

WATER SYSTEM EXTENSION AGREEMENT

THIS AGREEMENT is entered into this 24 day of April, 2013, between **RAINIER VIEW WATER CO., INC.**, a corporation organized under the laws of the State of Washington, hereinafter referred to as the "Owner," and **KENKAR, LLC**, a Washington limited liability company, hereinafter referred to as "Developer." Owner and Developer may be referred to herein individually as a "Party" or collectively as "Parties."

RECITALS

1. Developer is undertaking a project known as Kenkar, LLC Short Plat located near Gig Harbor, Washington and Developer has proposed to install a water distribution main and related operating equipment and appurtenances for the development to Owner's standards and specifications.

2. Owner owns and operates a public water system, and is willing to provide water service to Developer 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. Developer shall install a water distribution main and related operating equipment and appurtenances ("System Extension") to Owner's Conditions and Standards, a copy of which is attached hereto as Exhibit "A", and by this reference incorporated herein, at the location described below (referred to herein as the "Property"):

Kenkar, LLC Short Plat

2. The Developer is constructing homes on four parcels. The System Extension, in addition to the Property, will benefit the following parcels: parcels with Tax Parcel ID

Nos. 0121244067, 0121244080, 0121244054, 0121244017 and 0121244024 ("Additional Property"). If at any time for a period of eight (8) years from the date of this Agreement, the owner of any parcel of the Additional Property applies for service from Owner, the owner of the Additional Property will be assessed a latecomer's fee equal to pro rata share of the final cost of the System Extension, plus interest from the date the Developer has paid for the System Extension at the rate of eight percent (8%) simple interest calculated to the date of payment of the latecomer's fee. For example, if the owner of a parcel in the Additional Property wants to connect a single residence (one equivalent residential unit), the pro rata share is one-ninth.

Owner may deduct an administrative fee of one hundred dollars (\$100.00) from the amounts collected for each latecomer's fee. The balance of each latecomer's fee shall be paid to Developer, or the owner of the first Additional Property, as appropriate, or then successor-in-interest in the Property or Additional Property, as appropriate. The benefit of the latecomer's charge runs to the current owner of a parcel affected and is not personal to the Developer. The cost of construction of the System Extension shall be provided to Owner through copies of actual invoices paid by the Developer for the System Extension. The attorney fees paid under this Agreement may be included by Developer as part of the cost of the System Extension.

Nothing in this Agreement shall be construed to impose any liability on Owner if a latecomer's fee is not collected. It is the Developer's (and Developer's successors-in-interest) obligation to notify Owner if it appears that one or more parcels of the Additional Property appears to be readying for connection to the System Extension.

3. Developer shall provide a construction performance and maintenance bond which holds Owner harmless from the negligence of Developer, its agents, liens, third-party liability, and defective materials or equipment, a copy of said bond is attached hereto as Exhibit "C" and by this reference incorporated herein.

4. Developer shall procure insurance 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 Developer, 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 completion of the System

Extension and the delivery of all documents required under Paragraph 11 and the System Extension passing inspection by Owner's Engineer and the payment by the Developer of all sums owed by Developer under this Agreement for Phase 1, as defined herein, and at all times thereafter when Developer may be correcting, removing or replacing defective work. In addition, Developer shall maintain such completed operations insurance for at least one (1) year after Date of Acceptance, as defined hereinafter, 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 Developer shall furnish to the Owner acceptable proof of insurance on a form acceptable to the Owner. 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 certificates of insurance.

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

7. Developer 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. Developer specifically reaffirms said promises, representations and warranties contained in Exhibit "E."

8. Developer shall pay for any improvements to Owner's system required by the Owner's Comprehensive plan as determined by Owner's Engineer to serve the location set out in Paragraph 1, above, or required by a governmental agency for Owner to serve System Extension.

9. Developer shall install water services as contemplated by the System Extension. Services shall be installed up through the saddle and service line as shown on Exhibit "F" by the Date of Acceptance, as defined herein, and Developer shall provide to Owner the meter

setters and meter boxes and U branches as required for double services for each service or double service, as appropriate.

10. Developer shall furnish all necessary conveyances in form to be approved by the Owner, including, but not limited to: (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 copy of which easement is attached hereto as Exhibit "G"; (2) a Bill of Sale in the form attached hereto as Exhibit "H"; (3) an assignment of any permit or water rights; and (4) a quitclaim deed for the real property conveyed.

11. 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 Developer of all sums owed by Developer under this Agreement; (2) delivery of all documents required under paragraph 11; or (3) the System Extension passing inspection by Owner's Engineer.

12. Nothing in this Agreement entitles Developer or Developer'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, Developer 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.

13. Owner does not warrant delivery of any specific quantity or quality of water, and Owner's Standards and Conditions are designed to produce only the minimum state standards in effect at the time of this Agreement. Such standards may not be sufficient for large lots, 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.

14. In lieu of the General Facilities Charge of One Thousand Five Hundred Forty-nine Dollars (\$1,549.00) per residential equivalent for which water service is proposed to be provided by the System Extension, the Developer is building the System Extension described herein.

15. Developer covenants and agrees that it shall install a backflow prevention device on any irrigation facilities. Developer 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 Developer's expense by a Washington Certified Back Flow Assembly Tester as required by Department of Health rules. Developer 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.

16. Developer shall design all irrigation and landscaping for open space or areas not part of a lot on which a single family residence will be constructed that may be part of the plat served by the System Extension 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, Developer 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. Developer warrants that it will use its best efforts to meet these conservation goals. Notwithstanding anything to the contrary contained herein, all irrigation use is subject to the terms of Owner's tariff, including, but not limited to Owner's ability to limit or stop irrigation for periods of time.

17. This Agreement may be terminated by Owner, at Owner's discretion, upon ten (10) calendar days' written notice to Developer, if Developer 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 Developer or Developer's successors or assigns, and Developer shall forfeit any rights in the System Extension.

18. 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. Survival. All of the obligations (except to the extent performed), warranties and representations in this Agreement shall survive the closing.

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 given 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 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 Developer:	KENKAR, LLC 8802 Randall Drive Gig Harbor, WA 98332

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.

19. 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). Developer understands that any work done on 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. Developer further understands Washington Utilities and Transportation Commission approval is not automatic and Owner has not guaranteed or warranted such approval.

20. Other than for breach and termination under Paragraph 17, if Owner finds Developer to be in breach of any term of this Agreement (other than paragraph 14), Owner shall provide Developer with notice of breach, setting out the nature of the breach. Developer shall cure said breach within thirty (30) days of receipt of notice, which receipt is deemed to occur three (3) business days after deposit of said notice in the U.S. mail, postage prepaid. If Developer fails to cure said breach within said thirty (30) days after receipt 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 Developer or Developer's successors-in-interest.


21. To the extent allowed by law, the Developer 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 Developer, 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 Developer, 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 Developer shall pay the same.

22. By signing this Agreement, Developer warrants that it is a limited liability company in good standing in the State of Washington, that the person signing on Developer's behalf is authorized to do so and shall bind Developer and that execution of this Agreement shall not put Developer in breach of any other agreement, including, but not limited to, financing or security arrangements.

EXECUTED by the Parties the date first above written.

OWNER: RAINIER VIEW WATER CO., INC.

By: 
Robert Blackman

Its: Manager

DEVELOPER: KENKAR, LLC

By: 
Ken Braaten

Its: MANAGING PARTNER