

WATER SYSTEM PURCHASE AND SALE AGREEMENT

This Water System Purchase and Sale Agreement (“Agreement”) is made and entered into as of March 14, 2011 by and between Sutter County Water Works District No. 1, a dependent district of the County of Sutter (“WWD1”), and Golden State Water Company, a California corporation (“GSWC”). WWD1 and GSWC are each a “Party” and together are the “Parties.”

RECITALS

- A.** GSWC is a public water utility subject to regulation by the California Public Utilities Commission (“CPUC”).
- B.** WWD1 owns and operates a potable water distribution system (“Robbins Water System”), which is located in the unincorporated community of Robbins and more particularly described in Exhibit A to this Agreement.
- C.** WWD1 does not possess the financial capacity to make capital improvements necessary for the Robbins Water System to be in compliance with state and federal drinking water standards, including arsenic limits established by the California Department of Public Health (“DPH”).
- D.** WWD1 operates a water system serving 93 connections, is subject to an outstanding compliance order from DPH, has failed to adequately maintain and make necessary capital improvements to the Robbins Water System to provide water that meets state and federal drinking water standards, and is not financially capable of adequately addressing arsenic contamination in the Robbins Water System while still providing service to customers at a reasonable cost. Thus, the Robbins Water System is an inadequately operated and maintained small water system, as defined in CPUC Standard Practice U-24-W.
- E.** Upon execution of this Agreement, GSWC, the County of Sutter and Sutter County Water Agency are entering into a Settlement Agreement regarding GSWC’s provision of water utility service to a new development known as Sutter Pointe. GSWC will be able to provide improved water service to the Robbins Water System at a reasonable cost based on economies of scale gained from operating the Sutter Pointe and other water systems throughout California.
- F.** In order to resolve the issues described in Recitals C and D for the benefit of the customers of the Robbins Water System and the public interest, the Parties desire to transfer ownership and operation of the Robbins Water System from WWD1 to GSWC subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in this Agreement, the Parties hereby agree as follows:

Article 1
PURCHASE AND SALE OF ASSETS

- 1.1. Purchase and Sale of Assets.** At the Closing, as defined in Section 3.1 below, and subject to the terms and conditions set forth in this Agreement, WWD1 shall sell, transfer, assign, convey and deliver to GSWC, and GSWC shall purchase from WWD1, the Robbins Water System, including the following assets, properties, rights and interests:
- 1.1.1** All infrastructure, concerning or relating to the Robbins Water System or the provision of potable water service, including without limitation the infrastructure set forth in Exhibit A;
 - 1.1.2** All real property currently utilized by the WWD1 Water System as set forth in Exhibit B;
 - 1.1.3** All contracts, easements, rights-of-way and similar instruments held by WWD1 and currently utilized by the WWD1 Water System, to the extent transferable or assignable, as set forth in Exhibit C;
 - 1.1.4** All permits held by WWD1 in connection with its ownership of the Robbins Water System or the provision of potable water service, to the extent transferable or assignable;
 - 1.1.5** Copies of all records held by WWD1 in connection with its ownership of the Robbins Water System or the provision of potable water service, including without limitation documents relating to: system operations, construction and repair; rates or financial matters; billing and customer information; expense analysis or budgeting; water quality evaluations or reports; and water quality compliance plans and related documents;
 - 1.1.6** All insurance proceeds received by WWD1 or that WWD1 is entitled to receive to compensate it for damage to the Robbins Water System between the Effective Date and the Closing;
 - 1.1.7** All other rights and assets owned by WWD1 in, or necessary for, the operation, maintenance and management of the Robbins Water System.
- 1.2. Subsequently Discovered Assets.** It is the intention of the Parties that the assets to be transferred pursuant to Section 1.1 above include each and every right or asset that is currently utilized for the operation, maintenance or management of the Robbins Water System, or the provision of potable water service, and that all such assets be transferred and conveyed to GSWC pursuant to this Agreement. If, subsequent to the Closing, either Party discovers a right or asset that is or has been used in, or is necessary for, the operation, maintenance or management of the Robbins Water System, or the provision of potable water service, and that was not specifically and effectively transferred and conveyed to GSWC at the Closing, then such Party shall notify the other Party of such discovery and the Parties shall take such reasonable actions and execute and deliver such instruments and other documents as are necessary to specifically and effectively transfer and convey such right or asset to GSWC.

