

MAY 12 2021

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCESDepartment of Water Resources
Eastern Region

Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, see #6 of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
25-7593	Yes ☐	Yes ☐		Yes ☐	Yes ☐
25-14199	Yes ☐	Yes ☐		Yes ☐	Yes ☐
25-14236	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: Morningview Water Co Inc
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): Falls Water Co Inc
New owner(s) as listed on the conveyance document Name connector ☐ and ☐ or ☐ and/or
- 2180 N Deborah Dr Idaho Falls ID 83401
Mailing address City State ZIP
- 208-522-1300 scott1@fallswater.com
Telephone Email
4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: February 9, 2021
6. If the water right is leased to the Water Supply Bank changing ownership of a water right will reassign to the new owner any Water Supply Bank leases associated with the water right. Payment of revenue generated from any rental of a leased water right requires a completed IRS Form W-9 for payment to be issued to an owner. A new owner for a water right under lease shall supply a W-9. Water rights with multiple owners must specify a designated lessor, using a completed Lessor Designation form. Beginning in the calendar year following an acknowledged change in water right ownership, compensation for any rental will go to the new owner(s).
7. This form must be signed and submitted with the following **REQUIRED** items:
☒ A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
☒ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
☒ Filing fee (see instructions for further explanation):
☐ \$25 per *undivided* water right.
☐ \$100 per *split* water right.
☐ No fee is required for pending adjudication claims.
☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.

8. Signature: K. Scott Bruce General Manager 5/12/2021
Signature of new owner/claimant Title, if applicable Date

Signature: _____
Signature of new owner/claimant Title, if applicable Date

For IDWR Office Use Only: Purchase & Sale agreement closing met by Nov. 30, 2020

Received by JB Date 5/12/2021 Receipt No. E046939 Receipt Amt. \$75. -

Active in the Water Supply Bank? Yes ☐ No ☐ If yes, forward to the State Office for processing W-9 received? Yes ☐ No ☐

Name on W-9 Worked with Blake Approved by JB Processed by JB Date 5/18/2021

Asset Purchase Agreement

This Asset Purchase Agreement (this "**Agreement**") is made between Falls Water Co., Inc., an Idaho corporation ("**Buyer**"), Morningview Water Company, an Idaho corporation d/b/a/ Morning View Water Company ("**Seller**") and Nolan Gneiting and Dawn Gneiting (collectively, "**Shareholder**"), effective as of July 2, 2020 (the "**Signing Date**"). Capitalized terms used in this Agreement are defined where they are first used or in **Schedule 1**.

Seller owns and operates water supply and distribution systems in or near Rigby, Idaho (the "**Business**"). Seller wishes to sell, and Buyer wishes to purchase, and to assume specified liabilities, substantially all of the assets of the Business. The parties, therefore, agree as follows.

1. **Assets; Assumed Liabilities.** At Closing, Buyer will buy, and Seller will sell and transfer, the assets of the Business, including without limitation, the items listed on **Schedule 2**, other than the Excluded Assets (defined below) (the "**Assets**"). At Closing, Buyer will assume the liabilities of Seller in respect of Assigned Contracts only to the extent required to be performed after the Closing, incurred in the ordinary course of business, and unrelated to any failure to perform, improper performance, or other default or violation by Seller before Closing, and will assume Accounts Payable (the "**Assumed Liabilities**"). Notwithstanding the above, and for the avoidance of doubt, (i) Seller's debt under the State Revolving Fund loan #DW1302 issued by the Idaho Department of Environmental Quality ("**IDEQ**") in an amount not to exceed \$434,844, and (ii) Seller's liability to American Pump Co. with respect to the pump repair identified in quote number m1195 will be Assumed Liabilities, subject to the terms of this Agreement. Seller and Shareholders, jointly and severally represent and warrant to Buyer that the statements set forth on **Schedule 3** are true and correct on Signing Date (except with respect to certain Easements specified in Schedule 2 that remained under negotiation as of the Signing Date) and will be true and correct on the Closing Date.
2. **Excluded Assets; Excluded Liabilities.** At Closing, Buyer will not buy, and Seller will not sell, corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of Seller; benefit plans and assets attributable thereto; short-term investments cash and cash equivalents (other than Closing Working Capital); and the rights that accrue to Seller under the Transaction Documents (the "**Excluded Assets**"). Buyer will not assume and will not be responsible to pay, perform or discharge any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise ("**Liabilities**") of Seller or any of its affiliates other than the Assumed Liabilities (the "**Excluded Liabilities**"). Excluded Liabilities includes, for the avoidance of doubt, any obligations owing to any Shareholder or to Landco Building & Development, Inc. ("**Landco**").
3. **Purchase Price.**
 - a. The "**Purchase Price**" for the Assets is \$60,000, plus the assumption of the Assumed Liabilities. At Closing, Buyer will pay the Seller \$35,000. Twelve months after Closing, Buyer will pay to Seller an amount equal to \$25,000 (the "**Holdback**") less the amount of any claim a Buyer Indemnitee has under this Agreement. After that date and after all claims by Buyer Indemnitees are resolved and paid, Buyer will promptly pay the remaining Holdback, if any, to Seller.
 - b. Within 90 days of the Closing Date, Buyer shall prepare and deliver to Seller a statement (the "**Closing Statement**") setting forth its calculation, as of the Closing Date, of the Accounts Receivable and the Accounts Payable, calculated in accordance with the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the annual financial statements previously provided by Seller to Buyer.

The "Closing Adjustment" is an amount equal to the difference between the Accounts Receivable as of the Closing Date and the Accounts Payable as of the Closing Date. If such amount is a positive number, the Purchase Price shall be increased by such amount, and Buyer shall make a payment of the Closing Adjustment to Seller within 10 Business Days of delivery to Seller of the Closing Statement. If such amount is negative, the Purchase Price shall be decreased by such amount, and the absolute value of the Closing Adjustment shall be deducted from the Holdback. If the Closing Adjustment is negative and its absolute value exceeds the Holdback, Seller shall make a payment to Buyer within 10 Business Days of receipt of the Closing Statement in an amount equal to the amount by which the absolute value of the Closing Adjustment exceeds the Holdback.

- c. The allocation of the Purchase Price among the Assets and Assumed Liabilities (plus other capitalizable amounts) for all Tax purposes in accordance with Schedule 4. Each party will file all Tax Returns (including Internal Revenue Service Form 8594) and information reports in a manner consistent with that allocation.
 - d. Each party will bear its own costs and expenses, including of its Representatives, incurred in connection with the transactions contemplated by this Agreement (the "Transaction") and related due diligence, whether or not Closing occurs.
 - e. All payments under Section 3(a) will be by wire transfer of immediately available funds pursuant to written instructions provided by the Seller at least five Business Days before the payment date. Buyer is entitled to deduct and withhold from the Purchase Price all Taxes that Buyer may be required to deduct and withhold under any applicable Tax Law. All withheld amounts will be treated as delivered to Seller under this Agreement.
4. **Closing.** The Transaction will close (the "Closing") at a time agreed by the parties two Business Days after all of the Closing conditions are met or waived or at another date and time agreed by the parties. The Closing is deemed effective as of 12:01 a.m. on the date of Closing (the "Closing Date").
5. **Closing Conditions.** Buyer's obligation to close the Transaction is subject to (a) Buyer's satisfactory due diligence; (b) receipt of all necessary government approvals and consents (including Commission Approval of all requests within the application) and any consents required to transfer Permits; (c) receipt of a title commitment from a nationally recognized title insurance company to issue an owner's title insurance policy insuring fee simple title to the Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances; (d) documents signed by Seller to transfer the Assets, including a grant deed transferring all Owned Real Property, a bill of sale, and an assignment and assumption agreement; (e) written confirmation from the Seller and Shareholder that the representations and warranties were true and complete on the Signing Date (except with respect to certain Easements that remained under negotiation as of the Signing Date) and the Closing Date, that Seller and Shareholder complied with the covenants in this Agreement, and that there has been no material adverse effect on the Business since the Signing Date; (f) an affidavit, signed by Seller under penalty of perjury, stating that it is not a foreign person within the meaning of Section 1445 of the Code, dated as of the Closing Date and in form and substance required under Code Section 1445 and related regulations; (g) a completed Form W-9 from each Person receiving payment at Closing; (h) IDEQ consent to assignment of IDEQ loan #1302 from Seller to Buyer, and the absence of any enforcement action taken by, or anticipated to be taken by, DEQ with respect to such loan; (i) Seller obtaining and recording all easements required in connection with the construction, reconstruction, installation, expansion, maintenance and operation of the Utility System; (j) Seller commencing the implementation of an irrigation water conservation plan for the period from May 15 through October 15; (k) the movement of all spare parts other than meters from the Landco office to the well house; (l) Seller making all required payments when due under IDEQ loan #1302 execution of consulting agreement for transition services with Nolan Gneiting in the form attached hereto as Schedule 5; and

