

WATER SYSTEM ACQUISITION AGREEMENT

(Between Tacoma Water and Andrain Road Water Association)

THIS AGREEMENT entered into this 16th day of January, 2015, by and between the **CITY OF TACOMA**, a municipal corporation, for and on behalf of its Department of Public Utilities, Water Division; hereinafter referred to as the "CITY," and the **ANDRAIN ROAD WATER ASSOCIATION**, a non-profit corporation formed under the laws of the State of Washington, hereinafter referred to as "ANDRAIN."

WITNESSETH that:

RECITALS

WHEREAS, ANDRAIN is located in Pierce County, Washington, and owns and operates a Group A Community water system ("Existing System" as the same is further described herein) that serves the area legally described on **Exhibit "A,"** which is attached hereto and incorporated herein by reference; said area and boundary being also set forth on the map attached hereto marked **Exhibit "B"** and by this reference incorporated herein;

WHEREAS, the Existing System has reached its maximum capacity and cannot support any additional connections or provide any additional water service to real property within the ANDRAIN service area;

WHEREAS, the title owners of real property located within the ANDRAIN service area described in Exhibit A, acting in their current capacity as members under the By-laws of Andrain Road Water Association and on behalf of their respective future successors and assigns (collectively referred to herein as "Members of ANDRAIN" and/or "Members"), believe it to be to their benefit to receive direct water service from the CITY utilizing a replacement water main and distribution system ("New System"), which will serve to improve system reliability and capacity;

WHEREAS, the CITY has conducted a survey of the Existing System, which survey indicated that it is feasible for the CITY to provide direct water service to Members of ANDRAIN within the framework of CITY's existing ordinances for water supply;

WHEREAS, consistent with the CITY's Service Expansion Policy, the CITY desires to acquire new customers and is prepared to construct, replace, and otherwise improve the New System, Provided that, the Members of ANDRAIN fund all such New System improvement costs pursuant to the Surcharge terms and conditions set forth herein; and

WHEREAS, the Members of ANDRAIN will each, according to their respective ownership interests in real property located within the ANDRAIN service area, be responsible for all existing or future property side water service pipes and appurtenant equipment, excluding meter(s), located on their respective real properties including, but not limited to, all cost of installation, maintenance, and compliance with applicable jurisdictional water service standards and requirements.

NOW, THEREFORE, in consideration of the foregoing Recitals, mutual benefits to be derived, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. CONVEYANCE AND ACQUISITION OF SYSTEM

1.1 Within ten (10) business days following CITY's written notice of completed transfer of all 59 existing water services onto the New System, ANDRAIN shall convey ownership and exclusive control to the CITY of all ANDRAIN owned and operated mains, valves, meters, equipment and services comprising the existing Andrain Road Water Association's water main and distribution system ("Existing System").

1.1.1 The conveyance of the Existing System expressly excludes any and all property side water service pipes and appurtenant equipment located on Member owned real property. Said property side pipes and appurtenant equipment shall remain the property and sole responsibility of each Member owning the real property upon which such pipes and equipment are located.

1.2 Within ten (10) business days following CITY's written notice of completed water services transfer, ANDRAIN shall further convey all of its rights and interests under applicable Federal, State, and local laws and regulations to the City as necessary to ensure that the CITY is the sole and exclusive provider of water service to and within the ANDRAIN service area described in Exhibit A.

1.3 To the extent of its rights and interests as a water purveyor and/or water service company under State law, and as necessary to effect the conveyances under Section 1.2, ANDRAIN shall further timely convey all franchise, right-of-way, easement, and other real property rights and interests it holds and/or may exercise related to the Existing System to the CITY as required or necessary to allow the CITY to acquire full ownership of the Existing System and the New

System and to operate same to provide direct water service using either or both said systems.

1.3.1 Assignment and Grant of Easements. By and upon execution of this Agreement, ANDRAIN expressly assigns and conveys to the CITY of Tacoma, Department of Public Utilities, Water Division, and its successors and assigns, all Existing System rights-of-way, franchise, and easement rights and interests held by ANDRAIN, as necessary and convenient for the CITY to install, lay, construct, renew, operate and maintain the water utilities and associated facilities and equipment comprising the New System over, under, and upon the real property and service area described in Exhibit A.

