RAINIER BIOGAS LLC

SEWER FRANCHISE AGREEMENT

Franchise No. 17703

King County, Washington

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RAINIER BIOGAS LLC
DATED:

FRANCHISE NO. 17703
RAINIER BIOGAS LLC
SEWER FRANCHISE

In the matter of the application for a Franchise to Construct, Operate, Maintain, Repair, relocate, remove and replace its sewer utility facilities, including sewer mains, transmission lines, force mains and appurtenances in, over, along and under specified County roads and rights-of-way in King County Washington.

APPLICATION AND HEARING

The application of the **RAINIER BIOGAS LLC,** GRANTEE, for a Franchise to Construct, Operate, Maintain, Repair, relocate, remove and replace its sewer utility facilities, including sewer mains transmission lines, force mains, and necessary appurtenances in, over, along, and under specified County Roads and Rights-of-Way located within the area described in attached Exhibit A and illustrated in Exhibit B has been heard on this 2nd day of December, 2013. All of the property described in Exhibit A and Exhibit B lies outside the limits of any incorporated town or city.

Legal notice of the Franchise application and of the hearing has been given as is required by law.

GRANT OF FRANCHISE

The King County Council, having considered the interests proposed and advanced, and finding that the granting of this Franchise is in the public interest, ORDERS that a Sewer Franchise be granted to the **RAINIER BIOGAS LLC**, the Grantee, subject to the conditions set out herein. This Franchise grants the right, privilege, authority and Franchise to Construct, Operate, Maintain, Repair, relocate, remove and replace its sewer utility facilities, including mains, transmission lines, force mains and necessary appurtenances as a part of its sewer system in, over, along, and under County Roads and Rights-of-Way located within the Franchise Area described in Exhibit A and B.

This Franchise is granted subject to all of the terms and conditions contained herein, including in exhibits and attachments to the Franchise, and subject to the terms and conditions within Ordinance No. 17703. The Franchise shall expire in twenty-five (25) years on December 2, 2038.

RAINIER BIOGAS LLC
DATED:

GENERAL TERMS AND CONDITIONS

THIS FRANCHISE is subject to the following terms and conditions:

1. DEFINITIONS.

References to any County official or office also refer to any office that succeeds to any or all of the responsibilities of the named office or official. References to laws or "applicable laws" include federal, state, and local laws and regulations adopted pursuant to those laws; unless otherwise stated, references to laws include laws now in effect, as the same may be amended from time to time during the operation of this Franchise. In addition, the following definitions shall apply for the purposes of this Franchise and all exhibits attached hereto. Defined words shall have their meaning as defined in this section when capitalized in the text. Words not defined, and defined words when not capitalized in the text shall be given their common and ordinary meaning.

Abandon (Abandonment). The term "Abandon or Abandonment" shall mean when Grantee discontinues use of the Facilities, or any portion thereof with no immediate intent to resume such use.

County or Grantor. The terms "County" or "Grantor" refer to King County, a political subdivision of the State of Washington. Where discretionary acts by the County are authorized or required herein, unless otherwise stated they shall be performed by the Director.

County Road Rights-of-Way. The term "County Road Rights-of-Way" includes any maintained or unmaintained road, street, avenue, or alley located within unincorporated King County. It does not include recreational or nature trails except where the trails intersect with or are within roads, streets, avenues or alleys.

Construct or Construction. The term "Construct or Construction" shall mean to construct, reconstruct, install, reinstall, align, realign, locate, relocate, adjust, affix, attach, modify, improve, remove, support, maintain, or repair Franchisee's Facilities and may include, but is not limited to, digging and/or excavating for the above purposes.

Council. The term "Council" refers to the King County Council, acting in its official capacity.

Default. The term "Default" shall mean a failure, omission or neglect to perform, satisfy or discharge any term, condition, representation, warranty or other obligation under the Franchise.

Director. The term "Director" refers to the Director of the King County Department of Transportation or his or her designee.

Effective Date. The term "Effective Date" shall mean the date designated herein, after passage, approval and legal publication of this Ordinance and acceptance by Grantee, upon which the rights, duties and obligations shall come in effect and the date from which the time requirement for any notice, extension and/or renewal will be measured.

Facilities. The term "Facilities" shall mean the Grantee's sewer mains, transmission lines, force mains and appurtenances within the Franchise Area that are necessary for the purposes of collecting, transporting or treating sewerage within the Franchise Area. The term shall include electrical and fiber optic cables, but only those necessary and used for the Operation and Maintenance of the Grantee's sewer system.

Franchise. The term "Franchise" shall mean this Franchise, once accepted by the Grantee, and including any amendments, exhibits, or appendices to this Franchise.

Franchise Area. The term "Franchise Area" shall mean the King County Roads Rights-of-Way wherein the Grantee has or will locate the Grantee's Facilities, all as identified and described in Exhibits A and B.

Grantee. The term "Grantee" refers to the Franchisee, the **RAINIER BIOGAS LLC**, and its successors and those assignees approved pursuant to paragraph 29 herein.

Maintenance or Maintain. The term "maintenance or maintain" shall mean examining, testing, inspecting, repairing, maintaining and replacing the Facilities or any part thereof as required and necessary for safe Operations and related activities, as performed by the Grantee, unless otherwise provided herein.

Operate or Operations. The term "Operate or Operations" shall mean the use of Grantee's pipeline(s) and/or Facilities for the collection, transportation, transmission and treatment of sewerage within and through the Franchise area.

Other Governing Body. The term "Other Governing Body" refers to any public official or other public board or body as may have the power and jurisdiction to permit or regulate the installation and maintenance of utilities and other Facilities in, under, over, across, and along any of the county property described in Exhibit A or Exhibit B.

Public Properties. The term "Public Properties" shall mean the present and/or future property owned or leased by Grantor.

Utility. The term "Utility" refers either to the Grantee or, depending on the context, to any other person, firm, or corporation, public or private, which may hold a Franchise to Maintain and Operate facilities in, under, over, across, and along any of the County property described in Exhibit A or Exhibit B, or within the Franchise Area.

2. ACCEPTANCE BY GRANTEE OF TERMS AND CONDITIONS

RAINIER BIOGAS LLC
DATED:

The full acceptance of this Franchise and all of its terms and conditions shall be filed with the Clerk of the Council within forty-five (45) days from _____, 20__, by the Grantee, unless Grantee requests additional time in which to accept the Franchise and is granted such additional time in writing by the Director. Full acceptance of this Franchise is a condition precedent to its taking effect, and unless this Franchise is accepted within the time specified, this grant will be null and void and have no force or effect. Full acceptance shall be accomplished by filing three signed originals of this Franchise, together with the following:

a. The insurance certificates required in Section 12.
b. Payment of the administrative and other costs for issuance of the Franchise according to Section 16.

3. FRANCHISE TERM

The Franchise shall expire in 25 years, on December 2, 2038; provided, however, that certain of Grantee's obligations, including obligations to Maintain, Repair, remove, and replace its Facilities shall survive expiration and continue as more fully provided in Section 31.

4. FRANCHISE AREA.

This Franchise shall apply to the Franchise Area set out in Exhibits A and B. Grantee and the County recognize that Grantee may need to utilize additional County Road Rights-of-Way in order to Construct, Operate and Maintain the Facilities. Grantee agrees to cooperate with the County to timely identify and evaluate any additional County Roads Rights-of-Way necessary to Construct and Operate its sewer collection and treatment systems. Exhibit A shall include a legal description of that Franchise area. The legal description and Exhibit A may be amended by written agreement of both parties to add additional Franchise Areas or delete portions of or modify existing Franchise Areas, and such amendments shall be incorporated herein to evidence such approval.

5. NON-EXCLUSIVE FRANCHISE

This Franchise is not exclusive. The primary purpose of the County Roads Rights-of-Way is to provide for the efficient transportation of the public. This Franchise does not prohibit King County from granting Franchises for other public or private utilities, in, under, over, across, and along any County Road Rights-of-Way and the Franchise Area, as it may deem fit.

Franchisee shall cooperate in allowing any other additional uses authorized in franchises granted by King County. King County retains full power to use, construct, and alter the County Road Rights-of-Way covered by this Franchise and to make all changes, relocations, repairs, and perform maintenance as it may deem fit.

6. JURISDICTION

This Franchise is intended to convey limited rights and interests only as to those roads and rights-of-way in which King County has an actual interest. It is not a warranty of title or of interest in County Road Rights-of-Way.

Whenever any of the County Road Rights-of-Way as designated in this Franchise, by reason of the subsequent incorporation of any town or city, or extension of the limits of any town or city, shall later fall within the city or town limits, this Franchise shall terminate as to such rights-of-way at such time as the incorporation and/or annexation is complete, after which time the County will no longer have any responsibility for maintenance of any County roads or rights-of-way within the area of annexation/incorporation.

None of the rights granted to the Grantee shall affect the jurisdiction of King County over County road rights-of-way or the County's power to perform work upon its roadways, rights-of-way or appurtenant drainage facilities including by constructing, altering, renewing, paving, widening, grading, blasting or excavating.

All of the rights herein granted shall be subject to and governed by this Franchise; provided, however, that nothing in this Franchise may be construed in any way as limiting King County's rights to adopt ordinances that which are necessary to protect the health, safety and welfare of the general public.