(m) all other documents signed by Seller and Shareholder reasonably requested by Buyer to complete the Transaction. From the Signing Date until the Closing or the termination of this Agreement, each party will use commercially reasonable efforts to take actions necessary to promptly satisfy the Closing conditions

6. **Termination.** The Agreement may be terminated before Closing (a) by the written agreement of Seller and Buyer; (b) by either Seller or Buyer if there is a Law that makes Closing illegal or prohibited or if the Closing is enjoined in a final, non-appealable Order; (c) by Buyer with written notice to Seller if: (i) Buyer is not satisfied with the results of its due diligence investigation by November 30, 2020, (ii) Seller or Shareholder has materially breached this Agreement in a manner that would cause the Closing conditions not to be met, or (iii) any of the Closing conditions are not met by November 30, 2020; (d) by Seller with written notice to Buyer if: (i) Buyer has materially breached this Agreement in a manner that would cause the Closing conditions not to be met or (ii) any of the Closing conditions are not met by November 30, 2020. If this Agreement is terminated, it will be void and no party will have any liability under it except that (x) this sentence, Sections 10 and 13-19 will survive and (y) no party will be relieved of its liability for willful breach of this Agreement.

7. **Interim Covenants.**

- a. From the Signing Date until Closing, Seller and Shareholder will (i) preserve the Business and its goodwill, (ii) operate the Business in the ordinary course of business consistent in nature, scope, and magnitude with past practices, (iii) comply with Law; and (iv) afford Buyer and its Representatives reasonable access to and the right to inspect all of the real property, properties, assets, premises, and other documents and data related to Seller, including, if Buyer desires, a Phase II environmental audit(s). From the Signing Date until Closing, Seller will not sell or acquire any Assets valued at more than \$5,000 without Buyer's prior written approval. Each party will promptly, and in coordination with the other party, (i) make all filings and submissions required under any Law applicable to it or any of its affiliates; and (ii) use commercially reasonable efforts to obtain all Orders and approvals from all Governmental Authorities that may be necessary under the Transaction Documents and for the Closing. Each party will cooperate fully with the other parties in promptly seeking to obtain such Orders and approvals. No party will take any action that would have the effect of materially impeding the receipt of any required Orders or approvals.
- b. Except as required by applicable Law, Seller and Shareholder will not, and will not authorize or allow any of their affiliates or Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any arrangements (whether or not binding) regarding an Acquisition Proposal. Seller and Shareholder will, and will cause their affiliates and Representatives, to immediately stop all existing discussions or negotiations with any Persons conducted before the Signing Date with respect to an Acquisition Proposal. An "**Acquisition Proposal**" means any inquiry, proposal or offer from any Person (other than Buyer or any of its affiliates) concerning (1) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving Seller; (2) the issuance or acquisition of equity securities of Seller; or (3) the sale, lease, exchange or other disposition of any significant portion of the properties or assets of Seller. In addition, within three Business Days of receipt, Seller and Shareholder will advise Buyer in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal; the material terms and conditions of the proposal, inquiry, or request; and the identity of the Person making it.

8. **Further Assurances.** Without additional consideration, each party will sign and deliver any additional instruments and perform additional acts that are or may become necessary to effect this Agreement or as may reasonably be request to more effectively carry out the intent and purpose of this Agreement, including, for example, transfer of Seller's rights to, title in, or ownership of the Utility System and Assets, whether the Assets were unknown at the time of Closing or were erroneously omitted from this Agreement.
9. **Non-Compete; Non-Solicit.** For five years after the Closing Date (the "Restricted Period"), Seller and Shareholder will not, and will not permit any of its or his affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the ownership or operation of a water utility (the "Restricted Business") in the State of Idaho (the "Territory"); (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as an owner, employee, principal, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed before or after the Signing Date) between the Business and customers or suppliers of the Business. During the Restricted Period, neither Seller nor Shareholder will, or will permit any of its affiliates to, directly or indirectly, hire or solicit any employee or consultant of the Business or Buyer or encourage any such Person to terminate his relationship with the Business or Buyer or hire any such Person who has left such relationship, except pursuant to a general solicitation that is not directed specifically to those Persons. Shareholder and Seller acknowledge that the restrictions contained in this Section are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and complete the Transaction. If any covenant contained in this Section is adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant will be deemed reformed, in that jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section are severable and distinct covenants. The invalidity or unenforceability of any covenant in this Section as written will not invalidate or render unenforceable the remaining covenants, and any invalidity or unenforceability in any jurisdiction will not invalidate or render unenforceable the covenant in any other jurisdiction.
10. **Confidentiality.** No party will publicly disclose the contents of this Agreement, except to the extent required by Law. After Closing, Seller and Shareholder will keep all information concerning the Business confidential unless that information is known by the public through no fault of its own, its agents or affiliates. Seller and Shareholder will ensure its affiliates and agents comply with the obligations under this provision to the same extent as if they were the Seller or Shareholder. If Seller or Shareholder is compelled to disclose any confidential information by Law, it or he must notify Buyer of the requirement and will only disclose that information its legal counsel advises is legally required to be disclosed.
11. **Taxes.**
- a. **Transfer Taxes.** Seller will pay when due all transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the other Transaction Documents (including any real property transfer Tax and any other similar Tax). Seller will, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and the Buyer and Shareholder shall cooperate with respect thereto as necessary).
- b. **Tax Indemnification.** Shareholder and Seller will, jointly and severally, indemnify Buyer Indemnitees and hold them harmless from and against (a) any Loss attributable to any failure to timely, completely, and correctly file any Tax Returns required to be filed by or with respect to Seller, the Business or the Assets or a failure to pay any Taxes due or owing, or asserted to be due

and owing by a Governmental Authority, by or with respect to Seller, the Business or the Assets on or before the Closing; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in this Section 11; (c) all Pre-Closing Taxes, determined in accordance with Section 11(c); (d) all Taxes for which Shareholder or Seller is liable pursuant to Section 11(a) and (e) any and all Taxes of any person imposed on or with respect to the Business or the Assets arising under the principles of transferee or successor liability or by Contract, relating to an event or transaction occurring before the Closing Date, in each of the above cases, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith. Shareholder and Seller shall reimburse each Buyer Indemnitee for any Taxes that are the responsibility of Seller and Shareholder pursuant to this Section 11(b) within 15 Business Days after payment of such Taxes by Buyer Indemnitee. All indemnity payments pursuant to this Section 11(b) shall be made on an after-tax, grossed-up basis, such that the total amount received by Buyer Indemnitee places Buyer Indemnitee in the same after-tax position it would have occupied if it had not suffered such Loss or been liable for such Taxes.

