

ASSET AND REAL PROPERTY PURCHASE AND SALE AGREEMENT

Between

WASHINGTON WATER SERVICE COMPANY

and

BETHEL GREENACRES WATER ASSOCIATION

Dated 07/26/2022

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ASSET AND REAL PROPERTY PURCHASE AND SALE AGREEMENT

This Asset and Real Property Purchase and Sale Agreement (“**Agreement**”) is entered into this 07/26/2022 (“**Effective Date**”), by and between WASHINGTON WATER SERVICE COMPANY, a Washington corporation (“**Purchaser**”), and BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation (“**Seller**”), each referred to as a “**Party**” and collectively as the “**Parties**”, with reference to the following recitals:

RECITALS

A. Seller is a Washington nonprofit corporation that owns and operates a domestic water system known as Bethel Greenacres Water System. As of the Effective Date, Seller furnishes water service to approximately 200 customers within an area located near the City of Graham, County of Pierce, State of Washington, more specifically identified in Exhibit A attached hereto and made a part (the “**Water System**”).

B. Purchaser is a wholly owned subsidiary of California Water Service Group (“**CWSG**”). CWSG is a publicly traded utility holding company that owns and operates, water and wastewater systems in the states of Washington, California, Hawaii, New Mexico, and Texas through its subsidiary corporations. Purchaser owns and operates water and wastewater systems in the State of Washington.

C. The Washington Utilities and Transportation Commission (“**UTC**”) regulates Seller’s and Purchaser’s water systems in the State of Washington.

D. Seller and Purchaser believe that the sale of the assets of the Water System is in the best interest of the population served by the Water System, in view of Purchaser’s technical and managerial expertise, financial resources, and economies of scale and given Purchaser’s service of a large number of customers in the region.

E. Because Purchaser is a public utility regulated by the UTC, closing of the transaction contemplated under this Agreement is conditioned on and subject to the approval of the UTC, the State of Washington Department of Health (“**DOH**”), and the State of Washington Department of Ecology (“**DOE**”), as required, and this Agreement and the rates to be charged by Purchaser subsequent to the Closing Date are subject to review and approval by the UTC.

F. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, certain assets of the Water System as defined in this Agreement and on the terms of and subject to the conditions in this Agreement.

AGREEMENT

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

1. TRANSFER OF ASSETS

1.1. Agreement to Sell. Upon the terms and subject to all of the conditions contained herein, Seller hereby agrees to sell, assign, transfer, and deliver to Purchaser on the Closing Date (as defined in Section 5.2), and Purchaser hereby agrees to purchase and accept from Seller on the Closing Date, the Acquired Assets (as defined in Section 1.2). At Closing, Seller shall deliver to Purchaser, through Escrow (as defined in Section 5.1 below), appropriate bills of sale, assignments, easements, deeds, and such other documents of conveyance and instruments as are necessary or convenient to effect the transfer of title to the Acquired Assets to Purchaser on the Closing Date, in form and substance set forth as part of the Schedules or Exhibits to this Agreement or in such other form as is reasonably acceptable to Purchaser and Seller..

1.2. Description of Acquired Assets. For purposes of this Agreement, the term “**Acquired Assets**” shall refer to all real and personal property used in connection with ownership and operation the Water System on the Effective Date and all other property and assets of Seller arising from or related to the ownership or operation of the Water System, whether or not currently in the possession of the Seller, including, without limitation the following:

(a) **Utility Systems.** All water supply and treatment equipment and facilities, including but not limited to dams, wells, pumping equipment, connections, tanks, reservoirs, mains, pipes, meters, and hydrants, and any specific facilities or equipment described in **Schedule 1.2(a)** (“**Utility Systems**”).

(b) **Real Property.** All real property, easements, and other real property rights listed and described in **Schedule 1.2(b)** (the “**Real Property**”), including the fee title to the real property upon which the Utility Systems and the Buildings and Equipment are located.

(c) **Buildings and Equipment.** All tools, equipment, and any buildings used in connection with the Water Systems (that are not part of the Real Property), and any buildings and equipment specifically described in **Schedule 1.2(c)** (the “**Buildings and Equipment**”).

(d) **Water Rights.** All water rights held by Seller used in connection with the Water System and as more particularly described in **Schedule 1.2(d)** (the “**Water Rights**”).

(e) **Other Assets.** All other tangible assets used to operate the Water System, and all rights under contracts, all claims, and all prepaid expenses, and any other tangible assets specifically described in **Schedule 1.2(e)**.

(f) **Inventory.** All inventory owned or possessed by Seller at Closing, including component parts and spare parts, water meters, chemicals, and other goods related to the ownership of and used in the operation of the Water System, and any inventory specifically described in **Schedule 1.2(f)**.

(g) **Accounts Receivable.** All non-delinquent customer accounts receivable of Seller and of its subsidiaries, affiliates, or contractors, accrued in connection with the operation of the Water System, as reflected on Seller’s or its subsidiaries’, affiliates’, or contractors’ receivable ledger (“**Seller’s Accounts Receivable**”), calculated in accordance with the procedures of **Schedule 1.2(g)**.

(h) **Books and Records.** Copies of all books, records, files, contracts, and other data in Seller’s possession or reasonable control relating to the Acquired Assets and/or the operation of the Water System and whether in tangible form or in the form of intangible computer storage media, such as disks, tapes, and other similar storage media.

(i) **Licenses.** All Licenses of Seller described in **Section 6.21**.

(j) **Company Deposits.** All deposits with government agencies, vendors, contractors, and other entities described in **Schedule 1.2(j)**. Seller shall provide such information to third parties holding deposits as is necessary to transfer Seller’s interest in the deposits to Purchaser.

(k) **Customer Deposits.** All deposits made by customers to Seller for purposes of receiving water service as described in **Schedule 1.2(k)**.

(l) **Other Intangible Property.** All of the right, title, and interest of Seller in any other intangible property in the possession or reasonable control of Seller and used in the ownership, use, or operation of the Water System, and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, including: any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller, or in which Seller holds any beneficial interest relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller’s business; all customer service contracts and all site plans, plans and specifications, “as-built” plans and drawings, permits and other governmental reviews,

approvals and entitlements related to the Water System and such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of or under the control of Seller; any intellectual property retained by Seller including trade and service marks registered to Seller, any patent or copyrights retained by Seller related to the business and licenses to use software and other intellectual property used by Seller; and the other intangible property specifically described in **Schedule 1.2(l)** (collectively, the “**Other Intangible Property**”).

1.3. Excluded Assets. For the avoidance of doubt, and notwithstanding Section 1.2, the property or assets described in **Schedule 1.3** are excluded from and will not constitute part of the Acquired Assets.

2. LIABILITIES AND SALES TAXES

2.1. Water Service Obligations

(a) Current Customers. **Schedule 2.1(a)** lists each customer currently served by Seller (the “**Customer List**”). Within five (5) days following the last approval to be obtained, Seller shall provide to Purchaser an updated Customer List.

(b) Will Serve Letters. **Schedule 2.1(b)** lists each will serve letter issued by Seller to a recipient declaring Seller’s intent, ability, commitment, or promise to provide water to a customer, prospective customer, development, or project that is operative or in effect as of the Effective Date (a “**Will Serve Letter**”). After the close of the Inspection Period, Seller shall not issue any additional Will Serve Letter without the prior written approval of Purchaser. On and after the Closing Date, Purchaser shall accept the obligation to provide potable water service to the Will Serve Letter recipients shown in **Schedule 2.1(b)** in accordance with UTC approved rules and tariffs.

2.2. Taxes. Seller shall pay all sales, gross receipts, use, and transfer taxes, if any, arising out of the transfer of the Acquired Assets and shall pay its portion, prorated as of the Closing Date, of state and local real and personal property taxes of the business, if any. Purchaser shall not be responsible for any Taxes of any kind related to any period before the Closing Date. Moreover, Seller agrees that it is responsible for payment of all taxes relating to the Tax Cuts and Jobs Act arising prior to the Closing Date. All such taxes are collectively referred to as the “**Taxes**”.

2.3. No Assumed Liabilities. Purchaser will not assume or be obligated to satisfy or perform any other liabilities, obligations, or commitments of Seller, whether fixed or contingent, or known or unknown, including, but not limited to, Seller’s tax, environmental, or water quality liabilities; obligations to its employees; or which otherwise relate to the operation of Seller’s business or the Acquired Assets that exist prior to the Closing Date; except as described in **Schedule 2.3** and under the terms of a separate assignment and assumption agreement.

3. PURCHASE PRICE AND PAYMENT

3.1. Purchase Price. As consideration for the sale, assignment, transfer, and delivery of the Acquired Assets by Seller to Purchaser, and upon the terms and subject to all of the conditions contained herein, Purchaser agrees to pay and Seller agrees to accept a “**Purchase Price**” of ONE-HUNDRED-ONE THOUSAND FIVE HUNDRED and 00/100 DOLLARS (**\$101,500.00**) payable in cash in immediately available funds on the Closing Date. On the Closing Date Purchaser shall deposit the Purchase Price with Escrow Holder (as defined in Section 5.1 below), which amount will be held by Escrow Holder for the purposes of securing Seller’s indemnification obligations, and disbursed only in accordance with mutually acceptable Escrow instructions.

3.2. Allocation of Purchase Price. In accordance with **Schedule 3.2**, the Purchase Price shall be allocated among the Acquired Assets as determined by Purchaser at the Closing Date.

4. INSPECTIONS AND OTHER MATTERS

4.1. Inspection Period and Investigation. Purchaser and Purchaser's agents and consultants shall have until sixty (60) Days after the Effective Date, together with two additional options allowing Purchaser to extend by thirty (30) Days each (the "**Inspection Period**") within which to conduct the inspections, investigations and reviews provided for by this Article 4. Any delay by Seller in providing the Due Diligence Items required of Seller hereunder within the time specified herein shall entitle Purchaser to an extension of the Inspection Period by a period equal to the delay. Purchaser shall have the right to enter upon Real Property at necessary times during business hours for the purpose of inspecting the Acquired Assets. Except as provided herein, Purchaser shall be responsible for all inspections, examinations, tests and evaluations. Purchaser shall indemnify, protect, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including, without limitation, reasonable attorney's fees and costs), liabilities, damages, and liens caused by the negligence or intentional misconduct of Purchaser while upon the Real Property prior to the Closing Date. Purchaser shall repair any damage to Real Property that may be caused by the Purchaser's negligence or intentional misconduct while on the Real Property performing its inspection. During the inspection period, Purchaser's liability insurance, in the amount of at least \$1,000,000, shall name Seller and its directors as additional insureds.

4.2. Property Description, Current Surveys and Title Policies. Within fifteen (15) Days after the Effective Date, Seller shall provide the following in Seller's possession or control to Purchaser for Purchaser's review: descriptions of the Real Property, including for easements (the "**Property Descriptions**"); copies of any existing surveys, title policies, and environmental, soils, engineering and any other studies relating to the Real Property.

4.3. Water Rights, Quality, Use. Within fifteen (15) Days after the Effective Date, Seller shall provide to Purchaser descriptions of the Water Rights, including any and all documents or filings made with state and local agencies or courts that are in Seller's possession or control evidencing or otherwise related to such Water Rights. Such documents shall include, but not be limited to, declarations, permits, licenses, certificates, claims or any other documents evidencing the existence and Seller's ownership of the Water Rights. Within the time set forth herein, Seller also shall provide copies of any existing water quality studies, test results, well capacity analyses, water use documents or any other evidence of placement of water to beneficial use and any other water quality or quantity studies or information pertaining to water used in Seller's business, that are in Seller's possession or control. Seller shall also provide any documents within its possession or control which confirm the historical places and uses of water rights, and the chain of title to water rights. Seller shall provide copies of the well completion reports, copies of any filings with a Washington well permitting agency, and copies of any materials addressing construction, alteration, maintenance, production, monitoring and/or destruction of such wells.

