

**ASSET PURCHASE AGREEMENT**  
**Delta Long Lake Acre Tracts Water System, ID # 10340E**

THIS Asset Purchase Agreement (Agreement) is made and entered into by and between the **Delta Long Lake Homeowners Association** (Seller), a Washington non-profit corporation, and **Washington Water Service Company** (Purchaser), a Washington corporation.

**RECITALS**

WHEREAS, Seller owns and operates a Group "A" water system, known as the Delta Long Lake Acre Tracts Water System (Water System), with State ID #10340E, which provides water to residents in Kitsap County, Washington.

WHEREAS, Purchaser is organized and operates under the laws of the State of Washington, and whose principle business is the distribution and sale of water to residents in Washington; and

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Water System assets, including, but not limited to, wells, mains, reservoirs, easements, equipment, inventory, licenses, water rights and good will;

NOW, THEREFORE, in consideration of the agreements and promises set forth hereinafter, it is mutually agreed between the parties hereto as follows:

**1. TRANSFER OF ASSETS**

1.1. **Agreement to Sell.** Upon the terms and subject to all of the conditions contained herein, Seller agrees to sell, assign, transfer, convey and deliver to Purchaser on the Closing Date (as defined in Section 6.1 hereof), and Purchaser hereby agrees to purchase and accept from Seller on the Closing Date, the Acquired Assets (as defined in Section 1.2 hereof). Seller shall deliver to Purchaser at the Closing Date appropriate bills of sale, assignments of easements, Statutory Warranty deeds or other documents of conveyance necessary to affect the transfer of title to the Acquired Assets to Purchaser on the Closing Date, in form and substance satisfactory to Purchaser and its counsel.

1.2. **Description of Assets.** For purposes of this Agreement, the term "Acquired Assets" shall refer to the assets described in the following:

1.2.a. **Real Property and Easements.** All real property and easements together with protective covenants showing a 100' non-pollution radius around the wells, and other real property rights including, but not limited to, those listed in Schedule 1.2(a).

1.2.b. **Water System.** All wells, pumping systems, pipes, buildings, reservoir and all other equipment and facilities used for the Water System including, but not limited to, those listed in Schedule 1.2(b).

1.2.c. **Water Rights.** All water rights held or owned by Seller, including, but not limited to, those listed in Schedule 1.2 (c).

1.2.d. **Other Assets.** All other tangible assets owned by the Seller and used in the

Seller's business including but not limited to, inventory, spare parts, and future and current service areas for the Water System.

1.2.e. **Intangibles.** All of the interest of Seller in any intangible property owned by the Seller and used in Seller's business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, water rights, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller's business (that is the subject of this transaction) all of which are collectively referred to as the "Intangible Property". The Intangible Property shall include, without limitation, 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 prepared, applied for, obtained or otherwise are in the name or possession of, under the control of or available to Seller, including, but not limited to, those listed in Schedule 1.2 (e).

1.2.f. **Books and Records.** Copies of all books, records, files, contracts, and other data of Seller relating to the Acquired Assets, whether or not located at its principal place of business, and whether or not in tangible form or in the form of intangible computer storage media, such as disks, tapes and other similar storage media.

1.2.g. **Customer List and Drawings.** The complete customer list including, name, site address, phone number, parcel number and mailing address of each customer. Seller will also provide Purchaser with all available as-built drawings of Seller's Water System.

1.2.h. **Name.** All rights to the name "Delta Long Lake Acre Tracts Water System" and any variations thereof.

1.2.i. **Licenses.** All licenses, franchises and permits of Seller described in any schedule above.

1.2.j. **Deposits.** All deposits with government agencies, vendors, contractors and other entities.

1.2.k. **Legal Descriptions.** Within five (5) business days of execution of this Agreement, Seller will deliver to Purchaser a true, complete and accurate legal description of all real property and easements known to be owned or held by Seller, together with all privileges and appurtenances thereto

## 2. **PURCHASE PRICE**

2.1. The purchase price is Thirty thousand (\$30,000.00) to be paid in cash delivered to Seller on the Closing Date. Purchase price shall be allocated per Schedule 2.

### **3. LIABILITIES AND TAXES**

3.1. **Debt and Taxes.** Seller shall pay all sales, use and transfer taxes arising out of the purchase and sale of the Acquired Assets and shall pay its portion, pro-rated, as of the Closing Date, of state and local real and personal property taxes of the Water System. Purchaser shall not be responsible for any taxes of any kind related to any period before the Closing Date. Seller shall indemnify and hold Purchaser harmless from any debt of Seller.

3.2. **Only Certain Liabilities Being Assumed.** Except as listed in Schedule 3, Purchaser will not assume or be obligated to satisfy or perform any of the liabilities or commitments, whether fixed, contingent, known or unknown, which relate to the operation of Seller's business prior to the Closing Date, including but not limited to loans to Seller, loans to others, Seller's tax, environmental and water quality liabilities and obligations to its employees. Accounts receivable for water provided to customers prior to the date of closing shall remain the property of Seller. Purchaser shall not be subject to any Homeowner's Association Bylaw requirements or any conditions, covenants and restrictions which may be of record.

