

Camano Hills Water Co., Inc.
P.O. Box 2703
Stanwood, WA 98292
(360) 387-6409
lholbeck@wavecable.com

CONSTRUCTION COSTS ESTIMENT FOR THE AITONEAN PROJECT

Materials: 2,800 feet 6 inch HDPE pipe and related fittings for five services, gate valves, air vacuum assemblies, blow off fittings and misc. parts	\$26,760.00
Excavate and install all the items listed above	61,600.00
Three road bores with 6inch casings	12,800.00
Asphalt cutting and repair	1,840.00
Traffic control	1,800.00
Engineering	<u>2,700.00</u>
	\$107,500.00
Washington State Sales Tax Estimated at 8.7%	

WATER SYSTEM EXTENSION AGREEMENT
Applicant Requests Purveyor to Construct Extension

This Agreement is made and entered into this 11 day of July, 2010, by and between the Camano Hills Water Company, Inc., a Washington corporation, also referred to in this Agreement as the "Purveyor" and Ioan and Maria Aitonean, or permissible assigns, also referred to in this Agreement as the "Applicant".

DEFINITIONS

"Purveyor" means **Camano Hills Water Company, Inc.**, and its authorized representatives.

"Engineer" means the engineer or engineering firm and that firm's representatives, that may be retained and assigned by the Purveyor to act as the professional engineer licensed in the State of Washington for the work to be performed under this agreement.

"Applicant" means the owner or owners of property to be benefited by the proposed extension, including the Applicant's agents. The Applicant may be the owner of property to be subdivided into parcels, or the owner of a single parcel that will become a Customer of the Purveyor.

"Customer" means the owner of a parcel of land identified by Island Count Auditor tax parcel number to which water service is provided.

"Contractor" means the person or firms employed by the Purveyor to do any part of the work, all of whom shall be considered agents of the Purveyor.

"Work" means the labor, materials, superintendence, equipment, transportation, supplies and other facilities necessary or convenient to the completion of the proposed extension described in the application contained herein.

"Extension Plans" means drawings, including reproductions thereof, of the work to be done as an extension to the Purveyor's system.

"Specifications" means the Purveyor's *Standard Specification for Water Main Installation* with accompanying Standard Plans approved by the WA Department of Health as part of *Water System Plan* approval or subsequently through a Project Report prepared and submitted to the WA Department of Health.

"Otherwise specified", or "As specified" means the directions contained in the Plans, special specifications, if any, and otherwise as given by the Purveyor incident to the performance of the work other than in these General Provisions.

CAMANO HILLS WATER COMPANY, Inc.

"Water main extension", "extension improvements", "extension", or "improvement" means the water system improvements referenced in this Agreement.

"Service Policies" means the rules and conditions for providing water service approved by the WA Utilities and Transportation Commission (WA UTC) and WA Department of Health (WA DOH). The Service Policies may be found in the Purveyor's current *Water System Plan* approved by the WA DOH.

"Rates and Charges" means the Purveyor's rates and charges approved by the WA Utilities and Transportation Commission.

RECITALS

Whereas the Purveyor owns and maintains a public water system for the supply of water for domestic consumption and fire protection within a service area approved by Island County;

Whereas the Applicant requests the extension of the existing water distribution system to serve one or more parcels of property within the service area or outside of the existing service area as shown in the accompanying drawing marked **Exhibit A**;

Whereas the estimated cost of the water main extension and associated improvements is greater than the estimated customer(s) revenue for six years;

Whereas the Applicant requests the Purveyor to be responsible for the construction of the water main extension;

Whereas the Purveyor is willing to provide the Applicant with water service from its public water system and to undertake the construction of the extension as set forth below;

Now Therefore, in consideration of the mutual covenants contained herein and the mutual benefits to be derived hereby, the Purveyor and the Applicant covenant and agree as follows:

AGREEMENT

1. The Purveyor shall be responsible for the construction of the water main extension, preparation of Extension Plans and related work, including, but not limited to, surveying of easements and County right-of-ways, environmental assessments, and permitting related to the water main extension.