- A. In the event any existing easement rights and interests are insufficient for the CITY's construction, improvement, maintenance and/or operation of the New System, then by and upon recording of this Agreement, ANDRAIN shall be deemed to have granted, and does hereby expressly grant, a further and additional easement to the CITY of Tacoma, Department of Public Utilities, Water Division, and its successors and assigns, as necessary and convenient for the CITY to install, lay, construct, renew, operate and maintain water utilities and associated facilities and equipment comprising the New System over, under, and upon the real property and ANDRAIN service area described in Exhibit A.
- B. As necessary to effect the purposes and intent of this Section 1.3, ANDRAIN shall promptly give such notices, make such applications, and otherwise exercise best efforts to obtain any and all required approvals from Pierce County Departments and Officials to acknowledge and affirm the existing and additional water utility franchise and/or rights-of-way necessary to be assigned and/or granted under this Agreement

1.3.2 Additional Grant of Easements by Members. It is contemplated and agreed that the Members of ANDRAIN will timely execute and deliver additional easements over, under and upon their respective privately owned real properties within the ANDRAIN service area upon request by the CITY and as the CITY determines reasonably necessary for it to provide such Members water service utilizing the New System. These additional easements will be filed of record.

1.3.3 ANDRAIN shall timely make and complete all other conveyances required under this Section 1.3 upon request by CITY.

1.4 ANDRAIN shall further timely convey to the CITY all other water utility assets and personal property related to the Existing System including, but not limited to, copies of all current Existing System customer billing

and accounting records, maps, bills of sale, bank accounts or bank account assets owned or controlled by ANDRAIN, and any other documentation relating to the ownership, operation and/or management of the Existing System.

- 1.4.1 It is mutually contemplated and understood that ANDRAIN (i) will provide the CITY with all such customer billing and accounting records, maps, and other documentation relating to the ownership, operation and management of the Existing System at the time ANDRAIN executes and delivers this Agreement to the CITY, and (ii) will convey all such bank accounts and bank assets at the time it conveys ownership and exclusive control of the Existing System to the CITY per Section 1.1 above.

1.5 Existing System facilities not required by the CITY for CITY's operation and maintenance of the New System shall be abandoned in accordance with Pierce County requirements and be subject to the indemnification and hold harmless provisions set forth in Article V. herein.

1.6 ANDRAIN shall retain ownership of and continue to operate the Existing System until the New System is placed in service by the City and all existing Member water services have been transferred to the New System. ANDRAIN shall be solely responsible for all liability arising or resulting from such ownership and/or operation except for liability resulting from the CITY's sole negligence or intentional misconduct. Except as otherwise provided herein, all other liabilities arising from the ownership or operation of the Existing System and/or the New System shall be governed by the provisions in Article V. herein.

- 1.6.1 The costs to operate and maintain the Existing System will be paid solely by ANDRAIN until the conveyances specified in Sections 1.1 and 1.2 hereinabove.

1.7 For purposes of this Agreement, "placed in service" means: (i) the New System water main has been installed under the supervision of a Tacoma Water Inspector, disinfected, pressure tested, and the results of the bacteriological tests were satisfactory as required by the Washington State Department of Health, and (ii) water meters are installed. To achieve placed in service status, each Member of ANDRAIN shall be responsible for, and shall complete, the following:

1.7.1 Each Member will verify the size water meter that they will be provided as part of the New System and complete a Tacoma Water service sizing form. Submittal of a completed service sizing form by Members served by the Existing System is necessary for CITY to complete transfer of such Members' water services to the New System; and

1.7.2 Provide the CITY an approved backflow report.

1.8 At the time the New System is placed into service, each Member will be deemed a CITY customer, a utility account will be created, and each such Member will be charged and responsible for paying all applicable water rates, charges and fees in accordance with CITY ordinances and Tacoma Water's Customer Service Policies together with the Surcharge specified in Article II herein.

II. SYSTEM IMPROVEMENT FUNDING

2.1 The CITY will initially incur and pay all costs for the New System including, but not limited to, acquisition, design, equipment, materials construction and related work ("Improvements") as necessary for the New System to be placed into service. Said New System costs are estimated to total \$700,000.00. Said estimated costs are subject to revision based on actual conditions and the Surcharge specified in Section 2.3 below shall be based on the costs actually and finally incurred by CITY. Improvements shall include, but not necessarily be limited to:

- 2.1.1 Purchase and construction of approximately 4,800 linear feet of ductile iron water main with a connection to the CITY's water system, appurtenant hydrants and valves, and restoration required as part of the construction and improvements;
- 2.1.2 Replacement of existing services and meter assemblies including purchase and construction of all new meters, together with all equipment and connections between the water mains of the New System and such meters; and
- 2.1.3 Pursuant to Section 2.2 below, each Member of ANDRAIN shall pay the costs to purchase and install all equipment or facilities on said Member's private property side of the meter(s) as needed to serve such property.