- c. **Straddle Period.** In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date, the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall: (a) in the case of Taxes based upon, or related to, income, receipts, profits, wages, capital, net worth, or sales, transfers or assignments of property, be deemed equal to the amount which would be payable if the taxable year or period with respect to the Business ended with the Closing Date; and (b) in the case of other Taxes, be deemed to be the amount of such Taxes for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period.
 - d. **Cooperation and Exchange of Information.** Shareholder, Seller, and Buyer shall provide each other with such cooperation and information as any of them reasonably may request of the other in filing any Tax Return or in connection with any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Seller and Buyer shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of Seller for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other parties in writing of such extensions for the respective Tax periods.
 - e. **Survival.** Despite anything in this Agreement to the contrary, this Section 11 will survive for the full period of all applicable statutes of limitation (giving effect to any waiver, mitigation or extension thereof) plus 90 days.
- 12. Indemnity.** All representations, warranties, and covenants set forth in the Transaction Documents will remain in full force and effect after Closing. The right to indemnification or other remedy will not be affected by any investigation conducted or any knowledge acquired at any time, whether before or after the Signing Date or the Closing Date. Seller and Shareholder will, jointly and severally, indemnify Buyer and its officers, directors, affiliates, successors and assigns (the "**Buyer Indemnitees**") and hold them harmless from all Losses suffered by the Buyer Indemnitees arising out of or related to: (a) any breach or inaccuracy in any representation or warranty made by Seller or Shareholder in any Transaction Document; (b) any breach or non-fulfillment of any obligation of Seller or Shareholder in any Transaction Document; (c) any pre-Closing Taxes; (d) Excluded Assets; or (e) Excluded Liabilities. "**Losses**" means losses, damages, Liabilities, deficiencies, judgments, interest, awards, penalties, fees, or fines, or costs or expenses relating to the foregoing, including

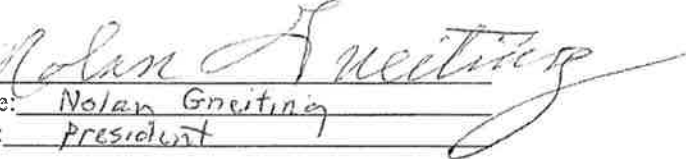
reasonable attorneys' fees (including reasonable attorney's fees associated with the cost of enforcing any indemnity right and the cost of pursuing any insurance providers). "Losses" does not include punitive, incidental, consequential or special damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party. Seller and Shareholder will not have the right to defend or direct the defense of any third-party claim that (i) is asserted by or on behalf of a supplier or customer of Seller, the Business, or a Governmental Authority or (ii) seeks an injunction or other equitable relief against the Indemnified Party. Seller will not settle any indemnifiable third-party claim without the Buyer Indemnitee's prior written consent. All indemnification payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price, unless otherwise required by Law.

- 13. Remedies.** Remedies under the Transaction Documents are cumulative. No right or remedy of the parties under the Transaction Documents is intended to be exclusive of any other right or remedy. A party would be irreparably damaged by reason of a failure of the other party to perform its obligations under the Transaction Documents in accordance with its terms. Each party is entitled, therefore, to equitable relief in the event of a breach or threatened breach (without any requirement to post bond), in addition to any other remedy to which it is entitled at law or in equity.
- 14. Guaranty.** Shareholder hereby absolutely, unconditionally and irrevocably guarantees to Buyer the payment, observance and performance by Seller of all of Seller's obligations under or arising out of this Agreement. Shareholder's obligations are primary and not that of collection.
- 15. Amendment; Waiver.** Provisions of this Agreement may only be amended waived in a writing signed by the parties specifically identifying the provision to be amended or waived. The waiver of any condition will not affect the right to indemnification or other remedy related thereto.
- 16. Assignment.** This Agreement may not be assigned or otherwise transferred (including a change of voting control and a transfer by operation of law) without the prior written consent of the other party. However, Buyer may transfer its rights and obligations to an affiliate without the prior written consent of Seller.
- 17. Notices.** All notices must be in writing. Notice is deemed given when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient (otherwise on the next Business Day); or on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notice is only effective if sent to the address or email addresses set forth on the signature page of this Agreement. Each party may change its address and email address for notices by giving notice in accordance with this paragraph.
- 18. Governing Law; Venue.** The Transaction Documents are to be construed and enforced in accordance with Idaho law, without giving effect to any conflict of law rule. Any Action arising out of the Transaction Documents must be brought in the federal or state courts located in Bonneville County, Idaho. The parties waive any objection to the jurisdiction of those courts. Each party waives any right it may have to trial by jury in respect of any Action arising out for the Transaction Documents.
- 19. Entire Agreement.** This Agreement, Schedules 1-4, the Non-Disclosure Agreement between NW Natural Water Company, LLC and Morningview Water Company, dated December 17, 2019, and the Transaction Documents delivered by Seller to Buyer at Closing, embody the entire agreement and understanding of the parties related to its subject matter and supersedes all prior approvals, correspondence, and agreements relating to its subject matter.

FALLS WATER CO., INC.

By: 
Name: Justin Palfreyman
Title: President

MORNINGVIEW WATER COMPANY

By: 
Name: Nolan Gneiting
Title: President


Nolan Gneiting as SHAREHOLDER


Dawn Gneiting as SHAREHOLDER

Communications to Buyer:

Falls Water Co., Inc.
250 SW Taylor Street
Portland, Oregon 97204
Attn: Justin Palfreyman

With copies, which will not constitute notice to:

NW Natural Water Company, LLC
250 SW Taylor Street
Portland, Oregon 97204
Attn: Darren Nakata
Email: Darren.Nakata@nwnatural.com

Communications to Seller and Shareholder:

Nolan and Dawn Gneiting
Morningview Water Company
3996 E 200 N
Rigby, Idaho 83442
Email: morningviewwater@gmail.com

Schedule 1 Defined Terms

For purposes of this Agreement, (a) the words "include," "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) words denoting any gender include all genders. Unless the context otherwise requires, references: (i) to sections and Schedules mean the sections of, and Schedules attached to, this Agreement; (ii) to an agreement or other document means the agreement or other document as amended, supplemented and modified from time to time to the extent permitted by its provisions and (iii) to a statute means the statute as amended from time to time and includes any successor legislation and any regulations promulgated under the statute and successor legislation.

"Accounts Payable" means all accounts payable, excluding: (i) payroll and payroll tax liabilities, (ii) legal fees, (iii) the debt under the IDEQ State Revolving Fund loan #DW1302 and (iv) Seller's liability to American Pump Co. with respect to the pump repair identified in quote number m1195.

"Accounts Receivable" means all accounts or notes receivable held by Sellers, and any security, claim, remedy or other right related to accounts and notes receivable.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or governmental investigation for which written notice has been given to Seller of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Books and Records" means books and records, including financial and accounting records, maintenance files, customer and supplier lists, quality control records, customer complaints, research files, correspondence with Governmental Authorities, and real property and environmental surveys.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in Portland, Oregon are authorized or required by Law to be closed for business.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq.

"Closing Working Capital" means an amount equal to the product of (i) the number of months since the due date immediately preceding the Closing Date for IDEQ loan #DW1302 and (ii) \$1,546.30.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission Approval" means a final decision and Order by the Idaho Public Utilities Commission (the **"Commission"**) that is (i) is final and reasonable and (ii) approves all of the relief requested in the application to the Commission (the **"Commission Application"**). The Commission's decision and Commission Approval will not be deemed to be final and reasonable, or an approval of all of the relief requested in the Commission Application, if (a) it is not an unconditional approval, (b) it denies or defers ruling on any part of the Commission Application or purports to amend, modify or supplement any of the terms and conditions of the Transaction, or (c) if the decision and Order is subject to further appeal or any party to the proceeding in which the decision and Order is issued, or other aggrieved Person with the right to appeal, intends to, and is legally entitled to, seek a change in the decision and Order through motion or appeal.

"Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, Easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Environmental Claim" means any Action, Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence of, Release of, or exposure to any Hazardous Materials or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Laws” means any applicable Law and any Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety (but only as it related to the environment), or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials.

“Environmental Notice” means any Order, written directive, written request for information, notice of violation or infraction, or written notice respecting any Environmental Claim relating to actual, alleged or potential non-compliance with any Environmental Law or any Environmental Permit.

“Environmental Permit” means any Permit issued, granted, given, authorized by or made pursuant to any Environmental Law.

“Facilities” means any real property owned or operated or formerly owned or operated by Seller and any buildings, plants, structures, or equipment (including motor vehicles, tank cars, and rolling stock) owned or operated or formerly owned or operated by Seller.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of the government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or Orders of that organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under any Environmental Law; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Law” means any statute, law, act, ordinance, regulation, rule, code, Order, constitution, treaty, principle of common law, judgment, decree, Order of general applicability or other requirement or rule of law of any Governmental Authority, including rules and regulations promulgated thereunder.

“Order” means any order, writ, judgment, injunction, decree, determination, ruling, assessment, or award entered by or with any Governmental Authority or arbitrator.

