

Special Meeting of the Board of Commissioners
Monday, September 23, 2021—3:30 p.m.
In-Person with Microsoft Teams Provision
Agenda

1. Call to Order
2. Attendance
3. Public Comment
4. Authorization for Condemnation Proceedings
5. Property and Casualty Insurance Renewal
6. Approval of Meeting Minutes from August 18, 2021
7. Financials
 - a. Finance Manager's Report
 - b. Board Approval of Payables
8. Spanaway Water Wholesale Amendment Agreement
9. General Manager's Project Updates
10. Operations Manager's Report
11. Engineering Manager's Report
12. Office Manager's Report
13. Other Business
 - a. Acknowledgment of employee wages for C. Bledsoe and A. Dickens
 - b. Government Relations Committee Report - Commissioner Barton
14. Public Comment

**LAKWOOD WATER DISTRICT
PIERCE COUNTY, WASHINGTON**

RESOLUTION No. B-1471

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF LAKEWOOD WATER DISTRICT, PIERCE COUNTY, WASHINGTON, AUTHORIZING AND APPROVING THE ACQUISITION BY NEGOTIATION OR CONDEMNATION CERTAIN REAL PROPERTY FOR WHOLESALE TRANSMISSION MAIN EXTENSION BY THE DISTRICT AND AUTHORIZING AND DIRECTING THE GENERAL MANAGER TO EXECUTE ALL DOCUMENTS AND TO TAKE ALL ACTIONS NECESSARY TO ACQUIRE SUCH PROPERTY.

WHEREAS, Lakewood Water District (“District”) is a special purpose water-sewer municipal corporation authorized and existing under the laws of the State of Washington, Title 57 RCW, and, pursuant to RCW 57.08.005 (1) and (3), has the power to acquire by purchase or condemnation lands and property necessary for its purposes; and

WHEREAS, the District Board of Commissioners has previously authorized and approved the District’s Comprehensive Water System Plan (“Comprehensive Plan”) to conform with the requirements of the Pierce County Comprehensive Plan to provide water service to the District’s water service planning area, and the Comprehensive Plan includes the construction, implementation, and operation of the Wholesale Transmission Main Extension Project; and

WHEREAS, to provide water service to additional property owners and customers within the service area of the District, District staff have identified certain real property as suitable and necessary for location and construction of a wholesale transmission line hereinafter referred to as the “Wholesale Transmission Main Extension Project” also known as “WTME Project”; such real property is legally described on Exhibit A and depicted on Exhibit B attached hereto and incorporated herein in full by this reference (the “Real Property”); and

WHEREAS, to construct and complete the WTME Project on the Real Property, it will be necessary to acquire, condemn, appropriate, and take easements in the Real Property;

WHEREAS, the District, as a municipal corporation, is authorized by Chapter 57.08 RCW to institute eminent domain proceedings under Chapter 8.12 RCW to acquire real property and interests therein; and

WHEREAS, District staff have requested that the Board of Commissioners authorize District staff, legal counsel, and consulting architects, engineers, and appraisers to proceed with the acquisition of the Real Property by negotiation and/or condemnation proceedings as deemed appropriate, subject to the District’s paying the owners of the Real Property just compensation for such acquisition; now therefore,

BE IT RESOLVED by the Board of Commissioners of Lakewood Water District of Pierce County, Washington, as follows:

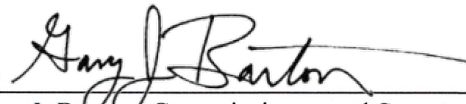
1. The Recitals set forth above are adopted as if set forth in full herein;
2. The District's acquisition of the Real Property is for a public project providing a general public good and benefit to the customers of the District, is for a public use and necessity for the construction of the WTME Project, and is condemned, appropriated, taken, and damaged in fee for public purposes, subject to the making or paying of just compensation to the owners thereof in the manner provided by law;
3. It is necessary to acquire the Real Property by negotiation and/or condemnation proceedings to carry out the purposes of the District for the WTME Project referenced above;
4. District staff, legal counsel, and the District's consulting architects, engineers, and appraisers are hereby authorized and directed to take all steps necessary to acquire the Real Property and to have the owners thereof paid just compensation for such acquisition or taking as required by law from the general funds of the District; and
5. Upon any successful negotiation of terms for the purchase of the Real Property in lieu of condemnation, Randall M. Black, the District General Manager, is authorized and directed to execute on behalf of the District a Real Estate Purchase and Sale Agreement (the "Purchase Agreement") in a form to be prepared by District counsel, and thereafter to take all actions necessary to carry out the terms of such Purchase Agreement, including the execution and delivery on behalf of the District of all documents related thereto, including notices, escrow instructions, excise tax affidavit, and any other agreement necessary to close the District's acquisition of the Real Property.

ADOPTED by the Board of Commissioners of Lakewood Water District, Pierce County, Washington, at a regular open public meeting thereof held on the 23rd day of September, 2021.

LAKWOOD WATER DISTRICT


By 
John S. Korsmo, Jr., Commissioner and President

By 
Gregory J. Rediske, Commissioner and Vice President

By 
Gary J. Barton, Commissioner and Secretary

CERTIFICATE

I, Gary J. Barton, Secretary of the Board of Commissioners of Lakewood Water District, Pierce County, Washington, do hereby certify that the foregoing resolution is a true and correct copy of Resolution No. X-XXXX of such Board, duly adopted at a regular meeting thereof held on the 13th day of September, 2021, signed by the members of such Board in attendance at such meeting and attested by myself in authentication of such adoption.



Gary J. Barton
Secretary of the Board of Commissioners
Lakewood Water District

EXHIBIT A

Legal Description of Real Property

EXHIBIT B
DEPICTION OF REAL PROPERTY



**Proposal Prepared For:
Lakewood Water District**

Policy Term
10/01/2021 – 01/01/2023

Who We Are

We are Brown & Brown of WA, Inc. , part of the Brown & Brown team. As one of the largest insurance intermediaries in the world, we work to deliver solutions that help to protect what you value most.

Our team is as connected nationally as it is locally, providing the personalized service of a local agency and the exceptional capabilities that bring the peace of mind you expect from a top national brokerage firm. We understand that the only constant is change and look ahead for changes that may impact your industry and business, so you can be ready for tomorrow's risks—today.

Our portfolio of products and services include insurance, reinsurance, risk management, employee benefits administration, managed health care programs, and more. We have been providing solutions to businesses, public entities, individuals, trade and professional associates for more than 80 years.

Since 2004, Brown & Brown has been designated as a Mergent's Dividend Index Achiever. This distinct honor is based on a record of 10 or more consecutive years of dividend increases, which has been achieved by less than 3% of U.S. listed



Snapshot

Number of Offices: **300+**
 Teammates: **11,000+**
 Total Managed Premium: **\$23B**
 Publicly Traded: **NYSE: BRO**

Established in 1939,
 in Daytona Beach, Florida

Annual Revenues over \$2.6 Billion,
 operating in the United States, Canada, England,
 Ireland, Bermuda, and Grand Cayman.

Networks of affiliated agencies, with
 programs developed and marketed by
 Brown & Brown are available in all
 fifty states, DC, Puerto Rico and the
 Virgin Islands.

We also have International
 Market Capabilities.

Local People. Powerful Solutions.

We pride ourselves on our ability to couple national strength with local, personalized service. Our Brown & Brown of WA, Inc. - based team is as connected to the more than 11,000 teammates across Brown & Brown and our team of companies as it is here in our community.

We have become a leading insurance brokerage because we view insurance differently and utilize our vast experience and wide-reaching network to deliver superior service and solutions to our customers, both big and small.

We believe that our teammates and the relationships they form with our customers are our strength. Our reputation has been built on a solid foundation of teamwork, strengthened by people who are dedicated to providing the highest degree of service. Our team thanks you for the opportunity to work together. Please find our contact information below.

Service Team – Brown & Brown of WA, Inc.

Name	Title	E-mail	Business Phone
Bryan Dunn	Senior Vice President Insurance Consultant	Bdunn@bbtacoma.com	(253) 396-5608
Brittney Rumbaugh	Account Manager	BRumbaugh@bbtacoma.com	(253) 396-5671



This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of difference, the policy will prevail.

Named Insured

Named Insured

Lakewood Water District

This list includes all the named insureds we presently have on your policies. Should any revisions to this listing be required, please notify our office immediately.

Location(s)

Loc #	Address	City	State	Zip
1	11900 Gravelly Lake Dr SW	Lakewood	WA	98499
2	14500 Grant Ave SW	Lakewood	WA	98498
3	4217 108th St SW	Lakewood	WA	98499
4	6333 Lake Ave SW	Lakewood	WA	98499
5	5725 New York Ave SW	Lakewood	WA	98499
6	8704 Hipkins Rd SW	Lakewood	WA	98498
7	3097 88th St S	Lakewood	WA	98499
8	10120 Sharon St SW	Lakewood	WA	98498
9	8015 & 8019 Washington Blvd SW	Lakewood	WA	98499
10	6420 127th St SW	Lakewood	WA	98499
11	8017 Onyx Dr SW	Lakewood	WA	98498
12	9305 Golf Course Rd SW	Lakewood	WA	98498
13	5200 Steilacoom Blvd SW	Lakewood	WA	98499
14	8501 112th St SW	Lakewood	WA	98499
15	114th SW & Old Military Rd	Lakewood	WA	98499
16	6400 72nd Street Ct W	Lakewood	WA	98499
17	5980 112th St Pt SW	Lakewood	WA	98499
18	10025 Angle Ln SW	Lakewood	WA	98498
19	8100 104th St SW	Lakewood	WA	98499
20	7614 52nd Ave W	Lakewood	WA	98499
21	10424 Bridgeport Way SW	Lakewood	WA	98499
22	9120 100th St SW	Lakewood	WA	98499
23	195 View Rd SW	Lakewood	WA	98499
24	112 Deepwood	Lakewood	WA	98498
25	8400 Washington Blvd SW	Lakewood	WA	98498
26	3500 112th St	Lakewood	WA	98499
27	1620 115th St S	Lakewood	WA	98499
28	4210 108th St SW	Lakewood	WA	98499
29	4205-4215 108th St SW	Lakewood	WA	98499
30	8019 Washington Blvd	Lakewood	WA	98499
31	2032 121st St E	Tacoma	WA	98445



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Property

Commercial Property Coverage forms define, limit, and explain what property or property interests are covered subject to policy provisions, conditions, terms, definitions, and exclusions

Subjects of Insurance

Loc #	Bldg #	Blanket	Subject of Insurance	Limit	Valuation	Cause of Loss	Ded
ALL	ALL	1	Building	\$13,090,000	Agreed Value	Special (Including theft) - Detail	\$10,000
ALL	ALL	2	Business Personal Property	\$3,701,000	Agreed Value	Special (Including theft) - Detail	\$10,000
ALL	ALL	N/A	Equipment Breakdown	Included	Replacement Cost	N/A	\$10,000

Client ultimately chooses limits insured.

Note: Only limited coverage applies to outdoor fences, radio and TV antennas including satellite dishes, detached signs, trees, shrubs, and plants unless specifically scheduled on the policy.

***** Signature Required for Agreed Value**

Causes of Loss:

Direct Physical Loss subject to the policy form's exclusions and limitations.

Additional Policy Coverages

Coverage	Limit
Brands and Labels	Included In Policy Limits
Claims Expense	\$10,000
Contract Penalty Clause	\$25,000
Computer Property	Included in Personal Property Limits
Excavation & Landscaping	\$25,000
Fine Arts	\$25,000
Fines for False Alarms	\$5,000
Fire Department Service Charge	\$50,000
Fire, Sprinkler or Burglar Alarm Upgrade	\$50,000
Fish in Aquariums	\$1,000
Glass	Included In Policy Limits
Guard Dogs	\$1,000
Lost Key Replacement	\$2,500
Newly Acquired Property	\$1,000,000 Blanket Limit Real & Personal
New Construction	\$500,000
Ordinance or Law – Undamaged Portion	Included in Building Limit



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Ordinance or Law – Demolition	\$250,000
Ordinance or Law – Increase Cost of Construction	\$250,000
Personal Effects – Portable Electronic Equipment Away from Premises	\$1,000
Personal Effects – Premises	\$1,000
Personal Effects – Spouses	\$500
Personal Effects – Worldwide	\$1,000
Pollutant Cleanup & Removal	\$25,000
Precious Metals	\$2,500
Signs	Included in Personal Property Limits
Theft Damage to Building	Included in Personal Property Limits
Utility Service – Direct Damage	\$10,000
Voluntary Parting	\$10,000

Additional Coverages and Coverage Extensions

Coverage	Limit
Accounts Receivable	\$250,000
Arson Reward	\$25,000
Computer Virus	\$2,500
Consequential Damage	\$25,000
Debris Removal	\$250,000
Personal Property at Unspecified Premises	\$100,000
Personal Property in Transit	\$100,000
Valuable Papers	\$250,000

Elite Property Enhancement: Municipalities Ultimate Cover

Coverage	Limit
Pollutant Clean Up and Removal	\$100,000
Emergency Real Estate Consulting Fee	\$2,500
Temporary Meeting Space Reimbursement	\$250
Workplace Violence Counseling	\$1,000
Automated External Defibrillators (AED)	\$5,000
Business Income and Extra Expense (Including Contingent)	\$100,000
Ordinance or Law – Undamaged Portion of the Building	Building Limit
Ordinance or Law – Demolition Cost	\$1,000,000
Ordinance or Law – Increased Cost of Construction	\$1,000,000
Fine Arts	\$50,000
Precious Metals	\$5,000
Earthquake Sprinkler Leakage	\$10,000



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Coinsurance Clause

A clause under which the insured shares in losses to the extent that the insured is underinsured at the time of loss. The insurer grants a reduced rate to the insured providing the amount of insurance carried is 80%, 90% or 100% to value. If, at the time of loss, the insurance carried is less than required, the insured will share in the loss.

Building Value	Insured Carried	Loss	Insurance Pays
\$100,000	\$100,000	\$60,000	\$60,000
\$100,000	\$80,000	\$60,000	\$60,000
\$100,000	\$70,000	\$60,000	\$52,000

*Amount Carried (\$70,000)

Amount Required (\$80,000) x Loss - Deductible=Recovery Amount

Agreed Value

Suspends the coinsurance clause. Coinsurance may be reinstated if the company does not receive an annual statement of values.



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Boiler and Machinery Endorsement

Coverage	Limit
Property Damage	\$ 16,791,000
Property Damage and Business Income/Extra Expense	-
Business Income and Extra Expense	\$ 500,000
Business Income	-
Extra Expense	-

Coverage	Sublimit of Insurance
Ammonia Contamination	\$25,000
Water Damage	\$25,000
Hazardous Substances	\$25,000
Spoilage	\$25,000
Expediting Expense	\$25,000
Newly Acquired Location Coverage	\$1,000,000
Off Premises Service Interruption	
Business Income	N/A
Business Income and Extra Expense	N/A
Extra Expense	N/A
Spoilage	\$25,000
Ordinance or Law	\$100,000

Deductibles

Coverage	Deductible
Property Damage and Business Income/Extra Expense	\$2,500
Spoilage	Combined with Property Damage
Off Premises Service Interruption	N/A
Ammonia Contamination	Combined with Property Damage



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Crime

Policy that is designed to meet the needs of organizations other than financial institutions (such as banks). A commercial crime policy typically provides several different types of crime coverage, such as: employee dishonesty coverage; forgery or alteration coverage; computer fraud coverage; funds transfer fraud coverage; kidnap, ransom, or extortion coverage; money and securities coverage; and money orders and counterfeit money coverage.

Coverage Form

Loss sustained form covers losses that are actually sustained during the policy period and discovered no later than one year after the policy expires.

Client ultimately chooses limits insured.

Additional Coverage(s)

Coverage	Limit	Deductible
Employee Theft – Per Employee – Faithful Performance	\$1,000,000	\$10,000

UltimateCover Crime

Coverage	Limit	Deductible
Money & Securities (Inside)	\$25,000	\$1,000
Money & Securities (Outside)	\$25,000	\$1,000
Money Order/Counterfeit Currency	\$5,000	\$500
Kidnap, Ransom, Extortion	\$25,000	N/A
Forgery or Alteration	\$1,000,000	\$10,000
Computer Fraud	\$250,000	\$2,500
Employee Dishonesty	\$1,000,000	\$10,000



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Inland Marine

Property insurance for property in transit over land, certain types of moveable property, instrumentalities of transportation (such as bridges, roads, and piers, instrumentalities of communication (such as television and radio towers), and legal liability exposures of bailees. Many inland marine coverage forms provide coverage without regard to the location of the covered property; these are sometimes called "floater" policies.

Equipment Summary

Loc #	Category	Scheduled/Unscheduled	Limit	Total Sched Items	% Coins	Ded	Valuation
WA	Miscellaneous – NOC See Schedule	Schedule	\$341,735	8	%	\$1,000	ACV
WA	Miscellaneous – NOC Leased Equipment	Unscheduled	\$50,000	-	%	\$5,000	ACV

Scheduled Equipment

Item #	Year	Manufacturer	Model	Description	Serial #	Limit
0001	2015	John Deere	60G	Compact Excavator	1FF060GXKFJ286398	\$88,600
0002	2000	John Deere	401E	Backhoe	T04105X163907	\$81,612
0003	2000	John Deere	410E	Backhoe	1H000342TA	\$39,434
				Portable Generator	395437	
0004				Ingersoll-Rand Air Compressor	247939UGF327	\$11,461
0005				Portable Generator	1E9GF2224VR153006	\$85,032
0006	2020	Almand		Light Tower	5AEA1DA16LH007832	\$11,000
0007	2020	DOOSAN	G18S-5	Fork Lift	FGAO2-1790-03107	\$24,596

Client ultimately chooses limits insured.



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General Liability

Policy will pay sums which the insured becomes legally liable to pay as damages because of bodily injury or property damage to which this insurance applies.

Limits of Liability

Coverage	Limit
Each Occurrence Limit	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
General Aggregate Limit (Other Than Products-Completed Ops)	\$2,000,000
Products/Completed Operations Aggregate Limit	\$2,000,000
Fire Damage Legal Liability (Any One Fire)	\$100,000
Medical Expense Limit (Any One Person)	None
Abuse Sublimit – Per Person Limit	\$1,000,000
Abuse Sublimit – Aggregate Limit	\$2,000,000

Higher limits may be available.

Exposure Basis – Policy is subject to audit.

