

MEMBERSHIP INTEREST PURCHASE AND SALE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AND SALE AGREEMENT (the "**Agreement**") is made and entered into this 13th day of January, 2020, by and between KELLY WYNN ("**Buyer**"); CAROL ROFKAR ("**Seller**"); and NORTHWEST WATER SERVICES, LLC, a Washington limited liability company ("**Company**").

RECITALS

A. The current ownership of NORTHWEST WATER SERVICES, LLC, a Washington limited liability company is as follows:

Carol Rofkar	50%
Kelly Wynn	50%

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. RECITALS. The Recitals above are hereby incorporated into this Agreement by this reference.
2. PURCHASE OF MEMBERSHIP INTEREST. Buyer agree to buy, and Seller agrees to sell all of her fifty percent (50%) of membership interest in the Company (the "**Membership Interest**"). The Membership Interest shall be transferred by execution and delivery of the Assignment of Membership Interest attached as Exhibit "A".
3. PURCHASE PRICE. The purchase price for the Membership Interest shall be [REDACTED] (the "**Purchase Price**").
4. PURCHASE TERMS. The total Purchase Price shall be paid as follows:
 - a. Refundable earnest money in the amount of [REDACTED] to be paid directly to Seller, in cash, on the first day of February, 2020.
 - b. The balance of the purchase price shall be paid in the form of a promissory note in the form and pursuant to the terms set forth in Exhibit "B".
 - c. The promissory note shall be secured by a Security Agreement in the form and pursuant to the terms set forth in Exhibit "C".
5. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants to Seller as follows:
 - a. Buyer has full right, authority, power and capacity to execute and deliver this Agreement and the other documents contemplated hereby and to carry out the transactions contemplated hereby and thereby and this Agreement and each other document contemplated hereby constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of Buyer, enforceable in accordance with its respective terms;

b. Neither the execution, delivery nor performance of this Agreement by Buyer will conflict with, or result in a breach or violation of or default under, any agreement or instrument to which it is a party or by which it is bound or any judgment, order, statute, law, rule or regulation applicable to it;

c. Buyer is a member of the LLC is familiar with the LLC's business, and has had the opportunity to review the LLC's financial statements;

d. Except for Seller's express representations and warranties made herein, Buyer is acquiring Seller's membership interest in the LLC "as is", and Seller made no representations or warranties regarding the transfer of the Membership Interest in the LLC;

e. Buyer has been advised that the transferred Membership Interest has not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, and that the Membership Interest in the LLC being acquired by Buyer is being offered and sold pursuant to exemptions from such laws and that the reliance upon such exemption is predicated in part on Buyer's representations as contained herein; and

f. Buyer represents, warrants and agrees that the Membership Interest in the LLC being acquired by Buyer is solely for Buyer's account, for investment purposes only, and not with a view to distribution or sale.

6. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller represents and warrants to Buyer as follows:

a. Seller has full right, authority, power and capacity to execute and deliver this Agreement and the other documents contemplated hereby and to carry out the transactions contemplated hereby and thereby and this Agreement and each other document contemplated hereby constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of Seller, enforceable in accordance with its respective terms;

b. Neither the execution, delivery nor performance of this Agreement by Seller will conflict with, or result in a breach or violation of or default under, any agreement or instrument to which it is a party or by which it is bound or any judgment, order, statute, law, rule or regulation applicable to it;

c. Seller has not assigned, encumbered or in any manner transferred all or any portion of the Membership Interest;

7. INDEMNIFICATION OF BUYER. Buyer shall indemnify and hold Seller and the LLC harmless from any and all claims, demands, losses, costs, expenses, obligations, liabilities, actions, suits, damages, diminution in value, and deficiencies (including, without limitation, interest, penalties, and reasonable counsel's fees) that may be suffered by or asserted against Seller and the LLC as a result of (a) any breach of any of the representations, warranties, covenants, or other agreements of Buyer contained in this Agreement or (b) nonperformance of any obligation to be performed on the part of Seller under this Agreement.

