

**WEST SOUND UTILITY DISTRICT
RESOLUTION 391-12**

**A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS
APPROVAL OF DEMONSTRATION PROJECT CONTRACT
WITH HYDROVOLTS, INC.**

WHEREAS, the District operates a wastewater treatment facility (“Facility”) and it is a priority of the District to manage the facility in a cost effective manner by using innovative, energy-efficient equipment, tools and applications; and


WHEREAS, HV is a company that uses hydropower technology to design and develop micro-hydropower turbine that can be installed in wastewater treatment plants for the purposes of generating power: **NOW THEREFORE**,

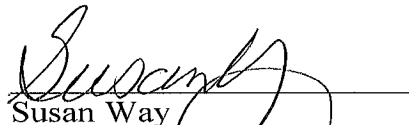
**THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:**


Section 1. The General Manager is hereby authorized to execute the Demonstration Project Contract (Attachment “A”) with Hydrovolts, Inc.

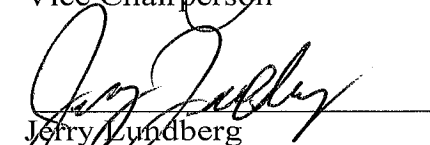
**APPROVED and ADOPTED by the Board of Commissioners of West Sound
Utility District** at a regular scheduled meeting on August 20, 2012.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington


Jeannie Screws
Chairperson


Susan Way
Vice Chairperson


James J. Hart
Secretary


Jerry Lundberg
Commissioner

MICRO-HYDROPOWER DEMONSTRATION PROJECT AGREEMENT
BY AND BETWEEN WEST SOUND UTILITY DISTRICT
AND HYDROVOLTS, INC.

THIS AGREEMENT is entered into this ___ day of August, 2012, by and between **WEST SOUND UTILITY DISTRICT**, a Washington State municipal corporation (hereinafter referred to as "District"), and **HYDROVOLTS, INC.** (hereinafter referred to as "HV").

WHEREAS, the District operates a wastewater treatment facility ("Facility") and it is a priority of the District to manage the facility in a cost effective manner by using innovative, energy-efficient equipment, tools and applications; and

WHEREAS, HV is a company that uses hydropower technology to design and develop micro-hydropower turbines that can be installed in wastewater treatment plants for the purpose of generating power: **NOW, THEREFORE**

IN CONSIDERATION OF THE TERMS AND CONDITIONS CONTAINED IN THIS AGREEMENT, the parties agree as follows:

1. **Demonstration Project.** HV shall manufacture, transport and install a test micro-hydropower turbine ("test unit") in the effluent flow of the District's wastewater treatment plant as a test pilot project which is scheduled to be in demonstration for a period of six (6) to twelve (12) months. The equipment shall be installed and used by HV under the following conditions:
 - a. Prior to the District granting permission to install the test unit, HV shall provide the District with the test unit's design and installation plan for approval by the District;
 - b. Upon approval of the plans by the District, the District shall make reasonable accommodation for HV to install the test unit;
 - c. HV may have reasonable access to the Facility to make modifications to the installed turbine during the Facility's regular hours of operation;
 - d. The test unit shall be constructed/installed so that it may be removed by the District in emergencies, as determined by the District, without HV being onsite;
 - e. The test unit shall be constructed/installed so it need not be removed, even if it fails or there is an unexpected influx of water. HV shall design the test unit so it does not back up the Facility's system;
 - f. HV shall be fully responsible for all maintenance of the test unit in a timely and professional manner;
 - g. District employees will monitor the test unit as they shall reasonably determine during their customary plant operations;
 - h. HV will share all its data, reports and information regarding the test unit with the District as requested by the District from time to time;
 - i. HV shall be permitted to show the test unit to third parties upon providing the District with sufficient advance notice as determined by the District and during those times that will not interfere with the District's daily activities;

- j. The initial power generated by the test unit will not be grid tied or otherwise tied into Facility's system but used to power a fan or other piece of equipment as agreed upon by the District and HV. If the District and HV both agree to Grid Tie or net meter the power from the test unit, a written amendment to this agreement will be required;
- k. HV will be permitted to work with District IT staff to use District technology resources to retrieve and share data generated from the test unit installed at the Facility;
- l. HV may invite the media or write an article concerning the test unit's installation and/or operation which shall be reviewed and approved by the District prior to publication;
- m. The District may assist HV, at the District's discretion, in applying for a grant from Puget Sound Energy regarding the test unit; and
- n. The District and HV will discuss keeping the test unit installed long term upon conclusion of the test period if the District determines the test unit is beneficial to its operations.

2. **Compensation.** HV shall not compensate the District for use of its Facility during the term of the operation and demonstration of the test unit; however, to the extent there is work performed by the District's staff to assist HV with the installation and maintenance of the test unit as requested by HV, HV shall compensate the District at a billing rate of \$65 per hour.

3. **HV Work Standards.** HV shall perform its installation and maintenance of test unit in the Facility in a safe, professional and conscientious fashion and in accordance to the standards and operating practices of the Facility.

4. **HV Representative.** The person in charge of HV's work hereunder shall be Michael Layton, HV Chief Operating Officer. Mr. Layton shall make himself available to the District's General Manager or Plant Manager at all reasonable times for consultation. HV's representative shall provide his work and cell phone numbers to the District.

5. **Inspections.** Prior to commencing installation of the test unit, HV shall meet with the District's General Manager and District representatives, and these parties shall set forth a schedule and process for HV's installation and maintenance of the test unit and the District's inspection and monitoring support.

6. **Project Deadlines.** HV shall commence installation of the test unit at the District's Facility on or before September 30, 2012, and such testing shall be completed and the turbine removed from the Facility no later than August 30, 2013.

7. **Termination.** This contract may be terminated by either party upon thirty (30) days advance written notice to the other party. The District shall have the right to immediately terminate this Contract if HV violates any of the substantive terms of this Contract.

8. **Legal Action.** Should either the District or HV commence legal action relating to the provisions of this Contract against the other, the party who substantially prevails shall be awarded judgment for all costs and legal fees incurred in the legal action from the party who substantially loses. Venue for any such action shall be in Kitsap County, Washington.

9. **Indemnification.** HV shall defend, indemnify and save the District and its officers, employees and representatives harmless from any and all claims, risks, losses, damages, demands, suits, judgments and attorneys' fees, or other expenses of every kind, on account of injury to or the death of any person(s), or on account of all property damage of every kind, or loss of use resulting therefrom, to any person or entity arising out of or in any manner connected with the work performed under this Contract by HV.

10. **Insurance.** HV shall obtain and keep in force during the term of this Contract, bodily injury, property damage, and vehicle insurance, all as approved by the District, which insurance shall provide coverage to HV and District for any harm caused by HV while performing its work hereunder.

11. **Cooperation of Parties.** The parties shall strive at all times to cooperate with one another in good faith so the terms and intent of this Contract may be carried out in a good and timely manner.

12. **Complete Agreement.** This Agreement constitutes the full and complete agreement of the parties concerning the matters set forth herein. There are no other agreements, either in written or verbal form concerning the matters covered herein, that shall be provided with any legal effect. Any changes or amendments hereto shall be set forth in writing and signed by each party.

IN WITNESS WHEREOF, we have each set our hands hereto to evidence our respective consents hereto as of the date appearing by our signatures.

WEST SOUND UTILITY DISTRICT

HYDROVOLTS, INC.

by: _____
General Manager

by: _____
Print Name: _____
Its duly authorized representative for entry
into this Contract.

Date: _____

Date: _____

Address: _____

E-mail: _____

Phone: _____