2.2 Members shall be solely responsible for, and shall pay, the costs of any necessary improvements to property side water service pipes and appurtenant equipment located on and serving their respective real properties. Said Member shall further be solely responsible for, and shall pay, the following costs attributable to water service to their respective real properties:

2.2.1 To pay water service construction charges per Chapter 12.10, TMC as now enacted or as it may hereafter be amended; and

2.2.2 To pay system development charges per Chapter 12.10, TMC as now enacted or as it may hereafter be amended.

2.3 Surcharge. The total actual costs of the New System and related Improvements shall be the sole responsibility of ANDRAIN and its Members. Each Member residing within the ANDRAIN service area described in Exhibit A, shall be responsible for and shall pay a share of the Surcharge attributable to such Member's respective ownership interest in any real property (hereinafter a Member's "Premises") located within the ANDRAIN service area identified in Exhibits A and B regardless of whether such Premises currently or hereafter receives water service from the CITY.

2.3.1 Surcharge Amount. Upon the New System being placed into service, and based on the actual costs incurred by CITY, the CITY shall determine and establish in its sole discretion the total Surcharge amount, duration, and payment options. In no event shall the Surcharge shall be less than the City's "Ready-to-Serve" charge applicable to each water service. The Ready-to-Serve charge is determined by water meter size as set forth in City rate Ordinance(s) now in effect or as the same may hereafter be amended. After the New System has been placed in service, the following shall apply:

A. Retroactive Surcharge. Requests for new service connection shall be conditioned upon a retroactive lump-sum payment of the Surcharge, which shall be due at time of the service request. The retroactive lump-sum payment shall be equal to the total of monthly Surcharge payments calculated from the date New System was placed into service through date of the new service request.

B. Adjustment of Surcharge Term. The actual duration of the Surcharge will be adjusted by the City to reflect total Surcharge payments actually received and applied toward total Improvement costs as the result of new service connections.

C. Other Adjustment of Surcharge Amount. In the event the CITY requests additional security for performance pursuant to Section 5.1.2 herein and ANDRAIN does not, or cannot, timely provide the requested security, the CITY shall have the right to adjust the Surcharge amount as necessary to fully satisfy and/or discharge any obligation, indebtedness or liability as may result from ANDRAIN's non-performance of its duties under Section 5.1 and/or Section 5.3 herein.

2.3.2 Surcharge Payment. It is contemplated by the Parties that the Surcharge shall be payable on a bi-monthly (once every two months) basis with a payment period of approximately thirty (30) years in length, with the understanding such bi-monthly Surcharge amount may be included and billed with all other utility service charges in a single invoice issued monthly. It is further contemplated that ANDRAIN Members will pay such amounts as are identified as the ANDRAIN Surcharge and set forth in Section 12.10.400 M., TMC, as now enacted or as may be later amended.

2.3.3 The CITY shall retain the sole and complete authority to determine the actual payment amounts and payment methods to be applied based on actual costs incurred for the New System.

2.3.4 Termination of Water Service For Non-Payment of Surcharge. The water service to the Premises of any Member who has not paid the Surcharge established by the CITY will be discontinued and will not be restored until full payment of all outstanding Surcharge amounts is made.

2.3.4 Removal of CITY Equipment for Non-Payment of Surcharge. The CITY reserves the right to reclaim and remove any meter or other CITY equipment installed to serve any Premises subject to a delinquent Surcharge. In the event of such reclamation and removal, and upon subsequent application for water service, the Member owning such Premises, regardless of prior succession or assignment of rights in such Premises, shall be required to pay as a condition to new service all applicable water service construction and connection charges and fees associated with re-installation and water service at the rates in effect as of the date of such subsequent application.

III. WATER SERVICE

3.1 The CITY shall furnish water to the Premises of Members within the ANDRAIN service area in accordance with the rates and charges set from time to time by CITY ordinance applicable to customers directly served outside the CITY. Water service shall be subject to all terms, covenants, and conditions of

such ordinance and be conditioned upon payment of any Surcharge established pursuant to Section 2.3 above.

3.2 The CITY's operating personnel and equipment shall be made available to render ordinary and emergency maintenance and repair on the same basis and to the same standards provided customers within the CITY.

3.3 The appropriate meter size will be determined by the CITY, in its sole discretion, and be based on the existing fixture units, existing water meter sizing, or any special needs required for each Premises served or to be served.

3.4 Within two (2) weeks following mutual execution of this Agreement, if not previously provided per Section 1.4, ANDRAIN shall provide to the CITY a listing of all current title owners of each ANDRAIN Member's Premises entitled to receive water service utilizing the New System. Said listing shall include lot legal descriptions, parcel numbers, and structure information for each Premise as available. The CITY will verify Premises ownership records provided by ANDRAIN with Pierce County. All Member and Premises ownership documentation and information received or used hereunder shall be deemed a public record.