8. INDEMNIFICATION OF SELLER. Seller shall indemnify and hold Buyer and the LLC harmless from any and all claims, demands, losses, costs, expenses, obligations, liabilities, actions, suits, damages, diminution in value, and deficiencies (including, without limitation, interest, penalties, and

reasonable counsel's fees) that may be suffered by or asserted against Buyer and the LLC as a result of (a) any breach of any of the representations, warranties, covenants, or other agreements of Seller contained in this Agreement or (b) nonperformance of any obligation to be performed on the part of Seller under this Agreement.

9. CLOSING. The purchase and sale provided for in this Agreement shall be consummated effective the 15th day of February, 2020, at the offices of Belcher Swanson Law Firm, P.L.L.C., (the "Closing Agent"), 900 Dupont Street, Bellingham, Washington, or such other closing agent upon whom the parties may mutually agree. Buyer and Seller agree to deposit with the Closing Agent all instruments and monies required to complete the purchase in accordance with this Agreement.

10. CLOSING COSTS AND PRORATIONS. The Company shall be responsible for all closing costs associated with this transaction including, but not limited to, the closing fee, the costs of recording, attorney's fees for drafting this Agreement and change in controlling interest real estate excise tax.

11. CONDITIONS OF CLOSING. The LLC has given a promissory note in the amount of \$46,000 dated the 1st day of January, 2018, to Silver Lake Water Company, Inc. (the "Silver Lake Note"). The Silver Lake Note is secured by a Personal Guaranty of Buyer and Seller. As a condition of closing, Buyer and Seller agree that Seller will be released from her obligations under the Personal Guaranty, in the form and pursuant to the terms set forth in the attached Exhibit "D". The transactions contemplated in this Agreement are conditioned upon approval by the Utilities and Transportation Commission.

12. POSSESSION. Buyer shall be entitled to possession of the property on the date of closing.

13. REMEDIES. In the event of default by Seller, the earnest money shall be refunded, and Buyer may seek any remedies authorized by law, including specific performance, damages, or rescission. In the event of default by Buyer, Seller may elect to forfeit the earnest money and apply such monies to his damages. Forfeiting the earnest money shall not be deemed to be an election by the Seller, and the Seller may seek such other remedies as may be available.

14. LEGAL REPRESENTATION. The parties acknowledge they have been advised that Belcher Swanson Law Firm, P.L.L.C. represents all of the parties in this transaction, pursuant to that certain Joint Representation and Waiver of Conflict Letter dated January 10, 2020, in addition to providing the escrow services described in this Agreement.

15. SURVIVAL. Each representation, warranty or covenant or agreement in this Agreement shall be deemed to have been relied upon and shall survive closing of the transactions contemplated in this Agreement.

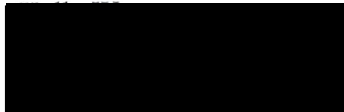
16. AMENDMENT. This Agreement may not be amended, modified or supplemented or any of the provisions waived unless in writing and signed by the Party against whom the same is sought to be enforced.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, written or oral, between the Parties with respect to such subject matter. All prior and contemporaneous discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement.

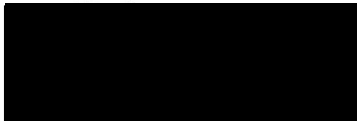
18. ASSIGNMENT. No assignment of this Agreement or any rights or obligations hereunder shall be made by any Party hereto. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the permitted assigns, heirs, executors, successors, administrators and other legal representative of the Parties hereto. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any person or entity, other than the Parties hereto, any rights or remedies (legal or equitable) under or by reason of this Agreement.

19. NOTICES. All notices and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given if delivered) in person or by U.S. first class mail, postage prepaid, facsimile transmission or email to the parties as follows:

If to Buyer:



If to Seller:




20. GOVERNING LAW AND JURISDICTION. In the event any action, suit or other proceeding is brought to interpret, enforce, or obtain relief from a breach of this Agreement, or which otherwise arises from or is connected with the subject matter of this Agreement, this Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The parties expressly consent to exclusive personal jurisdiction of any such action in either the federal or state courts of Washington and agree that, in the event of such action, they will not challenge venue in Washington.


