

WATER AND SANITARY SEWER SERVICE AGREEMENT

between the

**CITY OF GRAND RAPIDS
(the "City")**

and

**CASCADE CHARTER TOWNSHIP,
GRAND RAPIDS CHARTER TOWNSHIP
CITY OF KENTWOOD
TALLMADGE CHARTER TOWNSHIP,
CITY OF WALKER and
WRIGHT TOWNSHIP**

**(individually a "Customer Community" and
collectively the "Customer Communities")**

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WATER AND SANITARY SEWER SERVICE AGREEMENT

THIS WATER AND SANITARY SEWER SERVICE AGREEMENT made and executed as of the 1st day of January 1999 (hereinafter referred to as the "Agreement"), by and between the **CITY OF GRAND RAPIDS**, Kent County, Michigan, a Michigan municipal corporation (hereinafter referred to as the "City") and **CASCADE CHARTER TOWNSHIP**, Kent County, Michigan, a Michigan charter township, **GRAND RAPIDS CHARTER TOWNSHIP**, Kent County, Michigan, a Michigan charter township, the **CITY OF KENTWOOD**, Kent County, Michigan, a Michigan municipal corporation, **TALLMADGE CHARTER TOWNSHIP**, Ottawa County, Michigan, a Michigan charter township, the **CITY OF WALKER**, Kent County, Michigan, a Michigan municipal corporation, and **WRIGHT TOWNSHIP**, Ottawa County, Michigan, a Michigan general law township (hereinafter referred to individually as a "Customer Community" and collectively as the "Customer Communities.").

RECITALS

A. The City owns and operates a public water supply, treatment and distribution system which supplies water to, and a public sanitary sewer collection, treatment and disposal system which disposes of sanitary sewage of, Users within portions of Kent and Ottawa Counties, Michigan.

B. The City and each of the Customer Communities have previously entered into long-term agreements to provide public water and/or sanitary sewer service to Users within certain service areas within each of the Customer Communities on a retail basis.

C. The City and the Customer Communities desire to replace such long-term agreements with this Agreement pursuant to which public water and/or sanitary sewer service will

be provided to Users within certain designated service areas within the Customer Communities on a retail basis.

D. The City and the Customer Communities recognize that they are mutually interdependent and that growth and development and the provision of urban services and regional needs must be addressed on a metropolitan-wide basis and to that end, simultaneously with the execution of this Agreement, they have agreed to enter into an Urban Cooperation Agreement of even date herewith.

NOW, THEREFORE, in consideration of the respective representations and agreements contained herein, the parties hereto agree as follows:

Section 1. Definitions. The following terms, whenever used in this Agreement, shall have the following meanings, unless the context shall indicate another or different meaning:

"Act 94" means the Revenue Bond Act, Act 94 of the Public Acts of 1933, as amended.

"Agreement" means this Water and Sanitary Sewer Service Agreement between the City and the Customer Communities.

"City" means the City of Grand Rapids, Kent County, Michigan, a Michigan municipal corporation.

"City Commission" means the legislative body of the City.

"City Engineer" means the City's engineer or his or her designee.

"City Manager" means the City Manager of the City, the chief administrative officer of the City, or his or her designee.

"Customer Communities" mean collectively Cascade Charter Township, Kent County, Michigan, Grand Rapids Charter Township, Kent County, Michigan, the City of Kentwood, Kent County, Michigan, Tallmadge Charter Township, Ottawa County, Michigan, the City of Walker,

Kent County, Michigan and Wright Township, Ottawa County, Michigan, who are parties to this Agreement.

"Customer Community" means each of Cascade Charter Township, Kent County, Michigan, Grand Rapids Charter Township, Kent County, Michigan, the City of Kentwood, Kent County, Michigan, Tallmadge Township, Ottawa County, Michigan the City of Walker, Kent County, Michigan, and Wright Township, Ottawa County, Michigan, who is a party to this Agreement.

"Existing Facilities Improvements" mean improvements to the integrated system of the Water System and Sewer System necessary in order to improve the quality of service provided or required renovation and rehabilitation of existing facilities.

"Expansion Improvements" mean improvements to the Water System and Sewer System required in order to provide increased capacity in the integrated system of the Water System and Sewer System, respectively.

"Rate Setting Methodology" means the method of establishing rates and charges for Users of the Water System and the Sewer System as provided in the 1976-77 Water and Sewage Disposal System Rate Study as modified by the 1997 Water-Sewer Rate Study and as modified by this Agreement.

"Rate Study" means the annual rate study of the City using the Rate Setting Methodology to establish rates and charges for Users of the Water System and Sewer System during the term of this Agreement.

"Rights-of-Way" mean the streets, highways, alleys, other public places, rights-of-way and easements.

"Sewer System" means the public sanitary sewer collection, treatment and disposal system of the City as it now or may hereafter exist.

"State" means the State of Michigan.

"Urban Utility Boundary" means that area within each of the Customer Communities identified on Exhibits A and B attached hereto and as may be amended from time to time pursuant to this Agreement.

"User" means the user of water service supplied by the Water System or sanitary sewer service supplied by the Sewer System.

"Utility Advisory Board" means the Utility Advisory Board described in section 23 hereof.

"Utility Services District" means that area within each of the Customer Communities identified on Exhibits A and B attached hereto as the retail service area for public water and/or sanitary sewer service provided pursuant to this Agreement and as may be amended from time to time pursuant to this Agreement.

"Water System" means the public water supply, treatment and distribution system of the City as it now or may hereafter exist.

Section 2. Sale to Public of Water and Sanitary Sewer Service. Subject to the right of the City and a Customer Community or the right of Customer Communities to enter into a "border-line street" agreement to serve an area along a common border line from one municipality or the other, the City and Customer Communities agree that the City shall be the exclusive provider of public water and sanitary sewer service within the Urban Utility Boundary within each of their boundaries and that such water and sanitary sewer service shall be supplied directly to Users on a retail basis. Provided the Water System and Sewer System has sufficient capacity to meet substantiated demand, a Customer Community shall not (i) construct, own or operate its own public

sanitary sewer collection, treatment and disposal system or its own public water supply, treatment and distribution system within the Urban Utility Boundary within its boundaries or (ii) enter into an agreement to obtain water or sanitary sewer service from another source for Users within the Urban Utility Boundary within its boundaries without the prior written consent of the City. If the City does not provide water and/or sanitary sewer service to Users within the Urban Utility Boundary within its boundaries to meet substantiated demand then the preceding provisions of this section providing that the City is the sole supplier of water and/or sanitary sewer service, as applicable, within the Urban Utility Boundary within its boundaries shall not apply and said Customer Community shall have the right to construct, own and operate its own water and/or sanitary sewer system, as applicable, to serve Users and/or to purchase such service from any third-party supplier.

All "border-line street" agreements existing as of the date of this Agreement between the City and a Customer Community, between Customer Communities and between a Customer Community and another municipality shall continue in effect.

Section 3. Supply of Water. The Water System shall deliver potable, treated water to Users within the Urban Utility Boundary in the Customer Communities of the same quality and similar pressure as that provided City Users subject to such limitations and exceptions as are hereinafter in this Agreement provided. Water supplied by the City shall not be mixed or mingled with water from any other source, unless otherwise authorized by the City.

