

WATER SYSTEM EXTENSION AGREEMENT

THIS AGREEMENT is entered into this 12th day of May, 2015, between SOUTH BAINBRIDGE WATER SYSTEMS, INC., a Washington corporation, hereinafter referred to as the "Owner," and BARBARA DENK, a single person, hereinafter referred to as "Customer."

RECITALS

1. Customer desires to connect to Owner's water system.
2. Owner's water system must be extended if Owner is to serve Customer.
3. Owner is willing to accommodate Customer's request to extend Owner's existing water main if such extension is constructed to Owner's standards and specifications.

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

AGREEMENT

1. Customer shall perform the following to Owner's standards and specifications as approved by the Washington State Department of Health ("DOH"): construct approximately three hundred twenty-four feet (324') of eight inch (8") ductile iron water main and associated appurtenances to serve a single family residence with a detached accessory dwelling unit on one parcel for two (2) Equivalent Residential Units (ERUs). All work shall be at Customer's sole cost and expense, according to specifications and at the location more specifically described on the attached Exhibit A, which exhibit is incorporated by this reference. For convenience, the work to be done under this Agreement is referred to in this Agreement as the "Main Extension." The Main Extension shall serve the following parcel: Tax Parcel ID No. 4164-006-007-0004, which is referred to in this Agreement as the "Property."
2. Customer covenants and agrees to pay for the tariffed facilities charge for two (2) ERUs in the amount of THREE THOUSAND TWO HUNDRED DOLLARS (\$3,200.00). The THREE THOUSAND TWO HUNDRED DOLLARS (\$3,200.00) shall be due and payable two (2) business days after the execution of this Agreement.
3. Customer covenants and agrees to pay the Owner's tariffed hook-up charge of ONE THOUSAND THREE HUNDRED TWENTY-TWO DOLLARS AND TWENTY-FIVE CENTS (\$1,322.25) per ERU, for a total of TWO THOUSAND SIX HUNDRED FORTY-FOUR DOLLARS AND FIFTY CENTS (\$2,644.50) within two (2) business days after execution of this Agreement. Owner will provide a water availability letter to Customer only after Customer has paid, in full, all charges under this Agreement and all connection and facilities charges assessed under Owner's tariff, to the extent not set forth in this Agreement and this Agreement becomes effective.

4. The Main Extension, in addition to the Property, will benefit the following parcels: parcels with Tax Parcel ID Nos. 4164-006-006-0005 and 4164-006-005-0105 ("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 one-half (1/2) of the final cost of the Main Extension, plus interest from the date the Customer has paid for the Main Extension at the rate of eight percent (8%) simple interest calculated to the date of payment of the latecomer's fee. If during the eight (8) year term described in this paragraph, the owner of the second Additional Property applies for service from Owner, the owner of the second Additional Property will be assessed a latecomer's fee payable to Customer equal to one-sixth (1/6) of the final cost of the Main Extension, plus interest from the date the Customer has paid for the Main Extension at the rate of eight percent (8%) simple interest calculated to the date of payment of the latecomer's fee. In addition, the owner of the second Additional Property will be assessed a latecomer's fee payable to the owner of the first Additional Property equal to one-sixth (1/6) of the final cost of the Main Extension, plus interest from the date the owner of the first Additional Property paid its latecomer's fee at the rate of eight percent (8%) simple interest calculated to the date of payment of the latecomer's fee.

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 Customer, 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 then current owner of a parcel affected and is not personal to the Customer or payer of the latecomer's fee for the Additional Property. The cost of construction of the Main Extension shall be provided to Owner through copies of actual invoices paid by the Customer for the Main Extension. The attorney fees paid under this Agreement may be included by Customer as part of the cost of the Main 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 Customer's (and Customer'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 Main Extension.

5. Customer shall provide a construction performance and maintenance bond which Owner holds harmless from the negligence of Customer, its agents, liens, third party liability, and defective materials or equipment. A copy of said bond is attached hereto as Exhibit B and by this reference incorporated herein.
6. Customer or Customer's contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Customer, its agents, representatives, employees or contractors.

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.

