


**ASSET PURCHASE AGREEMENT BETWEEN BURTON WATER COOPERATIVE
AND BURTON WATER COMPANY, INC.**

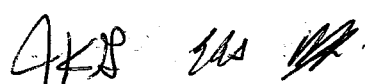
July 13th 
This Asset Purchase Agreement ("Agreement") dated ~~June 2~~, 2023 is by and between the **BURTON WATER COOPERATIVE** ("Buyer"), a Washington mutual corporation, and **BURTON WATER COMPANY, INC.**, a Washington business corporation, ("**Seller.**")

Recitals:

- A.** Seller owns and operates a public water system regulated by the Washington State Utilities and Transportation Commission ("WUTC"), the Washington Department of Health (WDOH), and the Washington State Department of Ecology, that is called the Burton Water System (WUTC ID # 41990; WDOH ID # 09800L; the "Water System"). The Water System is located on Vashon Island in King County. The Water System serves approximately 412 existing residential and commercial customers through metered connections, including 14 "ready to serve customers."
- B.** All of the activities and operations of the Water System shall be referred to as the "Business." Seller desires to sell and Buyer desires to purchase from Seller the Water System, the Business, and all the Assets (as defined and described in this Agreement) that are owned or used by Seller to operate the Water System and to conduct the Business, for the consideration and upon the other terms and conditions set forth in this Agreement.
- C.** Seller and Buyer believe that the sale of the Water System and the Assets is in the best interest of the population served by the Water System.
- D.** All persons who currently receive water distribution service from Seller are currently members of Buyer or are eligible to be members of Buyer for purposes of receiving water distribution service.

AGREEMENT

Now, Therefore, the parties hereby agree as follows:
Purchase and Sale of Water System Assets of Seller. At Closing Seller shall sell to Buyer, and Buyer shall purchase from Seller, free and clear of all encumbrances, all of Seller's right, title and interest in and to the Water System, the Business and the Assets listed and described in paragraphs 1.1 through 1.9 below. Closing is also subject to the following terms and conditions:



- a. Buyer's right to perform due diligence to Buyer's satisfaction prior to closing, including environmental due diligence which shall be completed within ninety (90) days after execution of this Agreement;
- b. Financing. Buyer shall within 180 days obtain a Commitment letter at terms acceptable to the Buyer from the USDA or another lender to finance the purchase.
- c. Buyer shall within 30 days after obtaining a Financing Commitment from the USDA and/or a private lender containing terms reasonably acceptable to Buyer, seek approval of its cooperative membership of i) the Buyer's Bylaws and ii) the final financing arrangement and purchase of the Business. Membership approval by those who are members of the Cooperative will be evidenced by a vote to approve by two thirds of the votes actually cast and not less than a simple majority of the total number of members. The Buyer's obligation to close this Agreement is contingent upon a vote of Buyer's members to approve both such measures in amounts required by law or Buyer's lender.
- d. Title Insurance and Title. Seller shall obtain and deliver to Buyer a preliminary commitment for standard/extended coverage title insurance from Title Insurance Company. Buyer shall notify Seller in writing of any objectionable matters in the title commitment or any supplemental report within twenty (20) days after receipt of such commitment or supplement. Within five business (5) days of Buyer's notice of such objections, Seller shall give notice that it will remove all objectionable provisions. If Seller fails to give timely notice that it will clear all disapproved objections, the Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer notifies Seller in writing that Buyer waives any objections which Seller does not agree to remove. Seller shall transfer title to Buyer by statutory warranty deed; and shall provide an owner's standard coverage or, if selected and paid for by Buyer, an extended coverage policy of title insurance to Buyer.

Title Insurance Company shall be: First American Title

Buyer shall also be permitted to commission an ALTA survey of the Property at Buyer's sole cost. Buyer shall pay for any lender's policy if required. Buyer and its surveyor shall have reasonable access to the property for purposes of inspection and survey.

- e. Escrow. Transaction to close in escrow utilizing First American Title as escrow agent with Buyer and Seller paying all their separate legal and transaction costs. Cost of escrow and recording split equally between the Buyer and Seller.
- f. Contingencies. At Buyers discretion as to those items revealed by the title

insurance pursuant to item d or set out in items a., b., c., g, h. and i herein.

- g. Buyer's Review. Buyer's review of Seller's Data, Books and Records and written confirmation by Buyer within twenty (20) days of receipt of such records that the Assets and the Business upon transfer will conform to the terms of this Agreement.
- h. Seller's notification to the WUTC within twenty days after Buyer's members vote to approve the purchase of the System and the financing arrangements for its purchase to include information (that Buyer shall provide) about Buyer's proposed legal structure; and WUTC issuing an order substantially similar in content to Order 01 in Docket 180726 (Canterwood); petition for this order to be jointly filed by Buyer and Seller.
- i. Extensions of Contingency Period. One 30-day extension at no cost so long as Buyer continues to make affirmative effort to obtain financing commitment. Up to three additional 30-day extensions at \$5000 for each extension. Extension fee(s) shall be applied to the purchase price.