3.3. **Financial Records.** Within five (5) business days of execution of this Agreement, Seller shall provide to Purchaser true and correct copies of its latest financial records, including, but not limited to an income statement and balance sheet, which will include the income statement and balance sheet for the calendar year ending December 31, 2017.

### **4. CONVEYANCE**

4.1. **Conveyance.** Conveyance shall be by Bill of Sale as set out in Schedule 4(a), Assignment of Easements as set out in Schedule 4(b), Assignment of Intangibles as set out in Schedule 4(c) and Statutory Warranty Deed as set out in Schedule 4(d). Purchaser is entitled to immediate possession of the Acquired Assets on the Closing Date.

4.2. **Conveyance Costs.** Seller shall pay the real estate excise tax which may be payable upon this transaction. Seller shall pay any sales tax and costs in connection with transfer of the water rights. Purchaser shall pay the recording fees.

### **5. TITLE INSURANCE**

5.1. Purchaser shall pay for a standard title insurance policy for all real property transferred, through First American Title Insurance Company. Purchaser, at its option and expense, may obtain an extended title insurance policy. Rights reserved and Federal patents, building or use restrictions common to the area, existing easements not inconsistent with Purchaser intended use, and building or zoning regulations or provisions shall not be deemed encumbrances or defects.

### **6. THE CLOSING**

6.1. **Closing Date.** This sale shall be closed at The Law Office of Richard A. Finnigan on or before the 30th day of April, 2018. Seller shall execute the Disclosure Statement set out as Schedule 6.1. Purchaser shall pay the closing agent closing costs.

6.2. **Seller's Obligations at Closing.** At the Closing (which is defined as the completion of the transactions described in this Agreement), Seller shall deliver to Purchaser the Acquired Assets

and any documents described in the Schedules hereto.

6.3. **Purchaser's Obligation at the Closing.** At the Closing, Purchaser shall deliver to Seller the purchase price specified in Section 2, with agreed upon deductions that are mutually agreeable to the parties.

## 7. **SELLER'S REPRESENTATIONS AND WARRANTIES**

Seller represents and warrants to Purchaser as follows:

7.1. **Authority.** Seller has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby and no approvals or consents of any persons, agencies or other entities are necessary in connection therewith. Further, the person signing on behalf of Seller has been duly authorized to do so and such signature is binding on Seller.

7.2. **Tax Returns and Audits.** Seller has paid or will pay all taxes, assessments and penalties due and payable within the time or prescribed by law.

7.3. **Real Property Owned by Seller.** Seller warrants that it has clear title to the real property and easements, which will be conveyed to Purchaser at Closing free and clear from all liens and encumbrances.

7.4. **Tangible Personal Property.** Seller holds clear title to all tangible personal property necessary to conduct its business as now conducted and which tangible personal property will be conveyed to Purchaser at Closing free and clear from all liens and encumbrances.

7.5. **Business.** Seller is engaged in the business of a public utility water company serving in Kitsap County, and with respect to which, it holds a "Green" Operating Permit issued by the Washington State Department of Health, Office of Drinking Water (DOH), a copy of which will be delivered to Purchaser by Seller within ten (10) days of execution of this Agreement, but in no case less than five (5) business days before the Closing Date.

7.6. **Environmental.** The term "Hazardous Waste" or "Hazardous Material or Substances" as used in this Agreement is used in its very broadest sense and includes but is not limited to, material and substances designated as hazardous under any federal, state or local act or ordinance. Seller represents that it has not received notification of any kind from any governmental agency suggesting the real property conveyed under this Agreement is now or may be targeted as a Hazardous Waste or clean up site. Seller represents that to the best of its knowledge no Hazardous Waste or Materials or Substances exist on the real property conveyed by this Agreement nor did Seller use any such Hazardous Waste or Material or Substances in its operation of the Water System.

7.7. **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.

7.8. **Absence of Material Adverse Effect.** Since the date of this Agreement, there shall not have been any event, change, or development that individually or in the aggregate has had or could reasonably be expected to have an adverse effect on the Water System and Acquired Assets, other than events, changes, effects and developments relating to the economy in general or to the industry in

general and not specifically relating to the Water System and Acquired Assets. A "material adverse effect" is defined as a material adverse effect on the Acquired Assets, or the condition, financial or otherwise, of the Water System.

7.9. **Seller Liability.** Seller shall appear and defend at its expense, any and all suits, claims or liabilities of any nature, for or on account of injuries or damages sustained by any persons or property resulting from negligent or willful activities or omissions of Seller, its agents or employees for activities that occurred prior to the date of Closing, or on account of any unpaid wages or other remuneration for services or for failure to comply with Chapter 19.122 RCW ("dig up laws") or any violation of county franchise requirements, to the extent incurred or relating to any time prior to the Closing Date.