7. REGULATION OF USE AND CONTROL

This Franchise does not deprive King County of any authority it now has or may later acquire to regulate the use of and to control the County Road Rights-of-Way covered by this Franchise. This Franchise authorizes the use of County Road Rights-of-Way solely for sewer service.

King County shall have complete authority over the location of the Grantee's Facilities within the County Road Rights-of-Way, to both determine the initial location during Construction and to require relocation of the Grantee's Facilities under Section 18 of this Franchise.

Any use of the Grantee's equipment or Facilities in County rights-of-way by others, is prohibited unless separately authorized and approved in writing by King County. The Grantee agrees that prior to authorizing any person to use the Grantee's equipment or Facilities located in County rights-of-way, the Grantee will require the user to provide the Grantee with an affidavit that it has obtained the necessary Franchise or other approval from the County to operate and provide the proposed activity or service in County Roads Rights-of-Way. At least thirty (30) days prior to executing any agreement with a potential user for the use of the Grantee's equipment or Facilities, the Grantee shall

provide a copy of the affidavit to the County Road Engineer at: King County Department of Transportation, King Street Center, 201 South Jackson St., MS-KSC-231, Seattle, WA 98104, and to the King County Office of Cable Communication at Chinook Building, 401 5th Avenue, Suite 600, Seattle, WA 98104, Fax: 206-296-0842.

8. EMINENT DOMAIN

This Franchise and the limited rights and interests for the Operation, Maintenance, Repair, and Construction of Grantee's Facilities are subject to the exercise of eminent domain. In the event of an exercise of eminent domain by King County, the value to be attributed to all the rights and interests granted under this Franchise shall not exceed the actual amount the Grantee paid to King County in obtaining the Franchise.

9. ENFORCEMENT

Failure of King County, on one or more occasions to exercise a right or to require compliance or performance under this Franchise or any applicable law, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing. Failure of King County to enforce or exercise its rights under any provision of this Franchise or applicable law does not constitute a waiver of its rights to enforce or exercise a right in any other provision of this Franchise or applicable law.

Failure of Grantee, on one or more occasions to exercise a right or to require compliance or performance under this Franchise or any applicable law, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing. Failure of Franchisee to enforce or exercise its rights under any provision of this Franchise or applicable law does not constitute a waiver of its rights to enforce or exercise a right in any other provision of this Franchise or applicable law.

10. CONDITION OF FRANCHISE AREA

Grantee has inspected or will inspect each applicable Franchise Area, and enters upon each such Franchise Area with knowledge of its physical condition and the danger inherent in operations conducted in, on or near any Franchise Area. GRANTEE ACCEPTS THE FRANCHISE AREA IN AN "AS-IS WITH ALL FAULTS" BASIS WITH ANY AND ALL PATENT AND LATENT DEFECTS AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER FROM THE COUNTY AS TO ANY MATTERS CONCERNING THE FRANCHISE AREA, including, but not limited to the physical condition of the Franchise Area; zoning status; presence and location of existing Utilities; operating history; compliance by the Franchise Area with Environmental Laws or other Laws and other requirements applicable to the Franchise Area; the presence of any Hazardous Substances or wetlands, asbestos, or other environmental conditions in, on,

under, or in proximity to the Franchise Area; the condition or existence of any of the above ground or underground structures or improvements, including tanks and transformers in, on or under the Franchise Area; the condition of title to the Franchise Area, and the leases, easements, Franchises, orders, licensees, or other agreements, affecting the Franchise Area (collectively, the "Condition of the Franchise Area").

Grantee represents and warrants to the County that neither the Grantee nor its contractors or subcontractors have relied and will not rely on, and the County is not liable for or bound by, any warranties, guaranties, statements, representations or information pertaining to the Condition of the Franchise Area or relating thereto made or furnished by the County, or any agent representing or purporting to represent the County, to whomever made or given, directly or indirectly, orally or in writing. COUNTY HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF THE FRANCHISE AREA, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE PUBLIC RIGHT-OF-WAY, OR THE CONFORMITY OF ANY PART OF THE PUBLIC RIGHT-OF-WAY TO ITS INTENDED USES. COUNTY SHALL NOT BE RESPONSIBLE TO GRANTEE OR ANY OF GRANTEE'S CONTRACTORS FOR ANY DAMAGES RELATING TO THE DESIGN, CONDITION, QUALITY, SAFETY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY PART OF THE PUBLIC RIGHT-OF-WAY PRESENT ON OR CONSTITUTING ANY FRANCHISE AREA, OR THE CONFORMITY OF ANY SUCH PROPERTY TO ITS INTENDED USES.

11. INDEMNITY AND HOLD HARMLESS

The indemnification, protection, defense and save harmless obligations contained herein shall survive the expiration, abandonment or termination of this Franchise.

The Grantee agrees to protect, defend, indemnify and hold harmless King County as provided herein to the maximum extent possible under law. Accordingly, the Grantee agrees for itself, its successors, and assigns to defend, indemnify and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof, for injury to persons, death or property damage, for monetary losses of any kind, including refunds of charges or fees paid by customers, and any other claim of liability of any kind which is caused by, arises out of, or is incidental to Grantee's exercise of rights and privileges granted by this Franchise, or is otherwise related to Grantee's operation and maintenance of its facilities, and including, but not limited to liability from the products contained in, transferred through, released or escaped from Grantee's facilities. The Grantee's obligations under this section shall include:

A. Indemnification for such claims whether or not they arise from the sole negligence of the Grantee, the concurrent negligence of both parties, or the negligence of one or more third parties.
B. The duty to promptly accept tender of defense and provide defense to the County at the Grantee's own expense.
C. Indemnification of claims made by the Grantee's own employees or agents.
D. Waiver of the Grantee's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has been mutually negotiated by the parties.
E. Indemnification for claims submitted by Grantee's contractor or subcontractors arising from Construction of the transmission and delivery pipelines, appurtenances and Facilities.

The Grantee shall have no obligation under this section to indemnify and hold harmless King County for claims arising from the sole negligence or willful misconduct of King County, its appointed and elected officials and employees.

In the event it is necessary for the County to incur attorney's fees, legal expenses, or other costs to enforce the provisions of this section, all such fees, expenses and costs shall be recoverable from the Grantee.

In the event it is determined that RCW 4.24.115 applies to this Franchise agreement, the Grantee agrees to defend, hold harmless and indemnify King County to the maximum extent permitted there under, and specifically for its negligence concurrent with that of King County to the full extent of Grantee's negligence.

King County shall give the Grantee timely written notice of the making of any claim or of the commencement of any such action, suit, or other proceeding covered by the indemnity in this section. In the event any such claim arises, the County or any other indemnified party shall tender the defense thereof to the Grantee and the Grantee shall have the duty to defend, settle, or compromise any claims arising hereunder and the County shall cooperate fully therein. Failure of the County to timely notify Grantee of such a claim or action, however, shall not constitute a defense to the indemnity set out in this section, except to the extent of actual prejudice to the Grantee.

In addition to other indemnifications required by this Franchise, Grantee specifically agrees to defend, indemnify, and save harmless King County, its officers, agents and employees, from and against all suits, claims, actions, losses, costs, penalties, judgments, settlements and damages of whatsoever kind or nature, including third party construction delay and impact claims, arising out of failure to complete all Utility related adjustments, relocations, repairs, relocations, or work in accordance with this Franchise and the work plan and schedule agreed to by King County and Grantee.

Notwithstanding the above, the County shall have no obligation to tender a defense as a condition of the indemnity where there is a material conflict between the interests of the Grantee and King County.

12. INSURANCE REQUIREMENTS

A. Insurance Required

By the date of execution of this Franchise, the Grantee shall procure and maintain for the duration of this Franchise, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by the Grantee, its agents, representatives, employees and/or contractors /subcontractors. The Grantee or contractor/subcontractor shall pay the costs of such insurance. The Grantee shall furnish separate certificates of insurance and policy endorsements from each contractor/subcontractors as evidence of compliance with the insurance requirements of this Franchise.

The Grantee is responsible for ensuring compliance with all of the insurance requirements stated herein. Failure by the Grantee, its agents, employees, officers, contractor/subcontractors to comply with the insurance requirements stated herein shall constitute a material breach of this Franchise.

Each insurance policy shall be written on an "occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval. If coverage is approved and purchased on a "claims made" basis, the Grantee warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Franchise termination, and/or conversion from a "claims made" form to an "occurrence" coverage form.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded by said policies, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained in this provision shall affect and/or alter the application of any other provision contained within this Franchise.

B. Risk Assessment by Grantee

By requiring such minimum insurance, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Grantee under this Franchise, nor shall such minimum limits be construed to limit

the limits available under any insurance coverage obtained by the Grantee. The Grantee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. Grantee's liability for indemnification and other risks under this Franchise shall not be construed as limited by the requirement of the minimum insurance coverage set out herein.

C. Minimum Scope of Insurance. Coverage shall be at least as broad as the following:

1. General Liability

Insurance Services Office form number (CG 00 01) covering COMMERCIAL GENERAL LIABILITY including XCU coverage.

Explosion and Collapse, Underground Damage (XCU). Coverages shall apply for the same limits as the general liability. Evidence of insurance must specifically state the coverage has not been excluded.

2. Automobile Liability

Insurance Services Office form number (CA 00 01) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the appropriate coverage provided by symbols 2, 7, 8, or 9.