The "Closing Date" shall be within thirty (30) days of satisfaction of all contingencies and as set forth in Section 7 of this Agreement. Possession of the Business shall transfer to Buyer on closing.

The Assets to be transferred include the following:

1.1 Tangible Personal Property. All machinery, equipment, tools, supplies, spare parts, furniture, and all other tangible personal property and assets owned or leased by Seller ("Personal Property") and used to operate the Water System, or that are related to the Business, including, without limitation, the Assets identified in the Asset List and Depreciation schedule for 2021 attached to **Exhibit A** other than real property and fixtures and any update of said schedule. All other tangible assets owned by the Seller and used in the Seller's Business, including, but not limited to vehicles, personal property (office furniture, office and computer equipment, fixtures, computer software and other tangible property). There are no other tangible assets than the foregoing.

1.2 Real Property and Easements. All interests in real property, including, without limitation, Seller's wrights, easements and other real property rights owned by Seller or to which Seller is in the process of obtaining title, including without limitation, any prescriptive rights and any protective covenants, which are used to operate or in connection with the Water System and the Business, and all of the fixtures including the water treatment/sanitation, source pumps, booster pumps, wells, connections, tanks, mains, meters, hydrants and storage tanks and other

Water System facilities and equipment necessary to operate the Business are located. At closing, Seller will deliver to Buyer statutory warranty deeds, assignments of easement or other standard documents of conveyance to effect transfer of title to all such real property, water rights and easements owned or held by Seller, together with all privileges and appurtenances thereto and all plants, building, structures, installations, fixtures, improvements, betterments and additions situated thereon. real property, water rights and easements are identified and described in **Exhibit B**.

Seller shall, without charge to Buyer, execute any document reasonably requested by Buyer, to grant and convey to Buyer any written or oral easement, right-of-way, license, or other property interest in any real or personal property in which Seller possesses any legal right and which the Buyer determines is reasonably necessary to: (a) purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any equipment of Buyer; (b) provide, monitor, measure, or maintain any utility service provided by the Buyer; or (c) to safely, reliably, and efficiently operate the Buyer's utility business.

1.3 Inventories. All inventories of supplies, raw materials, work-in-process and finished goods of the Business, wherever located, including Inventories located in or about Seller's facilities, at Seller's vendors, in transit to Seller's facilities, at Seller's customers or in transit to any customer of Seller, provided that title has not passed to such customer of Seller ("Inventories"). Inventories, if any, are identified and listed in **Exhibit C**.

1.4 Intangible Property and Contracts. All of the intangible property and intellectual property relating to the Business which the Seller possesses and has the right to transfer, including all Marks, including, without limitation, trade names, domain names (e.g. www.burtonwater.com) related to the Business, websites related to the Business, agreements with third parties (e.g. hosting agreements) related to such trade names, domain names, and websites, whether registered or unregistered, trade secrets, processes and all applications for registration thereof and all other proprietary business information, including computer files, software, etc. in any computer equipment listed above under tangible personal property. All contract rights, benefits, duties and obligations that Seller possesses and has the right to transfer including all written or oral contracts, agreements, indentures, warranties, guarantees, utility contracts, conditional sales contracts, licenses, franchises, water rights, claims, prepaid expenses, deposits with government agencies, vendors or other entities, all grants, certificates, licenses, permits, privileges and other rights owned by Seller, and commitments or other arrangements or agreements and understandings relating to or used in connection with operation, use, occupancy or enjoyment of the Water System and the Business. All customers of Seller, the exact

composition, identities (including contact information) and number of which shall be confirmed and documented at closing.

1.5 Data, Books and Records. Copies of all current and historical data, books, records, files, all operating and customer contact lists and accounting and financial records related to the Business or the Assets being transferred, including data and the books and records of Seller whether or not in tangible form, or in the form of intangible computer storage media, such as disks, tapes, and other similar storage media, and whether or not located at Seller's principal place of business; all supplier agreements, general commercial information, referral sources, research and development reports and production reports and records, equipment logs, operating guides and manuals, maps, as built drawings, correspondence and other similar documents and records, including any financial or other data submitted to the WUTC by Seller ("Data, Books and Records"). The foregoing is limited to that on hand with Seller and shall not be construed as a duty to recreate any material or data. See **Exhibit D**.

1.6 Goodwill. The going concern value and goodwill of the Business.

1.7 Governmental Authorizations. All reasonably available Governmental Authorizations; A "Governmental Authority" is defined as any approval, consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any governmental body or pursuant to any legal requirement, that is owned, held or utilized by Seller in connection with the ownership of the Assets and/or the operation of the Business, and all pending applications therefor, to the extent transferrable to Buyer, as identified on **Exhibit E**. Seller has disclosed to Buyer that Seller does not presently have a franchise with King County and Buyer must apply for its own franchise which may materially change from past franchise provisions.