The work shall be in accordance with this Agreement, the Purveyor's Specifications, applicable requirements of other governmental agencies and good engineering practice.

CAMANO HILLS WATER COMPANY, Inc.

2. The Purveyor shall be responsible for the preparation of plans for all additional major facilities or modifications to existing facilities described in **Exhibit B** related to and necessary for the proposed water main extension, including, but not limited to, pressure reducing valve stations, pump stations, wells and water storage reservoirs. The Purveyor shall be responsible for surveying, environmental assessments, and permitting related to this work.
3. The Purveyor will submit to all regulatory agencies with oversight of the public water system any necessary project report and/or amendment to plans, such as the six-year *Water System Plan* required and approved by the WA Department of Health.
4. The Applicant shall bear all cost of the water main extension and construction or modification of facilities related to the extension, subject to the terms of a reimbursement agreement between the Applicant and Purveyor.
5. The Applicant shall bear all cost for the Purveyor's preparation of plans for the water main extension, additional facilities or modifications to existing facilities necessary to allow the system extension, and for the preparation of reports and submittals for these facilities to all regulatory agencies with oversight of the public water system.
6. The Applicant may apply for a reimbursement agreement with the Purveyor in the form attached hereto as **Exhibit C**. The Applicant's right to apply to the Purveyor for a reimbursement agreement shall expire upon execution of this Agreement.
7. Customers connecting to the water main extension shall comply with the Purveyor's service policies and tariff/rules and regulations approved by the WA Department of Health and WA Transportation Commission. Each Customer shall pay the water system facilities charge and connection fee stipulated in the tariff in effect at the time of application for service.
8. The Applicant shall pay a minimum deposit of \$2,500 to be applied to the Purveyor's costs incurred relating to this Agreement including, but not limited to, extension agreement setup, design of facilities by the Purveyor's Engineer, Extension Plan preparation and all other Purveyor administrative, engineering and legal fees and costs. If the proposed extension is for a new subdivision, the final plans will not normally be prepared by the Purveyor until the plat has been filed with the County Auditor.
9. The water main extension work shall be performed by Holbeck Construction & Design, Inc. ("Holbeck Construction") who will be employed by the Purveyor. The Applicant shall reimburse the Purveyor for the payment of all invoiced costs from Holbeck Construction for the work, plus all inspection and administration costs incurred by the Purveyor. Holbeck Construction shall be compensated for the work on a time and materials basis, including applicable taxes. The hourly rate of

CAMANO HILLS WATER COMPANY, Inc.

Holbeck Construction shall be the rate established in Holbeck Construction's contract with the Purveyor.

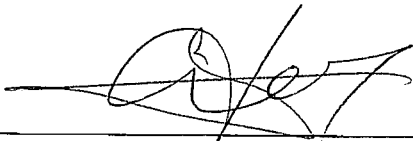
10. The Applicant shall pay the Purveyor administration and overhead charges applied to Holbeck Construction's invoices. The administrative and overhead administration fee applied to this Agreement shall be the fees allowed in current tariff/rules and regulations approved by the WA Transportation Commission.
11. Prior to the start of construction, Applicant shall pay Purveyor \$32,500 for the allocation of five (5) equivalent single-family residential units ("ERUs") (at the rate of \$6,500 per ERU).
12. It is estimated that the water main extension work will cost \$116,530.00 (which amount may increase due to an increase in the applicable tax rates). Applicant shall pay \$67,500.00 of the estimated cost prior to commencement of construction. The remainder shall be paid when the water to Applicant's short plat is turned on or, at Applicant's option, the remainder shall be paid as follows: (a) interest only on the unpaid balance at the rate set forth below shall be paid quarterly commencing on the first day of the first quarter after the final construction invoice is presented for payment; and (b) the unpaid balance plus accrued interest shall be paid (i) 24 months after the final construction invoice is presented for payment, or (ii) if earlier, upon closing of the sale of the first lot in the short plat being serviced by the water main extension. If Applicant chooses to finance a portion of the construction cost, the amount financed shall bear interest at 5% from the date the construction invoice is presented for payment until the date of final payment.
13. In addition to all other payments, Applicant shall pay Purveyor or its designee a Reimbursement Charge of \$10,000 (\$2,000 per ERU) which is payable to Skagit State Bank per the terms of a Water Main Extension Reimbursement Agreement between Purveyor and Skagit State Bank. The Reimbursement Charge shall be paid no later than the date the water to Applicant's short plat is turned on.
14. All easements required on or to the Applicant's property shall be obtained by the Applicant without cost to the Purveyor and shall provide for a permanent easement and construction easement as shown on the Extension Plans. Executed copies of offsite easements shall be delivered to the Purveyor prior to construction.
15. The extension improvements may be constructed in phases with prior Purveyor approval as conditioned and as specifically designated in the Plans and Specifications. Acceptance may also be on a phased basis when all requirements have been met. There will be no conditional acceptance or acceptance for use and operation.
16. The extension improvements shall be completed and accepted within four (4) months of the date of this Agreement.