Loc #	Classification	Class Code	Premium Basis	Exposure
1	PROD/COMP OP SUBJ TO GEN AGG LIMIT	99943	Payroll	\$468,000
1	CONTR-SUB-PIPE/POWR LINE-N/GAS	91587	Total Cost	\$400,000
25	WAREHOUSE-PRIVATE-FP	68706	Area	1,465
28	WAREHOUSE-PRIVATE-FP	68706	Area	1,680
29	VACANT LAND-FP	49451	Acres	2

Defense Costs:

*Defense costs incurred in the investigation and defense of any claim will be paid **in addition to** the stated limits of liability.*

Employee Benefits Liability – Claims Made

Coverage	Limit
Each Occurrence Limit	\$1,000,000
Aggregate Limit	\$1,000,000
Retro Date: 09/01/1969	

Washington Stop Gap Liability

Coverage	Limit
Each Person	\$1,000,000
Each Occurrence	\$1,000,000
Bodily Injury By Disease Limit	\$1,000,000



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Business Auto

Automobile Coverage subject to policy provisions, conditions, terms, definitions, and exclusions. Coverage is provided for damages because of bodily injury or property damage to which this insurance applies caused by an accident and resulting from the ownership, maintenance, or use of a covered auto.

Coverage

Coverage	Limit	Deductible	Symbol
Liability - Combined single limit	\$1,000,000		1 – Any Auto
Uninsured/Underinsured Motorist BI	\$1,000,000		2 – Owned Autos
Comprehensive	ACV	\$2,000	7 – Autos Specified on Schd. 8 – Hired Autos
Collision	ACV	\$2,000	7 – Autos Specified on Schd. 8 – Hired Autos
Towing			7 – Autos Specified on Schd.

Higher limits may be available.

Vehicle Schedule

Year	Make	Model	VIN	Liability	UM	Comp Ded	Coll Ded
1995	TRAIL	King	1TK02421TM104023	X	X		
1998	Kohler	Flatbed	1E9GF2224VR153006	X	X		
1995	Kohler	Flatbed	1H000342TA	X	X		
2002	Eagle	Utility Trailer	1C9BE12182P691999	X	X		
2012	EHWAC	VALVE TRAILER	1E9PT151XCC297715	X	X	\$2000	\$2000
2012	FORD	E350 SUPER DUTY	1FDSE3FL0CDA92670	X	X	\$2000	\$2000
2013	FORD	EXPLORER	1FM5K7B82DGC45726	X	X	\$2000	\$2000
2015	FORD	F350 SUPER DUTY	1FDRF3G63FEA71038	X	X	\$2000	\$2000
2014	FORD	F150	1FTMF1CM5EKE65955	X	X	\$2000	\$2000
2014	FORD	F150	1FTMF1CM3EKE65954	X	X	\$2000	\$2000
2015	FORD	F150 SUPER CAB	1FTEX1C84FFB34962	X	X	\$2000	\$2000
2015	Tow Master	Utility Trailer	4KNNT1629FL162260	X		\$2000	\$2000
2016	FORD	EXPLORER	1FM5K7B85GGA29020	X	X	\$2000	\$2000
2016	FORD	F450	1FDUF4GY3GEA39208	X	X	\$2000	\$2000
2015	FORD	F150	1FTMF1C83FKD62067	X	X	\$2000	\$2000
2016	F150	F150	1FTMF1C85GKE64052	X	X	\$2000	\$2000
2011	FUEL PUP	500 GALLON TRAILER	ST0756	X	X	\$2000	\$2000
2013	FORD	F250	1FT7X2A6XDEB04870	X	X	\$2000	\$2000
2017	FORD	F550	1FD0X5GT5HED53546	X	X	\$2000	\$2000
2018	FORD	F150	1FTEX1CBXJKC28890	X	X	\$2000	\$2000
2018	FORD	F550	1FDUF5GY7JDA04495	X	X	\$2000	\$2000
2018	FORD	F550 DUMP TRUCK	1FDUF5GT9JDA04678	X	X	\$2000	\$2000
2016	FREIGHTLINER	114SD	1FVHG3DV5GHHH8458	X	X	\$2000	\$2000
2019	FORD	TRANSIT CONNECT	NM0LS6E23K1391742	X	X	\$2000	\$2000
2018	FORD	F250	1FT7X2A68JED02598	X	X	\$2000	\$2000
2019	FORD	F150	1FTEX1CP4KKD58130	X	X	\$2000	\$2000
2019	FORD	F150	1FTEX1CB0KKD58131	X	X	\$2000	\$2000
2020	FORD	F150	1FTEX1CB9LKD81487	X	X	\$2000	\$2000
2020	FORD	F150	1FTEX1CB3LKE17044	X	X	\$2000	\$2000
2020	FORD	EXPLORER	1FM5K7DH2LGC36376	X	X	\$2000	\$2000
2020	FORD	TRANSIT CONNECT	NM0LE6E76L1479561	X	X	\$2000	\$2000
2020	FREIGHTLINER	5 YD DUMP	3ALACYFE8MDMM7741	X	X	\$2000	\$2000
2020	Ford	F-150	1FTEX1E50LKE97605 *	X	X	\$2000	\$2000



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Garage Location Schedule

Garage Loc #	Address 1	City	State	Zip
1	5725 New York Ave SW	Lakewood	WA	984991412

Driver Schedule

Driver #	Name	Date of Birth	License State	Driver's License #
1	Ryan Alvis	05/02/1985	WA	ALVISRN154KB
2	Auburn Avery	12/29/1968	WA	WDL39957C23B
3	Ian Black	05/20/1966	WA	BLACKIM347K0
4	Randall Black	11/05/1961	WA	BLACKRM393QE
5	Carrie Bledsoe	05/10/1972	WA	WDL234N7013B
6	Samuel Bosma	08/17/1960	WA	BOSMASW403NP
7	Rodney Bowen	03/13/1973	WA	BOWENRE272DL
8	Robert Brooks	08/13/1968	WA	BROOKRT324NL
9	Christopher Donald Bullard	03/27/1976	WA	WDL55387F9SB
10	Christie Butler	05/30/1955	WA	WDL3BBB1D63B
11	Jordan Daulbaugh	03/28/1989	WA	WDL553P5033B
12	Brent Davison	11/04/1971	WA	WDL9PTZF833B
13	Amber Dickens	10/07/1988	WA	DICKEAL124PG
14	Christian Fast	07/09/1967	WA	FASTCD334MZ
15	Deborah Fast	09/25/1974	WA	WDL45SZJ453B
16	Doreen Funderburk	09/24/1967	WA	WDL44TR0003B
17	Robert Gaskin	05/12/1960	WA	GASKIRL405KK
18	Megan Golden	10/25/1985	WA	GOLDEML156P5
19	Shaun Jorgensen	09/13/1980	WA	JORGESF201OL
20	Michelle Kohler	05/25/1990	WA	WDL317Z3013B
21	Kyle Lawson	02/09/1990	WA	LAWSOKJ106CZ
22	Jacob Lea	11/09/1977	WA	LEAJA231QZ
23	Briana Levo	05/10/1985	MO	T204129017
24	Teri MacDougall	04/07/1969	WA	WDL7R434893B
25	Tyler Marsh	12/10/1993	CA	F3297517
26	Philip Mendoza	10/10/1990	WA	WDL7Z5BCD43B
27	Lucas Nishiko	07/10/1982	WA	NISHILN186MS
28	Clark Pulk	03/28/1962	WA	PULKCE389D8
29	Alexander Rae	05/29/1958	WA	RAEAT420K9
30	Lucas Robinson	06/26/1991	WA	ROBINLI099L6
31	Kegan Rounds	05/14/1990	WA	ROUNDKD109KM
32	Eric Schwind	07/18/1974	WA	SCHWIEL266MQ
33	Zachary Smith	06/14/1976	WA	WDLB1ZB3433B
34	Donald Stanley	03/06/1972	WA	WDL56NNC913B
35	Marika Thomas	11/15/1980	WA	THOMAMS209QN
36	Kevin Wyckoff	12/20/1983	WA	WYCKOKC173R0



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Non-Owned Auto

Coverage	Limit 1	Ded
Non-Owned Liability	\$1,000,000	\$1,000
Hired Car Liability	\$1,000,000	
Hired Car Physical Damage OTC Deductible Collision Deductible		\$100 \$1,000

Vehicle Ownership

The Named Insured represents that all scheduled vehicles are titled to the Named Insured or leased to the Named Insured. If not, you must notify us immediately in order to obtain proper coverage not currently proposed.

Autos Furnished To Individuals

If you furnish an auto to an individual that does not have a Personal Auto Policy or a Non-owned Auto Policy, please advise us so that we can recommend policy extensions or an additional policy to properly cover these individuals.

Symbol	Description
1	Any Auto
2	Owned Autos only. Only those autos you own (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins.
3	Owned private passenger autos only. Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins.
4	Owned autos other than private passenger autos only. Only those autos, you own that are not of the private passenger type (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos not of the private passenger type you acquire ownership of after the policy begins.
5	Owned autos subject to no-fault. Only those autos you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned autos subject to a compulsory uninsured motorist's law. Only those autos you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those autos you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorist's requirement.
7	Specifically Described Autos. Only those autos described in item three of the declarations for which a premium charge is shown (and for Liability Coverage any trailers you don't own while attached to any power unit described in item three).
8	Hired Autos Only. Only those autos you lease, hire, rent or borrow. This does not include any auto you lease, hire, rent or borrow from any of your employees or partners or members of their households.
9	Non-owned Autos Only. Only those "autos" you do not own, lease, hire, rent or borrow and that are used in connection with your business. This includes "autos" owned by your employees or partners or members of their households but only while used in your business or your personal affairs.



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Umbrella

Coverage	Limits
Each Occurrence Limit	\$10,000,000
Personal & Advertising Injury Limit	\$10,000,000
Products Completed Operations Aggregate Limit	\$10,000,000
General Aggregate Limit *Except with respect to Auto Liability & Products Completed Operations	\$10,000,000
Retained Limit	\$10,000

Higher limits may be available.

Schedule of Underlying Insurance

Employers' Liability	Limits
Bodily Injury By Accident	\$1,000,000 Each Accident
Bodily Injury By Disease	\$1,000,000 Each Employee
Bodily Injury By Disease Employee	\$1,000,000 Policy Limit

General Liability	Limits
General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000

Commercial Auto Liability	Limits
Combined Single Limit	\$1,000,000

Employee Benefits Liability (Claims Made)	Limits
Each Claim	\$1,000,000
Aggregate	\$1,000,000

Abuse or Molestation	Limits
Each Abusive Conduct	\$1,000,000
Aggregate	\$2,000,000



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Philadelphia Package

Terms, Conditions, Endorsements, Exclusions, and/or Limitations include but are not limited to:

ADDITIONAL INSURED SCHEDULE	Additional I 01 00	
Business Auto Schedule	Auto Sched	01 00
Commercial Lines Policy Jacket	BJP-190-1	12 98
2013 Comml Auto Multistate Forms Rev Adv Notice	CA P 006	10 13
Business Auto Coverage Form	CA0001	10 13
Washington Changes	CA0135	10 13
Designated Insured For Covered Autos Liability Cov	CA2048	10 13
Washington Underinsured Motorist Coverage	CA2134	10 13
Business Auto Declarations	CADS03	10 13
Commercial General Liability Coverage Form	CG0001	04 13
Washington Changes	CG0181	05 81
WA Chgs – Employed-Related Practices Exclusion	CG0197	12 07
Deductible Liability Insurance	CG0300	01 96
Addl Ins – State or Governmental Agency or Subdiv	CG2012	04 13
Additional Insured – Designated Person or Organization	CG2026	04 13
Exc – Access/Disclosure – With Ltd Bodily Injury Except	CG2106	05 14
Exclusion – Designated Professional Services	CG2116	07 98
Cap On Losses From Certified Acts of Terrorism	CG2170	01 15
Waiver of Transfer of Rights of Recov Against Others	CG2404	05 09
Washington Changes – Binding Arbitration	CG2429	09 13
WA – Lmted Cov Loss BI/PD or Pers Adv Invol Eff Prox	CG2445	01 19
Washington – Fungi or Bacteria Exclusion	CG2677	12 04
Commercial Inland Marine Conditions	CM0001	09 04
Washington Changes	CM0107	06 19
Commercial Auto Forms Schedule	Commercial A	01 00
Commercial Property Conditions	CP0090	07 88
Washington Changes – Domestic Abuse	CP0160	12 98
Common Policy Declarations	CPD-PIIC	06 14
Government Crime Coverage Form (Loss Sustained)	CR0025	05 06
Washington Changes	CR0135	07 02
Washington Changes – Binding Arbitration	CR0302	09 13
Include Treasurers or Tax Collectors As Employees	CR2512	03 00
Add Faithful Performance of Duty Coverage For Gov Empl	CR2519	05 06
Government Crime Coverage Part Declarations	CRDS03	07 02
Crime Forms Schedule	Crime Form	01 00
Schedule of Insuring Agreements	Crime Schedu	02 04
Making Things Easier	CSNotice-1	01 20
Employee Benefits Form Schedule	Employee Ben	01 00
Commercial General Liability Coverage Part Dec	Cen Liab Dec	10 04
General Liability Schedule	Gen Liab Sched	01 00
Schedule of Hired Or Borrowed Covered Auto	Hired or Bor	07 06
Nuclear Energy Liability Exclusion Endorsement	IL0021	09 08
Washington Changes – Defense Costs	IL0123	11 13
Washington Common Policy Conditions	IL0146	08 10
Washington Changes – Actual Cash Value	IL0157	07 02
Nuclear Energy Liability Exclusion Endorsement	IL0198	09 07
Cap On Losses From Certified Acts of Terrorism	IL0952	01 15
Inland Marine Scheduled Items Schedule	Inl Marine S	01 00
Commercial Inland Marine Coverage Part Declarations	Inland Marin	01 00
Inland Marine Forms Schedule	Inland Marin	01 00
Liability Forms Schedule	Liability Fo	01 00
Location Schedule	Location Sched	01 00
Risk Management Services – Phly RMS Resources	PHLY RMS Res	11 19
Advisory Notice to Policyholders	PI-ACL Notice	08 19
Absolute Cyber Liability and Electronic Exclusion	PI-ACL-001	12 18
Binding Arbitration	PI-ARB-1	04 13



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Bell Endorsement	PI-Bell-1	11 09
Miscellaneous Coverage Form	PI-CIM-032	05 03
Crisis Management Enhancement Endorsement	PI-CME-1	10 09
Addl Property Not Covered – Inflatable Structures	PI-CP-114	07 17
Employee Benefits Administration Errors and Omissions	PI-EBL-001	05 99
Employee Benefits Admin Errors and Omissions Ins Dec	PI-EBL-001D	05 99
Elite Property Enhancement: Municipalities	PI-EPE-Mun-1	04 05
Notice Late Fee Reinstatement Fee	PI-Fees-Noti	06 19
Exclusion – Lead Liability	PI-GL-001	08 94
Exclusion – Asbestos Liability	PI-GL-002	08 94
Manuscript Endorsement	PI-Manu-1	01 00
Manuscript Exclusion	PI-MANU-2	01 00
Pollution Exclusion – Exception for Potable Water	PI-MUN-005	04 08
Water District Professional Liability	PI-MUN-006	04 08
Additional Insured – Municipality	PI-MUN-007	04 08
Prior/Pending Litigation and Known Circumstances Excl	PI-SAM-001 W	05 19
Abusive Conduct Cov Sublimits Def Within Limits – WA	PI-SAM-001 E	05 19
Absolute Abuse or Molestation Exclusion	PI-SAM-018	05 19
Advisory Notice to Policyholders Abusive Conduct Liab	PI-SAM-Notice	05 19
Advisory Notice to Policyholders	PI-Samex-Not	05 19
Stop Gap Liability Coverage Part Declarations	PI-SCL-001	05 94
Stop Gap Liability Coverage	PI-SGL-002	05 94
Disclosure Notice of Terrorism Ins Coverage Rejection	PI-TER-DND1	01 15
Advisory Notice to Policyholders	PI-UC-WA Cha	02 19
Advisory Notice to Policyholders	PI-UC-Water	01 19
Advisory Notice to Policyholders	PI-ULT Notic	04 19
Property Coverage Form	PI-ULT-007	11 98
Causes of Loss Form	PI-ULT-008	11 98
Crime Coverage Form	PI-ULT-009	11 98
Extra Expenses Coverage Form	PI-ULT-013	11 98
Agreed Value Endorsement	PI-ULT-015	11 98
Boiler and Machinery Endorsement	PI-ULT-023	07 01
Additional Exclusions	PI-ULT-028	11 98
Washington Changes	PI-ULT-062	02 19
Limitations on Fungus, Wet Rot, Dry Rot and Bacteria	PI-ULT-072 W	10 14
Cap On losses From Certified Acts of Terrorism	PI-ULT-085	05 16
Changes – Electronic Data	PI-ULT-088	04 19
Collapse – Exclusion and Additional Cov Re-Stated	PI-ULT-142	08 14
Boiler And Machinery – Separate Deductible Endt	PI-ULT-148	10 16
Continuous or Repeated Water Damage Exclusion	PI-ULT-238-W	02 19
Washington Changes – Excluded Causes of Loss	PI-ULT-239	02 19
Property Coverage Part Declarations	PI-ULTD-002	11 98
Coverage Part Extension of Declarations	PI-ULTD-003	11 98
Additional Coverage Summary Declarations	PI-ULTD-005	05 14
Ultimatecover Program Blanket Limits	PI-ULTD-006	11 98
Policy Forms Schedule	Pol Form Sch	01 00
Policy Change Document	Policy Chang	01 00
Policy Cover Letter	Policy Cover	08 11
Privacy Notice for Commercial Lines	PP2020	02 20
Stop Gap Form Schedule	Stop Gap For	01 00
Ultimate Cover Forms Schedule	Ultimate Cov	01 00
WHY MYPHLY?	Why MyPHLY	00 00



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Philadelphia Umbrella

Terms, Conditions, Endorsements, Exclusions, and/or Limitations include but are not limited to:

Why MyPHLY	WHY MyPHLY	00 00
Commercial Lines Policy Jacket	BJP-190-1	12 98
Notice Late/Non-Sufficient Funds/Reinstatement Fee	PI-Fees-Notice 1	05 19
Advisory Notice to Policyholders Abusive Conduct Liab	PI-Sam-Notice 1	05 19
Commercial Umbrella Liability Ins Policy Declarations	PI-CXL-002	05 19
Commercial Umbrella Liability Insurance Policy	PI-CXL-002	03 14
Directors and Officers Liability Exclusion	PI-CXL-004	01 19
Employers Liability (Stop Gap) Follow Form Endorsement	PI-CXL-005	05 16
Automobile Liability Follow Form Endorsement	PI-CXL-009	01 19
Subsidence Exclusion	PI-CXL-014	09 12
Specified Underlying Claims Made Cov Endorsement	PI-CXL-026	04 13
Employee Benefits Liability Follow Form Endorsement	PI-CXL-029	05 16
Fungi or Bacteria Exclusion	PI-CXL-032 WA	06 13
Cap on Losses From Certified Acts of Terrorism	PI-CXL-039	01 15
General Liability Follow Form	PI-CXL-041	05 16
Failure to Supply Exclusion	PI-CXL-046	09 12
Lead Liability Exclusion	PI-CXL-075	03 14
Access or Disclosure of Material or Info	PI-CXL-088	03 14
Recording and Distribution of Material or Information	PI-CXL-099	01 16
Absolute Cyber Liability and Electronic Exclusion	PI-CXL-100	01 19
Abusive Conduct Liability Coverage Form Sublimit	PI-CXL-105	05 19
Limit of Ins Excl Clause Minimum Limit Requirement	PI-CXL-111	07 19
Per Location / Per Project Agg Limit of Ins Exclusion	PI-CXL-113	01 18
Silica or Silica-Related Dust Exclusion	PI-CXL-117	01 19
Absolute Communicable Disease Exclusion – WA	PI-CXL-132 WA	01 21
Washington Changes	PI-CXL-WA 1	05 13
Washington Changes – Amendment of Conditions	PI-CXL-WA 2	05 13
Disclosure Notice of Terrorism Ins Cov Rejection Opt	PI-UMTER-DN	12 20



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Cyber Liability

Coverage – Insuring Agreements	Limits
Policy Aggregate Limit of Liability	\$2,000,000
Breach Response	
Notified Individuals	100,000 Threshold 100 Individuals
Legal, Forensic & Public Relations/Crisis Management	\$1,000,000
The Breach Response Limits Above Are In Addition To The Policy Aggregate Limit of Liability	
First Party Loss	
Business Interruption Loss Resulting from Security Breach or System Failure	\$2,000,000
Dependent Business Loss Resulting from Dependent Security Breach or System Failure	\$100,000
Cyber Extortion Loss	\$2,000,000
Data Recovery Costs	\$2,000,000
Liability	
Data & Network Liability	\$2,000,000
Regulatory Defense & Penalties	\$2,000,000
Payment Card Liability & Costs	\$2,000,000
Media Liability	\$2,000,000
eCrime	
Fraudulent Instruction	\$250,000
Funds Transfer Fraud	\$250,000
Telephone Fraud	\$250,000
Criminal Reward	\$50,000

Additional Coverages (Sublimits)	Limits
Computer Hardware Replacement Cost	\$250,000
Contingent Bodily Injury with Sublimit	\$250,000
CryptoJacking Endorsement	\$100,000 (\$5,000 Retention)
Invoice Manipulation Coverage	\$100,000 (\$5,000 Retention)
Reputational Loss	\$1,000,000 (\$5,000 Retention)
Volunteer Shutdown Coverage	Included

Retentions

Coverage Applicable	Retention
Breach Response, \$2,500 for Legal	\$5,000
Each Incident, Claim or Loss	\$5,000
Waiting Period	8 Hours
Retro Active Date	Full Prior Acts
Policy Continuity Date	Inception



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Terms, Conditions, Endorsements, Exclusions, and/or Limitations include but are not limited to:

Lloyd's Security Schedule 2021	SCHEDULE2021	
Lloyd's Certificate – No Policy Language	BSLMUNAMA2868	
Nuclear Incident Exclusion Clause – Liability-Direct	NMA1256	
Radioactive Contamination Exclusion Clause-Liability-Direct	NMA1477	
Sanction Limitation and Exclusion Clause	EO2804	03 11
War and Civil War Exclusion	E10602	11 17
Cap on Losses Arising Out of Certified Acts of Terrorism	E11122	12 18
Choice of Law and Service Suit (Choice of Law: New York)	E10596	12 19
Amend Data Recovery Costs	E11294	03 18
Amend Definition of Data	E12604	12 19
Amend Definition of Fraudulent Instruction	E06799	11 17
Amend Notified Individuals Threshold	E07594	11 17
Amend Other Insurance Clause – Primary with Respect to Breach Response Services and First Party Loss	E12698	02 19
<i>Sublimit: \$250,000</i>		
Contingent Bodily Injury with Sublimit Endorsement	E10675	01 19
<i>Sublimit \$250,000</i>		
CryptoJacking Endorsement	E12968	05 19
<i>Sublimit: \$100,000</i>		
<i>Retention: \$5,000</i>		
GDPR Cyber Endorsement	E11290	03 18
Invoice Manipulation Coverage	E11848	07 18
<i>Limit: \$100,00</i>		
<i>Retention: \$5,000</i>		
Post Breach Remedial Services Endorsement	E10944	03 19
Reputational Loss	E13038	06 19
<i>Limit: \$1,000,000</i>		
<i>Retention: \$5,000</i>		
Voluntary Shutdown Coverage	E12967	05 19
Policyholder Disclosure Notice of Terrorism Insurance Coverage	E06928	08 20
Employee Device Endorsement	E13915	05 20
State Consumer Privacy Statues Endorsement	E13372	09 19



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Management Liability

Coverage	Limits	Retention	Retro Date	P&P Date
Total Policy Aggregate	\$5,000,000			
Directors & Officers Liability (Shared Limits)	\$5,000,000	\$25,000	Full Acts Prior	09/01/1991
Employment Practices Liability (Shared Limits)	\$5,000,000	\$15,000	Full Acts Prior	09/01/1991

Defense Costs are INSIDE the limit of liability for 2021-22.

Terms, Conditions, Endorsements, Exclusions, and/or Limitations include but are not limited to:

WHY MyPHLY?	Why MyPHLY	00 00
Making Things Easier	CSNotice-1	01 20
Commercial Lines Policy Jacket	BJP-190-1	12 98
Policyholder Notice (Loss Assistance Hotline)	LAH-Notice	08 13
Notice Late/Non-Sufficient Funds/Reinstatement Fee	PI-FEES-Notice 1	11 19
Common Policy Declarations	CPD-PIIC	06 14
Disclosure Notice of Terrorism Ins Coverage Rejection	PI-TER-DN1	01 21
Advisory Notice to Policyholders	PI-FF Notice	12 19
FlexiPlus Five Declarations Page	PI-NPD-1	01 02
Bell Endorsement	PI-Bell-1	11 09
Crisis Management Enhancement Endorsement	PI-CME-1	10 09
Flexi Plus Five Coverage Form	PI-NPD-2	01 02
Shared Limits Endorsement	PI-NPD-8	01 02
Professional Services Exclusion (Supervision Carve-Out)	PI-NPD-25	01 02
Abuse Exclusion With Workplace Harassment Carve back	PI-NPD-27	11 19
Defense Costs Part of the Limit of Liability	PI-NPD-28	01 02
Unlimited Reporting Period For Former Dir & Officers	PI-NPD-47	10 11
Amendment of Exclusions	PI-NPD-52	12 03
Pro-Pak Elite Enhancement	PI-NPD-82	10 12
Breach of Contract With Liability Obligation Carve back	PI-NPD-133	10 14
Biometric Information Claim Exclusion	PI-NPD-137	01 20
Public Officials Coverage Endorsement	PI-MANU-1	01 00
Absolute Bodily Injury/Property Damage Exclusion	PI-MANU-1	01 00
Products Exclusion	PI-MANU-1	01 00
Washington – Changes	PI-NPD-Wa-1	01 02
Cap on Losses From Certified Acts of Terrorism	PI-SLD-001	01 15



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A. M. Best

A. M. Best Rating of Proposed Carriers

Line of Business	Insurance Company	Rating	Admitted/ Non-Admitted
Philadelphia Package	Philadelphia Indemnity Insurance Company	A++, XV	Admitted
Umbrella	Philadelphia Indemnity Insurance Company	A++, XV	Admitted
Management Liability	Philadelphia Indemnity Insurance Company	A++, XV	Admitted
Cyber Coverage	Beazley / Lloyd's of London	A, XV	Non-Admitted

General Rating

Rating Categories	Rating Symbols
Superior	A+ to A++
Excellent	A to A-
Good	B+ to B++
Fair	B to B-
Marginal	C+ to C++
Weak	C to C-
Poor	D

These rating classifications reflect AM BEST's opinion of the relative position of each company in comparison with others, based upon averages within the Property-Casualty insurance industry. They are reflective of overall company services and standing within the industry.

Financial Size Category

Class	Range (\$ in Thousands)
Class I	Up-\$1,000
Class II	\$1,000-\$2,000
Class III	\$2,000- \$5,000
Class IV	\$5,000-\$10,000
Class V	\$10,000-\$25,000
Class VI	\$25,000-\$50,000
Class VII	\$50,000-\$100,000
Class VIII	\$100,000-\$250,000
Class IX	\$250,000-\$500,000
Class X	\$500,000-\$750,000
Class XI	\$750,000-\$1,000,000
Class XII	\$1,000,000-\$1,250,000
Class XIII	\$1,250,000-\$1,500,000
Class XIV	\$1,500,000-\$2,000,000
Class XV	\$2,000,000-Greater

The Financial Size Category is an indication of the size of an Insurer and is based on reported Policyholder's surplus conditional or Technical reserve Funds, such as mandatory securities valuation reserve, or other investments and operating contingency funds and/or miscellaneous voluntary reserves in liabilities (\$ in Thousands)

This information has been provided to you so that consideration is given to the financial condition of our proposed carriers. The financial information disclosed is the most recent available to Brown & Brown. Brown & Brown does not guarantee financial condition of the insurers listed above.



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Proposal Premium Summary

Line of Business	Expiring Premium 2020-2021	Original Philly Annual Offering 2021-2022	Annualized Renewal Premium 2021-2022	Extended Term 10/1/2021 – 1/1/2023
Property	\$ 30,524.00	\$ 64,036.00 (\$ 19,670,565 TIV)	\$ 49,448.80 (\$ 16,791,000 TIV)	\$ 61,811.00 (\$ 16,791,000 TIV)
Inland Marine	\$ 1,808.00	\$ 2,305.00	\$ 2,473.71	\$ 2,886.00
Crime	\$ 681.00	\$ 681.00	\$ 730.28	\$ 852.00
General Liability	\$ 25,565.00	\$ 25,565.00	\$ 27,370.28	\$ 31,932.00
Business Automobile	\$ 62,251.00	\$ 63,212.00	\$ 69,092.57	\$ 80,608.00
Umbrella	\$ 19,876.00	\$ 19,622.00	\$ 19,622.00	\$ 24,567.00
Cyber	\$ 7,969.00	\$ 7,212.00 (Phly)	\$ 14, 773.87	\$ 18,367.19
<i>Pure Premium</i>			\$ 13,970.00	\$ 17,490.00
<i>Broker Fee</i>			\$ 500.00	\$ 500.00
<i>SLTF</i>			\$ 303.87	\$377.79
Management Liability	\$ 7,736.00	\$ 8,581.00	\$ 8,581.00	\$ 10,769.00
Grand Total	\$ 156,410.00	\$ 191,214.00	\$ 167,289.75	\$ 209,112.19

This quote is valid for (30) days or until the proposed effective date, whichever is first. Please include if applicable Minimum Earned Premium / Premium is Minimum & Deposit / Fees are fully earned

Optional Excess Cyber \$2M Limit, Follow Form

Term: 10/01/2021 – 01/01/2023

Premium: \$ 15,925.56

Payment Plans

Line of Business	Payment Plan	Billing Plan
Philadelphia Package, Umbrella	Pay In Full Payment Options Available Upon Request	Direct Bill
Management Liability	Pay In Full Payment Options Available Upon Request	Direct Bill
Cyber	Paid In Full Payment Options Available Upon Request	Agency Bill



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Subjectivities

Philadelphia Package & Umbrella

- Updated and Signed Statement of Values
- A signed and completed copy of the Expiring Coverage Report
- Copy of drivers list including first and last name, date of birth and license state/number
- Completed Crime 2000 App with all control questions answered (Page 1, 2 & the Computer Fraud section on pg 3)

Management Liability

- Signed and dated application
- Details for "Yes" answer to Question 1 on Section 7

Cyber

- Copy of current loss runs with the updated cost, as well as confirmation of remediating steps taken to prevent a similar event from occurring
- Confirmation that pre-approval of vendors through standard procurement processes will not delay or prevent the insured from capitalizing on our BBR vendor relationships
- Signed Non-Admitted Disclosure



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ACKNOWLEDGING THAT COVERAGE HAS BEEN PLACED WITH A NON-ADMITTED CARRIER

*Surplus Lines Carrier: Lloyd's of London / Beazley
Type of Coverage: Cyber
Effective Date of Coverage: 09/01/2021 – 09/01/2022*

*The undersigned hereby acknowledges that (s)he has instructed Brown and Brown to place insurance coverage with a surplus lines company and understands that the insurance coverage written **is not** subject to the protection and benefits of the INSERT STATE Insurance Guaranty Association.*

Named Insured: Lakewood Water District

Date: 08/26/2021

Signature of Named Insured

Printed Named and Title of Individual Signing

Revised 11-20-2020



This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of difference, the policy will prevail.

Compensation Disclosure

Compensation. In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

If an intermediary is utilized in the placement of coverage, the intermediary may or may not be owned in whole or part by Brown & Brown, Inc. or its subsidiaries. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services is derived from your premium payment, which may on average be 15% of the premium you pay for coverage, and may include additional fees charged by the intermediary.

Questions and Information Requests. Should you have any questions, or require additional information, please contact this office at (253) 396-5500 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry/>



This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of difference, the policy will prevail.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS
Minutes of Special Meeting
Wednesday, August 18, 2021**

President Korsmo called the Special Meeting to order at 03:29 p.m. at the District Office. Present at the meeting: Commissioners J. S. Korsmo, Jr., G. J. Rediske, and G. J. Barton; General Manager R. Black; Operations Manger I. Black; Finance Manager P. Mendoza; Office Manager T. MacDougall; IT Manager C. Fast; Engineering Manager M. Meyer, HR Analyst B. Levo, guests S. Bauer, M. Zehnder, and S. Tarasov.

PUBLIC COMMENT:

No members of the public were present.

APPROVAL OF MEETING MINUTES:

Commissioner Rediske moved to approve the minutes of the July 15, 2021 Regular Meeting. Commissioner Barton seconded the motion which carried unanimously.

FINANCIAL INFORMATION:

The Finance Manager presented the July financials to the Board.

Disbursements made from the General Ledger Fund for check number 43977 through 44102 totaling \$762,833.21, salary direct deposits totaling \$196,694.49, payroll taxes totaling \$76,467.12, and other electronic payments totaling \$153,065.77, for a grand total of \$1,189,060.59 were presented to the Board for approval. After review, President Korsmo moved to approve the payables as listed. Commissioner Barton seconded the motion which carried unanimously.

2021 BONDS SALE REPORT

The General Manager introduced S. Bauer of Northwest Municipal Advisors and M. Zehnder of KeyBanc Capital Markets to present a summary of the July 28 bond sale that included the issuance of \$9 million and an additional \$1.9 million to refund the balance of the 2016 bond to Heritage Bank to obtain a lower interest rate. The sale went extremely well. S. Bauer recapped the terms of the sale and the \$42,000 net savings to District ratepayers, as well as the rating process the District went through. The management team represented the District very well during the bond rating call and the District was awarded an AA rating. M. Zehnder presented data on the bond sale, including an investor summary and final cash flows summary.

FINAL DISCUSSION ON WHOLESALE REVENUE ALLOCATION WITH FCS GROUP

The General Manager summarized the previous discussions on the allocation of wholesale revenue and identified large capital expenses for the replacement of existing storage and source within the next 20 years, based on previous studies performed by consultants. The District asked FCS Group to examine the traditional use of revenue and what the options are for the future. Several options were presented and FCS Group

modelled a long-term projection and the impact to ratepayers. S. Tarasov reviewed the projections with the Board if the District were to allocate 50% to general revenue, 30% to storage, and 20% to source and the implications to water rates. Additionally, at the July meeting, the Board asked to look at a resolution designed to preserve the intent of the current Board, setting aside funding to ensure future ratepayers will not be unfairly impacted. The Finance Manager explained how the District banks revenue. It was the recommendation of the General Manager to spread out wholesale revenue, with 50% to the general fund, and set up specific accounts for 30% to storage and 20% to source. Commissioner Barton moved to approve the recommendation set forth in the presentation. Commissioner Rediske seconded the motion, which carried unanimously.

THREE-MONTH REPORT ON 9/80s WORKWEEK

The General Manager presented information on the first three-month trial of a 9/80s workweek, which began on May 3, including the items that have set the District back from a full evaluation of the new schedule, including restrictions around COVID-19 and prescheduled time off. The General Manager recommended that the Board approve a second three-month trial in hopes of capturing additional data to share with the Board at the October meeting. The Board of Commissioners approved the General Manager's recommendation as presented.

GENERAL MANAGER PROJECT UPDATES

Spanaway Water Connection

The General Manager shared information regarding the proposed amendment for Spanaway Water Connection. The Spanaway Board is set to approve the amendment at their August meeting. The General Manager also shared information on the easement issue the District is facing with several property owners. The Board agreed to meet on September 13 for a special meeting to begin condemnation proceedings.

STATEWIDE CLASSIFICATION OF UTILITIES AS ESSENTIAL WORKERS

The General Manager reported the highlights of the progress to date and the involvement and support of the Washington Association of Sewer and Water Districts. The State Department of Health will be participating in this effort and will help to direct the best course of action for utilities to take to receive the essential worker designation.

OPERATIONS MANAGER'S REPORT:

The Operations Manager's full, written report was provided to the Board in the pre-agenda packets. The Operations Manager also answered Board questions related to hydrants and hydrant maintenance.

ENGINEERING MANAGER'S REPORT:

The Engineering Manager presented information on increased summer pumping demands, well replacements, and congressionally directed spending. The District submitted proposed projects to the City of Lakewood for consideration to receive American Rescue Plan Act funds and should receive additional information after the

August 23 council meeting. The Engineering Manager also shared that the State has published the proposed PFAS rulemaking.

OFFICE MANAGER'S REPORT:

The Office Supervisor reported on disconnects, which total 177 and about \$86,000. The District has approved eleven (11) CARES funding applications. The District sent out letters to customers to inform them of the moratorium expiration and offer payment plans.

OTHER BUSINESS:

The Board acknowledged staff increases as presented.

Commissioner Barton shared that information from the 2022 legislative agenda meeting with the Government Relations Committee will be shared with the group via email.

The next monthly Commissioner's meeting will be on September 23 and will be a special meeting due to scheduling conflicts.

With no additional business to address, President Korsmo adjourned the meeting at 4:59 P.M.

