyor the sum of \$2,200 (plus applicable tax), in lieu of the normal Water System facilities charge currently stipulated in the WUTC tariff. Such payment, if any, shall be made on or before one week after water has first begun to be

supplied to the Wholesale Customer from the Water System and prior to physical connection of any such new service connection to the Wholesale Customer's water system. In the event that the Wholesale Customer does not elect to purchase water for service to one or more of the 7 new service connections described above, within the time-frame specified above, then any future purchase shall be subject to the availability of water to be sold and (if available) at a price equivalent to the facilities charge established by the Purveyor's WUTC tariff in effect at the time of purchase. For any such new residential customer of the Wholesale Customer that is not physically connected to the Wholesale Customer's water system, and in lieu of the normal ready-to-serve charge set forth in the Purveyor's WUTC tariff, the Wholesale Customer shall pay the Purveyor a \$5 monthly fee, pending such physical connection.

12. For the purpose of billing the Wholesale Customer for a service base rate, the 3/4-inch service base rate in the Purveyor's WUTC tariff (shown as dollars per month, with zero allowance for usage) shall be multiplied by the number (initially, 15) of active, residential service connections in the Wholesale Customer's service area.

13. For the purpose of billing for the commodity recorded on the wholesale meter, and in order to apply the inclining rate structure to promote water conservation, the monthly quantity in each rate category (rate per 100 cubic feet per month) in the Purveyor's WUTC tariff shall be multiplied by the number (initially, 15) of active residential service connections in the Wholesale Customer's service area.

14. Service rates and charges shall be subject to State utility tax as prescribed in the Purveyor's WUTC tariff.

15. The Wholesale Customer's rights and responsibilities arising out of this Agreement are not assignable unless the Purveyor's prior, written consent to such assignment has been obtained.

16. The rights accorded to and duties imposed upon the parties under this Agreement, and the overall validity of this Agreement, are conditioned upon eventual approval of the terms and provisions of this Agreement and of the completed Extension Project by all applicable governmental agencies, including, but not limited to, the WUTC, the WA DOH and the DWSRF, prior to supply of water from the Water System to the Wholesale Customer.

17. This document may be executed in any number of counterparts,

each of which shall be deemed to be an original and all of which together shall constitute a single document. Photocopied, facsimile and scanned and e-mailed signatures on this document shall be equivalent to and shall constitute original signatures of the parties and of any notary public, and separate signature and notary pages may be assembled with the text of this document to form a single document.

18. The terms of this Agreement supplement and supersede any inconsistent terms of that certain Wholesale Water Supply Agreement between the parties dated March 1, 2010.

19. Subject to the provisions of paragraph 16. of this Agreement, above, the effective date of this Agreement shall be the month, day and year first written above.

In Witness Whereof, the parties to this Agreement have executed it below.

Goss Lakeridge Acres Association

Lehman Enterprises, Inc.

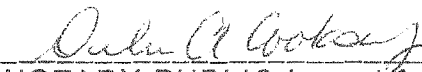
By: John A. Ott
John Ott, President

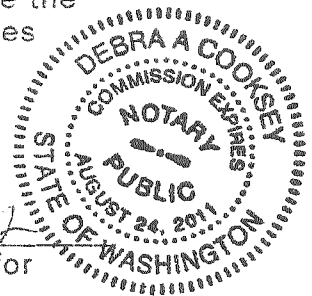
By: Terry E. Lehman
Terry E. Lehman, President

STATE OF WASHINGTON)
)ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that John Ott is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of the Goss Lakeridge Acres Association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 4, 2010



NOTARY PUBLIC in and for
the State of Washington
My appointment expires: 8/24/11



STATE OF WASHINGTON)
)ss.
COUNTY OF ISLAND)

I certify that I know or have satisfactory evidence Terry E. Lehman is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Lehman Enterprises, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 5, 2010


