

**TATOOSH WATER COMPANY  
WATER SYSTEM EXTENSION AGREEMENT**

THIS WATER SYSTEM EXTENSION AGREEMENT (this "Agreement") dated as of May 22, 2019, is made by and between Cameron & Katie Brown, Ron and Ann Struthers, Lou Stagger and Kay Simpkins, Joe and Joanne Heagney; Four parties representing the extension who will be referred to as "Developers", and TATOOSH WATER COMPANY, a corporation organized under the laws of the State of Washington, hereinafter referred to as "TWC" or "Owner". For good and valuable consideration, including the making and timely performance of the covenants herein made, the parties agree as follows:

**RECITALS**

A. Developers owns certain parcels of real property located in Snohomish County, Washington, legally described as parcels # 01072800000400, 070728000001000, 01072800000300, 01072800001200 and are undertaking a development known as the Viewmont Estates Water Main Extension, hereinafter referred to as the "Project", to extend the water distribution line and related operating equipment and appurtenances for the development to the Owners Standards and specifications.

B. Developers intend to construct the portions of the project as identified in the construction drawings titled Viewmont Estates Water Main Extension (Exhibit C). The Developers intend to construct the portion of the Project including but not limited to sections CO3, CO4 and CO5 of the construction drawings.

C. TWC owns and operates a public water system and is willing to provide water service to the Developers and own and operate the water distribution main and related operating equipment and appurtenances if constructed to the Owners standards and specifications.

D. Developers have asked TWC to provide domestic water and fire flow utility services sufficient to serve the Project.

E. TWC is willing to serve the Project if Developers will cause the construction and installation, at Developers expense, of water system extensions and other water system facilities sufficient to serve the Project.

F. This Agreement is made to further the intentions of Developers and TWC.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developers and TWC hereby agree as follows:

## AGREEMENT

1. **EXTENSION.** In this Agreement, the term "Extension" means water system facilities, including utility cabinets, buildings, pipes, pumps, tanks, vaults, and appurtenant facilities, to be constructed and installed by Developers at its expense, then conveyed to TWC for its ownership and operation in the Bill of Sale (Exhibit A), for the purpose of extending water system facilities currently owned and operated by TWC to a point within a public road or other right-of-way or utility easement area located adjacent to the Property. The Extension does not include water service pipelines, indoor and outdoor plumbing facilities, and appurtenant facilities located between a water meter and the buildings and other structures within the Project (collectively, "User Facilities"). The Extension is described in more particularity on Exhibit C attached hereto.
  
2. **LATE COMERS.** The Developers have existing homes on their parcels. The System Extension, in addition to the Property, will benefit the following parcels: parcels with Tax Parcel IDNos. 32051900101900; 32051900101100; 01072800000100; 0107280099900; 01072800000200; 01072800099600; 010728000001100; 01072800000500; 01072800000600.

("Additional Property"). If at any time for a period of ten (10) 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 as described in Exhibit B, plus interest from the date the Developers have paid for the System Extension at the rate of five percent (5%) 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-thirteenth.

Owner may deduct an administrative fee of one hundred dollars (\$200.00) from the amounts collected for each latecomer's fee. The balance of each latecomer's fee shall be paid to Developers, 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 Developers. The cost of construction of the System Extension shall be provided to Owner through copies of actual invoices paid by the Developers for the System Extension. The attorney fees paid under this Agreement may be included by Developers 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 Developers (and Developers 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. **FRANCHISE.** TWC holds a Snohomish County franchise under Amended Ordinance No. 99-041\_ (the "Franchise") to install, operate, and maintain water utility facilities within public roads, streets, avenues, highways, alleys, rights-of-way, and



other county properties. A copy of the Franchise is attached hereto as Exhibit D. Because the Extension will be constructed partly within a public right-of-way and because the Developers does not hold a franchise, if Snohomish County so requires then TWC shall obtain the Snohomish County construction permit for the Extension, or the portion thereof located within a public right-of-way, provided, however, that Developers shall pay in advance all costs and expenses to be incurred in connection therewith.