## **8. PURCHASER'S REPRESENTATIONS AND WARRANTIES**

Purchaser hereby represents and warrants to Seller as follows:

8.1. **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.

8.2. **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 person or entity, is necessary in connection therewith.

8.3. **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.

## **9. SELLER'S OBLIGATIONS BEFORE CLOSING**

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

9.1. **Access to Premises and Information.** 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 that are related to this transaction. 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 and related to this transaction that may reasonably be requested by Purchaser.

9.2. **Conduct of Business in Normal Course.** Seller shall carry on its business and activities in substantially the same manner as they have been carried on through December 31, 2017 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. Nor shall Seller sell or otherwise dispose of any of the Acquired Assets to any third party.

9.3. **Maintain Insurance.** Seller shall continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business. If, for any reason, no

insurance is maintained and assets are destroyed or damaged, Purchaser, at its option, may terminate this agreement. See Section 18 below.

9.4. **Transfer of Real Property Interest.** Purchaser and Seller shall jointly prepare legal descriptions for all real property interest to be transferred from Seller to Purchaser.

## **10. CONDITIONS PRECEDENT TO PURCHASER'S PERFORMANCE**

The obligations of Purchaser under this Agreement are subject to the satisfaction, at or before the Closing Date, of all the conditions set out below in this Section 10. Purchaser may waive any or all of these conditions, other than those set forth in Section 10.1 hereof,

10.1. **Authorization of UTC.** UTC authorization, if required, for Seller to sell the Assets pursuant to the terms and conditions of this Agreement shall be in full force and effect on the Closing Date.

10.2. **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.

10.3. **Seller's Representations and Warranties.** Seller's representations and warranties shall be true and correct and in full force and effect as of the Closing Date.

10.4. **Seller's Deliverables.** Seller shall have delivered all items required under this Agreement and shall not be in breach of this Agreement.

## **11. SELLER'S OBLIGATIONS AFTER THE CLOSING**

11.1. **Access to Records.** From and after the Closing, 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 and are related to this transaction as Purchaser reasonably requests. In addition, Seller shall cooperate with Purchaser in resolving any customer or other claims that arise after the Closing which may involve knowledge of the Seller or information in the possession of the Seller.

## **12. NOTICES**

Any notices between the parties shall be transmitted by ordinary first class mail addressed as follows:

To Purchaser: Scott Bailey, General Manager  
Washington Water Service Company  
PO Box 336  
Gig Harbor, WA 98335

To Seller: Steve Carpenter- President  
Delta Long Lake Homeowners Association  
6810 Long Lake Road SE  
Port Orchard, WA 98367

Notice may also be delivered by a recognized national or regional delivery service, addressed as set out above. Seller and Purchaser may each change its notice address by providing notice of such change as set out in this Section.

### **13. WAIVER**

No waiver or modification of any term or condition of this Agreement shall be effective unless in writing and signed by Purchaser. No waiver or indulgence by Purchaser of any deviation or departure by Seller from full performance of this Agreement shall be waiver of the right of Purchaser from requiring subsequent or other full and timely performance.

### **14. LITIGATION**

To the best of Seller's knowledge and except as described in Schedule 14 hereof, there is no action, suit, proceeding, claim arbitration, or investigation, audit, inquiry or hearing, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or other person pending or, to the knowledge of Seller, threatened, against Seller or relating to or affecting Seller, its business, assets or properties or any basis for such action, suit, proceeding, claim investigation, audit, inquiry, or hearing to the knowledge of Seller. Seller is not presently engaged in any legal action to recover money due it or damages sustained. Seller, the water system, or operation of the water system thereof has no knowledge of any complaints lodged with Department of Health or Washington State Utilities and Transportation Commission.

### **15. ATTORNEY FEES AND COSTS**

In the event of any conflict, claim or dispute between the parties hereto arising out of or relating to the subject matter of this Agreement, whether or not such conflict, claim or dispute has its basis in law or in equity, the prevailing party shall be entitled to receive from the non-prevailing party all reasonable costs and expenses of every sort whatsoever including, but no limited to, arbitrator's fees, mediation fees, deposition costs, expert witness fees, accounting expenses and actual attorneys fees incurred or expended, whether or not arbitration or court proceedings are initiated, and including all such costs or expenses incurred or expended in arbitration; in trial, on appeal or in any bankruptcy or receivership proceeding.

### **16. SUCCESSORS IN INTEREST**

This Agreement shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, and legal representatives of the parties.

### **17. REMEDIES**

If either party fails or refuses to close this transaction on the date specified, the other party shall have the right to specifically enforce this Agreement, or, at its election, to seek damages for the breach of this Agreement.

### **18. CASUALTY/LOSS**

If, prior to Closing, the Acquired Assets, or any of them, are destroyed or materially damaged by fire or other casualty, Purchaser may elect to terminate this Agreement without further obligation to

Seller.