Worker's Compensation, etc. should have the following minimum limits:

- A. State Statutory
- B. Applicable Federal (e.g. longshoremen's) 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
- B. Property Damage:
 - \$1,000,000 Each Occurrence
 - or a combined single limit of \$1,000,000

Property damage liability insurance will provide Explosion, collapse and Underground coverages where applicable.

Personal injury, with employment exclusion deleted
\$1,000,000 Annual Aggregate

All of the policies of insurance are required to be purchased and maintained (or the certificates or other evidence thereof) shall contain a provision or endorsement that the coverage for it will not be cancelled, materially changed or renewal refused until at least forty-five (45) days prior to written notice has been given to the Owner by certified mail. All such insurance shall remain in effect until final payment and at all times thereafter when Customer may be correcting, removing or replacing defective work. In addition, Customer shall maintain completed operations insurance for at least one (1) year after the final payment and furnish Owner with the evidence of continuation of such insurance. The original policy or a signed certificate of insurance shall be filed with the Owner.

- 7. Prior to the commencement of work, the Customer shall furnish Owner with acceptable proof of insurance in a form acceptable to the Owner.

All insurance certificates must name 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.

8. All work by Customer shall be subject to passing inspection by Owner's engineer for compliance with Owner's standards and specifications and DOH rules. Customer shall pay the cost of inspection within ten (10) days from the date of inspection at Owners engineer's normal rates for such work.
9. Customer shall furnish all necessary conveyances in form to be approved by the Owner, including, if so needed, duly executed easements for access to the area around said Main Extension for purposes of maintaining and repairing if necessary, the Main Extension.
10. From the Date of Acceptance of the Main Extension, the Owner shall, subject to the approval by the Washington Utilities and Transportation Commission ("WUTC"), maintain and operate the Main Extension. Owner has no duty to accept the Main Extension, or any portion thereof if the Main Extension does not pass inspection by Owner's engineer or does not conform strictly to the Owner's Conditions and Standards.

As used in this Agreement the Date of Acceptance is the date that the last of the following events occur:

- A. Payment by Customer of all sums owned by Customer under this Agreement;
 - B. Delivery of all documents required hereunder; or
 - C. Main Extension passes inspection by Owner's Engineer.
11. Customer shall convey the Main Extension by a Bill of Sale in the form attached as Exhibit C, and incorporated herein by this reference.
 12. Nothing in this Agreement entitles Customer or Customer's successors or assigns to connect to Owner's water system, including Main Extension, except in accordance with the terms, conditions and charges and under tariff filed with the Washington Utilities and Transportation Commission ("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.
 13. **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.**
 14. Customer shall pay the costs of Owner's attorney to develop this Agreement and seek approval of the WUTC in the amount of Five Hundred Dollars (\$500.00), which payment is due upon execution of this Agreement by Customer.
 15. 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.

16. 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.
17. The Main Extension may be subject to approval by the Department of Health, and Bainbridge Fire Department and City of Bainbridge Island. If approval is required, Owner's performance hereunder is conditioned upon such approval. Owner does not warrant or guarantee such approval.
18. Customer warrants that all work done by Customer on the Main Extension shall conform to Owners Standards and Conditions and, in addition, shall have been performed in a workman-like manner and meet standards generally accepted in the industry.
19. 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.
20. 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:
Barbara Denk
PO BOX 10761
BAINBRIDGE ISLAND, WA 98110

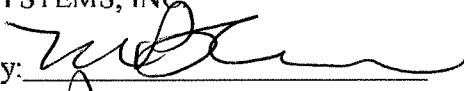
- L. Survival of Warranties and Representations. All warranties and representations made by any party hereto shall survive the conveyance and transfer of the Main Extension to Owner.

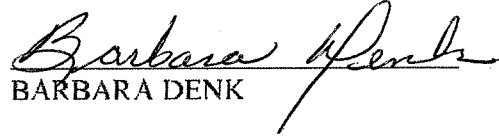
Entered into the date first set forth above.

OWNER:

CUSTOMER:

SOUTH BAINBRIDGE WATER
SYSTEMS, INC

By: 


BARBARA DENK

Its: Pres

EXHIBIT A