3.5 Water service to a Member's Premises shall be conditioned upon payment of the Surcharge specified in Section 2.3 herein and satisfaction of the following:

3.5.1 If, during the term of the Surcharge, a new water service is requested for a Premises that did not previously have its own dedicated water service connection from the CITY, water service will be provided only upon CITY's receipt of a lump sum retroactive payment of all Surcharge amounts accrued during the period from (i) the date of the last timely Surcharge payment received by the CITY (or if no Surcharge payment has ever been made, from the date the Surcharge first became due hereunder) to (ii) the date the new water service is to commence.

3.6 Notwithstanding any Surcharge established hereunder and/or upon expiration of the term of such Surcharge, all applications for water service by a Member and to a Premises within the ANDRAIN service area as delineated in Exhibits

A and B, whether for new service or to revise an existing service, will be subject to the CITY's normal prevailing rates, charges and fees as set forth in CITY ordinances including, but not limited to Chapters 12.01 and 12.10, TMC, as now enacted or as it may hereafter be amended. Said rates, charges and fees will be credited to the CITY and will include, but not be limited to:

- (1) a system development charge,
- (2) water service construction charges,
- (3) changes to meter size,
- (4) new services such as irrigation, and
- (5) a water main charge, which shall apply only to requests for service made after the Surcharge has been fully paid.

IV. APPROVALS

4.1 ANDRAIN shall cause a vote of its Members and membership in the manner provided under its By-laws to approve or disapprove (i) the terms and conditions of this Agreement, (ii) the ultimate conveyance of the Existing System and all related rights and interests to the CITY, and (iii) the amendment of ANDRAIN's governing documents to the extent necessary to carry out the terms and conditions of this Agreement. Within ten (10) days following execution of this Agreement by its authorized representative, ANDRAIN agrees to furnish written evidence of its official authorization of this Agreement and confirmation of intent to convey to the CITY all rights, interests and property, as specified in Article I herein. The CITY will thereafter submit this Agreement for approval by CITY's Public Utility Board and City Council.

V. MISCELLANEOUS PROVISIONS

5.1 Indemnification by ANDRAIN. ANDRAIN shall defend, indemnify, save and hold the CITY (and its directors, officers, employees, agents, and insurers) harmless from and against any damages said indemnitees might sustain for any negligent and/or intentional acts or omission by ANDRAIN prior to the mutual

execution of this Agreement relating to the Existing System and/or arising out of the execution hereof including, but not limited to, claims, actions, or proceedings (together with any costs, expenses, and reasonable attorneys' fees necessarily incurred), brought by or on behalf of ANDRAIN, any Member thereof, any third party, any regulatory agency, and/or franchise authority having competent jurisdiction; Provided, that the foregoing obligations shall not apply to damages arising out of CITY's sole negligence or intentional misconduct (i) in transferring existing water services from the Existing System prior to the New System being placed into service, (ii) in abandoning the Existing System after it has been conveyed to the CITY, and/or (iii) related to the CITY's construction, operation or maintenance of the New System unless caused by or otherwise arising from the acts or omissions of ANDRAIN and/or its Members.

5.1.1 Security for Performance. The CITY shall hold, retain, and apply all bank accounts and bank assets conveyed by ANDRAIN pursuant to Section 1.4 as security sufficient to ensure ANDRAIN's performance of obligations under this Section 5.1. If, upon the third (3rd) anniversary of the full completion of all conveyances required pursuant to Article I herein, the CITY determines that all such obligations have been faithfully observed, performed and are otherwise satisfied the CITY agrees to credit and apply any bank assets then remaining toward the total outstanding Surcharge amount for the purpose of reducing the duration said Surcharge shall remain in effect.

5.1.2 In the event the bank accounts and bank assets conveyed to the CITY are insufficient, in the CITY's reasonable opinion, to adequately secure ANDRAIN's performance of obligations under this Section 5.1, the CITY shall have the right to demand, and ANDRAIN agrees to provide upon said demand, further and other security in the form of cash, bond, guarantee, letter of credit, or other financial commitment that ANDRAIN is reasonably capable of obtaining and furnishing for said purpose.

5.2 Indemnification by CITY. The CITY shall indemnify, defend and hold ANDRAIN (and its owners, members, officers, directors, agents, insurers,) harmless from and against any damages said indemnitees might sustain for any negligent and/or intentional acts or omission by CITY relating to the New System including, but not limited to, claims, actions, or proceedings (together with any costs, expenses, and reasonable attorneys' fees necessarily incurred), brought by or on behalf of any third party, any regulatory agency, and/or franchise authority having

competent jurisdiction; Provided, that the foregoing obligations shall not apply to damages arising out of ANDRAIN's negligence or intentional misconduct in operating the Existing System prior to the New System being placed into service unless caused by or otherwise arising from the acts or omissions of the CITY.

