

## Asset Acquisition Agreement

This Asset Acquisition Agreement (“Agreement”) is entered into as of this \_\_\_ day of April 2005, among T&T Professional Services, a Washington Sole Proprietor (“Purchaser”), and Gamble Bay Water, Inc, a Washington corporation (“Seller”), with reference to the following recitals:

### RECITALS

- A. Seller owns and operates three (3) group B water systems (Water Systems) regulated by the Washington State Utilities and Transportation Commission (WUTC) and The Washington State Department of Health (DOH), known as Piper, ID #00887P; Pinewood, ID #45507P; Lightmoore, ID #66934K. The Seller’s Water Systems are all located in Kitsap County, Washington and serve approximately 22 customers.
- B. Seller and Purchaser believe that the sale of the assets and business hereunder is in the best interest of the population served by the Seller’s Water Systems, in view of Purchaser’s expertise and financial resources.
- C. The proposed transactions hereunder are subject to the approval of the WUTC and acceptance by Purchaser and Seller of conditions made by WUTC.
- D. Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller all of Seller’s water systems’ assets, on the terms and subject to the conditions herein set forth.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which shall be deemed a relevant part of this Agreement, and the mutual covenants, promises, agreements, representations and warranties contained herein, for good and valuable consideration, the parties hereto agree as follows:

1. Property Sold: Seller agrees to sell and Purchaser Agrees to purchase the Water System consisting of:
  - A. Property: Land and or easements to the well sites, together with protective covenants showing a 100’ non-pollution radius around the well, and easements to all mains, services and valves including, but not limited to, those listed in Schedule 1(a).
  - B. Water System: All water equipment and facilities, wells, pumping equipment, connections, tanks, reservoirs, mains, meters , hydrants, and all other appurtenances pertaining to operating the water systems that are owned by Seller and described in Schedule 1 (b) hereof.
  - C. Water rights including, but not limited, to those listed in Schedule 1 (c).
  - D. Future and current service areas, for the Water System.

E. Intangibles listed in Schedule 1 (e)

2. Purchase Price: The purchase price is zero Dollars (\$0.00).
3. Debts and Taxes: Seller to pay all debts, including those owed to Purchaser, and taxes incurred prior to April 30, 2005. Accounts receivable for water provided to customers prior to April 30, 2005, shall remain the property of Seller.
4. Conveyance: Conveyance shall be by Bill of Sale Schedule 4(a), Assignment of Easements (4(b)), Statutory Warranty Deed 4(c), and Assignment of Intangibles Schedule 4 (d). Purchaser is entitled to immediate possession of the subject matter of the agreement upon closing.
5. Title Insurance: Purchaser at its option may obtain a title insurance policy for all real property transferred, through \_\_\_\_\_ Insurance Company, and pay the premium there on. Rights reserved and Federal patents or State lands, building or use restrictions common to the district, existing easements not inconsistent with Purchaser intended use, and building or zoning regulations or provisions shall not be deemed encumbrances or defects.
6. Seller's Obligation: After closing Seller has no rights or obligations to the Water Systems listed on 1.2 (a).
7. Closing Date. The closing ("Closing") of the transactions contemplated by this Agreement shall take place at a location mutually agreed upon by the parties, during regular business hours, on the 3rd business day after the effective date of the WUTC authorization referred to in Section 9.1 or at such other time as the parties may agree ("Closing Date").
8. Conveyance Costs: Seller shall pay all real estate excise tax and Purchaser shall pay any sales tax that may be payable upon this transaction. Purchaser shall pay costs in connection with transfer of the water rights.
9. Notices: Any notices between the parties shall be transmitted by ordinary first class mail addressed as follows:  
  
To Purchaser: Robert N. Thurston  
80 Sparrow Crt  
Port Ludlow, WA 98365  
  
To Seller: Gamble Bay Water Inc.  
Mike and Charlie Knapp  
PO Box 709  
Keyport, Washington 98345
10. Customer List and Drawings: Seller shall provide Purchaser with complete customer list including, name, site address, phone number, parcel number and mailing address as listed in

Schedule 10. Seller will also provide Purchaser with all available as-built drawing of the Seller's Systems.

