

THIS AGREEMENT made this 25th day of May, 1954, by and between NORTH FORK DITCH COMPANY, a California public utility corporation, herein designated "the Company", and SAN JUAN SUBURBAN WATER DISTRICT, a community services district organized and existing under and by virtue of the laws of the State of California, herein designated "the District",

W I T N E S S E T H:

The Company hereby agrees to sell and transfer to the District and the District hereby agrees to purchase from the Company all of the assets and property (except cash on hand and in bank, accounts receivable, Sacramento office equipment and supplies and books of account) comprising the Company's water system situated in the Counties of Sacramento, Placer and El Dorado, State of California. The property covered by this agreement is generally described as follows:

- (a) The concrete and masonry head dam across the North Fork of the American River at a point in Section 23, Township 12 North, Range 8 East, M. D. B. & M.;
- (b) The Main Canal from its point of origin at the head dam to and through its entire length in a generally Southwesterly direction for a distance of 25 miles, more or less, to its termination at the Penstock Reservoir;
- (c) The Penstock Reservoir, located in Section 22, Township 10 North, Range 7 East, M. D. B. & M.;
- (d) The Baldwin Dam and Reservoir and appurtenant structures;
- (e) The Hinkle Reservoir (old) and appurtenant structures, and all of the Company's interest in the New Hinkle Reservoir (so-called) and appurtenant structures;

and

(f) All real properties and interests in real properties otherwise owned by the Company and all personal property of the Company (with the exceptions above noted), including without limitation all canals, ditches, laterals, aqueducts, reservoirs, flumes, pipelines, siphons and all appurtenances utilized in the operation of the Company's water system, including all franchises, water rights, contracts, easements, rights of way, machinery, automotive equipment, tools, equipment and miscellaneous materials and supplies on hand on date of transfer.

Such purchase and sale are made upon the following terms and conditions:

1. The purchase price of said water system and the properties comprising the same shall be the sum of Six Hundred Thousand Dollars (\$600,000.00) plus an amount in addition thereto equivalent to the cost to the Company of any capital additions or betterments installed in such system between January 1, 1954 and date of transfer. The Company agrees to waive reimbursement for any additions to capital up to July 1, 1954 exceeding in the aggregate the sum of Twenty Thousand Dollars (\$20,000.00). The sale and transfer of said properties shall be made on December 31, 1954 (herein designated the closing date) by the execution and delivery at said time by the Company to the District of appropriate documents of transfer. Contemporaneously therewith the purchase price in full of said properties shall be paid to the Company by the District. The transaction shall be closed through the Trust Department of the Capital Office of THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO. Any charge or fee for services made by such Bank in connection with the closing shall be paid equally by the Company and the District. The amount of any and all additions and betterments

to said system since January 1, 1954 shall be determined in conformity with standard accounting principles prescribed by the California Public Utilities Commission for public utilities of the character of the Company. If the parties are unable to agree on said amount, the same shall be determined by the Financial Expert or his assistant of said Utilities Commission, and both the Company and the District agree to abide by his decision. The District shall have the right to inspect by its representatives at all reasonable times all the physical properties of the Company and all records, books, maps, contracts and other business records relating thereto.

2. The Company's system and the properties comprising the same shall be transferred to the District free and clear of all liens and encumbrances except existing easements, rights of way, reservations, conditions and restrictions appearing of record in any right of way acquisition deeds in favor of the Company or the Company's predecessors in interest, real and personal property taxes and assessments for the fiscal year 1954-55, service commitments in favor of consumers in effect on date of transfer, and any and all liens or encumbrances done or suffered to be placed on said system by the District. The sale and purchase herein provided and the transfer of the properties covered hereby shall be subject in all respects to all of the terms and provisions of Contract No.

DA-04-167-Eng.-610 presently to be executed by the Company with the United States and copy of which contract the District has received and with the terms of which the District acknowledges it is familiar. All of the Company's interest in such contract shall be deemed a part of the property and assets of the Company to be transferred to the District hereunder and completion of such transfer shall comprise the assumption by the District of all of the obligations of the Company under said contract and shall constitute the District's

commitment to save and protect the Company free and harmless of and from further liability thereunder. The Company reserves the right to complete the exchange, rearrangement, relocation, alteration and substitution of facilities with the United States in conformity with the terms and conditions of such contract and otherwise comply with all of such terms and conditions to the extent that performance under such contract shall be required of the Company prior to the closing date hereunder, and compliance with said contract may be made by the Company prior to said closing date with the same effect and to the same extent as though this agreement had not been previously executed. Insofar as such exchange of facilities shall have been completed prior to the closing date hereunder the properties and facilities transferred to the United States by the Company shall be considered as excluded from this agreement, and the properties, facilities and rights transferred to and acquired by the Company from the United States shall in all respects comprise part of the property and assets to be transferred to the District hereunder.

3. During the period between the date of this agreement and date of closing, the Company agrees that, except in respect to changes required by governmental authority having jurisdiction over the Company, (a) no changes shall be made in the Company's physical properties except such changes as may occur in the usual and ordinary course of business and except such changes as shall result from performance under said contract with the United States; (b) the Company will maintain its properties in substantially their present condition; (c) no change shall be made in the Company's rates, rules and regulations applicable to water deliveries to consumers; (d) no capital additions or betterments shall be made after July 1, 1954 without the District's previous consent and approval in writing; and (e) no forward commitment affecting the Company's properties

shall be made by the Company except such regular and standard commitments with consumers as are contemplated by the Company's schedule of rates on file with the Public Utilities Commission of the State of California and the Company's authorized rules and regulations on file with said Commission.