NOTARY PUBLIC in and for
the State of Washington
My appointment expires: 7/10/10

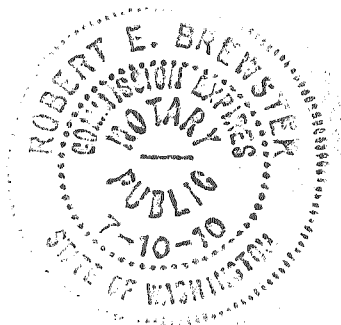
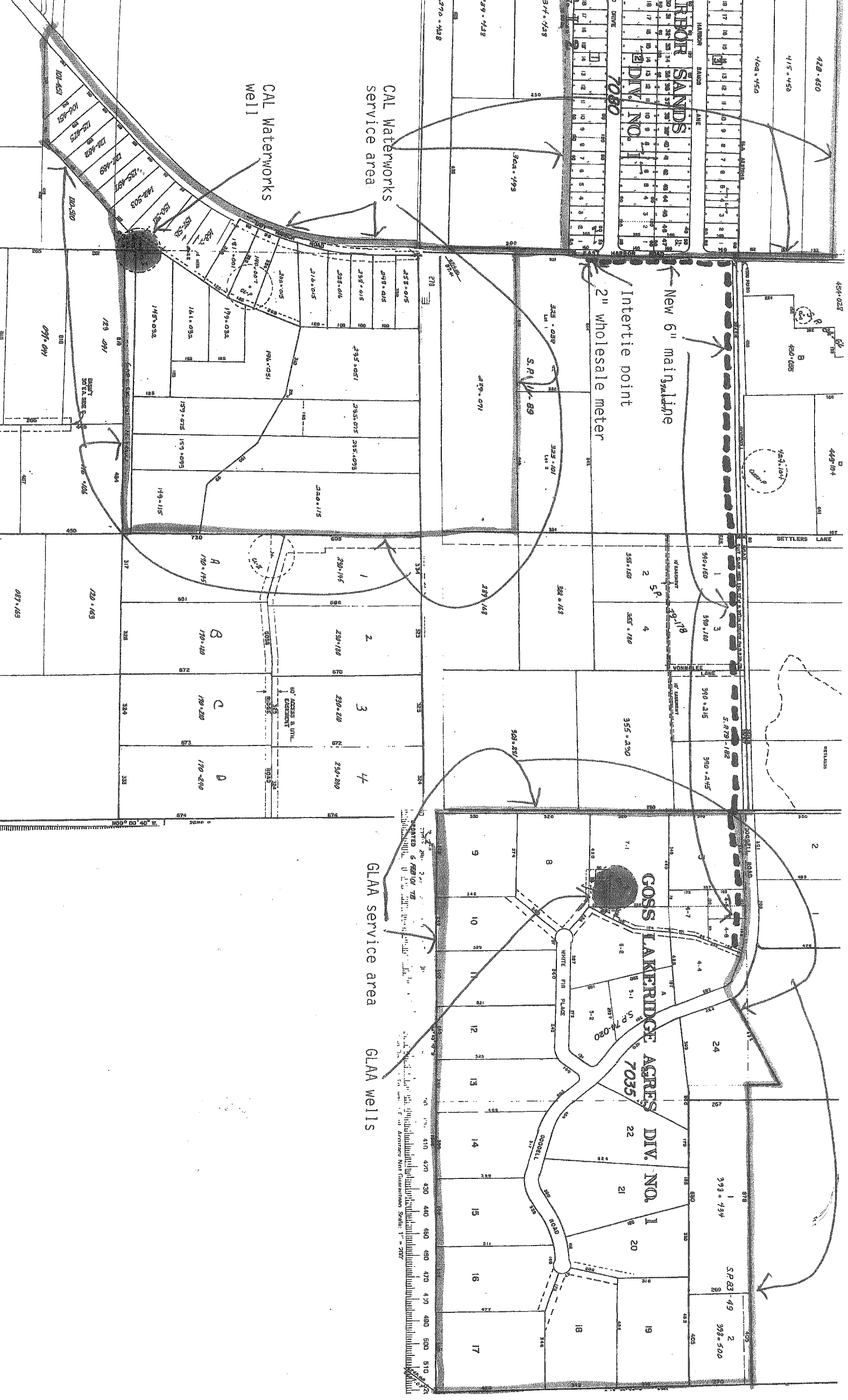