5.3 In the event of any obligations, indebtedness or liabilities of ANDRAIN that arise as the result of incidents occurring prior to the mutual execution of this Agreement and/or arise out of the execution hereof, the CITY may, at its sole discretion, elect to make payment to satisfy and fully resolve such obligations, indebtedness or liabilities, subject to the following:

5.3.1 In the event the CITY intends to make any payment pursuant to this Section 5.3, it shall provide ANDRAIN with at least sixty (60) days prior written notice of such intent in order to provide ANDRAIN an opportunity to satisfy such obligation, indebtedness or liability -- or to express reasonable objection to payment thereof by CITY. The CITY will reasonably cooperate with any good faith effort commenced by ANDRAIN during such 60 day period to fully resolve the subject obligation, indebtedness or liability.

5.3.2 In the event the CITY makes any payment pursuant to this Section 5.3, upon expiration of the notice period in Section 5.3.1 and following ANDRAIN's failure to timely and fully resolve any obligation, indebtedness or liability pursuant to Section 5.3.1, ANDRAIN and its Members shall be jointly and severally liable for the full and prompt reimbursement of any and all payments made by the CITY; Provided that, the several liability of Members shall be limited to each Member's respective interest in the Andrain Road Water Association such that no individual Member shall be held liable for the entirety of ANDRAIN's liability.

5.3.3 Notwithstanding any other security the CITY may obtain pursuant to Section 5.1.2 herein, any and all utility bank account funds held and/or transferred pursuant to this Agreement shall be made available by the holder thereof for the satisfaction of any and all obligations, indebtedness or liabilities of ANDRAIN hereunder.

5.4 The CITY shall not be responsible for the application of any funds of ANDRAIN, from whatever source derived, except as otherwise expressly stated in this Agreement, nor for any tax liability of any sort assessed or levied thereon or arising out of the transactions and/or conveyances contemplated or required by this Agreement. ANDRAIN shall, on behalf of itself, secure and furnish to the CITY

without cost to the CITY, whatever final tax rulings may be required in this matter to so protect the CITY, and in any event shall indemnify and hold the CITY harmless from any costs of defense and from all such claims and/or litigation, assessments or levies of whatsoever kind, nature or description for taxes actually owed to, alleged to be owed to or imposed by, any Federal, State, CITY, Municipal or other Governmental body or agency thereof and arising either directly or indirectly from entering into this Agreement.

5.5 ANDRAIN will cooperate in good faith with the CITY to timely obtain and deliver proof of any and all further authorizations, documents, and instruments, necessary for CITY to perform and/or enforce the rights and obligations set forth herein.

5.6 The Parties agree and stipulate that in the event any litigation should occur concerning or arising out of this Agreement, the sole venue of any legal action shall be the Pierce County Superior Court of the State of Washington and the interpretation of the terms of this Agreement shall be governed by the laws of the State of Washington.

5.7 ANDRAIN shall, upon the New System being placed into service, permanently discontinue the water business and service to the ANDRAIN service area described in Exhibit A as a water company in accordance with applicable Department of Health regulations.

5.8 Effective Date. This Agreement shall not become effective unless approved by formal Resolutions of the CITY's Public Utility Board and CITY Council. If so approved, the Effective Date of this Agreement shall be on the next ensuing business day after the CITY Council Resolution has been adopted.

5.9 Recording of this Agreement. The CITY shall promptly record this Agreement with the Pierce County Auditor's Office following the Effective Date and all costs of such recording shall be included in the calculation of CITY's acquisition costs to be paid according to Article II herein. Upon such recording, all easement rights and interests

specified in Section 1.3 shall vest in the CITY and public notice of all Surcharge obligations pursuant to Section 2.3 and Section 3.5 shall be deemed given and perfected. It is understood and agreed that such Surcharge may be further set forth by ordinance adopted by the CITY Council, but such ordinance shall not be a required condition for enforcement of any Surcharge or related remedies hereunder.

5.10 It is understood and agreed that the individuals signing this Agreement on behalf of ANDRAIN and the CITY are doing so solely in their official capacity as the authorized representatives for the respective Parties, and not in their individual capacity.

Dated this 15th day of January, 2015.