4.4. Preliminary Title Report. Within thirty (30) Days after the Effective Date, Seller shall cause to be delivered to Purchaser a current Preliminary Title Report issued by the Title Company (1142 Broadway, Suite 200, Tacoma, WA 98402, Attn: Rob Hainey, Senior Commercial Title Officer) ("**Title Report**"), for an ALTA Owner's Policy of Title Insurance covering the Real Property, including all easements and any other real property on which components of the Water System are located (the "**Title Policy**"), and furnish to Purchaser legible and true copies of all instruments in Seller's possession which are the basis of any exceptions to title coverage shown in the Title Report (other than the standard printed exceptions) (the "**Exceptions**") referred to therein (the "**Binder**"). Standard printed exceptions as to current year, non-delinquent taxes shown in the Title Report and the other exceptions to coverage shown in the Title Report, which Purchaser approves or waives in the manner provided hereafter shall be deemed "**Permitted Exceptions**".

4.5. Survey. Within fifteen (15) Days after the Effective Date, Seller shall cause to be delivered to Purchaser existing surveys in Seller's possession or reasonable control sufficient to allow deletion of the Standard Survey exception from the Title Policy (the "**Surveys**"). Seller will provide the following documents that are in its possession or reasonable control: all surveys, its most recent plat map of the Real Property and all pipeline, utility and other easements benefiting the Real Property, and all deeds, agreements and other documents evidencing such easements. If any additional surveys are deemed

necessary by Purchaser they will be performed at Purchaser's expense, provided that Seller shall use its best efforts to assist Purchaser in obtaining such additional surveys, and Seller shall be responsible for obtaining easements which may be deemed necessary by Purchaser (on Purchaser's standard easement form, and deemed superior to any mortgage, deed of trust, covenant, restriction or other encumbrance affecting the subject properties) to cover any areas on the plat map not currently covered by a recorded easement document. Purchaser may terminate this Agreement if Purchaser is not satisfied, in its sole and absolute discretion, with (a) surveys provided to or performed at Purchaser's expense during the Inspection Period, or (b) easements (or the form/content thereof) covering all areas on the plat map, provided that Purchaser shall give notice to Seller identifying the deficiencies in (a) or (b) above which are the basis of Seller's dissatisfaction, and Seller shall be given thirty (30) days after notice from Purchaser of its dissatisfaction to correct such deficiencies in said surveys or easements. Seller's failure to correct any such deficiencies will not result in breach of this Agreement.

4.6. Environmental Assessment; Water Quality and Quantity Studies. Purchaser shall have the right, at its expense, to conduct Phase One and Phase Two Environmental Assessments of the Real Property following the ASTM standards for Environmental Assessments, which may involve invasive testing of the Real Property. In the event Seller does not have authority to grant to Purchaser the right to enter upon any real property to conduct desired testing, Seller shall use commercially reasonable efforts to coordinate with the owners of the applicable real property to allow Purchaser the right to enter upon such real property and to conduct such testing. Purchaser shall also have the right, at its expense, to conduct any other studies of water quality or quantity that Purchaser deems appropriate during the Inspection Period.

4.7. Permits; Agency Filings. Within fifteen (15) Days after the Effective Date, Seller shall cause to be delivered to Purchaser copies of any and all permits and Licenses Seller holds with any city, county, state or federal agency that are in Seller's possession or control. Seller also shall deliver any and all filings made with such agencies, subsequent case filings made by Seller or third parties, and orders entered, if any, that are in Seller's possession.

4.8. Corporate Documents; Books and Records. Within fifteen (15) Days after the Effective Date, Seller shall cause to be delivered to Purchaser copies of all corporate documents for Seller, including Seller's articles of incorporation and bylaws and any amendments thereto, any shareholder, buy-sell, and/or voting rights or voting trust agreements by and among Seller's shareholders, and any corporate resolutions of Seller approving the transactions contemplated by this Agreement. Seller shall also provide Purchaser with copies of all customer lists and all books and records related to the operation of the Water System in Seller's possession or control.

4.9. Personal Property Search. Within thirty (30) Days after the Effective Date, Seller shall provide Purchaser a personal property record search of Seller for any liens or encumbrances on all personal property owned by Seller and subject to this Agreement (the "**UCC Search**"). Seller shall also provide confirmation that all personal property taxes have been paid on any personal property, including buildings, equipment and inventory that are included in the Acquired Assets.

4.10. Claims and Lawsuits and Customer Information. Within thirty (30) days after the Effective Date, Seller shall provide Seller with all information in Seller's possession or control from the five (5) year period immediately preceding the Effective Date related to all lawsuits filed against Seller, non-litigated claims made against Seller with an actual or alleged Seller liability of greater than TEN THOUSAND DOLLARS (\$10,000.00), and a list of all complaints against Seller or pertaining in any manner to the Water System which were (a) communicated to Seller within six (6) months prior to the Effective Date or (b) which constitute "recurring" complaints (as defined below), and, for each complaint included on such list, Seller shall specify with reasonable particularity, (i) the date such complaint was made, (ii) the identity of the complainant, (iii) the nature or substance of the complaint, (iv) whether such complaint has been resolved as of the Effective Date, and if so, a description of the resolution and the date of resolution, and (v) the current status of the complaint as of the Effective Date. For purposes of this Section, a "recurring" complaint shall mean a complaint that has been raised at least three (3) times within a five (5) year period prior to the Effective Date by the same customer or third party.

4.11. Review; Correction of Disapproved Items. Purchaser shall have until the end of the Inspection Period to review the Title Report, the Property Descriptions, the Surveys, the easements, the Environmental Assessments, the UCC Search and any other information, studies, investigations or other matters, whether by Seller or undertaken by Purchaser (collectively referred to herein as the “**Due Diligence Items**”). Before the expiration of the Inspection Period, Purchaser shall indicate in writing delivered to Seller any Due Diligence Items that are not acceptable (“**Disapproved Due Diligence Items**”). Due Diligence Items not expressly disapproved shall be deemed approved. Notwithstanding the foregoing, all covenants, conditions or restrictions recorded against the Real Property shall be deemed a Disapproved Due Diligence Item and Purchaser shall have no obligation to give written notice thereof. Seller shall have thirty (30) Days after delivery of notice by Purchaser of Disapproved Due Diligence Items to cure all Disapproved Due Diligence Items (“**Seller’s Cure Period**”). If Seller does not cure all of Disapproved Due Diligence Items within Seller’s Cure Period, Purchaser may, at its option, either cancel this Agreement or waive the objections and proceed to Closing, provided that in the event Purchaser fails to give Seller written notice of its decision shall be deemed to constitute Purchaser’s decision to cancel this Agreement. The Seller’s failure to cure the objections is not a breach of this Agreement.

4.12. Days; Definition. “**Days**” means calendar days, unless the context requires otherwise.

5. ESCROW AND THE CLOSING

5.1. Escrow. Within two (2) business days after the Effective Date, Buyer shall open an escrow for the transaction contemplated by this Agreement (the “**Escrow**”), with Chicago Title Company: Attn: Shelley Anderson, 1142 Broadway, Suite 200, Tacoma, WA 98402 (the “**Title Company**” and “**Escrow Holder**”).

5.2. Closing Date. The closing (“**Closing**”) of the transactions contemplated by this Agreement shall take place through Escrow, during regular business hours, on such date as mutually agreed between Seller and Purchaser which date is at least thirty (30) business days, and no more than ninety (90) business days, after the effective date of the last necessary approval of the transaction obtained by Purchaser, as described in Section 9 below, or at such other time as the parties may agree to in writing; provided however that should such first calendar date of the month occur on a Saturday, Sunday or state or federal holiday, the Closing shall occur on the following business day (“**Closing Date**”).

5.3. Seller’s Obligations at Closing. At the Closing, Seller shall (a) turn over and deliver to Purchaser exclusive possession of the Acquired Assets (Section 1.2); and (b) deliver to Purchaser the conveyance documents as identified herein and such other instruments of conveyance identified in Section 8.13 and as necessary to effect the transfer of title to the Acquired Assets to Purchaser as of the Closing Date in the form required herein.

5.4. Purchaser’s Obligation at the Closing. At the Closing, Purchaser shall deliver to Seller the Purchase Price in accordance with Section 3.1 above.

6. SELLER’S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows:

6.1. Organization, Good Standing and Qualification. Seller is a water company duly organized, validly existing, and in good standing under the laws of the State of Washington and has all necessary corporate powers to own, lease, and operate its assets and properties and to carry on its business as now owned and operated by it. Seller is not doing business in any state other than the State of Washington. Seller does not own, directly or indirectly, any interest or investment (whether equity or debt) in or control any corporation, partnership, business, trust, joint venture, or other entity.

6.2. Authority. Seller has the full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The Seller’s Board of Directors has duly and effectively approved Seller’s execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and no other corporate proceeding on the part of Seller is

necessary to authorize this Agreement and the transactions that it contemplates. This Agreement has been duly and validly executed by Seller and is a valid and binding agreement of Seller enforceable in accordance with its terms.

6.3. Financial Statements. Concurrently with the execution of this Agreement by Seller, Seller shall deliver to Purchaser the audited balance sheets of Seller for the prior two fiscal years and the related statements of income and retained earnings for the years then ending, certified by the Chief Executive Officer, and the General Manager of Seller. These financial statements are hereinafter collectively referred to as the “**Seller Financial Statements.**” To the best of Seller’s knowledge, the Seller Financial Statements are true and correct in all material respects, fairly present the financial position of Seller as of the respective dates of the balance sheets included in the Seller Financial Statements, and the results of its operations for the respective periods indicated.

6.4. Absence of Specified Changes, Claims, and Litigation. Except as described in Schedule 6.4, from the Effective Date to the Closing Date, none of the following has occurred:

- (a) Transactions by Seller except in the ordinary course of business as conducted consistent with past practices;
- (b) Capital expenditure by Seller exceeding \$5,000;
- (c) Obligations incurred by Seller, except trade or business obligations incurred in the ordinary course of business consistent with past practices;
- (d) Cancellation or compromise of any debt or claim, except in the ordinary course of business consistent with past practices;
- (e) Material Adverse Change in the financial condition, liabilities, assets, business, results of operation or prospects of Seller;
- (f) Destruction, damage to, or loss of any assets of Seller (whether or not covered by insurance) that materially and adversely affects the financial condition, business, operations or prospects of Seller;
- (g) Sale or transfer of any asset of Seller, except in the ordinary course of business consistent with past practices;
- (h) Execution, creation, amendment, or termination of any contract, agreement, permit or License to which Seller is a party, except in the ordinary course of business consistent with past practices;
- (i) Waiver or release of any right or claim of Seller, except in the ordinary course of business;
- (j) Mortgage, pledge, lien, or other encumbrance of any asset of Seller;
- (k) Cancellation or the giving of notice of cancellation of any policy insuring Seller, its business or assets;
- (l) Other event or condition of any character that has or might reasonably have a material and adverse effect on the financial condition, assets, business, results of operation or prospects of Seller; or
- (m) Agreement by Seller to do any of the things described in the preceding clauses (a) through (l) except as agreed to in writing by Purchaser.

6.5. Debt, Obligations or Liabilities. Purchaser shall not assume any debt, obligations or liabilities of the Seller outstanding on the Closing Date, if any.

6.6. Real Property Leased to or by Seller. Except as described in Schedule 6.6, Seller is not a party to any agreement for the lease of real property.

6.7. Tangible Personal Property. Except as described in Schedule 6.7, no personal property used by Seller in connection with its business is held under any lease, security agreement, conditional sales contract, or other title retention or security arrangement or is located other than in possession of Seller. Seller owns all tangible personal property necessary to conduct its business as now conducted.