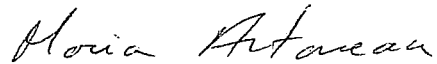
CAMANO HILLS WATER COMPANY, Inc.

17. The Applicant's rights and responsibilities arising out of this Agreement are not assignable unless Purveyor consent is obtained, as conditioned by the Purveyor, prior to any proposed assignment. Written documents as required by the Purveyor of any Purveyor approved assignment shall be filed with the Purveyor by the Applicant at the time of any assignment.

ACCEPTANCE OF THIS APPLICATION BY THE PURVEYOR CONSTITUTES A CONTRACT WITH THE APPLICANT, THE TERMS OF WHICH ARE EACH PARAGRAPH OF THIS AGREEMENT, THE PURVEYOR'S STANDARD SPECIFICATIONS FOR WATER MAIN CONSTRUCTION AND STANDARD PLANS, THE EXTENSION IMPROVEMENT PLANS AND DESIGN APPROVED BY THE PURVEYOR AND ALL OTHER APPLICABLE PURVEYOR REGULATIONS AND WASHINGTON LAW.

APPLICANT, a sole proprietorship (individual).

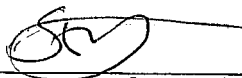
By 
Ioan Aitonean

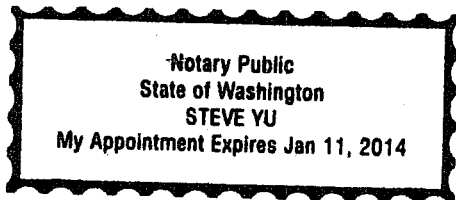
By 
Maria Aitonean

STATE OF WASHINGTON)
COUNTY OF King) ss:

On this day personally appeared before me Ioan Aitonean, to me known to be the individual described herein and who executed the within and foregoing instrument, and acknowledged that he signed the same as his own free and voluntary act and deed, for the uses and purposes therein mentioned.

DATED: July 8, 2010


NAME: Steve Yu
(Print Name)
Notary Public in and for the State of Washington.
Commission Expires: Jan. 11, 2014

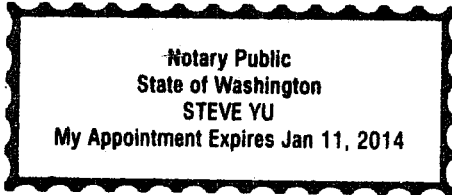


CAMANO HILLS WATER COMPANY, Inc.

STATE OF WASHINGTON)
COUNTY OF King) ss:

On this day personally appeared before me Maria Aitonean, to me known to be the individual described herein and who executed the within and foregoing instrument, and acknowledged that she signed the same as her own free and voluntary act and deed, for the uses and purposes therein mentioned.

DATED: July 8, 2010



[Signature]
NAME: Steve Yu
(Print Name)
Notary Public in and for the State of Washington.
Commission Expires: Jan. 11, 2014

THE FOREGOING APPLICATION of Ioan and Maria Aitonean is accepted this 11 day of July, 2010 by the Camano Hills Water Company, Inc.,

By: [Signature]
Jeff Holbeck
Its: President

EXHIBIT B TO WATER MAIN EXTENSION AGREEMENT

There are no major facilities or modifications to existing facilities related to and necessary for the proposed water main extension.