EXHIBIT A

Description of Water System Extension

Work includes the installation of 6-inch AWWA C900 PVC water mains (total length approximately 3,050 feet) with valves and appurtenances, and meter vault with a 2-water meter as shown in the Project Report dated March 2008.



CAL Waterworks
Service area

CAL Waterworks
Well

New 6" mainline
Intertie point
2" Wholesale meter

RHOB SANDS
DIV. NO. 1
7080

GLAA service area
GLAA wells

GOSS LAKEFRIDGE ACRES
DIV. NO. 1
7035

SCALE: 1" = 200'
DATE: 6/23/09
PROJECT: CAL WATERWORKS
SHEET NO. 1 OF 2
DRAWN BY: [Name]
CHECKED BY: [Name]
APPROVED BY: [Name]

Scale: 1" = 200'

North

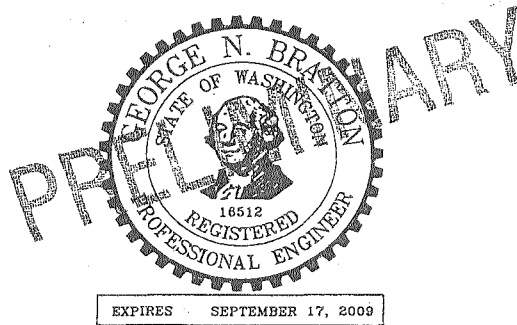
Sheet 1 of 2

Goss Lakeridge Acres Association
C/o Whidbey Water Service
3792 E. Hubble Court
Clinton, WA 98236

WA DOH ID # 10988C

Project Report

CONNECTION TO WHOLESALE SUPPLY OF WATER FOR COMPLIANCE WITH ARSENIC MCL AND BOOSTER PUMP STATIONS



George Bratton, P.E.
Civil Engineer
1252 S. Farragut Drive
Coupeville, WA 98239
(360) 678-4552

April 2009

A. PURPOSE

The purpose of this report is to obtain Washington Department of Health approval for the construction of a booster pump station and connection of the Goss Lakeridge Acres water system to the CAL Waterworks system for its source of supply.

B. BACKGROUND

The water system is owned and operated by the Goss Lakeridge Acres Association, (WA DOH ID # 220700). The system is located on Whidbey Island approximately 2.5 mile northeast of the community of Freeland, WA. The water system is located in Section 1, Township 29 North, Range 2 East, W.M.

The system currently supplies 15 single-family homes. The system has WA DOH approval to supply 19 equivalent single-family residential units (ERUs). The ultimate number of customers in the service area is 27. Most of the undeveloped lots are larger than 2.5 acres in size.

The system is non-expanding. New customers shall be added only by in-filling within the present service area.

The system has a WA DOH "green" operating permit.

The Purveyor's contact person mailing address is:

Joan Johnson, secretary-treasurer (360) 331-4925
P. O. Box 1284
Freeland, WA 98249

The system operator is:

Andy Campbell (360) 579-1956
Whidbey Water Services, LLC
3792 E. Hubble Court
Clinton, WA 98236

A Bilateral Compliance Agreement was executed with the WA DOH for the Purveyor's compliance with the requirement to install water treatment to remove arsenic.

Funds were obtained from a Drinking Water State Revolving Fund loan (loan number 06-96300-012).

After obtaining the loan, the option of purchasing water from CAL Waterworks (ID #31040) was considered. CAL Waterworks (Lehman Enterprises, Inc.) is a for-profit system under WA Utilities and Transportation Commission jurisdiction.