6.8. Title to Acquired Assets. Except as described in Schedule 6.8, the Acquired Assets constitute all of the real property, personal property, and other legal rights, title, or interests in the tangible and intangible property used to operate Seller's business as of the Effective Date and as of the Closing Date. To the best of Seller's knowledge and belief, Seller has sole and exclusive good and merchantable title to all of the Acquired Assets and all of its properties and assets reflected in the Seller Financial Statements and all assets acquired by Seller subsequent to the closing date of the Seller's most recent fiscal year for which Seller's Financial Statements have been provided (except in each case those disposed of in the ordinary course of business since such date free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, covenants, conditions or restrictions; unless specifically approved in writing by Purchaser) or any other defect in title (whether or not disclosed on the Preliminary Title Report), except for the liens of current taxes and assessments, encumbrances, clouds and defects which do not materially and adversely affect the operations of or the fair market values of its assets or properties. No officer, director or employee of Seller owns or has any interest, directly or indirectly, in any of the real or personal property used by Seller in the conduct of its business. Seller does not occupy any real property in violation of any law, regulation or decree. Pursuant to this Agreement and Purchaser's obligation to provide water service within Seller's service area, Seller agrees and intends to bestow, transfer, grant or dedicate to Purchaser all perfected or unperfected rights Seller may assert in a court of equity or law to all easements or rights of way not specifically set forth in Article 1. To the extent permitted by law, such rights shall continue for statutory purposes and be recognized for such period that Seller facilities were installed and put to use by Seller.

6.9. Zoning. As of the Effective Date, to best of Seller's knowledge and belief, the zoning of each parcel of real property owned or used by Seller in the conduct of its operations permits or is inapplicable to the presently existing improvements and the continuation of the business presently being conducted on such parcel. Seller is not aware of any facts or circumstances which suggest that a change in zoning which would affect the present use of Seller's real property is likely.

6.10. Business. Seller is a private water provider, serving a portion of the City of Graham County of Pierce within the State of Washington, and with respect to which, it holds valid permits issued by the Washington Department of Health (Office of Drinking Water) and Washington Department of Ecology, copies of which in the Seller's possession will be delivered to Purchaser by Seller within thirty (30) Days after the Effective Date in accordance with Section 4.6.

6.11. Physical Assets. To the best of the Seller's knowledge and belief the tangible assets of Seller are in sound operating condition and have been consistently maintained in a manner appropriate to the purposes to which similar water and utility system equipment and improvements would ordinarily be devoted, including pipes, wells and water storage facilities, and all machinery, equipment, fixtures, automobiles, and other tangible assets owned, leased, or used by Seller in the conduct of its business as presently conducted, ordinary wear and tear excepted, and are free from any defects, except (a) such defects that are correctable through routine maintenance, (b) such minor defects that do not materially interfere with the continued use of such property in the conduct of Seller's normal operations, and (c) such defects that are described in Schedule 6.11.

6.12. Litigation. Except as described in Schedule 6.12, to the best of Seller's knowledge and belief, 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, to the knowledge of the Seller, 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 by it.

6.13. Washington DOH. There are no Washington Department of Health outstanding orders or investigations pending or, to the knowledge of Seller, threatened against Seller, which might adversely affect the business or financial condition of Seller or the water supply of Seller presently in effect except as disclosed on Schedule 6.13, along with remediation status if any as appropriate.

6.14. Washington DOE. There are no Washington Department of Ecology proceedings or investigations pending or, to the knowledge of Seller, threatened against Seller, which might adversely affect the business or financial condition of Seller.

6.15. United States EPA. There are no United States Environmental Protection Agency (“EPA”) proceedings or investigations pending, or to the knowledge of Seller, threatened against Seller, which might adversely affect the business or financial condition of Seller.

6.16. Condemnation. No elections have been held or other actions taken authorizing the commencement of proceedings toward condemnation of any of the properties of Seller, and, to the best knowledge of Seller, no such actions have been proposed.

6.17. Liabilities; Other Contracts. Except as set forth in the Seller’s Financial Statements or described in Schedule 6.17, there are no debts, liabilities or obligations, fixed or contingent, known or unknown, to which Seller, its business or assets are subject, other than those incurred in the ordinary course of business consistent with past practices. Seller is not a party to, nor are its assets bound by, any agreement not entered into in the ordinary course of business consistent with past practices, or any indenture, mortgage, deed of trust, lease or any agreement that is unusual in nature, duration or amount (including, without limitation, any agreement requiring the performance by Seller of any obligation for a period of time extending beyond one year from the Closing Date, calling for consideration of more than \$5,000, or requiring purchase at prices in excess of prevailing market prices). Seller is not a party to, nor is Seller or any of its assets bound by, any agreement that is materially adverse to the business, assets, prospects or financial condition of Seller. Except as set forth in Schedule 6.17 there are no royalty obligations, warranty and guarantee obligations, product liability obligations, or easement maintenance obligations with respect to the Water System or the Acquired Assets.

6.18. Compliance with Laws. Except as described in Schedule 6.18, to the best of Seller’s knowledge and belief the Seller has always complied with, and is not in violation of, applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) affecting the Real Property or the operation of its business. Nothing in this Agreement is to be construed as requiring Seller to do anything that is contrary to law.

6.19. Compliance with Water Quality Regulations and Requirements. Except as described in Schedule 6.19, to the best of Seller’s knowledge and belief, the water which Seller provides to its customers has always complied with all applicable federal, state and local regulations and requirements and is otherwise of good, potable quality.

6.20. Water Rights. Except as described in Schedule 6.20, to the best of Seller’s knowledge and belief, the Water Rights are free and clear of all liens, security interests, mortgages, pledges, encumbrances, covenants, conditions, restrictions, taxes and assessments and charges or claims of whatever nature. The Water Rights are in good standing and have not been forfeited or abandoned and are not subject to judgment, suit, lien, receivership or any other encumbrance whatsoever.

6.21. Licenses. To the best of Seller’s knowledge and belief, Seller possesses and holds in its name all licenses, permits, consents, franchises, approvals, authorization, qualifications, and orders of all governments and governmental agencies required to enable Seller to conduct its business as presently conducted and to own, lease and operate its assets as presently owned, leased and operated (collectively, the “Licenses”). Schedule 6.21 describes all Licenses that are held by Seller. Except as described in Schedule 6.21, to the best of Seller’s knowledge and belief, all of the Licenses held by Seller are in full

force and effect and there is no default of any provision thereof which would affect the ability of Seller to engage in its business or which would result in imposition of a criminal or monetary penalty in excess of \$250 in any single instance, or \$1,000 in the aggregate. No action is pending or, to Seller's knowledge, threatened, seeking the suspension, modification, cancellation, revocation or limitation of any License and, to Seller's knowledge, there is no basis for such actions.

6.22. Agreement Will Not Cause Breach or Violation. To the best of Seller's knowledge and belief, neither the entry into this Agreement nor the consummation of the transactions contemplated hereby will result in or constitute any of the following: (a) a breach of any term or provision of this Agreement, (b) a default or any event that, with notice or lapse of time, or both, would be a default, breach or violation of the Articles of Incorporation or By-Laws of Seller, if any, or of any lease, franchise, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which Seller is a party or by which Seller or its assets are bound, (c) an event that would permit any party to terminate any agreement or policy of insurance or to accelerate the maturity of any indebtedness or other obligation of Seller, (d) the creation or imposition of any lien, charge or encumbrance on any of the assets of Seller, or (e) the violation of any permit, license, law, regulation, ordinance, judgment, order or decree applicable to or affecting Seller or its business, assets or financial condition.

6.23. Tax Matters. Seller has timely and properly filed all tax returns that it was required to file. All such tax returns were complete and correct in all respects and were prepared in compliance with all applicable law. All taxes owed by Seller have been paid. Seller is not the beneficiary of any extensions of time within which to file any tax return. No claim has ever been made by an authority in a jurisdiction where Seller does not file tax returns that Seller is or may be subject to taxation by that jurisdiction. There are no encumbrances on any of the Acquired Assets that arose in connection with any failure (or alleged failure) to pay any tax. Seller has withheld and paid all taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, stockholder, or other third party. Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed. There are no audits or examinations of any tax returns pending or threatened that relate to Seller's operation of the Water System or the Acquired Assets. Seller is not a party to any action or proceeding by any governmental authority for the assessment or collection of taxes relating to the operation of the Water System or Acquired Assets, nor has such event been asserted or threatened.

6.24. Authority and Consents. No approvals or consents of any person other than the UTC, DOH, DOE, and the Seller's Board of Directors are necessary for or in connection with the execution, delivery and performance of Seller's obligations hereunder.

6.25. Duration of Representation and Warranties. The representation and warranties made hereinabove will be correct and accurate in all material respects as of the Closing Date and shall survive for one (1) year from the Closing Date.

6.26. Seller's Deliverables True, Complete and Accurate. All of the documents, instruments, and other information provided by Seller to Purchaser in accordance with the terms of this Agreement are either the complete originals of such documents, instruments or information or are true, accurate, and complete copies thereof and do not fail to omit any material information.

7. PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as follows:

7.1. Organization, Good Standing and Qualification. Purchaser is a corporation duly organized, existing and in good standing under the laws of the State of Washington and has all necessary corporate powers to own and operate its properties and to carry on its business as now owned and operated by it.

7.2. Authority and Consents. Purchaser has the right, power, legal capacity and authority to enter into and perform its obligations under the Agreement, and no approvals or consents of any persons,

other than the UTC, DOH, and DOE are necessary in connection therewith. The execution and delivery of this Agreement and the consummation of the transactions hereunder by Purchaser have been, or prior to the Closing Date will have been, duly authorized by all necessary corporate action of Purchaser, and approved by its Board of Directors, and no further corporate authorization is or will be necessary on the part of Purchaser. This Agreement constitutes a legal, valid and binding obligation of Purchaser enforceable in accordance with its terms.

7.3. Duration of Representation and Warranties. The representation and warranties made hereinabove will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date for the limitation of actions period applicable to written contracts in the State of Washington.

8. SELLER'S OBLIGATIONS BEFORE CLOSING

Seller covenants that, except as otherwise agreed or waived in writing by Purchaser, from the Effective Date of this Agreement until the Closing Date:

8.1. Access to Premises and Information. In addition to the right to conduct investigations and inspections as provided in Article 4, Purchaser and its counsel, accountants and other representatives shall have full access during normal business hours to all Seller's properties, books, accounts, records, contracts and documents of or relating to Seller and its assets, properties and business. Seller shall furnish or cause to be furnished to Purchaser and its representatives all data and information concerning the business, finances and properties of Seller that Purchaser, in its sole discretion, deems material to its decision to close.

8.2. Conduct of Business in Normal Course. Seller shall carry on its business and activities through the Closing Date diligently and in substantially the same manner as they have been carried on, and shall not make or institute any change in management, accounting or operations that will vary materially from the methods used by the Seller as of that date without Purchaser's written consent.

8.3. Preservation of Business and Relationships. Seller shall use its best efforts, without making any commitments or agreements on behalf of Purchaser, to preserve its business organization intact, and to preserve its present relationships with suppliers, customers and others having business relationships with it.

8.4. Maintain Insurance. Seller shall continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business. At the request of Purchaser and at Purchaser's sole expense, Seller shall cause the amount of insurance, which at the Effective Date of this Agreement Seller carries, to be increased by such amount or amounts as Purchaser shall specify.

8.5. New Transactions. Once this Agreement is fully executed, Seller shall not do, or agree to do, any of the following acts without the prior written consent of Purchaser, which consent, except as otherwise set forth below to the contract, may be given or withheld in the sole and absolute discretion of Purchaser:

(a) Enter into any contract, commitment or transaction not in the usual and ordinary course of its business, consistent with past practices, except, however, Purchaser shall not unreasonably withhold written consent in the event that a contract, commitment or transaction is necessary to correct an interruption in service to any customer(s);

(b) Enter into any contract, commitment or transaction in the usual and ordinary course of business involving an amount exceeding ten thousand dollars (\$10,000) individually, except for items on **Schedule 8.5(b)**, or twenty thousand dollars (\$20,000) in the aggregate, except, however, Purchaser shall not unreasonably withhold written consent in the event that a contract, commitment or transaction is necessary to correct an interruption in service to any customer(s);

(c) Make any capital expenditures in excess of five thousand dollars (\$5,000), except for items on **Schedule 8.5(c)**, for any single item or in the aggregate, or enter into any leases of capital equipment or property under which the annual lease charge is in excess of two thousand five hundred dollars (\$2,500), except, however, Purchaser shall not unreasonably withhold written consent in the event that expenditures are necessary to correct an interruption in service to any customer(s); or

(d) Sell or dispose of any capital assets with a net book value in excess of one thousand dollars (\$1,000) individually or two thousand dollars (\$2,000) in the aggregate.