1.8 Insurance Proceeds. All insurance proceeds arising in connection with damage or loss to any Assets occurring prior to the Closing Date, to the extent not expended for the repair or restoration of the Assets ("Insurance Proceeds").

1.9 Other Assets. All other assets, tangible or intangible, real or personal owned by Seller that relate to or that are used in connection with ownership of the Water System or the operation of the Business.

2. Excluded Assets. Any and all assets not to be acquired by Buyer shall be considered "Excluded Assets." The Excluded Assets are identified and described in **Exhibit F**.

3. Assumed Liabilities. Buyer agrees to assume liabilities of Seller in respect of the

assigned contracts only to the extent listed in **Exhibit G** and required to be performed after the Closing Date, which were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by the Seller on or before the Closing Date. Buyer will assume no other liabilities of Seller or the Business. Assumed Liabilities are identified in **Exhibit G**.

4. Retained Liabilities. Except for the Assumed Liabilities listed in **Exhibit H**, Buyer will not assume or be obligated to satisfy or perform any other existing liabilities, or commitments of Seller, whether fixed or contingent, known or unknown, contingent, executory, fixed or otherwise (the "Retained Liabilities"), including, but not limited to, Seller's tax, environmental and water quality liabilities and obligations to its employees as they exist on the Closing Date.

the form of a promissory note to be converted to cash when all contingencies have been met and all conditions to closing have been met will be held by a mutually acceptable escrow holder. The earnest money is fully refundable unless Buyer waives all contingencies and conditions set forth herein. The earnest money deposit shall be credited against the sales price. Following closing for a period of six months Jim Garrison and Evan shall provide post closing assistance services to Buyer as described in. **Exhibit I**.

6. Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets as specified in **Exhibit J** hereto. After the Closing Date, the parties agree to make consistent use of the allocation, fair market values and useful lives specified in **Exhibit J** for all tax purposes and in any and all filings, declarations and reports with state or federal taxing agencies. In any Proceeding related to the determination of any tax, no party hereto shall contend or represent that such allocation is not correct.

7. Closing. Subject to Buyer's waiver of all contingencies and satisfaction of all conditions set forth in items a, b, c, d, e, f, g, and h above and the absence of any material changes in the Business as represented in this Agreement, the closing and consummation of this purchase and sale Agreement including transfer of title to the Assets as contemplated in this Agreement shall take place at a mutually agreed location utilizing the services of the escrow agent identified above no later than the later of 30 days after satisfaction of all contingencies, or on such other date as the parties may mutually agree. Buyer may otherwise terminate this Agreement. Closing shall be extended for a reasonable period if necessary for Buyer to close its purchase money loan. Seller shall pay Washington State real estate excise tax and sales/use tax on the transfer of the Business, and the standard owner's title insurance policy premium. Buyer shall pay the incremental increase in cost of

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an ALTA extended title insurance policy (if ordered) and all costs associated with its purchase money loan and recording fees.

8. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows:

8.1 Organizational Status. Burton Water Company is a Washington business corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has, and at all times had, full corporate or other applicable power and authority to own and/or lease the Assets as such properties are now owned and leased and to conduct the Business as and where such business has and is now being conducted.

8.2 Financial Statements. Exhibit D includes the Seller's financial records and financial statements for the Business for 2020/22, including any business or financial statements or records submitted to the WUTC by Seller. Seller represents that the financial statements fairly present the results of operations of the Business for the period referred to in the financial statements and, were prepared for Seller's management purposes using standard principles of accounting, consistently applied, such that the resulting statements are not misleading and present fairly the financial condition of the Seller as of such dates and the results of operations of the Seller for such periods.

8.3 Absence of Undisclosed Liabilities. Except as shown in the financial statements, Seller has not incurred or become subject to any material Liability, other than liabilities incurred in the Ordinary Course of Business, all of which have been paid in full in the Ordinary Course of Business, or are reflected on Seller's regular books of account on the date hereof, none of which is inconsistent with: (a) the representations, warranties and covenants of Seller contained herein or (b) any other provisions of this Agreement.

8.4 Tax and Other Governmental Liabilities. Within the times and in the manner prescribed by law, Seller has filed or caused to be filed all federal, state and local tax returns and has paid all taxes, assessments and penalties due and payable as prescribed by law for the periods covered thereby. Seller has also paid all amounts due for other governmental assessments, including, without limitation, all fines or fees due under WUTC Docket UW-200081 and under King County Ordinance 18403 and its Franchise Agreement with King County, and all fines, penalties, assessments and/or fees imposed on Seller by any federal, state, or local governmental authority. There are no pending, undisclosed or unresolved fines, penalties, assessments, and/or fees by any

federal, state or local governmental authority as of the execution date of this Agreement. Seller is in compliance with all applicable regulatory requirements and regulatory orders of the WUTC, King County and Washington Department of Health and any other applicable regulatory agency, except as disclosed herein.