The following table shows the water quality from the Goss Lakeridge Acres and CAL Waterworks sources:

PARAMETER	CAL Waterworks	Goss Lakeridge Acres
Arsenic	0.002 mg/L	0.020 mg/L
Iron	0.10 mg/L	0.58 mg/L
Manganese	0.013 mg/L	0.42 mg/L
Hardness	171 mg/L	160 mg/L

The update of the Water System Plan for CAL Waterworks was recently submitted. A new water right was granted allowing the system to serve additional connections.

The attached drawing shows the location of the service areas of the two water systems.

The following is a rough cost estimate for CAL Waterworks to supply Goss Lakeridge Acres as a wholesale customer:

Item	Description	Units	Quantity	Unit Cost	Total Cost
1	6"Ø C900 PVC to intertie to GLA	lf	3,050	\$25	\$76,250
2	2"Ø meter & DCVA in Utility Vault	job	1	\$5,000	\$5,000
3	4"Ø C900 PVC to GLA well site	lf	1,035	\$20	\$20,700
4	Installation of booster pumps in old well house.	job	1	\$10,000	\$10,000
				Sub-total	\$111,950
				Contingencies (20%)	\$22,390
				Sale Tax (8.3%)	\$9,292
				Total	\$143,632

The DWSRF loan amount is \$237,027 excluding DWSRF loan fee.

The cost of compliance with the MCL for arsenic is a significant economic burden on the small number of customers being served.

The wholesale supply option was assumed because the DWSRF loan is to the Goss Lakeridge Acres Association. Another option would be for CAL Waterworks to purchase the Goss Lakeridge Acres system. However, if the loan could be assumed by CAL Waterworks, it would be inappropriate for the present customers in the CAL Waterworks system to fund the project since only Goss Lakeridge Acres customers would benefit from the improvements.

The DWSRF loan Scope of Work was resubmitted to the Public Works Board with the option to purchase water through an intertie with the CAL Waterworks system and installation of booster pumps in the Goss Lakeridge Acres system.

With a connection of the intertie for the source of supply, both of the existing Goss Lakeridge Acres wells will be removed from service, and the supply piping removed. When funds are available, both wells will be abandoned to WA Department of Ecology standards. If funds remain in the DWSRF loan after completion of the project, the Scope of Work may be revised to fund abandoning one or both of the wells.

The intertie agreement between Goss Lakeridge Acres and CAL Waterworks is included in the the CAL Waterworks *2009 to 2014 Water System Plan* previously submitted to WA DOH.

C. SYSTEM DESIGN

The system is currently supplied by two 6-inch diameter, 210-foot deep wells located on community owned parcel. The wells are equipped with Flint & Walling 5 hp 16 stage pumps. The well pumps are operated based on pressure switches, currently set for the lead well operating range of 75 to 95 psi. The lag pump starts at 72 psi. The booster pumps alternate as the lead pump after each pumping cycle.

The well pumping capacity is limited by the water right of 50 gpm.

For replacement of the wells as sources of supply, consideration was given to the booster pumping system either:

- Supplying 22 of the ultimate 27 ERUs in the pumped service area; the remaining 5 customers would be supplied by gravity pressure from the CAL Waterworks intertie, or
- Supplying all 27 ERUs from booster pumps.

The selected booster pump make and model are suitable for each option, so the system is designed for the supply of 27 ERUs.

Redundant booster pumps are provided, each with capacity to supply the PHD. The booster pumps are alternated after each pumping cycle. Four 119 gallon bladder type hydropneumatic tanks are provided to protect the pump motors from frequent on-off cycles.

The booster pump station is not designed to provide fire flow.

The Goss Lakeridge Acres system has an emergency generator for the well pumps that will be utilized for the booster pumps.