**19. PROFESSIONAL ADVICE**

Seller and Purchaser each acknowledge that they have been advised to have the terms and conditions of this Agreement reviewed by independent legal counsel, and acknowledge that each has been afforded the opportunity to do so prior to executing this Agreement.

**20. NO OTHER AGREEMENTS**

There are no verbal or other agreements which modify or affect his Agreement. Any oral statements made by Seller, their agents, employees or representatives which are not expressly set forth in this Agreement are of no force or effect. Any and all future changes to this Agreement must be made in writing, signed by Seller and Purchaser. **TIME IS OF THE ESSENCE FOR THIS AGREEMENT.**

**21. EXECUTION IN COUNTERPARTS**

This Agreement may be executed separately or independently in any number of counterparts, including facsimiles and PDF style copies, each and all of which together shall be deemed to have been executed simultaneously and for all purposes to be one agreement.

**22. INTERPRETATION AND FAIR CONSTRUCTION OF CONTRACT**

This Agreement has been reviewed and approved by each of the parties. In the event it should be determined that any provision of this Agreement is uncertain or ambiguous, the language in all parts of this Agreement shall be in all cases construed as a whole according to its fair meaning and not strictly construed to or against either party.

**23. NON-ASSIGNABILITY**

This Agreement shall not be assignable by either party without the written consent of the other party. Any attempt to assign or transfer or sub-license any of the rights, duties, or obligations under this Agreement shall be void.

**24. PARAGRAPH HEADING, GENDER AND NUMBER**

Paragraph headings are not to be construed as binding provisions of this Agreement; they are for the convenience of the parties only. The masculine, feminine, singular and plural of any word or words shall be deemed to include and refer to the gender appropriate in the context.

**25. SURVIVAL**

Any terms, which by their nature should survive the closing of the sale, shall survive the closing of the sale. Those terms shall include, but not be limited to, representations and warranties, attorneys' fees and costs, disclaimers, obligations under Section 27 and such further matters that relate to the parties or the Water System or Acquired Assets that should survive the closing of the sale.

**26. THIRD PARTY**

Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or



remedies under or by reason of this Agreement on any persons or entities other than the parties hereto and their respective successors. Nothing in this Agreement, whether expressed or implied, is intended to relive or discharge the obligation or liability of any third party to any party to this Agreement. No provision of this Agreement shall give any third party any right of subrogation or action over or against any party to this Agreement.

**27. FURTHER ASSURANCES**

Each party hereto will execute and deliver such further instruments and take such further action as may be required to carry out the intent and purpose of this Agreement even if arising after Closing.

**28. PUBLICITY/CONFIDENTIALITY**

The existence and terms of this Agreement shall be held confidential, except to the extent it is required to be disclosed to a regulatory agency. Seller and Purchaser shall mutually approve all announcements and publicities related to this Agreement and the transfer of the Acquired Assets and Water System

**29. INCORPORATION BY REFERENCE**

The schedules and exhibits attached hereto are incorporated herein by this reference as though set forth in full.

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

[Signatures on next page]

DATED TO BE EFFECTIVE ON APRIL 30, 2018.

Seller:

Delta Long Lake ~~Acres Tracts~~ Homeowners  
Association

Purchaser:

Washington Water Service Company

Date: 4-30-18

Date: April 26, 2018

By: Steve Carpenter  
Carpenter, President

By: [Signature]  
Paul Townsley, VP, Regulatory Matters &  
Corporate Development

Date: APRIL 25, 2018

By: [Signature]  
Thomas Smegal, VP, CFO & Treasurer



SCHEDULE 1.2(b)

WATER SYSTEMS ASSETS

| <u>Type of Asset</u>  | <u>Description of Asset</u>                 | <u>Quantity</u> |
|---|---|-----------------|
| Structures:   |   |                 |
|   |   |                 |
| Supply and Distribution Mains and Appurtenances (footages approximated) | 8" PVC 160 water mains                      | 937 feet        |
|   | 4" PVC Class 160 water mains                | 1,635 feet      |
|   | 2" PVC Class 160 water mains                | 1,290 feet      |
|   |   |                 |
|   |   |                 |
|   |   |                 |
|   |   |                 |
| Supply Well   | Well and building - located within Parcel D | 1               |
|   |   |                 |
|   |   |                 |
|   |   |                 |
| Reservoirs  | 17,300 Gallon - Within Parcel A             | 1               |
|   |   |                 |
|   |   |                 |
|   |   |                 |
|   |   |                 |
| Other Equipment   |   |                 |
|   |   |                 |
|   |   |                 |
| All Inventories   |   |                 |
|   |   |                 |
| Misc. Assets  |   |                 |

SCHEDULE 1.2(c)  
WATER RIGHTS  
G1-24034C

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

**CERTIFICATE OF WATER RIGHT**

- Surface Water (Issued in accordance with the provisions of Chapter 117, Laws of Washington for 1917, and amendments thereto, and the rules and regulations of the Department of Ecology.)
- Ground Water (Issued in accordance with the provisions of Chapter 203, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the Department of Ecology.)