11. Waiver: No waiver or modification by Seller of any term or condition of this agreement shall be effective unless in writing, signed by Seller or their duly authorized agent. No waiver or indulgence by Seller of any deviation or departure by Purchaser from full performance of this agreement shall be waiver of the right of Seller from subsequent or other full and timely performance.
12. Litigation: To the best of Seller's knowledge and except as described in Schedule 12 hereof, there is no action, suit, proceeding, claim arbitration, or investigation, audit, inquiry or hearing, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or other person pending or, to the knowledge of Seller, threatened, against Seller or relating to or affecting Seller, its business, assets or properties or any basis for such action, suit, proceeding, claim investigation, audit, inquiry, or hearing to the knowledge of Seller. Seller is not presently engaged in any legal action to recover money due it or damages sustained. Seller, the water system, or operation of the water system thereof has no knowledge of any complaints lodged with State and/or County Department of Health or Washington State Utilities and Transportation Commission.
13. Attorney Fees: In the event either party breaches this agreement, the other party shall, in addition to other damages, be entitled to reasonable attorney fees.
14. Successors in Interest: This Contract shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, and legal representatives of the parties.
15. Special Interest: Except as listed on Schedule 15, there are no special interests or agreements binding to these water systems. No water systems owned by Seller, except those listed, shall be included as part of this Asset Purchase Agreement.

There are no written or oral agreements modifying this agreement and no warranties other than as set forth herein.

Seller:

Gamble Bay Water Co. Inc..

Date: \_\_\_\_\_

By: \_\_\_\_\_

Mike Knapp, President

(360) 779-6283

Purchaser:

T&T Professional Services

Date: \_\_\_\_\_

By: \_\_\_\_\_

Robert N. Thurston

(360)437-9852



SCHEDULE 1 (b)

WATER SYSTEMS ASSETS OF PIPER, PINWOOD, LIGHTMOORE WATER SYSTEMS

<u>Type of Asset</u>	<u>Description of Asset</u>	<u>Quantity</u>
Structures:	Pumphouses --	3
Wells and/or Springs	Well/springs	4
Pumping Equipment	Pumps	3
Water Treatment Equipment	All	
Reservoirs	All	2
Generators		
Transmission Mains	2 – 21/2”	all
Other Equipment	Pressure Tanks	10
All Inventories	all	
Misc. Assets	Meters—residential and source	

SCHEDULE 1 (c)  
WATER RIGHTS

PIPER G1-25562P  
PINEWOOD NONE  
LIGHTMOORE G1-2338C

SCHEDULE 1 (d)

Current and Future Service Area

SCHEDULE 1 (e)  
DESCRIPTION OF INTANGIBLES

1. Water rights
2. Customer records for billing purposes
3. Water System operation records pertaining to wells, pumping equipment, storage facilities, valves, water treatment equipment
4. Construction records relating to wells, pumping equipment, storage facilities, valves, water treatment equipment, mains, hydrants, services
5. Maintenance records related to wells, pumping equipment and storage facilities
6. Water main leak history
7. Water System maps and drawings
8. Building permits related to operating equipment or structures
9. Water contracts
10. County health department permits and licenses
11. State health department permits and licenses
12. Water quality testing records
13. Water System Plans



SCHEDULE 2

ALLOCATION OF PURCHASE PRICE  
For Systems Named: PIPER, PINWOOD, LIGHTMOORE

Account No.	Description	Purchase Price
1303	Land	\$
1304	Structures	\$
1307	Wells	\$
1309	Supply Mains	\$0
1311	Pump Equipment	\$
1320	Other Source Plant	\$0
1330	Storage	\$0
1331	Transmission Mains	\$
1333	Service	\$
1334	Meter Installation	\$
1339	Other Plant	\$
1408	Accumulative Depreciation	\$0
	Total	\$0.00

NOTE: The parties will review this allocation of assets prior to closing to properly address allocation including but not limited to intangibles, water rights and other issue.

SCHEDULE 3

DEPOSITS AND ADVANCED PAYMENTS  
(to be provided by owner at closing)

NONE

SCHEDULE 4 (a)

Bill of Sale

See Attached

SCHEDULE 4 (b)

Assignment of Easements

See Attached

**After Recording Return to:**

T&T Professional Services  
80 Sparrow Crt  
Port Ludlow, WA 98365

**ASSIGNMENT OF EASEMENTS**

THIS ASSIGNMENT made this \_\_\_ day of \_\_\_\_\_, 2005 by and between Gamble Bay Water Co., Inc., a Washington Corporation, the undersigned ASSIGNOR, and T&T Professional Services, a Sole Proprietor, the undersigned ASSIGNEE. The ASSIGNOR, for One Dollar (\$1.00), does assign, quit claim and transfer all of its rights, title and interest in the easement(s) pertaining to, but not limited to, the **PIPER, PINWOOD, LIGHTMOORE** \_water systems, Kitsap County, recorded under Auditor’s file number(s).

By accepting assignment of easement, ASSIGNEE releases ASSIGNOR from any and all conditions of said easements.

ASSIGNOR:

Gamble bayWater Company, Inc..