3. Workers' Compensation

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable federal or "Other States" state law.

4. Stop Gap/Employers Liability

Coverage shall be at least as broad as the indemnification, protection provided by the Workers' Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.

D. Minimum Limits of Insurance

The Grantee shall maintain limits no less than the following:

1. Commercial General Liability: $5,000,000 combined single limit per occurrence by bodily injury, personal injury, and property damage; and for those policies with aggregate limits, a $5,000,000 aggregate limit.

2. Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage if the use of motor vehicles is contemplated.

3. Workers' Compensation: Statutory requirements of the state of residency.

4. Stop Gap /Employers Liability: $1,000,000.

E. Minimum Limits of Insurance - Construction Period

In addition to the minimum coverages, prior to commencement of Construction and until Construction is complete and approved by the Grantee and the County, the Grantee shall cause the Construction Contractor and related professionals to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Franchise. The cost of such insurance shall be paid by the Grantee and/or any of the Grantee's contractor/subcontractors. The Grantee shall maintain limits no less than the following:

1. Commercial General Liability: $5,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and $5,000,000 in the aggregate.

2. Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage.

3. Professional Liability, Errors & Omissions: $1,000,000, Per Claim and in the Aggregate.

4. Workers Compensation: Statutory requirements of the State of residency.

5. Stop Gap or Employers Liability Coverage: $1,000,000.

F. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of

the policies shall not apply to the Grantee's liability to the County and shall be the sole responsibility of the Grantee.

G. Other Insurance Provisions

The insurance policies required in this Franchise are to contain, or be endorsed to contain, the following provisions:

1. All Liability Policies except Professional and Workers Compensation.

   a. The County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Grantee/contractor in connection with this Franchise. Grantee and the County shall be named as additional insureds on all liability policies except Workers Compensation and professional Liability. Such coverage shall include Products-Completed Operations.

   b. To the extent of the Grantee's/contractor's negligence, the Grantee's/contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees, or agents shall not contribute with the Grantee's insurance or benefit the Grantee in any way.

   c. The Grantee's insurance shall apply separately to each insured against whom claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

2. All Policies

   Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after 45 days prior written notice has been given to the County. In the event of said cancellation or intent not to renew, the Grantee shall obtain and furnish to the County evidence of replacement insurance policies meeting the requirements of this Section by the cancellation date. Failure to provide proof of insurance could result in a "stop work order' being issued, as specified in Section 19 of this Franchise or the suspension or termination of the Franchise.

H. Acceptability of Insurers

Unless otherwise approved by the County, insurance is to be placed with insurers with an A.M. Bests' financial strength rating of no less than A: VIII, or, if not rated with Bests, with minimum surpluses the equivalent of Bests' surplus size VIII.

Professional Liability, Errors, and Omissions insurance may be placed with insurers with an A.M. Bests' financial strength rating of B+VII. Any exception must be approved by the County.

If, at any time, the foregoing policies shall fail to meet the above requirements, the Grantee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with appropriate certificates and endorsements, for approval.

I. Verification of Coverage

The Grantee shall furnish the County with certificates of insurance and endorsements required by this Franchise. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County prior to the commencement of activities associated with the Franchise. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

J. Subcontractors

The Grantee shall include all subcontractors as insureds under its policies or shall require separate certificates of insurance and policy endorsements from each subcontractor. If the Grantee is relying on the insurance coverages provided by subcontractors as evidence of compliance with the insurance requirements of this Franchise, then such requirements and documentation shall be subject to all of the requirements stated herein.

K. Insurance Review

In consideration of the duration of this Agreement, the parties agree that the Insurance section herein, at the discretion of the County Risk Manager, may be reviewed and adjusted with each amendment and within ninety (90) days of the end of the first five (5) year period of the Agreement and the end of each successive five (5) year period thereafter.

Any adjustments made as determined by the County Risk Manager, shall be in accordance with reasonably prudent risk management practices and insurance industry standards and shall be effective on the first day of each successive five (5) year period.

Adjustment, if any, in insurance premium's) shall be the responsibility of the Grantee. Any failure by the County to exercise the right to review and adjust at any of the aforementioned timings shall not constitute a waiver of future review and adjustment timings.

13. CONTRACTOR'S PERFORMANCE AND PAYMENT BOND

The Grantee shall cause each and every Contractor performing work under the Franchise to execute and deliver to the Grantee a performance and payment bond for 100% of the construction price of the project the Contractor is performing, on a form acceptable to the Grantee with an approved surety company and incompliance with Chapter 39.08 RCW. Contractor shall notify surety of any changes in the work.

14. HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE.

A. Definition. "Hazardous Materials" as used herein shall mean:

1. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medical, heavy metals, corrosive, noxious, acidic, bacteriological or disease-producing substances; or

2. Any dangerous waste or hazardous waste as defined in:

   a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or

   b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or

3. Any hazardous substance as defined in:

   a. Comprehensive Environmental Response, Compensation and Liability Act of 1980 as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or

   b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or

4. Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment,

which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

B. Grantee shall not without first obtaining King County's prior written approval, use, generate, release, handle, spill, store, treat, deposit, transport, or dispose of any Hazardous Materials in, on, or about the Franchise Area.

C. Environmental Compliance.

1. Grantee shall, at Grantee's own expense, comply with all federal, state and local laws, ordinances and regulations now or hereafter affecting the Franchise Area, Grantee's business, or any activity or condition on or about the Franchise Area, including, without limitation, all laws, ordinances and regulations related to Hazardous Materials and all other environmental laws, ordinances and regulations, and any other laws relating to the improvements on the Franchise Area, soil and groundwater, storm water discharges, or the air in and around the Franchise Area, as well as such rules as may be formulated by King County, including the conditions required in any permits issued by the County for project and critical areas protection under the Growth Management Act ("the Laws"). Grantee warrants that its business and all activities to be conducted or performed in, on, or about the Franchise Area shall comply with all of the Laws. Grantee agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations may be necessary at any time during the Franchise to comply with the Laws.

2. Grantee shall not cause or permit to occur any violation of the Laws on, under, or about the Franchise Area, or arising from Grantee's use or occupancy of the Franchise Area, including, but not limited to, soil and ground water conditions.

3. Grantee shall promptly provide all information regarding any activity of Grantee related to Hazardous Materials on or about the Franchise Area that is requested by King County. If Grantee fails to fulfill any duty imposed under this paragraph within a reasonable time, King County may do so; and in such case, Grantee shall cooperate with King County in order to prepare all documents King County deems necessary or appropriate to determine the applicability of the Laws to the Franchise Area and Grantee's use thereof, and for compliance therewith, and Grantee

shall execute all documents promptly upon King County's request. No such action by King County and no attempt made by King County to mitigate damages shall constitute a waiver of any of Grantee's obligations under this paragraph.

4. Grantee shall, at Grantee's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities ("the Authorities") under the Laws.

5. Should any Authority demand that a cleanup plan be prepared and that a cleanup be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Franchise at or from the Franchise Area, or which arises at any time from Grantee's use of occupancy of the Franchise Area, then Grantee shall, at Grantee's own expense, prepare and submit the required plans and all related bonds and other financial assurances to the County for approval; and Grantee shall carry out all such cleanup plans. Any such plans and cleanup are subject to King County's prior written approval. Any mitigation associated with the cleanup solely shall be at the Grantee's own expense.

D. Indemnification.

1. Grantee shall be fully and completely liable to King County for any and all cleanup and/or mitigation costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any Authority with respect to Grantee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials in or about the Franchise Area, or common areas. Grantee shall indemnify, defend and save King County harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon King County (as well as King County's attorney's fees and costs) by any Authority as a result of Grantee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials, or from Grantee's failure to provide all information, make all submissions, and take all steps required by all Authorities under the Laws.

2. Grantee shall indemnify and hold King County harmless from any and all claims, liabilities, lawsuits, damages, and expenses, including reasonable attorney's fees, for bodily injury or death, property damage, loss, or costs caused by or arising from the use,

disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Grantee or any of its agents, representatives or employees in, on, or about the Franchise Area occurring during the term of the this Franchise.

E. Reporting Requirements. Grantee shall comply with the Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to King County a full copy of any such filing or report as submitted within 15 days of such submission.

F. Right to Check on Grantee's Environmental Compliance. King County expressly reserves the right, and Grantee shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the premises as King County, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems or violations.

G. Remedies. Upon Grantee's Default under this Section 14 HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, King County shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to the County:

1. At King County's option, to terminate this Franchise immediately; and/or,

2. At King County's option, to perform such response, remediation and/or cleanup as is required to bring the Franchise Area and any other areas of King County property affected by Grantee's Default into compliance with the Laws and to recover from Grantee all of the County's costs in connection therewith; and/or

3. To recover from Grantee any and all damages associated with the Default, including but not limited to, response, remediation, replacement and cleanup costs and charges, civil and criminal penalties and fees, adverse impacts on marketing the Franchise Area or any other adjacent areas of King County property, loss of business and sales by King County and other King County Grantees, but only to the extent of King County liability to such grantees, diminution of value of the Franchise Area and/or other adjacent areas owned by King County, the loss of or restriction of useful space in the Franchise Area and/or other adjacent areas owned by King County, any and all damages and claims asserted by third parties, and King County's attorney's fees and costs.