|                                   |                                |                            |                                 |
|-----------------------------------|--------------------------------|----------------------------|---------------------------------|
| PRIORITY DATE<br>February 8, 1982 | APPLICATION NUMBER<br>G1-24034 | PERMIT NUMBER<br>G1-24034P | CERTIFICATE NUMBER<br>G1-24034C |
|-----------------------------------|--------------------------------|----------------------------|---------------------------------|

|   |                        |                       |                     |
|---|------------------------|-----------------------|---------------------|
| NAME<br>Delta Development Co., Inc. for Delta Long Acre Tracts Water System |                        |                       |                     |
| ADDRESS (STREET)<br>P.O. Box 624  | (CITY)<br>Port Orchard | (STATE)<br>Washington | (ZIP CODE)<br>98366 |

*This is to certify that the herein named applicant has made proof to the satisfaction of the Department of Ecology of a right to the use of the public waters of the State of Washington as herein defined, and under and specifically subject to the provisions contained in the Permit issued by the Department of Ecology, and that said right to the use of said waters has been perfected in accordance with the laws of the State of Washington, and is hereby confirmed by the Department of Ecology and entered of record as shown, but is limited to an amount actually beneficially used.*

**PUBLIC WATER TO BE APPROPRIATED**

|  |                                    |                                     |
|--|------------------------------------|-------------------------------------|
| SOURCE<br>Well   |                                    |                                     |
| TRIBUTARY OF IF SURFACE WATERS   |                                    |                                     |
| MAXIMUM CUBIC FEET PER SECOND<br>—   | MAXIMUM GALLONS PER MINUTE<br>20.0 | MAXIMUM ACRES-FEET PER YEAR<br>10.0 |
| QUANTITY, TYPE OF USE, PERIOD OF USE<br>Community domestic supply - continuously (20 services) |                                    |                                     |

**LOCATION OF DIVERSION/WITHDRAWAL**

APPROXIMATE LOCATION OF DIVERSION-WITHDRAWAL  
1091 feet west and 882 feet south from the NW corner of Section 20.

|   |               |                   |                              |                |                  |
|---|---------------|-------------------|------------------------------|----------------|------------------|
| LOCATED WITHIN (SMALLEST LEGAL SUBDIVISION)<br>SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ | SECTION<br>20 | TOWNSHIP N.<br>23 | RANGE, (E. OR W.) N.M.<br>2E | W.R.L.A.<br>15 | COUNTY<br>Kitsep |
|---|---------------|-------------------|------------------------------|----------------|------------------|

**RECORDED PLATTED PROPERTY**

|     |       |                                    |
|-----|-------|------------------------------------|
| LOT | BLOCK | OF (GIVE NAME OF PLAT OR ADDITION) |
|-----|-------|------------------------------------|

**LEGAL DESCRIPTION OF PROPERTY ON WHICH WATER IS TO BE USED**

Delta Long Lake Acre Tracts situated within the NW $\frac{1}{4}$  of Section 20, T.23N., R.2E., W.M., Kitsep County, Washington.

PROVISIONS

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 RCW 90.03.380, 90.03.390, and 90.44.020.

This certificate of water right is specifically subject to relinquishment for nonuse of water as provided in RCW 90.14.180.

Given under my hand and the seal of this office at Redmond Washington, this 15th day of May, 1989.

Department of Ecology

EXHIBIT DATA

OF

by Herman H. Huggins

Herman H. Huggins, Water Resources Section Supervisor

FOR COUNTY USE ONLY

SCHEDULE 1.2(e)  
DESCRIPTION OF INTANGIBLES

Water rights

Customer records for billing purposes

Water System operation records pertaining to wells, pumping equipment, storage facilities, valves, water treatment equipment

Construction records relating to wells, pumping equipment, storage facilities, valves, water treatment equipment, mains, hydrants, services

Maintenance records related to wells, pumping equipment and storage facilities

Water main leak history

Water System maps and drawings

Building permits related to operating equipment or structures

Water contracts

County health department permits and licenses

State health department permits and licenses

Water quality testing records

Water System Plans

SCHEDULE 2

ALLOCATION OF PURCHASE PRICE  
For Delta Long Lake Acre Tracts Water System ID#10340E, Kitsap County

| <b>Account No.</b> | <b>Description</b>            | <b>Purchase Price</b> |
|--------------------|-------------------------------|-----------------------|
| 1300               | Land                          | \$2,000.00            |
| 1303               | Water Rights                  | \$3,000.00            |
| 1304               | Structures                    | \$0                   |
| 1307               | Wells                         | \$5,000.00            |
| 1311               | Pump Equipment                | \$2,000.00            |
| 1320               | Other Source Plant            | \$0                   |
| 1330               | Storage                       | \$10,000.00           |
| 1331               | Transmission and Distribution | \$8,000.00            |
| 1333               | Service                       | \$0                   |
| 1337               |                               |                       |
|                    |                               |                       |
| 3715               |                               |                       |
|                    |                               |                       |
|                    |                               |                       |
|                    | Net Capital                   | \$30,000.00           |