4. **CONSTRUCTION PLANS AND PERMITS.** Developers shall prepare and submit to Snohomish County and other governmental agencies with jurisdiction over the construction and installation of the Extension all construction permit applications, construction plans, fees, and other materials relating to the construction of the Extension (collectively, "Construction Plans"). Developers shall not commence any work relating to the construction or installation of any portion of the Extension until (a) TWC has approved the Construction Plans by written notice to Developers, and (b) all construction permits and other governmental approvals and permits required in connection with the construction and installation of the Extension have been issued.
5. **MANUAL.** Developers acknowledges and agrees that all work relating to the Extension must conform to all provisions of the Tatoosh Water Company Developers Extension Manual dated March 31, 2014, as it may be amended from time to time (as amended, the "Manual"). Developers acknowledges receipt of a copy of the Manual. In the event of any conflict between the Manual and this Agreement, the provision that is more protective of TWC shall govern.
6. **CONSTRUCTION STANDARDS AND COSTS.** Developers shall construct the Extension in full compliance with the Manual, the Franchise, the Construction Plans approved by TWC, all issued governmental approvals and permits, and all applicable laws, regulations, and ordinances. Developers shall construct and install the Extension in a workmanlike manner, in accordance with industry standards, and free and clear of all claims or liens. Developers shall bear all costs of construction and installation of the Extension and its connection to TWC's water system. TWC shall have no liability for any costs or expenses relating to the construction and installation of the Extension or its connection to TWC's water system.
7. **USER FACILITIES.** Developers shall construct the User Facilities in full compliance with the Manual, all issued governmental approvals and permits, and all applicable laws, regulations, and ordinances. Developers shall construct and install the User Facilities in a workmanlike manner, in accordance with industry standards, and free and clear of all claims or liens. Developers shall bear all costs of construction and installation of the User Facilities and their connection to the Extension. Developers, its successors and assigns, shall bear all costs of maintenance, repair, and replacement of the User Facilities. TWC shall have no liability for any costs or expenses relating to the construction, installation, maintenance, repair, replacement, and use of the User Facilities or their connection to TWC's water system.

8. **ACCEPTANCE AND OPERATION.** Developers shall notify TWC and tender conveyance of ownership of the Extension to TWC by a warranty bill of sale in form and substance acceptable to TWC within ten (10) days after completion of construction and installation of the Extension, but before the backfilling of any trenches or other excavations within which any portion of the Extension is located. TWC thereafter shall inspect the Extension and notify Developers either of any defects or of TWC's acceptance of the Extension. If TWC notifies Developers of any defects in the Extension, then Developers shall remedy such defects and notify TWC of the completion of such remedial work within ten (10) days after completion of such work. TWC thereafter shall reinspect the Extension and shall notify Developers upon TWC's acceptance of the Extension. Upon TWC's acceptance of the Extension, Developers shall backfill all trenches and other excavations and restore the land surface to its condition before construction, and TWC shall cause the Extension to be connected to and incorporated within TWC's water system and thereafter shall own and operate the Extension. All work by the Developers shall be subject to passing inspection by the Owner's Engineer and the Developers shall pay for the cost of inspection.
9. **MAINTENANCE.** After TWC's acceptance of the Extension, TWC shall maintain the Extension at its sole cost and expense, provided however, that Developers shall pay, reimburse, and indemnify and hold TWC harmless from and against all maintenance costs, expenses, liabilities, and losses incurred by TWC within one (1) year after the date of TWC's acceptance of the Extension.
- 10. SECURITY FOR COMPLETION AND MAINTENANCE.**
- a. **Completion Guaranty.** Before commencement of construction of the Extension, Developers shall deliver to TWC a completion guaranty of a type and form approved by TWC in its sole discretion (which may be a cash deposit, performance bond, letter of credit, or otherwise), to guarantee the completion of the construction of the Extension by Developers. The completion guaranty shall run until such time as TWC has accepted the Extension following final inspection and approval in the field and received the as-built drawings, Bill of Sale, fees owing to TWC, and maintenance guarantee. The completion guarantee shall be in the amount of the total cost of construction of the Extension, including sales tax, which shall be determined by TWC's estimated cost of the extension or the contractor bid price at the election of TWC.
- b. **Maintenance Guaranty.** Upon completion of construction of the Extension and approval of the Extension by TWC, Developers shall, as a condition precedent to acceptance by TWC, deliver to TWC a maintenance guaranty of a type and form approved by TWC in its sole discretion (which may be a cash deposit, performance bond, letter of credit, or otherwise), to guarantee the costs of maintenance, repair, and replacement of the Extension for a period of two (2) years after final acceptance of the Extension by TWC. The maintenance guarantee shall be in the amount of twenty



percent (20%) of Extension construction costs, including sales tax. The minimum maintenance guarantee shall be Ten Thousand Dollars (US\$10,000) or the actual cost of Extension construction if the actual cost is less than Ten Thousand Dollars (US\$10,000). A copy of the contractor's bid and/or payment requests, as required by TWC, shall be provided to TWC upon completion of the work, as backup for the maintenance guarantee amount.