H. Remediation on Termination of Franchise. Upon the expiration or earlier termination of this Franchise, Grantee shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Franchise Area, Grantee shall undertake whatever other action may be necessary to bring the Franchise Area into full compliance with the Laws ("Termination Cleanup"). The process for such Termination Cleanup is subject to King County's prior written approval. If Grantee fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, King County may elect to perform such Termination Cleanup after providing Grantee with written notice of the County's intent to commence Termination Cleanup, and after providing Grantee a reasonable opportunity, which shall be not less than ninety (90) days after such notice (unless King County is given notice by a government agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time, in which case King County shall give Grantee notice of such shorter time), to commence or resume the Termination Cleanup process. If King County performs such Termination Cleanup after said notice and Grantee's failure to perform same, Grantee shall pay all of King County's costs.

I. Survival. Grantee's obligations and liabilities under this Section 14, HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, shall survive the expiration of this Franchise.

15. LIENS

Grantee shall inform each mechanic, artisan, materialman and other contractor related to this Franchise that the County Roads Right-of-Way and other Public property is not subject to attachment for liens related to the Franchise. In the event that any County property becomes subject to any claims for mechanics', artisans', or materialmen's liens, or other encumbrances chargeable to or through Grantee which Grantee does not contest in good faith, Grantee shall promptly, and in any event within 30 days, cause such lien claim or encumbrance to be discharged or released of record (by payment, posting of bond, court deposit, or other means), without cost to the County, and shall indemnify the County against all costs and expenses (including attorneys' fees) incurred in discharging and releasing such claim of lien or encumbrance. If any such claim or encumbrance is not so discharged and released, the County may pay or secure the release or discharge thereof at the expense of Grantee after first giving Grantee five business days' advance notice of its intention to do so. The County may charge such expenses against any performance bond, security fund or letter of credit. Nothing herein shall preclude Grantee's or the County's contest of a claim for lien or other encumbrance chargeable to or through Grantee or the County, or of a contract or action upon which the same arose.

16. FRANCHISE FEE AND COSTS

A. Utility Tax.

King County specifically reserves for itself the right to impose a Utility tax on the Grantee if such taxing authority is granted by State of Washington.

B. Franchise Fees.

The County reserves the right to exercise authority it has or may acquire in the future to charge a reasonable franchise fee and secure and receive fair market compensation for the use of its property, pursuant to an ordinance. If King County elects to exercise such authority, the fair market compensation requirement for Grantee shall be established by ordinance not less than one hundred eighty (180) days after written notice ("Compensation Notice") is delivered to the Grantee, said Compensation Notice identifying with specificity the definition, terms and/or formula to be used in determining such fair market compensation.

In the event Grantee for any reason finds the amount of payment established by the County as a franchise fee or fair market compensation to be unacceptable, Grantee has the option at any time after the establishment of such payment amount to provide the County with three years written notice to terminate the Franchise and to withdraw from the Franchise Area at the conclusion of the notice period.

C. Reimbursement of Actual Costs of Issuance, Renewal, Amendment and Administration.

Grantee shall reimburse the County for the County's actual costs relating to the issuance, renewal, amendment (if requested by or for the benefit of the Grantee) and administration of this Franchise.

D. Reimbursement of Actual Costs of Design Review and Inspection.

County review and inspections, as provided for in this Franchise, are for the sole purpose of protecting the County's rights as the owner or manager of the County Roads Rights-of-Way and are separate and distinct from the approvals and inspections and fees that may be required pursuant to a right-of-way construction permit. Therefore, Grantee shall reimburse to the County, its actual costs of review and inspections, to the extent that such costs are not included in the costs for issuance of and compliance with the right-of-way construction permit. Review and inspection, by way of example and not

limitation, include review of design documents and inspection for compliance with Standards and 100% Design Documents.

E. Reimbursement of Actual Costs of altering County Roads Rights-of-Way.

Grantee shall reimburse the County of the actual costs incurred by the County in planning, designing, constructing, installing, repairing, relocating or altering any County infrastructure, structure, or facility as the result of the actual or proposed presence in the County Roads Right-of-Way of Grantee's Facilities. Such costs and expenses shall include, but not be limited to, the costs of County personnel and contractors utilized to oversee or engage in any work in the County Roads Rights-of-Way as the result of the presence of Grantee's Facilities in the County Roads Rights-of-Way, and any time spent reviewing construction plans in order to either accomplish the relocation of Grantee's Facilities or the routing or rerouting of any public Utilities or County Roads Rights-of-Way so as not to interfere with Grantee's Facilities. Upon request, as a condition of payment by Grantee, all billing will be itemized so as to specifically identify the costs and expenses for each project for which the County claims reimbursement. A reasonable charge for the actual cost incurred in preparing the billing may also be included in said billing.

F. Grantee Responsibility for Costs.

Except as expressly provided otherwise in this Franchise, any act that Grantee, its contractors or subcontractors are required to perform under this Franchise shall be performed at their sole cost and expense.

G. Grantee Work Performed by the County.

Any work performed by the County that Grantee has failed to perform as required pursuant to this Franchise and which is performed by the County in accordance with the terms of this Franchise, shall be performed at the cost and expense of the Grantee. Grantee shall be obligated to pay to the County the actual costs of performing such work, including overhead costs at the standard rate charged by the County.

17. VACATION

If at any time King County vacates any County road rights-of-way covered by this Franchise, King County will not be held liable for any damages or loss to the Grantee by reason of such vacation. King County may, after giving ninety (90) days written notice to the Grantee, terminate this Franchise with respect to any County road rights-of-way vacated. Upon receiving the notice the Grantee will use its best efforts to secure a continuing easement or remove its Facilities from the proposed vacation area.

Alternatively, if the Grantee is unable to secure an easement or remove its Facilities and so notifies King County, the King County Council may in its vacation proceedings reserve an easement for the Grantee.

18. REPAIR, REMOVAL OR RELOCATION

The Grantee hereby covenants, at its own expense, to keep its Facilities covered by this Franchise in good repair and working order so that the presence of such Facilities in the County Road Rights-of-Way shall not cause damage to property, the roadway, county property, the Facilities or appurtenances of other Utilities, or the environment, cause injury to persons, or otherwise impair the public's right to travel on or otherwise use the roadway. All pipeline Construction, Maintenance or Operation undertaken by Grantee, upon Grantee's direction or on Grantee's behalf shall be completed in a workmanlike manner.

Facilities installed by Grantee within County Road Rights-of-Way shall remain the sole responsibility of Grantee until the Facilities are removed and roadway restored to current Road Standards.

The Grantee hereby covenants, as its sole responsibility and at its own expense, to adjust, repair, remove or relocate its Facilities including all appurtenant facilities and service lines connecting its system to users, within King County Road Rights-of-Way if such repair, removal or relocation is required by King County for any reasonable purpose including but not limited to, the need to allow for an improvement or alteration planned by King County in such road right-of-way. The Grantee shall correct or repair, at its own expense, any defective work or damage to property associated with the repair, removal, or relocation of its facilities for any reason.

The County shall give the Grantee written notice of such requirement as soon as practicable, at the beginning of the pre-design stage for projects that are part of the County's capital improvement program, including such available information as is reasonably necessary for the Grantee to plan for such adjustment, removal or relocation. For projects that are not part of King County's capital improvement program that are deemed as maintenance, emergencies or urgent construction by King County, King County shall give the Grantee as much notice and information as is practical under the circumstances.

For projects that are part of the County's capital improvement program, in addition to any other notice given to the Grantee, the County shall provide a vertical and horizontal profile of the roadway and drainage Facilities within it, both existing and as proposed by the County, and the proposed construction schedule. Notwithstanding any permit conditions that may later be applied to the County project, this initial design information shall be given at least 180 days before construction is scheduled to begin, except in cases of urgent construction or emergencies. The Grantee shall respond to this notice, and to any later notices of revised designs based on permit conditions, within no more than thirty (30) days by providing to the County the best available information as to the

location of all of the Grantee's Facilities, including all appurtenant facilities and service lines connecting its system to users and all facilities that it has abandoned, within the area proposed for the public works project.

For joint construction contracts only, the County may offer the Grantee the opportunity to participate in the preparation of bid documents for the selection of a contractor to perform the public works project as well as all required adjustments, removals or relocations of the Grantee's Facilities. Such bid documents shall provide for an appropriate cost allocation between the parties. The County shall have sole authority to choose the contractor to perform such work. The Grantee and the County may negotiate an agreement for the Grantee to pay the County for its allocation of costs, but neither party shall be bound to enter into such an agreement. Under such an agreement, in addition to the Grantee's allocation of contractor's costs, the Grantee shall reimburse the County for costs, such as design, construction and contract management, inspections or soils testing, related to the Grantee's work and reasonably incurred by the County in the administration of such joint construction contracts. Such costs shall be calculated as the direct salary cost of the time of County professional and technical personnel spent productively engaged in such work, plus overhead costs at the standard rate charged by the county on other similar projects, including joint projects with other County agencies.

