

AGREEMENT TO PURCHASE AND SELL WATER SYSTEM

THIS AGREEMENT TO PURCHASE AND SELL WATER SYSTEM (the "Agreement") is entered into by and between Pattison Water Company, a Washington corporation, ("Purchaser") and Herman Suess, a single man, ("Seller") this 29 day of April, 2005.

RECITALS

WHEREAS, Seller is the owner of that certain water system known as M&R Water System ("Water System") located in Thurston County, Washington and desires to transfer his interests in said Water System to Purchaser; and

WHEREAS, Purchaser desires to obtain the interests of Seller and operate and manage said Water System.

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

AGREEMENT

1. System Transferred. The Water System is the M&R Water System, Department of Health ID No. 00956J located in Thurston County, Washington, together with all tanks, mains, pipes and other existing services and appurtenances, currently serving 33 connections. The Water System will not include the current well; provided, however, that Purchaser shall have the right to continue to use the existing well until such time as Purchaser installs a water main to connect the Water System to Purchaser's existing water mains and Purchaser installs booster pumps in the existing pump house and such improvements (main and booster pumps) are tested, disinfected and accepted by Purchaser for operation.

2. Purchase Price. In consideration for the transfer of said Water System, Purchaser shall pay to Seller the sum of Ten Thousand Dollars (\$10,000) to be paid in full at Closing, as defined below.

3. Transfer Documents. Transfer of any personal property interests shall be by bill of sale in the form attached hereto as Exhibit 1. Water rights shall be by assignment of water rights in the form attached hereto as Exhibit 2.

4. Additional Easement. As partial consideration for the transfer of the Water System, Seller shall grant to Purchaser an easement to allow Purchaser to operate, repair, construct, reconstruct and maintain the Water System, with ingress and egress thereto, including but not limited to, the current well house, booster pump, mains and appurtenances. Said easement shall be in the form attached hereto as Exhibit 3.

5. Closing. The closing date shall be at a date mutually agreed to by Purchaser and Seller, but shall in no case be later than May 15, 2005 ("Closing"). The Closing shall occur at a

location agreed to by Purchaser and Seller and the Closing Agent shall be a person or entity mutually agreed to by Purchaser and Seller.

6. Well Decommissioning. Seller, at its sole expense, shall decommission the existing well that has in the past been used to serve the Water System. Said well decommissioning shall occur no earlier than the date Purchaser no longer uses the well for the Water System and no later than six (6) months following the date Purchaser no longer uses the well for the Water System.

7. Warranties and Covenants of Seller. Seller agrees, represents and warrants as follows:

- a. That Seller possesses all requisite authority to sell said interests in the Water System.
- b. The execution of this Agreement will not place Seller in breach of any other agreement, covenant or condition of a loan document or deed.
- c. Seller will cooperate with Purchaser in obtaining the necessary consents for the transfer of ownership and operation of the Water System from applicable governmental agencies, which consents shall be obtained at the cost of Purchaser.
- d. Until the Closing, Seller shall not, without written consent of Purchaser, dispose of or encumber any of the assets or property to be sold hereunder.

8. Warranties and Covenants of Purchaser. Purchaser agrees, represents and warrants as follows:

- a. Purchaser agrees, at its own cost, to use its best efforts to properly notify and obtain the necessary consents for this sale from any and all applicable governmental agencies, including, but not limited to, the Department of Health and the Washington Utilities and Transportation Commission.
- b. That Purchaser possesses all requisite authority to purchase said interests in the Water System.
- c. The execution of this Agreement will not place Purchaser in breach of any other agreement, covenant or condition of a loan document or deed.

9. Contingencies. All obligations of Purchaser under this Agreement are subject to the fulfillment on or before Closing of each of the contingencies set forth below. If any of the contingencies are not met in full or fail to occur before Closing, for any reason whatsoever, Purchaser may, in Purchaser's sole option, either waive such contingencies and proceed with Closing or terminate this Agreement.

a. Warranties. The representations and warranties of Seller contained in this Agreement shall be true on the date of Closing as though they were made on the date of Closing.

- b. Customer List. Seller shall have delivered to Purchaser a complete list of all Water System customers.
- c. No Adverse Change. On the Closing Date, there has been no substantial adverse change in the Water System and there has been no damage to or loss of the property that comprises the Water System.
- d. Trident/Barton Interests. On or before the date of Closing, Seller shall provide Purchaser one or more quit claim deeds divesting Trident Utilities, LLC, a Washington limited liability company, and Donald and Marella Barton, husband and wife, of any interest in the Water System and all assets of the Water System.
- e. No Exercise of Forfeiture Rights. There shall have been no exercise or attempted exercise by Trident Utilities, LLC, or any of its members, to set aside the Declaration of Forfeiture dated March 7, 2005.

10. Indemnification.

- a. Indemnification by Seller. Seller hereby indemnifies, defends and saves Purchaser harmless from any and all claims, damages or other liabilities, whether absolute, contingent or merely alleged, including, but not limited to, reasonable costs and attorney's fees, arising out of or relating to (a) the breach by Seller of the covenants, representations and warranties made by him in this Agreement or (b) any and all liabilities, claims or other obligations arising out of or relating to the business or operations of Seller before Purchaser enters into possession of the Water System.
- b. Indemnification by Purchaser. Purchaser hereby indemnifies, defends and saves Seller harmless from any and all claims, damages or other liabilities, whether absolute, contingent or merely alleged, including, but not limited to, reasonable costs and attorney's fees, arising out of or relating to (a) the breach by Purchaser of the covenants, representations and warranties made by Purchaser in this Agreement, or (b) any claims or other obligation arising out of or relating to the business or operation of the Water System after the date on which Purchaser enters into possession of the Water System.