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



**SCHEDULE 3**

**NONE**

After Recording Return to:  
Washington Water Service  
PO Box 336  
Gig Harbor, WA 98335

### BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that the **Delta Long Lake Homeowners Association**, a Washington non-profit corporation, for and in consideration of the sum of \$30,000.00 and other valuable consideration, does hereby grant, bargain, sell and convey unto **Washington Water Service Company**, a Washington corporation, the following described property, known as the Delta Long Lake Acre Tracts Water System, Washington State Department of Health ID #10340E, County of Kitsap, State of Washington, to-wit:

All personal property and facilities connected to the Delta Long Lake Water System, to include but not be limited to, wells, pumps, pipeline, services, reservoirs and appurtenances, together with all necessary Water Rights under Certificate Number G1-24034C.

**Delta Long Lake Homeowners Association** hereby warrants that all water lines are installed within road and utilities easements.

Delta Long Lake Homeowners Association herein covenants and agrees to warrant and defend the sale of said property, goods and chattels hereby made, against all and every person or persons whomsoever claiming the same or any part thereof.

EXECUTED at Olympia, Washington this 30<sup>th</sup> day of April, 2018.

By Steve Carpenter  
STEVE Carpenter  
Its: President

STATE OF WASHINGTON)

County of Thurston )<sup>SS</sup>

On this day Personally appeared before me <sup>state</sup> Scott Carpenter, to me known to me to be the President of the Delta Long Lake Homeowners Association, a Washington non-profit corporation, the corporation that executed the within and forgoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said corporation.

WITNESS MY HAND and official seal this 30<sup>th</sup> day of Apr., 2018,  
2018.

[Signature]

Richard A Finnigan

**Print Name**  
**NOTARY PUBLIC** in and for the state  
of Washington residing at Olympia  
My appointment expires: 9/27/2018



When Recorded Return to:  
Washington Water Service Company  
P.O. Box 336  
Gig Harbor, WA 98335

### ASSIGNMENT OF EASEMENTS AND FRANCHISES

THIS ASSIGNMENT, dated 4-30-, 2018, is entered into by and between the DELTA LONG LAKE HOMEOWNERS ASSOCIATION ("Seller"), a Washington non-profit corporation and WASHINGTON WATER SERVICE COMPANY, a Washington corporation ("Purchaser").

WHEREAS, Seller and Purchaser have entered into an Agreement entitled "Asset Purchase Agreement" dated 4-30-, 2018, wherein Purchaser is acquiring the assets of Seller used in connection with the water system owned by Seller, and

WHEREAS, the Seller in that Agreement has agreed to assign all of its rights, title and interest in, to and under any existing easements,

NOW THEREFORE, the parties agree as follows:

1. Assignment and Assumption of Seller's Interest. Seller hereby assigns to Purchaser all of its right, title and interest in, to and under the easements and franchises identified on Exhibit A (together the "Easements"), together with all of Seller's right, title and interest in the fixtures located thereon. Subject to the terms and conditions set forth herein, Purchaser hereby accepts said assignments and agrees to assume all of Seller's rights, duties and obligations under the Easements from and after the date of this Assignment.

2. Seller's Warranties and Representations. Seller hereby warrants and represents to Purchaser that (a) Seller is the sole Seller of the easement holder's interest under the Easements and (b) the same have not been otherwise assigned, sublet, or otherwise transferred or encumbered.
3. Third Party. Nothing in this Assignment, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Assignment on any persons or entities other than the parties hereto and their respective successors. Nothing in this Assignment, whether expressed or implied, is intended to relieve or discharge the obligation or liability of any third party to any party to this Assignment. No provision of this Assignment shall give any third party any right of subrogation or action over or against any party to this Assignment.
4. Attorneys Fees and Costs. In the event of any conflict, claim or dispute between the parties hereto arising out of or relating to the subject matter of this Assignment, whether or not such conflict, claim or dispute has its basis in law or in equity, the prevailing party shall be entitled to receive from the non-prevailing party all reasonable costs and expenses of every sort whatsoever including, but not limited to, arbitrator's fees, mediation fees, deposition costs, expert witness fees, accounting expenses and actual attorneys fees incurred or expended, whether or not arbitration or court proceedings are initiated, and including all such costs or expenses incurred or expended in arbitration, in trial, on appeal or in any bankruptcy or receivership proceeding.
5. Further Assurances. Each party hereto will execute and deliver such further instruments and take such further action as may be required to carry out the intent and purpose of this Assignment.
6. Successors in Interest. This Assignment shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives and successors of the parties hereto.
7. Waiver. No waiver of any provision of this Assignment shall be deemed to be a waiver of any other provision hereof, nor shall such waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

8. Incorporation by Reference. The exhibits attached hereto are incorporated herein by this reference as though set forth in full.