**LAKWOOD WATER DISTRICT
BOARD OF COMMISSIONERS**

BY:



ITS PRESIDENT

BY:



ITS VICE PRESIDENT

BY:



ITS SECRETARY

ATTEST:



DISTRICT SECRETARY

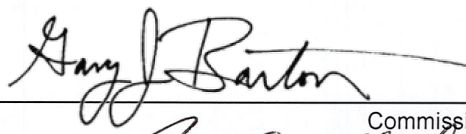
**LAKWOOD WATER DISTRICT
2021
INCOME STATEMENT**

AUGUST	CUR MO ACTUAL	CUR MO BUDGET	CUR MO VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE
SALE OF WATER	1,376,244	1,241,311	134,933	6,317,955	6,110,188	207,768
OTHER OPERATING REVENUE	148,615	143,814	4,802	798,991	893,915	(94,924)
WHOLESALE WATER SALES	413,096	377,125	35,971	3,015,062	2,970,969	44,093
TOTAL OPERATING REVENUE	1,937,955	1,762,250	175,705	10,132,009	9,975,072	156,937
OPERATING EXPENSE						
PUMPING	107,581	113,905	(6,324)	699,207	795,144	(95,937)
WATER TREATMENT	41,285	36,782	4,503	282,022	294,257	(12,236)
TRANSMISSION & DISTRIBUTION	79,741	94,847	(15,106)	701,172	758,777	(57,605)
CUSTOMER ACCOUNTS	49,641	63,555	(13,914)	477,717	508,439	(30,722)
CUSTOMER INFORMATION	-	1,572	(1,572)	7,799	12,576	(4,777)
ADMINISTRATIVE & GENERAL	161,239	178,758	(17,519)	1,629,530	1,569,655	59,875
TOTAL OPERATING EXPENSE	439,488	489,419	(49,931)	3,797,447	3,938,849	(141,403)
MAINTENANCE EXPENSE						
SOURCE OF SUPPLY	1,934	2,067	(133)	14,944	16,533	(1,589)
PUMPING	14,486	21,405	(6,919)	171,430	171,240	190
WATER TREATMENT	21,886	14,383	7,503	93,291	115,064	(21,773)
TRANSMISSION & DISTRIBUTION	72,360	85,482	(13,122)	671,991	683,857	(11,865)
ADMINISTRATIVE & GENERAL	1,603	19,840	(18,237)	188,379	158,723	29,655
SUB-TOTAL	112,268	143,177	(30,909)	1,140,035	1,145,417	(5,382)
DEPRECIATION EXPENSE	226,083	226,083	(0)	1,808,664	1,808,667	(3)
UTILITY EXCISE TAXES	50,064	40,894	9,169	286,771	292,948	(6,176)
TOTAL MAINTENANCE EXPENSE	388,415	410,155	(21,740)	3,235,470	3,247,031	(11,561)
TOTAL OPERATING & MAINT EXPENSE	827,903	899,574	(71,671)	7,032,917	7,185,880	(152,964)
NET OPERATING REVENUE	1,110,052	862,676	247,376	3,099,092	2,789,191	309,900
GAIN (LOSS) ON DISP. OF PROPERTY	587	-	587	37,992	-	37,992
RENTAL OR LEASE INCOME	800	1,350	(550)	7,640	10,800	(3,160)
INTEREST INCOME	988	1,160	(172)	7,730	9,280	(1,550)
INTEREST L-T DEBT	(179,549)	(183,306)	3,757	(1,338,277)	(1,354,774)	16,497
DEBT ISSUANCE COSTS	(60,200)	(61,664)	1,464	(82,950)	(84,414)	1,464
CARES GRANT FUNDING	468	-	468	(3,269)	-	(3,269)
TOTAL MISC INCOME/EXPENSE	(236,906)	(242,460)	5,554	(1,371,135)	(1,419,108)	47,973
NET INCOME	873,146	620,216	252,930	1,727,956	1,370,083	357,873

We, the undersigned Board of Commissioners of the Lakewood Water District
Pierce County, Washington, do hereby certify that the merchandise or services
hereinafter specified have been received and checks numbering 43997 through
44102 and all electronic payments for this period are hereby approved for payment in the sum of
\$1,189,060.59 this 18th day of August 2021



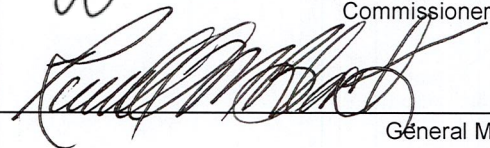
Commissioner Korsmo



Commissioner Barton



Commissioner Rediske



General Manager

Check no.	Vendor Name	Payment Description	Amount
43977	Blakes Backflow Service LLC	(153) Backflow Tests	2,555.10
43978	Caselle	Aug 2021 - Support & Maintenance	2,489.30
43979	CenturyLink	Internet Svc - 2 Sites	167.91
43980	Cintas Corporation #461	6/30/21 Weekly Service	182.27
43981	Clemons, Destiny	Cares Funding - Acct #10699.05	188.26
43982	Comcast	Internet Svc - 1 Site	110.18
43983	Confluence Engineer Grp LLC	June 2021 - PFAS Response	8,044.00
43984	Core & Main (H D Supply)	Inventory - 18" Fire Hydrant Extension	752.82
43985	Cosco Fire Protection	Battery Replacements/Added	851.73
43986	Eurofins Eaton Analytical, LLC	June 2021 PFAS Sampling - Job# 694	3,300.00
43987	Grainger Inc	Hole Saw Kit, Shank, Tubing Cutter, Cordless Wrench	996.96
43988	Guardian Security Systems	Sec. System Install & Cloud Storage (5) Sites	4,194.39
43989	Holroyd Co Inc	(2) Yards Of Sand	56.49
43990	Horizon	(8) Shovels	415.54
43991	Lakewood Hardware & Paint	(14) Galvanized Corner Braces	112.16
43992	Lowes Companies Inc	PVC Pipe, Bungees, Fans, Concrete, Chk Vlv, Drill Press	1,958.53
43993	Pierce County Sewer	Utility Svc - 1 Site	18.21
43994	Postmaster	PO Box Rental	175.00
43995	Rainier Supply	(69) Fluorescent Lamp, (60) Welding Cables	1,052.56
43996	Seattle Ace LLC	Ext Cord, Rain Repellent, Shop Supplies	416.70
43997	Utilities Underground	(764) Locates	985.56
43998	Water Management Labs Inc	(18) Total Coliform Tests	342.00
43999	Capital Heating And Cooling	Diagnose & Repair Office HVAC	3,321.91
44000	CenturyLink	Internet Svc - 1 Site	110.98
44001	City Of Lakewood	2nd Qtr 2021 Franchise Fee	119,400.23
44002	Day Wireless Systems	June 2021 Radio Comm Svc	1,271.66
44003	DoxVault	2021 Document Conversion	4,583.36
44004	Hach Company Inc	(8) Dpd Free Chlorine Refill Vials (2) Colorimeter	1,499.48
44005	Nailor Consulting PLLC	Attorney Svcs - Triangle Pump	1,550.00
44006	Open Works	July 2021 Janitorial Svcs and Sanitation	3,075.00
44007	Pierce County Auditor	Easement & Claim of Lien	229.50
44008	RPAI US Management LLC	Water Main Break	3,391.48
44009	S&B Inc	30' Profinet Cable - Ponders Well Site	125.20
44010	Superior Saw & Supply Inc	Sharpen 4 Tip Shell Cutter	53.55
44011	Tacoma-Pierce Co Health Dept	R-2 Site Approval - 5900 112Th St Sw	1,350.00
44012	Tveten's Auto Tech	Breaks - Trk #27, Oil Change - Trk #33, #32, #25	1,332.36
44013	Utility Services Assoc	(546) Locates	558.57
44014	Verizon Wireless	June 2021 SCADA Data	1,013.37
44015	Airgas USA LLC	Acetylene Rental	16.49
44016	American Landscape Svc, LLC	July 2021 Landscaping Svcs	6,261.00
44017	Associated Petroleum (APP)	(450) Gallons Unleaded Fuel & (120) Gallons Diesel	1,990.43
44018	Asphalt Patch Systems Inc	Patching - 5815 Lakewood Towne Ctr	1,800.00
44019	Cintas Corporation #461	(30) Terry Towels, 06/02-07/14/21 Weekly Svc	579.95
44020	Cintas Fire Protection	Additional Monitoring - Hemlock Well Site	16.50
44021	Core & Main (H D Supply)	Saddles W/Straps, Lug Kits, Couplings	2,022.14
44022	Dande Co Awards	(8) Name Plates	87.56
44023	Dept Of Labor And Industries	2021 Right To Know Fee	87.50
44024	Eurofins Eaton Analytical, LLC	June 2021 PFAS Additional Sampling - Job# 694	600.00
44025	Fastenal Company	(24) Hand Soap	177.80
44026	Fence Specialists	Ponders Well Site Fence Repair	2,747.50
44027	Ferguson Waterworks	(24) 5/8" Iperl Meters, Tap Cap, Hyd Fabric	4,291.08
44028	Grainger Inc	(2) Poly Valve Union Fittings	50.46
44029	Horizon	(200) 2 Box Direct Bury Splice Kits	561.00
44030	Inslee Best Doezie & Ryder PS	June 2021 - Atty Svcs - General, Personnel, and Western	4,222.00
44031	K and D Services	Flagging Services - 14509 Union Ave Sw	966.00
44032	Lakewood Hardware & Paint	Tape/Awg Connectors, Breaker, Jig Saw	93.89
44033	Lemay Waste Connections	Disposal, Shredding, Recycling	401.53
44034	Marten Law	June 2021 PFAS	47,250.50
44035	Pacific Groundwater Group	May-June 2021 WHPP, R-2 Well, On-Call	2,608.75
44036	Parkland Light & Water Company	Utility Svc - 1 Site	7,533.82
44037	Pro Call Center	After Hrs On- Call Svcs	178.46
44038	Pro Pest Control	Refilled Stations	103.40

44039	Puget Sound Energy	Utility Svc - 1 Site	14.75
44040	Rainier Supply	1/2" Steel Straps/Silicone, Sealant	68.68
44041	S&B Inc	(2) Pressure Transducers	2,510.09
44042	Seattle Ace LLC	(2) Photo Batteries	29.68
44043	Staples Business Advantage	Office Supplies - Envelope Moistener, Toner, Soap	291.47
44044	Stronghold Armored Inc	June 2021 Armored Truck Service	335.00
44045	US Bank	May & June 2021 Card Charges - Utility Costs	91,435.80
44046	US Geological Survey	Fixed Cost Agreement - Chambers Creek	20,133.00
44047	USA Bluebook	(1) Nozzle With Valve	57.02
44048	Water Management Labs Inc	(19) Total Coliform Tests	361.00
44049	West Pierce Fire & Rescue	2021 Fire Protection Contract	12,736.51
44050	Associated Petroleum (APP)	(300) Gals Unleaded & (120) Gals Diesel	1,431.15
44051	AWWA - Member Renewal	Annual Renewal - B. Levo	242.00
44052	CDW Government	Azure Overage Chgs	12,717.43
44053	CenturyLink	Internet Svc - 8 Sites	695.70
44054	Cintas Corporation #461	7/21/21 Weekly Service	182.44
44055	Cintas Fire Protection	Oakbrook Alarm-Repair/Battery	2,304.48
44056	Consolidated Supply Co	(12) 3/4" X 6" Galv Nipples, Banded Cplg	57.46
44057	Dande Co Awards	Retirement-Years Of Svc	26.13
44058	Day Wireless Systems	July 2021 Radio Comm Svcs	636.41
44059	Ferguson Waterworks	Brass Elbows, Wire, Bends	1,826.24
44060	Holroyd Co Inc	Recycling Asphalt	147.63
44061	KeyBank	Safe Deposit Box Rental	101.25
44062	McClatchy Company LLC	Scotts Well Site Treatment - Job# 758	1,904.05
44063	Miles Resources LLC	Recycle Asphalt & Concrete	268.58
44064	Parametrix	July 2021 - Eng. Svcs for Grav Lk & 112Th	8,366.16
44065	Pierce County Auditor	Misprint - VOID	-
44066	Powerplan OBI For Pape Mach	New Rubber Track - Mini Excavator	2,360.60
44067	Puget Sound Energy	Utility Svc - 1 Site	2,499.55
44068	Pumpstech Inc	E-3 Wash Blvd - Pump Repair	13,832.51
44069	Rainier Supply	(1) Molded Case Circuit Breaker	973.50
44070	S&P Global Ratings	Bond Issue Cost - Revenue Bond 2021	22,750.00
44071	Town Of Steilacoom	Utility Svc - 2 Sites	15,286.52
44072	USA Bluebook	(1) Poly Nozzle With Valve	44.00
44073	WA Assoc Of Sewer & Water Distr	2019-2020 Retro Assessment Fees	844.48
44074	Water Management Labs Inc	(18) Total Coliform, (2) Nitrate Nitrogen	402.00
44075	American Family Life Assurance	July Payroll	474.25
44076	Committee For Deferred Comp	July Payroll	9,051.97
44077	Delta Dental Of Washington	July Payroll	4,198.85
44078	Lakewood Water District	July Payroll	360.00
44079	Michael G. Malaier, Trustee	July Payroll	1,650.00
44080	Principal Life Insurance	July Payroll	2,909.44
44081	Washington Public Employees	July Payroll	48,308.78
44082	Washington State Support	July Payroll	391.00
44083	CenturyLink	Internet Svc - 1 Site	85.99
44084	Cintas Corporation #461	7/28 Weekly Service	182.44
44085	Cintas Fire Protection	Monitoring - 11900 Grav Dr, Alarm Repair - Nyanza	2,908.95
44086	Consolidated Supply Co	Ball Mtr Valve	1,934.09
44087	Doxa Painting Services	Hyd Dep Refund	105.00
44088	DRK Development	Hyd Dep Refund	135.00
44089	Farmer Brothers	(96) 3oz Breaktime Coffee	196.20
44090	Ferguson Waterworks	(12) Brass Elbows	232.58
44091	Marsh, Tyler	Uniform Reimb - Pants	43.74
44092	Mooses Auto Tech	Oil Change - Trk #25, #31, #34, #35	261.00
44093	NW Cascade	Hyd Dep Refund	85.00
44094	Ogden Murphy Wallace, PLLC	June 2021 - Scott's Well, 39th Ave, Triangle Pump	4,101.30
44095	Pierce County Auditor	Claim of Lien - Remaining Balance	21.00
44096	Rainier Supply	Tap Conn Tape, 240V CPT, Lug, Noalox	1,046.36
44097	Staples Business Advantage	Wall Filer, Trash Bags, Ink	98.40
44098	Sybis LLC	2020-2021 Subscription	1,094.50
44099	T Bailey	Retainage Job #727 Nyanza Tank	204,651.19
44100	TMG Services Inc	(4) Injection Pumps	2,891.42
44101	Tveten's Auto Clinic	Repairs - Tkr #45	157.41
44102	Water Management Labs Inc	(6) MMO-MUG, (19) P-A, Quanti Tray	504.00

Sub-Total

762,833.21

July Payroll

196,694.49

July Payroll Taxes

76,467.12

Date Other Electronic Payment

7/12/2021	Pmt #445 - EmGov Power	2,450.00
7/12/2021	Pmt #446 - Sir Speedy	228.30
7/12/2021	Pmt #447 - CEP Enterprises	2,537.50
7/22/2021	Pmt #448 - RH2 Engineering	15,776.00
7/22/2021	Pmt #449 - Sir Speedy	5,400.96
7/30/2021	Pmt #450 - RH2 Engineering	13,923.24
7/30/2021	Pmt #451 - Sir Speedy	1,666.13

8/2/2021	Pmt #452 - Regence Blue Shield	60,360.30	
	Authnet Gateway (JULY)	17.95	
	Key Bank -Merchant fees (JULY)	4,140.54	
	Key Analysis service charge (JULY)	150.89	
	Xpress Bill Pay Portal Fee (JULY)	2,530.78	
	L&I 2nd Quarter 2021	8,408.59	
	ESD 2nd Quarter 2021	3,392.65	
	WA PFML 2nd Quarter 2021	2,143.91	
	B&O Tax	29,938.03	153,065.77
	GRAND TOTAL		<u>1,189,060.59</u>

FIRST RESTATEMENT OF THE FIRST AMENDMENT TO AGREEMENT FOR WHOLESALE SUPPLY OF WATER

THIS FIRST RESTATEMENT OF THE FIRST AMENDMENT TO AGREEMENT FOR WHOLESALE SUPPLY OF WATER (“**First Restatement**”), effective as of September 23, 2021 (the “**Effective Date**”), is by and between Lakewood Water District, a special purpose municipal corporation (“**District**”), and Spanaway Water Company, a Washington nonprofit corporation (“**Customer**” or “**Spanaway**”) (individually a “Party” and collectively the “Parties”) for the purposes set forth below.

1. RECITALS.

1.1 The District, pursuant to Title 57 RCW, supplies potable water to customers within its boundaries through a public water system. The District’s public water system is comprised of source of supply (wells with attendant water rights), storage and distribution mains. The District’s water supply is in excess of its present and reasonably foreseeable future demand.

1.2 The Customer supplies potable water to customers within its boundaries through a public water system. The Customer’s public water system is comprised of source of supply (wells with attendant water rights), storage and distribution mains.

1.3 The Customer previously requested the District provide water supply to Customer because the District had water available to supply the Customer and the Customer could purchase water supply from the District at a cost less than the Customer would incur to develop or purchase additional sources of water supply other than from the District. Therefore, the Parties entered into an Agreement for Wholesale Supply of Water dated March 2, 2009 (“**Agreement**”), which provided for the District to provide wholesale water supply to the Customer on certain terms and conditions.

1.4 The District also previously entered into an agreement, as amended, with Summit Water and Supply Company, a Washington nonprofit corporation (“**Summit**”), an agreement, as amended, with Rainier View Water Company, Inc., a Washington corporation, and its successor dba Washington Water Service (“**Washington Water**”), and an agreement with Firgrove Mutual Inc., a Washington nonprofit corporation (“**Firgrove**”), to provide wholesale water supply to those entities (Spanaway, Summit, Washington Water, and Firgrove collectively the “*Wholesale Customers*”). To facilitate the sale of wholesale water supply to the *Wholesale Customers*, including Spanaway, the District installed a new wholesale transmission main rendered operational on January 21, 2020 (“**Wholesale Transmission Main**”), upgraded an existing booster pump station located at 1620 115th St., Tacoma, Washington (“**Booster Pump Station Upgrade**”), and is in the process of installing a new booster pump station located at 2302 121st Street East, Tacoma, Washington (“**New Booster Pump Station**”), as those water facilities are described and depicted on **Exhibit A** attached hereto and incorporated herein by this reference.

1.5 In Section 2.2.1 of the Agreement, the District agreed to annually supply to the Customer the Customer’s *Total Water Requirement* or such portion thereof utilized by the Customer according to the terms and conditions of the Agreement. Section 2.1.18 of the Agreement defined the Customer’s *Total Water Requirement* as “One (1) MGD, the daily maximum quantity of water the *District* will supply to *Customer* during the term of this Agreement.” However, the Parties now desire to modify the *Supply Schedule* under which the Customer will purchase water from the District, including by increasing the *Total Water Requirement* to Two (2) MGD and adding a provision that the Customer will be required to pay for the Two (2) MGD in full no later than January 1, 2023, pursuant to the provisions of Section 2.2.2 herein, regardless of whether Customer commences taking such water supply from the District by that date.