Information on the distribution system network analysis was provided in the CAL Waterworks *2009 to 2014 Water System Plan* previously submitted to WA DOH. A copy of network analysis is provided in the Calculation section of this report.

D. PLANS AND SPECIFICATIONS

The drawings and specifications are attached for the pump station and associated work.

Water mains shall be installed in accordance with the Goss Lakeridge Acres *Standard Plans and Specifications for Water Main Installation* approved by WA DOH with the latest *Small Water System Management Program*. The Goss Lakeridge Acres and CAL Waterworks standard plans and specifications are compatible.

E. S.E.P.A.

The State Environmental Protection Act, erosion control plan, shoreline protection permit issues, etc., will be reviewed by the County as part of the building permit approval process. For all other work, SEPA requirements do not apply to this project because it is exempt under the provisions of WAC 197-11-800 (24).

F. PROJECT INSPECTION

Pursuant to WAC 246-290-040, the Owner/Contractor shall be aware of the requirements for Engineer's inspection and certification of the work and completion of the Department of Health forms "Construction Report for Public Water System Projects" and "Pressure, Leakage and Bacteriological Test Results". Where a specific phase of the work is to be inspected by the Engineer, as noted herein or in the attached specifications, the Owner/Contractor shall ensure that the work remains accessible until the Engineer's inspection is complete.

Work is not to proceed prior to obtaining WA DOH project approval.

Project Inspection Schedule:

DESCRIPTION OF WORK	ENGINEER'S INSPECTION
SITE PIPING:	
Underground piping	Before backfilling
Pressure, leakage test and disinfection	Upon completion
BUILDING:	
Slab & structure	County Building Inspector
Booster pumps and appurtenances	Upon completion
WATER MAIN EXTENSION:	
Installation	Spot inspections during construction by engineer, ongoing inspections by system operator
Pressure, leakage test and disinfection	Upon completion of each segment

The management and operations manual for the new facilities will be submitted with engineer's certification of the project.

DRINKING WATER STATE REVOLVING FUND

ATTACHMENT I: SCOPE OF WORK
LOAN NUMBER 06-96300-012

GOSS LAKERIDGE ACRES ASSOCIATION

WATER TREATMENT FOR ARSENIC REMOVAL

1. Provide a clear description of the project to be financed in part by a Drinking Water State Revolving Fund loan. (Attach additional sheets if necessary):

The project will consist of the following:

1. *Construct a building at the well site to house treatment equipment.*
2. *Install water treatment equipment to reduce the level of arsenic in the water to less than the MCL (0.010 mg/L). The treatment process will include removal of iron and manganese. The arsenic will be removed with the iron.*
3. *The distribution system is currently supplied directly from two wells, each with capacity to supply the peak hour demand for 19 single-family customers. No storage is provided. To reduce the capacity of the treatment system (and thus reduce the purchase cost and operating cost) a product water reservoir will be constructed. The current well pumps discharging through treatment to a reservoir will supply the additional pressure to accommodate the pressure loss through the treatment system. A constant rate treatment system will be less complex and less cost than a variable rate system directly discharging into the distribution system. The discharge of the treated water to the top of the reservoir will remove excess air and provide a constant back pressure on the treatment system.*
4. *Install yard piping to connect existing wells to the treatment building, building to reservoir, etc*
5. *To provide water to the distribution system and to provide adequate water for the backwash of filter tanks, install booster pumps and bladder tanks in the treatment building.*
6. *For quality, construct an above ground Mt. Baker Silo or equal concrete storage reservoir of minimum height (10 feet).*

As an alternative to the above, purchase wholesale water from the CAL Waterworks system, and:

- a) *Install approx. 3,000 feet of water main from CAL Waterwork to intertie with the GLA system.*
- b) *Install booster pumps in the existing well house to provide added pressure to the GLA system.*
- c) *Install 1,250 feet of water main from the intertie to supply the new booster pumps.*

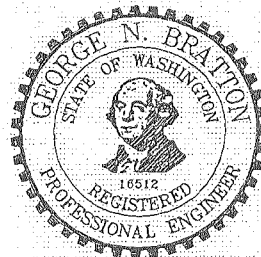
2. The term of this loan will be based on an engineer's certification of the expected useful life of the improvements, as stated below, or 20 years, whichever is less. If the recipient prefers the term of its loan to be less than either 20 years or the useful life of the improvements, the preferred loan term should be indicated: _____ years.