19. REQUIREMENT OF CONSTRUCTION PERMITS

A. The Grantee, its successors or assigns, has the right, privilege, and authority to enter the County road rights-of-way for the purpose of Constructing, Operating, Maintaining, Repairing, relocating, removing or replacing its sewer Facilities on the condition that it obtains permits approved by the Director and King County Real Estate Services and, when applicable, by the Department of Development and Environmental Services. Applications for County Right-of-Way construction permits shall be presented to King County Real Estate Services along with required detailed design and construction plans and documents, studies and reports. The design and construction must address the following items to the satisfaction of the County: compliance with applicable federal, state, and local regulations and guidelines; consistency with current, approved sewer system plans, traffic impacts, haul routes, structural integrity and appearance of roadways, drainage structures, bridges or other structures; ease of future road maintenance and appearance of roadway; impact upon compatibility with other facilities located within the public rights-of-way or future County improvements or future Utility installations within the rights-of-way. In an emergency, the Grantee may immediately commence the necessary work and shall apply the next business day for a construction permit. In such event Grantee must take all necessary and prudent steps to protect, support, and keep safe from harm its pipeline(s) and/or Facilities, or any part thereof; Grantor's property; or other persons or property, and to protect the public health and safety.

All construction and other work shall be completed to the satisfaction of the Director. The Director or the Director's designee may condition the issuance of a County Right-of-Way construction permit or any other permit or approval that is required under this Franchise, as follows:

1. The Grantor may impose any condition reasonably necessary for the safe use and management of the public right-of-way or the Grantor's property including, by way of example and not limitation, maintaining proper distance from other utilities, protecting the continuity of non-motorized and vehicular traffic and protecting any rights-of-way improvements, private facilities and public safety. The Grantee will be responsible for any special studies and mitigation that is necessary to support the permit request.

2. The Grantor may require completion of the permitted Construction or other activity within a reasonable time as required in the permit. If the Grantee shall fail to complete Construction or other permitted activity to the satisfaction of the Grantor within the permitted time, the Grantee will be subject to the provisions of Section 36.

3. The Grantor may condition the granting of a County Right-of-Way construction permit or any other permit or approval upon the mitigation of the adverse affects of the Grantee's activities undertaken in connection with the Franchise. These conditions may address adverse impacts upon, without limitation, the environment, pedestrian and vehicular traffic, businesses, and residents.

4. Grantee shall be required to continuously be a member of the State of Washington one number locator service under RCW 19.122, or an approved equivalent, and shall comply with all such applicable rules and regulations. Grantee shall provide reasonable notice to the County prior to commencing any Maintenance or Construction under this Franchise and additionally to those owners or other persons in control of property in the Franchise Area when the Maintenance or Construction will affect access or otherwise impact the property.

B. All equipment, facilities and appurtenances which are used in the Operation, Maintenance, Repair or Construction of the Grantee's service and which are located within the County road rights-of-way shall be considered to be part of the Grantee's Operations system and shall be the

responsibility of the Grantee. All permits for the Construction, Operation, Maintenance, Repair, relocate, removal and replacement of said system shall be applied for and given in the name of the Grantee, who will be responsible for all work done under the permit. The Grantee remains responsible whether the work is done by the Grantee, its contractors, or by third parties.

The Grantee shall, at no expense to the County, assume the following obligations with respect to Grantee's Facilities and to facilities connected to its system that are within County road rights-of-way and which it does not own, including appurtenant facilities.

1. The Grantee shall apply for a County Right-of-Way construction permit for any repairs or upgrades required for such Facilities. All work to be performed in the County Right-of-Way shall comply with all conditions of the County permit and all applicable County requirements.

2. In the event that the County or Grantee determines emergency repair of such Facilities are necessary to halt or prevent significant damage to County road rights-of-way or significant threats to the health, safety and welfare of the public, the Grantee shall take prompt remedial action to correct the emergency to the County's approval, which the County shall not unreasonably withhold.

3. Except in the event of an emergency, Grantee shall provide Grantor at least ten (10) calendar days written notice prior to any Construction and/or Maintenance, or other substantial activity, other than routine inspections and Maintenance, by Grantee, its agents, employees or contractors on Facilities within the Franchise Area.

4. When the County or its contractor provides notice to the Grantee, pursuant to RCW 19.122, of its intent to excavate within County road rights-of-way, the Grantee shall provide to the County or the County's contractor the best information available from the Grantee's records or, from the use of locating equipment as to the location of such Facilities, including surface markings where these would reasonably be of use in the excavation. If the Grantee fails to make good faith efforts to provide the above information within the deadlines provided by RCW 19.122, the Grantee shall hold the County harmless for all reasonable costs, and damages to such Facilities if such damage occurs as a result of the failure to provide such information. Nothing in this subsection is intended or shall be construed to create any rights in any third party or to form the

basis for any obligation or liability on the part of the County or the Grantee toward any third party, nor is anything in this subsection intended to be construed to alter the rights and responsibilities of the parties under RCW 19.122, as amended.

5. Upon acceptance of this Franchise by Grantee, the Grantee shall file and thereafter maintain at all times with the Grantor a survey depicting the approximate location of Grantee's Facilities within the Franchise Area along with all other known Utilities, landmarks, and physical features.

6. Grantee shall also provide detailed as-built design drawings showing Grantee's Facilities in the Road Rights-of-Way, other service appurtenances and Facilities within the Franchise area. Within thirty (30) days of completing any Maintenance or Construction, or any other substantial activity within the Franchise area, the Grantee shall provide updated and corrected as-built drawings and a survey showing the location, depth and other characteristics of the Facilities within the Franchise Area.

7. Grantee shall be solely and completely responsible for workplace safety and safe working practices on its job sites within the Franchise Area, including safety of all persons and property during the performance of any work.

8. When Grantee does any work in the rights-of-way that affects, disturbs, alters, or damages any adjacent private property, the Grantee shall, at its own expense, restore such private property to the satisfaction of the private property owner.

9. On notice from the County that any work does not comply with this Franchise, approved permits, approved engineering plans and studies, applicable local, state and federal guidelines, standards and regulations, or work is being performed in an unsafe or dangerous manner as reasonably determined by the County, the non-compliant work may immediately be stopped by the County. The "stop work order" shall be, in writing; given to the person performing the work and be posted on the work site; indicate the nature of the alleged violation or unsafe condition; and establish conditions under which work may be resumed. If so ordered, Grantee shall cease and shall cause its contractors and subcontractors to cease such activity until the County is satisfied that the violation has been addressed. The County has the right to inspect, repair, and correct the unsafe condition if the Grantee fails to do so in a timely manner, and to reasonably charge the Grantee therefore.

20. NOTIFICATION OF WORK

The Grantee shall give notice of intent to commence work within the right-of-way in the manner and to the persons as is required for notice under KCC 20.20.060(G)(1), and as set forth in the permit issued for such work and the applicable provisions of Title 14 of the King County Code.

21. PERFORMANCE OF WORK

The Grantee covenants that in consideration for the rights and privileges granted by this Franchise, all work performed by the Grantee on County road rights-of-way shall conform to all applicable County, state and federal requirements including, but not limited to, the current edition of the County Road Standards, the King County Regulations for Accommodations of Utilities on County Road Rights-of-Way and the Washington State Specifications for Road, Bridge and Municipal Construction in force when the work is performed. All traffic control shall also conform to the current edition of the Manual of Uniform Traffic Control Devices in force when the work is performed.

Grantee shall remain solely and separately liable for the Construction, Operation, function, testing, Maintenance, relocation, removal, replacement and/or repair of the Facilities or other activities permitted under this Franchise.

Nothing in this Franchise shall be deemed to impose any duty or obligation upon Grantor to determine the adequacy or sufficiency of Grantee's plans and designs or to ascertain whether Grantee's proposed or actual construction, testing, maintenance, repairs, relocation, replacement or removal is adequate or sufficient or in conformance with the plans and specifications reviewed by Grantor.

22. RESTORATION OF COUNTY ROAD RIGHTS-OF-WAY

After work on, under or adjacent to County road rights-of-way, the Grantee is responsible for and shall leave all County Road Rights-of-Way and other Public Properties in as good a condition as they were in before any work was done. This includes removal of all debris, paving, patching, grading and any other reasonably necessary preparation, repair or restoration to the County road rights-of-way. The restoration shall be done in accordance with the King County Road Design and Construction Standards.

In the event that the Grantee, its contractors, or third parties working on behalf of the Grantee under permit shall fail to restore County road rights-of-way to the satisfaction of the Director, King County may make such repairs or restorations as are necessary to return the County road rights-of-way to its pre-work condition. Upon presentation of an itemized bill for repairs or restorations, including the costs of labor and equipment, the Grantee shall pay the bill within thirty (30) days. If suit is brought upon the Grantee's failure to pay for repair and restoration, and if judgment in such a suit is entered in favor

of King County, then the Grantee shall pay all of the actual costs, including interest from the date the bill was presented, disbursements, and attorney's fees and litigation related costs incurred.

23. OPERATIONS, MAINTENANCE, INSPECTION, TESTING

Grantee shall Operate, Maintain, inspect and test its Facilities and County property in the Franchise Area utilizing best management practices in full compliance with the applicable provisions of all federal, state and local laws, regulations and standards, as now enacted or hereafter amended, and any other future laws or regulations that are applicable to Grantee's pipeline(s) and Facilities, products and business Operations.

