

WATER SERVICE AGREEMENT

THIS AGREEMENT made, dated, and signed this 7th day of July, 2009, by and between Charles J. White, hereinafter referred to as "Developer", and the Sheridan Area Water Supply Joint Powers Board (hereinafter referred to as "SAWSJPB").

WITNESSETH:

WHEREAS, Developer is the owner of the following land, to wit:

The proposed Lazy Crown Estates Subdivision,
 as shown on the attached Exhibit A; and

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 Recorded
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WHEREAS, Developer desires to obtain domestic water service from SAWSJPB for said property to supply two additional residential lots (Lots 1 and 2) as shown on Exhibit A (sometimes referred to herein as "Lands" or "the Lands"); and,

WHEREAS, following the execution of this Agreement, the Board shall not be obligated to actually provide water service to the Developer unless and until the Developer is in full compliance with all of the terms, obligations and conditions of this Agreement, has completed construction of the water service facilities approved herein, and said facilities have been approved for use in the SAWSJPB system by SAWSJPB or its agents or representatives.

NOW, THEREFORE, IT IS HEREBY AGREED AMONG THE PARTIES AS FOLLOWS:

1. The parties acknowledge and agree that this Agreement is conditioned as follows:

- A. The parties affirm that, at the time of execution of this Agreement by an authorized representative or agent of SAWSJPB, the Developer has fully complied with and met the following mandatory requirements:
 - i. The proposed service area within the lands is located within SAWSJPB's boundary.
 - ii. Specific identification and description have been made of the location of the actual connection(s) to the SAWSJPB system that the Developer proposes and identification and description of which specific water supply line(s) the Developer proposes to use to connect to SAWSJPB service to the Developer's lands.
 - iii. The Developer has provided SAWSJPB staff and City of Sheridan staff with sufficiently detailed preliminary engineering plans and construction specifications to allow staff and the SAWSJPB to determine and conclude that the SAWSJPB system has adequate available water, taps and pressure to provide the water service requested by the Developer, so long as all other requirements of this Agreement are met.
 - iv. The Developer expressly agrees to be bound by and to perform all of the additional specific terms and conditions set forth in the attached Appendix A (which Appendix A is expressly adopted by the parties and incorporated herein by reference).
- B. It shall be a further and distinct express condition precedent to the provision of SAWSJPB supplying domestic water service to any of the Developer's lands that the Developer must verify in writing, and SAWSJPB must approve and agree in writing that the Developer has:
 - i. Complete and appropriate engineering construction management is in place and documentation evidencing the establishment and activities under said management is followed and provided as per SAWSJPB rules and regulations and/or City of Sheridan construction and operation specifications;
 - ii. System fitness related performance for pressure, bacteria and other engineering issues are deemed fully acceptable by the City of Sheridan and SAWSJPB;
 - iii. Finally obtained, conveyed and recorded, as necessary, all permits, variances, plats, covenants, other similar zoning and planning approvals necessary to legally construct subdivision improvements and to sell or convey any lands to any third-parties consistent with the

- requirements of Wyoming law and applicable Sheridan County or City of Sheridan regulations, ordinances, and/or laws;
- iv. Finally obtained, conveyed and recorded, as necessary, all easements and rights-of-way required by SAWSJPB, Sheridan County, the City of Sheridan, or any other agency with jurisdiction over the Developer's development;
 - v. Actually completed construction of the domestic water service facilities as specifically described in the Developer's application plan and permit materials that were provided to SAWSJPB to induce execution of this Agreement, and that such finally completed facilities have been appropriately tested and finally approved for domestic water service use within five hundred forty-five (545) consecutive calendar days immediately following execution of this Agreement;
 - vi. Fully complied with all other applicable terms and requirements for the provision of domestic water service by SAWSJPB pursuant to this Agreement and all applicable SAWSJPB rules and regulations and other applicable law;
 - vii. Provided or committed to timely provide as-built drawings for all domestic water facilities constructed pursuant to this Agreement to SAWSJPB staff and/or City of Sheridan staff; and,
- Fully paid and/or reimbursed all fees, assessments, or costs required to be paid prior to commencement.

2. Developer shall install individual water service lines and related appurtenances for Lots 1 and 2 within the Lands, extending each service line off of the main located in Beaver Creek Road. These service line extensions shall be installed in accordance with the City of Sheridan Standard Construction Specifications. All service lines and related appurtenances shall remain the property and responsibility of the owners of the respective lots receiving domestic water service, in accordance with all applicable SAWSJPB rules and regulations.

3. Developer, or any successor owners of the respective lots receiving domestic water service from SAWSJPB pursuant to this Agreement, shall make application for service and pay to SAWSJPB, or its successor in interest, the then-current water tap installation/service activation fees for each lot or property to be served at the time of receipt of a building permit from Sheridan County, or upon commencement of construction of the residential dwelling unit upon the individual lot to be served, whichever occurs first. Billing for domestic water service shall commence at the time of connection to SAWSJPB's domestic water system (at the time of installation of water meter by the City of Sheridan). Once connection has been made to the SAWSJPB domestic water system and SAWSJPB has actually begun providing domestic water to a connection as otherwise required herein, the owner(s) of the property to be served by such connection shall be obligated thereafter to pay all fees and charges in full compliance with the applicable rate schedule as established by SAWSJPB.