ACCURACY NOT GUARANTEED

N.E. 1/4, Sec. 12, Twp. 31N., R. 2E., W.M.

ACCURACY NO1

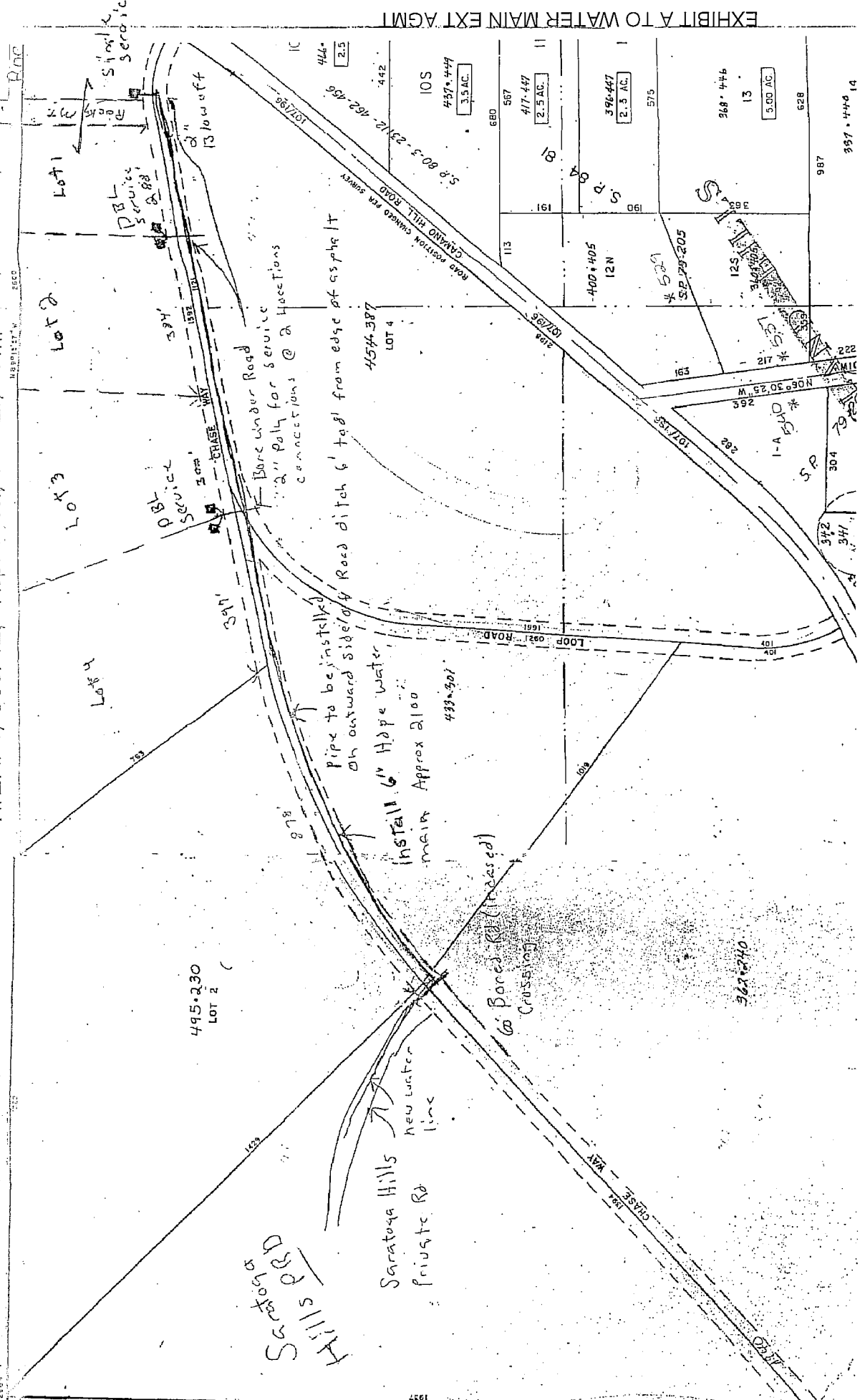


EXHIBIT A TO WATER MAIN EXT AGM1

**CAMANO HILLS WATER COMPANY, INC.
EXHIBIT C TO WATER MAIN EXTENSION AGREEMENT**

**WATER MAIN EXTENSION
REIMBURSEMENT AGREEMENT**

This Agreement is made and entered into this 11 day of July, 2010 by and between the Camano Hills Water Company, Inc., a Washington corporation, also referred to in this Agreement as the "Purveyor" and Maric Antonzon, also referred to in this Agreement as the "Applicant".