1.6 In Section 2.6 of the Agreement, as of January 21, 2020, the Customer is required to pay for water supply, and the availability of water supply, under the Agreement on the utility-basis approach of cost recovery as further defined in this First Restatement (“*Utility Basis*”), as opposed to the *Cash Basis* approach as defined and addressed in the Agreement. Conversion to the *Utility Basis* will substantially increase *Customer’s* monthly payments to the District from \$5,526.25, as calculated under the *Cash Basis* for One (1) MGD, to \$59,391.00 as presently calculated under the *Utility Basis* for Two (2) MGD. The *Customer’s* monthly payment of \$59,391.00 will commence the date *Wholesale Water Supply* is physically available, as defined in Section 2.2.1 herein, to the *Customer*, which will occur on or before January 1, 2023. Until such time as *Wholesale Water Supply* is physically available, as defined in Section 2.2.1 herein, to the *Customer*, *Customer* will pay monthly payments to the District as calculated under the *Utility Basis* for One (1) MGD, which is presently calculated as \$18,519. *Customer* previously requested the District defer payment of the difference between *Customer’s* payments due the District based on the *Utility Basis* as opposed to the *Customer’s* monthly payments which were due the District under the *Cash Basis* until a later date as addressed in Section 2.7.5 of this First Restatement. The District will agree to defer the *Customer’s* payment of such difference to the District pursuant to the terms and conditions set forth in this First Restatement.

1.7. The *Wholesale Customers* have made other amendments to their respective agreements to purchase water supply from the District, and Spanaway desires that its agreement to purchase water supply from the District have terms and conditions consistent with the agreements that Summit, Washington Water, and Firgrove have to purchase water supply from the District.

1.8. In Section 2.2.3 of the Agreement, the Parties agreed the Agreement would remain in effect for twenty (20) years, subject to automatic renewals and/or termination by either of the Parties, and the Parties now desire to modify and amend the duration of the Agreement to extend such Agreement as further provided in this First Restatement.

1.9. On or about June 3, 2020, the Parties entered into the First Amendment to Agreement for Wholesale Supply of Water.

2.0. The Parties now desire to enter into this First Restatement of the First Amendment to Agreement for Wholesale Water Supply, which will wholly replace the First Amendment to Agreement for Wholesale Water Supply.

NOW THEREFORE, in consideration of the following terms and conditions and other good and valuable consideration, the Parties agree as follows:

AGREEMENT

- A. The recitals set forth above are incorporated herein in full by this reference.
- B. Section 2.1.1 of the Agreement is hereby modified and amended to read as follows:

2.1.1 “*Capital Improvements.*” Improvements, upgrades, and replacements constructed or installed in whole or in part by the District to provide wholesale water to *Customer* including reservoirs, primary and secondary transmission mains, interties, controls and communication equipment, wells, well pumps, booster pumps, and water treatment. *Capital Improvements*, when constructed, are *System Wholesale Facilities*, *Customer*

Wholesale Facilities, or Joint Facilities. Capital Improvements shall be determined based on the District's capitalization/fixed asset policy as set forth in District Resolution No. B-1431, and as such Resolution may be modified and amended by the District, and shall include any District asset with an initial individual cost of more than Five Thousand Dollars (\$5,000.00) and an estimated useful life in excess of one (1) year.

- C. Section 2.1.2 of the Agreement is hereby modified and amended to read as follows:

2.1.2 "*Capital Improvement Cost.*" The original cost of *Capital Improvements*, including amounts paid for: (1) preparing planning studies, engineering plans and specifications, and acquiring permits and franchises for the *Capital Improvements*, including those costs incurred by the *District* prior to execution of this Agreement; (2) work performed under contracts for construction, installation, and inspection of the *Capital Improvements*; (3) recorded pay and expenses of employees of the *District* directly and indirectly related to the design, construction, installation, and inspection of the *Capital Improvements*, including capitalized *District G&A*, and including costs incurred prior to execution of this Agreement; (4) materials, equipment, and supplies directly related to the *Capital Improvements*; (5) acquiring and condemning land, easements, and rights-of-way for or related to the *Capital Improvements*; (6) professional services related to the financing, planning, acquisition, construction, installation, and inspection of the *Capital Improvements* or for negotiating, resolving, or litigating any disputes related thereto; (7) reasonable expenses incurred to mitigate the impact of the *Capital Improvements* upon the natural or physical environment, including but not limited to expenses for landscaping, buffering, and wetland mitigation; (8) other expenses reasonably related to the planning, design, construction, financing and financing interest expense, and construction management of the *Capital Improvements*.

- D. Section 2.1.5 "*Customer*" is hereby modified and amended to read as follows:

2.1.5 "*Customer,*" "*Wholesale Customer.*" Spanaway Water Company, a Washington nonprofit corporation which is purchasing wholesale water from the *District*, including *Customer's* agents or designees.

- E. Section 2.1.6 "*Customer Meters*" is hereby modified and amended to read as follows:

2.1.6 "*Customer Meters.*" Meters owned and operated by the *District* which measure the quantity and flow of water provided to *Customer* by the *District*. The location(s) of *Customer Meters* are identified on **Exhibit B**.

- F. Section 2.1.10 "*General and Administrative Cost,*" "*G&A.*" is hereby modified and amended to read as follows:

2.1.10 "*General and Administrative Cost,*" "*G&A.*" The *District's* general and administrative, supervisory, and other indirect costs, including financial (budgeting, accounting, bookkeeping), data processing, clerical, management and administration, personnel, non-capitalized professional services, including engineering and financial planning, insurance, and property tax, all as related to the provision of *Wholesale Water* service.

G. Section 2.1.18 "*Total Water Requirement*" of the Agreement is hereby modified and amended to read as follows:

2.1.18 "*Total Water Requirement.*" Two (2) MGD, the daily maximum quantity of water the *District* will supply to *Customer* pursuant to this Agreement. The *Total Water Requirement* is used for allocating cost under this Agreement.

H. Section 2.1.22 "*Wholesale Facilities*" of the Agreement is hereby modified and amended to read as follows:

2.1.22 "*Wholesale Facilities,*" or "*Wholesale Facility.*" All water supply and transmission facilities, including, but not limited to, wells, water lines, booster stations, storage facilities, and transmission mains owned, operated, and maintained by the *District* for the sole purpose of supplying *Wholesale Customers*. *Wholesale Facilities* that serve all *Wholesale Customers* are *System Wholesale Facilities*. *Wholesale Facilities* that serve one or more but not all *Wholesale Customers* are *Customer Wholesale Facilities*. When the term *Wholesale Facilities* is used in this Agreement, that term includes both *System Wholesale Facilities* and *Customer Wholesale Facilities*.

I. Section 2.1.23 "*Wholesale Water*" of the Agreement is hereby modified and amended to read as follows:

2.1.23 "*Wholesale Water.*" The total quantity of water available from *District* for sale to current or prospective *Wholesale Customers*, including, but not limited to, water allocated by the *District* and designated for sale as *Wholesale Water* from its *Existing Water Rights* or from the *Water Right* or from *Leased Water*. Whenever the term "quantity of *Wholesale Water*" is used for the purpose of allocating cost, the term refers to *MGD*. As authorized by the District's Board of Commissioners, the volume designated as *Wholesale Water* shall be ten (10) MGD, provided, for the purpose of allocating cost as further provided in this Agreement, the *District* shall be responsible for any unsold *Wholesale Water*.

J. A new Section 2.1.24 "*Operations Advisory Committee,*" or "*Committee*" is hereby added to the Agreement to read as follows:

2.1.24 "*Operations Advisory Committee,*" or "*Committee.*" The *Committee* composed of representatives of all *Wholesale Customers* to advise the *District* on the matters referenced in Section 2.8.1 herein and other matters as appropriate.

K. A new Section 2.1.25 "*Utility Basis*" is hereby added to the Agreement to read as follows:

2.1.25 "*Utility Basis*" shall be defined as set forth in Section 2.6.2 herein.

L. Section 2.2.1 of the Agreement is hereby modified and amended to read as follows:

2.2.1 So long as this Agreement is in effect, the *District* shall plan for, develop, treat, and annually supply to *Customer* potable water in an amount not to exceed *Customer's Total Water Requirement* according to the *Supply Schedule* and to the terms and conditions herein, subject to acts of God or other events beyond the reasonable control of the *District* or *Customer*. The *District's* obligation to provide *Customer* with *Wholesale Water*, and the *Customer's* obligation to pay for such *Wholesale Water*, shall commence when the *District* establishes that *Wholesale Water* is physically available to the *Customer* pursuant to this Agreement, provided *Customer's* obligation to pay for such *Wholesale Water* on a unit/volume charge basis shall commence no later than January 1, 2023, as addressed in Sections 2.2.2 and 2.6.2 herein. "Physically available" shall mean the *Customer Wholesale Facilities* necessary to deliver wholesale water supply to *Customer's Internal System* have been installed and are operational. Subject to the foregoing, the *District* will make *Wholesale Water* available to the *Customer* in accordance with the following *Supply Schedule*, which *Customer* expressly agrees to be bound by, unless further modified by the *Parties* by written agreement:

	<u>QA</u>	<u>QI</u>
A. 1/1/23 to 12/31/24	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>
B. 1/1/25 to 12/31/29	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>
C. 1/1/30 to 12/31/34	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>
D. 1/1/35 to 12/31/39	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>
E. 1/1/40 to 12/31/44	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>
F. 1/1/45 and thereafter	Quantity - Two (2) <i>MGPD</i>	_____ <i>GPM</i>

M. Section 2.2.2 of the Agreement is hereby modified and amended to read as follows:

2.2.2 *Customer* shall pay for its share of the cost of water as provided herein. Before *Customer* begins to take water from the *District*, *Customer* shall pay only for the fixed portion of the *Customer's Total Water Requirement*. After *Customer* begins taking water from the *District* and so long as this Agreement is in effect, *Customer* shall purchase water from the *District* and pay for the *Customer's Total Water Requirement* and water supply received by *Customer* according to the *Supply Schedule* and the terms and conditions herein, subject to acts of God or other events beyond the reasonable control of the *District* or *Customer*. Notwithstanding the foregoing, but subject to acts of God or other events beyond the reasonable control of the *District* or *Customer*, *Customer's* obligation to pay for such *Wholesale Water* on a unit/volume charge basis pursuant to Section 2.6.2 shall commence the later of (a) January 1, 2023, or (b) the date *Wholesale Water Supply* is physically available to the *Customer* as defined in Section 2.2.1 herein.

On an annual basis in a letter of understanding between the *Wholesale Customers* and *District*, the *District* may allow for a temporary upward modification of the *Supply Schedule*. Further, the *Customer* may propose to make a portion of the *Customer's Total Water Requirement* available to the *Customer* through its *Supply Schedule* that is not needed or cannot be taken by the *Customer* available to other *Wholesale Customers* or the *District*. However, any such proposal shall be subject to the following conditions: (a) the review and approval of the *Operations Advisory Committee* and the *District*, including the proposed terms and conditions of any such proposal; (b) shall only be on a short-term basis for a period of not more than sixty (60) days; (c) the *Customer* shall continue to be obligated

to pay the fixed charges related to the *Customer's Total Water Requirement*, including the fixed charge related to the portion of the *Customer's Total Water Requirement* which may be provided to another *Wholesale Customer* or the *District*; and (d) in no event shall the *Customer's Total Water Requirement* retained by the *Customer* and made available to another *Wholesale Customer* exceed the *Customer's Total Water Requirement* in accordance with the *Customer's Supply Schedule*, unless otherwise agreed to and as conditioned by the *District* in writing.

N. Section 2.2.3 of the Agreement is hereby modified and amended to read as follows:

This Agreement shall remain in effect for twenty (20) years, such twenty (20) year period commencing from the **Effective Date** of this First Restatement, subject to automatic renewal for additional twenty (20) year periods unless either *Party* notifies the other *Party* not less than five (5) years before the expiration date of any twenty (20) year period of its intent to terminate the Agreement. However, if the *District* is assumed or acquired by a third party, then *Customer* may terminate this Agreement no sooner than ten (10) years from the **Effective Date** of this First Restatement. If *Customer* chooses to exercise this right of early termination, then the party assuming or acquiring the *District* shall pay to *Customer* an amount equal to the total *Capital Improvement Cost* paid by *Customer* plus interest at the *District's* average weighted cost of debt, times the number of years remaining on the Agreement on the date of the early termination is exercised, divided by twenty (20) years. Along with the notice of early termination, *Customer* shall submit to the third party an invoice with supporting documentation for the amount claimed. The invoices shall be due and payable within thirty (30) days of its date, and thereafter the unpaid balance shall bear interest at the rate of twelve (12) percent per annum.

O. Section 2.3.3 of the Agreement is hereby modified and amended to read as follows:

2.3.3 Restrictions placed upon *Customer's* water use to address conservation shall be adopted and applied consistent with restrictions placed upon the *District's* direct service customers. The *District* may implement emergency or conservation measures, and *Customer* agrees to comply with such measures. The *District* and the *Operations Advisory Committee* shall establish a working group to develop an emergency response plan and a water shortage plan that will identify the measures to be imposed to respond to emergencies or shortages, the mechanisms for imposing and repealing such measures, and penalties for failure to comply therewith. The *District* may impose unilateral measures until the *District* and *Customer(s)* approve such plans. The *District* or *Customer(s)* may convene the working group for the purpose of reviewing adopted plans, proposing amendments thereto, or monitoring implementation of plans; provided, that any amendments must have the concurrence of the *District*.

P. Section 2.3.4 of the Agreement is hereby modified and amended to read as follows:

2.3.4 The *District* shall provide wholesale water to *Customer* at an equivalent level of service that it provides to the *District's* retail customers. In the event of a general emergency or weather-related water shortage affecting the entire *District* water supply system, including the *Wholesale Customers*, general restrictions placed upon water supply to the *Customer* shall be applied equally to the *District's* retail distribution system and the

Wholesale Customers. An “emergency” for the purposes of this provision shall mean an unforeseen event including, but not limited to, water shortages, power outages, a pump system failure, well system failure, aquifer failure or diminution, or other failure in *Joint Facilities* or *Wholesale Facilities*. In the event of localized emergency problems, *Customer* acknowledges temporary, localized service interruptions may occur for the duration of the emergency. It is recognized by the *District* and the *Customer* that emergency water use curtailment measures may have to be implemented by the *District* on a regional basis in order to meet an emergency condition or regional water shortage. The procedures to be used in the event of a weather-related regional water shortage, or shortages caused by other factors, shall be described in the *District’s* water shortage response plan in effect as of the Effective Date of this First Restatement, or successor contingency plans. Successor contingency plans shall be developed and implemented by the *District* in consultation with the *Operations Advisory Committee*. *Customer* shall assist with and support all emergency curtailment measures that are implemented. The *District* shall have the right to interrupt or reduce delivery of water to *Customer*, if the *District*, acting in good faith, determines that system emergencies or maintenance and repair so require. Except for emergencies, the *District* shall give *Customer* reasonable written notice of interruption or reduction, the reason therefore, and the likely duration thereof. In the event of an emergency requiring interruption of service, the *Parties* shall pursue restoration of service cooperatively and with the exercise of due diligence. *Customer* acknowledges that during an emergency situation or a planned outage, the *District* may temporarily be unable to meet all or part of its wholesale service commitment. If the *District* has a planned outage, the *District* shall give *Customer* a minimum of seven (7) days advance notice in writing of such planned outage. The *District* and *Customer* will work together to identify mutually acceptable dates for planned outages.

Q. Section 2.3.5 of the Agreement is hereby modified and amended to read as follows:

2.3.5 Except as provided in paragraph 2.3.7, the quality and content of water supplied to *Customer* at the *Customer Meters* under this Agreement shall comply with or exceed applicable federal, state, and local rules and regulations governing water quality applicable to the *District*, except in cases of emergency. The *District* also agrees to periodically or as required by the State Department of Health guidelines monitor and test its water supply, including *Wholesale Supply*, for the presence of perfluorinated chemicals, including perfluorooctanoic acid (“*PFOA*”) and perfluorooctanesulfonic acid (“*PFOS*”). If *PFOA* or *PFOS* are detected in such water supply which exceed health advisory limits established by the United States Environmental Protection Agency (“*USEPA*”), which are currently a combined concentration of 70 ppt (0.070 ppb), the *District* agrees to take whatever action is necessary to treat any such water supply to comply with *USEPA* health advisory levels after advising the *Operations Advisory Committee* of the *District’s* proposed action and the approximate cost to undertake such treatment action, which may include the replacement of the water supply which exceeds *USEPA* health advisory levels. Water quality testing results shall be shared with the *Operations Advisory Committee* on a regular basis as test results are available.

R. Section 2.4.1 of the Agreement is hereby modified and amended to read as follows:

2.4.1 *Customer's* demand upon the *District's* water supply shall not exceed the *Total Water Requirement* at the rates of flow provided for in paragraph 2.3.1, except as provided in Section 2.2.2 herein.

S. Section 2.4.2 of the Agreement is hereby modified and amended to read as follows:

2.4.2 *Customer* shall limit retail sales of water to customers within its current or future service area as described in the *Customer's* water comprehensive plan; provided that, *Customer* shall not be prohibited from providing service to retail customers outside of its service area so long as *Customer* does not exceed *Customer's Total Water Requirement* and *Supply Schedule*.

T. Section 2.4.4 of the Agreement is hereby modified and amended to read as follows:

2.4.4 *District* shall select, install, and charge the *Customer* for the *Customer Meter* or *Customer Meters*. *Customer Meters* shall be calibrated annually in the presence of *District* and *Customer* representatives and shall be maintained to be accurate within two (2) percent plus or minus. The *District* shall have free and unlimited access to *Customer Meters* for inspection and testing at the *District's* expense. The *District* shall read *Customer Meters* monthly and bill *Customer* for water supplied according to the terms of this Agreement; provided, however, that whenever the *District* delivers water through another water system, the wheeling agreement shall establish meter-reading procedures for billing for water supplied according to the terms of this Agreement.