“Permitted Encumbrance” means (a) liens for Taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings; (b) mechanics, carriers’, workmen’s, repairmen’s or other like liens or similar Encumbrances arising or incurred in the ordinary course of business consistent with past practice for amounts that are not delinquent; (c) covenants, exceptions, restrictions, Easements, zoning ordinances, rights of way, and other similar encumbrances affecting Real Property that appear in a preliminary title report delivered by Seller Representative to Buyer no less than 30 calendar days before the earlier of the Closing Date and the date listed in Section 6(b)(i), except that no such encumbrance shall be considered a Permitted Encumbrance if Buyer notifies Seller Representative at least 14 calendar days before the Closing Date that Buyer is unwilling to accept title subject to such encumbrance. If Seller fails to cause an encumbrance described under clause (c) of the preceding sentence to be cured or otherwise removed from an updated preliminary title report before the Closing Date, Buyer shall have the right to either (i) waive Buyer’s objection and proceed to close, or (ii) terminate this Agreement.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of that taxable period beginning after the Closing Date.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of that taxable period ending on and including the Closing Date.

"Pre-Closing Taxes" means Taxes of Seller for any Pre-Closing Tax Period, determined in accordance with Section 11(c).

"Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment, including ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture.

"Representative" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of the Person.

"Seller's Knowledge" or any other similar knowledge qualification, means the actual knowledge of Shareholder or any director or officer of Seller, in each case after reasonable inquiry and investigation.

"Tax" or **"Taxes"** means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, unclaimed property, escheat, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions to tax or penalties with respect thereto and any interest in respect of those additions to tax or penalties.

"Tax Claim" means the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by a Buyer Indemnitee pursuant to Section 11(b).

"Tax Return" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Transaction Documents" means this Agreement and each other agreement, instrument, certificate or document delivered pursuant hereto or thereto.

"Transaction Expenses" means all fees and expenses incurred by or on behalf of Seller or Shareholder at or before the Closing in connection with the preparation, negotiation and execution of Transaction Documents and the Closing, including the fees and expenses of their Representatives, those required to transfer Permits and Water Rights, real property recording fees, and transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees.

"Utility System" means all potable water supply, treatment, storage and distribution systems and wastewater collection, transmission, treatment, disposals and reuse systems owned by Seller.

"Water Right" means any right, entitlement or authorization to divert, appropriate, store or use surface water or groundwater granted or recognized by a Governmental Authority, including, without limitation, all claims, licenses, permits, certificates, decrees and pending permit and transfer applications.

Schedule 2. Assets

- (a) Accounts Receivable
- (b) the Closing Working Capital;
- (c) all files, records, tools, spare parts and other tangible personal property of Seller, except for the tangible personal property (other than files, records and the master meter vehicle reading system pertaining to the Seller) that is located in the office located at 3996 East 200 North, Rigby, Idaho that will be retained by Seller ("**Tangible Personal Property**");
- (d) all real property owned by Seller and used in or necessary for the conduct of the Business as currently conducted, together with all buildings, fixtures, structures and improvements situated thereon and all Easements, rights-of-way, Water Rights, and other rights and privileges appurtenant thereto ("**Owned Real Property**"), including the following:

Well Lot at 3970 East 200 North, Rigby, Idaho; Well Lot at Lot 7 Block 1 of Morning View Acres Division 4, Rigby, Idaho; Wells 1 & 2 located at 3970 East 200 North, Rigby, Idaho; Well 3 located on Lot 7 Block 1 of Morning View Acres Division 4; Wellhouse at 3970 East 200 North, Rigby, Idaho; Wellhouse on Lot 7 Block 1 of Morning View Acres Division 4; Two and one quarter miles of water distribution transmission lines currently installed to provide water to customers within the Morningview Water Company service area; All installed service lines, meter barrels, meters, fire hydrants, and appurtenances to supply water to Morningview Water Company; The following items and equipment inside and outside the wellhouse at 3970 East 200 North, Rigby, Idaho: Sand Separator, Variable Frequency Drive (VFD) motor and controls for 30hp submersible pump and VFD motor and controls for 10hp submersible pump, fencing, 2 pressure tanks, heaters, electrical panels, security system, wellhouse piping, check valves, flow meter; The following items and equipment inside and outside the wellhouse on Lot 7 Block 1 of Morning View Acres Division 4: Fencing, VFD motor and controls for 60hp submersible pump, pressure tank, heater, electrical panels, security system, backup generator, wellhouse piping, check valves, flow meter.

- (e) real property leased by Seller (as a lessee, sub-lessee, or assignee) and used in or necessary for the conduct of the Business as currently conducted, excluding the lease for office space at 3996 East 200 North, Rigby, Idaho, together with all rights, title and interest of Seller in and to leasehold improvements relating thereto, including, but not limited to, security deposits, reserves or prepaid rents paid in connection therewith ("**Leased Real Property**," and together with Owned Real Property, the "**Real Property**"), including the following: None.
- (f) all rights, privileges, easements, licenses, rights-of-way, and rights to use public and private roads, highways, streets, railroads and other areas owned or used by Seller in connection with the construction, reconstruction, installation, expansion, maintenance and operation of the Utility System ("**Easements**"), including the following:

Easements:

1. Any and all easements that benefit the Utility System that are disclosed on the Morning View Acres Division 1 plat that was recorded as Instrument #197477 on April 11, 1979 in the official records of Jefferson County, Idaho.
2. Any and all easements that benefit the Utility System that are disclosed on the Morning View Acres Division 2 plat that was recorded as Instrument #202109 on January 28, 1980 in the official records of Jefferson County, Idaho.
3. Any and all easements that benefit the Utility System that are disclosed on the Morning View Acres Division 3 plat that was recorded as Instrument #301489 on February 18, 2000 in the official records of Jefferson County, Idaho.

4. Any and all easements that benefit the Utility System that are disclosed on the Morning View Acres Division 4 plat that was recorded as Instrument #309562 on August 9, 2001 in the official records of Jefferson County, Idaho.

The following easements are under negotiation as of the Signing Date, but shall be deemed included in the Easements transferred pursuant to this Agreement as of the Closing Date:

Parcel	Description	Purpose	Issue(s)
RP003500030030	Utility easement for 6" water main	Utility easement for 6" water main	Easement shows on west side of lot instead of east side
RP005500010140	10 foot easement on NE property line of Lot 14 Block 1 of Division 1 of Morningview Acres	Utility easement for 4" water main	No easement exists for the 4" water main placed on the SW of property line between Lot 13 and Lot 14 Block 1 of Division 1 of Morningview Acres
RP005500010130	10 foot easement on SW property line of Lot 13 Block 1 of Division 1 of Morningview Acres	Utility easement for 4" water main	No easement exists for the 4" water main placed on the SW of property line between Lot 13 and Lot 14 Block 1 of Division 1 of Morningview Acres
RP005500010080	10 foot easement on South property line of Lot 8 Block 1 of Division 1 of Morningview Acres	Utility easement for 4" water main	No easement exists for the 4" water main placed on the property line between Lot 8 and Lot 9 Block 1 of Division 1 of Morningview Acres
RP005500010090	10 foot easement on North property line of Lot 9 Block 1 of Division 1 of Morningview Acres	Utility easement for 4" water main	No easement exists for the 4" water main placed on the property line between Lot 8 and Lot 9 Block 1 of Division 1 of Morningview Acres
RP005500020010	10 foot easement on South property line of Lot 1 Block 1 of Division 1 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1 and Lot 2 Block 1 of Division 1 of Morningview Acres
RP005500020020	10 foot easement on North property line of Lot 2 Block 1 of Division 1 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1 and Lot 2 Block 1 of Division 1 of Morningview Acres
RP005530000002	10 foot easement on East property line of Lot 1A Block 2 of Division 4 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1A and Lot 1 Block 2 of Division 4 of Morningview Acres

RP005530000002	10 foot easement on West property line of Lot 1 Block 2 of Division 4 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1A and Lot 1 Block 2 of Division 4 of Morningview Acres
RP005520020010	8 foot easement on East property line of Lot 1 Block 2 of Division 3 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1 and Lot 14 Block 2 of Division 3 of Morningview Acres
RP005520020140	10 foot easement on West property line of Lot 14 Block 2 of Division 3 of Morningview Acres	Utility easement for 6" water main	No easement exists for the 6" water main placed on the property line between Lot 1 and Lot 14 Block 2 of Division 3 of Morningview Acres
RP005530000002	Roadway shown on Division 4 plat	Access easement for well lot and utility easement for water lines	To the extent property under the Private Road Agreement is private, no easement exists for access across private property for access to well lot and no utility easement exists for water main lines and service lines to lots

(g) all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained from Governmental Authorities ("**Permits**") held by the Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Assets, including the following: None.