10. **NO LIABILITY FOR FAILURE OF SERVICE.** Notwithstanding anything to the contrary herein, TWC shall not be liable to Developers or any other entity or person for any suspension or interruption in service due to electricity failure, system closures for emergency or necessary repairs, or any other cause beyond the reasonable control of TWC. It is expressly understood that in such case, TWC shall use commercially reasonable efforts to cause the problem to be remedied but shall not be liable for any damage or inconvenience suffered by Developers or any other entity or person, nor for any property damage or claims for interruption of service or for other causes reasonably beyond TWC's control.
11. **RATES AND CHARGES.** Developers shall pay to TWC all water system connection and user charges assessed by TWC from time to time. Developers also shall reimburse TWC its attorneys' fees and costs in the preparation of this Agreement in the amount of US\$1,000.00.
12. **EASEMENT.** After TWC's acceptance of the Extension, upon TWC's request at any time and from time to time, Developers shall convey and warrant to TWC a perpetual nonexclusive easement (each, an "Easement") ten (10) feet in width upon and within the Property, for the maintenance, operation, repair, replacement, and use of any portion of the Extension located either within the Property or within five (5) feet of the Property. The centerline of the Easement shall be the centerline of the Extension as constructed or installed. Developers covenants that no building or other structure shall be located within five (5) feet of the Extension in perpetuity.
13. **INDEMNITY.** Developers shall defend, indemnify, and hold TWC, its agents, contractors, employees, officers, and directors, harmless from and against any and all claims, expenses, liabilities, and losses, including attorneys' fees and costs, arising from or relating to (a) any act or omission of Developers in the exercise or performance by Developers of its rights and obligations under this Agreement, (b) any act or omission of Developers relating to the construction and installation of the Extension, and (c) any default by Developers under this Agreement. It is the intent of the parties that TWC shall have no liabilities or obligations relating to the Extension except as expressly provided under this Agreement.
14. **INSURANCE.** Developers shall purchase and maintain at all times policies of commercial general liability insurance; worker's compensation insurance to the extent required by applicable laws; automobile liability insurance; and such other insurance as Developers deems advisable or is required to maintain by any applicable law, order,

ordinance, or regulation. Developers 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 a forty-five (45) day prior notice to the Owner of Cancellation or any material change. Owner shall be named as an additional insured on all certificates of insurance. All insurance shall be obtained from insurance carriers rated Triple A (and rated in Class XI or better financial condition) by Best's Insurance Reports or equivalent rating service, and licensed to do business in the State of Washington. All such insurance policies shall provide that coverage may not be cancelled, modified, or allowed to lapse (including cancellation for nonpayment of premium) without compliance with all applicable provisions of RCW Chapter 48.18 pertaining to cancellation or non-renewal of insurance and at least thirty (30) days' prior written notice to TWC. Developers shall provide TWC with a true copy of all insurance policies required herein, which shall be in full force and effect immediately upon receipt of the same, showing TWC as an additional named insured therein, and Developers shall provide TWC with evidence that the premiums for such policies have been paid when due. The commercial general liability insurance shall insure both Developers and TWC and shall include protection against liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered with respect to similar properties in the greater Seattle metropolitan area. The limits of liability shall not be less than Two Million Dollars (US\$2,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence and Five Million Dollars (US\$5,000,000) general aggregate. Developers shall carry and maintain a policy of commercial automobile liability insurance insuring both Developers and TWC against liability for bodily injury or property damage claimed to have resulted from or be in any way connected with motor vehicles leased, owned, or used by Developers, with combined single limits each occurrence of not less than US\$2,000,000, which may be a combination of automobile and umbrella insurance coverage.