- 1.3. **Excluded Assets.** The Robbins Water System assets transferred from WWD1 to GSWC shall not include any rights or assets other than those that are currently used in the operation, maintenance or management of the Robbins Water System or the provision of potable water service. Certain abandoned assets that are no longer used and useful will not be transferred to GSWC, including the excluded assets set forth in Exhibit D. Further, GSWC shall not acquire any right, title or interest in the wastewater division of WWD1 located in the community of Robbins.
- 1.4. **Purchase Payment.** The purchase payment for the Robbins Water System (the "Purchase Payment") shall be \$12,556.43, or the current balance of the existing loan from the County of Sutter general fund to WWD1 as of the Closing, whichever is less. GSWC shall tender the full Purchase Payment to WWD1, by wire transfer, at the Closing.
- 1.5. **Transfer Documentation.** At the Closing, WWD1 shall deliver to GSWC all necessary executed deeds, agreements, bills of sale and other instruments or documentation ("Transfer Documents") that are necessary to transfer, convey and assign full, complete and unimpaired title to the Robbins Water System to GSWC. If, subsequent to the Closing, either Party discovers that any of the Transfer Documents are ineffective in conveying such clean title to one or more Robbins Water System assets to GSWC, or that any requisite Transfer Document is missing, then such Party shall notify the other Party of such discovery and the Parties shall take such reasonable actions and execute and deliver such instruments and other documents as are necessary to rectify the ineffective or missing Transfer Document, as necessary to effectuate the conveyance and assignment of full, complete and unimpaired title to such Robbins Water System assets to GSWC.

Article 2 WATER SYSTEM OBLIGATIONS

- 2.1. **WWD1 Pre-Closing Obligations.** After the Effective Date and before Closing, WWD1 shall assume the following obligations:
 - 2.1.1 **Full Disclosure.** To the best of its knowledge, WWD1 shall disclose any and all matters, concerns, issues or liabilities of any nature whatsoever that could adversely affect the ability of GSWC to provide potable water service to customers of the Robbins Water System in any material respect.
 - 2.1.2 **CPUC Documentation.** WWD1 shall exercise good faith and reasonable efforts to provide to GSWC, to the extent allowed by law, WWD1 documents regarding the Robbins Water System that are necessary for the preparation, filing and processing of the advice letter to the CPUC to obtain the CPUC Approvals set forth in Section 3.2, along with any other filings which may be necessary or advisable, in the judgment of GSWC in connection with the consummation of the transaction contemplated by this Agreement. GSWC shall pay reasonable third party costs for actions taken by the WWD1 in accordance with this section, including, but not limited to, photocopies and postage. These costs shall be approved prior to their expenditure.

2.2. GSWC Pre-Closing Obligations. After the Effective Date and before Closing, GSWC shall assume the following obligations:

2.2.1 Capital Improvements Plan. Within sixty (60) days of execution of this Agreement, GSWC shall prepare and submit to DPH for approval a plan for all improvements (“Capital Improvements”) to the Robbins Water System that are reasonably necessary to comply with CPUC, DPH and Sutter County potable water service standards, including without limitation, installation of facilities to comply with drinking water standards for arsenic. The Capital Improvements plan shall include an analysis of arsenic contamination in the Robbins Water System, potential treatment or avoidance options, time-line for construction of necessary Capital Improvements, and a good faith estimate of the associated costs to construct the Capital Improvements. GSWC shall provide a copy of the Capital Improvements to WWD1, and WWD1 shall cooperate with GSWC in the preparation of the Capital Improvements plan, subject to reimbursement by GSWC for any third party costs incurred by WWD1.

2.2.2 CPUC Approval. GSWC shall make and pay the costs for all appropriate filings with the CPUC to request the CPUC Approval, as defined in Section 3.2 below, and shall exercise commercially reasonable efforts to obtain CPUC Approval. GSWC shall file an advice letter or, if necessary, an application with the CPUC within fifteen (15) days of the CPUC’s final and binding approval of the Settlement Agreement described in Recital E.

2.3. GSWC Post-Closing Obligations. As of the Closing, GSWC shall assume all responsibility for owning, operating and maintaining the Robbins Water System in compliance with all applicable laws and regulations, subject to the orders and directives of the CPUC and DPH. As of the Closing, GSWC shall assume all liability for owning, operating and maintaining the Robbins Water System, except as provided in Section 6.1.