Section 4. Receipt of Sanitary Sewage. The Sewer System shall receive for treatment and disposal, subject to such limitations and exceptions as are hereinafter provided in this Agreement, all sanitary sewage emanating from Users within the Urban Utility Boundary in the Customer Communities.

Sanitary sewage which the City prohibits the discharge of shall not be discharged into the Sewer System. No storm water, roof drain water or subsurface footing drain water shall be permitted to enter the Sewer System from the Utility Services District in each of the Customer Communities. Construction methods and materials used in the Utility Services District in each of the Customer Communities shall be such as to minimize other sources of ground water infiltration. A User in the Utility Services District in each of the Customer Communities discharging sewage, waste or any materials in violation of this Agreement shall pay (i) the cost of repair of any damage to the Sewer System caused by such discharge and (ii) any fines, charges or costs imposed upon the City because of such discharge. Each Customer Community shall adopt such ordinances as the City shall request to (a) assure compliance with the provisions of this section and (b) authorize the City to enforce such ordinances.

Section 5. Rates, Charges and Fees.

A. **User Rates.** User rates for water and sanitary sewer service provided pursuant to this Agreement to Users within the Utility Services District in each of the Customer Communities shall be established by the Rate Study through the Rate Setting Methodology. Such User rates shall be determined annually and shall be computed and expressed as a commodity charge per one hundred cubic feet of metered water use and a monthly readiness-to-serve charge based on the size of a User's water meter. Once the revenue requirements of a Customer Community have been determined through the Rate Study, a Customer Community shall have the right to determine what portion of such revenue requirements shall be recovered from the commodity charge and what portion shall be recovered from the readiness-to-serve charge provided such allocation (i) can reasonably be expected to cause the revenue requirements to be met and (ii) is approved by the City, which approval shall not unreasonably be withheld.

The City shall bill individually each User in the Utility Services District in each of the Customer Communities in accordance with the City Code of Ordinances and the rules, regulations and procedures of the Water System and Sewer System. With respect to all such billings the time limits for payment of such bills, discounts or penalties for early or late payment, the resolution of all disputes, disagreements or other complaints, the testing of meters for accuracy, and all other matters relating to billing and collection, the Users within the Utility Services District in each of the Customer Communities shall be treated in the same manner as all Users of the Water System and/or Sewer System, as applicable.

User rates will be reviewed by the City annually. The City agrees to meet with the Utility Advisory Board and each affected Customer Community, if requested, during the annual review of User rates to provide for both input and understanding by the Utility Advisory Board and the affected Customer Communities. Once the annual review has been completed, the City shall report the results, including any changes in User rates to the Utility Advisory Board and each of the affected Customer Communities. Each Customer Community shall then have the opportunity to review such User rates with the City before they become effective. This period of review and exchange between the City and each such Customer Community shall not take longer than thirty (30) days. The City shall make available to a Customer Community upon request all records and other documents used to establish such rates.

The annual review of User rates shall be completed prior to the beginning of each calendar year so that whenever possible any change in User rates may become effective at the beginning of a calendar year. Any new User rate shall become effective upon compliance with all of the above procedures and approval by the City Commission.

If a Customer Community disagrees with any new User rates and if that disagreement cannot be resolved between it and the City, the Customer Community shall have the right, within forty-five (45) days of the effective date of the new User rates, to serve a written demand for arbitration upon the City, setting forth the specific issues to be arbitrated.

Within thirty (30) days after a demand for arbitration is served on the City, the City and Customer Community shall mutually agree on a recognized utility rate consultant as arbitrator. If the City and Customer Community cannot agree on the selection of an arbitrator, the arbitrator shall be selected by the American Arbitration Association subject to the requirements and qualifications of this subsection A. Arbitration proceedings shall commence with an initial meeting of the parties and the arbitrator occurring no later than forty-five (45) days after selection of an arbitrator. The arbitrator shall determine the issues set forth in the demand for arbitration in strict conformance with this Agreement and the Rate Setting Methodology. No later than one hundred-twenty (120) days after the commencement of arbitration proceedings, the arbitrator shall submit his/her determination in writing to the parties and shall include a specific finding on each issue set forth in the demand for arbitration and shall demonstrate how each finding was determined. Based on his/her decision on the issues set forth in the demand for arbitration, the arbitrator may affirm the User rates or adjust them upward or downward. When reaching a decision the arbitrator shall require that any amounts due because of an adjustment in User rates shall be paid with interest from their initial due date at the rate of five percent (5%) per annum computed monthly.

Arbitration shall be the exclusive means of resolving disagreements related to the Rate Study and User rates. The arbitrator's decision shall be conclusive and binding on the City and the Customer Community except that either the City or Customer Community may avail itself of the remedy provided in Michigan Court Rule 3.602, as it may be amended from time to time. Said

arbitrator shall not live or work within any area serviced by the Water System and Sewer System or be employed by either party unless approved by both parties. The Users in such Customer Community shall not withhold payment of the new User rates during the pendency of the disagreement, but shall instead timely pay such User rates, subject to adjustment at the conclusion of arbitration. The arbitrator's fee and his out-of-pocket expenses shall be shared equally by the City and the Customer Community.

B. Front Foot Rate. Persons in the Utility Services District in each of the Customer Communities who request or are required to connect to water distribution lines or sanitary sewer mains installed at the expense of the Water System or the Sewer System shall pay their share of the cost of installation. This charge shall be known as the front foot rate and shall be determined by multiplying the rate per foot most recently established by the City by the number of feet determined in accordance with the immediately following sentence. The front foot rate shall be applied to the number of front feet of a future User as reasonably determined by the Customer Community. The front foot rates for connection to water distribution lines or sanitary sewer mains shall be the same for all persons connecting to the Water System or the Sewer System, as applicable, and will be reviewed and revised periodically by the City to reflect the current average charge of installing local water distribution lines and local collector sewer mains. Such front foot rates may, at the option of the User required to pay them, be paid in ten (10) equal annual installments plus interest on the unpaid balance and a penalty on overdue unpaid installments both at rates established by the annual Rate Study and applicable to all Users. All front foot rates paid pursuant to this subsection by Users within the Utility Services District in a Customer Community shall be applied to reduce the Water System's or the Sewer System's, as applicable, equity assigned to such Customer Community pursuant to the Rate Setting Methodology.

C. Integrated Connection Fees. Persons in the Utility Services District in each of the Customer Communities connecting to the Water System and the Sewer System shall pay integrated connection fees established and determined in accordance with Exhibit C attached hereto and incorporated herein.

Integrated connection fees required to be paid pursuant to this subsection shall be due and payable at the time a User receives a permit to connect to the Water System or Sewer System. A permit issued by the City to connect to the Water System or Sewer System shall expire one hundred eighty (180) days from the date the permit was issued. Integrated connection fees collected pursuant to this subsection shall promptly be forwarded to the City and be applied to integrated system costs of the Water System or Sewer System, respectively, so as to reduce such costs in connection with the preparation of the applicable annual Rate Study for water and sanitary sewer service for those Users in Customer Communities where integrated connection fees are collected.