21. ATTORNEY'S FEES. In the event any action, suit or other proceeding is brought to interpret, enforce, or obtain relief from a breach of this Agreement, or which otherwise arises from or is connected with the subject matter of this Agreement, the prevailing party shall recover all of such party's attorneys' fees incurred in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the Parties hereto has executed this Agreement as of the day and year first above written.

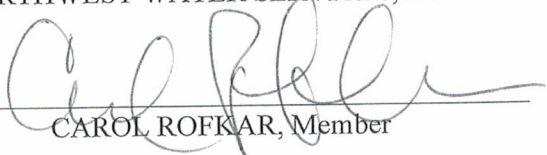


KELLY WYNN

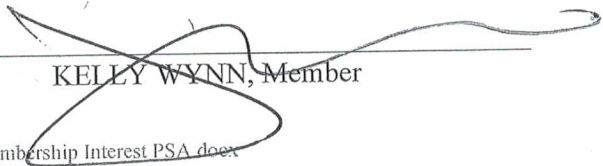


CAROL ROFKAR

NORTHWEST WATER SERVICES, LLC

By 

CAROL ROFKAR, Member

By 

KELLY WYNN, Member

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EXHIBIT "A"

ASSIGNMENT OF MEMBERSHIP INTEREST

ASSIGNMENT OF MEMBERSHIP INTEREST IN
NORTHWEST WATER SERVICES, LLC

CAROL ROFKAR hereby assigns to KELLY WYNN a fifty percent (50%) membership interest in NORTHWEST WATER SERVICES, LLC, a Washington limited liability company.

DATED effective this 1st day of February, 2020.

EXHIBIT PAGE – DO NOT SIGN HERE

CAROL ROFKAR

STATE OF WASHINGTON)
 : ss.
COUNTY OF WHATCOM)

On this _____ day of January, 2020, before me personally appeared CAROL ROFKAR, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged to me that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN UNDER my hand and official seal the day and year first above written.

EXHIBIT PAGE – DO NOT SIGN HERE

PRINTED NAME: _____

Notary Public in and for the State of Washington,
residing at Bellingham.

My commission expires: _____

EXHIBIT "B"
PROMISSORY NOTE

PROMISSORY NOTE

Bellingham, Washington
Effective February 15, 2020

FOR VALUE RECEIVED, KELLY WYNN ("Maker"), promises to pay to the order of CAROL ROFKAR ("Holder"), 202 Hawthorn Road, Bellingham, WA 98225, or at such other place as the Holder hereof from time to time may designate in writing, the principal sum of [REDACTED] in lawful money of the United States of America, on the following agreements, terms and conditions:

1. Term. The unpaid principal balance of this Promissory Note ("Note") and unpaid accrued interest thereon and other sums payable by Maker in connection with this Note shall be due and payable in full on or before eighteen (18) months from the date of this Note (the "Maturity Date").

2. Interest. From the date of execution of this Note, the principal balance of this Note shall bear interest on the diminishing principal balance at the rate of three percent (3%) per annum.

3. Payments. This note shall be paid as follows:

[REDACTED]

4. Prepayment. This Note may be prepaid in whole or in part, at any time, without payment of a prepayment fee or penalty.

5. Default; Remedies. In the event of default under this Note, Holder, at its option, without notice to Maker, may declare the entire principal balance of this Note and all unpaid accrued interest thereon and other charges payable by Maker pursuant to this Note or any other Loan Document immediately due and payable in full, and the Holder may exercise any and all other rights or remedies available at law or in equity. Any additional interest due because of a default shall accrue from the date of default and shall be paid as a condition to the curing of the default.

6. Cumulative Remedies. The rights and remedies of any Holder under this Note or at law or in equity, shall be cumulative and concurrent, may be pursued individually, successively or together against Maker, any guarantor of this Note, or any security for this Note. A failure by any Holder to exercise its option to accelerate this Note upon the occurrence of a default or to exercise any other rights to which it may be entitled shall not constitute a waiver of the right to exercise such option or any such rights in the event of any subsequent default, whether of the same or a different nature.