Article 3 CLOSING; CONDITIONS PRECEDENT

3.1. Closing. The Closing for the purchase and sale of the Robbins Water System shall occur on a date that is mutually agreed upon by the Parties and that is within forty-five (45) days following completion or mutual waiver of all preconditions to the Closing set forth in this article or elsewhere within this Agreement.

3.2. CPUC Approval as a Condition of Closing. As a precondition of the Closing and the mutual obligations of the Parties, the CPUC must grant a final and binding approval of GSWC’s purchase of the Robbins Water System based on its being an inadequately operated and maintained small water system, as defined in CPUC Standard Practice U-24-W (“CPUC Approval”). In the event that the CPUC conditionally approves GSWC’s purchase of the Robbins Water System, the Parties shall modify this Agreement as necessary to conform to such CPUC conditions.

3.3. Other Conditions Precedent. The Closing of the transaction contemplated by this Agreement is conditioned upon the occurrence of the following events or waiver thereof by GSWC.

3.3.1 WWD1 Obligations. Satisfaction of all WWD1 obligations set forth in Section 2.1.

3.3.2 Environmental Review. Completion of all requisite environmental review pursuant to the California Environmental Quality Act (“CEQA”) concerning the transactions contemplated by this Agreement, including all capital improvements requested by GSWC for the Robbins Water System pursuant to Section 2.2.1 above, if any. To the extent that environmental review is necessary, Sutter County may be the lead agency for any such CEQA review; GSWC shall bear all costs and provide advance payment for such CEQA review. WWD1 will cooperate with any entities identified as responsible agencies under CEQA, including but not limited to the CPUC and DPH. In the event that the CEQA review identifies needed modifications to the transactions contemplated by this Agreement, the Parties shall meet and confer in good faith to determine whether the proposed modifications are mutually acceptable, and whether amendments to this Agreement are necessary to conform to modifications approved by the Parties.

3.3.3 DPH Approval. Issuance by DPH of a community water system permit to GSWC for the Robbins Water System and approval by DPH of the Capital Improvements, including a time-line for construction and commencement of operations of the Capital Improvements. GSWC will exercise commercially reasonable efforts to obtain a community water system permit and produce a Capital Improvements plan that is acceptable to DPH, including any revisions that are required to meet DPH conditions for approval.

3.3.4 Franchise Ordinance. Execution by the County of Sutter of a franchise ordinance for GSWC’s construction, maintenance and operation of water infrastructure within Sutter County’s rights-of-way as necessary to provide water utility service within Sutter County, which is substantially the same as the [Draft] Franchise Ordinance attached to this Agreement as Exhibit E.

3.3.5 Wagner Easement Assignment. The Parties’ obtaining the consent of Sunrise Dusters, Inc., or the current owner of the property, to assign the Wagner Well Site Easement Agreement between Wagner Aviation and WWD1 to GSWC.

3.4. The Parties shall exercise good faith and best efforts to satisfy the conditions precedent contained in Sections 3.2 and 3.3.

Article 4 REPRESENTATIONS AND WARRANTIES

4.1. By WWD1. WWD1 makes the following representations, warranties and covenants to GSWC:

- 4.1.1 *Organization; Qualification and Power.*** WWD1 possesses all requisite power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- 4.1.2 *Authority.*** The execution, delivery and performance of this Agreement and any related agreements expressly contemplated hereby, and the consummation of the transactions provided for by this Agreement, have been duly authorized by the Board of Directors of WWD1. This Agreement, when executed by the Parties, will be valid and binding obligations of WWD1, enforceable in accordance with the terms set forth herein.
- 4.1.3 *No Material Adverse Change.*** From the Effective Date through the Closing, if a material adverse change in the circumstances or condition of the Robbins Water System comes to the attention of WWD1, it shall promptly provide notice of such change to GSWC.
- 4.1.4 *Disclosure.*** To the best of WWD1's knowledge, no representation or warranty by WWD1 contained in this Agreement, nor any statement, schedule or assignment furnished or to be furnished by WWD1 to GSWC pursuant to this Agreement contains or shall contain any untrue statement of a material fact.
- 4.1.5 *Timing.*** All representations, warranties and covenants of WWD1 in this Agreement are made as of the Effective Date, and as of the Closing. It shall be a material default if WWD1 is unable to make such representations and warranties truthfully as of the Closing.
- 4.2. *By GSWC.*** GSWC makes the following representations, warranties and covenants to WWD1:
- 4.2.1 *Organization; Qualification and Power.*** GSWC is a corporation duly organized, existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- 4.2.2 *Authority.*** The execution, delivery and performance of this Agreement and any related agreements expressly contemplated hereby, and the consummation of the transactions provided for by this Agreement, have been duly authorized by GSWC's Board of Directors. This Agreement, when executed by the Parties, will be valid and binding obligations of GSWC enforceable in accordance with the terms set forth herein. Neither the execution nor performance of this Agreement will: (i) conflict with or result in a breach of any provision of the general laws of the State of California; (ii) result in the creation or imposition of any claim, lien, pledge, charge, or other encumbrance whatsoever upon the Robbins Water System; or (iii) to the best of GSWC's knowledge, violate any law, statute, rule, regulation or order, writ, judgment, injunction or decree applicable to GSWC or the Robbins Water System. To the best of GSWC's knowledge, no consent or approval by, or any notification of or filing with, any governmental or public