24. EMERGENCY ABATEMENT OF DANGEROUS CONDITIONS

In the event that the County Road Engineer determines that Construction or Operation of the Facilities has caused or contributed to a condition that threatens substantial damage to the County Road Right-of-Way, or endangers the health, safety and welfare of the public, any utilities, or other public property, the County may reasonably require the Grantee to take action to abate the condition, including immediate action or action within a prescribed time under Section 18, herein. In the event that the Grantee fails or refuses to promptly take the actions directed by the County, or fails to fully comply with such directions, or if Emergency conditions exist which require immediate action, the County may take prompt remedial actions as are necessary to abate the conditions and correct the emergency. The Grantee shall be responsible for all costs of the County's abatement actions and those costs may be charged against the security established under Section 15.

25. BLASTING REQUIREMENTS

The rights to Operate, Maintain, Repair and Construct Grantee's Facilities granted by this Franchise does not preclude King County, its agents or contractors from blasting, grading or doing other road work affecting the Grantee's Facilities. Except in the case of an emergency, the Grantee will be given ten (10) business days written notice of any blasting so that the Grantee may protect its Facilities. If the Grantee notifies the County within twenty (20) business days that the Facilities will have to be relocated to protect them from blasting, the County will defer the blasting for up to one (1) year from the date of the original notice. In no event will the Grantee be given less than two (2) business days written notice of any blasting, unless unforeseen natural disaster that would warrant immediate action. Notification of any excavation shall be provided through the One-Call System as provided by RCW 19.122, as hereinafter amended.

26. SURVEY MARKERS AND MONUMENTS

It shall be the responsibility of the Grantee performing any construction work in the County road rights-of-way to restore any survey marker, reference, hubs, or monuments that were disturbed or destroyed during Grantee's work in the areas covered by this

Franchise in accordance with RCW 58.09.130 and WAC 332-120, and as hereinafter amended. Such restoration shall be done in a manner consistent with applicable codes and laws, under the supervision of the Grantor.

27. LEAKS, RUPTURES AND EMERGENCY RESPONSE

Grantee shall have in place, at all times during the term of this Franchise, a system for monitoring safety and service delivery across the Franchise Area. During the term of this Franchise, Grantee shall have a written emergency response plan and procedure which shall be provided to the Grantor.

Grantee's emergency plans and procedures shall designate Grantee's local emergency response officials and a direct 24-hour emergency contact number. Grantee shall, after being notified of an emergency, cooperate with the Grantor and make every effort to respond as soon as possible to protect the public's health, safety and welfare. Grantees emergency plans shall also designate communication procedures for contacting local emergency response officials from fire, police, school, and health agencies.

Grantee shall be solely responsible for all necessary costs incurred in responding to any leaks or ruptures from Grantee's pipeline(s) and/or Facilities.

If requested by Grantor in writing, Grantee shall provide a written summary concerning any event within thirty (30) days of the event, including, but not limited to, the date, time, amount, location, response, remediation and other agencies Grantee has notified.

The Grantor may demand that any event be investigated by an independent consultant selected by the Grantor, and shall allow such consultants access to all Grantee Facilities for purposes of the investigation upon written request of the County. Grantee shall be solely responsible for paying all of the consultant's costs and expenses incurred in investigating the occurrence and reporting the findings. Grantee shall meet and confer with the independent consultant following the consultant's investigation to address whether any modifications or additions to Grantee's pipeline(s) and/or Facilities may be warranted.

28. REMOVAL, ABANDONMENT IN PLACE

In the event of Grantee's Abandonment of use of its Facilities, or any portion thereof, within the Franchise Area, for a period of 1 year for causes not amounting to force majeure with no immediate intent to resume use, the Grantee shall inform the County in writing. Grantee shall, after notice from the County that the Facilities must be removed, within one hundred and eighty days (180) or such other reasonable period specified by the County, after the cessation of use, remove the Facilities or any portion thereof.

In the event of the removal of all or a portion of the Facilities, Grantee shall restore the Franchise Area to as good or better condition as it was in before the work began.

Removal and restoration work shall be done at Grantee's sole cost and expense and to Grantor's reasonable satisfaction. Grantee shall be responsible for any environmental review required for the removal of any Facility and the payment of any costs of the environmental review.

If Grantee is required to remove its Facilities and fails to do so and/or fails to adequately restore the Franchise Area or other mutually agreed upon action(s), Grantor may, after reasonable notice to Grantee, remove the Facilities, restore the Franchise Area and/or take other action as is reasonably necessary at Grantee's expense. This remedy shall not be deemed to be exclusive and shall not prevent the County from seeking a judicial order directing that the Facilities be removed.

With the express written consent of the Grantor, the Grantee, as directed by Grantor, may abandon its Facilities in place. Grantee shall be responsible for any environmental review required for the abandonment of Facilities and the payment of any costs of such environmental review. Grantor's consent to the abandonment of Facilities in place shall not relieve the Grantee of the obligation and/or costs to remove or to alter such Facilities in the future in the event it is reasonably determined that removal or alterations is necessary or advisable for the health and safety of the public, in which case the Grantee shall perform such work at no cost to the Grantor. This paragraph shall survive the expiration, revocation or termination of this Franchise.

29. ASSIGNMENT AND WITHDRAWAL

The Grantee shall not have the right to assign this Franchise to third parties without the consent of the King County Council given by Ordinance. No assignment shall be effective unless an acceptance by the assignee of all rights, conditions, terms, provisions, and responsibilities contained within the Franchise, as well as any surety bonds which the Council deems necessary to be posted are received. Council approval of the assignment may be made subject to the assignee's acceptance of new or modified terms of the Franchise.

30. EXPIRATION AND RENEWAL

All rights granted by this Franchise to County road rights-of-way outside incorporated towns and cities apply only to the existing County road rights-of-way described in Exhibit A during the term of this Franchise.

If the Grantee has initiated a renewal of this Franchise two years or more before it expires, the Council may, at its sole discretion, temporarily extend the term of the Franchise on a month to month basis for up to two year(s).

If the Grantee has not applied for a renewal of this Franchise two years or more before it expires, King County has the right to remove, relocate, or decommission its Facilities and

appurtenances of the Grantee as is reasonably necessary for the public's health, welfare, safety, or convenience including, but not limited to, the safe operation of County roads, Franchise holders, or for the construction, renewing, altering, or improving of any County road right-of-way, or facilities of other Franchise holders. Grantee shall be liable for the costs incurred in any removal, relocation, or decommissioning of its Facilities and appurtenances under this section. Costs include the expense of labor and equipment.

If the Grantee has not initiated a renewal of this Franchise two years or more before it expires, the County may, at its sole discretion, discontinue issuing permits for the Construction and installation of new Facilities that would provide additional services or capacity.

31. CONTINUATION OF CERTAIN OBLIGATIONS

Upon suspension, revocation, expiration, termination, or abandonment of this Franchise, the Grantee shall continue to be responsible for the operation and maintenance of existing Facilities in the County road rights-of-way as ordered by the County until removed, assigned to another Franchised Utility or abandoned; however, the Grantee shall not have the right to use the Facilities to provide additional services or construct new Facilities. The Grantee shall continue to be responsible for insurance, indemnity and hold harmless, bonding, hazardous materials and environmental compliance, Maintenance, inspection, testing, repair, relocation, removal, performance of work, emergency response and abandonment. King County will issue permits required for the repair and maintenance of the existing Facilities in accordance with K.C.C. 14.44.055 as amended and Section 19 of this Franchise. This section and other pertinent sections of this Franchise shall continue in force until such time as the lines are removed from County road rights-of-way, assigned to another Franchised Utility, or abandoned in place with the approval of the Director of the Department of Transportation, Road Services Division.

32. AMENDMENT

This Franchise may be modified at any time as proposed by mutual written agreement of the parties, provided that such an amendment shall not become effective unless and until it is approved by County ordinance. King County may also amend the provisions of this Franchise by ordinance pursuant to its police powers as reasonably necessary for public health, safety and welfare, or to implement the authorities reserved in Section 16. The legal description of the Franchise Area may be amended by mutual written agreement of the parties without adoption of a separate ordinance to include any areas of unincorporated King County established as within in the Franchisee's service area under Franchisee's sewer system comprehensive plan approved by ordinance.

33. COMPLIANCE WITH LAWS

Grantee shall conform to all applicable federal, state and local laws and regulations including, but not limited to, the State Environmental Policy Act, King County

environmental standards and ordinances, and King County sewer supply and sewer service requirements in Title 13 and Chapter 6.27 of the King County code.

34. NON-DISCRIMINATION CLAUSE

In connection with its performance of work under this Franchise, Grantee shall, fully comply with all applicable equal employment and non-discrimination provisions and requirements of federal, state, and local laws, Presidential Executive orders and regulations.

No person shall be denied, or subjected to discrimination in contracting to perform a service or provide goods made possible by or resulting from this franchise on the grounds of race, color, age (except minimum age and retirement provisions), gender, marital status, sexual orientation, religion, ancestry, national origin, disability or the use of a service or assistive animal by an individual with a disability, unless based upon a bona fide contractual qualification. During the performance of this franchise, Grantee and any party subcontracting under the authority of this franchise shall not discriminate or engage in unfair contracting practices prohibited by KCC 12.17.

No person shall be denied, or subjected to discrimination in employment or in the receipt of employee benefits of any services or activities made possible by or resulting from this franchise. During the performance of this franchise, Grantee and any party subcontracting under the authority of this franchise shall not discriminate or engage in unfair employment practices prohibited by KCC 12.18.