11. Transfer Taxes. Any sales or use tax payable by reason of the sale of the Water System under this Agreement shall be paid by Seller and such payments shall not be construed as a part of the purchase price.

12. Disposition of Documents and Records. Seller shall deliver to Purchaser all documents and records related to the Water System presently in Seller's possession at Closing and any which may come into Seller's possession in the future.

13. Actions after Closing. Following the Closing, Seller shall, from time to time, execute such additional instruments of transfer and take any such actions as Purchaser may reasonably request in order to more effectively or completely establish evidence of record or

otherwise, Purchaser's ownership of the assets which Purchaser is entitled to acquire hereunder or to aid Purchaser in obtaining possession of any thereof.

14. Costs. Purchaser shall pay all recording costs.

15. Brokerage Fees. Seller and Purchaser each represent to the other that they have not retained any broker or finder in connection with the transaction contemplated by this Agreement. If any brokerage or finder's fee claim shall be made based on this Agreement, the defense of said claim shall be the responsibility of the party that the claimant asserts made the commitment on which claim is based.

16. Hazardous Materials/NO OTHER WARRANTIES. For purposes of this warranty, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the Department of Ecology or other regulatory agency to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law regulation. Seller warrants and represents that to the best of his knowledge, no Hazardous Material has been used by the Seller in the operation or maintenance of said Water System. Except as expressly set forth in this Agreement, Seller makes no representation or warranty whatsoever concerning the Water System. Purchaser has had the opportunity to review all of Seller's documents related to the Water System and has had the opportunity to inspect the operation of the Water System to its satisfaction and is relying on its own due diligence in determining to enter into this Agreement. Purchaser has not relied upon any statement or lack of statement of any nature whatsoever of Seller in making its determination to enter into this Agreement. SELLER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, including, but not limited to, merchantability and fitness for intended purposes.

17. Miscellaneous.

a. Construction. This Agreement shall not be construed more favorably to one party over another, notwithstanding the fact that one party, or its attorney, may have been more responsible for the preparation of the document.

b. Survival. All of the obligations (except to the extent performed), warranties and representations in this Agreement shall survive the Closing, including but not limited to the obligations contemplated to occur after Closing.

c. Entire Agreement; Modification. This Agreement constitutes the entire agreement among the parties hereto and supersedes all prior and contemporaneous agreements and understandings of the parties hereto with respect to the subject matter hereof. No supplement, modification or amendment of this Agreement shall be binding and enforceable unless executed in writing by the parties hereto.

d. Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision hereof (whether different or similar), nor shall such

waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party hereto making the waiver.

e. Successors in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives and successors of the parties hereto.

f. Headings. Headings contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or of any provision hereof

g. Governing Law; Jurisdiction. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Washington. Except with respect to an action commenced by a third party in another jurisdiction, the parties hereto agree that any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court of Thurston County, State of Washington.

h. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be sent U.S. Certified Mail, Return Receipt Requested, or by facsimile transmission, or by personal service addressed as set forth below:

All notices to be given to Purchaser shall be addressed as follows:

Pattison Water Company
P.O. Box 3374
Lacey, WA 98509-3374

All notices to be given to Seller shall be addressed as follows:

Herman Suess
c/o J. M. Cunningham
P.O. Box 388
Centralia, WA. 98531

Either party hereto may, by written notice to the other, designate any other address for the giving of notices. All notices shall be deemed given on the day such notice is personally served or on the third day following the date such notice is mailed in accordance with this paragraph, or on the day of the confirmed facsimile transmission.

i. Further Assurances. Each party hereto will execute and deliver such further instruments and take such further action as may be required to carry out the intent and purpose of this Agreement.

j. Counterparts and Duplicates. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

k. Severability. The invalidity or unenforceability of any particular provision, or any part thereof, of this Agreement shall not affect the other provisions hereof, and all such other provisions shall remain in full force and effect as if such invalid or unenforceable provisions were omitted.

l. Attorneys Fees and Costs. In the event of any conflict, claim or dispute between the parties hereto arising out of or relating to the subject matter of this Agreement, whether or not such conflict, claim or dispute has its basis in law or in equity, the substantially prevailing party shall be entitled to receive from the non-prevailing party all reasonable costs and expenses of every sort whatsoever including, but not limited to, arbitrators' fees, mediation fees, deposition costs, expert witness fees, accounting expenses and actual attorneys fees incurred or expended, whether or not arbitration or court proceedings are initiated, and including all such costs or expenses incurred or expended in arbitration, in trial, on appeal or in any bankruptcy or receivership proceeding.

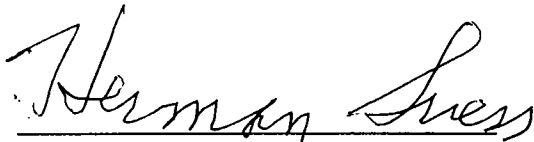
m. Time of the Essence. TIME IS OF THE ESSENCE IN CONNECTION WITH THIS AGREEMENT.

n. Default and Remedies. In the event any party to this Agreement fails to perform or otherwise defaults on its duties and obligations hereunder, or breaches any of its representations or warranties contained in this Agreement, then the non-defaulting party shall have all of the rights and remedies available at law or in equity including, but not limited to, the right to specific performance.

o. Incorporation by Reference. All of the exhibits attached hereto are incorporated herein by this reference as if the same were set forth in full and are a material part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

SELLER:


Herman Sues

PURCHASER:

Pattison Water Company

By: 
Jim Casebolt

Its: Vice President