body (other than the CPUC and DPH) is required in connection with the execution or performance of this Agreement, or the purchase of the Robbins Water System by GSWC as contemplated hereby.

4.2.3 Timing. All representations, warranties and covenants of GSWC in this Agreement are made as of the Effective Date, and as of the Closing. It shall be a material default if GSWC is unable to make such representations and warranties truthfully as of the Closing.

4.2.4 Disclosure. To the best of GSWC's knowledge, no representation or warranty by GSWC contained in this Agreement, nor any statement, schedule or assignment furnished or to be furnished by GSWC to WWD1 pursuant to this Agreement contains or shall contain any untrue statement of a material fact.

4.3. Cure. Each Party shall promptly notify the other of the occurrence of any event claimed to constitute a breach of any representation, warranty or covenant in this Agreement or giving rise to a claim for indemnification. Except with respect to the Purchase Payment, the Party to whom the notification is given shall have a reasonable time to evaluate the claim and to cure the cause of the claim. No cure shall be considered effective unless it is completed within thirty (30) days from the date of the notification.

Article 5 TERM AND TERMINATION

5.1. Term; Effectiveness. This Agreement shall become effective upon the CPUC's final and binding approval of the Settlement Agreement described in Recital E above, and shall terminate thirty (30) days following the Closing. If the Settlement Agreement is terminated early pursuant to Section 3.2 of that agreement, or if the CPUC does not grant final and binding approval of the Settlement Agreement, this Agreement shall be void and of no effect.

5.2. Continuing Obligations. All obligations of the Parties set forth in Sections 1.2, 1.5 and 2.3 related to the transfer, conveyance and assignment of the Robbins Water System to GSWC, the representations and warranties set forth in Article 4, and the indemnification provisions set forth in Article 6 shall survive the termination of this Agreement and shall remain in effect for a period of ten (10) years following the date of termination of this Agreement.

Article 6 INDEMNIFICATION

6.1. WWD1. WWD1 shall indemnify, defend and hold GSWC and its Affiliates, and the respective directors, officers and employees of GSWC and its Affiliates (each a "GSWC Indemnified Party"), harmless from and against any and all debts, claims, obligations, losses, costs, expenses, litigations, proceedings, arbitrations, investigations, damages, liabilities, payments or judgments incurred by any GSWC Indemnified Party due to any acts or omissions of WWD1, its directors, officers, agents, consultants or employees arising from or related to: (i) WWD1's ownership, operation, maintenance and management of the Robbins Water System prior to the Closing; (ii) any failure of the

Robbins Water System to meet drinking water standards, or any environmental, contamination or remediation liability based on or related to operation of the Robbins Water System, after the Closing and prior to the earlier of twenty-eight (28) months following the CPUC Approval or the date that all Capital Improvements have been constructed and placed into operation; (iii) WWD1's obligations under this Agreement, including its delivery obligations to GSWC; and (iv) any breach of any of WWD1's representations or warranties or covenants contained herein or in any document or instrument contemplated hereby or executed and delivered in connection herewith.

