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THIS AGREEMENT, entered into this 24th day of June, A.D. 1987, between RAMSEY RIDGE JOINT VENTURE, hereinafter called "Owner."

AND

ARTESIAN WATER COMPANY, INC., hereinafter called "Artesian."

WHEREAS, Owner is developing a certain tract of land situate in Mill Creek Hundred, New Castle County, Delaware, known as RAMSEY RIDGE, PHASE 2, hereinafter called "the Development," a copy of the plot plans of which are attached hereto, made a part hereof and marked "Exhibits A, B, C and D"; and

WHEREAS, Owner is desirous of securing public water service for the Development.

WHEREAS, the Internal Revenue Service has revised Section 118 of the Internal Revenue Code so as to require that after 1986 all contributions received in aid of construction by a regulated public utility be taken as income; and

WHEREAS, Artesian, in order to earn its permitted rate of return and satisfy its federal and State tax obligations, has determined that it must hereafter collect additional costs for new water installation construction.

NOW, THEREFORE, in consideration of the mutual covenants contained herein it is agreed as follows:

1. Artesian will, under the terms and conditions hereinafter set forth, furnish water service to the twenty-seven (27) dwellings which are planned for erection at said tract of land on Lots 27-48 and 85-89, inclusive, pursuant to its rates, rules and regulations on file with the Public Service Commission of the State of Delaware.

2. Owner grants and conveys to Artesian, its successors and assigns, in perpetuity, the exclusive right to construct, operate and maintain wells, pumps, lines, conduits, mains and appurtenances for the supply and distribution of water over, under and along the surface of all roadways, utility reservations or easements and planting strips as shown on Exhibits A, B, C and D, and

all other roadways, utility reservations or easements and planting strips which may be laid out in the future at the Development.

3. Owner grants and conveys to Artesian, its successors and assigns, in perpetuity, all of Owner's rights, titles and interests, legal and equitable, in subterranean waters at the Development, including but not limited to the ownership, appropriation, use, diversion, and extraction of said subterranean waters. This paragraph shall not be construed to give Artesian the right to drill for water on Owner's property unless there is a separate contract specifically stating that Artesian shall have the right to drill on Owner's property.

4. Artesian shall install, at the expense of Owner, the water mains and fire hydrants, shown on Exhibits A, B, C and D, necessary to serve the Development. Said mains and hydrants shall always remain the property of Artesian, its successors and assigns, who shall be responsible for maintenance and repair.

5. Owner shall initially pay Artesian the estimated cost of the mains and hydrants to be installed hereunder, which estimated cost shall include applicable federal and State taxes calculated at the statutory rate in effect. Such amount shall be adjusted to final actual cost upon completion of installation, and said final actual cost, excluding federal and State taxes, shall be refundable, all as more specifically and completely described hereinafter:

(a) The estimated cost of said water facilities shall be SEVENTY-NINE THOUSAND DOLLARS (\$79,000.00), payable upon the signing of this agreement. The estimated cost herein specified includes the estimated vendor invoice amount for the required material and the estimated contract cost for installation. The estimated cost also includes an allowance, equal to fifteen percent (15%) of the total of the estimated vendor invoice amount for the required material and the estimated contract cost for installation, to cover Artesian's costs of planning, engineering, designing, and obtaining permits; purchasing, ordering and expediting; freight; inspection and handling of material; storage and inventory carrying costs; contractual negotiations including related legal charges; bidding; coordination with the contractor and inspection of the contractor's work; sterilization of mains and interconnection with the Artesian system; administrative overhead; applicable federal and State taxes; and such other costs as may be incurred by Artesian.

(b) Upon completion of installation, the final actual cost of said water facilities will be computed. The final actual cost

will be the total of (1) the actual vendor invoice amount of the material used, (2) the actual contract cost of installation, (3) an allowance to cover Artesian's own costs of said water facilities equal to fifteen percent (15%) of the total of the actual vendor invoice amount of the material used and the actual contract cost of the installation, and (4) the applicable federal and State taxes. In the event that the final actual cost of said water facilities exceeds the estimated cost thereof, such additional cost shall be payable by Owner within thirty (30) days of billing by Artesian. In the event that the final actual cost is less than the estimated cost, a refund of such overcharge shall be made by Artesian to Owner within thirty (30) days of the determination of such final actual cost.

(c) The final actual cost of said water facilities, excluding federal and State taxes calculated at the statutory rate in effect, shall be applied by Artesian as a refundable deposit. This sum, and no more, shall be refundable to Owner at the rate of fifteen percent (15%) of the net billings rendered on or before June 30, 1997, for water service and public fire protection service furnished to the Development. All refunds payable to Owner hereunder shall be computed annually as of December 31 in each year and payments shall be made by Artesian to Owner on or before the first day of March each year thereafter; provided, however, that Owner is not then indebted to Artesian, but if indebted, Artesian shall be entitled to apply any such refund against the amount owed. Any federal and State tax credits applicable to aforesaid refunds shall be payable to Owner after receipt of said credits by Artesian. The refunds shall be assignable only with the consent of Artesian and then only in the event that Owner is not then indebted to Artesian in any amount whatsoever for the installation or repair of its water facilities at the Development.

6. Owner shall deposit with Artesian the sum of FOUR THOUSAND EIGHT HUNDRED SIXTY DOLLARS (\$4,860.00) upon the signing of this agreement. Such amount, which has been calculated at the rate of ONE HUNDRED EIGHTY DOLLARS (\$180.00) per building lot, is designed to protect Artesian against the financial risk that the dwellings planned for erection at the Development will not be completed and sold in a timely manner. This deposit provides Artesian with an amount approximately equal to the funds which it will expend for installation of the stub services (the service line from the water main to the curb stop). Said deposit shall be refundable to Owner at the rate of ONE HUNDRED EIGHTY DOLLARS (\$180.00) per building lot as Artesian commences to provide water service to dwellings constructed at the Development. Such refunds shall be payable within thirty (30) days after Artesian collects its initial billing for water service and receives the related occupancy notice as provided in paragraph 14 hereof. Said stub services shall always remain the property of Artesian, its successors and assigns, who shall be responsible for maintenance and repair.

7. The water mains, fire hydrants and stub services at the Development shall not be installed until the streets in which they are to be situated have been rough graded to their full width to the property lines within six inches of the finished grade of the streets. The streets shall not be paved or curbed nor sidewalks laid until said facilities have been installed therein. The mains and services shall be located forty-two (42) inches, measured to the top of the pipe, below the finished grade of the ground, and Owner agrees to furnish Artesian, upon request, with a certification from a properly qualified engineer that the grade stakes are properly set, and Artesian shall have the right to rely upon such certification. In the event that the certification of grades is incorrect or a substantial change is made in the grades after said facilities have been installed, which would, in the opinion of Artesian, necessitate a change of location of any such facilities installed, Owner shall upon demand pay to Artesian its costs for the relocation of said facilities.

8. No underground utilities, such as sanitary sewers, storm sewers, gas lines, oil lines, telephone, electric or television conduits shall be installed at the Development prior to the installation of Artesian's water facilities unless such utilities are (a) sufficiently below the proposed depth of Artesian's facilities so that they will not interfere with such facilities or (b) situated at least five (5) feet distant at all points from the proposed location of Artesian's facilities. In the event that subsequent installation of any of the utilities mentioned in this paragraph requires relocation of Artesian's facilities, the cost for such relocation shall be paid by Owner. Owner shall be liable to Artesian for any costs incurred by Artesian for damage inflicted upon Artesian's facilities through the settling of fill material in trenches housing any other underground utilities.

9. No water main or service pipe shall be laid in the same trench with sewer pipes or drains or any other facility of another public service company, nor shall any water main or service pipe be laid within three feet of any open excavation or vault. Any violation of these provisions shall entitle Artesian to refuse to furnish water until such violation has been corrected to the satisfaction of Artesian.

10. If, during the course of construction, the water facilities of Artesian are damaged or broken in any way by the act(s) of Owner, its servants, agents, employees or contractors, then Owner shall be liable for any damage so caused and agrees to pay for the same promptly upon presentation by Artesian of its bill(s) for charges in repairing such damaged or broken facilities.

11. No water well shall be constructed in the Development at any time without the express consent of Artesian. In the event Artesian consents to a water well, Owner agrees it shall be temporary in nature and shall not be used after water provided by Artesian becomes available to the Development by construction of the water facilities provided hereunder. Owner shall submit to Artesian, for Artesian's approval, a copy of the proposed permit application for the temporary well prior to its submission to the Department of Natural Resources and Environmental Control.

12. All water to be supplied to structures shall be metered and remote meter-reading devices shall be installed with respect to each meter located within the interior of the structures to permit the determination of water consumption from the exterior, and Owner shall provide unfinished (roughed-in) wall areas for Artesian to install the wire between the meter and the remote meter-reading device. Owner shall provide, at its expense, interior settings for water meters which shall be placed in suitable locations as determined upon inspection of the unfinished structure by Artesian. It shall be Owner's responsibility to contact Artesian's Meter Department to arrange a site inspection at the appropriate phase of building construction. Pipe grounding clamps shall be placed each side of the meter, to which clamps, a jumper wire of a size not less than Number Four copper wire shall be connected in order to provide electrical grounding around the meter. If the structure's interior piping is nonmetallic, a grounding device will not be required. When nonmetallic pipe is installed, Owner shall be required to install metallic pipe at the meter for a minimum length of 18 inches upstream and 18 inches downstream of the meter; and said metallic pipe shall be secured to the structure so as to prevent movement of the pipe and meter, all of which shall be subject to inspection and approval of Artesian. Interior settings shall be thirty-six (36) inches above the floor in approved, unobstructed areas accessible to Artesian for installing, removing, and reading the meter. In the event that the type of construction of the structures requires that water meters be located on the exterior, Owner and/or the owners of said structures shall furnish and install, at their expense, subject to the supervision, specifications, rules and regulations of Artesian, meter pits and related piping and settings, which meter pits and appurtenances shall always remain the property of Owner and/or owners of said structures. Artesian shall furnish and install, at its expense, meters and remote meter-reading devices, which shall always remain the property of Artesian.

13. Each of the twenty-seven (27) dwellings to be furnished with water service hereunder shall be supplied by a three-quarter (3/4) inch service line and a five-eighth (5/8) inch meter.

14. Owner agrees to provide Artesian in writing, on the form provided by Artesian, with at least ten (10) days' notice of the scheduled date of occupancy and/or other use of the structure, whichever is earliest. Failure to so notify Artesian will cause Owner to be liable to Artesian for the cost of the nonmetered water used, and such amount of nonmetered water shall be determined by Artesian.

15. This agreement is conditional upon and subject to all necessary governmental approvals and permits from the State Department of Natural Resources and Environmental Control, Division of Public Health, State Fire Marshal, and any other applicable governmental agencies, whether Federal, State, County or Municipal. Owner and Artesian, respectively, each agree that all such applications for necessary governmental approvals and permits shall be promptly filed and diligently prosecuted by them, respectively, as the case may be, and each agrees to cooperate fully with each other and to execute such documents as may be necessary or appropriate. Owner and Artesian stipulate and agree that each of them shall be bound by present and future rules and regulations of the aforementioned agencies. Should new rules and regulations be adopted or standards, requirements, permits or orders be issued by the aforementioned agencies and/or by any other governmental agency, by reason of which it becomes necessary to make changes or additions to the contemplated or constructed water system installation or in any of the provisions of this agreement relating to the same, then and in such case, this agreement shall be deemed to be amended or supplemented to require compliance therewith and any increased costs necessary to comply with the same shall thereupon also be promptly paid by Owner, and Owner shall also observe any additional rules, regulations, standards or requirements, imposed on the use or conduct of such water system.

16. Artesian is authorized to provide water service to the area in which this Development is located, and there is no other public utility supplying water service to this area.

17. This agreement shall be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, THE SAID RANSEY RIDGE JOINT VENTURE, has caused its name by DUNCAN PATTERSON and WILLIAM DALUSIO to be hereunto set, and the said ARTESIAN WATER COMPANY, INC., has

caused its name by PETER N. JOHNSON, its Vice President, to be hereunto set the day and year first above written.

SEALED AND DELIVERED
in the Presence Of:

RAMSEY RIDGE JOINT VENTURE
By Patterson-Schwartz and
Associates, Inc.
(General Partner)

By [Signature]
Duncan Patterson, Vice Pres.

By W.D.D., INC.
(General Partner)

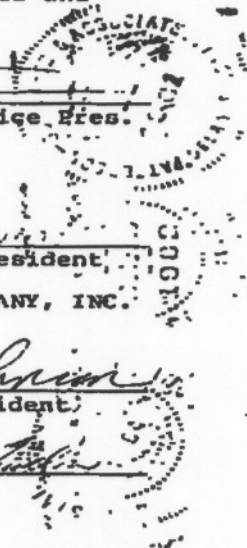
By [Signature]
William Dalusio, President,

ARTESIAN WATER COMPANY, INC.

[Signature]

By [Signature]
Vice President,

Attest [Signature]
Secretary

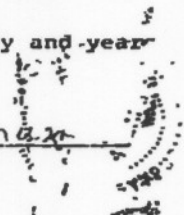


STATE OF DELAWARE)
) ss.
NEW CASTLE COUNTY)

BE IT REMEMBERED that on this 9th day of June, A.D. 1987, personally came before me, the Subscriber, a Notary Public of the State of Delaware, DUNCAN PATTERSON and WILLIAM DALUSIO, parties to this agreement, known to me as such, and acknowledged this agreement to be their act and deed.

GIVEN under my Hand and Seal of Office the day and year aforesaid.

Duncan C. Patterson
Notary Public



STATE OF DELAWARE)
) ss.
NEW CASTLE COUNTY)

BE IT REMEMBERED that on this 17th day of June, A.D. 1987, personally came before me, the Subscriber, a Notary Public of the State of Delaware, PETER N. JOHNSON, Vice President of ARTESIAN WATER COMPANY, INC., a corporation existing under the laws of the State of Delaware, party to this agreement, known to me as such, and acknowledged this agreement to be his act and deed and the act and deed of said corporation; that the signature of the Vice President thereto, is in his own proper handwriting and that his act of sealing, executing, acknowledging and delivering said agreement was duly authorized by a resolution of the Board of Directors of said corporation.

GIVEN under my Hand and Seal of Office the day and year aforesaid.

Peter N. Johnson
Notary Public



see plat given to side.

RECORDED