U. Section 2.5.3.A of the Agreement is hereby modified and amended to read as follows:

2.5.3 The *Capital Improvement Cost* of *Joint Facilities* shall be allocated as follows:

A. The *Capital Improvement Cost* of existing *Joint Facilities* shall be allocated between the *District* and *Wholesale Customers* according to the ratio of the quantity of *Wholesale Water* that has been designated to *Wholesale Customers* over the maximum quantity of water authorized by all *District* water rights; provided, however, the portion of *Capital Improvement Cost* of *Joint Facilities* that are existing transmission mains to be allocated to *Wholesale Customers*, net of accumulated depreciation, shall be determined by multiplying the cost of all *District* mains recorded on the *District's* books, less the cost of all *District* mains used exclusively for *Wholesale Facilities* or shared with Town of Steilacoom, times the ratio of the lineal feet of mains eight inches and greater over the total lineal feet of all *District* mains (provided, in no event shall the allocation of transmission mains of 8" diameter or larger to the *Wholesale Customers* exceed fifty-nine (59) percent), less the lineal feet of all mains used exclusively for *Wholesale Facilities* or shared with Town of Steilacoom.

V. Section 2.5.7 of the Agreement is hereby modified and amended to read as follows:

2.5.7 *Capital Improvements* shall be constructed as public works projects awarded pursuant to law. The *District* shall design, construct, and maintain the *Capital*

Improvements according to accepted water utility standards. The *District* shall administer the planning, design, construction, and construction management of the *Capital Improvements* to the best of its ability. Any construction change order changing the scope of a project or increasing the estimated *Capital Improvement Cost* of a project by five (5) percent or \$50,000.00, whichever is greater, shall be approved by the District only after consultation with the *Operations Advisory Committee*.

W. A new Section 2.5.8 is hereby added to the Agreement to read as follows:

2.5.8 The *Capital Improvement Cost* of the New Booster Pump Station, a *Wholesale Facility*, shall be allocated to the *Wholesale Customers* for the purposes of this Agreement as follows. The *Wholesale Customers* who benefit from the New Booster Pump Station, including Summit, agree for the purposes of this Agreement that Summit would have incurred the cost of Four Hundred Sixty Four Thousand Dollars (\$464,000.00) to construct Summit's own booster pump station to satisfy Summit's own needs ("Summit BPS Cost"). The Summit BPS Cost shall be the amount that Summit is allocated for its share of the cost of the New Booster Pump Station for the purposes of calculating depreciation and rate of return. The remaining amount of the New Booster Pump Station (actual constructed New Booster Pump Station cost minus the Summit BPS Cost) shall be shared by the other *Wholesale Customers* who benefit from the New Booster Pump Station based on each *Wholesale Customer's Total Water Requirement* divided by the total quantity of *Wholesale Water* for the purposes of calculating depreciation and rate of return for the *Wholesale Customers*, other than Summit, who benefit from the New Booster Pump Station.

X. Section 2.6.2 of the Agreement is modified and amended to read as follows:

2.6.2 In this *Agreement*, water will be priced according to the utility-basis approach of cost recovery, consisting of *General and Administrative Cost, Maintenance and Operation Cost*, depreciation expense, and a fair rate of return on rate base (*Wholesale Facilities* and *Joint Facilities*). The utility-basis approach of cost recovery shall be composed of two pricing components: (1) a fixed charge based on the *Customer Total Water Requirement*, and (2) a unit charge per 100 cubic feet (CCF) ("*Utility Basis*"). Water shall be priced as provided in Section 2.6.3C and *Customer's* wholesale water rate shall be composed of: (1) a fixed charge to recover depreciation, a return on Rate Base, and *G&A*; and (2) a unit charge per 100 cubic feet (CCF) of *Customer's* consumption to recover *Leased Water* cost and *Maintenance and Operation Cost*, including a markup of ten percent (10%).

Y. Section 2.6.3 of the Agreement is hereby modified and amended to read as follows:

2.6.3 The following shall determine the wholesale water rate to be paid to the *District* by *Customer*:

A. Subject to the provisions of Section 2.3.4 herein, the *District* will treat *Customer* as a customer separate from the *District's* retail service customers;

B. All costs of serving *Customer* will be recovered by a combination of annual fixed charges and water volume charge to the *Customer*; and

C. The cost of serving *Customer* shall include depreciation expense, Return on Rate Base, *Maintenance and Operation*, and *G&A* components determined as follows:

1. *G&A* shall be an annual cost per connection established by multiplying total *G&A* by eighty percent (80%), dividing that by the total number of water service connections, with *Customer* counted as one connection, plus twenty percent (20%) of annual *G&A* divided by the prior year's total *District Internal System* consumption, plus the projected increase in current year's total consumption for *Customer*, multiplied by *Customer's* projected current consumption as provided by *Customer* to *District* no later than December 31 of each year.

2. Annual depreciation shall be determined dividing the original *Capital Improvement Cost* recorded on the *District's* books by the *District's* standard application of estimated life of that facility or for that class of water assets.

3. Return on Rate Base shall be determined as follows:

a. *Wholesale Facilities*. The *Capital Improvement Cost*, net of accumulated depreciation, allocable to *Customer* less any upfront cash payment made by *Customer*, multiplied by 6 percent.

b. *Joint Facilities*. The *Capital Improvement Cost* net of accumulated depreciation multiplied by 6 percent per year from the date of this Agreement.

c. *Water Right*. The *Water Right Cost* allocable to Wholesale Customer multiplied by 12 percent per year for 20 years after the Agreement date and thereafter multiplied by 9 percent per year.

d. *Existing Water Rights*. The *Water Right Cost* per MGD will be the same as the Abitibi water right cost per MGD multiplied by six (6) percent per year from the date the *District* establishes that *Wholesale Water* is available to the *Customer* pursuant to this Agreement.

4. *Maintenance and Operation Cost* of *Joint Facilities* and *Wholesale Facilities* shall be annually determined separately, totaled, and increased by ten (10) percent per the *District's* fiscal year.

a. The *Maintenance and Operation Cost* of *Joint Facilities* shall be determined as follows:

i. Pumping, Treatment, and Storage Costs. The annual *District* pumping, storage, and treatment costs divided by the prior year's total

District Internal System consumption, plus the projected increase in current year total consumption for *Wholesale Customers*, multiplied by *Customer's* projected current year's total consumption as provided by *Customer* to *District* no later than December 31 of each year.

ii. **Transmission Costs.** The annual *District* transmission and distribution costs multiplied by the ratio of the lineal feet of mains eight inches and greater (limited to 59%), less the lineal feet of mains used exclusively for *Wholesale Facilities* or shared with Town of Steilacoom, divided by the prior year's total *District Internal System* consumption, plus the projected increase in current year's total consumption for *Wholesale Customers*, multiplied by *Customer's* projected current year's consumption as provided by *Customer* to *District* no later than December 31 of each year.

b. The annual *District Maintenance and Operation Cost* of *Wholesale Facilities* shall be allocated among *Wholesale Customers* according to the ratio of the *Customer's* projected current year's consumption over the projected current year's consumption of all *Wholesale Customers* as provided by *Customer* to *District* no later than December 31 of each year; provided, the *District's* cost of power incurred to operate and maintain the New Booster Pump Station shall be allocated to and paid by the *Customer* based on *Customer's Total Water Requirement*, and the remaining cost of power shall be allocated to and paid by the other *Wholesale Customers* as provided for in the table set forth below:

Wholesale Partner	5 MGD Total Wholesale Demand		7 MGD Total Wholesale Demand		10 MGD Total Wholesale Demand	
	Average Annual Demand (MGD)	Percent of Annual Power Bill	Average Annual Demand (MGD)	Percent of Annual Power Bill	Average Annual Demand (MGD)	Percent of Annual Power Bill
Summit	1.5	30.0%	1.5	21.4%	3.0	30.0%
Firgrove	2.0	40.0%	2.0	28.6%	2.0	20.0%
Washington Water	1.5	30.0%	1.5	21.4%	3.0	30.0%
Spanaway	0.0	0.0%	2.0	28.6%	2.0	20.0%
Total	5.0	100.0%	7.0	100.0%	10.0	100%

5. **Leased Water Cost.** The *District's* annual cost for *Leased Water* shall equal 10 percent times the average cost per *MGD* of the *Abitibi* water right purchase times the quantity of *Leased Water* measured in terms of *MGD* or the actual cost of *Leased Water* per *MGD* plus a 10 percent mark-up, whichever is greater.

D. The *District* will recalculate the *G&A* costs and *Maintenance and Operation* costs annually by using the current year's total consumption and *District's* annual costs; and, in the following year, the fixed charge portion of *Customer's* wholesale water rate shall be increased or decreased accordingly.

Z. Section 2.6.4 of the Agreement is hereby modified and amended to read as follows:

2.6.4. A. The *District* shall install telemetry systems at the *Customer Meters* for the purpose of monitoring delivery of water to *Customer*. Such telemetry shall be operational when the *District* commences to supply *Customer* with water under this Agreement. The *District* shall advise the *Customer* whenever *Customer's* demand for water threatens to exceed the limits of the quantity limitation in the *Supply Schedule* or *Customer's Total Water Requirement*. Upon receipt of such notice, the *Customer* shall operate its system so that peaking demand shall be satisfied from *Customer's* water supply and not from water supplied under this Agreement. The *District* shall notify *Customer* when *Customer's* demand no longer threatens to exceed the quantity limitation in the *Supply Schedule* or *Customer's Total Water Requirement*.

B. If, in any calendar month, the *Customer* exceeds the limits of the quantity limitation in the *Supply Schedule* or *Customer's Total Water Requirement* (an "Exceedance"), the *District* shall hand deliver written notice of such Exceedance to *Customer*. If after three days from the notice such Exceedance continues, the *District* shall hand deliver a second notice of Exceedance. If after three days from the second notice the Exceedance continues, then, in addition to a 100 percent surcharge on the unit charge component of the wholesale water rate payable on all water used in excess of the quantity limitation in the *Supply Schedule* or *Customer's Total Water Requirement*, the *Customer* shall pay to the *District* an amount equal to 75 percent of the prior year's total annual payment (which includes both the unit charge and the fixed charge) to the *District* for wholesale water, unless such surcharge is reduced or waived by the *District* in its sole discretion.

C. In any calendar year that a *Customer* exceeds the quantity limitation of the *Supply Schedule* times 365 or its *Total Water Requirement* times 365, as applicable, the *Customer's* wholesale water rates shall be subject to a surcharge on the Exceedance of one hundred (100) percent of the unit charge component of the wholesale water rate, unless such surcharge is reduced or waived by the *District* in its sole discretion.

D. *Customer* shall reimburse the *District* for any penalties imposed on the *District* for using more water than allowed by *District* water rights arising from *Customer's* use of water in excess of the use provided for herein.

AA. Sections 2.6.6, 2.6.7, and 2.6.8 of the Agreement are hereby deleted in their entirety and replaced by a new Section 2.6.6 to read as follows:

2.6.6 If the *Customer* made a cash payment(s) on the *Wholesale Facility* asset being replaced, the amount of accumulated Depreciation paid by *Customer* for the *Wholesale Facility* asset being replaced shall be credited against the cost of the new *Wholesale Facility* asset.

BB. A new Section 2.7.5 is hereby added to the Agreement to read as follows:

2.7.5 Payment Deferral; Payment Suspension.

A. Payment Deferral. Pursuant to the provisions of the Agreement, as amended, including those set forth in Recital 1.6 and Section 2.6, as of January 21, 2020, *Customer* is required to pay for water supply, and the availability of water supply, under the Agreement on the *Utility Basis* approach of cost recovery, as opposed to the *Cash Basis* approach as defined in the Agreement. Conversion to the *Utility Basis* as of January 21, 2020 has substantially increased *Customer's* monthly payments to the *District* from \$5,526.25, as calculated under the *Cash Basis* for One (1) MGD, to \$59,391.00, as presently calculated under the *Utility Basis* for Two (2) MGD. *Customer's* monthly payment of \$59,391.00 will commence the date *Wholesale Water Supply* is physically available, as defined in Section 2.2.1 herein, to the *Customer*, which will occur on or before January 1, 2023. Until such time as *Wholesale Water Supply* is physically available, as defined in Section 2.2.1 herein, to the *Customer*, *Customer* will pay monthly payments to the *District* as calculated under the *Utility Basis* for One (1) MGD, which is presently calculated as \$18,519. *District* agrees *Customer* may defer payment of the difference between *Customer's* payments due the *District* calculated under the *Utility Basis*, as opposed to the *Customer's* monthly payments which were due the *District* as calculated under the *Cash Basis* (the "*Differential Amount*"), until January 1, 2023, or the date the *Customer's Internal System* is connected to the *Wholesale Facilities*, whichever date is sooner. If *Customer* elects to defer payment of the *Differential Amount* to a later date, but in no event to a date later than January 1, 2023, or the date the *Customer's Internal System* is connected to the *Wholesale Facilities*, whichever date is sooner, *Customer* shall pay the total *Differential Amount* to the *District* in equal annual installments for up to a six (6) year period without interest commencing one (1) year after the date of connection, or, if connection is not made before January 1, 2023, on January 1, 2024; provided, however, *Customer* shall have the right to pre-pay the *Differential Amount* in whole or part before it is due and owing to the *District* without penalty.

B. Payment Suspension. *District* agrees to suspend and not to charge *Customer* on the *Utility Basis* for the New Booster Pump Station and the Wholesale Transmission Main (as those terms are defined in Recital 1.4 of this First Restatement) relative to their location up to the point where *Customer's Internal System* will connect to the *Wholesale Facilities* to the later of (1) January 1, 2023, or (2) the date *Wholesale Water Supply* is physically available to the *Customer* as defined in Section 2.2.1 herein, unless *Customer's Internal System* is connected to the *Wholesale Facilities* prior to January 1, 2023, and in such event the *District* shall commence charging the *Customer* for such facilities on the *Utility Basis* at the time of such connection.

CC. Section 2.8.1 of the Agreement is hereby modified and amended to read as follows:

2.8.1 The *District* shall, if necessary, amend its comprehensive plan and/or water rights to authorize it to serve *Customer*. The *District*, as planning authority for the water supply requirements of this contract, shall examine and investigate water supplies suitable and adequate for its present and reasonable future needs, including any wholesale supply requirements. The *District* shall prepare and adopt a plan for acquiring and supplying such water, including provision for water and water rights, real property, and facilities required for storage and transmission and delivery of water.

The *District* shall establish an operations advisory committee ("*Operations Advisory Committee*" or "*Committee*") to be composed of representatives of all *Wholesale Customers*. The *Committee* shall meet quarterly and shall advise the *District* on all matters related to wholesale water supply, participate in the preparation of emergency plan(s), review and comment upon the *District's* comprehensive plan(s), review and comment upon planning for, design of, and cost of *Capital Improvements*; provided however, the *District's* decisions concerning *Capital Improvements* shall be final and not subject to arbitration.

DD. Section 2.8.5 of the Agreement is hereby modified and amended to read as follows:

2.8.5 Except as otherwise provided in this Agreement, a dispute arising out of the terms and conditions of this Agreement, except for a billing dispute, shall be submitted for mediation to a mediator agreed to by the *Parties*. If mediation is unsuccessful, the dispute shall be arbitrated by JAMS of Tacoma.

Arbitration shall be conducted in accordance with Title 7.04A RCW; provided, the *Parties* may conduct discovery pursuant to the Superior Court Rules of Civil Procedure. The arbitrator's decision shall be final and shall award reasonable attorney's fees and costs of arbitration to the prevailing party. Requests for reconsideration or modification may be submitted as provided by Superior Court Rules of Civil Procedure. The arbitrator's decision shall be reduced to judgment as provided by Title 7.04A RCW. The provisions of this paragraph do not apply to arbitration of a billing dispute, which shall be conducted informally.

EE. Except as expressly set forth in this First Restatement, the Agreement is otherwise unmodified and remains in full force and effect. Each reference in the Agreement to itself shall be deemed also to refer to this First Restatement.

FF. All capitalized terms used but not defined in this First Restatement shall have the same meanings as defined in the Agreement.

GG. After both Parties have approved and executed this First Restatement, this First Restatement of the First Amendment to Agreement for Wholesale Supply of Water shall be effective on September 23, 2021.

HH. The *District* and the *Customer* recognize there is a series of agreements entered into by and between the *District* and the *Wholesale Customers* as referenced in the Recitals herein, and to the extent such agreements provide for the sharing of costs and the performance of certain duties and obligations by the *Wholesale Customers*, individually or collectively, the *Customer* shall be a third-party beneficiary of such other agreements with the *Wholesale Customers* and the *District*.

LAKWOOD WATER DISTRICT

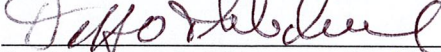
President/Commissioner

Dated: 09/13/2021

Vice President/Commissioner


Secretary/Commissioner

SPANAWAY WATER COMPANY

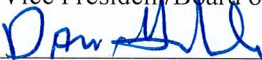


President/Board of Directors - Member

Dated: 8/20/2021



Vice President/Board of Directors - Member

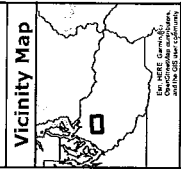


Secretary/Board of Directors - Member

EXHIBIT A
DEPICTION OF BOOSTER PUMP STATION UPGRADE, NEW BOOSTER
PUMP STATION, AND
WHOLESALE TRANSMISSION MAIN LOCATION

This map is a graphic representation derived from the Lakewood Water System. It was designed and intended for LAK staff use only. It is not to be used for any other purpose. This map is based on the best information available on the date shown on this map.

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Existing Alignment to Spanaway Connection Lakewood Water District Wholesale Transmission Water Main

1 inch = 1,500 feet
0 250 500 750 1000 Feet

DRAWING IS FULL SCALE WHEN BAR MEASURES 2"



J:\PATA\LAK\11157-REGIS\APP\LAK_BASE\WP - EXISTING WTM AND PROPOSED BPS LOCATIONS-SPN\MXD BY: SPERKINS PLOT DATE: JUN 12 2020 COORDINATE SYSTEM: NAD 1983 HARN STATEPLANE WASHINGTON NORTH FIPS 4901 FEET

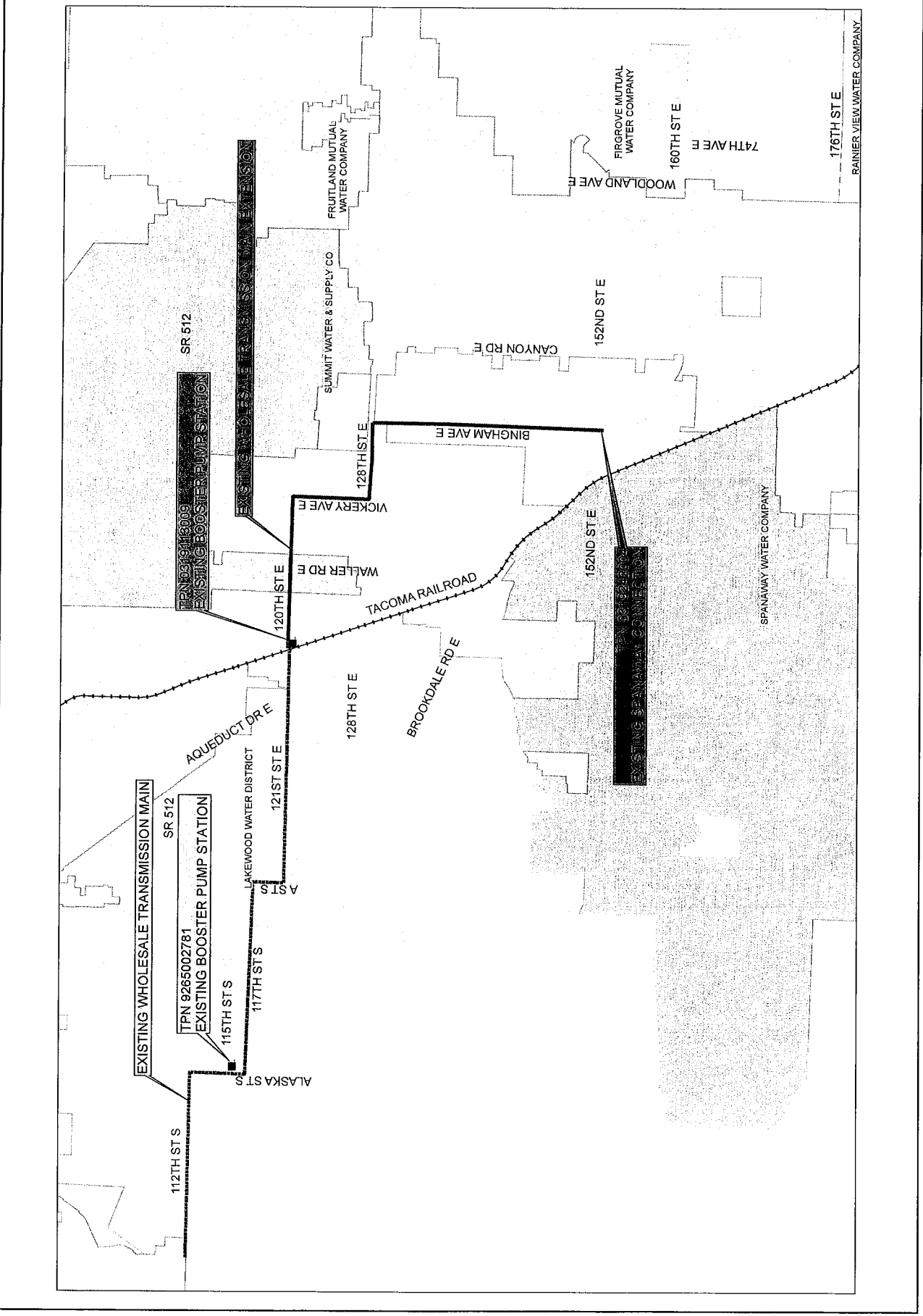


EXHIBIT B

DEPICTION OF CUSTOMER METER LOCATION(S)

[The Parties recognize and acknowledge that, as of the Effective Date of this First Restatement, Customer has not yet connected its *Internal System* to and does not yet receive water supply from *Wholesale Facilities*; the Parties agree that, at the time the Customer's *Internal System* is connected to *Wholesale Facilities*, a *Customer Meter* or *Meters* will be installed by the District at the point of any such connection(s), and a depiction of the location of such *Customer Meter* or *Meters* will be prepared and attached to this First Restatement as **Exhibit B** and shall be fully incorporated into this First Restatement by such attachment.]

Operations Manager's Report August 2021

Presented September 23rd, 2021

OPERATIONS

Work ORDERS Lucy and PM's – Lucy Add in Caselle – Lucy added Waiting for Caselle

288 Billing/Office Field Service Orders
7 Field Service Orders
00 Fleet Service Orders
50 Pumping Service Orders Pumping and Storage
345 Total Service Orders

DELINQUENT ACCOUNTS – Teri Please Note No Turn Offs Governors Orders

Delinquent Accounts
Paid on Door Hangers or on Disconnect
Services Disconnected
Paid on Disconnect
Remained Disconnected at the end of the month

LOCATES- Debbie

366 Locate Requests Received
21 Requests were out of LWD Service Area
06 Locates were submitted by LWD
16 Cancelled Locates
329 Locates Completed
323 Total amounts owed

BACKFLOW- Shaun J.

597 Assemblies Tested
00 New Applications
00 New Installations Shaun
00 Assemblies Replaced – Shaun
35 Repairs- Shaun
00 Removals –Shaun
4615 Existing installations permitted - Shaun
588 Test Reports Completed & Entered - Shaun

Right of Way Permit: 1

8/5/21	7604-06 Lakewood Dr W - Duplex	Install new service
--------	--------------------------------	---------------------

Water Availability Letters: 6

8/3/2021	JEREMY & KELSIE WEEKS	7214 97TH AVE SW	R/REMODEL	6430492700
8/4/2021	WILLIAM SWAN	10514 INTERLAAKEN DR SW	R/NEW CONST	219037016
8/5/2021	WILLIAM SWAN	10518 INTERLAAKEN DR SW	R/NEW CONST	219037015
8/10/2021	ROCKEY WHEAT	13 CREEKWOOD LN SW	R/REMODEL	3280000150
8/13/2021	BRAD KAUL	12115 PACIFIC HWY S	C/ADDITION	0219114134
8/13/2021	BILL SWAN	10516 INTERLAAKEN DR SW	R/NEW CONST	219037016

MAINTENANCE

Bobby Gaskin – Department Head

NEW SERVICES:

1 – 1" x 5/8" Installed at 9828 Meadow Rd SW

4 – 1" x 5/8" Installed at 7604 & 7606 Lakewood Dr. W

MAINS MAINTENANCE

Repaired Broken 8" water main Break at 10202 108th SW

JOBS

None to report this month

Service Maintenance

None to report this month

VALVE MAINT.

None to report this month.

VALVE OPERATION CHECKS

475 valve operations completed this brings the annual total to 2,02 exercised and marked.

Hydrant Maintenance

Repaired leak on Hyd. 20 HV 17 @ 9117 S Tacoma Wy

Repaired hard to operate Hyd. 06 HV 16 @ 8130 70th Ave SW

Hydrant Replacement:

None to report this month.

METER MAINT.

None to Report This Month

Flushing Season:

Completed the Annual Flushing programs in May.

LEAK DETECTION REPAIR

None to report this month

GROUND MAINT.

Hauled some additional material in for Steel building

CITY FRANCHISE PROJECTS

None to report this month

OPEN METER BOX CHECKS]

None to report this month.

Pumping Department Report June 2021

Report Moved to Engineering Manager

CAPITAL & R & R PROJECTS – Operations Manager Projects

Deleted all but Dec of 2020 for space purposes: 12-1-2020 It looks like the Gravelly Lake Project might possibly start a month or two late. We had received conflicting information with respect to the phasing of the project, so I got off the phone with the City Engineer and he has told me the project is expected to last up to 15 months, but the additional timeframe is to get the Light Poles and the like installed in his mind all the water work would be complete in 2021. Work continues designing Phases 2-4 of 39th, The Front Street Project, and Gravelly Lake Drive. We will be selecting consultants to design the 112th Project, and the Steilacoom Lake Drive Project after the first of the year. 1-7-21 Work continues the design for Gravelly Lake, and 39th, we have design finished for 108th Street Crossings and are actively seeking installation pricing at this time. Front Street Design is at 60% or better as is 39th and Gravelly so we anticipate these projects starting to bid in February time frames. 2-3-21 Work continues on the designs for Gravelly Lake Drive Project and Phase 2-3 of 39th Ave. We are working with BMC on 40th to try to obtain an easement as the utilities are so tight in the street. We are also working with the Clover Park School District to get an easement through the school property between Early and 100th. This will be a large project at 5000 feet. Design work continues on the Scotts Filtration project as well, the Iron and Manganese has been bid, the GAC vessels and Media was put out to bid on the 3rd with opening set on the 16th. 3-1-21 We have selected Consultants for the upcoming '22 projects: RH2 will continue with Phase 4 of 39th which will take the 20 from Scotts to Mont Grove, Parametrix will finish Front Street for Construction in '22, Murray Smith will be designing the second Phase of Steilacoom Lake Drive for '22, and we are asking David Evans (formerly CHS) and Parametrix to give us scope and budget on 112th street upsizing main to 24" on either side of I-5. 4-5-21 we have selected Parametrix to design the 112th Street Project, they built the project leading up to where we are

at and have the time to get this project pounded out and ready for bid after the 1st of the year in 2022. 5-5-21 We are waiting on the scope and budget from Murray Smith on Lake Steilacoom Dr. phase 2 project, Parametrix is working on 112th, and Front Street is at 90% design and holding until next fall. 6-9-21 Same this month we are waiting for submissions of preliminary plans for both Steilacoom and 112th. 39th phase 4 is at 60% plans so that will be no issue getting out late this year for next year's work. 8-3-21 Murray Smith has started the design on the second phase of the Steilacoom Lake Drive Phase 2 Project, they have started baseline survey, and engineering locates. We are anticipating design completion by January 2022, and construction later in 2022 after the North Fort Project on Gravelly and Washington. **9-9-21 The City of Lakewood has announced they will be continuing on with Phase 2 of the North Fort Project replacing curb gutter sidewalk and paving on Washington Blvd, we will be replacing the water main as a part of this.**

PFOA PFOS – WSDOH requirements and District operational considerations:

Earlier Report removed for Space considerations 1-7-21 Design for the filtration system at Scott is well underway we have made comment on the 60% design, and we are nearly ready to put out the pre-purchase bids for the GAC and the media, the Iron and Manganese filtration was awarded to ATEC systems. We anticipate a bid for the construction of the project in March. 2-3-21 The Design continues for the buildings and site work for the GAC treatment and the Iron and manganese. The Materials to be pre-purchased have been ordered, or are in bidding process, we are pre-purchasing the ATEC system Iron and Manganese Filtration, the Chlorine Generator and Metering Pumps, the SCADA controls and the GAC vessels and the Media for the GAC filtration facility. We are anticipating arrival late April for the ATEC system and Mid-October for the GAC vessels. I-3 has had elevated levels of PFOS/PFOA we have retested and are awaiting the results for verification, if results are over the LHA level set by the EPA we will have to take this well offline this reduces our available water by 650 Gallons a minute or just under 1 million gallons a day loss. This is a more difficult decision if this is offline, the volume would not likely justify a GAC treatment facility so other ways of recovering that loss would have to be considered. LWD has planned for eventualities like this. We are looking into the alternatives: which may include transferring water rights to a different well, re-drilling a well elsewhere, or taking this well deeper to get it out of the Shallow aquifers, or oversizing pumps and motors elsewhere to recoup this production. 3-1-21 All of the long lead time items have been ordered, and we are finalizing the Specs and plan for the construction of this work. We are anticipating putting this work out in Late March approving it at the April Board BOC meeting for construction in May. 4-5-21 We are awaiting another round of testing to confirm, but we are looking at having to potentially permanently shut down I-3 well we found out of the blue in a January sample high test result, we pulled another sample to verify in March but are waiting for the results and if it too was high, we will have to shut the well down. This is not a huge producer, but still accounts for 600-700 gallons a minute or roughly

930,000 gallons a day. Were this to be the case and the well test above the EPA's LHAL we be compelled to shut it down until treatment could be installed or another source could be put online to replace its volumes. 5-5-21 We are still waiting on the results of I-3 test results we ran a second sample and pulled it from a different point to see if that made any difference in the results. It appears that the State SAL has been moved in to 2022, but still something we need to be concerned with as we see additional wells increase and or exceed this new level, there is talk that the EPA will set an MCL for PFAS this would for the state to do the same, and it would help define the problem and force the action as opposed to having to make the decision on our own. And would help us greatly in the lawsuit if we are still unresolved at that time. 6-9-21 No change to this report I-3 is off until a solution has been established, whether that is a new well or treatment is being considered at this time. We are in hope to have a direction prior to starting the annual budget process. 7-6-21 I-3 remains at relatively high level of 130 PPT combined, this well posed a different set of concerns than H-1, H-2, G-1, and G-2 as this is not as high a producing well so GAC would be much Smaller, but here too we could drill another deeper well potentially and get to water lower than the C aquifer and A aquifer that to date are the only ones with PFAS contamination. The deeper the well though the higher likelihood of getting Iron and Manganese in the well and requiring addition treatment for that. **8-3-21 we are in the public comment period for the SAL State action level rulemaking with DOH this will move on to rule making, and ultimately the official SAL there do not seem to be any real surprises at this point. This comment period will end on the 3rd of September with Public Hearing starting on the 13th of October.**

Wholesale Transmission Main Extension Project: (701-705)

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 all the contractor issue on the job have been worked out and the project is conditionally accepted, the only remaining issue ion the project is some warranty costs on the Pumps and motors supplied by Triangle pump. This item has been turned over to the district's attorney. Triangle has mounted some resistance to our billing for all the costs of the warranty work including pulling and replacing the pumps and transporting them to the Triangle Shop for work. 2-3-21 We have put the vendor on notice Triangle Pump that they owe us for the costs to pull and transport the pumps and motors. We have notified them of the Approximately \$30,000.00. We have had our attorney contact theirs to try to resolve this, but this may go to Arbitration. 3-1-21 This is the final loose end for the Wholesale Project, we have sent a letter requesting Arbitration if they do not want to settle this. Athan from Ogden Murphey has sent the final letter requesting settlement of Arbitration. 4-5-21 We have crafted the complaint and are preparing to submit the complaint; we have not only included the \$29,000 and change due for the cost to remove haul and replace the pumps and motors but have also include the lost

Wholesale revenue as part of the claim pushing our overall complaint request to over \$260,000. 5-5-21 Triangle Pump came back with a counter of 15,000 which is about ½ of the total we spent removing and reinstalling the pumps, but completely ignores the last revenue. 6-9-21 a settlement has been reached and this issue is completed, the additional lost revenues were not actually a result of Triangles pump issues. **8-3-21 Some Warranty issue have come up with the Check valves, and some additional vibrations with the pumps and motors so the contractor has been notified and we are awaiting filed visits from the manufacturers reps.**

WSDOT Washington and Berkley & union and North Thorne Project (Job 742)

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 We met with the design build team a few weeks ago to discuss an option they were proposing for the Murray Roadside, and after we had come up with an acceptable plan for the water and sewer work required by the project, they decided they would propose we keep all of our facilities in place, which leaves Pierce county and LWD in a bind as the roundabouts built over them will make repairs or replacements extremely costly and time consuming. We objected heavily and told them we were not prepared to allow that option to take place especially after we had all spent months getting the design to meet all our need's prior. We were not prepared to scrap that design and allow them to save some money. The contractor was obviously not pleased with our reply, and WSDOT was supportive of our position. 2-3-21 We still have a great deal of work to be completed in this area, the discussion of who is responsible continues, but for now we will focus on the work to be completed. At present the work at Washington and Berkley has been completed, but work on The North Thorn Side remains unfinished, we will need their contractor to install the balance of the 500-600 feet of main and make the connection at North Thorne, so this loop is completely functional again. All the work remains unfinished on the Murray Roadside of the project. Some issue has come up after we agreed to a plan to finish the work, and we are not sure of where the project sits at this moment. But we have told the contractor and WSDOT that now that there is a Traffic round in place, and the area now falls into an exclusionary zone, with WSDOT this means that we would not e able to access this without additional permits, making maintenance considerably more difficult. The plan we had agreed to would have moved our facilities out and away so that we could maintain them at will, it appears now that the contractor has some capability in costs for this move now, and thus the request for us not to move the facilities. We have respectfully declined and asked that the facilities be relocated as agreed upon. 3-1-21 We have approved materials for the work to continue so we anticipate that this balance of the waterline improvements is going in soon. This project is supposed to be complete later this summer, so we know it can't drag on much longer. We will then have the task of finalizing and fighting over who is responsible for these costs incurred. As you recall when this started a

couple of years ago, they were thinking we would pay for all waterline relocation costs, we disagreed and then we moved forward with the idea that this issue would be solved at a later point. My guess is that this latter point is getting close. We feel comfortable with our position, and we are not the only one stating the same position to the AG as Pierce county and the Sewer lines are being affected similarly, but as you are all aware there is never a guarantee in a legal proceeding. 4-5-21 we have been notified that KLB Atkins civil contractor will begin the final phases of the waterline work starting the 21st of April, with the Berkley area then moving to the North Thorne area followed by the work at Murray Road it would appear that we are back on for the re-routing of the main to avoid the Security Area for WSDOT. 5-5-21 this work is nearing a close with work competing at Washington and Berkley, and well as North Thorne. The placement of the new casing went in this last Saturday, and all that remains is the connection of the main from the I-5 Crossing to the next casing and pipe and the completion of the main to 46th Street. 6-9-21 completing of the water portion of this project is imminent we are hoping to have this work completed and back in service by the end of next week. This has proven to be quite a challenge. **8-3-21 This project has been completed, and the water is working normally in all areas, the issue of payment looms at this stage. There were portions of the work that were clearly not LWD's responsibilities, but a significant portion of this project we did under protest and with the understanding that a resolution would be determined at a later date. LWD and Pierce County Sewer were both forced to relocate significant portions of main. Our contention is that we have franchises with the City of Lake wood that would require this work to be covered, WSDOT bought the property from the City and is then giving it back them. This issue has not been resolved, so there remains some level of liability potential for the district if our position is not upheld.**

Gravelly Lake Dr SW Washington to Nyanza (748): City of Lakewood JBLM North Access