8.6. Payment of Liabilities and Waiver of Claims. Except as otherwise provided for in this Agreement, Seller shall not, without the written consent of the Purchaser, do, or agree to do, any of the following acts (a) pay any obligation or liability, fixed or contingent, other than current liabilities, (b) waive or compromise any right or claim or (c) cancel, without full payment, any note, loan or other obligation owing to Seller. **This section shall not include payments to ensure compliance with this Agreement, including but not limited to, taxes and payments to Seller's attorney.**

8.7. Existing Agreements. Seller shall not modify, amend, cancel or terminate any of its existing contracts or agreements, or agree to do any of those acts without prior consent of the Purchaser.

8.8. Representations and Warranties True at Closing. Seller's representations and warranties set forth in this Agreement or in any Exhibit, Schedule, letter, certificate, memorandum and in any other written document furnished by Seller in connection with this Agreement shall be true and correct as of the Closing Date as if made on that date and all conditions precedent to Closing shall have been met at Closing Date.

8.9. Regulatory Filings. At Seller's expense, Seller shall cooperate fully with Purchaser in preparing and filing such applications to the UTC, DOE and DOH, as Purchaser may deem necessary or appropriate to obtain approval of the transactions contemplated by this Agreement.

8.10. Maintenance of Inventories. Seller shall maintain normal quantities of materials and supplies determined in accordance with the practices of Seller in existence on the Effective Date of this Agreement.

8.11. Transfer of Real Property Interests. Purchaser shall be satisfied with respect to the Seller's ability to transfer merchantable title to Purchaser for all Real Property. If Purchaser is not satisfied with the Seller's ability to transfer merchantable title to Purchaser, Purchaser may terminate this Agreement. However, Seller's failure or inability to cure Purchaser's dissatisfaction is not a breach of this Agreement. At Seller's expense, Purchaser and Seller shall jointly prepare legal descriptions for all of the Real Property, including easements ("**Legal Descriptions**"). Prior to the Closing Date, Purchaser and Seller shall amend **Schedule 1.2(b)** contained in this Agreement to include the Legal Descriptions.

8.12. Easement Claims. Purchaser shall be satisfied with respect to the legal right of the easement claims contemplated herein. If Purchaser is not satisfied with respect to the legal right of the easement claims contemplated herein, Purchaser may terminate this Agreement. However, Seller's failure or inability to cure Purchaser's dissatisfaction is not a breach of this Agreement. At Seller's expense, Purchaser and Seller shall jointly prepare legal descriptions for the purpose of claiming an interest ("**Legal Descriptions for Claims**") for all easements described in this **Schedule 8.12**. Prior to the Closing Date, Purchaser and Seller shall amend **Schedule 1.2(b)** contained in this Agreement to include the Legal Descriptions for Claims.

8.13. Conveyance Documents. At Closing, Seller shall convey the Acquired Assets to Purchaser by bills of sale, deeds, grant of easement, assignments, assignment of easements, assignment of property, and such forms and instruments in recordable form and substantially in the form and content as attached behind the cover of **Schedule 8.13**.

9. PURCHASER'S OBLIGATIONS BEFORE CLOSING

9.1. UTC Approval and Authorization. Purchaser will use its best efforts to secure UTC approval and authorization for the transactions contemplated under this Agreement. To this end, Purchaser agrees to prepare at its own expense and file promptly with the UTC an appropriate application for such approval and authorization. At Seller's expense, Seller shall cooperate fully with Purchaser as necessary to secure UTC approval and authorization for the transactions contemplated under this Agreement.

9.2. DOH and DOE Approvals and Authorization. Purchaser will use its best efforts to secure approval and authorization for the transfer of Seller's DOH and DOE permit(s) from Seller to Purchaser. To this end, Purchaser agrees to prepare at its own expense and file promptly an appropriate application for such transfer. At Seller's expense, Seller shall cooperate fully with Purchaser in preparing and filing such applications to transfer DOH and DOE permits.

10. CONDITIONS PRECEDENT TO PURCHASER'S PERFORMANCE

The obligations of Purchaser under this Agreement are subject to Purchaser's satisfaction, at or before the Closing Date, of all the conditions set out below in this Article 10. Purchaser may waive any or all of these conditions; provided, however, that no such waiver of a condition shall constitute a waiver by Purchaser of any of its other rights or remedies, at law or in equity, if Seller shall be in default of any of their representations, warranties, covenants or agreements under this Agreement.

10.1. Approval and Authorization of UTC. UTC approval and authorization for Purchaser to acquire the Acquired Assets, with terms and conditions acceptable to Purchaser in its sole discretion.

10.2. Approval and Authorization of DOH and DOE. DOH and DOE approval and authorization for Purchaser to assume Seller's permits, with terms and conditions acceptable to Purchaser, in its sole and absolute discretion.

10.3. Approval by Purchaser's Board of Directors. Ratification and approval of this Agreement and the transactions contemplated hereunder by Purchaser's Board of Directors.

10.4. Accuracy of Seller's Representations and Warranties. The representations and warranties of Seller in this Agreement and in any Exhibit, Schedule, letter, certificate, memorandum and in any other written document furnished by Seller, in connection with this Agreement shall be true on and as of the Closing Date as though such representations and warranties were made on and as of that date.

10.5. Absence of Liens; Title Insurance. At or prior to the Closing Date, Purchaser shall have received a Uniform Commercial Code ("UCC") search report dated as of a date not more than five (5) days before the Closing Date issued by the Washington Secretary of State indicating that there are no filings under the UCC on file with such Secretary of State which name Seller as debtor or otherwise indicating any lien on the Acquired Assets. At the Closing, Purchaser shall receive a policy of title insurance insuring fee simple title to the Real Property, free of any lien or exception to title, other than exceptions acceptable to Purchaser.

10.6. Seller's Board Approval. Seller shall have received approval of its Board of Directors), by a majority vote for the execution and delivery of this Agreement and shall have taken all action necessary or proper to fulfill its obligations to be performed under this Agreement on or before the Closing Date.

10.7. Seller's Performance. Seller shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with on or before the Closing Date.

10.8. Certification by Seller. Seller shall have furnished Purchaser with a certificate, dated the Closing Date, signed by Seller certifying, in such detail as Purchaser and its counsel may reasonably request, that the conditions specified in Section 10.4 and Section 10.6 have been fulfilled. The required form of certification is set forth in Schedule 10.8 attached hereto.

10.9. Absence of Litigation. No action, suit or proceeding before any court or any governmental body or authority pertaining to the transactions contemplated by this Agreement or to their consummation shall have been instituted or threatened on or before the Closing Date.

10.10. Approval of Documentation and Information. The form and substance of all certificates, instruments, opinions and other documents delivered to Purchaser under this Agreement, including, without limitation, the information and documents required under any Schedule, shall be satisfactory in all reasonable respects to Purchaser and its counsel.

10.11. Purchaser's Satisfaction with Inspections. Purchaser shall be satisfied with all inspections and investigations concerning title to and surveys of the Real Property, Water Rights and other Acquired Assets, as provided in Article 4. Failure of Purchaser to be satisfied under this section is not a breach of this Agreement by Seller.

10.12. No Material Adverse Change. Prior to the Closing Date, there shall have been no material adverse change in the Acquired Assets or liabilities, the business or condition, financial or otherwise, the results of operations, or prospects of Seller ("**Material Adverse Change**") as described in the Annual Report of Seller as of December 31, 2021 whether (without limitation) as a result of any legislative or regulatory change, revocation of any franchise or license, fire, accident, storm or other casualty or labor or civil disturbance or act of God.

11. CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligations of Seller under this Agreement are subject to the satisfaction, at or before the Closing Date, of all the conditions set out below in this Article 11. Seller may waive any or all of these conditions; provided, however, that no such waiver of a condition shall constitute a waiver by it of any of its other rights or remedies, at law or in equity, if Purchaser shall be in default of any of its representations, warranties, covenants or agreements under this Agreement.

11.1. Accuracy of Purchaser's Representations and Warranties. The representations and warranties by Purchaser contained in this Agreement and in any Exhibit, Schedule, letter, certificate, memorandum and in any other written document furnished by Purchaser, or on its behalf, in connection with this Agreement shall be true on and as of the Closing Date as though such representations and warranties were made on and as of that date.

11.2. Purchaser's Performance. Purchaser shall have performed, satisfied, and complied with, or Seller will have otherwise waived, all covenants, agreements and conditions required by this Agreement to be performed, satisfied, or complied with by Purchaser on or before the Closing Date.

11.3. Purchaser's Corporate Approval. Purchaser shall have received corporate authorization and approval for the execution and delivery of this Agreement and shall have taken all corporate action necessary or proper to fulfill its obligations to be performed under this Agreement on or before the Closing Date.

11.4. Approval and Authorization by Responsible Agencies. Purchaser shall have received approvals and authorizations from UTC, DOH, and DOE as set forth in this Agreement.

11.5. Certification by Purchaser. Purchaser shall have furnished Seller with a certificate, dated the Closing Date, signed by an officer of Purchaser, certifying, and in such detail as Seller and their counsel may reasonably request, that the conditions specified in Section 11.1, Section 11.2, and Section 11.3 have been fulfilled. Certification by Purchaser is set forth in Schedule 11.5 attached hereto.

12. SELLER'S OBLIGATIONS AFTER THE CLOSING

12.1. Indemnification. Subject to the limitations in Section 12.2 below, Seller agrees to indemnify, defend and hold harmless Purchaser against any and all losses, claims, liabilities, damages,

actions, costs or expenses, including attorney's fees and costs (the "**Seller Indemnified Losses**") arising from, in connection with, or with respect to the following items:

(a) Any breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement, or any agreement, certificate or document executed and delivered by them, or their affiliates pursuant hereto or in connection with any of the transactions contemplated in this Agreement;

(b) Any Pre-Closing Employment liabilities (as defined in Section 14.4 below) and any failure by Seller to satisfy, perform or pay any liabilities relating to Seller, except those specifically assumed by Purchaser and identified in Schedule 2.3 contained in this Agreement.

(c) Any and all actions, suits, proceedings, claims or demands by third parties ("**Third Party Claims**") and losses, liabilities, expenses or judgments relating thereto, resulting from or arising from matters (a) relating to Seller, its business or the Acquired Assets which occurred or are alleged to have occurred prior to the Closing Date or (b) matters relating to Seller, or liabilities of Seller other than those specifically assumed by Purchaser as set forth in this Agreement. SELLER HEREBY REPRESENTS AND WARRANTS THAT IT WILL MAINTAIN ITS CORPORATE EXISTENCE IN GOOD STANDING AND NOT DISSOLVE, TERMINATE, OR WINDUP FOR 1 YEAR AFTER CLOSING TO ADDRESS ANY SELLER INDEMNIFIED LOSSES. Third Party Claims shall include, without limitation, any and all actions, suits, proceedings, claims or demands by governmental agencies or third parties made in connection with any Environmental Condition (as defined in this subsection) that (i) exists or is alleged to have existed on the Real Property on or prior to the Closing Date or (ii) that exists or is alleged to exist on other land due to activities on the Real Property as of or prior to the Closing Date. "**Environmental Condition**" means the presence of any "hazardous substance" as that term is defined in any federal, state, county or municipal statute, ordinance, regulation, rule, order, judgment or decree, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Resource Conservation and Recovery Act of 1976, as amended; the Clean Air Act; the Water Pollution Control Act (the Clean Water Act); the Toxic Substances Control Act; the Safe Drinking Water Act; and the Insecticide, Fungicide and Rodenticide Control Act, as amended; and any state counterpart of those laws; and (ii) any material or substance which is now listed in the United States Department of Transportation Hazardous Materials Table (49 CFR §172.101); and any contaminant, oil, petroleum product or by-product, radioactive material or by-product, any mining waste, toxic substance, hazardous waste or other material, the removal of which is required or the existence or management of which is prohibited, penalized or regulated by any federal, state or local government agency, authority or unit.