DEFINITIONS

"Purveyor" means **Camano Hills Water Company, Inc.**, and its authorized representatives.

"Applicant" means the owner or owners of property to be benefited by the proposed extension, including the Applicant's agents. The Applicant may be the owner of property to be subdivided into parcels, or the owner of a single parcel that will become a Customer of the Purveyor.

"Customer" means the owner of a parcel of land identified by Island Count Auditor tax parcel number to which water service is provided.

"Reimbursement Charge" means the pro rata share of the cost of construction and contract administration costs for a water main extension of the Customers that connect to the water main extension.

RECITALS

Whereas the Purveyor owns and maintains a public water system for the supply of water for domestic consumption and fire protection within a service area approved by Island County;

Whereas the Applicant entered into a Water System Extension Agreement dated the 11 day of July, 2010 ("Water System Extension Agreement") with Purveyor for the construction and installation of water main extension(s) described on **Exhibit A**; and

Whereas the water main extension(s) to serve the Applicant's real property may after completion also a benefit Customers obtaining service from the water main extension; and

Whereas the Applicant is entitled to reimbursement from future Customers who subsequently are served from the Applicant's water main extension(s) for the cost of

CAMANO HILLS WATER COMPANY, INC.
EXHIBIT C TO WATER MAIN EXTENSION AGREEMENT

such facilities in excess of Applicant's fair pro rata share thereof, which costs have been determined as set forth below; and

Whereas the Purveyor is authorized by the WA Utilities and Transportation Commission to enter into reimbursement agreements with parties constructing extensions to the water system for reimbursement to such parties from an Reimbursement Charge added to the Water System Facilities Charges received by the Purveyor from other property owners who subsequently connect to or use such facilities and who did not contribute to the original cost of such facilities;

Now Therefore, in consideration of the mutual covenants contained herein and the mutual benefits to be derived hereby, the Purveyor and the Applicant covenant and agree as follows:

AGREEMENT

1. The Purveyor agrees to reimburse the Applicant in the manner and on the terms and conditions set forth hereafter.
1. The Reimbursement Charge shall be \$2,000.00 per Equivalent single-family residential unit (ERU) paid at the earlier of: (i) the date the water to a Customer obtaining service from the Water Main Extension is turned on; or (ii) the date the Purveyor is paid by for the ERU by a Customer obtaining service from the Water Main Extension.
2. This contract shall extend for a period not to exceed 5 years from the date of this Agreement's execution by the parties and recording with the Office of the Island County Auditor.
3. Reimbursement under this contract shall not be applicable to any additional main extensions added to the terminus of the Applicant's water main extension. Reimbursement shall be applicable only to new service connections intersecting the subject main between its start point and its terminus. In no case shall the terms of this Agreement be applicable to the Purveyor or any of its projects to improve the overall public water system. In any case, only the owners of the parcels described in Exhibit B, their heirs, successors, or assigns are liable for charges pursuant to the terms of this Agreement.
4. The funds collected by the Purveyor pursuant to this contract, less the Purveyor's administrative fee to cover the actual cost of collection and the administration of this Agreement, shall be disbursed to the Applicant, its heirs, successor's or assigns, at such address as provided by the Applicant, or as may be changed by the Applicant upon written notice to the Purveyor. The Applicant may assign or convey its rights to collection of said funds to other parties upon written notice to

CAMANO HILLS WATER COMPANY, INC.
EXHIBIT C TO WATER MAIN EXTENSION AGREEMENT

the Purveyor. The Purveyor shall be provided with a signed copy of such assignment by the Applicant.