4. SAWSJPB, its duly-authorized agent, or successor(s) in interest, shall have the ongoing, unfettered right to inspect all water service line construction. Construction of any residential dwelling unit on any part of the lands described in this Agreement shall not begin unless and until the domestic water system facilities serving each respective lot or dwelling unit established on the lands described in this Agreement has been finally completed, tested if necessary, and accepted by SAWSJPB, its duly authorized agent, or successor(s) in interest. Occupancy of any residential dwelling unit shall not begin unless and until the domestic water system facilities serving each respective lot or dwelling unit established on the lands described in this Agreement has been finally completed, tested if necessary, and accepted by SAWSJPB, its duly authorized agent, or successor(s) in interest. All water meters for SAWSJPB domestic water service shall be obtained from SAWSJPB, its duly authorized agent, or successor(s) in interest, and installed according to the regulations of SAWSJPB or its successor(s) in interest.

5. Developer expressly agrees that all applicable SAWSJPB rules and regulations (as they exist now or as they are amended in the future) governing domestic water provided by SAWSJPB to the Developer's lands pursuant to this Agreement are incorporated herein as binding and enforceable terms of this Agreement. Developer and its successor agree to abide by all applicable SAWSJPB rules and regulations at all times.

6. Developer shall be provided two (2) 3/4" residential connections, or the equivalent, for the Lands described in this Agreement.

7. In the event that the Developer or any of the Developer's successors and/or assigns fail to fulfill one or more of the conditions precedent set forth herein or otherwise defaults under the terms of this Agreement, SAWSJPB shall have the immediate right pursuant to its governing rules and regulations, to declare this Agreement terminated, null and void in all respects. In such circumstance, SAWSJPB shall have no obligation to perform hereunder, and SAWSJPB shall have no other obligation or liability to the Developer or the Developer's successors or assigns whatsoever.

8. This Agreement shall be governed in all respects by the laws of the State of Wyoming. SAWSJPB fully reserves, and does not expressly or impliedly waive any governmental and/or sovereign immunity available to it under applicable law.

9. This Agreement shall be binding upon all of the parties, heirs, successors in interest, and assigns at all times.

10. In the event that a court of competent jurisdiction finally determines that any part of this Agreement is unenforceable, such unenforceable provision shall be severable from the remainder of this Agreement, and the Agreement shall otherwise remain in full force and effect between the parties to the maximum extent allowed by applicable law.


11. All parties executing this Agreement expressly represent to all other parties that they are fully authorized, without legal disability of any kind, to enter into this Agreement and be bound by it in all respects. All parties hereto enter into this Agreement expressly relying upon such representations.

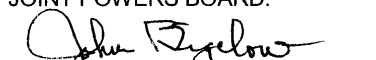
12. All parties executing this Agreement do so voluntarily and knowingly and only after availing themselves of the advice of their respective legal counsel.

IN WITNESS WHEREOF, the parties to this agreement execute it as of the date first above written.

Attest by:


SHERIDAN AREA WATER SUPPLY
JOINT POWERS BOARD:


Secretary


Chairman

Attest by:

DEVELOPER



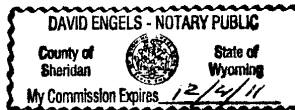
STATE OF WYOMING)
 : ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me this 30th day of October, 2009, by John Bigelow,
Chairman of the Sheridan Area Water Supply Joint Powers Board.

Witness my hand and official seal.


Notary Public

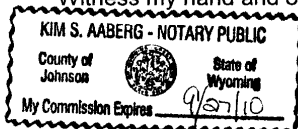
My Commission Expires: 12-4-2011

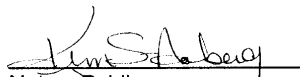


STATE OF WYOMING)
 : ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me this 1st day of July, 2009, by Geel W. Lee.

Witness my hand and official seal.




Notary Public

My Commission Expires: _____

APPENDIX A – Additional Requirements and Conditions

The maximum finish floor elevation at which Developer or Developer's successor in interest may construct a residence shall be 4066'. SAWSJPB will not provide water service to any residence for which the finish floor elevation is above this elevation. Exceptions to this limitation on finish floor elevation may be one of the following:

- A. Developer or Developer's successor in interest shall a SAWSJPB water main at Developer's sole cost from the discharge pipeline of the Beaver Creek Road pump station (which is located approximately 220 feet south of the SE corner of the Lands) north along Beaver Creek Road to serve the Lands; or
- B. service lines are extended for any or all of the proposed lots within the subdivision from the south through existing lots within the Beaver Flats Subdivision. (The Beaver Flats subdivision is located on the discharge side of the Beaver Creek Road pump station, therefore, adequate pressure exists for a residence above elevation 4066'.)

Party Initials


Developer


SAWSJPB