(d) If a Third Party Claim is made against Purchaser, Purchaser shall notify Seller in writing, and in reasonable detail, of the Third Party Claim within 10 days after it receives written notice thereof; provided, however, that failure to give such notice shall not affect the indemnification obligation provided hereunder except to the extent Seller shall have been actually prejudiced as a result of such failure. Thereafter, Purchaser shall deliver to Seller, within five business days after Purchaser's receipt thereof, copies of all notices and documents (including court papers) received by Purchaser relating to Third Party Claim. Purchaser shall have the right to assume the defense of any Third Party Claim with counsel selected by it. Seller shall have the right to participate in the defense and to employ a counsel, at its expense, separate from the counsel employed by Purchaser. Counsel for Purchaser shall cooperate and share information with counsel for Seller if they participate in the defense of the Third Party Claim, but Purchaser shall control such defense at all times. Seller shall be liable to Purchaser for the reasonable fees and expenses of the counsel it employs to defend the Third Party Claim. If Purchaser does not elect to assume the defense of a Third Party Claim, Seller shall be obligated to assume the defense thereof at its own expense. Purchaser shall be entitled to participate in the defense thereof with separate counsel employed at its own expense.

12.2. Duration of Indemnification; Limitations. The obligations agreed to by Seller in Section 12.1 shall survive the Closing Date for a period of one (1) year.

12.3. Access to Records; Cooperation. From and after the Closing Date, Seller shall allow Purchaser and its counsel, accountants, and other representatives such access to records which after the Closing are in the custody or control of Seller, if any, as Purchaser reasonably requests. Upon prior reasonable written request, each Party will cooperate with the other Party in furnishing records, information, testimony and other assistance in connection with any inquiries, actions, audits, proceedings or disputes involving either Party (other than disputes between the Parties) based on contracts arrangements or acts of Seller that occurred on or prior to the Closing and which relate to the Acquired Assets.

12.4. Seller's Accounts Receivable. Seller shall remit to Purchaser all payments received by Seller on or after the Closing Date in satisfaction of Seller's Accounts Receivable. All such payments shall be remitted to Purchaser no later than five (5) Days after Seller's receipt of such payment. In the event the payment is made to Seller via check or other negotiable instrument that designates Seller as the payee, Seller shall either (a) endorse such instrument over to Purchaser or (b) retain such payment and remit to Purchaser immediately available funds in the same amount.

13. PURCHASER'S OBLIGATIONS AFTER THE CLOSING

13.1. Indemnification. Purchaser agrees to indemnify, defend and hold harmless Seller against any and all losses, claims, liabilities, damages, actions, costs or expenses, including attorney's fees and costs (the "**Purchaser Indemnified Losses**") arising from, in connection with, or with respect to the following items:

(a) Any breach of any representation, warranty, covenant or agreement of Purchaser contained in this Agreement, or any agreement, certificate or document executed and delivered by them, or their affiliates pursuant hereto or in connection with any of the transactions contemplated in this Agreement;

(b) Any and all actions, suits, proceedings, claims or demands by third parties, or assessments or judgments in their favor, directly resulting from or arising from matters relating to (i) the Acquired Assets which occurred or are alleged to have occurred after the Closing Date or (ii) liabilities assumed by Purchaser in this Agreement.

(c) Any and all actions, proceedings, damages, attorney fees, costs, expenses, penalties or liabilities arising out of, resulting from, or on account of alleged or actual violations of any governmental law or regulation, compliance with which is the responsibility of Purchaser.

13.2. Duration of Indemnification. The obligations agreed to by Purchaser in this section above shall survive for one (1) year after the Closing Date.

14. EMPLOYEE MATTERS

14.1. Seller's Employees. Purchaser will not offer employment to any employee of Seller ("**Seller's Employees**"). See **Schedule 14.1** attached hereto and made a part. Seller shall terminate the employment of all Seller's Employees on or before the Closing Date. Seller shall pay all Seller's Employees the wages and benefits due or accrued to them on or before the Closing Date. Purchaser is not responsible for any liabilities for employee compensation or benefits, including without limitation workers compensation costs and payment obligations and accrued vacation and sick leave for any of Seller's Employees.

14.2. [Intentionally Omitted].

14.3. [Intentionally Omitted].

14.4. [Intentionally Omitted].

14.5. [Intentionally Omitted].

14.6. [Intentionally Omitted].

14.7. [Intentionally Omitted].

14.8. WARN Act Filings. Seller shall make any filings and shall deliver any notices required in connection with this transaction under the Workers Adjustment, Retraining and Notification Act, 29 U.S.C. Sec. 2100 (“**WARN**”) or any similar state or local law. Purchaser shall have no liability under WARN or any similar state or local law as a result of the transaction. Seller shall be solely responsible for and agrees to indemnify, hold harmless and defend Purchaser from and against any liability, obligation or cost resulting from or related to any claim brought under WARN or any similar state or local law, by any employee of Seller who is found to have suffered an “employment loss” under WARN (or any similar state or local law) on or after the Closing Date.

15. COSTS

15.1. Finder’s or Broker’s Fees. The Parties represent and warrant that they have not dealt with any broker or finder in connection with any of the transactions contemplated by this Agreement, and, insofar as the Parties know, no broker or other person is entitled to any commission or finder’s fee in connection with any of these transactions

15.2. Escrow and Title Expenses. Seller shall pay for all costs, fees, and expenses incurred in connection with the issuance of the Title Policy. Seller shall pay recording fees and Taxes. Unless otherwise specified in this Agreement, Escrow fees and costs shall be shared equally between Seller and Purchaser.

15.3. All Other Expenses. Except for those expenses described in Sections 15.2 and elsewhere in this Agreement, each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

16. REMEDIES

16.1. Termination. Provided the transactions contemplated hereby have not been consummated, this Agreement may be terminated:

- (a) At any time by mutual consent of Seller and Purchaser prior to the Closing Date.
- (b) By either Purchaser or Seller in the event that the DOE, the DOH or the UTC issues an order disapproving the consummation of the transaction or otherwise approving the Agreement and consummation of the transaction in a manner that fails to meet the conditions of the terminating party set forth in Section 10.1, Section 10.2, or Section 11.4.
- (c) By one Party upon written notice to the other if there has been a material breach or default under the Agreement by the other Party which has not been cured by the earlier of the Closing Date or the date thirty (30) Days after receipt by the other Party of written notice from the terminating Party specifying with particularity such breach or default.
- (d) By either Purchaser or Seller upon written notice to the other Party, if the Closing shall not have occurred pursuant to section 5.2; provided, however, that the right to terminate the Agreement under this section will not be available to any Party that is in material breach of its representations, warranties, covenants or agreements contained herein. Each Party’s right of termination hereunder is in addition to any other rights it may have hereunder or otherwise.
- (e) As otherwise provided in this Agreement.

16.2. Effect of Termination. If there has been a termination pursuant to Section 16.1, then this Agreement shall be terminated, and all further obligations of the Parties shall terminate, except that the obligations set forth in Section 15.3, and Article 12, Article 13, Article 17, Section 18.2, and Section 18.4, and any section or part that by the terms of this Agreement, shall survive. Except as otherwise set forth

herein, in the event of such termination of this Agreement, there shall be no liability for damages on the part of a Party to the other Party and by reason of this Agreement and the transactions contemplated hereby except as set forth in Article 12 and Article 13 and except for intentionally fraudulent acts by a Party, the remedies for which shall not be limited by the provisions of this Agreement. The foregoing shall not limit or restrict the availability of specific performance or other injunctive or equitable relief to the extent that specific performance or such other relief would otherwise be available to a Party.

16.3. Recovery of Litigation Costs. If any legal action or other proceeding is brought by either Seller or Purchaser for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

17. NOTICES

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail registered or certified, postage prepaid, and properly addressed as follows:

To Seller at: BETHEL GREENACRES WATER ASSOCIATION
P.O. Box 4760
Spanaway, WA 98387
Attn: Debbie Godsey, Trustee & President of the Board
of Trustees

With a Copy to: Acebedo & Johnson, LLC,
112 Third St. SW
Puyallup, WA 98371
Attn: Cindy A. Johnson

To Purchaser at: WASHINGTON WATER SERVICE COMPANY
14519 Peacock Hill Ave NW
Gig Harbor, WA 98332
Attn: Matt Brown, General Manager

With a Copy to: CALIFORNIA WATER SERVICE COMPANY
1720 North First Street
San Jose, CA 95112
Attn: Jennifer Kelsey, Associate General Counsel

Any party may change its address for purposes of this Section 19 by giving the other party written notice of the new address in the manner set forth above.

18. MISCELLANEOUS

18.1. No Assignment. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto, except by Purchaser to an affiliated company which is controlled by, controls, or is under common control with it; provided, further, that Purchaser may assign (whether or not as collateral) Purchaser's rights to payments hereunder. This Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective heirs, legal representatives, successors and permitted assigns.

18.2. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Washington.

18.3. Severability. If any provision in this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions will not in any way be affected or impaired thereby.

18.4. Reasonable Cooperation. Subject to the terms and conditions of this Agreement, the Parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable law to make effective the contemplated transactions as promptly as practicable. Prior to the Closing, the parties shall proceed expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the obligations set forth in this Agreement and the conditions of Closing set forth herein. From and after the Closing, the parties shall do such acts and execute such documents and instruments as may be reasonably required to make effective the transactions contemplated hereby. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Should Seller, in its reasonable discretion, determine after the Closing that records or other materials constituting Acquired Assets are still in the possession of Seller; Seller shall promptly deliver them to Purchaser at no cost to Purchaser. Seller hereby agrees to cooperate with Purchaser to ensure a proper transition of all customers with respect to billing and customer service activities.

18.5. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provisions give any third persons any right of subrogation or action against any party to this Agreement. Except that the UTC has the right to enforce the provisions of this Agreement pertaining to rates, charges or fees.

18.6. References. Unless otherwise specified, references to Sections or Articles are to Sections or Articles in this Agreement. All references to this "Agreement" shall include its Exhibits and Schedules.

18.7. Headings. The subject headings of the Articles and Sections of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

18.8. Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

18.9. Counterparts. This Agreement may be executed simultaneously 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.

[Remainder of page intentionally left blank. Signatures on following page(s).]

IN WITNESS WHEREOF, the Parties to this Agreement have executed it as of the day and year first above written.