SELLER:

PURCHASER:

Delta Long Lake ~~Aere Tracts~~ <sup>sc</sup> Homeowners Association

Washington Water Service Company

By: Steve Carpenter  
Steve Carpenter, President

By: [Signature]  
Paul Townsley, VP, Regulatory Matters & Corporate Development

By: [Signature]  
Thomas Smegal, VP, CFO & Treasurer

STATE OF WASHINGTON)

County of Thurston )  
SS

On this day Personally appeared before me <sup>Steve</sup> ~~Scott~~ Carpenter, known to me to be the President of the Delta Long Lake ~~Aere Tracts~~ Homeowners Association, a Washington non-profit corporation, the corporation that executed the within and forgoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of the corporation.

WITNESS MY HAND and official seal this 30<sup>th</sup> day of April, 2018.



[Signature]  
Richard A Finnigan

Print Name  
NOTARY PUBLIC in and for the state of Washington  
Residing: Olympia  
Commission expires: September 27, 2018

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Santa Clara

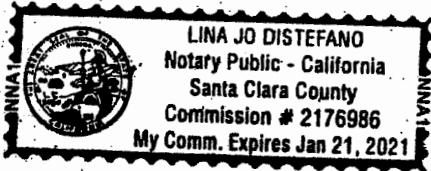
On April 25 2018 before me, Lina Jo Distefano, Notary Public

personally appeared Paul Townsley e Thomas Snelgar  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Assignment of Easement Document Date: \_\_\_\_\_  
Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_ Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  Partner —  Limited  General  
 Individual  Attorney in Fact  Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_ Signer Is Representing: \_\_\_\_\_

**EXHIBIT 1**

**Easement for Delta Long Lake Acres Tract water system supply line, - in Kitsap County, Washington, recorded under Auditor's File No. 82030220086, as recorded in Volume 23 of Plats, Pages 77-80, records of Kitsap County, Washington.**



## SCHEDULE 4(c)

### Assignment of Intangibles

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

This Assignment of Intangible Property, Contracts, Warranties and Guarantees (the "Assignment") is executed as of this 30<sup>th</sup> day of April, 2018, by Seller, Delta Long Lake Homeowners Association a Washington non-profit corporation, ("Assignor") in favor of Washington Water Service Company, a Washington corporation, ("Assignee"), pursuant to that certain Asset Purchase Agreement dated of even date herewith (the "Agreement"), by and between Assignor, as seller, and Assignee, as purchaser.

FOR VALUE RECEIVED, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the Intangible Property (as defined in the Agreement) including, without limitation, the Intangible Property described in Schedule 1.2(e) of the Agreement of which this Assignment is a part. The capitalized terms in Schedule 1.2(e) shall have the meanings given in the Agreement.

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

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

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

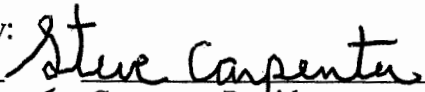
The provisions of this Assignment of Intangible Property, Contracts, Warranties and Guarantees shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and permitted assigns.

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

Assignor:

Delta Long Lake ~~Acre Tracts~~ Homeowners Association, a Washington non-profit corporation

By:

  
STEVE Carpenter, President

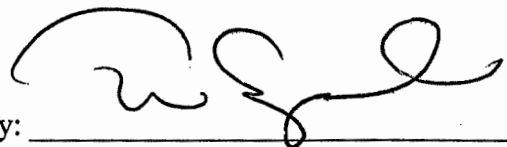
Assignee:

Washington Water Service Company, a Washington corporation

By:

  
Paul Townsley, VP, Regulatory Matters & Corporate Development

By:

  
Thomas Smegal, VP, CFO & Treasurer

After Recording Return to:  
Washington Water Service Company  
PO Box 336  
Gig Harbor, WA 98336

### STATUTORY WARRANTY DEED

The Grantor, Delta Long Lake Homeowners Association, a Washington non-profit corporation, for and in consideration of Thirty Thousand Dollars (\$30,000.00) and other good and valuable consideration in hand paid, conveys and warrants to Washington Water Service Company, the Grantee, the real property described in the attached Schedule A, situated in the County of Kitsap, State of Washington, for the Delta Long Lake Acre Tracts water system, State ID # 10340E.

Parcel#: 6016-000-021-0004

PARCEL A DELTA LONG LAKE ACRE TRACTS, - in Kitsap County, Washington, recorded under Auditor's File No. 8203220086, as recorded in Volume 23 of Plats, Pages 77-80, records of Kitsap County, Washington.

Parcel#: 6016-000-024-0001

DELTA LONG LAKE ACRE TRACTS PAR D (20-23-2E) - Sec 20 Township 23 Range 2E NW Qtr - in Kitsap County, Washington, recorded under Auditor's File No. 8203220086, as recorded in Volume 23 of Plats, Pages 77-80, records of Kitsap County, Washington.