APPROVED AND ACCEPTED:

ANDRAIN ROAD WATER ASSOCIATION

By: *David Becker*
Chairman

By: *Mitchell A. Pogue*
Secretary

Printed Name: DAVID BECKER

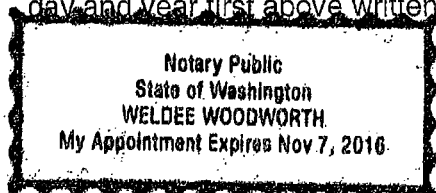
Printed Name: Mitchell A. Pogue

ATTEST:

State of Washington)
) ss
County of Pierce)

On this 15 day of January, 2014, before me personally appeared David A. Becker and Mitchell A. Pogue to me known to be the Chairman and Secretary, respectively, of the Andrain Road Water Association, the nonprofit corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Woodworth
Notary Public in and for the State
of Washington, residing at Pierce County
My Commission expires: NOV 7, 2016

APPROVED AND ACCEPTED:

**CITY OF TACOMA,
Department of Public Utilities**

By: _____
William A. Gaines, Utilities Director/CEO

ATTEST:

**AUTHORIZED BY PUBLIC UTILITY BOARD RESOLUTION NO. _____ AND
CITY COUNCIL RESOLUTION NO. _____**

By: _____
Clerk of the Public Utility Board

APPROVED:

Linda McCrea, Tacoma Water Superintendent

Description Approved:

Engineer

Approved as to Form:

Ward Yarnes

Deputy City Attorney

Approved:

Finance Department

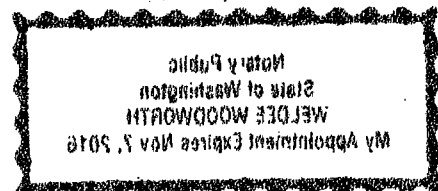


EXHIBIT A

LEGAL DESCRIPTION ANDRAIN ROAD WATER ASSOCIATION SERVICE AREA

The purpose of the following legal description is to delineate the boundaries of the Andrain Road Water Associations' service area as of November 2014, which is to be acquired by Tacoma Water of Tacoma Public Utilities. The following description should be used only for such purposes.

Parcels of land, all in Section 8, Township 19 North, Range 4 East, W.M.; in Pierce County, Washington, further described as follows:

BEGINNING 30 feet East of and 127.70 feet North of the Southwest corner of the Northeast quarter of said Section 8, thence Northerly 136.64 feet, thence Easterly 140 feet, thence Southerly 136.84 feet, thence Westerly 140 feet to the POINT OF BEGINNING.

ALSO the South 100 feet of lot 20, block 14 of the Plat of Half Dollar Acre Tracts, recorded September 3, 1910.

ALSO lot 4 of Pierce County Short Plat No. 77-458, dated July 12, 1977.

ALSO lots 16 and 17 of the aforementioned block 14 of Half Dollar Acre Tracts.

ALSO Parcel "B" of Pierce County Declaration of Boundary Line Revision No. 9007060267, dated July 6, 1990; described as lot 13 and the Easterly half of lot 12, Block 14 of Half Dollar Acre Tracts, EXCEPT the South 120 feet thereof.

ALSO Block 19 of the aforementioned Half Dollar Acre Tracts; EXCEPT the North 100 feet of the East 100 feet of lot 5 of Block 19; also EXCEPT Lot 11 of Block 19; Also EXCEPT lots 1,2,3 and 4 of Pierce County Short Plat No. 75-222, dated July 3, 1975.

ALSO lots 1 through 7, 19 and 20, of Block 22 of Half Dollar Acre Tracts.

ALSO the South 100 feet of the North 200 feet of lot 1, together with the South 100 feet of the North 200 feet of the East 26 feet of lot 2, of Block 27 of Half Dollar Acre Tracts.

ALSO the South 102.43 feet of lot 1, together with the South 102.36 feet of lot 2 of Block 27 of Half Dollar Acre Tracts.

ALSO lot 20 of Block 27 of Half Dollar Acre Tracts.

ALSO the North half of lot 1, together with the East 26 feet of the North half of lot 2, Block 30 of Half Dollar Acre Tracts.

ALSO the Southwest quarter of the Southwest quarter of the Southeast quarter of Section 8, EXCEPT the North 204 feet of the South 408 feet of the East 214 feet of the West 422 feet of said subdivision, Also EXCEPT lots 2 through 14 of Block 2 of the Plat of Greenbriar Estates, recorded May 11, 1960.

ALSO lots 1, 3 and 4 of Block 1 of Greenbriar Estates.

ALSO BEGINNING at the Southwest corner of the North half of the Northwest quarter of the Southwest quarter of the Southeast quarter of Section 8, thence Easterly along the South line of said subdivision 250 feet, thence Northerly 120 feet, thence westerly 250 feet, thence Southerly 120 feet to the POINT OF BEGINNING; EXCEPT the Westerly 30 feet for road.

ALSO the North 200 feet of the West half of the Southwest quarter of the Southeast quarter of Section 8, EXCEPT the West 30 feet for road, also EXCEPT the East 30 feet for road.