3. I, *George Bratton*, licensed engineer, certify that the average expected useful life for the improvements described above is 20 years.

Signed: _____

Date: *April 7, 2007*

Telephone: *(360) 678-4552*



EXPIRES: SEPTEMBER 17, 2007

Scope of Work, DWSRF Loan Agreement Number 06-96300-012
 GOSS LAKERIDGE ACRES ASSOCIATION
 Page Two

Estimated Project Costs:

Preliminary Engineering	\$	<u>0</u>
Design Engineering	\$	<u>8,000</u>
Bid Document Preparation	\$	<u>0</u>
Land/Right-Of-Way Acquisition	\$	<u>57,500</u>
Sales or Use Taxes	\$	<u>14,687</u>
Other Fees	\$	<u>0</u>
Construction Inspection	\$	<u>2,000</u>
Start-up Costs	\$	<u>0</u>
Relocation Costs	\$	<u>0</u>
Financing Costs	\$	<u>0</u>
Audit Costs	\$	<u>0</u>
Construction	\$	<u>114,950</u>
Contingency (20 %)	\$	<u>35,390</u>
Other <i>Cultural Review</i>	\$	<u>4,500</u>
Other (Specify)	\$	<u>0</u>
TOTAL ESTIMATED PROJECT COSTS	\$	<u>237,027</u>

Anticipated Funding Sources:

A. Federal Grants		\$	<u>0</u>
State Grants		\$	<u>0</u>
B. Locally Generated Revenue			
Capital Reserves	\$	<u> </u>	
Water Rates		<u> </u>	
Assessments (LID, RID, ULID)	\$	<u> </u>	
Special Levies	\$	<u> </u>	
Federal Loan(s) from: (identify all)		<u> </u>	
	\$	<u> </u>	
	\$	<u> </u>	
State Loan(s) from: (identify all)		<u> </u>	
	\$	<u> </u>	
	\$	<u> </u>	
Other: (identify sources)		<u> </u>	
	\$	<u> </u>	
	\$	<u> </u>	
TOTAL ANTICIPATED FUNDING SOURCES	\$		\$ <u>237,027</u>

DWSRF Loan

C. DWSRF CONSTRUCTION LOAN (for project costs)	\$	<u>237,027</u>
DWSRF LOAN FEE (1% of construction loan)	\$	<u>2,370</u>
TOTAL DWSRF LOAN	\$	<u>239,397</u>

Robert E. Brewster, Attorney at Law

From: "Kropack, Jennifer (DOH)" <Jennifer.Kropack@DOH.WA.GOV>
To: <brewster@whidbey.com>
Sent: Monday, March 15, 2010 6:11 PM
Subject: Cal WW and Goss Lakeridge Acres Signed Contract
Dear UTC Commission:

DOH received a signed contract between these two water systems dated March 4, 2010, and we are urging an affirmative response by UTC on the CAL Waterworks Company contract filing.

The water produced by the existing Goss Lakeridge Acres well contains high concentrations of arsenic, exceeding the primary Maximum Contaminant Level of 10 µg/L. DOH has a compliance agreement with the Goss Lakeridge Acres Association (GLRA) that directs them to lower the arsenic concentration in their drinking water by February 2010. After considering several alternatives, the water system believes that obtaining water from the CAL Waterworks is their best course of action, and also the most cost-effective long-term solution for the existing 15 homeowners. DOH supports this solution as well.

Per an April 9, 2009 DOH letter, we wanted a solution by February 2010. Their SRF money expires in April 2011 so they will need to start construction by then.

An affirmative response by the UTC will help this small homeowner association (GLRA) have a safer source of water at the least expense, and provide a more sustainable future for them.

Thank you for your consideration.

Jennifer Kropack

Regional Planner

WA ST Dept. of Health - Office of Drinking Water - NWRO

20435 72nd AVE S STE 200 MS: K17-12

Kent WA 98032

Phone: (253) 395-6769 **Fax:** (253) 395-6760

Email: Jennifer.Kropack@doh.wa.gov

Webpage: www.doh.wa.gov/ehp/dw

~Public Health - Always working for a safer and healthier Washington~

Robert E. Brewster, Attorney at Law

From: "Liszak, Jerry (ECY)" <JLIS461@ECY.WA.GOV>
To: "Robert E. Brewster, Attorney at Law" <brewster@whidbey.com>
Sent: Wednesday, March 17, 2010 9:08 AM
Subject: Approval of CAL Waterworks to serve water to Goss Lakeridge
Mr. Brewster,

I am writing to let you know I have approved two water right changes for Goss Lakeridge Acres Association so they can be served by CAL Waterworks (Lehman Enterprises, Inc.). The changes, CG1-09335C and CG1-27783P, will give CAL Waterworks 25 acre-feet per year which can only be used in the Goss Lakeridge service area. The additional water shall not be used in the CAL Waterworks service area. We will require monthly metering of the source wells as well as the pipeline that sends water to the Goss Lakeridge service area so we can differentiate water used in both service areas.

Ecology prioritized these changes at the request of the Washington State Department of Health because of high concentrations of arsenic in the Goss Lakeridge wells. Ecology strongly favors the Lehman Enterprises, Inc./Goss Lakeridge Acres project because the Goss Lakeridge wells will be decommissioned, thus eliminated from operation, and improve the water quality to residents while improving system efficiency.

Jerry L. Liszak, LG, LHG
Technical Unit Supervisor
Water Resources Program
Department of Ecology
(425) 649-7013

GOSS LAKERIDGE ACRES ASSOCIATION

PO Box 1284

Freeland WA 98249

March 12, 2010

WUTC Records Center
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Subject: Wholesale Water Agreement between Lehman Enterprises Inc and Goss Lakeridge Acres Association

To meet compliance standards for arsenic in its drinking water, Goss Lakeridge Acres Association (GLAA) has entered into an agreement with Lehman Enterprises Inc (owner of CAL Waterworks) to have them supply water to GLAA lot owners. This agreement, Amended Wholesale Water Supply Agreement, signed and dated 4 March 2010, has been reviewed by both parties and has been found satisfactory.

GLAA has a very small water system, consisting of 22 lots with 15 active connections to its wells. The lot owners and Board believe the purchase of water meeting arsenic standards is a better alternative to the construction of a filtration system and holding tank for its water system. GLAA has a Drinking Water State Revolving Fund loan for the construction of a water system extension between GLAA and CAL Waterworks.

The wholesale water supply agreement provides many benefits to GLAA. The purchase of water relieves GLAA of the burden of a construction project to ensure arsenic compliance with a large scope and high costs. On-going maintenance of an arsenic filtration system will be eliminated. Water will be administered and maintained by professionals, especially important as more rules and regulations are promulgated by governing agencies. Being a part of CAL Waterworks means that water system costs are spread over a larger user base. With pipes along E Harbor Rd supplying water, there is a greater potential of CAL Waterworks system someday being incorporated into the city of Freeland's water system.

GLAA has a deadline for arsenic compliance. The wholesale water supply agreement is the final piece required to move forward toward compliance with a system extension to CAL Waterworks. The Board urges swift approval of the Amended Wholesale Water Supply Agreement as written.

The Board Of Trustees
Goss Lakeridge Acres Association



John A Ott, President