PURCHASER:

WASHINGTON WATER SERVICE COMPANY,
a Washington corporation

By: Martin A. Kropelnicki

Martin A. Kropelnicki
President, CEO

SELLER:

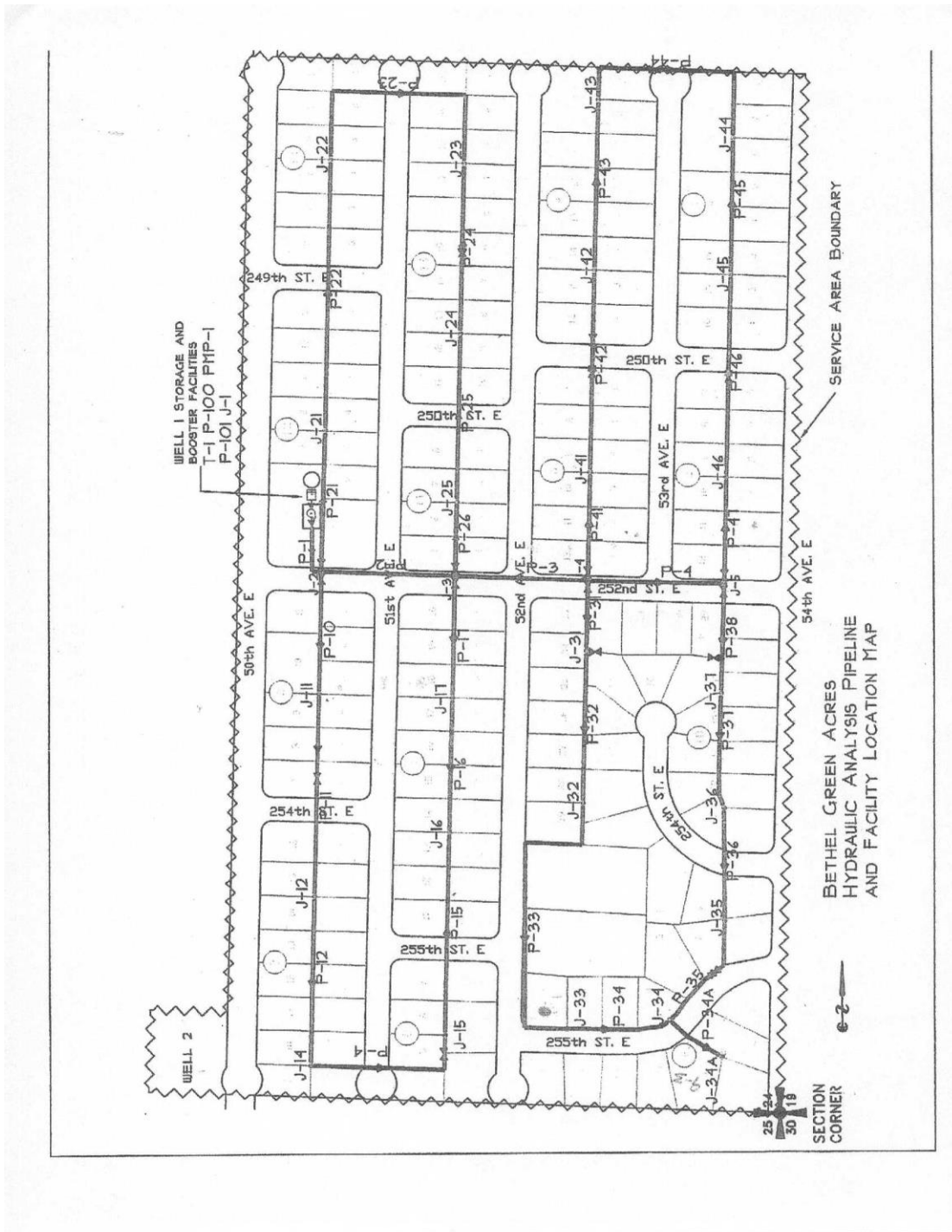
BETHEL GREENACRES WATER ASSOCIATION
a Washington nonprofit corporation

By: Debbie A. W. Godsey

Debbie A. W. Godsey
Trustee & President of the Board of Trustees

Exhibit A
(Water System)

The Water System is known as Bethel Greenacres Water Association (aka Bethel Green Acres Water Association), a Group A water system currently operating under WA DOH ID# **05980**, and that serves customers in the area generally depicted in the map below:



Schedule 1.2(a)
(Utility Systems)

1. Well 2 (S01); 10" x 250' Well
2. Well Pump (S01); 25 HP Berkeley
3. Source Meter (S01)
4. Pumphouse (S01)
5. Well 1 (S02) 10" x 132' Well
6. Well Pump (S02); 7.5 HP submersible
7. Source Meter (S02)
8. Well Enclosure (S02)
9. Reservoir; 55,000 gal (approx.)
10. Backup Reservoir; 10,000 gal (approx.)
11. Pressure Tank; 1,500 gal (approx.)
12. Pumpsite Plumbing
13. Emergency Generator
14. Chlorination System
15. Distribution System 2"
16. Distribution System 3"
17. Distribution System 4"
18. Distribution System 6"
19. Service Meters
20. System Controls

Schedule 1.2(b)
(Real Property)

Parcels in Fee Simple:

#	Description	APN
1.	[Reserved]	248540-0-512
2.	[Reserved]	031824-4-008

Easements:

#	Description	Burdened Parcel/APN
1.	<i>License to Occupy Right-of-Way</i> , between Pacific Northwest Bell Telephone Company as "Licensor" and Bethel Green Acres Water Ass'n and its assigns as "Licensee", recorded August 5, 1971 as Document No. 2404896.	North 5 feet of the East 815 feet of the Plat of Bethel Green Acres First Addition, in Northeast Quarter of the Southeast Quarter (NE 1/4 SE 1/4) of Section 24, Township 18 North, Range 3 East, W.M.; Affecting that easement recorded under Auditors File No. 1955477, Volume 22, Page 44 of Deeds.
2.	[Reserved]	

Leases: None.

Schedule 1.2(c)

(Buildings and Equipment)

[Reserved]

Schedule 1.2(d)
(Water Rights)

Record No.	Certificate No.	Priority Date	Instantaneous Withdrawal (Qi)	Annual Withdrawal (Qa)
G2-05954 CWRIS	04115-A	5/22/1961	110 GPM	106 Acre-Feet
G2-09540 CWRIS	06254-A*	6/25/1968	185 GPM	52 Acre-Feet

*Supplemental to Certificate No. 04115-A.

CERTIFICATE RECORD No. 9 PAGE No. 4115-A

STATE OF WASHINGTON, COUNTY OF Pierce

Certificate of Ground Water Right

Issued in accordance with the provisions of Chapter 263, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the State Supervisor of Water Resources thereunder.

THIS IS TO CERTIFY That KENNETH W. NICKELSON
of Seattle, Washington, has made proof
to the satisfaction of the State Supervisor of Water Resources of Washington, of a right to the use of
the ground waters of a well
located within SW 1/4 SE 1/4
Sec. 24, Twp. 18 N., R. 3 E. W. M.,
for the purpose of community domestic supply
under and subject to provisions contained in Ground Water Permit No. 5628 issued by the State
Supervisor of Water Resources and that said right to the use of said ground waters has been perfected
in accordance with the laws of Washington, and is hereby confirmed by the State Supervisor of Water
Resources of Washington and entered of record in Volume 9 at page 4115-A;
that the right hereby confirmed dates from May 22, 1961; that the quantity of ground
water under the right hereby confirmed for the purposes aforesaid, is limited to an amount actually
beneficially used for said purposes, and shall not exceed 110 gallons per minute;
108 acre-feet per year for community domestic supply.


Special provisions required by the Supervisor of Water Resources: _____

A description of the lands to which such ground water right is appurtenant:

Community of Bethel Green Acres, Pierce County, Washington.

The right to the use of the ground water aforesaid hereby confirmed is restricted to the lands or place of use herein described, except as provided in Sections 6 and 7, Chapter 122, Laws of 1929.

WITNESS the seal and signature of the State Supervisor of Water Resources affixed this 22d day of January, 1962.


State Supervisor of Water Resources.

RECORDING DATA

CERTIFICATE RECORD No. 13 PAGE No. 6254-ASTATE OF WASHINGTON, COUNTY OF Pierce**Certificate of Ground Water Right**

Issued in accordance with the provisions of Chapter 263, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the Department of Water Resources thereunder.

THIS IS TO CERTIFY That BETHEL GREENACRES WATER ASSOCIATIONof Graham, Washington, has made proofto the satisfaction of the Department of Water Resources of Washington, of a right to the use of the ground waters of a welllocated within SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 24, Twp. 18 N., R. 3 E. W.M.,for the purpose of Community domestic supplyunder and subject to provisions contained in Ground Water Permit No. 8758 issued by the De-

partment of Water Resources and that said right to the use of said ground waters has been perfected in accordance with the laws of Washington, and is hereby confirmed by the Department of Water

Resources of Washington and entered of record in Volume 13 at page 6254-A;that the right hereby confirmed dates from June 25, 1968; that the quantity of ground

water under the right hereby confirmed for the purposes aforesaid, is limited to an amount actually

beneficially used for said purposes, and shall not exceed 185 gallons per minute and 52 acre-feet per year for community domestic supply continuously during entire year for 208

Special provisions required by the Department of Water Resources: Issued as a supplemental supply to Certificate No. 4115, the total annual withdrawal shall not exceed 52 acre-feet, less any amount withdrawn under existing rights.

A description of the lands to which such ground water right is appurtenant:
Plats of Bethel Acres, Bethel Acres 2nd, Bethel Acres 3rd and Bethel Acres 4th,
ALL within E $\frac{1}{2}$ SE $\frac{1}{4}$ of Sec. 24, T. 18 N., R. 3 E.W.M.

The right to the use of the water aforesaid hereby confirmed is restricted to the lands or place of use herein described, except as provided in Sections 6 and 7, Chapter 122, Laws of 1929.

This certificate of ground water right is specifically subject to relinquishment for nonuse of water as provided in Section 18, Chapter 233, Laws of 1967.

WITNESS the seal and signature of the Assistant Director, Division of Water Management, Department of Water Resources affixed this 25th day of November, 1968



Assistant Director
Division of Water Management
Department of Water Resources

Schedule 1.2(e)
(Other Assets)

[Reserved]

Schedule 1.2(f)
(Inventory)

[Reserved]

Schedule 1.2(g)
(Accounts Receivable)

1. Purpose

The Parties intend for Purchaser to acquire all of Seller's interest in customers' information with the Accounts Receivable on the Closing Date and in amounts that become due on a customer's account from and after the Final Meter Read. Because of how services are billed in arrears, the Parties intend for Seller to have a reasonable time to collect amounts on customers' accounts accrued up to the Final Meter Read.

The Parties also understand that for accounting and administrative purposes there must be a clear cutoff in Seller's collection on a Final Bill. In the transition in billing from Seller to Purchaser, customers should only pay one bill. With this in mind, the Parties agree to the procedures below.

2. Calculation, Collection, and Payment Procedures

a. On the Closing Date or a date that the Parties mutually agree in writing, Seller will cause all of the water meters of the Water System's customers to be read (the "**Final Meter Read**"). Purchaser may also conduct its own Final Meter Read at the same time as Seller. Within five (5) Days of the Final Meter Read, Seller and Purchaser will reasonably cooperate to prepare a schedule of the Accounts Receivable due as of the Final Meter Read.

b. Promptly after the Final Meter Read, Seller will deliver a "**Final Bill**" to all of Seller's customers for all amounts then due or owing from such customers to Seller as of the Final Meter Read. Seller will have thirty (45) calendar days to collect amounts due on any Final Bill.

c. From and after the 46th calendar day from the Final Meter Read (the "**Collection Cutoff Date**"), Seller will stop collecting and depositing any payments received for any amounts under any Final Bill.

d. Within five (5) Days of Purchaser's request, Seller will provide to Purchaser the amounts of any balance then-due on the Final Bills (the "**Balance Forward Amount**") to Sarah Castro at: scastro@calwater.com, and Seller will promptly notify Sarah Castro of any payment Seller receives on any Balance Forward Amount.

e. Before the Collection Cutoff Date, Purchaser may send its own bill to customers. Purchaser and Seller will reasonably cooperate to minimize the chance of double billing a customer. If Purchaser bills customers before the Collection Cutoff Date, Purchaser will remit any payments it receives for a Final Bill to Seller, and Seller will remit any payments it receives for a bill from Purchaser to Purchaser.

From and after the Collection Cutoff Date, Seller will remit, forward, pay, or deliver any payments received to Purchaser.

These procedures will survive the Closing.

Schedule 1.2(j)
(Company Deposits)

None.

Schedule 1.2(k)
(Customer Deposits)

None.

Schedule 1.2(I)
(Other Intangible Property)

Franchises:

#	Description	Recording Info
1.	Franchise to construct, operate, and maintain water pipe lines for the purposes of maintaining and operating the Water System in, under, and along public roads and highways of Pierce County, Washington.	September 11, 1985, Pierce County Auditor, 8509110264 , Volume 280 at 2958.

Tradenames and DBAs:

#	Description	File No.
1.	[Reserved]	

Trademarks and Servicemarks:

#	Mark (TM or SM)	Registration or First Use
1.	[Reserved]	

Patents, Copyrights, Licenses:

#	Other IP Description
1.	[Reserved]

Specific Contracts:

#	Other IP Description
1.	[Reserved]

Licenses: See **Schedule 6.21**.