8.5 Absence of Certain Events. Except as disclosed herein, with respect to the Business and the Assets, Seller has not:

(a) Adverse Effect. Suffered any condition, change or event that would materially and adversely affect the Business, operations, properties (including intangible properties) or the financial condition of Seller taken as a whole (“Adverse Effect”).

(b) Agreement, Termination or Amendment. Terminated or amended or, to the best of Seller’s knowledge, suffered the termination or amendment of any material contract, lease, agreement, license or other instrument to which it is or was a party, other than any such actions which occur in the ordinary course of business, or which do not have an adverse effect.

(c) Casualty Losses. Within the last year, suffered any casualty, damage, destruction, or loss to any of its properties not covered by insurance in excess of \$5,000 for any one event or in excess of \$25,000 in the aggregate.

(d) Change in Accounting Principles. Made any material change in accounting principles, methods, or practices in the last three years.


(e) Change in Business. Other than entering into this Agreement with Buyer, in the last three years, made any change in the Business or the manner of conducting the Business, other than changes in the ordinary course of business, none of which has, and which in the aggregate have not had, an adverse effect.

(f) Disposal of Assets. Disposed of any of its Assets or properties other than in the ordinary course of business.

(g) Encumbrances. Subjected any of the Assets to any encumbrances or to any other similar charge of any nature whatsoever other than in the ordinary course of business.

and Seller has or will:

(h) Preserve Business. Use its best efforts to (1) preserve the



Business of Seller; and (2) preserve the goodwill of Seller's customers and others having business relationships with Seller; and

(i) Operation in the Ordinary Course. Continue to maintain its operations and equipment, books of account, records, and files in the ordinary course of business.

(j) Maintain Insurance. At all times prior to the Closing Date, Seller shall continue to carry insurance in amounts as it does today.

(k) Communication of Changes. Advise Buyer if any of the foregoing representations is not materially accurate at any time prior to closing and of any claims or threats of claims pertaining to the operation of the Business.

(l) Purchase or Sale of Capital Assets. Notify Buyer of its intent to sell or dispose of any capital Assets in excess of five thousand dollars (\$5,000) for any single item, or make any capital expenditures, or enter into any purchases or leases of capital equipment or property prior to the Closing Date in excess of five thousand dollars (\$5,000) without Buyer's approval. With respect to purchases of capital assets approved in writing by Buyer, the price thereof shall be added to the purchase price in Section 5 above.

and Seller will not:

(m) Increase Salaries or Benefits. Grant any increase in salaries or benefits payable to or to become payable to any officer or employee.

8.6 Authorizations Necessary To Operate Business. Seller has all required Governmental Authorizations, permits and licenses, and any other similar documents constituting a material entitlement or otherwise material to the operation of the Business.

8.7 Authority; Consents; Enforcement:

(a) Authority. Seller, and the undersigned officers of Seller, have the power and authority to execute, deliver and perform this Agreement and all other agreements, certificates or documents contemplated hereby and has taken all actions required to authorize, execute, deliver, and perform this Agreement and any related documents necessary to effectuate this Agreement.

JKS. [Signature]

(b) Consents. No consent, approval, action, or authorization of any third party, including any parent or subsidiary business entity or any governmental authorization or application to, or other notice or filing with, any governmental agency or body, is required for the execution, delivery, or performance of this Agreement.

(c) Enforcement. This Agreement has been duly executed and delivered by Seller and constitutes a legal, valid, and binding obligation of the Seller, enforceable in accordance with their terms.

8.8 Data, Books and Records. Prior to the Closing Date, Seller shall continue to make available to Buyer for its examination, the Data, Books and Records of the Business. Such Data, Books and Records are true and complete in all material respects and have been prepared in the usual and customary manner in accordance with reasonable commercial practices for a business engaged in businesses similar to Seller, including the maintenance of an adequate system of internal controls.

8.9 Compliance With Legal Requirements and Governmental

Authorizations. To the best of Seller's knowledge and except as disclosed herein: Seller is in full compliance with all material legal requirements and Governmental Authorizations to the conduct or operation of the Business. Seller has not received any notice regarding any actual, alleged, possible or potential violation of, or failure to comply with, any legal requirement or governmental authorization.

8.10 Condition and Sufficiency of Assets. To the best of Seller's knowledge, except as disclosed herein, all tangible Assets are structurally sound, are free from material defects and have been maintained in accordance with the manufacturer's recommendations or normal industry practice and are in good operating condition and repair (subject to normal wear and tear) and are suitable for the purposes for which they are presently used and presently proposed to be used.