ALSO the South half of the East half of the South half of the South half of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 8, EXCEPT the Easterly 30 feet for road.

ALSO the West half of the South half of the South half of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 8, EXCEPT the West 30 feet for road.

ALSO the West 430 feet of the North half of the South half of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 8, EXCEPT THE West 30 feet for road.

ALSO the Easterly 185 feet of the Westerly 215 feet of the Northwest quarter of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 8.

ALSO lots 1 and 2 of Pierce County Short Plat No. 77-248 as recorded April 22, 1977.

ALSO lots 1 and 2 of Pierce County Short Plat No 9610070716, recorded on October 7, 1996.

ALSO that portion of the North half of the Northwest quarter of the Northwest quarter of the Southeast quarter of Section 8 lying West of Pierce County Short Plat No. 8307200272, recorded July 20, 1983; EXCEPT the Westerly 30 feet for road.

EXHIBIT B

Map of Existing Andrain Road Water Association Water System Area

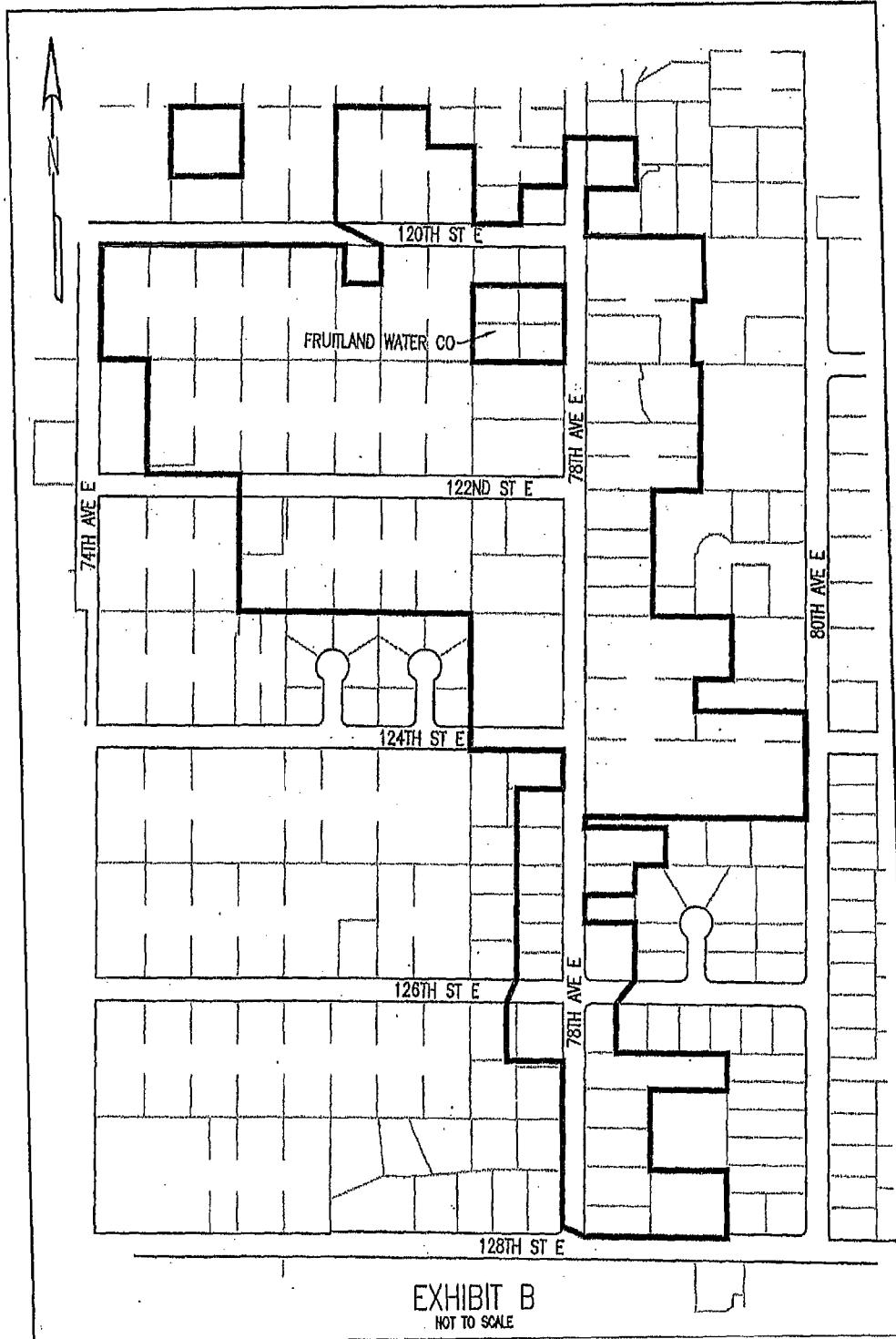


EXHIBIT C
Sample Form of Easements
for Water Utilities On Member Premises

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES
EASEMENT NO. XXX

Reference No. P2011-xxx
Grantors: xxx
Grantee: City of Tacoma, Department of Public Utilities, Water
Division (d.b.a. Tacoma Water)
Legal Descriptions: xxx
Tax Parcel Nos.: xxx
Supersedes: This document supersedes that Easement recorded under
Pierce County Auditor File No. xxxxx (City of Tacoma,
Department of Public Utilities, Water Division Easement No. xxxx)