Any violation of this provision shall be considered a violation of a material provision of this Franchise and shall be grounds for cancellation, termination or suspension in whole or in part, of the Franchise by the County and may result in ineligibility for further County agreements.

35. JUDICIAL REMEDIES

Either party shall be entitled to seek any and all remedies at law, in contract or in equity, against the other party, in the event of Default or breach of the Franchise, including without limitation to: 1) compel specific performance by Grantee of its obligations, restrictions, covenants, representations, or warranties of the Franchise, 2) to restrain by injunction the actual or threatened commission or attempt of a breach or Default of the Franchise, and 3) an award of monetary damages resulting from such violation of the Franchise.

36. FRANCHISE REMEDIES FOR VIOLATION OF CONDITIONS

In addition to the judicial remedies available to the parties, each party shall be entitled to pursue the alternative remedies set out in this section. These remedies are cumulative

with the judicial remedies and the exercise of one or more of these Franchise remedies shall not preclude a party from seeking appropriate judicial relief.

If either party fails to observe or perform any of the terms, conditions, obligations, restrictions, covenants, representations or warranties of the Franchise, including Exhibit B and the conditions in the ordinance approving this Franchise, referenced in the "Grant Of Franchise" on page 3, or if the Grantee abandons the Franchise, and if such noncompliance is not cured as provided herein, then such noncompliance shall be considered an event of Default and the following shall apply:

A. Opportunity to cure. Either party shall give the other party written notice of any Default, stating with reasonable specificity the events or circumstances and nature of the Default. The party receiving notice shall have thirty (30) days or such lesser or greater time as reasonably specified in the notice to cure the Default. If the party receiving notice fails to cure the Default or to promptly commence and diligently pursue a cure to the reasonable satisfaction of the party giving notice, then the party giving notice may invoke the alternative Franchise remedies set out in this section.

B. Revocation of Franchise. Grantor may revoke this Franchise in whole or in part, but only upon a majority vote of the County Council. King County shall give reasonable written notice of its intent to revoke this Franchise. A public hearing shall be scheduled in the manner provided for applications for a Franchise under RCW 36.55.040; provided that, if exigent circumstances necessitate expedited revocation, the hearing may be held as soon as possible after the notice. The decision to revoke this Franchise will become effective ninety (90) days following the public hearing if the County, by ordinance, finds either:

1. That the Grantee has not substantially cured the violation or failure to comply which was the basis of the notice; or

2. That the violation or failure to comply which was the basis of the notice is incapable of cure; or

3. That the Grantee has repeatedly violated or failed to comply with any of the material terms, conditions, or responsibilities of the Franchise, even though the individual violations have been cured; and

4. That the revocation of the Franchise is in the public interest.

C. Suspension of Franchise. The Director may temporarily suspend this Franchise without a hearing whenever the continued work or operation by

the Grantee would constitute a danger to public health, safety, welfare or public morals, including, but not limited to where there is a failure to maintain the minimum levels and standards of liability insurance or claims reserve or failure to keep in full force and effect any applicable licenses, bonds, permits required by federal, state or local law or regulation. The notice of temporary suspension may be personally delivered to the party named and to the address given in Section 40 of this Franchise. The notice of temporary suspension shall also be given to the person doing work and posted at the work site. The notice shall indicate the nature of the violation or danger to the public. Notwithstanding other notice and opportunity to cure provisions of this Franchise, the temporary suspension is effective upon actual notice at the date and time provided in the notice. The Grantee may invoke the dispute resolution provisions of Section 38 and seek an opportunity to cure under Section 36 A., which shall not be unreasonably denied.

Grantor's failure to exercise a particular remedy at any time shall not waive Grantor's right to terminate, assess penalties, or assert that or any other remedy at law or equity for any future breach or Default of Grantee.

37. RECEIVERSHIP AND FORECLOSURE

Grantee shall immediately notify the Grantor in writing if it: files a voluntary petition in bankruptcy or a voluntary petition to effect a plan or other arrangement with creditors; files an answer admitting the jurisdiction of the Court and the material allegations of an involuntary petition filed pursuant to the Bankruptcy Code, as amended; or is adjudicated bankrupt, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of any receiver or trustee of all or any part of its property including all or any parts of its business Operations or Facilities within or affecting the Franchise Area.

Upon the foreclosure or other judicial sale of all or a substantial part of Grantee's business Operations, pipeline(s) or Facilities within or affecting the Franchise Area, or Facilities within or affecting the Franchise Area, or upon the occasion of additional events which effectively cause termination of Grantee's rights or ability to Operate the Facilities within or affecting the Franchise Area, Grantee shall notify the Grantor of such fact, and such notification or the occurrence of such terminating events shall be treated as a notification that a change in control of the Grantee has taken place, and the provisions of this Franchise Agreement governing the consent of the Grantor to such change in control of the Grantee shall apply.

The Grantor shall have the right to cancel this Franchise one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of a Grantee, whether in receivership, reorganization, bankruptcy, or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless:

A. Within one hundred twenty (120) days after the election or appointment, such receiver or trustee shall have fully complied with all of the provisions of this Franchise Agreement and remedied any existing violations and/or Defaults; and

B. Within said one hundred twenty (120) days, such receiver or trustee shall have executed an agreement, duly approved by the court having jurisdiction, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise Agreement granted to the Grantee except where expressly prohibited by Washington law.

38. DISPUTE RESOLUTION AND RIGHT OF APPEAL

Decisions, requirements, or approvals of the Director are binding on the parties to this document. In the event of a dispute between Grantor and Grantee arising by reason of this Franchise, the dispute shall first be referred to the representatives designated by Grantor and Grantee to have oversight over the administration of this Franchise. The officers or representatives shall meet within a reasonable time not longer than thirty (30) calendar days of either party's request for a meeting, whichever request is first, and the parties shall make a good faith effort to achieve a resolution of the dispute.

If the parties are unable to resolve the dispute under the procedure set forth in this section, the parties hereby agree that the matter shall be referred to mediation. The parties shall mutually agree upon a mediator to assist them in resolving their differences. Any expenses incidental to mediation shall be borne equally by the parties.

If the parties fail to achieve a resolution of the dispute through mediation, either party may then pursue any available judicial remedies, provided that if the party seeking judicial redress does not substantially prevail in the judicial action, it shall pay the other party's reasonable legal fees and costs incurred in the judicial action.

39. NOTICES

Any and all notices and other communications required or permitted to be given under the provisions of this Franchise shall be in writing and shall be deemed to have been duly given when personally delivered of sent by overnight courier or two (2) days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the parties at the addresses set forth below or at such other addresses as any parties may specify by notice to all other parties and given as provided herein:

To Grantee: RAINIER BIOGAS LLC
1934 South Wall Street
Mount Vernon, WA 98273

RAINIER BIOGAS LLC
DATED:

With a copy to:

To County: King County Real Estate Services
c/o Real Estate Services Manager
Room 830 K.C. Admin. Bldg. (ADM-ES-0830)
500 4th Avenue
Seattle, WA 98104

With a copy to:

In case of an emergency notices may be given by any means of reliable communication to the persons identified above, or their designee, followed by notice in the manner provided above, as soon as possible.

40. SEVERANCE

This Franchise gives effect to purposes and uses which are consistent with economical and efficient services rendered in the public interest. If any provision of this Franchise or its application is determined to be invalid by a court of law, then the remaining provisions of this Franchise shall continue and remain valid unless the dominant purpose of the Franchise would be prevented or the public interest is no longer served. If the dominant purpose would be prevented or the public interest is no longer being served, then the parties shall seek to renegotiate the Franchise in good faith, or either party may invoke the dispute resolution provisions of Section 38.

41. MISCELLANEOUS

Nothing contained in this Franchise shall be construed to create an association, trust, partnership, agency relationship, or joint venture or to impose a trust, partnership, or agency duty, obligation or liability on or with regard to any party. Each party shall be individually and severally liable for its own duties, obligations, and liabilities under this Franchise.

The parties each represent and warrant that they have full authority to enter into and to perform this Franchise, that they are not in Default or violation of any permit, license, or similar requirement necessary to carry out the terms hereof, and that no further approval, permit, license, certification, or action by a governmental authority is required to execute and perform this Franchise, except such as may be routinely required and obtained in the ordinary course of business.

RAINIER BIOGAS LLC
DATED:

This Franchise Agreement and the attachments hereto represent the entire understanding and agreement between the parties with respect to the subject matter and it supersedes any oral negotiations between the parties.

Dated this 13th day of December, 2013

KING COUNTY, WASHINGTON

BY _____

TITLE Deputy County Executive

RAINIER BIOGAS LLC
DATED:

Acceptance of Franchise

The undersigned, Kevin Maas, certify that I am the Manager of the Franchisee and am duly certified to accept this Franchise on behalf of the Franchisee. I accept all the rights, privileges, and duties of this Franchise subject to all terms, conditions, stipulations, and obligations contained herein, and within Ordinance 17703 unconditionally and without reservation.

FRANCHISEE
GRANTEE

BY _____

TITLE Manager

On behalf of the Board of Directors of the Franchisee

Dated this 10th **day of** January, **2014.**

STATE OF WA
CITY OF Mt. Vernon | ss.