(h) all right, entitlement or authorization to divert, appropriate, store or use surface water or groundwater granted or recognized by a Governmental Authority, including, without limitation, all claims, licenses, permits, certificates, decrees and pending permit and transfer applications ("**Water Right**") held by the Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Assets, including the following:

Water Right No. 25-7593 and Water Right Permit Nos. 25-14199 and 25-14236.

(i) all contracts and other agreements, commitments and legally binding arrangements ("**Contracts**") of the Business (the "**Assigned Contracts**"), including the following:

Master Meter Support Contract for meter reading equipment and software.

IDEQ State Revolving Fund loan #DW1302

Terms and Conditions of Morning View Water Co Inc. Providing Water to: Country Grove Estates Mobile Home Subdivision, Division #1, Jefferson County, Idaho, Legal Description: T4N., R39E., B.M. Section 30, dated April 27, 2000.

(j) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the Business, the Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;

- (k) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any of those items relating to the payment of Taxes);
- (l) all of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent related to any Assets;
- (m) all insurance benefits, including rights and proceeds, arising from or relating to the Business, the Assets or the Assumed Liabilities;
- (n) all intellectual property assets;
- (o) inventory, supplies, parts and other inventories;
- (p) originals, or where not available, copies, of all books and records (other than the Excluded Assets) of Seller and the Business; and
- (q) all goodwill and the going concern value of the Business

Schedule 3 Seller's Representations and Warranties

- a. **Authority.** Seller is a corporation, duly formed in Idaho. Seller has the authority to operate the Business, own or use the Assets, and sign this Agreement and take the actions contemplated by this Agreement. The Transaction Documents are enforceable against Seller and Shareholder in accordance with their terms, except as enforceability may be limited by applicable bankruptcy or similar Laws affecting creditors' rights or by principles governing the availability of equitable remedies. Seller does not have any subsidiaries or an ownership interest in any other Person. Seller is not engaged in business in any jurisdiction other than Idaho. Seller is a regulated public utility in Idaho and is legally authorized by the State of Idaho to sell and distribute water in or near Rigby, Idaho. This authorization is not limited by time and is not subject to any restrictions. Since May 5, 2013, the Commission has not denied a request of Seller to recover any costs of utility service.
- b. **Sufficiency of Assets.** Seller has good and valid title to, or a valid leasehold interest in, all Assets. All Assets (including leasehold interests) are free and clear of Encumbrances, except for Permitted Encumbrances. The Assets are all the assets used in connection with the operation of the Business. The Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted before the Closing and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted. None of the Excluded Assets are material to the Business. All fixed assets of the Business and Assigned Contracts are listed on **Schedule 2**.
- c. **Condition of Assets.** The Tangible Personal Property are structurally sound, in good operating condition and repair, and adequate for the uses to which they are being put, and none of that Tangible Personal Property needs maintenance or repairs, except for ordinary, routine maintenance and repairs that are not material in nature or cost.
- d. **Real Property.** All Real Property is listed on **Schedule 2**. Seller holds legally enforceable Easements sufficient to own and operate the Utility System. Seller has not granted to any other Person any right to the possession, lease, occupancy or enjoyment of any Real Property. All buildings, plants, and structures owned by Seller lie wholly within the boundaries of the Real Property (except for structures subject to valid Easements) and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person. No assessment for public improvements has been served upon Seller with respect to any Real Property that remains unpaid. To Seller's Knowledge, no public improvements have been ordered to be made to any Real Property that have not been completed, assessed and paid for. No third party has a right to acquire any interest in the Owned Real Property or in Seller's interests in the Leased Real Property. To Seller's Knowledge, there is no existing or proposed plan to modify or realign any street or highway or any existing or proposed eminent domain proceeding that would result in the taking of all or any part of any parcel of Real Property or that would prevent or hinder the continued use of any parcel of Real Property as presently used by Seller.
- e. **Environmental Conditions.** The drinking water supplied by Seller to its customers is and has been in compliance in all material respects with all applicable federal and state drinking water standards and regulations, and Seller has all rights necessary to extract and deliver water to its customers under the Assigned Contracts or applicable Law. Seller has no reason to believe that any of those rights will be lost, revoked or compromised or will not be satisfied. There is no condition, event or circumstance related to Environmental Laws or Environmental Permits that might prevent or impede, after the Closing Date, the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Assets. Seller has not received any Environmental Notice or written communication regarding any adverse change in the status or terms and conditions of the Environmental Permits. None of the Business, Assets or real property currently or formerly owned, operated or leased by Seller is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list. There has been no Release of Hazardous Materials in contravention of any Environmental Law with respect to the Businesses, Assets or any real property

owned, operated or leased at any time by the Seller. No Seller has received an Environmental Notice that any of the Business, Assets, or any real property owned, operated or leased at any time by the Seller (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a material violation of any Environmental Law or term of any Environmental Permit by, the Seller. There is no condition, event or circumstance concerning the Release or use of Hazardous Materials that might, after the Closing Date, prevent or materially increase the costs associated with the current conduct of the Business or the ownership, lease, operation, performance or use of the Assets. Except as used by Seller in the ordinary course of business and in compliance with Law, there is no Hazardous Material present on or under the Facilities or Easements. None of the Facilities contains any (i) above-ground or underground storage tanks used to store substances other than potable water in connection with operation of the Utility System; or (ii) landfills, surface impoundments, or disposal areas.

- f. **Water Rights.** The Water Rights are listed on **Schedule 2**. Seller has not violated the terms or conditions of any Water Right, including by pumping or diverting in excess of the instantaneous and annual quantities authorized under the Water Rights. Water Right No. 25-7593 is not subject to abandonment, forfeiture or cancellation, in whole or in part. Water Right Permit Nos. 25-14199 and 25-14236 are in the process of being licensed, and Seller has submitted all necessary documents to have such permits licensed. Seller developed the permitted uses as stated in the proof of beneficial use; however, field investigations have not been completed by the Idaho Department of Water Resources to confirm the developed use that will be licensed. Seller has only used Water Rights within the legally authorized place of use. With respect to each Water Right, Seller has Easements for all sources of water, points of diversion or appropriation, diversion or appropriation works and facilities, and distribution, storage and delivery facilities.

Private Wells. Seller has no knowledge of any wells owned by residents within Morning View Subdivision that are connected to the Utility System, using a backflow prevention device or otherwise.

- g. **Permits.** Seller has all Permits necessary to lawfully own, operate and maintain the Utility System, to conduct the Business as currently conducted, and to own and use the Assets. All of the Permits owned or held by Seller or that relate to the Business are listed in **Schedule 2** and are valid and in full force and effect. Seller has filed on a timely basis with the appropriate Governmental Authorities all applications required to have been filed for the renewal or reissuance of the Permits necessary to permit the Seller to continue to conduct its Business as currently conducted and all other filings required to have been made with respect to the Permits.
- h. **Actions.** There are no Actions pending nor, to Seller's Knowledge, threatened in writing against or (i) relating to or affecting the Assets or the Assumed Liabilities, including in the nature of or in lieu of condemnation or eminent domain proceedings or (ii) that challenge or seek to prevent, enjoin or otherwise delay the Transactions. No event has occurred, or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding Orders and no unsatisfied judgments, penalties or awards against or affecting the Business.
- i. **Compliance with Laws.** Seller has always complied, and is now complying, with all Laws applicable to the conduct of the Business or the ownership and use of the Assets, including all Permits. Seller has made all filings required to be made by it since May 5, 2013 under all Laws, including for the renewal or reissuance of Permits. Seller has received no notice, written or oral, from any Person, including any Governmental Authority, regarding actual, alleged, or potential violation of Law, Order, Permit, Easement, Contract, covenant, or the like by Seller or the Business. No event has occurred or circumstance exists that would result in a breach, termination right, modification right, acceleration right, loss of any benefit or penalty under any Law, Permit, Order, Contract, Easement, or other right. No event has occurred or circumstance exists that gives rise to an obligation on Seller

to take, or bear the cost of, any remedial action. Seller has not been debarred, suspended or otherwise made ineligible from doing business with the United States government or any government contractor.

