

WATER SYSTEM EXTENSION AGREEMENT

THIS AGREEMENT is entered into this 7th day of September, 2017, between **RAINIER VIEW WATER CO., INC.**, a corporation organized under the laws of the State of Washington, hereinafter referred to as the "Owner," and **JANKELSON LACEY PARTNERSHIP, LIMITED PARTNERSHIP**, a Washington limited partnership, and **Z&A PROPERTIES, LIMITED PARTNERSHIP**, a Washington limited partnership hereinafter referred to collectively as "Developer."

RECITALS

1. The Developer has proposed to install a water distribution main and related operating equipment and appurtenances 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:

Approximately six hundred fifty feet (650') of twelve inch (12") ductile iron water main, plus appurtenances, and connection to Owner's existing twelve inch (12") main located in 224th St. E. In addition, a fire hydrant is to be installed as directed by Owner. In addition, Developer must obtain a fifteen foot (15') wide easement across parcels with Tax Parcel ID Nos. 0418165001 and 0418161038 for Owner's benefit for installation,

construction, operation, maintenance, repair, and reconstruction of the System Extension and access to and from the System Extension. The System Extension will serve Customer's property bearing Tax Parcel ID Nos. 0418161021, 0418161046 and 0418161019 (the "Property") All work for the internal distribution system on the Property shall be at that Customer's sole cost and expense and pursuant to Owner's specifications.

The System Extension is needed for Developer to market its property. The System Extension is subject to a latecomers agreement as set out on Exhibit B, which by this reference is incorporated herein.

2. Developer shall provide a construction performance and maintenance bond or assignment of funds 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 or assignment of funds is attached hereto as Exhibit "C" and by this reference incorporated herein.

3. Developer or Developer's Contractor shall procure and maintain for the period of the contract up to the Date of Acceptance, as defined herein, 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 Date of Acceptance, 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.

4. 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.

5. All work by Developer shall be subject to passing inspection by Owner's Engineer to assure that the work has been completed consistent with the approved plans and applicable standards. Developer shall pay for the cost of inspection within ten (10) days from the date of inspection.

6. 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.

7. 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 "D"; and (2) a Bill of Sale in the form attached hereto as Exhibit "E"; (3) an assignment of any permit or water rights; and (4) any necessary deeds to real property conveyed.

8. 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

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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 7; or (3) the System Extension passing inspection by Owner's Engineer.

9. 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.

10. 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.

11. Developer has undertaken a well consolidation that resulted in five (5) ERUs being added to Owner's capacity. Once development plans for the property are known, Developer or Developer's successor-in-interest will be entitled to a credit of five (5) ERUs against the General Facilities Charge that is otherwise applicable at the current rate of ONE THOUSAND FIVE HUNDRED FORTY NINE Dollars (\$1,549.00) per ERU. The actual charge may be different at the time of development.

12. 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.

13. This Agreement may be terminated by Owner, at Owner's discretion, upon ten (10) calendar days' written notice delivered to Developer by delivery to the address set out in 14.i., below, 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.

14. 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 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. 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

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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: Jankelson Lacey Partnership
12621 Avenue Dubois SW
Lakewood, WA 98498

Z&A Properties
12621 Avenue Dubois SW
Lakewood, WA 98498

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.

k. Attorney Fee. Developer shall reimburse Owner its attorney's fee for the development of this Agreement in the amount of one thousand dollars (\$1,000.00).

15. 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 the



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.

16. Other than for breach and termination under Paragraph 13, if Owner finds Developer to be in breach of any term of this Agreement (other than Paragraph 12), 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.

17. 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 related to or arising from, directly or indirectly, any activities performed or to be performed under this Agreement, 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.

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18. Developer hereby warrants and represents; (1) that it is duly authorized to enter into this Agreement; (2) that its entry into this Agreement will not put it in violation of its governing documents or any other agreement; and (3) that the persons signing below are duly authorized to do so and that such signatures are binding on the Developer.


EXECUTED by the parties as of the date shown above.

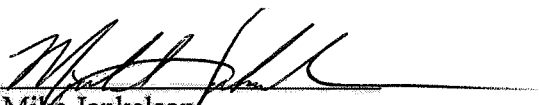
OWNER:

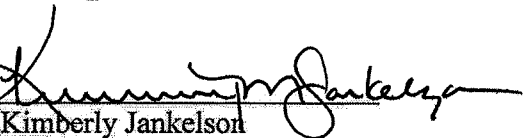
DEVELOPER:

RAINIER VIEW WATER CO., INC.

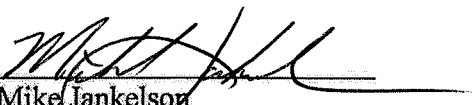
JANKELSON LACEY
PARTNERSHIP

By: 
Robert Blackman
Its: Operations Manager

By: 
Mike Jankelson
Its: Partner

By: 
Kimberly Jankelson
Its: Partner

Z&A PROPERTIES

By: 
Mike Jankelson
Its: Partner

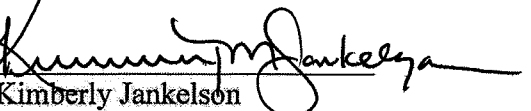
By: 
Kimberly Jankelson
Its: Partner

EXHIBIT B

LATECOMERS AGREEMENT

This Latecomers Agreement is a part of and subject to the terms and conditions of that certain Water System Extension Agreement (the "Agreement") to which it is an Exhibit.

The System Extension, in addition to the Property, will benefit the following parcels: parcels with Tax Parcel ID Nos. 0418161036, 0418165002 and 0418165003 (the "Additional Property"). If at any time for a period of ten (10) years from the Effective Date of this Agreement (defined below), 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 one-fourth of the final cost of the System Extension for each of the identified parcels plus interest from the Effective Date (as defined in the Agreement) at the rate of eight percent (8%) simple interest calculated to the date of payment of the latecomer's fee. The final cost is estimated to be \$ 91,000⁰⁰, but the actual cost will be used when it is known. It shall be Developer's responsibility to document the final costs to Owner's satisfaction.

Owner may charge an administrative fee of two hundred dollars (\$200.00) for the amounts collected for each latecomer's fee. The balance of each latecomer's fee shall be paid to Developer, or the successor-in-interest in the Property. The benefit of the latecomer's charge runs to the owner of the Property at the time the latecomer's payment is received and is not personal to Developer.

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.

RAINIER VIEW WATER CO., INC.

By: [Signature]
Robert Blackman
Its: Operations Manager

JANKELSON LACEY PARTNERSHIP

By: [Signature]
Mike Jankelson
Its: Partner

Z&A PROPERTIES

By: [Signature]
Mike Jankelson
Its: Partner

By: [Signature]
Kimberly Jankelson
Its: Partner

By: [Signature]
Kimberly Jankelson
Its: Partner