8.11 Contracts. Seller has furnished Buyer with true and complete copies of each written executory contract to which it is a party. To the best of Seller's knowledge, each such contract is legal, valid, binding, enforceable and in full force and effect and shall, as to Buyer, continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing Date. To the best of Seller's knowledge, no party to any such contract is in breach or default and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination,

modification, or acceleration, under the contract and no party has repudiated any provision of any such contract. Unless stated otherwise in the contract, all of the contracts are assignable by Seller to Buyer and such assignment may be made without the consent of any other party to the contract and will not result in a breach, violation or default under any such contract.

8.12 Litigation; Orders.

(a) Proceedings. Except as disclosed herein, there is no legal proceeding which relates to the Water System, the Business or the Assets pending or threatened.

(b) Orders. Except as disclosed herein, there is no court order which relates to the Water System, the Business, or the Assets to which Seller, or any of the Assets owned or used by Seller in the Business, are subject, other than Orders generally affecting the industry in which Seller conducts the Business.

(c) Liabilities. With respect to the Water System and the Business, to the best of Seller's knowledge, there is no basis for any present or future legal proceedings against Seller arising out of any injury to individuals or property as a result of the ownership, possession or use of any product processed, sold or delivered by Seller prior to the date hereof.

8.13 Allocation of Taxes. Unless the parties have agreed otherwise herein, Seller and Buyer shall each be responsible for any federal, state or local tax imposed on the proceeds of sale of the Assets in accordance with applicable law.

8.14 Title to Properties. Except as disclosed, Seller has good and marketable title to all of the Assets. The Water Rights included in the purchased assets are not subject to cancellation of any type and Seller holds all easements and other rights necessary to access, store and distribute water to customers.

8.15 Effect of Representations and Warranties. The representations and warranties of Seller in this Agreement, as qualified by any disclosures made herein, are true and complete in all respects. No representation or warranty of Seller in this Agreement, as qualified by the disclosures made herein, contains any untrue statement of a material fact, omits any material fact necessary to make such representation or warranty, under the circumstances which it was made, not misleading, or contains any misstatement of a material fact. All of the representations and warranties made by Seller, are

made with the knowledge, expectation, understanding and desire that Buyer places complete reliance thereon.

9. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows:

9.1 Corporate Status. Buyer is a mutual corporation duly incorporated, validly existing and in good standing under the laws of the State of Washington and is authorized to transact business therein. Buyer has full corporate or other applicable power and authority to execute this Agreement and, subject to the approval of its members, to own and lease the Assets and to conduct the Business of the Water System as it is now being conducted.

9.2 Authority; Consents; Enforcement.

(a) Authority. Buyer has or will use reasonable efforts to obtain the corporate or other applicable power and authority to execute, deliver and perform this Agreement, and will take or has taken all actions required to authorize, execute, deliver, and perform this Agreement and related agreements, including approval by the board of directors of Buyer.

(b) Consents. Except as disclosed herein, no consent, action, approval, or authorization of or registration, declaration or filing with any governmental body, is required for the execution, delivery or performance of this Agreement by Buyer.

(c) Enforcement. This Agreement and any related Buyer agreements have been duly executed and delivered by Buyer and constitute the legal, valid and binding obligations of Buyer, enforceable in accordance with their terms.

9.3 Completeness of Statements; Effect of Representations and Warranties. To the best of Buyer's knowledge, Buyer has disclosed to Seller all adverse facts known to it relating to the representations and warranties of Buyer and that the representations and warranties of Buyer in this Agreement, are true and complete in all respects.

10. Additional Covenants of the Parties.

10.1 Transition of the Business. Seller and Buyer covenant to each other to cooperate in providing all information required hereunder and access thereto whatever is reasonably required to carry out the purposes and intent of the transactions contemplated by this Agreement.

10.2 Filing of Taxes; Payment. Seller shall, for all periods through the Closing

Date:

(a) File Returns. Prepare and timely file (including extensions) all tax returns that it is required to file under all applicable laws.

(b) Pay Taxes. Timely pay all taxes it is required to pay.

(c) Tax on Gain. Pay all taxes on any sales and the income and gain, if any, that it realizes on the transactions contemplated by this Agreement, including the sale of the Assets.

10.3 Duration of Representations and Warranties. The representations and warranties of both parties made in paragraphs 8 and 9 herein shall survive the Closing Date for a period of 24 months.

11. Deliveries and Actions To Be Taken At Closing.

11.1 Deliveries by Seller. At the Closing, Seller shall deliver its customer contact list and possession of all the Assets to Buyer, free of the possession of all third parties and where appropriate, duly executed documents conveying title to the Assets, tangible and intangible, real or personal, including deeds, Assignment of Easements, and a Bill of Sale in the form of **Exhibit K** or other appropriate documents of title.