Prior Year removed in order to reduce the length of the report: 2020

1-7-21 Plans are at or near the 60% mark we will review them once received and turn them around quickly. We are anticipating the City to put this out to bid in February for an April start time frame. 2-3-21 This project is in the final design stages, LWD has submitted their final 100% drawings to the City for inclusion in their plans, we are waiting for the City to Advertise and award this contract. Recall please that we are working with the City this saves us a great deal of restoration and mobilization and traffic control costs. We are anticipating this work starting for LWD's portion in April and to have the water line completed by the end of the year '21. 3-1-21 This project is out for bid and will be opened on the 2nd of this month at 2:00 pm this will let us know who we are going to be working with. Award will not happen until the council meeting later in the month. 4-5-21 R.L Alia was awarded the project, they are working

on schedule but have told us they will not start until late in May, they have also told us that they will be starting at the Nyanza end of the project and working their way back to Washington and Gravelly. They will not be doing the Washington portion of the project until 2022 so we will only build about 75% of the water main portion of this project the balance will carry over in to 2022, this means that we have additional funds available for some of the other projects we have coming online like the Scott's Filtration facilities, the Steel Shop building, or 39th Ave Phase 2-3. 5-5-21 RL Alia has yet to start this work it looks as of now that the first week in June is the new Start date, as we had mentioned earlier this means that the project completion is likely to be in 2022 which means we will have to carry over the unfinished balance into the following year. 6-9-21 RL Alia has begun work on this project they have been installing water main from the near the intersection at Gravelly and Pacific Hwy back to the Gravelly and Nyanza intersection. This work is required to be completed so that they can divert traffic from Gravelly around Nyanza Road this detour is expected to occur on the 21st of June from that point forward the road will be closed to through traffic. Our GIS tech has generated a map for alternate routes for our workers. It is anticipated that work will continue in phases through the end of the year with some break for winter weather and restart at the Washington Gravelly intersection in March of '22 and completing before June, but for the street lights these need to have the bases in and the bolt pattern surveyed for each base so that the elevation and the arm length for each can be designed and built this can take 15-20 weeks and thus the 18Months on the city contract although the largest portion of the work will have been completed for some time. Just as what played out on the previous Gravelly Lake project. 7-6-21 Alia has put in enough water to re-route the traffic over to the permanent detour around Nyanza. We anticipate a couple weeks before they start laying main again from the Traffic round at Nyanza top the north-west heading towards the Country Club. 8-3-21 Alia has been doing well, they are roughly ½ way done laying main and by the 4th will have the main and services transferred over from the old to the new between Pac Hwy and the Country Club Road. This project is being built in phases with the next ending at Veterans with the Traffic round installation then late this year the stretch up to the start of the roundabout at Washington and Gravelly this will start early spring 2022 and finish mid-year. **9-10-21 this project continues to progress nicely they have broken the halfway mark on this project. As it set right now the plan would be to finish this project by May of 2022. The City has informed us that the second phase of this project will bid in January with a May June Start date. This will require that we participate with them and install roughly 1.5 million in water line improvements. This was not anticipated until 2023 so some shuffling of capital project will be required in 2022.**

39th AVE Steilacoom to 96th (749):

Prior Year removed in order to reduce the length of the report: 2020

12-1-2020 The Contractor is doing well this project has turned out to be a bit more challenging than any of us had expected. The Secondary power is not something that the power company locates it appears, so the contractor has found these drops on several occasions slowing the installation down each time. Despite the difficulties they will be pressure testing the main from Steilacoom over to South Tacoma way via 94 this week. And starting on 39th Ave Court as soon as the pressures and purities come back for the portion that is completed. 1-7-21 This has been a tough project we have encountered a significant amount of un-located utilities. These have cost the contractor and we anticipate some change orders will need to be written to address these uncontrolled issues. We will be complete with the Tie in and services by next Wednesday and be waiting for weather suitable for the restoration work, and final paving. Pape and sons have done a great job as usual and have worked well with us to get this project completed. 2-3-21 This project has been completed the Final paving and punch lists have been finished. Pape and sons did a great job again for us, and we look forward to working with them again very soon. **6-9-21 this project is complete and just pending L&I approval.**

39th AVE Phase 2 and 3 Job# 780:

12-1-2020 RH2 engineers are hard at work designing the next phases of this project, we are designing this project in phases such that if the money is insufficient to build it all that we can parse out portions of the work and keep moving. We have Asked RH2 to design the crossing at Halcyon as well as this work will need to be complete before the Scotts Site contractor will be on board. This work must be completed as the City is planning on a grind and overlay project from Pacific Highway to Bridgeport and we would need this in place by April. 2-3-21 Design continues this project as we mentioned in the engineering portion of this report, we are working on easements with Clover Park School District as well as BMC. These will both greatly assist the project; it was not until after the utilities were marked that the density of the other utilities in the are were revealed. 3-1-21 We have been working with the Clover Creek School District on an easement and we have just sent in what we hope to be the final draft to the District. We are optimistic we can obtain this easement, we have similar optimism with BMC we have worked around most of their concerns and are awaiting word back from their real estate department, as BMC was very recently purchased. Again, we are optimistic that this will come through soon. We are looking at a similar start time for this as with Scotts' and Gravelly lake Drive, which will make for a very busy summer. 4-5-21 we have worked through our issues with the School District, and all is moving ahead as planned we are hopefully finishing up the BMC easement this week then we can finish the plans and get this project out on the street for bid very soon. We are optimistic that with funds freeing up from another project that we will be able to get this project completed through 108th street, with only the 4th phase remaining for 2022. 5-5-21 we have resolved the issue with the school district as well as the easement with BMC so we have submitted the permits, and are finalizing the design

with the Cities comments. We anticipate this going out to bid in late May, much later than we had expected, but we did run in to some significant delays, do to easement and permits. **6-9-21** This project was put out to bid, and Miles Resources was determined to be low bidder, the supply of the material remains to be the issue with this and any other projects we put out this summer, we have been working with vendors and suppliers to get this project underway, our primary goal is to get the work in front of the school completed. We have a temporary construction easement that expires on 12/31/21 which is 25' wide giving us more room to work, and a permanent 20' Easement. 7-6-21 Miles Resources was low bid on this project, they started work Mobilizing in on the 29th. Their schedule has them finishing in December, but we are hoping it will go faster than that. They are working Back from the Early learning center in order to make sure they don't interfere with school business in September. Once they Hit 100th Street they will be on Nights until they tie in at 39th this was one of the agreements we made to get the ROW through BMC, this easement saved us from having to replace the main through this section in place requiring High lines to the customers as we would have had to put the new main in where the old line is currently. This is a target rich environment with utilities everywhere. 8-3-21 This project has been a challenge to say the least, the progress has been slow, and marked with miss located utilities and surprises along the route. Miles has been moving steadily and is on track to finish the main and service up to the 39th Tie in near the end of the month. This has all be night work, they are moving through the BMC property now with likely main installation through the end of next week, with pressure and purities tie in and services to follow. We have found unmarked septic systems, and sanitary sewer force mains scattered throughout and un-located. We did hit a force main that came right out of the lift station on 40th it was miss located by 7-8 feet laterally and about the same off in depth. **9-10-21 We are nearing the completion of Phase 2 with just a few hundred feet left to go, phase 3 is a shorter project with less complications so we are hoping that this section of the project will progress more quickly. The contractor has experienced several material delays and some delays due to design and locate issues and is not anticipating completion the First week of December versus the last week of October. We are still reviewing the schedule but would anticipate most of these delays are valid.**

Front Street / 96th Main Improvements: Job#: 781

Parametrix is currently designing this project, we don't anticipate building this project unless the City Project Runs long and we need something else to do. This project will most likely go out for bid in 2022. 2-3-21 This project is hovering at about 90% design, we have suspended the design at this point as this work will likely not occur until 2022, early in 2022 or late 2021 we will finish the design make any changes and put it out to add early in 2022. 3-1-21

Parametrix is still in a bit of a holding pattern waiting to finalize the designs for this project, but now we know we will be moving ahead with this in '22 we will get then to complete the 90% and then hold until later into November December to Bid the work for an early start in '22. 4-5-21 Parametrix has completed the design through 90% and we are looking to shelve it for the next several months and bid it right after the first of the year. This is one of the last projects that was on the old list of projects for improving flow to the Wholesale Transmission Main. We are engaged with Murray Smith to do some additional modeling to make sure nothing has changed and that we are still on track for the take schedule we have in place. The big potential change to this is the Spanaway Connection, if they choose to take the 2 million gallons a day that will accelerate our take schedule but over a decade and we will need to be able to produce consistently 7.5 million gallons a day and beyond. **6-9-21 This project is ready to go out to bid, we will refresh the frontend specs and put this out near the end of the year for Construction in early 2022.**

Scott well site GAC and Iron and Manganese Treatment # 757, # 758, and #778

1-7-21 The Iron and Manganese filtration for the G-3 well has been ordered ATEC systems was low on the supply bid. We just sent notice of Award out yesterday. We anticipate these will arrive in May for immediate installation. 2-3-21 Design is well past the 60% design milestone and we are closing in on the 90% mark, we have started ordering the owner supplied materials: Iron and manganese filter, chlorine generator, and MCC panels for the SCADA. We are anticipating that this will bid in March with G-3 work starting in earnest on April 1st, this may require so special effort to push the permits through the city. 3-1-21 All of the long lead time items have been ordered, and we are finalizing the Specs and plan for the construction of this work. We are anticipating putting this work out in Late March approving it at the April Board BOC meeting for construction in May. 4-5-21 design is nearing completion, the project report has been submitted to DOH, and the permits have been applied for with the City of Lakewood. We are looking at building optional projects on site to maximize the effectiveness of the site and match the Grant funding that we will have available. We are anticipating this to be between 5.3 and 5.7 million depending on which package is adopted by the legislators. 5-5-21 This project as with many others has experienced a significant number of delays in engineering, and well as permitting issues, this project in particular with the boundary line adjustment required to build on both pieces of the lots. We have design at 90% and finishing the specials this and eye towards letting this the 15th of May. 6-10-21 This project is out for bid at present with opening set for Friday the 18th of June. We had the job walk through yesterday and had 9 contractors present. We did receive the Grant funding for the GAC system this we are hoping will cover most if not all of the costs of the GAC system. The project costs for GAC

and G-3 Treatment is expected to go to 7.5 million. 7-6-21 the project was let, and Ceccanti construction was low, we had some initial concerns but based on the reference calls we recognize that they have done similar work all be it longer than the 5 years ago we targeted in the paperwork, the consultant didn't put our most updated language for experience in and we missed that in review, so our language didn't prohibit them from bidding. We were however pleased with the price at 5.4 million for both G-3 and the GAC system, this will allow for the District to cover any potential changes required, and allow for some of the design elements that we were hoping to get in but pulled in an effort to make sure we came in at a number we could afford. Please recall that this project received 5.4 million in Grant funding which has greatly improved the district position moving forward as much of this would have been borne by the rate payers had the State not come through with this help. 8-3-21 Ceccanti is on site now and clearing trees and getting set up on the project they started the last week in July, they are waiting on materials to start the yard piping when it arrives later this week. The GAC templates and Vessels will be available well in advance of the contractor requiring them, as with the Atec system, the pump and motor were installed for G-3 yesterday, so all the owner supplied materials are available and no delays. A great number of submittals are going back and forth at this point trying to get all of the materials approved for the construction to start. One minor change was agreed to with Ceccanti to build the Pump Pad for the G-3 well Pumptech bid included a portion but not all the work, so we transferred this all to Ceccanti. **9-10-21 This project is moving along with the work they can perform. The delays due to materials are far more accentuated on this project than on 39th with the stainless fittings and the like the delays are far greater. Buildings and tanks can't go up as the pipe penetrations are not delivered, and these must be in place before we can continue. The GAC slab is formed, and bar is being tied for the first of two pours on the 24th with the final pour on the 30th. The solid waste Manhole bottom is in place, but the top section is still several weeks out. This is a truly a Challenging time to be building these large, complicated projects. From what I can gather these shortages will last well in to 2022 and possibly stretch in to 2023**

Spanaway Spur Project – WTME connection # 777

9-23-20 we have determined and scope and budget, and have put RH2 under contract for the design, and Sitt's Hill under contract for the surveying on the project. We have also sent out letter to the property owners that we are hoping to get easements from we have sent them out Return Receipt such that we can minimize any delays if we need to utilize the legal system and condemnation to acquire the easements. We are optimistic that these property owners will work with us as each of them have several easements already through their properties.

12-1-2020 the Initial design Survey has been completed and design has started first looking for the best route then drawing it up. Once we know where we want to go, we can engage the property owners and attempt to secure easements. This may turn out to be the most difficult part of the project. 2-3-21 We have potential alignment figured out, and we are working to finalize the points of connection. We presented this information to the partners at the last quarterly meeting in January. We have been told that Spanaway's bent is to have this online taking water January 1, 2023 so we have some time to spare on this project. 3-1-21 RH2 continues to work on the alignment of this project, they have proposed that we sit down with Pierce county and discuss the potential moratorium on Brookdale Road and the paving of it. Peirce county has clarified that moratorium would remain until November of '22. This would push us to get operational by 1/1/23. So, we are hoping that we can get some consideration on this issue. 4-5-21 We have met with Spanaway Water and they are very interested in purchasing the final 1 million gallons a day this will sell out the capacity of the Wholesale Main. We are working with them to show them the pricing and the effects of using the more volume of water vs paying the fix rate and not utilizing the volume to offset it. 5-5-21 and interesting development Spanaway not only wants the 2 million, but they would like another if we can get it. This throws a whole set of complications at the wholesale the first and foremost can we ever do it? If so, how much more, and lastly how much capital would we need to spend in order to do this? We have asked RH2 to look into the possibility of this and what it would take to make this happen. 6-14-21 we are continuing to work with the other utilities trying to utilize some of the existing utilities easements instead of using more of the property owners land, we had a meeting on Thursday with TPU and that went well, but there is still some resistance to agree to the use of this property. We are looking into the opportunity to acquire easement from some of the other property owners and then go down 42nd Ave this would get us back down to Brookdale if the pipeline corridor is not available. This would be more expensive and would increase the length of the project but would present the only option if the pipeline corridor is not available. 7-6-21 we are working on getting updated Right of Entry forms to the Residents along the alignment, and once that has occurred, we will be potholing the Fiber along the alignment and about ten sites in the Brookdale ROW to find Fiber, and the Tacoma A/C main. Based on the lukewarm reception we got from Tacoma Public Utilities we are also researching and alternate route and have reached out so several additional property owners to test the waters of an easement through their properties as an option. 8-3-21 we have been working with the property owners to get new Right of Entry forms so that we can go on to their properties and dig some potholes to verify the alignment for the project. We have met with some considerable resistance and it appears that the Leonard, the Hohn's and the Martinez's are presenting a unified front in casual opposition to this work. We feel we can continue to work with them in an effort to drive a negotiated agreement rather than through the courts. We are running in to a time crunch though so with out some substantial progress soon our options are getting limited. **9-10-21 we have finally negotiated the RIGHT of ENTRY in to all three properties necessary to do the potholing such that a**

design and alignment can be established for this project. The cost of time and the potholing will impact the budget, and conversations with Spanaway need to occur to make sure they are aware of the current construction environment and the high likelihood that this will cost more. We do have a Q3 meeting with the partners on the 14th to discuss takes and the construction timeline for the projects in the district required to provide those takes.

Pumping Operations

1. August was a high pumping month, demands have begun to reduce in mid September.
2. Made great progress and completed all scheduled preventative maintenance activities in August.
3. Tested wholesale partner meter testing, all meters came back as within factory parameters for accuracy.
4. Able to bring two wells back into service in September.
 - a. O-2 Well is now back in service, cleaned well screen and video inspected.
 - b. L-2 Well is scheduled to be installed by the end of September.
5. Sources out of service
 - a. Still working with manufacturer/supplier to replace A-3 well motor
 - b. Also have 2 wells out of service due to PFAS levels (1 will be back online with completion of Scotts Treatment Project).
6. Upcoming Well Projects
 - a. G-3 Pump and motor installed, waiting for construction of remaining facilities
 - b. G-1 Pump and motor replacement is ordered, waiting for install after GAC facility construction is complete.

Capital Projects

1. Scotts well site treatment project
 - a. Work starting to get under way in earnest now.
 - b. DOH has given the go ahead to start using the grant funds now. We are also able to recover some of the pre-construction costs already expended and more fully utilize the grant and offset costs to rate payers.
 - c. Received several key equipment deliveries.
2. ARPA program (American Rescue Plan Act) - \$13.7M to City of Lakewood
 - a. Attended public hearing on evening of August 23rd.
 - b. Wrote letter advocating for use of funds for a well at Saint Claire's Hospital rather than Ponders site.
 - c. Study session by City Council held on 9/13. A new well is on the list for supplemental funding consideration – listed at \$1.5M.
 - d. City Council meeting on 9/20/21 may further outline funding priorities for the City.
3. FEMA projects - 2 project grants; both grant approvals have been extended to early 2023.
 - a. Steilacoom Blvd Tank Seismic Retrofits - have 90% design documents. Construction cost estimates have significantly increased since the original grant application in 2015. This is due to construction cost inflation, building code changes (now on 2018 building code) which changed design needs. The improvements now are more extensive and will require recoating tank following repairs.
 - b. Emergency Generators and Well Improvements project – Working to complete bid documents for this project. Have had to coordinate with Country Place Homeowners Association to inform them of expanding our fence in the easement to accommodate the proposed generator.

Water Quality

1. Latest round of PFAS samples complete, no significant changes from earlier rounds of sampling.
2. DOH has published their draft PFAS rule language for public comment. The draft rule is very much in line with past coordination with DOH and with our current practices.
 - a. Draft rule establishes State Action Levels (SALs) for 5 different PFAS compounds, each with different levels.

- b. If one (or multiple) SALs are exceeded, it triggers water source monitoring and public notification requirements.
 - c. Draft rule does not require treatment
 - d. Currently some sources exceed 3 of the compound SALs; 2 sites currently in service exceed SALs and don't have treatment.
3. Completed monthly water quality samples in August.

Water Storage

1. Working on inspections ahead of our DOH Sanitary Survey to address items where DOH may have concerns.

2021/2022

Source and Storage Reliability and Expansion

Goals

- Cost effectively expand source capacity
- Increase operational reliability
- Meet supply requirements before need
- Maximize economically useful life of assets
- Maximize use of grant funds received
- Balance increasing project costs with rate impacts

Background

- 2015 - Seismic Evaluation of Steilacoom Boulevard Tank
 - FEMA grant application - \$1.05M awarded, plus \$150,000 District funds
- 2017 – Tank Seismic Evaluations
 - Identified several improvements and replacements at storage facilities
- 2019 - Well Evaluations
 - Identified several wells that may yield higher flows with mechanical equipment upgrades
 - Identified sites for additional groundwater wells
- 2020 Comprehensive Water System Plan
 - Identified need to increase supply capacity to meet projected demands
- Spanaway Water Company Wholesale Contract
 - Increases wholesale supply commitments by 2.0 MGD by January 2023

Hydraulic Modeling

- Prior analysis
 - Driven by minimum pressures required to supply 10 MGD
 - List of projects remains valid, timing is adjusted under new analysis
- Updated analysis criteria
 - Meet minimum pressure requirements (10 psi) at Wholesale Pump Station
 - Water levels in tanks recover within 2-3 days
 - 8.0 and 8.5 MGD of wholesale supply

Hydraulic Modeling Results

- Prioritized improvements for 8.0, 8.5, and 9.0 MGD supply
- Able to defer 88th & Pine Tank and Pump Station until 9.0 MGD supply required (Year 2030)
- Water main replacements through R&R program
- Source improvements to maintain pressures and help water levels recover
 - Identified in 2020 Water System Plan and 2019 Well Condition Assessment

Project Locations

P-2 Well
Rehabilitation and
Capacity Expansion

Steilacoom Blvd
Tank Retrofit

F-2 Well Rehabilitation
and Capacity Expansion

S-2 Well
Rehabilitation
and Capacity
Expansion

New R-2
Well