By: \_\_\_\_\_  
Mike Knapp, President:

ASSIGNEE:

T&T Professional Services

By: \_\_\_\_\_  
Robert N. Thurston

STATE OF WASHINGTON     )  
County of \_\_\_\_\_     )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2005, the undersigned, a Notary Public in and for the State of Washington, duly commissioned an sworn, personally appeared before me known to be Mike Knapp, President, the Owner of the above listed water systems and Robert N. Thurston, a Sole Proprietor, that executed the within and forgoing instrument, and acknowledged said instrument to be a free and voluntary act and deed of said corporations, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

WITNESS MY HAND and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2005

\_\_\_\_\_  
**NOTARY PUBLIC** in and for the state of Washington  
residing at \_\_\_\_\_

My appointment expires:

SCHEDULE 4 (C)

Statutory Warranty Deed

See Attached



SCHEDULE 4(d)

Form of Assignment of Intangibles

**Assignment of intangible property,  
contracts, warranties and guarantees**

This Assignment of Intangible Property, Contracts, Warranties and Guarantees is executed as of this \_\_\_\_\_ day of \_\_\_\_\_ 2005, by Seller, Gamble Bay Water Co., Inc., a Washington corporation (“Assignor”), in favor of, T&T Professional Services, a Sole Proprietor,, (“Assignee”), pursuant to that certain Asset Acquisition Agreement dated as of \_\_\_\_\_ 2005, (the “Agreement”), by and between Assignor, as Seller, and Assignee, as purchaser.

FOR VALUE RECEIVED, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor’s right, title and interest in, to and under the Intangible Property (as defined in the Agreement) including, without limitation, the Intangible Property described in Schedule 1e, attached hereto and made a part hereof. The capitalized terms in Schedule 1 (e)) shall have the meanings given in the Agreement.

Assignor hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Assignee, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which Assignee, its nominees, successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its nominees, successors and/or/or assigns, to realize upon or otherwise enjoy any such assets.

Assignor hereby agrees to indemnify, defend, protect and hold harmless assignee from and against any and all liability, loss, costs, damage and expense (including, without limitation, attorneys’ and paralegals’ fees and costs and court costs) relating to Assignor’s obligations with respect to the Intangible Property arising prior to the date hereof.

Assignee hereby assumes and agrees to perform or cause to be performed Assignor’s obligations, if any, under the Intangible Property from and after the date of this instrument, and hereby agrees to indemnify, defend, protect and hold Assignor harmless from and against any and all liability, loss, cost, damage and expense (including, w without limitation, attorneys’ and paralegal fees and costs and court costs) relating thereto and arising from and after the date hereof.

The provisions of this Assignment of Intangible Property, Contracts, Warranties and Guarantees shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and permitted assigns.

IN WITNESS WHEREOF, the undersigned have executed this assignment of Intangible Property, Contracts, Warranties and Guarantees as of the date first above written.

Assignor:

Assignee:

Gamble Bay Water Co., Inc.  
A Washington corporation

T&T Professional Services, a Sole Proprietor,

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Mike Knapp, President

By: \_\_\_\_\_  
Robert N. Thurston



SCHEDULE 10  
LIST OF CUSTOMERS

See Attached

SCHEDULE 12

LITIGATION AND COMPLAINTS

**NONE**

## SCHEDULE 15

- If Purchaser elects to charge a metered rate for water, any meters required will be installed at Purchaser's expense.
- The Agreement may be signed in counterpart, each signed counterpart shall be deemed an original, and all counterparts together shall constitute one and the same Agreement. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. The request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document.

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Gamble Bay Water Co., Inc. a Washington corporation (“Seller”), hereby sells, grants, conveys, assigns, transfers and sets over to T&T Professional Services, a Sole Proprietor, (“Purchaser”), all improvements and personal property comprising the water production, storage and distribution facilities and all water rights, and assets of every kind comprising the Water Systems owned and operated by Seller, in the area of Kitsap County, Washington, including, without limiting the generality of the foregoing, the following:

1. All of the Improvements described in Schedule 1 (a) & 1(b) attached hereto.
2. To the extent not described in Schedules 1 (a) & (b) hereto, all wells, pumps, pumping plants and pumping equipment, tanks, mains, pipes, pipelines, hydrants, valves, connections, services, meters, meter boxes and associated facilities, buildings, structures, improvements and appurtenances thereto, and all property and assets of every kind comprising a part of or used in connection with the operation of Seller’s Water System.
3. All rights of any kind now held by Seller in and to any and all water, water rights and rights to receive distribution of water.
4. Seller warrants to Purchaser that Seller owns and has the right to convey all property conveyed by this Bill of Sale and that all property conveyed hereby is conveyed free and clear of all liens, encumbrances, claims and liabilities.

Executed on the \_\_\_ day of \_\_\_\_\_, 2005.

Gamble Bay Water Co., Inc.  
A Washington Corporation

By: \_\_\_\_\_  
Mike Knapp President

By: \_\_\_\_\_  
Charlie Knapp, Vice President