5. The Purveyor's administration fee applied to this Agreement shall be the fee allowed in current tariff/rules and regulations approved by the WA Transportation Commission, or if no fee is provided for in current tariff/rules and regulations, then a reasonable fee set by Purveyor after considering the time spent in administering this Agreement and office overhead costs.
6. In the event that the Purveyor, after collecting said reimbursement fee(s), and after due and diligent efforts to deliver said fund(s) to the Applicant, her heirs, successors, or assigns, for a period not to exceed one year in duration, finds that it is unable to deliver said funds to the Applicant, her heirs, successors, or assigns, the rights of the Applicant to collect said funds shall be forfeit, and shall terminate ninety (90) days after publication in a local newspaper of record for two consecutive issues of said paper of a Public Notice advising that the funds are available and will be forfeited upon a date specified if not claimed.
7. All amounts received by the Purveyor pursuant to this Agreement, less administrative costs, shall be paid (mailed) to the Applicant, her heirs, successors, or assigns within 60 working days after receipt thereof by the Purveyor.
8. At the end of the 5 year period, this Agreement shall automatically terminate and be null and void. Any funds or charges collected by the Purveyor over and above the amount due to Applicant or any such funds collected by the Purveyor after said 5 year period expires shall belong to the Purveyor.
9. The Applicant agrees to indemnify and hold the Purveyor and its officials, employees, agents, volunteers, attorneys, and engineers, individually and severally, harmless in any legal challenge to the sufficiency, fairness, timeliness, or enforceability of this Agreement. Any and all costs associated with any defense of or challenge to this contract or any parts thereof shall be at the sole cost and expense of Applicant, its heirs, successors or assigns seeking to protect the recovery herein specified.
10. In the event that any part of this Agreement shall be found invalid or inapplicable by a court of competent jurisdiction, such finding shall in no way affect any other parts or remainder thereof.

ACCEPTANCE OF THIS APPLICATION BY THE PURVEYOR CONSTITUTES A CONTRACT WITH THE APPLICANT, THE TERMS OF WHICH ARE EACH PARAGRAPH OF THIS AGREEMENT, THE PURVEYOR'S STANDARD SPECIFICATIONS FOR WATER MAIN CONSTRUCTION AND STANDARD PLANS, THE EXTENSION IMPROVEMENT PLANS AND DESIGN APPROVED BY THE

CAMANO HILLS WATER COMPANY, INC. EXHIBIT C TO WATER MAIN EXTENSION AGREEMENT

PURVEYOR AND ALL OTHER APPLICABLE PURVEYOR REGULATIONS AND WASHINGTON LAW.

APPLICANT, MARIA AITONEAN, a ___ corporation, ___ partnership, ___ joint venture, ___ limited liability company, ___ sole proprietorship (individual).

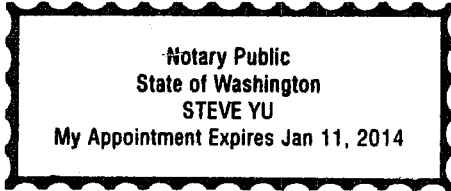
Note	<p>1. If the Developer is a corporation, this Agreement must be executed by its duly authorized representative and the Developer hereby warrants same.</p> <p>2. If the Developer is a partnership, at least one of the general partners must sign this Agreement and indicate his/her capacity as such.</p> <p>3. If the Developer is a limited liability company, this Agreement must be executed by its duly authorized manager.</p>
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By Maria Aitonean

STATE OF WASHINGTON)
) ss:
COUNTY OF King)

I certify that I know or have satisfactory evidence that Maria Aitonean is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the _____ of _____ to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

DATED: 7/8/10



Steve Yu
NAME: Steve Yu
(Print Name)
Notary Public in and for the State of Washington.
Commission Expires: Jan 11, 2014

THE FOREGOING APPLICATION of _____ accepted this 11 day of July, 2010 by the Camano Hills Water Company, Inc.,

NAME: Jeff Halbeck
Mr. Halbeck (Title) President

Approved as to form by Attorney for the Camano Hills Water Company, Inc.,