- j. **No Undisclosed Liabilities.** Seller has no Liabilities, except (i) those which are adequately reflected or reserved against in the balance sheet of the Seller as of December 31, 2019, a true and complete copy of which has been made available to Buyer, and (ii) those which have been incurred in the ordinary course of business consistent in nature, scope, and magnitude with past practice since December 31, 2019 and that are not, individually or in the aggregate, material in amount. Seller has no "employee benefit plan" as defined by Section 3(3) of Employee Retirement Income Security Act of 1974, or any other employee severance, retirement, pension, or fringe benefit plan, agreement, practice, policy or arrangement, sponsored, maintained, contributed to or required to be contributed to by Seller for the benefit of its directors, officers, employees or former employees and their dependents or beneficiaries.
- k. **Absence of Changes.** Since December 31, 2019, there has not been any: (i) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Business; (ii) sale or lease of any assets of the Business; (iii) (A) action to make, change or rescind any Tax election; (B) action to amend any Tax Return or take any new position on any Tax Return; or (C) action, omission or entrance into any transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer or Seller in respect of any Post-Closing Tax Period; or (iv) agreement to do any of the foregoing.
- l. **No Conflicts; Consents.** Entering into this Agreement or taking actions contemplated by this Agreement, including Closing, will not (i) conflict with or violate (or give any person a right to challenge the Transaction, to exercise a remedy or obtain relief) under any Law; (ii) require consent of, notice to, or other action by any other person; (iii) give rise to a breach, termination right, modification right, acceleration right, loss of any benefit or penalty under any Permit, Order, Contract, Easement, or other right; or (iv) result in the imposition or creation of a lien on any of the Assets.

Schedule 4 Allocation Schedule

Class	Allocation
Class I: Cash and equivalents consistent with Closing Working Capital	<i>Actual Balance</i>
Class II: Securities	0
Class III: Accounts Receivable	<i>Actual Balance</i>
Class IV: Inventory	0
Class V: All Assets other than Class I, II, III, IV, VI, and VII	436,345
Class VI: Trademarks, domain name, licenses, Permits, property use agreements, license agreements, and other Assigned Contracts	0
Class VII: Goodwill	<i>Residual Balance</i>

Schedule 5 Consulting Agreement

Tel: 503.220.2408
Fax: 503.220.2584
e-mail: justin.palfreyman@nwnatural.com

July 2, 2020

Nolan Gneiting
Morningview Water Company
3996 E 200 N
Rigby, Idaho 83442
Email: morningviewwater@gmail.com

Dear Nolan,

Falls Water Co., Inc., an Idaho corporation ("we"), as the acquirer of the assets of Morningview Water Company (the "**Water System**"), is extending you an offer to act as a consultant for us. You will be compensated at a rate of \$23 per hour and reimbursement of reasonable expenses. Your role as a consultant will include various accountabilities for the Water System as well as working with our personnel to ensure a smooth integration and transition of management. We expect your past experience and expertise will play an important role in our water strategy growth and success and we look forward to having you as a consultant on our team.

You agree that we are not obligated to engage you for any minimum number of hours of consulting services hereunder. The term of this consulting arrangement will automatically terminate on [3-6 months from closing], 202[1].

We look forward to working with you. Please signify your acceptance of this consulting arrangement and its terms by signing this letter and returning the original to me by the closing of the asset acquisition. If you have any questions, please call me at (503) 220-2408.

Sincerely,



Justin Palfreyman

ACCEPTED:

By: Nolan Gneiting Date: July 2, 2020

IDAHO Department of Water Resources



IDWR offices are open to the public and following the CDC guidelines for wearing masks and observing social distancing. For in-person visits, we encourage you to [call ahead for an appointment](#).

[Home](#) / [Water Rights](#) / [Research](#) / [Search Water Rights](#)

WATER RIGHT REPORT

5/11/2021

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report

WATER RIGHT NO. 25-7593

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	MORNINGVIEW WATER CO INC PO BOX 598 RIGBY, ID 83442 2087450029

Priority Date: 10/10/1995

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/01	10/31	0.46 CFS	92 AFA
DOMESTIC	01/01	12/31	0.33 CFS	28.8 AFA
Total Diversion			0.79 CFS	120.8 AFA

Location of Point(s) of Diversion:

GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
DOMESTIC Use:					

Number of homes: 48
Place(s) of use:
Place of Use Legal Description: IRRIGATION JEFFERSON County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
04N	39E	30		NENE	9		NWNE	14						

Place of Use Legal Description: DOMESTIC JEFFERSON County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
04N	39E	30		NENE			NWNE							

Total Acres: 23
Conditions of Approval:

1.

R05

Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 120.
2.

X35

Rights 25-14199 and 25-7593 when combined shall not exceed a total diversion rate of 0.83 cfs for in-house non-consumptive purposes and 0.46 cfs and 92 afa for the irrigation of 152 lots.
3.

132

Domestic use is for 48 homes. Irrigation of lawn, garden and landscaping associated with the home is authorized under the irrigation component of this right.
4.

X60

Place of use is located within Morningview Subdivision.
5.

004

The issuance of this right does not grant any right-of-way or easement across the land of another.
6.

048

The use of water under this right shall not give rise to any claim against the holder of a senior water right based upon the theories of forfeiture, abandonment, adverse possession, waiver, equitable estoppel, estoppel by laches or customary preference.
7.

R64

This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the place of use.

Dates:
Licensed Date: 01/31/2012
Decreed Date:
Permit Proof Due Date: 7/1/1994
Permit Proof Made Date: 10/10/1995
Permit Approved Date: 7/15/1991
Permit Moratorium Expiration Date:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
Water Supply Bank Enrollment Date Accepted:
Water Supply Bank Enrollment Date Removed:
Application Received Date: 05/14/1991

Protest Deadline Date:

Number of Protests: 0

Other Information:

State or Federal:

Owner Name Connector:

Water District Number: 120

Generic Max Rate per Acre: 0.02

Generic Max Volume per Acre: 4

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

State of Idaho
Department of Water Resources

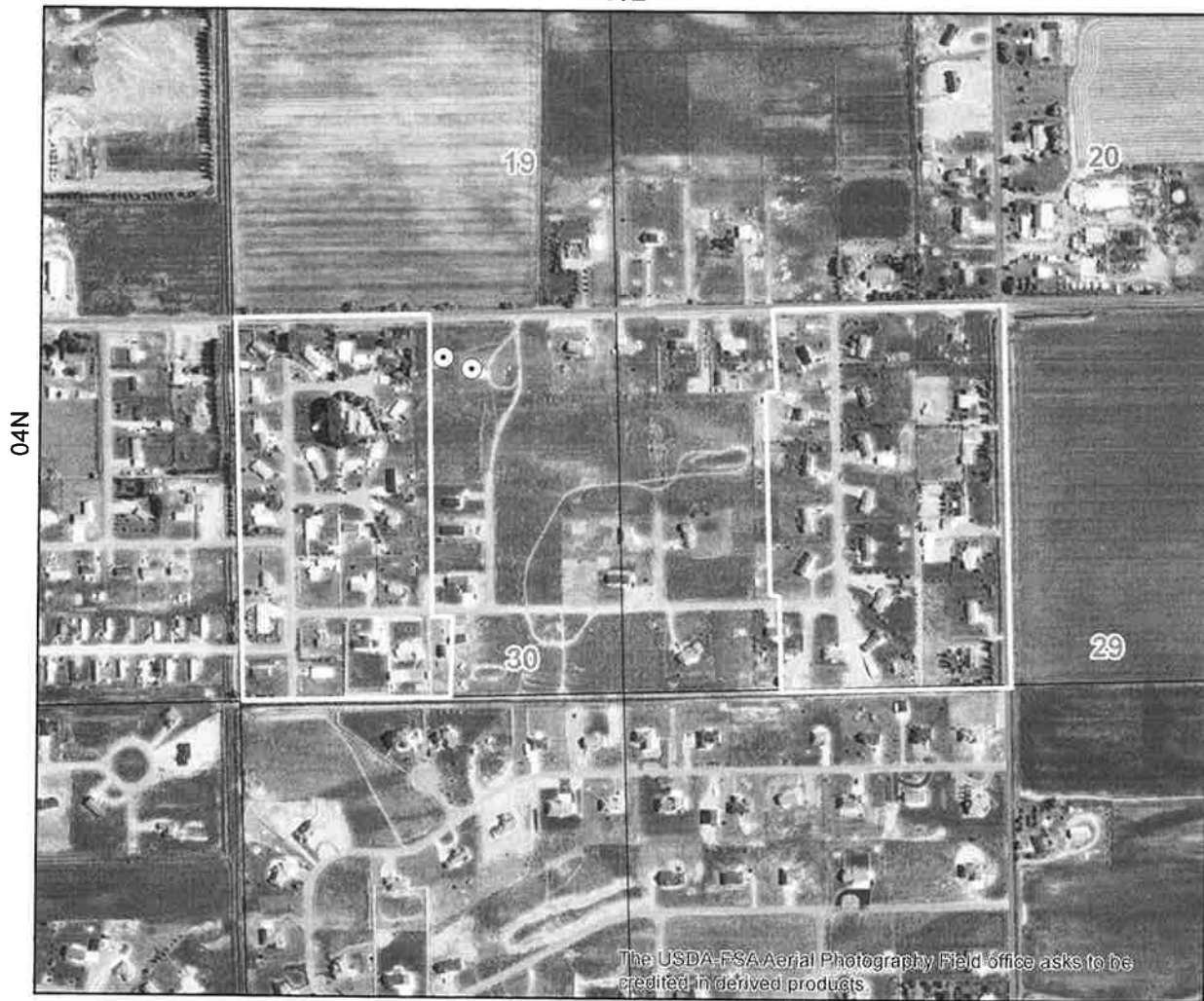
Water Right

25-7593

DOMESTIC

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.

39E



- Point of Diversion
- Place Of Use Boundary
- ▭ Townships
- ▭ PLS Sections
- ▭ Quarter Quarters

0 0.075 0.15 0.3 Miles



IDAHO Department of Water Resources



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WATER RIGHT REPORT

5/11/2021

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report

WATER RIGHT NO. 25-14199

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	MORNINGVIEW WATER CO INC PO BOX 598 RIGBY, ID 83442 2087450029
Attorney	ROBERT L HARRIS PO BOX 50130 IDAHO FALLS, ID 83405-0130 2085230620

Priority Date: 09/04/2007

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
DOMESTIC	01/01	12/31	0.83 CFS	156 AFA
Total Diversion			0.83 CFS	156 AFA

Location of Point(s) of Diversion:

GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
GROUND WATER	NWNW Lt 1	Sec. 30	Township 04N	Range 39E	JEFFERSON County

DOMESTIC Use:
Number of homes: 130
Place(s) of use:
Place of Use Legal Description: DOMESTIC JEFFERSON County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
04N	39E	30		NENE			NWNE							
				NENW		1	NWNW							

Conditions of Approval:

1. X01

Domestic use is for 130 homes.
2. X35

Rights 25-14199, 25-14236 and 25-7593 when combined shall not exceed a total diversion rate of 0.83 cfs for in-house non-consumptive purposes for 152 homes, and 0.46 cfs and 92 AFA for the irrigation of 152 lots.
3. R05

Use of water under this right may be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 120.
4. 213

Upon specific notification of the Department, the right holder shall install and maintain data loggers to record water usage information at the authorized point(s) of diversion in accordance with Department specifications.
5. 212

Prior to diversion and use of water under this right, the right holder shall install and maintain acceptable measuring device(s) at the authorized point(s) of diversion, in accordance with Department specifications.
6. 070

The irrigation occurring under this domestic use shall not exceed 1/2 acre within each platted subdivision lot upon which a home has been constructed. This right does not provide for irrigation of common areas or for irrigation of lots upon which homes have not been constructed.
7. 071

The domestic use authorized under this right shall not exceed 13,000 gallons per day per home.

Dates:
Licensed Date: 06/25/2020
Decreed Date:
Permit Proof Due Date: 11/19/2022
Permit Proof Made Date: 5/8/2020
Permit Approved Date: 1/22/2010
Permit Moratorium Expiration Date:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
Water Supply Bank Enrollment Date Accepted:

Water Supply Bank Enrollment Date Removed:

Application Received Date: 07/31/2007

Protest Deadline Date: 09/24/2007

Number of Protests: 5

Other Information:

State or Federal:

Owner Name Connector:

Water District Number: 120

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

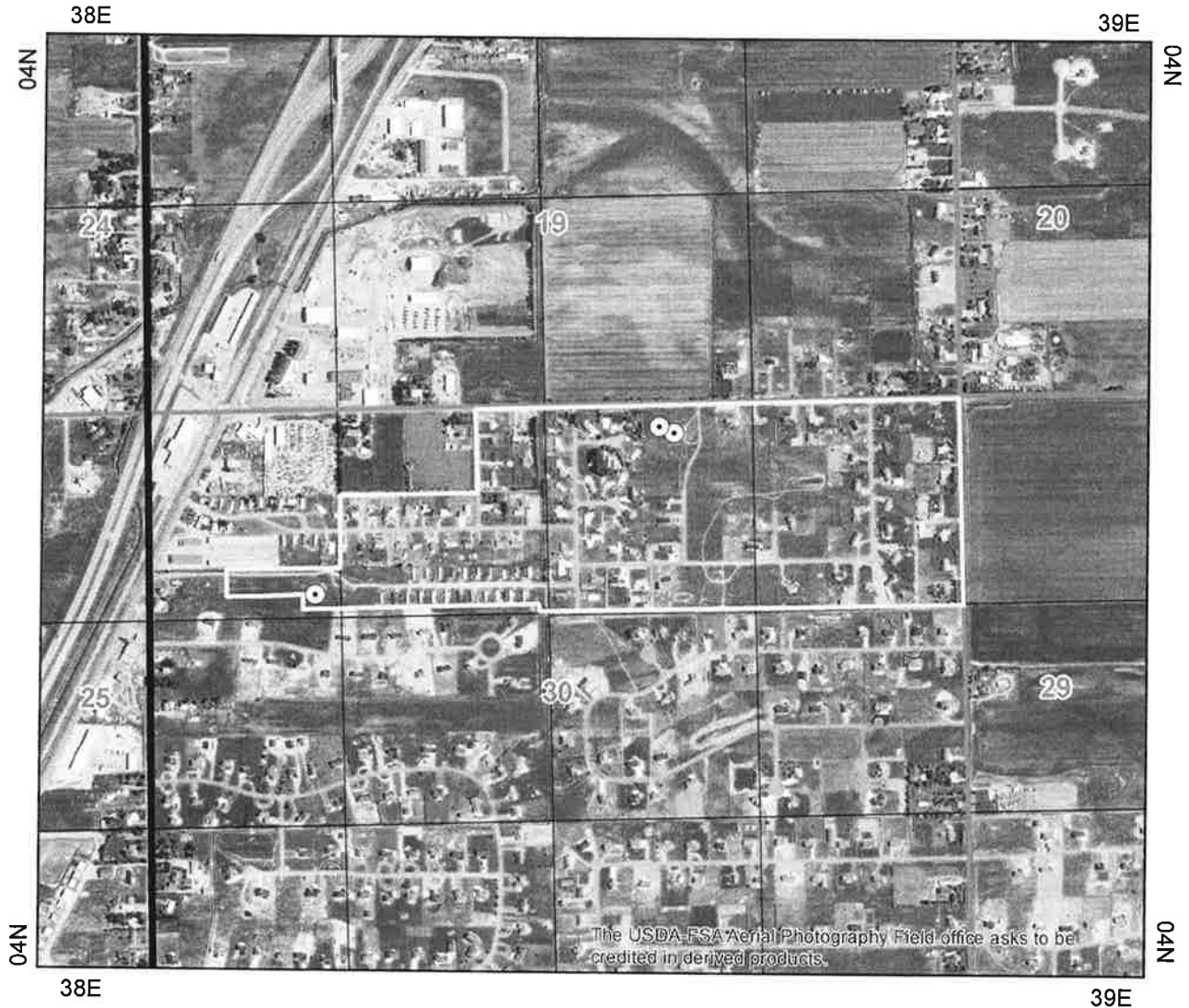
State of Idaho
Department of Water Resources