7. Waivers. Maker and all endorsers, guarantors and all other persons or entities who may become liable for all or any part of the obligations evidenced by this Note, jointly and severally: waive diligence, presentment, protest and demand, and also notice of protest, demand, non-payment, dishonor or maturity and also recourse to suretyship defenses generally; and consent to any and all renewals, extensions and modifications of the terms of this Note, including the time for payment, and agree any such renewal, extension or modification or the release or substitution of any security for the indebtedness evidenced by this Note or any other indulgences, shall not affect the liability of said parties for the

indebtedness evidenced by this Note. Any such renewals, extensions, modifications, releases or indulgences may be made without notice to such parties.

8. Costs and Expenses. Whether or not suit is brought Maker shall pay on demand all costs and expenses, including attorneys' fees and costs, incurred by or on behalf of the Holder in connection with this Note, including without limitation costs incurred in the collection of this Note, in protecting the security for this Note, in foreclosing or enforcing this Note, or resulting from the Holder being made a party to any litigation because of the existence of this Note. Without limiting the generality of the foregoing, if Maker becomes the subject of any bankruptcy or insolvency proceeding, Maker shall pay all fees and expenses incurred by the Holder in connection with such bankruptcy or insolvency proceeding.

9. General. This Note shall be binding upon Maker and Maker's beneficiaries, heirs, devisees, personal representatives, successors and assigns.

10. Security. This Note is secured by a Security Agreement of even date herewith.

11. Governing Law. This Note shall be governed by and construed in accordance with the laws of the state of Washington.

12. Venue. The venue for any action arising out of this Note shall be Whatcom County, Washington.

13. Default: Interest. In the event of default, the default interest rate shall be twelve percent (12%) per annum.

14. Severability. If any provision of this Note is adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed omitted to that extent and all other terms and provisions of this Note will remain in full force and effect.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY,
EXTEND CREDIT OR FORBEAR FROM ENFORCING REPAYMENT OF A
DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

Executed this _____ day of February, 2020.

MAKER:

****EXHIBIT PAGE – DO NOT SIGN HERE****

KELLY WYNN

EXHIBIT "C"

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (the "Agreement") is made and entered into this _____ day of February, 2020, by KELLY WYNN ("Debtor") and CAROL ROFKAR ("Secured Party").

RECITALS:

A. The Secured Party has sold her fifty percent (50%) membership interest in Northwest Water Services, LLC, a Washington limited liability company, to Debtor.

B. As part of the purchase price for Secured Party's membership interest, Debtor has given to Secured Party a promissory note in the amount of [REDACTED] even date herewith (the "Note").

NOW, THEREFORE, in consideration of the extension of the above loan, the mutual covenants herein contained, and other good and valuable consideration, the parties hereto, for themselves, their successors and assigns, agree as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms used herein which are defined in the Note shall have the meaning ascribed to them therein.

2. Creation of Security Interest. The Debtor hereby grants, pledges, assigns and transfers to the Secured Party a continuing security interest in the Collateral described in section 3, to secure the payment and performance of the debts and obligations of Debtor to Secured Party under the Note. The security interest granted herein shall continue in full force and effect until full satisfaction of the payment obligations as hereinafter defined, whether or not this Agreement is superseded, amended, extended or renewed.

3. Collateral. The collateral (the "Collateral") of this Agreement shall consist of all the Debtor's right, title and interest as a member of NORTHWEST WATER SERVICES, LLC, a Washington limited liability company, and constituting one hundred percent (100%) of the membership interest in such limited liability company.

4. Debtor's Obligations. The Debtor covenants as follows:

a. Obligation to Pay. The debts and obligations of the Debtor for which this Agreement acts as security are the indebtedness owed by Debtor to Secured Party pursuant to the Note (all of which obligations being hereinafter referred to as the "Payment Obligations").

b. Preservation of Collateral. Debtor shall undertake the following obligations to preserve the Collateral:

i. Debtor shall keep the Collateral free from any lien, security interest, encumbrance, or attachment, whether voluntarily granted or involuntarily imposed, except as otherwise consented to in writing by the Secured Party; and

ii. Debtor shall not sell, exchange, lease, abandon, move, transfer or otherwise dispose of any of the Collateral or any interest therein without the prior written consent of the

Secured Party.