I certify that I know or have satisfactory evidence that Kevin Maas is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of **Franchisee**, a Limited Liability Co, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated this 10 day of January, 2014

MARY M. FINE
COMMISSION EXPIRES
NOTARY
PUBLIC
8-9-2015
STATE OF WASHINGTON

(Signature of Notary)
Mary Fine
Print Name
Notary public in and for the state of WA, residing at 901 S. Cleveland Mt. Vernon WA
My appointment expires 8-9-15

RAINIER BIOGAS LLC
DATED:

Exhibit A
Legal Description

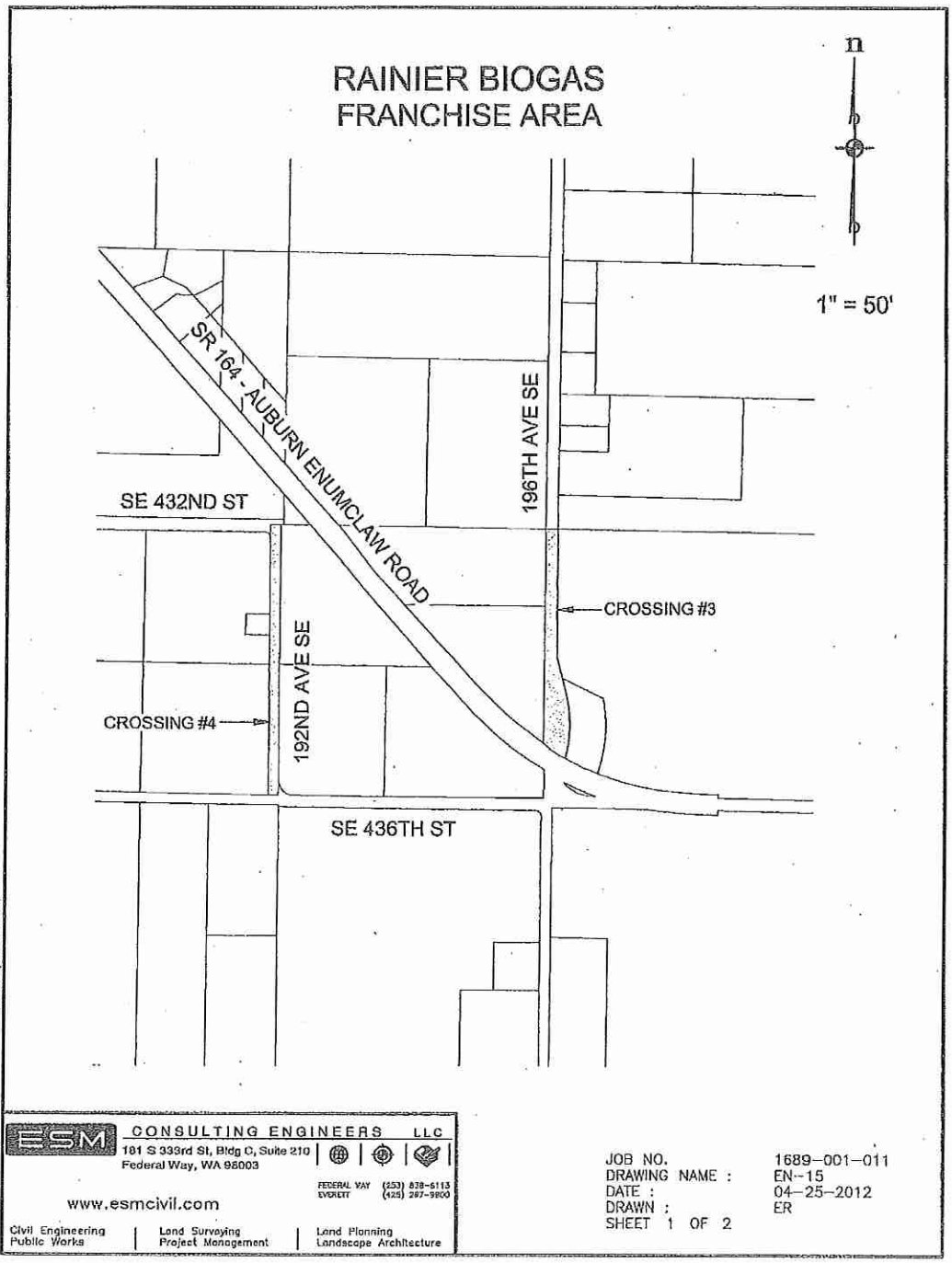
That portion of right of way for 192nd Avenue SE lying northerly of the northerly margin of SE 436th Street, situated in the northeast quarter of Section 19, Township 20 North, Range 6 East, W.M., King County, Washington;

TOGETHER WITH that portion of right of way for 196th Avenue SE lying northerly of the northerly margin of SR 164 (also known as Auburn Enumclaw Road) situated in the northwest quarter of Section 20, Township 20 North, Range 6 East, W.M., King County, Washington;

ALSO TOGETHER WITH that portion of right of way for 208th Avenue SE lying northerly of the northerly margin of SR 164 (also known as Auburn Enumclaw Road) situated in the northeast quarter of Section 20, Township 20 North, Range 6 East, W.M., King County, Washington;

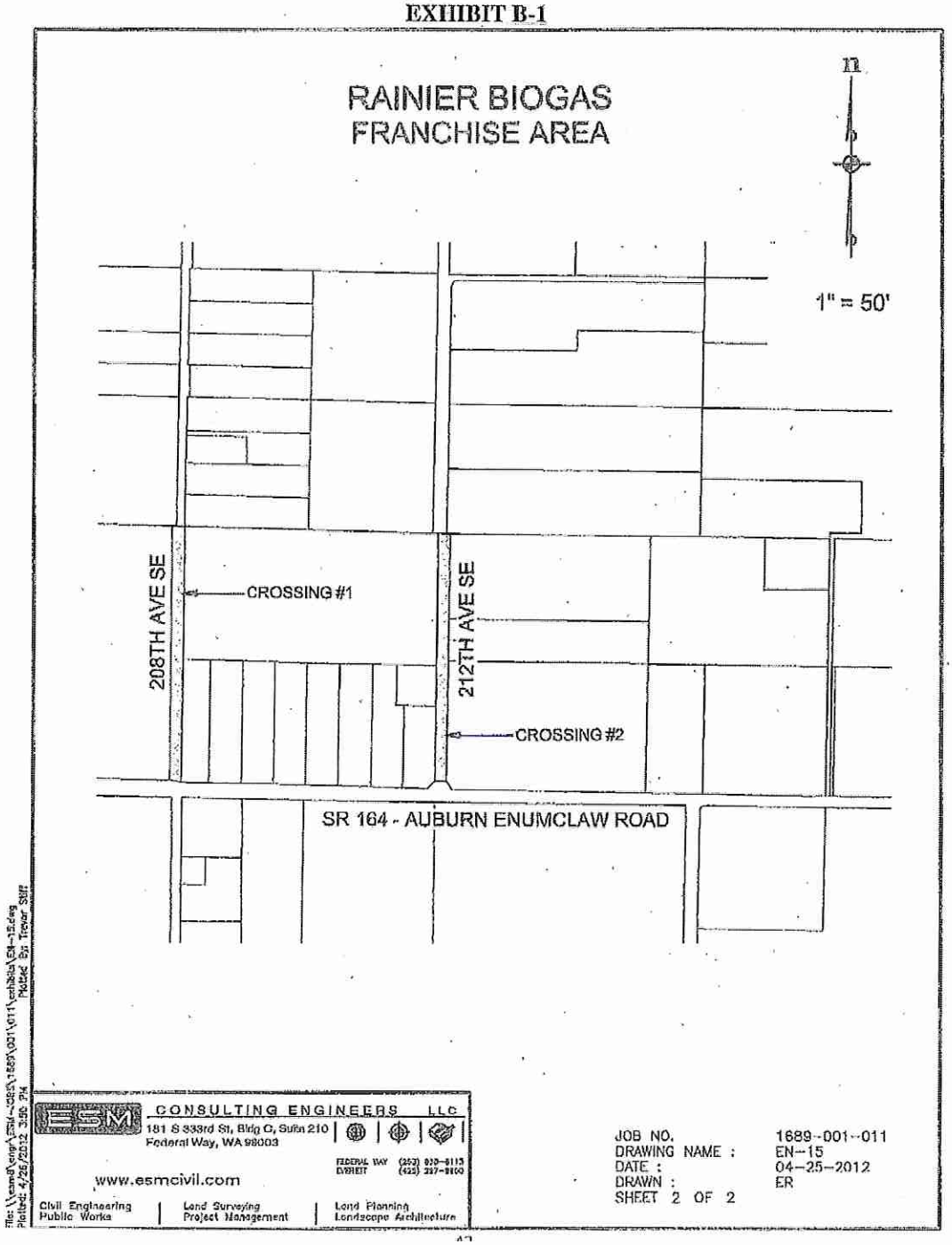
ALSO TOGETHER WITH that portion of right of way for 212th Avenue SE lying northerly of the northerly margin of SR 164 (also known as Auburn Enumclaw Road) situated in the northeast quarter of Section 20 and in the northwest quarter.

EXHIBIT B



RAINIER BIOGAS LLC
DATED:

EXHIBIT B-1



Sewer Franchise

RAINIER BIOGAS LLC
DATED:

ATTACHMENT A to ORDINANCE

RAINIER BIOGAS LLC
SEWER FRANCHISE AGREEMENT

RAINIER BIOGAS LLC
DATED: