

## WATER SYSTEM EXTENSION AGREEMENT

THIS AGREEMENT is entered into this 1 day of May, 2010, between SOUTH BAINBRIDGE WATER SYSTEMS, INC., a Washington corporation, hereinafter referred to as the "Owner," and MICHAEL COLGAN AND KATHRYN COLGAN, husband and wife, hereinafter referred to as "Customer."

### RECITALS

1. Customer has reconfigured their property through a boundary line adjustment to create a new Lot B that does not have a physical presence on any road. Access and utilities will be provided through an easement on the east side of the property currently occupied by Customer and known as Lot A.

2. Customer desires that Owner provide water service to Lot B, which has Parcel No. 4152-000-027-0205 (the "Property"). Owner is willing to provide service if the meter for the Property is placed in a location on Baker Hill Road that Owner can access and readily maintain.

NOW, THEREFORE, in consideration of the mutual promises and benefits to be derived, Owner and Customer agree as follows:

### AGREEMENT

1. Customer covenants and agrees that the Property may be served through a meter located where the easement area on Lot A meets Baker Hill Road. Customer understands, covenants and agrees that a service line will need to be constructed by Customer at Customer's (or Customer's successors or assigns) sole cost and expense from the meter location to the house that will be constructed on the Property. Customer understands that service through the meter at the location just described will require Owner to obtain a waiver of WAC 480-110-445 from the Washington Utilities and Transportation Commission ("WUTC"). Owner does not warrant that such a waiver will be granted but will file to obtain said waiver. If the waiver is not granted, Owner shall have no obligation to serve the Property. *and Customer's deposit of \$2,922.48 made on 3/19/10 to owner shall be immediately refunded to customer*
2. Nothing in this Agreement entitles Customer or Customer's successors or assigns to connect to Owner's water system except in accordance with the terms, conditions and charges and under tariff filed with the WUTC, which terms and conditions include, but are not limited to, the ability to limit use of water for irrigation under conditions of high demand.
3. Owner does not warrant delivery of any specific quantity of water, and Owner's standards and conditions are designed to produce only the minimum DOH standards in effect at the time of this Agreement. Such standards may not be sufficient for large lots or agricultural use.

WJE/KDC

4. Customer shall pay the costs of Owner's attorney to develop this Agreement and seek approval of the WUTC, not to exceed Three Hundred Dollars (\$300.00), which payment ~~is due upon execution of this Agreement~~ by Customer. *on 3/19/10 to Owner. was made*
5. The Customer shall hold Owner and its officers, agents, and employees, harmless from all suits, claims or liabilities of any nature, including attorneys' fees, costs, and expenses for or on account of injuries or damages sustained by any persons or property resulting from negligent activities or omissions of the Customer, its agents, employees, or on account of any unpaid wages or other remuneration for services; 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 activities or omissions of the Customer, its agent or employees, the Customer shall pay the same.
6. This Agreement is subject to prior approval of the WUTC and shall not take effect until thirty-one (31) days after filing with the WUTC, or if suspended by the WUTC, at such date as this Agreement is approved by the WUTC. WUTC approval is not warranted or guaranteed by Owner.
7. To the extent allowed by law, the Customer shall hold Owner and its officers, agents, and employees, harmless from all suits, claims or liabilities of any nature, including attorney's fees, costs, and expenses for or on account of injuries or damages sustained by any persons or property resulting from negligent or willful activities or omissions of the Customer, 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 Customer, 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 Customer shall pay the same.
8. 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 Kitsap County, Washington.
  - B. Successors in Interest. This Agreement shall be binding upon and inure to the benefits of the successors, heirs, assigns and personal representatives of the parties.
  - C. Execution of Counterpart. This Agreement will be executed separately or independently in any number of counterparts, each and all of which shall be deemed to have 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. **Attorneys' Fees.** In the event that any party hereto retains an attorney to enforce any of the provisions hereof, then the substantially 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. **Time.** Time is expressly declared to be of the essence in this Agreement.
- G. **Survival.** All of the obligations (except to be to the extent performed), warranties and representations in this Agreement shall survive the closing.
- H. **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 of the parties, and further, no modification or amendments of specifications or approval of "approved equal" material shall be valid or enforceable unless approved in writing by Owner's engineer.
- I. **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.
- J. **Entire Agreement.** This Agreement constitutes the entire Agreement among the parties, integrates the understanding of the parties, and supersedes and replaces any prior statements and representations, written or oral. Any prior written statements, written or oral, not contained herein are void and in no force or effect. This Agreement supersedes and cancels all prior obligations and negotiations, correspondence and communications between the parties with respect to the terms and conditions of this Agreement.
- K. **Notices.** Any notice provided for in this Agreement shall be deemed effective as if it is in writing and is personally delivered or sent by certified mail, postage prepaid, return receipt requested, and delivered or addressed as set forth below or to other such address as the parties may hereafter designate by notice given in the same manner:

To Owner:  
South Bainbridge Water Systems, Inc.  
4573 Point White Drive  
Bainbridge Island, WA 98110

To Customer:

Michael Colgan and Kathryn Colgan

6520 NE Baker Hill Rd.

Bainbridge Island, WA 98110

- L. Survival of Warranties and Representations. All warranties and representations made by any party hereto shall survive the conveyance and transfer of the Main Extension to Owner.

Entered into the date first set forth above.

OWNER:

CUSTOMER:

SOUTH BAINBRIDGE WATER  
SYSTEMS, INC

By: [Signature]

Its: [Signature]

[Signature]  
MICHAEL COLGAN

[Signature]  
KATHRYN COLGAN

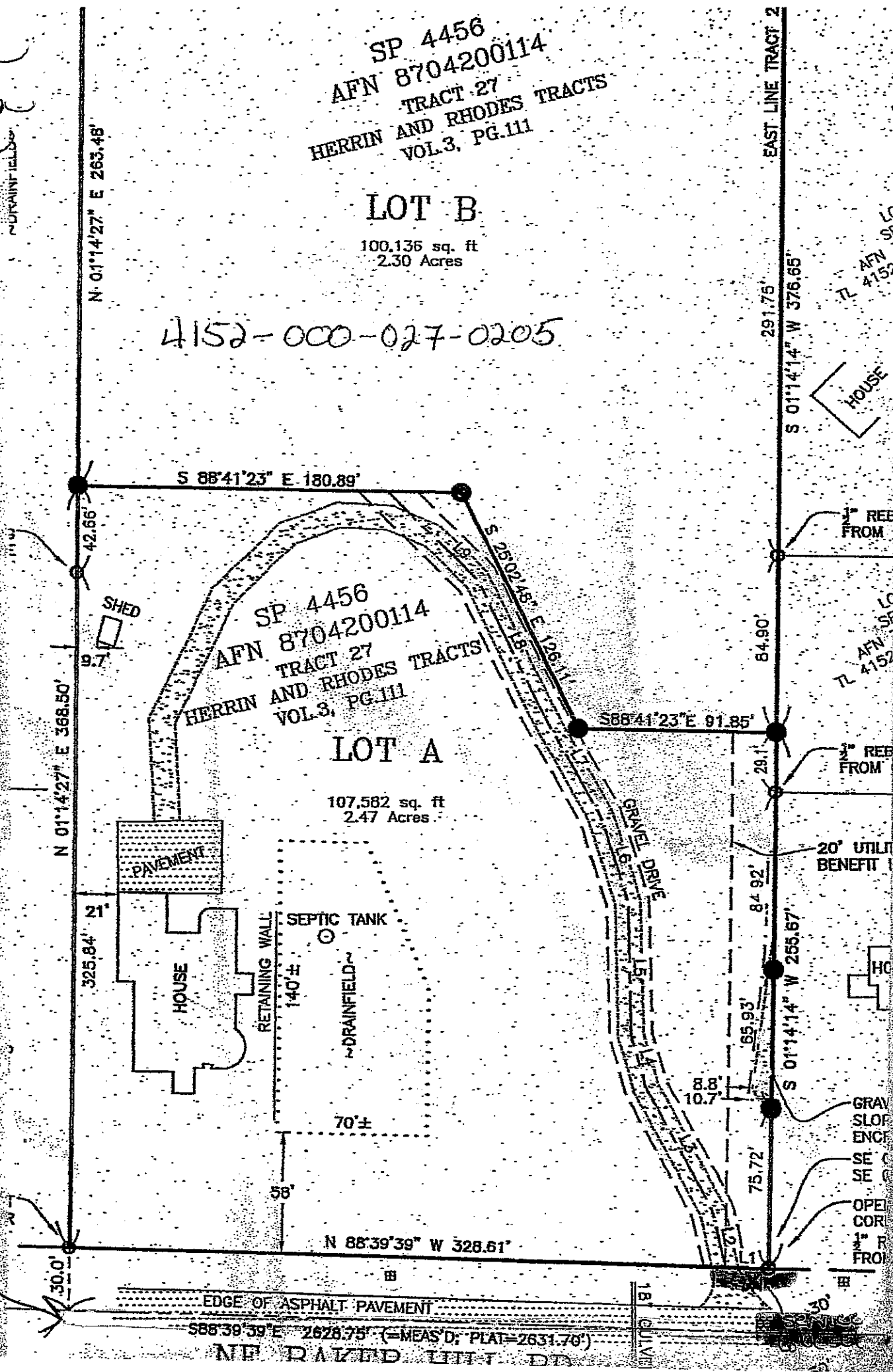
Michal  
&  
Kathryn  
Colgan

SP 4456  
AFN 8704200114  
TRACT 27  
HERRIN AND RHODES TRACTS  
VOL.3, PG.111

LOT B

100,136 sq. ft  
2.30 Acres

4152-000-027-0205



N 01°14'27" E 263.48'

N 01°14'27" E 368.50'

325.84'

30.0'

N 01°14'27" E 263.48'

S 88°41'23" E 180.89'

S 88°41'23" E 91.85'

N 88°39'39" W 328.61'

S 88°39'39" E 2628.75' (=MEAS'D; PLAT=2631.70')

NE RAISED LITH DR

EAST LINE TRACT 2

S 01°14'14" W 376.65'

84.90'

29.1'

84.92'

84.92'

75.72'

65.93'

8.8'

10.7'

T. AFN 8704200114

T. AFN 8704200114

HC

GRAY SLOP ENCL

SE C

SE C

OPEL COR

1" R FROM

1" REB FROM

1" REB FROM

20' UTILIT BENEFIT

existing water main

PAVEMENT

SHED

HOUSE

RETAINING WALL

SEPTIC TANK

DRAINFIELD

GRAVEL DRIVE

HOUSE

30'