5. Representations and Warranties. The Debtor represents and warrants as follows:
 - a. Except for the security interest granted hereby, the Debtor is the owner of the Collateral free from any adverse lien, security interest, or encumbrance, and the Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.
 - b. Debtor's principal residence and the place where it keeps his records concerning the Collateral is [REDACTED]
 - c. The Collateral constitutes one hundred percent (100%) of the issued and outstanding membership interests in NORTHWEST WATER SERVICES, LLC, a Washington limited liability company on the date hereof.

6. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement:
 - a. An "Event of Default" as defined in the Note shall have occurred and be continuing; or
 - b. Any material representation or warranty made by Debtor herein shall prove to have been incorrect, false or misleading in any material respect when made; or
 - c. Debtor shall fail to perform or observe any other material term, covenant or agreement contained herein on its part to be performed or observed and any such failure shall remain unremedied for a period of ten (10) days after receipt of written notice from the Secured Party or such longer period as the Debtor shall diligently and in good faith be attempting to cure such failure.

7. Secured Party's Rights and Remedies.
 - a. Exclusive of Default. Until default, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement and not inconsistent with any policy of insurance thereon. Without limiting the generality of the foregoing, the Debtor shall be entitled to all rights of a member of NORTHWEST WATER SERVICES, LLC, a Washington limited liability company, including but not limited to the right to vote all or any portion of the membership interest constituting Collateral hereunder, the right to participate in the management of said limited liability company, and the right to receive any and all distributions made to the members of said limited liability company from time to time.
 - b. Upon Default. Upon the occurrence of a default, and at any time thereafter during the continuance thereof, Secured Party shall, subject to Section 7.c hereof, have the following rights and remedies, which rights and remedies shall be cumulative and not exclusive of each other:
 - i. Secured Party shall have all of the rights and remedies provided in this Security Agreement and in the Uniform Commercial Code in force in the State of Washington;
 - ii. Secured Party may declare the Payment Obligations immediately due and payable.
 - iii. Any waiver by Secured Party of any right or remedy under this Agreement shall be in writing and signed by the Secured Party.

8. General.

- a. Notices. Any notice shall be conclusively deemed to have been received by a party hereto and be effective upon the earlier of receipt by such party or three (3) days after the date on which it is mailed to such party at the address set forth at the beginning of this Agreement (or at such other address as such party shall specify to the other parties in writing) if sent by registered or certified mail, return receipt requested, addressed to such party at said address.
- b. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed as an original, but all of which shall be considered one and the same instrument.
- c. Governing Law. The laws of the State of Washington shall govern the interpretation, construction, and validity of this Agreement and the rights and obligations of the parties hereunder, and any action, claim or proceeding brought hereunder shall be commenced exclusively in the federal or state courts located in such State.
- d. Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained therein shall not in any way be affected or impaired thereby.
- e. Miscellaneous. This Agreement may not be amended or changed, nor may any provision hereof be waived by any party, except by a written instrument executed by both parties hereto. This Agreement and the Note contain the entire agreement of the parties relating to the subject matter hereof, and supersede any and all prior or contemporaneous agreements or understandings between the parties relating to the subject matter hereof

IN WITNESS WHEREOF, the Debtor and Secured Party have caused this Agreement to be executed as of the day and year first above written.

EXHIBIT PAGE – DO NOT SIGN HERE

KELLY WYNN

Secured Party:

EXHIBIT PAGE – DO NOT SIGN HERE

CAROL ROFKAR

EXHIBIT "D"

RELEASE OF GUARANTY

RELEASE OF GUARANTY

THE UNDERSIGNED hereby fully and finally releases CAROL ROFKAR, from any personal liability under that certain Guaranty given to Silver Lake Water Company, Inc., attached as Schedule "A", wherein KELLY WYNN, individually, and CAROL ROFKAR, individually, guaranteed the Promissory Note, attached as Schedule "B", and related loan documents.

DATED this _____ day of January, 2020.

SILVER LAKE WATER COMPANY, INC.

EXHIBIT PAGE – DO NOT SIGN HERE

By _____

Name: _____

Title: _____