A User of the Water System or Sewer System, who has previously paid an integrated connection fee for water or sewer service and who subsequently applies for a larger meter than the one presently in service, shall pay an integrated connection fee which is the difference in the current integrated connection fee for the meter size in service and the one applied for. No credit or rebate shall be given in the case of application for a smaller sized meter.

The integrated water service and sanitary sewer service connection fee for single-family and multi-family residential dwelling units shall be adjusted upward and downward as follows: A single family residential dwelling unit located on a parcel containing 30,000 square feet in calendar year 2000, 28,000 square feet in calendar year 2001, 26,000 square feet in calendar year 2002, 24,000 square feet in calendar year 2003, 22,000 square feet in calendar year 2004, and 20,000 square feet in calendar year 2005 and each year thereafter shall pay the applicable integrated

connection fee in accordance with the schedule in the attached Exhibit C. To the extent such parcel is greater than or less than the applicable square footage, one-half the applicable integrated connection fee will increase or decrease by the same percentage increase or decrease in the parcel above or below the applicable square footage. In the case of multi-family residential dwellings, in order to determine the size of the parcel assigned to each dwelling unit for purposes of calculating the integrated connection fee to be paid by each multi-family residential dwelling unit, the total square footage of the parcel on which the multi-family residential dwelling is located shall be divided by the total number of residential units. Notwithstanding any other provision in this subsection, the integrated connection fee for a single family residential dwelling unit or multi-family residential dwelling unit shall not exceed four and one-half times the applicable base integrated connection fee set forth in the attached Exhibit C.

D. Surcharges. Industrial and commercial Users in the Utility Services District in each of the Customer Communities discharging into the Sewer System shall be charged a penalty surcharge if the concentration of certain discharges exceed certain limits as established from time to time by the City. The penalty surcharges shall be as established and adjusted by the City from time to time in the Rate Study and shall be the same for all applicable industrial and commercial Users of the Sewer System. The penalty surcharges are intended to discourage the discharge of effluents in excess of normally accepted concentrations.

The City shall be responsible for billing and collecting said penalty surcharges directly from industrial and commercial Users. Employees or agents of the City shall have the right to monitor each industrial and commercial User in the Utility Services District in each of the Customer Communities in accordance with rules, regulations and policies of the Sewer System in order to determine discharge concentrations.

The City and each of the Customer Communities have entered into an industrial pretreatment and cost recovery agreement related to the regulation, pretreatment and cost recovery of industrial waste of industrial users within Utility Services District of each Customer Community which agreements shall continue in effect and govern such matters addressed therein.

E. Hydrant Fee. A Customer Community may elect to pay a hydrant fee for operation, maintenance and use of each fire hydrant within its Utility Services District. The fee per fire hydrant shall be as determined by the Customer Community and the amount paid by the Customer Community shall be a credit to the revenue requirements of the Customer Community in the annual Rate Study.

Section 6. Integrated System Costs. The Rate Setting Methodology is modified to provide that integrated system costs of the Sewer System shall be allocated, in part, among Customer Communities in proportion to the amount of billed flow of Users in each Customer Community, other customer communities and the City to total billed flow of the Sewer System with appropriate credit being given for the flow of customer communities receiving sanitary sewer service on a wholesale basis for infiltration and inflow as set forth and demonstrated in the attached Exhibit D.

The Rate Setting Methodology shall be further modified to provide that each Customer Community's share of integrated costs of the Water System and Sewer System, as applicable, for purposes of the annual Rate Study shall be determined in part by its share of billed flow (as determined in the immediately preceding paragraph) and, in part, by its share of the total land area within the applicable Utility Services District within such Customer Community as a percentage of total land area of Utility Services Districts of all Customer Communities, service areas of other customer communities and the land area within the boundaries of the City

(excluding in the case of the Water System those areas served with water service pursuant to a Water Supply Agreement between the City and Ottawa County dated November 1, 1989) as set forth and demonstrated in the attached Exhibit D.

The Rate Setting Methodology shall also be modified to provide that costs of any non-integrated system improvements incurred after the date of this Agreement to the Water System or Sewer System that (i) result in an increase in the capacity of the integrated system of the Water System or Sewer System or (ii) defers or delays an expansion of the integrated system of the Water System or Sewer System may be included as an integrated system cost of the Water System or the Sewer System to the extent of the benefit to all Users of the Water System or Sewer System from such improvements. Nothing in this section or this Agreement shall be construed to permit the inclusion of the cost of storm sewers or the cost of eliminating storm water from the Sewer System (a) within the City in any costs allocated to Customer Communities under the Rate Setting Methodology or (b) within a Customer Community in any costs allocated to any other Customer Community or the City under the Rate Setting Methodology.

Section 7. Construction, Installation, Operation and Maintenance of Water and Sanitary Sewer Facilities.

A. Facilities Financed by Customer Community. To provide water and sanitary sewer service to Users within the Utility Services District in a Customer Community, the Customer Community may construct, locate and install or cause the construction, location and installation of water or sanitary sewer facilities (excluding those facilities described in the first paragraph of section 8 hereof which shall be governed by said section 8) within said Customer Community including, but not limited to, in the case of the Water System, water distribution lines, booster pump stations, storage facilities and related appurtenances and, in the case of the Sewer System, trunk

sewer mains, interceptor sewer mains, lift stations and related appurtenances. The Customer Community shall retain or cause the retention of the services of a qualified professional engineer or engineering firm approved by the City, which approval shall not be unreasonably withheld, to provide primary design and construction inspection. The Customer Community shall submit or cause the submission of complete design plans and specifications for such facilities to the City Engineer for review and approval of the general design concepts and to assure the improvements to be constructed are consistent with good utility practices. The City Engineer shall either approve or disapprove such design plans and specifications within forty-five (45) days from the date they are submitted, provided, however, such review and approval shall not constitute any assumption of responsibility for the design of the facilities. If approval or disapproval is not received by the Customer Community within forty-five (45) days of submittal of the complete design plans and specifications, they shall be deemed to be approved by the City Engineer. The design plans and specifications shall be completed on the basis of the City Engineer's standards which standards shall be generally applicable to the Water System and Sewer System. If the design plans and specifications meet the City Engineer's standards, they shall be approved by the City Engineer and no additional approvals of the design plans and specifications shall be required of the City. If the design plans and specifications are not approved, the City Engineer shall promptly in writing provide the Customer Community the specific and detailed reasons for the disapproval. If required by law, the Customer Community shall cause such design plans and specifications to be approved and a construction permit issued by any State or federal agencies having authority to approve plans and specifications and issue construction permits.