11.2 Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller payment of the purchase price in immediately available funds as required by Section 5.

12. Indemnification; Remedies.

12.1 Indemnification and Payment of Damages By Seller. Seller shall indemnify and hold Buyer and its directors, officers, and successors and assigns ("Buyer Indemnities") harmless from, and shall pay the Buyer for damages or losses up to the amount of, but not to exceed, the Purchase Price, reduced by any tax benefits, insurance proceeds, or recovery from other responsible parties, resulting from:

(a) Representations and Warranties. Any breach of any representation or warranty made by Seller in this Agreement.

(b) Covenants and Agreements. Any breach by Seller of any covenant, agreement, or obligation of Seller in this Agreement.

(c) Liabilities. All liabilities of Seller arising from operation of the Business prior to closing, except the Assumed Liabilities.

(d) Transaction Fees. Any claim for broker, finder, investment advisor or similar fees by any person associated with Seller or arising from Seller's conduct.

12.2 Indemnification By Buyer. Buyer shall indemnify and hold Seller, its shareholders, directors, officers, successors, and assigns ("Seller Indemnities") harmless for, and will pay to the Seller Indemnities the amount of, all damages arising directly or indirectly from or in connection with:

(a) Representations and Warranties. Any breach of any representation or warranty made by Buyer in this Agreement.

(b) Covenants and Agreements. Any breach by Buyer of any covenant, agreement or obligation of Buyer in this Agreement.

(c) Transaction Fees. Any claim for broker, finder, investment advisor or similar fees by one person associated with Seller or arising from Seller's conduct.

(d) All liabilities of Buyer arising from operation of the Business after closing.

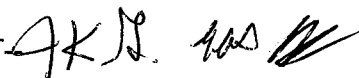
13. Miscellaneous Provisions.

13.1 Amendment; Waiver. This Agreement and the Exhibits hereto may be amended, modified, or superseded only by a written instrument signed by all of the parties to this Agreement. No party shall be deemed to have waived compliance by another party of any provision of this Agreement unless such waiver is contained in a written instrument signed by the waiving party and no waiver that may be given by a party will be applicable except in the specific instance for which it is given.

13.2. Construction and Interpretation of Agreement.

(a) Titles and Captions. Section titles or captions in this Agreement are included for purposes of convenience only and shall not be considered a part of the Agreement in construing or interpreting any of its provisions. All references in this Agreement to Sections shall refer to Sections of this Agreement unless the context clearly otherwise requires.

(b) "Including". When used in this Agreement, the word "including" shall have its normal common meaning and any list of

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items that may follow such word shall not be deemed to represent a complete list of the contents of the referent of the subject.

(c) Joint Preparation. The parties have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(d) Number and Gender. Unless the context otherwise requires, when used in this Agreement, the singular shall include the plural, the plural shall include the singular and all nouns, pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require.

13.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

13.4 Cumulative Remedies; Specific Performance. No right or remedy conferred upon or reserved to any of the parties under the terms of this Agreement is intended to be, nor shall it be deemed, exclusive of any other right or remedy provided in this Agreement or by law or equity, but each shall be cumulative of every other right or remedy. The parties understand and acknowledge that a party may be damaged irreparably by reason of a failure of another party to perform any obligation under this Agreement. Accordingly, if any party attempts to enforce the provisions of this Agreement by specific performance (including preliminary or permanent injunctive relief), the party against whom such action or Proceeding is brought waives the claim or defense that the other party has an adequate remedy at law.

13.5 Entire Agreement. This Agreement, together with the Exhibits embodies the entire agreement and understanding of the parties related to its subject matter and supersedes all prior proposals, understandings, agreements, correspondence, arrangements, and contemporaneous oral agreements relating to subject matter of this Agreement. No representation, promise, inducement, or statement of intention has been made by any party which has not been embodied in this Agreement.

13.6 Governing Law, Jurisdiction and Venue. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Washington, without giving effect to any conflict of law

rule or principle of such state. Any action to enforce any provision of this Agreement shall be instituted exclusively in the federal or state courts located in the State of Washington located in King County, Washington. The parties irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the jurisdiction of such courts over the parties, or to the laying of venue or to the convenience of the forum in any action related to this Agreement that is brought in such courts.

13.7 Expenses. Each party will bear its own expenses incurred in connection with the preparation, execution, and performance of its obligations under this Agreement, including all fees and expenses of agents, representatives, counsel, and accountants.

13.8 Further Assurances. Seller and Buyer each covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement. In particular, each of the parties shall execute and deliver such other agreements or documents, including instruments of sale, transfer, conveyance and/or assignment of property interests as may reasonably requested or necessary to more effectively carry out the intent and purposes of this Agreement. This is intended to include of any documents of title or conveyance that may be necessary to confirm the Buyer's rights to, title in and/or ownership of the Water System and the Assets, whether such Assets were unknown at the time of Closing Date, or were erroneously omitted from this Agreement, and/or not described or listed in the Exhibits hereto. The intent of this provision is to place the Buyer in actual possession and operating control of all Assets used to operate the Water System, except those specifically excluded hereunder.