The undersigned (NAME OF CORP / PARTNERSHIP / LLC / TRUST), a (Corporation/Limited Partnership/General Partnership/Domestic Limited Liability Company), organized and existing under the laws of the State of Washington, record owner of the Premises hereinafter described, hereinafter referred to as "Grantors," for good and valuable consideration from the City of Tacoma, Department of Public Utilities, Water Division (d.b.a. Tacoma Water), hereinafter referred to as "Tacoma Water," the receipt of which is hereby acknowledged, does hereby grant unto said Tacoma Water, its successors and assigns, the right and privilege to construct, operate and maintain utilities including, but not limited to, underground utility facilities and all appurtenant equipment aboveground utility facilities and all appurtenant equipment water mains and all appurtenant equipment in, under, over, along and across the following real property situate and being in the County of Pierce and State of Washington, described as follows, to-wit:

(legal description)

Situate in County of _____, State of Washington; and as further shown on Exhibit "A" attached hereto and by this reference incorporated herein.

*Legal Description reviewed for Tacoma Water, Date: _____

By Chief Surveyor: _____

Together with the right to trim and keep trimmed all vegetation located upon the tract of land above described.

It is agreed that the Grantors and its/their successors shall not construct any permanent structures within the easement area; provided that said easement area may be used for ingress, egress, parking and landscaping purposes to the extent the same shall not unduly interfere with the operation and maintenance of the facilities for which this Easement is granted. However, if the Grantors does construct a permanent structure within the easement area, the Grantee may at any time remove or cause the removal of such structures at the Grantor's/Grantors' cost. In addition, the Grantee is not responsible for damaging the Grantor's/Grantors' structures within

the easement area. For the purposes of the easement, a "structure" includes, but is not limited to, any building, fence, pavement, drain field, pipe, wall, rockery and earthworks.

The Grantors shall at all times provide access to Tacoma Water staff and its contractors to change, repair, renew or remove said equipment or facilities. The Grantors herein further grants to Tacoma Water, its contractors and/or agents, the right to hereafter temporarily enter upon the Grantor's/Grantors' remaining lands where necessary to construct or maintain said facilities.

The Grantor hereby agrees to indemnify, defend and save harmless the Grantee, its officers, employees, agents and volunteers from and against any and all claims, demands, lawsuits, damages, liabilities, losses and expenses (including reasonable attorneys' fees and costs) arising directly or indirectly out of any act or omission of the Grantor, its agents, contractors, licensees or guests and involving the subject matter of this Easement. The foregoing shall expressly apply to any and all actual or alleged injury to persons (including death) and/or damage to property, except to the extent such injury or damage results from the fault of the Grantee, its officers, employees, agents or volunteers. The term "fault" as used herein shall have the meaning set forth in RCW 4.22.015, as that statute may hereafter be amended.

IN WITNESS WHEREOF, I/We have executed this instrument at _____ County, Washington, on behalf of (name of Corp/Ptnrshp/LLC/Trust), said company having caused its (corporate/partnership) name and seal to be hereunto subscribed and affixed and these presents to be executed by its officer(s)/managing partner(s)/managing member(s)/Trustee(s) thereunto duly authorized, this _____ day of _____, 2011.

(type Name & Title here) (type Name and Title here)

STATE OF WASHINGTON)
) SS
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Name of Signor(s) is/are the persons who appeared before me, and said persons acknowledged that he/she/they signed this instrument, and on oath stated that he/she/they was/were authorized to execute the instrument and acknowledged it as the President / Officer / Partner / Managing Member(s) / Trustee(s) of (Company Name/Trust Name) to be the free and voluntary act and deed of such Corporation/Partnership/LLC/Trust for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2011.
Place Notary Seal in Box

Notary Public in and for the State
of Washington
Residing in _____
My Commission Expires _____

Dated this _____ day of _____, 2015.

Accepted:

Water Division Superintendent

Reviewed:

Water Distribution Manager

Reviewed:

Water Distribution Engineering

Form Approved:

Assistant City Attorney

Reviewed:

Real Property Services