Other: [Reserved]

Schedule 1.3
(Excluded Assets)

#	Description
1.	The real property at 50 th Avenue E acquired from Graham Fire District #21 to Bethel Greenacres Water Association under that Statutory Warranty Deed recorded September 28, 2006 as Document No. 200609280040, and currently identified under APN 2485400511 , and any fixtures, facilities, or improvements thereon (see attached property summary).
2.	[Reserved]

Pierce County Assessor-Treasurer
Property Summary

XXX 50TH AVE E
BETHEL GREENACRES WATER ASSN
2495400511

Tax Description Section 24 Township 18 Range 03 Quarter 41 BETHEL GREENACRES 4TH BETHEL GREENACRES 4TH 138 FT DEEP 98 FT WIDE ALC NW LI OF WELL # 1 SITE - SW 1/4 NE 1/4 SE 1/4 24 19 3E WM - OF E 12 BETHEL GREENACRES 4TH ADD SUBJ TO EASE SEG G 5613 DL																					
Property Details Parcel Number 2495400511 Site Address XXX 50TH AVE E Account Type Real Property Category Land and Improvements Use Code 1800-OTHER RESIDENTIAL	Taxpayer Details Taxpayer Name BETHEL GREENACRES WATER ASSN Mailing Address PO BOX 4760 SPANAWAY, WA 98387-4050																				
Appraisal Details Land Economic Area 060802 Value Area PI2 Appr Acct Type Residential Business Name Last Inspection 12/23/2020-Physical Inspection Appraisal Area 06	Related Parcels Group Account Number n/a Located On n/a Associated Parcels n/a																				
Assessed Value <table border="1"> <tr> <td>Value Year</td> <td>2021</td> <td>Assessed Total</td> <td>148,400</td> </tr> <tr> <td>Tax Year</td> <td>2022</td> <td>Assessed Land</td> <td>130,800</td> </tr> <tr> <td>Taxable Value</td> <td>148,400</td> <td>Assessed Improvements</td> <td>17,600</td> </tr> <tr> <td>Tax Code Area</td> <td>575</td> <td>Current Use Land</td> <td>0</td> </tr> <tr> <td>Tax Code Area Rate</td> <td>12.01787703807</td> <td>Personal Property</td> <td>0</td> </tr> </table> Notice of Value Mailing Date 06/25/2021		Value Year	2021	Assessed Total	148,400	Tax Year	2022	Assessed Land	130,800	Taxable Value	148,400	Assessed Improvements	17,600	Tax Code Area	575	Current Use Land	0	Tax Code Area Rate	12.01787703807	Personal Property	0
Value Year	2021	Assessed Total	148,400																		
Tax Year	2022	Assessed Land	130,800																		
Taxable Value	148,400	Assessed Improvements	17,600																		
Tax Code Area	575	Current Use Land	0																		
Tax Code Area Rate	12.01787703807	Personal Property	0																		

Assessment Details 2021 Values for 2022 Tax Taxable Value \$148,400 Assessed Value \$148,400	Tax Amounts Due <table border="1"> <tr> <td>Tax Year</td> <td>Minimum Due</td> <td>Total Due</td> </tr> <tr> <td>2022</td> <td>1,043.43</td> <td>1,043.43</td> </tr> <tr> <td>TOTAL</td> <td>1,043.43</td> <td>1,043.43</td> </tr> </table> Due Date 10/30/22	Tax Year	Minimum Due	Total Due	2022	1,043.43	1,043.43	TOTAL	1,043.43	1,043.43
Tax Year	Minimum Due	Total Due								
2022	1,043.43	1,043.43								
TOTAL	1,043.43	1,043.43								
Property Tax Exemptions No exemptions										

Land Details Land Economic Area 060802 RTSQQ 03-18-24-41 Value Area PI2 Square Footage 11,899 Acres 0.272 Front Foot 0 Electric Power Installed Sewer Sewer/Septic Installed Water Water Installed	
--	--

Schedule 2.1(a)
(List of Customers)

[Reserved]

Schedule 2.1(b)
(Will Serve Letters)

#	Description	Expiration
1.	[Reserved]	
2.	[Reserved]	

Schedule 2.3

(Assignment and Assumption Agreement)

[Intentionally Omitted]

Schedule 3.2

(Allocation of Purchase Price)

[Reserved]

Schedule 6.4

(Changes, Claims, and Litigation; Exceptions to Section 6.4)

None.

Schedule 6.6

(Real Property Leases; Exceptions to Section 6.6)

None.

Schedule 6.7

(Leased or Encumbered Tangible Personal Property; Exceptions to Section 6.7)

None.

Schedule 6.8

(Title Defects to Acquired Assets; Exceptions to Section 6.8)

None.

Schedule 6.11

(Conditions of Physical Assets; Exceptions to Section 6.11)

#	Description
1.	The conditions to the tangible property and assets of the Utility Systems identified or discussed in that <i>Consolidation Feasibility Assessment for Bethel Green Acres Water Association, Water System ID 05980 J</i> , prepared for the Thurston PUD by Odell Engineering, dated August 28, 2020.

Schedule 6.12
(Pending or Threatened Litigation)

None.

Schedule 6.13
(DOH Orders)

None.

Schedule 6.17

(Other Liabilities; Exceptions to Section 6.17)

None.

Schedule 6.18

(Other Violations; Exceptions to Section 6.18)

None.

Schedule 6.19

(Water Quality Violations; Exceptions to Section 6.19)

None.

Schedule 6.20

(Encumbrances on Water Rights; Exceptions to Section 6.20)

None.

Schedule 6.21
(Licenses)

#	Description
1.	State of Washington, Public Water System Operating Permit, Category Green, issued to Bethel Green Acres Community (ID# 05980 J), valid through August 31, 2022.

Schedule 8.5(b)
(New Contracts)

None.

Schedule 8.5(c)
(New Capital Expenditures)

None.

Schedule 8.12

(Legal Descriptions for Claims)

[Reserved]

Schedule 8.13

(Conveyance Documents)

[Attached Behind Cover]

BILL OF SALE
(Bethel Greenacres Water Association)

KNOW ALL PERSONS BY THESE PRESENTS:

THAT BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation, of Pierce County, Washington, in consideration of the payment of the sum of _____ dollars (\$_____), receipt of payment acknowledged, does hereby sell and transfer to WASHINGTON WATER SERVICE COMPANY, a Washington corporation, Buyer, whose address is 14519 Peacock Hill Avenue, Gig Harbor, Washington 98335, its successors and assigns, the property located in the County of Pierce, State of Washington as described in Exhibit A attached hereto and incorporated herein by reference.

Seller warrants that it is the lawful owner in every respect of all of the described property and that it is free and clear of all liens, security agreements, encumbrances, claims, demands, and charges of every kind whatsoever.

Seller covenants with Buyer and its successors and assigns, that Seller, at the request of Buyer, shall execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to and vest in Buyer the property of Seller as contemplated under that *Asset and Real Property Purchase Agreement*, dated _____.

This Bill of Sale shall be effective as to the transfer of all property listed in it as of _____.

IN WITNESS WHEREOF, this Bill of Sale is executed on _____.

Seller's Signature

Seller's Typed or Printed Name

State of Washington

County of _____

Before me, the undersigned authority, on this day appeared _____ [name of seller], known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the instrument for the purposes and consideration expressed in the instrument. Given under my hand and seal of office on _____ [date].

Notary's Signature

Notary's Typed Name

My commission expires: _____

Exhibit A
(Property Description)

AFTER RECORDATION
RETURN TO:

Washington Water Service Company
14519 Peacock Hill Ave. NW
Gig Harbor, WA 98332

Attn: Matt Brown, General Manager

(Area Above Reserved for Recorder's Use)

(Total Pages)

DEED

(Document Title)

GRANTOR: **BETHEL GREENACRES WATER ASSOCIATION**, a Washington
nonprofit corporation, [address]

GRANTEE: **WASHINGTON WATER SERVICE COMPANY**, a Washington
corporation, 14519 Peacock Hill Ave. NW, Gig Harbor, WA 98332

Legal Description(s): See **Exhibit A**

APN(s)/Account(s): See **Exhibit A**

Ref No(s). Documents Assigned or Released: See **Exhibit A**

[Reserved for Form of Deed]

[Notary Acknowledgements]

Exhibit A

[Legal Description of the Property]

AFTER RECORDATION
RETURN TO:

Washington Water Service Company
14519 Peacock Hill Ave. NW
Gig Harbor, WA 98332

Attn: Matt Brown, General Manager

(Area Above Reserved for Recorder's Use)

(Total Pages)

ASSIGNMENT OF EASEMENTS

(Document Title)

GRANTOR: **BETHEL GREENACRES WATER ASSOCIATION**, a Washington
nonprofit corporation, [address]

GRANTEE: **WASHINGTON WATER SERVICE COMPANY**, a Washington
corporation, 14519 Peacock Hill Ave. NW, Gig Harbor, WA 98332

Legal Description(s): See **Exhibit A**

APN(s)/Account(s): See **Exhibit A**

Ref No(s). Documents Assigned or Released: See **Exhibit A**

ASSIGNMENT OF EASEMENTS
(Bethel Greenacres Water Association)

This ASSIGNMENT OF EASEMENTS (this **Assignment**) is made this _____ (the **Effective Date**) by and between BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation (**Assignor**) and WASHINGTON WATER SERVICE COMPANY, a Washington corporation (**Assignee**).

BACKGROUND

A. Assignor is the "Seller" and Assignee is the "Purchaser" under that *Asset Purchase and Real Property Purchase and Sale Agreement*, dated _____, as amended by that [*Amendment 1*], and that [*Amendment 2*], respecting the purchase and sale of certain Acquired Assets used in connection with the Water System (i.e., the Agreement).

B. Under Sections 1.1 and 1.2(b) of Agreement, Assignor agreed to assign to Assignee all real property used in connection with the Water System, including easements.

AGREEMENT

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration paid to Assignor, the receipt and sufficiency of which Assignor hereby acknowledged, and of the covenants and agreements of Assignee contained in this Assignment to be kept or performed, the Parties agree that:

1. **Assignment.** Assignor sells, assigns, transfers, delivers, and conveys to Assignee, its successors in interest and assigns, all of Assignor's right, title, and interest in and to those certain easements more fully described in the attached Exhibit A (the Easements), together with all improvements, rights, privileges, and appurtenances belonging or otherwise pertaining to, or held or enjoyed by Assignor in and to the Easement, if any, for and during the term of the Easements as applicable.
2. **Assumptions.** Assignee accepts the Easements subject to all of the terms, covenants, conditions, restrictions, and agreements of Assignor under an Easement, and assumes the obligations of Assignor as the grantee under and according to the Easements' respective provisions.
3. **Indemnification.** Assignor will indemnify, defend, and hold harmless Assignee from and against all penalties, liabilities, losses, claims, actions, judgments, and costs, including reasonable attorneys fees, arising from or caused by Assignor's acts or omissions under the Easements on or before the Effective Date.
4. **Binding Effect.** This Assignment, and its covenants will be binding on and inure to the benefit of the Parties' respective successors and assigns.
5. **Governing Law.** This Assignment will be construed and interpreted according to the laws of the State of Washington, without regard or application of its principles or doctrines of the conflicts of laws.
6. **Completion of Blanks.** For the Parties' convenience, the notary or notaries notarizing pr acknowledging this instrument may complete or fill in blank spaces or lines left for recording information, page numbers, page counts, and dates after this instrument has been signed and notarized.
7. **Counterparts.** This Assignment may be signed in one or more counterparts. Each counterpart will be deemed an original, and all counterparts, when taken together, will constitute one and the same instrument.

[Remainder of page intentionally left blank. Signatures on following page(s).]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment intending it to be effective as of the date first set forth above.