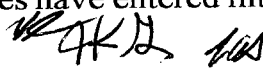
13.9 Severability of Provisions. If a court in any proceeding holds any provision of this Agreement or its application to any party or circumstance invalid, illegal or unenforceable, the remainder of this Agreement, or the application of such provision to such party or circumstances other than those to which it was held to be invalid, illegal or unenforceable, shall not be affected and shall be valid, legal and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties' essential objectives as expressed in this Agreement. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties intend that the court add to this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be valid and enforceable, so as to affect the original intent of the parties to the greatest extent possible.

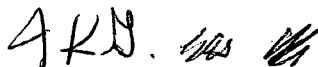
13.10 **FIRPTA Tax Withholding at Closing.** Closing Agent is instructed to prepare a certification (CBA or NWMLS Form 22E, or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act, and Seller shall sign it on or before Closing. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.

13.11 Time of Essence. Time is of the essence to the performance of the obligations set forth in this Agreement.

13.12 Computation of Time. Unless otherwise specified in this Agreement, any period of time in this Agreement shall mean Pacific Time and shall begin the day after the event starting the period and shall expire 5:00 pm of the last calendar day of the specified period of time, unless the last day is a Saturday, Sunday or legal holiday as define in RCW 1.16.050, in which case the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. Notwithstanding the foregoing, references to specific dates or times or number of hours shall mean those dates, times or number of hours; provided, however, that if the Closing Date falls on a Saturday, Sunday or legal holiday, as defined in RCW 1.16.050, or a date when the county recording office is closed, the Closing Date shall be the next regular business day. If the parties agree upon and attached a legal description after this Agreement is signed by the offeree and delivered to the offeror, then for the purposes of computing time, mutual acceptance shall be deemed to be on the date of delivery of an accepted offer or counteroffer to the offeror, rather than on date the legal description is attached.

In Witness Whereof, the parties have entered into this Agreement on the date first written above.

1302 July 
Dated this 2nd day of June, 2023.



Burton Water Cooperative ("Buyer")



By: WILLIAM SWABOLT
Its: President _____

Burton Water Company, Inc. ("Seller")

By: Wm. G. Swinn (PRESIDENT)
Its: Shareholder

By: James K. Davis
Its: Shareholder

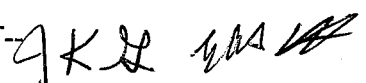


EXHIBIT A

TANGIBLE PERSONAL PROPERTY
INCLUDING WATER SYSTEM ASSETS

All tangible Water System Assets of Seller including, without limitation, the Asset List and Depreciation Schedule, attached hereto as Exhibits 1 and 2 and any updates thereof through the Effective Date; and:

Any Assets or Water Rights not listed in Exhibits 1 and 2, including diversions, other structures, storage facilities, pump house, pumping equipment, production meters, power generators, water treatment equipment, transmission mains, hydrants, other equipment and miscellaneous assets, i.e., everything that Seller owns that is used to operate and maintain the Water System.

JKP. [Signature]

ATTACHMENTS TO EXHIBIT A-- Asset
List

2022 Book Asset Detail
2022 Addition Assets

EXHIBIT B

REAL PROPERTY AND EASEMENTS

All real property rights and easements used to operate the Water System are being transferred, including, without limitation, the property rights and interests listed in the attached Assignment of Real Property and Easements. If any real property interests that are used by Seller to operate and maintain the Water System have been inadvertently omitted from the Assignment, the parties have agreed pursuant to paragraph 13.8 to execute the required documents of conveyance to transfer ownership of such property rights and interests by Seller to Buyer.

INSERT ATTACHMENTS INCLUDING LEGAL DESCRIPTIONS

AKS. las

EXHIBIT C
INVENTORIES

All inventories listed or described in paragraph 1.3.