Water Right

25-14199

DOMESTIC

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- Point of Diversion
- Place Of Use Boundary

- Townships
- PLS Sections
- Quarter Quarters

IDAHO Department of Water Resources



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WATER RIGHT REPORT

5/11/2021

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report

WATER RIGHT NO. 25-14236

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	MORNINGVIEW WATER CO INC PO BOX 598 RIGBY, ID 83442 2087450029

Priority Date: 07/06/2009

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
DOMESTIC	01/01	12/31	0.25 CFS	12 AFA
Total Diversion			0.25 CFS	12 AFA

Location of Point(s) of Diversion:

GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
GROUND WATER	NWNE	Sec. 30	Township 04N	Range 39E	JEFFERSON County
GROUND WATER	NWNW Lt 1	Sec. 30	Township 04N	Range 39E	JEFFERSON County

DOMESTIC Use:

Number of homes: 10

Place(s) of use:

Place of Use Legal Description: DOMESTIC JEFFERSON County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
04N	39E	30		NENE			NWNE							
				NENW		1	NWNW							

Conditions of Approval:

1. 132 Domestic use is for 10 homes.
2. Water rights 25-14236, 25-14199, and 25-7593 shall not exceed a diversion rate of .83 cfs for in-house non consumptive domestic purposes for 152 homes, and .46 cfs, and 92 AFA for the irrigation of 152 lots.
3. R05 Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 120.
4. 213 Upon specific notification of the Department, the right holder shall install and maintain data loggers to record water usage information at the authorized point(s) of diversion in accordance with Department specifications.
5. 212 Prior to diversion and use of water, the right holder shall install and maintain acceptable measuring device(s) at the authorized point(s) of diversion, in accordance with Department specifications.
6. 070 The irrigation occurring under this domestic use shall not exceed 1/2 acre within each platted subdivision lot upon which a home has been constructed. This right does not provide for irrigation of common areas or for irrigation of lots upon which homes have not been constructed.
7. 071 The domestic use authorized under this right shall not exceed 13,000 gallons per day per home.

Dates:

Licensed Date: 06/25/2020

Decreed Date:

Permit Proof Due Date: 11/19/2022

Permit Proof Made Date: 5/8/2020

Permit Approved Date: 1/22/2010

Permit Moratorium Expiration Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Water Supply Bank Enrollment Date Accepted:

Water Supply Bank Enrollment Date Removed:

Application Received Date: 06/01/2009

Protest Deadline Date: 07/06/2009

Number of Protests: 0

Other Information:

State or Federal:

Owner Name Connector:

Water District Number: 120

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust: T

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

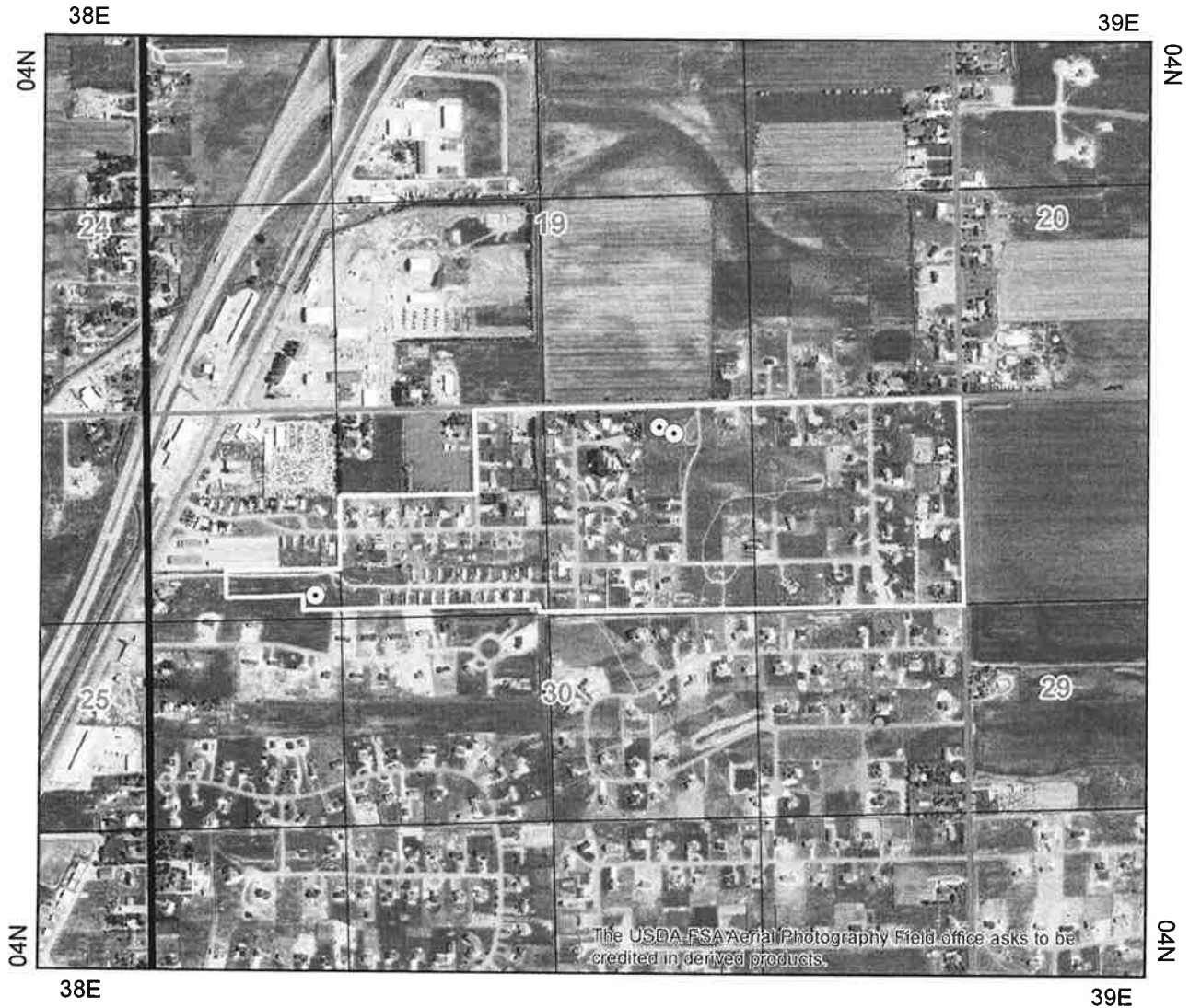
State of Idaho
Department of Water Resources

Water Right

25-14236

DOMESTIC

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- Point of Diversion
- Place Of Use Boundary
- ▭ Townships
- ▭ PLS Sections
- ▭ Quarter Quarters

0 0.125 0.25 0.5 Miles





State of Idaho

DEPARTMENT OF WATER RESOURCES

Eastern Region • 900 N SKYLINE DR STE A • IDAHO FALLS, ID 83402-1718

Phone: (208)525-7161 • Fax: (208)525-7177 • Website: www.idwr.idaho.gov

Brad Little
Governor

Gary Spackman
Director

May 18, 2021

FALLS WATER CO INC
2180 N DEBORAH DR
IDAHO FALLS ID 83401-6223

Re: Change in Ownership for Water Right No(s): 25-7593, 25-14199 and 25-14236

Dear Water Right Holder(s):

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department has modified its records and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Change in Water Right Ownership, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

Please note, water right owners are required to report any change of water right ownership and any change of mailing address to the Department within 120 days of the change. Reporting forms are available from any office of the Department, or from the Department's website.

If you have any questions concerning the enclosed information, please contact me at (208) 497-3787.

Sincerely,

Jonie Barg
Technical Records Specialist 1

Enclosure(s)

cc: WATER DISTRICT 120