The construction and installation of such facilities shall be performed in a reasonable and workmanlike manner. The City Engineer shall have the right, but not the obligation, to inspect such

facilities during construction and installation which inspection is not intended to replace or be in substitution of the primary inspection required of the project engineer by the Customer Community. Upon completion of construction and installation and acceptance by the City, said facilities shall become a part of the Water System or Sewer System and, thereafter, the Water System or Sewer System, as applicable, shall be responsible for the operation, maintenance, repair and replacement of such facilities, the cost of which shall be recovered through User rates established pursuant to the Rate Setting Methodology and the applicable Rate Study. The City shall provide all operation, maintenance, repair, replacement and service necessary for the proper, efficient and lawful operation of such facilities on the same basis, with the same regularity, and with the same quality as it maintains all other facilities of the Water System and Sewer System.

B. Facilities Financed by System at Systems Option. If it is necessary in accordance with good engineering practices in order to provide adequate water and/or sanitary sewer service to existing Users within the Utility Services District in a Customer Community, the City shall have the right, but not the obligation, at the expense of the Water System or the Sewer System, as applicable, to construct and install any of the facilities described in subsection A of this section either within or outside the Customer Community, provided, the Customer Community has not initiated such construction and installation pursuant to such subsection A. The operation, maintenance, repair and replacement of such facilities shall be the responsibility of the City through the Water System or Sewer System, as applicable, the cost of which including the cost of construction, installation, engineering and inspection (including the cost of financing such costs internally or externally) shall be recovered through User rates of Users within the Utility Services District of such Customer Community established pursuant to the Rate Setting Methodology and the applicable Rate Study.

C. Facilities Financed by System at Customer Community's Request. To the extent that there are premises within the Utility Services District in a Customer Community who cannot currently be provided water or sanitary sewer service, the City agrees upon written request of such Customer Community to review with the Customer Community and the Utility Advisory Board the construction and installation of such facilities as shall be required to provide such services. If the provision of water or sanitary sewer service requires the investment of Water System or Sewer System funds, the review shall be based on good fiscal practices and shall include the availability of Water System or Sewer System funds to invest and the impact of such investment on the User rates in the Customer Community, it being understood that based on the Rate Setting Methodology and applicable Rate Study, all of the costs of construction, installation, engineering and inspection (including the cost of financing such costs internally or externally) of such facilities financed with Water System or Sewer System funds will be recovered through User rates paid by such Users. The sole decision on whether the Water System or Sewer System shall invest funds for such construction and installation of facilities shall be and remain with the City, provided, however, that such facilities as are described in this paragraph of this section 7 shall not be constructed and installed unless approved in writing by the Customer Community.

The cost of any engineering services provided by the City pursuant to this section 7 shall not be charged directly to the Customer Community, but may be included in the User rates of Users within the Utility Services District in such Customer Community or billed to the appropriate private party.

Section 8. Construction, Installation, Operation and Maintenance of Local Water Distribution Lines and Local Sanitary Sewer Collector Mains. Each Customer Community shall be responsible for constructing and installing or causing the construction and installation of

local water distribution lines and related appurtenances and local sanitary sewer collector mains and related appurtenances without cost to the Water System or Sewer System to permit persons within the Utility Services District of the Customer Community to connect to the Water System or Sewer System, as applicable.

Upon completion of construction and installation and acceptance by the City, such local water distribution lines and related appurtenances and local sanitary sewer collector mains and related appurtenances shall become a part of the Water System or Sewer System, as applicable, and, thereafter, the Water System or Sewer System, as applicable, shall be responsible for the operation, maintenance, repair and replacement of such facilities, the cost of which shall be recovered through User rates established pursuant to the Rate Setting Methodology and the applicable Rate Study. The City shall provide all operation, maintenance, repair, replacement and service necessary for the proper, efficient and lawful operation of such lines and mains and related appurtenances on the same basis, with the same regularity, and with the same quality as it maintains all other lines and mains and related appurtenances of the Water System and Sewer System.

The Customer Community shall retain or cause the retention of the services of a qualified professional engineer or engineering firm approved by the City, which approval shall not be unreasonably withheld, to provide primary design and construction inspection for the construction and installation of local water distribution lines and related appurtenances and local sanitary sewer collector mains and related appurtenances. The Customer Community shall submit or cause the submission of complete design plans and specifications for such lines, mains and appurtenances to the City Engineer for review and approval of the general design concepts and to assure the improvements to be constructed are consistent with good utility practices. The City Engineer shall either approve or disapprove such design plans and specifications within forty-five (45) days from

the date they are submitted, provided, however, such review and approval shall not constitute any assumption of responsibility for the design of the facilities. If approval or disapproval is not received by the Customer Community within forty-five (45) days of submittal of the complete design plans and specifications, they shall be deemed to be approved by the City Engineer. The design plans and specifications shall be completed on the basis of the City Engineer's standards which standards shall be generally applicable to the Water System and Sewer System. If the design plans and specifications meet these standards, they shall be approved by the City Engineer and no additional approvals of the design plans and specifications shall be required of the City. If the design plans and specifications are not approved, the City Engineer shall promptly in writing provide the Customer Community the specific and detailed reasons for disapproval. If required by law, the Customer Community shall cause such design plans and specifications to be approved, and a construction permit issued, by any State or federal agencies having authority to approve plans and specifications and issue construction permits.

The construction and installation of local water distribution lines and related appurtenances and local sanitary sewer collector mains and related appurtenances shall be performed in a reasonable and workmanlike manner and shall be performed in accordance with the same rules, regulations and policies as adopted from time to time by the City for such installations within the City. The City Engineer shall have the right, but not the obligation, to inspect such lines, mains and appurtenances during construction and installation which inspection is not intended to replace or be in substitution of the primary inspection of the project engineer required by the Customer Community.

The City may require the Customer Community to oversize or cause the oversizing of local water distribution lines or local sanitary sewer collector mains based on sound engineering practices

to permit the use or future use of such lines for the extension of water or sanitary sewer service, as applicable, to persons within or outside the Utility Services District in such Customer Community, provided the Water System or Sewer System, as applicable, pays the incremental cost of such oversizing.

The cost of any engineering services provided by the City pursuant to this section 8 shall not be charged directly to the Customer Community, but may be included in the User rates of Users within the Utility Services District in such Customer Community or billed to the appropriate private party.-

Section 9. Cost Participation in Integrated Water and Sewer System Improvements.

The parties recognize and acknowledge that from time to time improvements will be required in the integrated system of the Water System and Sewer System as defined in the Rate Setting Methodology. The parties further recognize and acknowledge that some of said improvements will be Existing Facilities Improvements and other improvements will be Expansion Improvements.

The cost of Existing Facilities Improvements to the Water System and Sewer System shall be shared by all Users of the respective System in accordance with the Rate Setting Methodology as applied in the then current Rate Study.

Should Expansion Improvements be required because of the increased use or projected use of the Water System or Sewer System, as applicable, by Users or projected future Users in some or all of the Customer Communities, the Customer Communities agree that Users in the affected Customer Communities, along with Users in other affected customer communities where Users will benefit from the Expansion Improvements, shall share in the cost of such Expansion Improvements (including financing costs) based on the increased use and projected

increase use of such Expansion Improvements in each affected Customer Community and in the other affected customer communities for which such improvements have been designed and built.

The size and scope of such Expansion Improvements shall be based on (i) good engineering practices, (ii) increased use projections provided by Customer Communities and other affected customer communities and (iii) the utility master plans referenced in section 20 hereof.

Such proposed Expansion Improvements shall be reviewed by the Utility Advisory Board for input and advice, provided, however, the City shall ultimately be responsible for determining to proceed with such Expansion Improvements.

To the extent Expansion Improvements are designed and built to handle additional new use or projected new use in the City, City Users shall share in the cost (including financing costs) of such Expansion Improvements on a proportional basis.

It is understood that some improvements of the integrated system of the Water System and Sewer System may be part Existing Facilities Improvements and part Expansion Improvements. In such case, the cost of such improvements shall be allocated as Existing Facilities Improvements and Expansion Improvements for the purpose of applying the provisions of this section.

Section 10. Cost Participation in Upstream and Downstream Water and Sewer System Improvements. As the Customer Communities and other customer communities grow, demand for water and sanitary sewer service increase, requiring upstream and downstream capital improvements. Either the Water System or the Sewer System may construct improvements which are designed to serve Users in one or more than one municipalities. Such improvements generally

would not be required but for the growth and projected growth in the Customer Communities and other customer communities.

The Rate Setting Methodology shall be modified to provide that return on system investment for those fixed assets physically located in the City or a Customer Community and only serving the City or such Customer Community shall be established as provided in the Rate Setting Methodology. For any such fixed assets which are zonegated from the City and/or one Customer Community to another, the rate of return shall be established at The Bond Buyer Index of 20 Municipal Bonds plus 6% per annum as set forth and demonstrated in the attached Exhibit E.

Section 11. Restriction of Water and Sanitary Sewer Service and Emergency Discontinuance. In the event the City is unable during a temporary period of scarcity or emergency to provide water and/or sanitary sewer service to Users within the Utility Services District in one or more Customer Community in the quantity and/or capacity required, the quantity and/or capacity which the City can provide shall be allocated insofar as practicable during such period to all Users of the Water System and/or Sewer System, as applicable, in equitable proportions so that all Users are subject to similar restrictions on water and/or sanitary sewer service.

The City reserves the right to discontinue temporarily water and/or sanitary sewer service (i) without notice in times of emergency or (ii) whenever it shall, upon its own determination and after not less than twenty-four (24) hours' notice to the Customer Community and the Users in the Utility Services District affected, find it necessary for purposes of testing, repairing or replacing the Water System or Sewer System.

Section 12. Compliance with Ordinances, Rules, Regulations and Policies. Each User within the Utility Services District in the Customer Communities shall comply with such uniform ordinances, rules, regulations and policies of the City, including, but not limited to, restrictions on

the mixing and mingling of water, in the nature and quantity of sewage to be disposed of, compliance with sanitary sewer industrial cost recovery and pretreatment, payment of deposits, payment of User billings, charges on delinquent User accounts, methods of enforcing collection of delinquent User accounts, termination of service and repairs. Each Customer Community shall adopt such ordinances as the City shall request to (i) assure compliance with the provisions of this section and (ii) authorize the City to enforce such ordinances.

Section 13. Collection of Delinquent Accounts. Any account for water or sanitary sewer service of a User within the Utility Services District in a Customer Community which is delinquent for a period of at least ninety (90) days shall be certified and assigned by the City to such Customer Community for collection. Upon such certification and assignment, the Customer Community shall pay the City the delinquent amount plus any penalties and interest. Each Customer Community shall adopt an ordinance providing for the collection of such delinquent account. Such ordinance shall specify that such delinquent account shall constitute a lien in favor of such Customer Community against the premises as provided in Act 94. In the event, pursuant to Act 94, a tenant of a premises receiving water or sanitary sewer service is responsible for the payment of water or sanitary sewer User rates, and the City has been so notified in writing, the City shall render no further service to the premises until a cash deposit in the amount required by the City's rules and regulations is made as security for the payment of such water or sanitary sewer User rates. If such deposit is made, the provisions of the City's rules and regulations shall apply and such Customer Community in which such User is located shall not be obligated to pay any delinquent amounts or penalties or interest thereon as is provided in the second sentence of this section 13.

Section 14. Rights-of-Way. Each Customer Community hereby agrees, as a part of the consideration of this Agreement, and consents to permit the City without cost to use the Rights-of-

Way for the purpose of constructing, installing, maintaining, repairing and replacing therein water and sanitary sewer facilities of the Water System and Sewer System as the City shall determine is necessary to provide water and sanitary sewer service to persons within the Utility Services District in such Customer Community and to other persons served or to be served by the City within or outside its corporate limits. Each Customer Community shall, upon request of the City, execute separate instruments in recordable form granting temporary or permanent easements, rights-of-way or consent over, across, under and within the Rights-of-Way for such purposes as provided in this section, (provided, each such Customer Community shall have the right to reasonably designate the location of such facilities). Each Customer Community agrees that the City shall have the right to enter the Rights-of-Way in such Customer Community for the purpose of operation, maintenance, repair and replacement of facilities of the Water System and Sewer System. Each Customer Community further agrees, upon request, to assist the City in obtaining any Rights-of-Way or consents over private property within such Customer Community which may be necessary to provide water or sanitary sewer services to future Users of the Water System and Sewer System.

In the event of such use of the Rights-of-Way by the City, the City shall replace the Rights-of-Way including all facilities, pavement and soil located thereon in as good condition as before such use. No Right-of-Way shall be obstructed longer than is necessary to complete the required work.

Section 15. Title to Water and Sewer Systems. During the term of this Agreement, all right, title and interest in all water and sanitary sewer facilities installed in the Customer Communities to serve Users of the Water System and Sewer System shall remain in the System. Upon termination of this Agreement as to any Customer Community, the affected Customer Community shall purchase from the City all metering devices installed within the Customer

Community by the City, and shall purchase any and all facilities (including appurtenances thereto) of the Water System and Sewer System located within the Customer Community, provided, however, that the affected Customer Community shall not be required to pay for any facilities of the Water System and Sewer System which were constructed or caused to be constructed by the Customer Community pursuant to section 7.A. or section 8 hereof or pursuant to a prior agreement between the affected Customer Community and the City. All facilities which were constructed or caused to be constructed by the affected Customer Community, including all facilities not specifically constructed by the City or the Water System or Sewer System, as provided in the preceding sentence, shall be transferred by the City to the affected Customer Community upon the payment of one dollar (\$1.00). All other facilities shall be transferred by the City upon payment of the depreciated purchase price of such facilities as agreed upon between the parties provided that if the parties cannot reach an agreement thereon, the depreciated purchase price shall be determined by an arbitration committee composed of one person each appointed by the affected Customer Community and the City who is qualified by training and experience to determine the value of such facilities. The persons so appointed shall choose a third person to such arbitration committee who shall be equally qualified to make such a determination. If the two arbitrators cannot agree upon a third person, he or she shall be chosen by the American Arbitration Association and shall have such qualifications as required by this section 15. The arbitration committee shall obtain all information which may be necessary to make its determination and the parties hereto shall release to it any such information as may be necessary upon request. The arbitration committee shall render its decision as to the value of such facilities within ninety (90) days. Such decision shall be in writing and shall set forth an itemized statement of the depreciated price of the facilities to be purchased and the basis upon which the determination is made. The decision of the arbitration committee shall be

final and binding on both the City and the affected Customer Community and may be enforced by either in the Kent County Circuit Court.

Upon agreement between the parties as to the depreciated purchase price of said facilities (except those facilities for which the affected Customer Community is not required to pay as described above) or after such determination by the arbitration committee as provided above, the affected Customer Community shall pay the full amount of the depreciated purchase price of said facilities to the City within twelve (12) months of such agreement or determination. Upon payment of the depreciated purchase price of said facilities, the City shall transfer such facilities to the affected Customer Community.

Notwithstanding any other provision of this section, the City shall not be obligated to transfer to the affected Customer Community any facilities of the Water System and Sewer System through which services are provided to users outside of the affected Customer Community in other areas within and outside of the City provided, however, that the City shall be obligated to pay the affected Customer Community an amount reflecting the contributions of the affected Customer Community Users to the costs of such facilities through the payment of rates and charges. If the City and the affected Customer Community cannot agree to an amount, the parties shall submit the matter to an arbitration committee as provided above for the determination of such amount. After such amount is determined the City shall pay the Customer Community such amount within twelve (12) months of such determination.

Section 16. Assessments and Taxes. An amount equal to the amount of any taxes and assessments that may be levied by a Customer Community on portions of the Water System and Sewer System located within a Customer Community shall be included in the revenue requirements

in the annual Rate Study for such Customer Community and recovered through User rates and charges paid by Users of the Water System and Sewer System in the Customer Community.

Section 17. Term. This Agreement shall be effective for an initial term of thirty (30) years commencing from the date set forth in the first paragraph of this Agreement. Not more than ninety (90) days and not less than thirty (30) days prior to each successive five (5) year anniversary date of this Agreement, the City and each of the Customer Communities agree to consider the approval of a five (5) year extension of the term of this Agreement on the same terms and provisions or other mutually agreeable terms and provisions. The City and a Customer Community may on each five (5) year anniversary agree to a five (5) year extension independently and it shall not be necessary for all Customer Communities to agree to such an extension for such extension to be effective between the City and such Customer Community.

Section 18. Indemnification by City and Customer Communities. The City agrees, at the expense of the Water System and/or Sewer System, as applicable, to defend, indemnify and hold harmless each of the Customer Communities and their board, commission, council, officers, employees and agents (the "Customer Community Indemnified Party" or "Customer Communities Indemnified Parties") from and against any and all claims, damages, demands, expenses, liabilities and losses of any character or nature whatsoever arising out of or resulting from injury or damage to persons or property with respect to its ownership, operation, construction, repair, replacement and maintenance of the Water System or Sewer System, provided, that if such injury or damage is caused in whole or in part by the acts or omissions of any of the Customer Communities Indemnified Parties, then the City's indemnification obligation shall be reduced in proportion to the Customer Community Indemnified Party's percentage of responsibility for such injury or damage. The indemnification obligations provided above shall include the payment of all reasonable

attorneys' fees and other expenses of defense. The City shall have the option to settle any such claim, demand or liability on such terms as it shall determine. In providing the indemnification set forth above, the City is not waiving any defenses otherwise available to it by law; provided such defenses are also available to and asserted by the City for the benefit of the Customer Communities Indemnified Parties. The City shall not be responsible for the indemnification obligations set forth above with respect to any Customer Community Indemnified Party to the extent that the Customer Community Indemnified Party has waived a defense which was otherwise available to it by law.

Each Customer Community, respectively, agrees, at its expense, to defend, indemnify and hold harmless, the City and its commission, officers, employees and agents (the "City Indemnified Party" or "City Indemnified Parties") from and against all claims, damages, expenses, liabilities and losses of any character or nature whatsoever arising out of or resulting from injury or damage to persons or property with respect to the design and initial construction and installation of the (a) facilities described in section 7 hereof that are not constructed by the City but are located in such Customer Community and (b) lines, mains and appurtenances described in section 8 hereof designed, constructed and installed or caused to be designed, constructed and installed by such Customer Community, provided, that if such injury or damage is caused in whole or in part by the acts or omissions of any of the City Indemnified Parties, then the Customer Community's indemnification obligation shall be reduced in proportion to the City's Indemnified Party's percentage of responsibility for such injury or damage. The indemnification obligations provided above shall include the payment of all reasonable attorneys' fees and other expenses of defense. The affected Customer Community shall have the option to settle any such claim, demand or liability on such terms as it shall determine. In providing the indemnification set forth above, a Customer Community is not waiving any defenses otherwise available to it by law; provided such

defenses are also available to and asserted by such Customer Community for the benefit of the City Indemnified Parties. A Customer Community shall not be responsible for the indemnification obligations set forth above with respect to any City Indemnified Party to the extent that the City Indemnified Party has waived a defense which was otherwise available to it by law.

The City shall, at the expense of the Water System and/or Sewer System, as applicable, defend, indemnify, and hold harmless each of the Customer Communities and their boards, commissions, councils, employees, and agents from and against any and all claims, damages, demands, expenses, liabilities, and losses of any character or nature whatsoever (including, without limitation, reasonable attorneys' fees) arising out of or resulting from any challenge to the validity or enforceability of any provision of this Agreement.

Section 19. Review and Construction of Water and Sewer System Improvements. The City and Customer Communities shall on an ongoing basis review the operation of the components of the Water System and Sewer System serving the Utility Services District in the Customer Communities to identify required improvements to the Water System and Sewer System necessitated by development and increased use within the Utility Services District in the Customer Communities. After such improvements have been identified, the City, in consultation with the Customer Communities, shall establish a timetable for their completion and placement in service and thereafter said improvements shall be completed within such timetable. If such improvements are not completed and placed in service by the required date, the City may refuse future connections in that portion of the Utility Services District affected by the lack of such improvements or future service area expansions of the Utility Services District of the affected Customer Community until such improvements are completed and placed in service.

In addition, the City agrees to review with each Customer Community any other proposed capital improvement projects of the Water System or Sewer System which will have a significant effect upon the Users within the Utility Services District in such Customer Community. Except in cases of an emergency, this review shall take place in the initial planning stages of such capital improvement projects.

Section 20. Customer Community Utility Master Plans. Each Customer Community shall complete a public water and sanitary sewer utility master plan related to the Utility Services District within such Customer Community in a form acceptable to the Utility Advisory Board and the City and shall update such plan every five years. Each Customer Community shall provide the Utility Advisory Board and the City with a copy of an initial plan or a current existing plan no later than January 1, 2000, and a copy of each updated plan no later than each fifth anniversary of such date. The plan shall include the following elements:

1. The plan shall address future water and sanitary sewer use within and outside the boundaries of the Utility Services District up to the boundaries of the Urban Utility Boundary in the Customer Community.
2. The plan shall evaluate short-term and long-term needs of the Water System and the Sewer System within and outside the Utility Services District up to the boundaries of the Urban Utility Boundary in the Customer Community including the impact of upstream and downstream improvements to be constructed.
3. The plan shall include, where applicable, a State water reliability study.
4. The plan shall address necessary rehabilitation and replacement of Water System and Sewer System facilities serving Users within the Utility Services District of the Customer Community.

5. The plan shall establish timetables for the construction of any necessary upstream and downstream water and sanitary sewer improvements based on criteria mutually acceptable to such Customer Community, the Utility Advisory Board and the City.

The City shall make available to each Customer Community and its consultant preparing the plan existing Water System and Sewer System data.

Prior to preparation and release of the initial plan and each updated plan, each of the Customer Communities and City and their respective consultants shall meet to review, comment and provide input on the proposed plan.

The costs of preparing the initial plan and each five-year update by a Customer Community may, at the election of the Customer Community, be included as a part of the revenue requirement of the Customer Community in the Rate Study for the calendar year following its completion.

Section 21. Utility Services District. The boundaries of the Utility Services District in each of the Customer Communities identified on Exhibits A and B attached hereto shall be established as the area within which public water and/or sanitary sewer service shall be extended pursuant to the terms of this Agreement. The boundaries of the Utility Services District in a Customer Community for water service and sanitary sewer service need not be the same.

The City and each of the Customer Communities agree that public water and/or sanitary sewer services shall not initially be extended outside the boundaries of the applicable Utility Services District in such Customer Community during the term of this Agreement, provided, however, such boundaries shall be adjusted at the request of the Customer Community provided (a) at least sixty-five percent (65%) of property within such existing Utility Services District in such Customer Community has been developed, (b) such Customer Community has adopted a zoning and planning master plan for the property it desires to add to the Utility Services District,

(c) such Customer Community has adopted a utility master plan for the property it desires to add to the Utility Services District, (d) at the time of adjustment of the boundaries of the Utility Services District the property within such new expanded Utility Services District shall not be less than forty-five percent (45%) developed and (e) the Customer Community has met all the requirements of its utility master plan related to all prior expansions of the Utility Services District, provided, further, that such boundaries of such Utility Services District shall not extend beyond the limits of the Urban Utility Boundary in such Customer Community except as otherwise provided in this Agreement. Upon establishing such new boundaries of the Utility Services District, the Customer Community shall provide the City with a map identifying the new boundaries of the Utility Services District.. When determining whether sixty-five percent (65%) of the property within an existing Utility Services District has been developed, there shall be excluded from such calculation public right-of-way, land dedicated to public use, land dedicated as open space and land used for agricultural purposes. The property which shall be excluded from such calculation shall include, but not be limited to, those exclusions identified in the attached Exhibit F.

A Customer Community desiring to add property to the Utility Services District may do so without meeting the above sixty-five percent (65%) developed requirement by removing from the Utility Services District a quantity of land equal to that to be added to the Utility Services District provided such added land is contiguous to the boundary of the existing Urban Services District. Upon adjusting the boundaries of the Utility Services District, the Customer Community shall provide the City with a map identifying the new boundaries of the Utility Services District.

Section 22. Urban Utility Boundary. The limits of the Urban Utility Boundary identified on Exhibits A and B attached hereto shall be established as the area within which more dense urban development can be expected to be encouraged and to occur and within which urban services can, as development occurs, be expected to be provided. It is agreed property outside the Urban Utility Boundary (and not currently served by another public water or sanitary sewer system) should remain primarily rural with less dense use encouraged and promoted. Within the Urban Utility Boundary, the Utility Services District in each Customer Community shall be established and may be expanded as provided in section 21 hereof.

The limits of the Urban Utility Boundary may be extended upon mutual agreement of the City and the affected Customer Community after consultation with the Utility Advisory Board when (a) the boundaries of the Utility Services District in such Customer Community have been extended to the limits of the Urban Utility Boundary and (b) sixty-five percent (65%) of property within the Urban Utility Boundary in such Customer Community has been developed (taking into account the same exclusions as those set forth in section 21 hereof for determining development of the Utility Services District) and such Customer Community has adopted a zoning and planning master plan for property it wishes to include within the Urban Utility Boundary.

A Customer Community desiring to add property to the Urban Utility Boundary may do so without meeting the above sixty-five (65%) developed requirement by removing from the Urban Utility Boundary a quantity of land equal to that to be added to the Urban Utility Boundary provided such added land is contiguous to the boundary of the existing Urban Utility Boundary. Upon adjusting the boundaries of the Urban Utility Boundary, the Customer Community shall provide the City with a map identifying the new boundaries of the Urban Utility Boundary.

Section 23. Utility Advisory Board. The parties hereby create and establish the Utility Advisory Board. It shall be comprised of one member appointed by each of the Customer Communities, one member appointed by each of the other customer communities of the Water System and/or Sewer System who have signed an agreement substantially similar to this Agreement providing for a Utility Advisory Board (including a member appointed by each of the members of the North Kent Sewer Authority if the North Kent Sewer Authority signs such an agreement) and such number of members appointed by the City equal to the total number of Customer Community and other customer community members (including members appointed by each of the members of the North Kent Sewer Authority). Each Customer Community and the City shall designate an alternate for each appointed member who shall serve on the Utility Advisory Board in the member's absence. Elected or appointed officers or other representatives of the Customer Communities and the City may be appointed to the Board. Members of the Board shall be appointed to two-year terms, provided, however, there shall be no limit to the number of terms a member may serve. Members and alternates shall serve without compensation.

The Board shall review the macro operations of the Water System and Sewer System and shall provide advice regarding their operation and maintenance. The Board shall review and approve the public water and sanitary sewer utility master plans referenced in section 20 hereof. The Board shall also review proposed capital improvements of the integrated system of the Water System and Sewer System and advise the City with respect to such improvements. The Board shall further review and offer its advice regarding the annual capital improvement plans of the Water System and Sewer System as it relates to non-integrated system capital improvements in the Customer Communities to be financed by the Water System and Sewer System and shall establish the priority of such improvements. Except in the case of an emergency, the City shall review with

the Utility Advisory Board in advance each capital improvement to be financed by the Water System and Sewer System. The Board shall consult with the City and the affected Customer Community regarding the proposed expansion of the Urban Utility Boundary within such Customer Community. Further, the Board shall review the annual budgets of the Water System and Sewer System and offer advice with respect thereto to the City within the time frame of the City's annual budgeting process. Pursuant to section 5.A. hereof, the Board shall provide input to the City during the annual Rate Study.

The City shall keep the Utility Advisory Board reasonably apprised with respect to all aspects of the operation and maintenance of the Water System and Sewer System and shall provide the Board with periodic financial and operational reports of the Water System and Sewer System.

The Utility Advisory Board shall meet once during each calendar quarter on such dates as established by the Board at the beginning of each calendar year. In addition, additional meetings of the Board shall be called by the Chairperson of the Board upon request of any two members or upon the independent action of the Chairperson. At least seven (7) days written notice of each meeting shall be given by the Chairperson to each member, however, the Chairperson if he/she deems it necessary may in good faith call a meeting with less than seven days' written notice in which case notice shall be given to each member in writing or verbally as far in advance of the meeting as reasonably possible.