Wells/Wellpoints and Associated Pumps and Plumbing

North Well

South Well

Steel Well

West Well

S07-1 (2008)

S07-2 (2020)

S07-3 (2020)

S07-4 (2020)

Wellpoints 1-17

Storage Reservoirs and related monitoring and plumbing appurtenances

North Tank and chlorination system

South Tank

150k gallon tank (at wellfield site on 232nd)

100k gallon tank (on 238th)

Office, Shop, and Environs (see attached photographs)

Computer and all electronic files related to system and customer data

Hard copy files and documents related to system and customer data

Desks, cabinets, and all other office hardware items

Spare parts and equipment inventory

Distribution piping, valves, hydrants, flow
meters up to customer-owned portion of
service lines



First American

First American Title Insurance Company
920 5th Avenue, Suite 1250
Seattle, WA 98104

Exhibit A

File No: 4209-4036764

EXHIBIT A

LEGAL DESCRIPTION: Real property in the County of King, State of Washington, described as follows:

PARCEL A:

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 22 NORTH, RANGE 2 EAST W.M., LESS THAT PORTION THEREOF BEGINNING AT A POINT 240 FEET SOUTH AND 360 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER;
THENCE SOUTH 230 FEET;
THENCE WEST 170 FEET;
THENCE NORTH 230 FEET;
THENCE EAST 70 FEET, TO THE POINT OF BEGINNING, AND LESS THE EAST 350 FEET OF THE SOUTH 660 FEET THEREOF.

SITUATED IN THE COUNTY OF KING, STATE OF WASHINGTON.

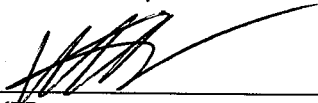
PARCEL B:

THAT PORTION OF SECTION 13, TOWNSHIP 22 NORTH, RANGE 2 EAST WM DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 240 FEET SOUTH AND 360 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER;
THENCE SOUTH 230 FEET;
THENCE WEST 170 FEET;
THENCE NORTH 230 FEET;
THENCE EAST 170 FEET TO THE BEGINNING.

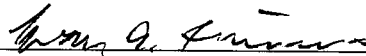
SITUATED IN THE COUNTY OF KING, STATE OF WASHINGTON.

Situs Address: 11611 SW 232nd Street, Vashon, WA 98070
Tax Parcel ID No. 132202901600 and 1322029017 and 132202901709

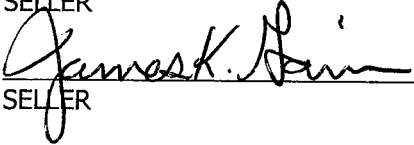


BUYER

BUYER



SELLER



SELLER

EXHIBIT E

GOVERNMENTAL AUTHORIZATIONS

Insert copies of all governmental authorizations described in paragraph 1.7.

Current operating permit from the WA dept of health - "CurrentDohOperatingPermit.pdf"
Current operating tariff from the WA UTC - "Burton Water Company WN U-2.pdf"
Water rights and claims with WA DoE, along with capacity analysis - "LAI_BWC Water Right and Source Capacity 12-16-20.pdf"

JKV. RAS

EXHIBIT D
DATA, BOOKS AND RECORDS,
INCLUDING FINANCIAL
STATEMENTS

(See description of books and records in paragraph 1.5.; no attachment)

J.K.D. sas

EXHIBIT F
EXCLUDED ASSETS

Scaffolding on the west side of the shop
8x8 posts on the north side of the shop
Jim's personal laptop
Jim's personal effects - family photos, desk trinkets

JKR. has

EXHIBIT G
ASSUMED LIABILITIES

None

JKR. JMS

EXHIBIT H

RETAINED LIABILITIES

(EXCLUDED FROM TRANSFER)

Except for the Assumed Liabilities listed in Exhibit H, Buyer will not assume or be obligated to satisfy or perform any other existing liabilities, or commitments of Seller, whether fixed or contingent, known or unknown, contingent, executory, fixed or otherwise (the "Retained Liabilities"), including, but not limited to, Seller's tax, environmental and water quality liabilities and obligations to its employees as they exist at Closing.

J. K. D. 10/15

EXHIBIT I
CONSULTING CONTRACT



JKB. MA

EXHIBIT J
TO BE COMPLETED DURING
ESCROW BY MUTUAL AGREEMENT
ALLOCATION OF PURCHASE PRICE



EXHIBIT K

BILL OF SALE

Burton Water Company ("Seller") does hereby sell, assign, convey and transfer unto Burton Water Cooperative ("Buyer"), its successors and assigns, effective on the Effective Date, in consideration of the mutual promises in the Asset Purchase Agreement of even date plus other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, all right, title, and interest in and to all of the Assets listed in the attachments hereto, and any and all other property, real or personal, tangible or intangible, owned by the Seller and used in the Business conveyed in the Asset Purchase Agreement.

Said property is assigned and conveyed to Buyer, its successors and assigns, to have and to hold with all related service agreements, warranties and other appurtenant rights, to and for Buyer's use forever.

Seller hereby warrants, covenants and agrees that it has good and marketable title to the property hereby sold, assigned, conveyed and transferred; and has good right to sell the property as aforesaid; and that Seller will warrant and defend the sale of the property against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed on behalf of Seller this

____ day of _____, 2023.

BURTON WATER COMPANY

By: _____

Its: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this _____ day of ____, 2023.

PLEASE PRINT: _____
NOTARY PUBLIC in and for the State of
Washington, Residing at _____
My commission expires: _____