ASSIGNOR:

BETHEL GREENACRES WATER ASSOCIATION
a Washington nonprofit corporation

By: _____
Debbie Godsey
Trustee & President of the Board of Trustees

By: _____
[Name]
Trustee & Secretary of the Board of Trustees

ASSIGNEE:

WASHINGTON WATER SERVICE COMPANY,
a Washington corporation

By: _____
Martin A. Kropelnicki
President, CEO

By: _____
Thomas Smegal
VP, CFO & Treasurer

[Notary Acknowledgements]

Exhibit A
(Description of Easements)

#	APN	RECORDED	DOC. #
1.			
2.			

AFTER RECORDATION
RETURN TO:

Washington Water Service Company
14519 Peacock Hill Ave. NW
Gig Harbor, WA 98332

Attn: Matt Brown, General Manager

(Area Above Reserved for Recorder's Use)

(Total Pages)

ASSIGNMENT OF WATER PERMITS

(Document Title)

GRANTOR: **BETHEL GREENACRES WATER ASSOCIATION**, a Washington nonprofit corporation, [address]

GRANTEE: **WASHINGTON WATER SERVICE COMPANY**, a Washington corporation, 14519 Peacock Hill Ave. NW, Gig Harbor, WA 98332

Legal Description(s): See **Exhibit A**

APN(s)/Account(s): See **Exhibit A**

Ref No(s). Documents Assigned or Released: See **Exhibit A**

ASSIGNMENT OF WATER PERMITS
(Bethel Greenacres Water Association)

This ASSIGNMENT OF WATER PERMITS (this **Assignment**) is made this _____ (the **Effective Date**) by and between BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation (**Assignor**) and WASHINGTON WATER SERVICE COMPANY, a Washington corporation (**Assignee**).

BACKGROUND

A. Assignor is the "Seller" and Assignee is the "Purchaser" under that *Asset Purchase and Real Property Purchase and Sale Agreement*, dated _____, as amended by that [*Amendment 1*], and that [*Amendment 2*], respecting the purchase and sale of certain Acquired Assets used in connection with the Water System (i.e., the Agreement).

B. Under Sections 1.1 and 1.2(d) of Agreement, Assignor agreed to assign to Assignee all real property used in connection with the Water System, including easements.

AGREEMENT

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration paid to Assignor, the receipt and sufficiency of which Assignor hereby acknowledged, and of the covenants and agreements of Assignee contained in this Assignment to be kept or performed, the Parties agree that:

1. **Assignment.** Assignor sells, assigns, transfers, delivers, and conveys to Assignee, its successors in interest and assigns, all of Assignor's right, title, and interest in and to those certain easements more fully described in the attached Exhibit A (the Easements), together with all improvements, rights, privileges, and appurtenances belonging or otherwise pertaining to, or held or enjoyed by Assignor in and to the Easement, if any, for and during the term of the Easements as applicable.
2. **Assumptions.** Assignee accepts the Easements subject to all of the terms, covenants, conditions, restrictions, and agreements of Assignor under an Easement, and assumes the obligations of Assignor as the grantee under and according to the Easements' respective provisions.
3. **Indemnification.** Assignor will indemnify, defend, and hold harmless Assignee from and against all penalties, liabilities, lossess, claims, actions, judgments, and costs, including reasonable attorneys fees, arising from or caused by Assignor's acts or omissions under the Easements on or before the Effective Date.
4. **Binding Effect.** This Assignment, and its covenants will be binding on and inure to the benefit of the Parties' respective successors and assigns.
5. **Governing Law.** This Assignment will be construed and interpreted according to the laws of the State of Washington, without regard or application of its principles or doctrines of the conflicts of laws.
6. **Completion of Blanks.** For the Parties' convenience, the notary or notaries notarizing pr acknowledging this instrument may complete or fill in blank spaces or lines left for recording information, page numbers, page counts, and dates after this iinstrument has been signed and notarized.
7. **Counterparts.** This Assignment may be signed in one or more counterparts. Each counterpart will be deemed an original, and all counterparts, when taken together, will constitute one and the same instrument.

[Remainder of page intentionally left blank. Signatures on following page(s).]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment intending it to be effective as of the date first set forth above.

ASSIGNOR:

BETHEL GREENACRES WATER ASSOCIATION
a Washington nonprofit corporation

By: _____
Debbie Godsey
Trustee & President of the Board of Trustees

By: _____
[Name]
Trustee & Secretary of the Board of Trustees

ASSIGNEE:

WASHINGTON WATER SERVICE COMPANY,
a Washington corporation

By: _____
Martin A. Kropelnicki
President, CEO

By: _____
Thomas Smegal
VP, CFO & Treasurer

[Notary Acknowledgements]

Exhibit A
(Water Permits)

#	DESCRIPTION
1.	
2.	

ASSIGNMENT OF INTANGIBLE PROPERTY
(Bethel Greenacres Water Association)

This ASSIGNMENT OF INTANGIBLE PROPERTY (**Assignment**) is made this _____ (the **Effective Date**) by and between BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation (“**Assignor**”), and WASHINGTON WATER SERVICE COMPANY, a Washington corporation (“**Assignee**”).

RECITALS

A. Assignor is the “Seller” and Assignee is the “Purchaser” under that *Asset Purchase and Real Property Purchase and Sale Agreement*, dated _____, as amended by that [*Amendment 1*], and that [*Amendment 2*], respecting the purchase and sale of certain Acquired Assets used in connection with the Water System (i.e., the Agreement).

B. Generally under Section 1.2(l) of Agreement, Assignor agreed to assign to Assignee any intangible property in Assignor’s possession or reasonable control and used in Assignor’s business and any intangible property identified as the Other Intangible Property that were specifically identified in Schedule 1.2(l).

C. Specifically under Sections 1.2(g), 1.2(h), 1.2(i), 1.2(j), and 1.2(k) of Agreement, Assignor agreed to assign to Assignee all customer accounts receivable of Assignor and of its subsidiaries, affiliates, or contractors that had accrued in connection with the operation of the Water System (i.e., the Accounts Receivables), Assignor’s books and records, the Licenses, and Assignor’s company and customer deposits.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. **Closing Date** means _____.

2. **Assignment and Assumption**

2.1. **Assignment.** Assignor assigns, sells, transfers, sets over, and delivers to Assignee all of Assignor’s right, title, and interest in and to: (a) any intangible property in the possession or reasonable control of Assignor and used in the ownership, use, or operation of the Water System, including: any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller, or in which Seller holds any beneficial interest relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller’s business; all customer service contracts and all site plans, plans and specifications, “as-built” plans and drawings, permits and other governmental reviews, approvals and entitlements related to the Water System and such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of or under the control of Seller; any intellectual property retained by Seller including trade and service marks registered to Seller, any patent or copyrights retained by Seller related to the business and licenses to use software and other intellectual property used by Seller; and the intangible property specifically identified in **Exhibit A** (collectively, the Intangible Property); (b) any franchises, including any franchises specifically identified in **Exhibit B**; any licenses or permits, including any licenses or permits identified in **Exhibit C**; and the Accounts Receivable shown in **Exhibit D**.

2.2. **Assumption; Limitations.** Assignee accepts Assignor’s assignment of the Intangible Property. From and after the Effective Date, Assignee assumes and agrees to perform Assignor’s obligations arising from or respecting the Intangible Property.

3. **Indemnification**

3.1. Assignor's Indemnity. Assignor shall indemnify, defend and hold harmless Assignee and Assignee's employees, partners, subsidiaries, parents, shareholders, officers, directors, attorneys, agents and affiliates, and their predecessors, successors and assigns, from and against all liabilities, claims, losses, actions, damages, fines, costs, expenses, causes of action and demands against them or any of them arising out of, or in any way connected with Assignor's breach of its representations or warranties (above) and to Assignor's obligations relative to the Intangible Property to the extent they first accrue and are applicable to a period before the Effective Date of this Assignment.

3.2. Assignee's Indemnity. Assignee shall indemnify, defend, and hold harmless Assignor, from and against any actions, suits, proceedings, claims or demands by third parties, or assessments or judgments in their favor, directly resulting from or arising from matters relating to the Intangible Property, which occurred or are alleged to have occurred after the Closing Date.

3.3. Duration of Indemnification. Assignor and Assignee's respective indemnification obligations will survive for, and expire after, one (1) year from the Effective Date.

4. Miscellaneous

4.1. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

4.2. Governing Law. This Assignment and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the State of California.

4.3. Attorneys' Fees. In any action between the parties to enforce any of the terms or provisions of this Assignment, the prevailing party in the action shall be entitled to recover from the non-prevailing party, in addition to damages, injunctive relief or other relief, its reasonable costs and expenses, including, without limitation, costs and reasonable attorneys' fees.

4.4. Severability. If any provision of this Assignment shall be held invalid or unenforceable for any reason and to any extent, the remainder of this Assignment shall not be affected, but shall be enforced to the greatest extent permitted by law.

4.5. Survival. Unless otherwise defined, the following Sections will survive: Article 3, Sections 4.1, 4.2, 4.3, and 4.4.

4.6. Merger. This Assignment contains the entire understanding between the parties relating to the sale, assignment, transfer, conveyance and delivery of the Other Intangible Property from Assignor to Assignee. All prior and contemporaneous agreements and understandings, whether oral or written, are superseded by this Assignment. This Assignment may be modified only in writing executed by both Assignor and Assignee. Nothing contained in this Assignment is intended to terminate or affect the validity of any of the representations or warranties contained in the Agreement which shall survive the Closing (and each Acceptance Date, as applicable) under the Agreement.

4.7. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original. This Assignment shall only be effective if a counterpart is signed by both Assignor and Assignee.

[Remainder of page intentionally left blank. Signatures on the following page(s).]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment intending it to be effective as of the date first set forth above.

ASSIGNOR:

BETHEL GREENACRES WATER ASSOCIATION
a Washington nonprofit corporation

By: _____
Debbie Godsey
Trustee & President of the Board of Trustees

By: _____
[Name]
Trustee & Secretary of the Board of Trustees

ASSIGNEE:

WASHINGTON WATER SERVICE COMPANY,
a Washington corporation

By: _____
Martin A. Kropelnicki
President, CEO

By: _____
Thomas Smegal
VP, CFO & Treasurer

Exhibit A
(Intangible Property)

Exhibit B
(Franchises)

Exhibit C
(Licenses)

Exhibit D
(Accounts Receivable)

Schedule 10.8
(Certification by Seller)
[Attached Behind Cover]

SELLER'S CERTIFICATION
(Bethel Greenacres Water Association)

The undersigned BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation ("**Seller**"), hereby certifies that the representations and warranties of Seller contained in that certain *Asset and Real Property Purchase and Sale Agreement* dated as of _____ (the "**Agreement**"), by and between WASHINGTON WATER SERVICE COMPANY, a Washington corporation ("**Purchaser**"), and Seller, are true, correct and complete, which representations and warranties of Seller (i) are incorporated herein as though set out in full herein and (ii) are deemed to be made again by Seller as of the date of this certificate.

This certificate is given by Seller to the Purchaser pursuant to Section 10.8 of the Agreement with the understanding that all matters referenced above are material to the decision of the Purchaser to close the sale and purchase contemplated by the Agreement on the date of this certificate and the Purchaser is acting in reliance thereon.

Dated as of _____.

BETHEL GREENACRES WATER ASSOCIATION
a Washington nonprofit corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 11.5
(Purchaser's Certificate)

[Attached Behind Cover]

PURCHASER'S CERTIFICATION
(Bethel Greenacres Water Association)

The undersigned WASHINGTON WATER SERVICE COMPANY, a Washington corporation ("**Purchaser**"), hereby certifies that the representations and warranties of Purchaser contained in that certain *Asset and Real Property Purchase and Sale Agreement* dated as of _____ (the "**Agreement**"), by and between BETHEL GREENACRES WATER ASSOCIATION, a Washington nonprofit corporation ("**Seller**"), and Purchaser, are true, correct and complete, which representations and warranties of Purchaser (i) are incorporated herein as though set out in full herein and (ii) are deemed to be made again by Purchaser as of the date of this certificate.

This certificate is given by Purchaser to the Seller pursuant to Section 11.5 of the Agreement with the understanding that all matters referenced above are material to the decision of the Seller to close the sale and purchase contemplated by the Agreement on the date of this certificate and the Seller is acting in reliance thereon.

Dated as of _____.

WASHINGTON WATER SERVICE COMPANY
a Washington corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 12.2
(Indemnification Limitation)

[Intentionally Omitted]

Schedule 14.1
(Seller's Employees)

None.*

*NOTE: Seller has one employee who will retire before the Closing Date. The Parties do not intend for Purchaser to hire Seller's employee.