15. **COVENANTS TO RUN WITH LAND.** It is expressly declared that the rights, duties, obligations, and liabilities set forth in this Agreement shall run with ownership of the Property and shall be binding on the parties hereto, their heirs, representatives, successors, and assigns.
16. **GOVERNING LAW; SEVERABILITY.** This Agreement shall be governed by the laws of the State of Washington. If any provision of this Agreement is declared invalid by any tribunal, the remaining provisions hereof shall not be affected thereby.
17. **ATTORNEYS' FEES.** In the event of any proceedings between the parties hereto relating to the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover their reasonable attorneys' fees and costs, including fees and costs incurred on appeal.
18. **NOTICES.** Any notice required or permitted under this Agreement shall be delivered by personal delivery, overnight courier, or by first class mail, postage pre-paid, or by



facsimile or email addressed as follows, provided, however, that either party may change its address by written notice to the other party:

If to TWC, to:

Tatoosh Water Company  
4699 N.E. Woodson Lane #210C  
Bainbridge Island, WA 98110

with copy to:

Water & Wastewater Services, LLC  
14263 Calhoun Road  
Mount Vernon, WA 98273

If to Developers, to:

Cameron & Katie Brown  
1126 278th ST NE  
Arlington, WA 98223  
Parcel#01072800000400

Ron and Ann Struthers  
1103 278th ST NE  
Arlington, WA 98223  
Parcel#070728000001000

Lou Stagger and Kay Simpkins  
1210 278th ST NE  
Arlington, WA 98223  
Parcel#01072800000300

Joe and Joanne Heagney  
1213 278th ST NE  
Arlington, WA 98223  
Parcel#01072800001200

19. **TERMINATION.** This Agreement shall terminate Ten (10) years after the date hereof.

*(Remainder of page intentionally left blank.)*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

TWC:

TATOOSH WATER COMPANY, a Washington corporation

By [Signature]  
Its [Signature]

DEVELOPERS:

By [Signature] [Signature] Katie Brown

Cameron & Katie Brown  
1126 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Ron and Ann Struthers  
1103 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Lou Stagger and Kay Simpkins  
1210 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Joe and Joanne Heagney  
1213 278th ST NE  
Arlington, WA 98223

EXHIBITS:

- A - Bill of Sale
- B - Latecomers Agreement
- C - Construction drawing of the Extension
- D - Copy of Franchise Agreement
- E - Developers Extension Manual



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

**TWC:**

TATOOSH WATER COMPANY, a Washington corporation

By [Signature]  
Its [Signature]

**DEVELOPERS:**

By \_\_\_\_\_

Cameron & Katie Brown  
1126 278th ST NE  
Arlington, WA 98223

By [Signature]  
[Signature]  
Ron and Ann Struthers  
1103 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Lou Stagger and Kay Simpkins  
1210 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Joe and Joanne Heagney  
1213 278th ST NE  
Arlington, WA 98223


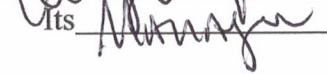
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**TWC:**

TATOOSH WATER COMPANY, a Washington corporation

By   
Its 

**DEVELOPERS:**

By \_\_\_\_\_

Cameron & Katie Brown  
1126 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Ron and Ann Struthers  
1103 278th ST NE  
Arlington, WA 98223

By 

Lou Stagger and Kay Simpkins   
1210 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Joe and Joanne Heagney  
1213 278th ST NE  
Arlington, WA 98223

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

TWC:

TATOOSH WATER COMPANY, a Washington corporation

By [Signature]  
Its Manager

DEVELOPERS:

By \_\_\_\_\_

Cameron & Katie Brown  
1126 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Ron and Ann Struthers  
1103 278th ST NE  
Arlington, WA 98223

By \_\_\_\_\_

Lou Stagger and Kay Simpkins  
1210 278th ST NE  
Arlington, WA 98223

By Joanne M. Heagney, JPH

Joe and Joanne Heagney  
1213 278th ST NE  
Arlington, WA 98223

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STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Whatcom

On this day personally appeared before me Kelly Wynn, to me known to be the individual that executed the foregoing instrument, and acknowledged the said instrument as the Manager of TATOOSH WATER COMPANY to be their free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 4 day of June, 2019.



Carol Rofkar

NOTARY PUBLIC in and for the State of Washington, residing at Bellingham, WA

My commission expires: 10-21-20

Print Name: Carol Rofkar