4. County taxes shall be prorated in the customary manner as of date of closing. The Company shall pay the first installment only of County taxes for the fiscal year 1954-55. Water tolls collected in advance shall also be prorated as of date of closing. All consumer commitments of the Company in effect on date of closing shall be assumed and performed by the District, including without limitation the granting of consumer credits for the agreed time and rate covering customer deposits for service extensions.

5. The Company represents and warrants that as of the date hereof there is no litigation pending or threatened against the Company or reasonable basis therefor which might have a substantially adverse effect on the condition of the Company or the value of its system and properties. The District acknowledges that a number of the easements and rights of way comprising part of the Company's system have been acquired by the Company by occupation and user over a long period of time and to devotion of the same to public use as a result of such occupation and user and that such easements and rights of way do not appear of record. The District agrees to accept the transfer of ownership of such rights of way and easements subject to the absence of such record title but upon the Company's representation and warranty, which the Company hereby makes, that the Company's claim of title to and use and enjoyment of said easements and rights of way has been without adverse claim or interruption for a sufficient period of years to establish ownership as a matter of law and fact.

6. The Company shall deliver to the District at time of transfer such of the Company's business records as may be appropriate to the authentication of the opening entries on the District's books of account of the amount of water tolls due from consumers, the identity of consumers, consumer credits and related matters, including title to properties, easements, rights of way and all contracts, and the Company agrees to retain for a period of five (5) years from and after the closing date its remaining business records, including all correspondence, for inspection and examination by the District through its authorized agents and representatives at all reasonable times during said period for any and all purposes reasonably related to the operation of said water system by the District.

7. This agreement and the respective commitments of the Company and the District hereunder shall be contingent in all respects and shall not be binding upon either of them until and unless the following shall have occurred:

As to the Company:

The approval by the Public Utilities Commission of the execution of this agreement by the Company and the transfer of the utility property provided herein, application for which approval the Company engages promptly to make;

As to the District:

(a) The approval by the California District Securities Commission of the feasibility of the project contemplated herein, followed by;

(b) Approval by the District electorate of an issue of revenue bonds in an amount sufficient to provide the funds required to pay the purchase price and other monies payable hereunder, followed by;

(c) Certification of said bonds by the California

District Securities Commission as legal for the investment of the character of the funds specified in Section 20061 of the Water Code of the State of California, followed by;

(d) Sale of said bonds at a price satisfactory to the District and the receipt of the proceeds of sale in an amount necessary to meet the requirements of this agreement.

The District agrees promptly to initiate said proceedings with the view of accomplishing the same in sufficient time to enable the transaction to be closed upon the closing date herein specified.

8. The representations, covenants and warranties of the Company as set forth in paragraphs 2, 3 and 5 hereof shall survive the closing date. If, prior to said date, (a) any litigation is commenced against the Company challenging its right to its present water supply or title to any of its properties or its right to use the same; or (b) any proceeding or investigation to reduce or the effect of which would be to reduce the water rates of the Company is instituted by or before the Public Utilities Commission of the State of California; or (c) any materially adverse change shall occur in the condition of the properties of the Company (provided no change shall be considered materially adverse unless it either results in diminishing the value of the Company's properties by at least Ten Thousand Dollars (\$10,000.00) or alters or changes the Company's water rights, and provided further that no change, in any event, shall be considered as materially adverse which is occasioned by performance under Contract No. DA-04-167-Eng.-610 with the United States) then in any of such events, the District shall be entitled at its option by notice in writing to the Company to terminate this agreement and be released from all liability

hereunder, and upon such termination neither party shall be under further or any obligation to the other. The right of termination prior to the closing date for breach of any warranty, representation or covenant of the Company shall not be exercised by the District until and unless the District shall have first notified the Company of the occurrence of the event giving rise to such right and shall have afforded the Company reasonable opportunity to cure the default. The District's election not to exercise such right of termination shall not be construed as a waiver by the District of its right to damages against the Company for any default hereunder, and the right to pursue such remedy shall survive the closing date.

9. The Company warrants, represents and agrees with the District that there are no undisclosed tax liabilities of the Company either for Federal or State income or franchise taxes or other taxes based upon or measured by income which have not been paid or for which provision has not been made by the Company, and that if any such tax liability be asserted at any time which might become a lien against any of the properties or rights of the Company transferred to the District, the Company will promptly pay the same and save the District free and harmless therefrom, and that payment will be made in such time and manner as to prevent the imposition of any lien upon the properties or rights of the Company transferred or agreed to be transferred herein to the District. The Company's obligations respecting payment of any such tax shall continue until full payment shall have been made.

10. This agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company and the District.

IN WITNESS WHEREOF, the parties have hereunto caused their respective names to be subscribed and their respective seals

to be affixed by their representatives thereunto duly authorized
the day and year first above written.

NORTH FORK DITCH COMPANY

By *Ed Snow* President

(SEAL)

And by *Kristina Jobit* Secretary

The Company

SAN JUAN SUBURBAN WATER DISTRICT

By *Harold B. Greenberg* President

(SEAL)

And by *Ferne Schreder* Secretary

The District