The Chairperson of the Utility Advisory Board shall be a member appointed by the City and the Vice Chairperson shall be selected from the members not appointed by the City. A majority of members (or alternates) of the Board shall constitute a quorum. Each member of the Board shall be entitled to one vote. Proxies are permitted so long as they are in writing and are presented to the Chairperson at the meeting in which they are to be used.

The Utility Advisory Board may, in its discretion, establish subcommittees, the members of which need not be members of the Board.

Section 24. Customer Communities to Provide City Information. Each Customer Community agrees to provide the City at the end of each of the City's fiscal years the total number of feet and the cost of all water distribution and sanitary sewer mains constructed during such year by the Customer Community to assist the City in the annual Rate Study.

Section 25. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when dispatched by regular, registered or certified mail, postage prepaid, or by hand delivery or by telegram confirmed the same day by regular, registered or certified mail, postage prepaid, addressed as follows:

If to the City:

City of Grand Rapids
City Hall
300 Monroe Avenue, N. W.
Grand Rapids, Michigan 49503
Attention: City Manager

If to the Customer Communities:

Cascade Charter Township
2865 Thornhills Drive, S.E.
Grand Rapids, Michigan 49546
Attention: Township Manager

Grand Rapids Charter Township
1836 E. Beltline, N.E.
Grand Rapids, Michigan 49525-4594
Attention: Supervisor

City of Kentwood
4900 Breton Avenue, S.E.
Kentwood, Michigan 49518
Attention: Mayor

Tallmadge Charter Township
0-1451 Leonard, N.W.
Grand Rapids, Michigan 49544
Attention: Supervisor

City of Walker
4243 Remembrance Road, N.W.
Walker, Michigan 49544-1181
Attention: City Manager

Wright Township
P.O. Box 255
Marne, Michigan 49435
Attention: Supervisor

The parties hereto may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates or other communications may be sent.

Section 26. Governing Law. This Agreement shall be construed in all respects in accordance with the laws of the State.

Section 27. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 28. Binding Effect. The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective successors and assigns of the parties hereto.

Section 29. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 30. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 31. Entire Agreement. Except as otherwise indicated in this Agreement, this Agreement constitutes the entire agreement between the parties and there are no other representations, warranties, promises, guarantees or agreements, oral or written, express or implied, between the parties hereto with respect to this Agreement.

Section 32. Amendments. This Agreement may not be amended, changed, modified, altered, assigned or terminated early without the written consent of the City and the Customer Community(ies) to which such amendment, change, modification, alteration, assignment or early termination applies. A Customer Community shall only be required to consent to an amendment, change, modification, alteration, assignment or early termination that affects it. This Agreement may be amended, changed, modified, altered, assigned or terminated early by a written consent of the City and the affected Customer Community(ies) and the Customer Community(ies) not affected shall not be required to sign such consent.

Section 33. Exhibits. Any exhibit attached hereto are incorporated herein as though fully stated herein.

Section 34. Assignment. This Agreement and all rights and obligations hereunder shall not be assignable unless all parties affected thereby hereto agree in writing to such assignment.

Section 35. Waiver. The waiver by either party hereto of a breach or violation of any provision of this Agreement shall not be a waiver of any subsequent breach of the same or any other provision of this Agreement.

Section 36. Parties. This Agreement shall be enforceable only by the parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of this Agreement and no other person shall have the right to enforce any provisions contained herein. It is anticipated that one or more of the parties identified in the first paragraph of this Agreement

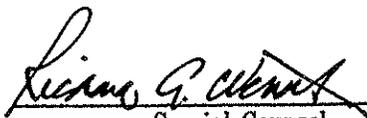
may execute this Agreement at times different than other parties. Even though some of the parties identified in such paragraph may not have executed this Agreement, the Agreement shall nevertheless be effective to those parties who have executed this Agreement. No party may execute this Agreement after June 30, 1999, without specific approval of the City Commission of the City and upon such terms as the City Commission shall then determine.

Section 37. Effective Date. This Agreement shall be effective as of the date set forth in the first paragraph hereof, provided, however, all modifications of the Rate Setting Methodology contained in this Agreement shall be applied in the 1999 Rate Study for rates and charges intended to be effective January 1, 2000.

IN WITNESS WHEREOF, the City and the Customer Communities have caused these presents to be signed by their respective duly authorized officers all as of the day and year first written above.

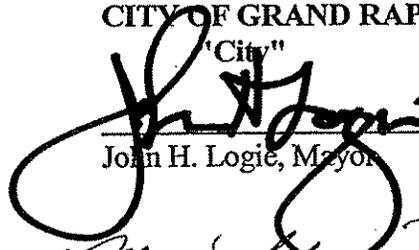
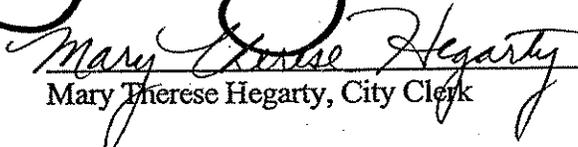
Executed: December 30, 1998

APPROVED FOR MAYOR'S SIGNATURE

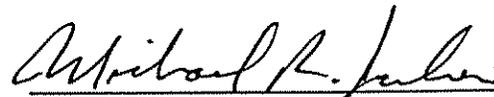

Special Counsel

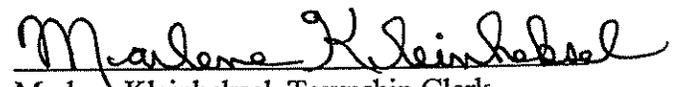
Executed: 10.24.2001

CITY OF GRAND RAPIDS

"City"

John H. Logie, Mayor

Mary Therese Hegarty, City Clerk

CASCADE CHARTER TOWNSHIP
"Customer Community"


Michael Julian, Supervisor


Marlene Kleinheksel, Township Clerk

Retail - Execution Copy

Executed: December 30, 1998

**GRAND RAPIDS CHARTER
TOWNSHIP**
"Customer Community"

Marsha E. Bouwkamp

Marsha Bouwkamp, Supervisor

Janice K. Hulbert

Janice Hulbert, Township

Executed: December , 1998

January 7, 1999

CITY OF KENTWOOD
"Customer Community"

Bill Hardiman

Bill Hardiman, Mayor

Keith VanBeek

Keith VanBeek, City Clerk

Executed: December , 1998

TALLMADGE CHARTER TOWNSHIP
"Customer Community"

William Wiersma

William Wiersma, Supervisor

Lenore Cook

Lenore Cook, Township Clerk

Executed: December 31, 1998

CITY OF WALKER
"Customer Community"

Don E. Knottnerus

Don Knottnerus, Mayor

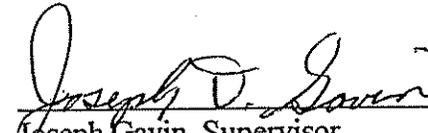
Linda Wisner

Linda Wisner, City Clerk

Retail - Execution Copy

Executed: 11/8, 2000

WRIGHT TOWNSHIP
"Customer Community"



Joseph Gavin, Supervisor



Lori A. Rander, Township Clerk