Grantor hereby binds itself and its successors and assigns to warrant and defend title to said real property as against all persons whomsoever. Grantor hereby assigns to Grantee all warranties of title it has received directly or indirectly from its grantors or predecessors in interest.

Dated this 4 day of 30, 2018.

By

Steve Carpenter  
STEVE Carpenter, President

STATE OF WASHINGTON)

County of Thurston )<sup>SS</sup>

On this day personally appeared before me <sup>Steve</sup> Scott Carpenter, known to me to be the President of the Delta Long Lake Homeowners Association, a Washington non-profit corporation, the corporation that executed the within and forgoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said corporation.

WITNESS MY HAND and official seal this 30<sup>th</sup> day of April, 2018.



[Signature]

Richard A Finnigan

Print Name

NOTARY PUBLIC in and for the state of Washington residing at Olympia

My appointment expires: 9/27/2018

SCHEDULE 15

LIST OF CUSTOMERS

See Attached

| UBFSERV Customer Name             | SERVICE ADDRESS..... | SERV STAT | METER.NO.... | ERT..... | LEGAL DESCRIPTION ..... | ERU TAX ID.....  |
|-----------------------------------|----------------------|-----------|--------------|----------|-------------------------|------------------|
|                                   |                      | TYPE      |              |          |                         | CNT              |
| 7006103 KRININGER, LINDA          | 8611 LONG LAKE RD SE | R         | A            | 48018371 | LOT 1                   | 1 60160000010008 |
| 7006110 FITE, STEVE & APRIL       | 8637 LONG LAKE RD SE | R         | I            |          | LOT 2                   | 1 60160000020007 |
| 7006120 MUELLER, DARREL & JILL    | 5201 SE DELTA PLACE  | R         | A            | 35214839 | LOT 3                   | 1 60160000030006 |
| 7006131 MANION, MATTHEW & BRENDA  | 5205 SE DELTA PLACE  | R         | A            | 43241817 | LOT 4                   | 1 60160000040005 |
| 7006140 HAWKINS, DAVID            | 5209 SE DELTA PLACE  | R         | A            | 43241822 | LOT 5                   | 1 60160000050004 |
| 7006150 COREY, CRAIG & JANES      | 5213 SE DELTA PLACE  | R         | A            | 35214862 | LOT 6                   | 1 60160000060003 |
| 7006160 PORTER, ED & MARY JO      | 5218 SE DELTA PLACE  | R         | A            | 35206166 | LOT 7                   | 1 60160000070002 |
| 7006170 NORMANDY, DANA & JOANNA   | 5212 SE DELTA PLACE  | R         | A            | 48018339 | LOT 8                   | 1 60160000080001 |
| 7006180 LA DEAUX, LEE & EMMA      | 5206 SE DELTA PLACE  | R         | A            | 43241836 | LOT 9                   | 1 60160000090000 |
| 7006191 RENE', MILES              | 5200 SE DELTA PLACE  | R         | A            | 35214858 | LOT 10                  | 1 60160000100007 |
| 7006200 HUNNICUTT, WALTER & BETTY | 8693 LONG LAKE RD SE | R         | A            | 43241818 | LOT 11                  | 1 60160000110006 |
| 7006210 SMITH, DAMIAN & KATHY     | 8699 LONG LAKE RD SE | R         | A            | 48018392 | LOT 12                  | 1 60160000120005 |
| 7006220 MCMICHAEL, ROBERT         | 8705 LONG LAKE RD SE | R         | A            | 48018391 | LOT 13                  | 1 60160000130004 |
| 7006233 PARAMADILOK, JOHN         | 8706 LONG LAKE RD SE | R         | A            | 43241843 | LOT 14                  | 1 60160000140003 |
| 7006240 KOSS, GEORGE & DELLA      | 8686 LONG LAKE RD SE | R         | I            |          | LOT 15                  | 1 60160000150002 |
| 7006250 COOK, TROY & SARAH        | 8666 LONG LAKE RD SE | R         | I            |          | LOT 16                  | 1 60160000160001 |
| 7006262 MCARTHUR, MORGAN & AUTUMN | 8638 LONG LAKE RD SE | R         | A            | 35214845 | LOT 17                  | 1 60160000170000 |
| 7006270 HATLESTAD, BILLIE         | 8624 LONG LAKE RD SE | R         | A            | 35214860 | LOT 18                  | 1 60160000180009 |
| 7006280 CARPENTER, STEVE & DEENA  | 8610 LONG LAKE RD    | R         | A            | 33518313 | LOT 19                  | 1 60160000190008 |
| 7006292 THORSON, MICHELLE         | 8584 LONG LAKE RD SE | R         | A            | 48018344 | LOT 20                  | 1 60160000200005 |

[405] 20 items listed out of 5860 items.

SCHEDULE 16

LITIGATION AND COMPLAINTS

NONE