- 6.2. GSWC.** GSWC shall indemnify, defend and hold WWD1, together with all of its directors, officers and employees (each a "County Indemnified Party"), harmless from and against any and all debts, claims, obligations, losses, costs, expenses, litigation, proceedings, arbitrations, investigations, damages, liabilities, payments or judgments incurred by any County Indemnified Party due to approval of this Agreement and any accompanying environmental review, and any acts or omissions of GSWC, its directors, officers, agents, consultants or employees arising from or related to: (i) GSWC's ownership, operation, maintenance and management of the Robbins Water System subsequent to the Closing; (ii) GSWC's obligations under this Agreement; and (iii) any breach of any of GSWC's representations or warranties or covenants contained herein or in any document or instrument contemplated hereby or executed and delivered in connection herewith. Notwithstanding the provisions of this paragraph, GSWC's obligation to indemnify a County Indemnified Party for water quality related claims shall not arise until the earlier of twenty-eight (28) months following the CPUC Approval or the date that all Capital Improvements have been constructed and placed into operation.
- 6.3. Indemnification Claim Procedures.** Promptly after any Party has received notice of any claim or the commencement of any action or proceeding which would give rise to a claim for indemnification, or has knowledge of any such claim, such Party shall, if a claim with respect thereto is to be made against any Party obligated to provide indemnification hereunder (the "Indemnifying Party"), give the Indemnifying Party written notice of such claim or the commencement of such action or proceeding, setting forth specifically the facts giving rise to, or alleged as a basis for, the claim, and the amount of liability asserted. Such notice shall attach any and all documentation of such claim. The Parties shall proceed in good faith to attempt to resolve any question of liability and the amount, if any, of damages thereby occasioned, as promptly as possible.

Article 7 GENERAL PROVISIONS

- 7.1. Notice.** Any notices or communications permitted or required hereunder shall be in writing and: (i) hand delivered (including via overnight courier); (ii) sent postage pre-paid by registered or certified mail, return receipt requested, to the respective Party as set forth below, or to such other address as any Party may notify the other of in writing:

If to WWD1: Sutter County Water Works District No. 1
Attn: County Administrator
1160 Civic Center Boulevard, Suite A
Yuba City, CA 95993

If to GSWC: Golden State Water Company
Attn: Senior Vice President—Regulated Utilities
630 East Foothill Boulevard
San Dimas, CA 91773

A notice or communication permitted or required hereunder shall be deemed to have been served as follows: (i) if hand delivered, at the time of delivery; (ii) if sent by mail, 72-hours after it was posted; (iii) one business day after deposit with an overnight express courier. In providing service by mail, it shall be sufficient to prove that the letter containing the notice was properly addressed, stamped and posted.

- 7.2. Expenses.** Regardless of whether or not the transaction contemplated hereby is consummated, GSWC and WWD1 shall pay their own respective expenses, including, without limitation, the fees, disbursements and expenses of their attorneys and accountants, in connection with the negotiation, preparation and execution of this Agreement, except as otherwise provided in this Agreement.
- 7.3. Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of GSWC and WWD1 and each Party's respective successors, legal representatives and assigns to the extent permitted under the terms of this Agreement. Except as expressly provided with respect to the rights of indemnification under this Agreement, nothing herein shall create or be deemed to create any third-party beneficiary rights in any person or entity not a Party to this Agreement.
- 7.4. Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.
- 7.5. Severability.** This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the Parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either Party is lost, the Agreement may be terminated at the option of the affected Party. In all other cases, the remainder of the Agreement shall continue in full force and effect.
- 7.6. Effect of Headings.** The subject headings of the sections and subsections of this Agreement are included for convenience only and shall not affect the construction or interpretation of any of its provisions.

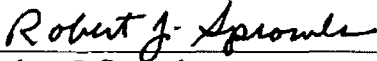
7.7. **Affiliates.** As used in this Agreement, the term "Affiliate" means any company controlling, controlled by, or under the common control of GSWC, where "control" is defined by the superior right or ability to direct the management and policy of the entity subject to control, regardless of whether such control is exercised through ownership, by contract, under statutory right or other method.

7.8. **Waiver.** The failure of any Party at any time or times to enforce or require performance of any provision hereof shall in no way operate as a waiver or affect the right of such Party at a later time to enforce the same. No waiver by either Party of any condition or the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any other breach of any term, covenant, representation or warranty contained in this Agreement.

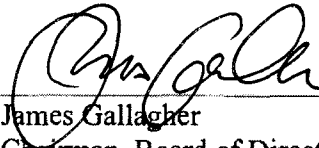
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the dates and years set forth below their respective signatures.

GOLDEN STATE WATER COMPANY

**SUTTER COUNTY WATER WORKS
DISTRICT NO. 1**



Robert J. Sprowls
President and Chief Executive Officer
Date: March 11, 2011



James Gallagher
Chairman, Board of Directors
Date: March 13, 2011



Eva Tang
Secretary
Date: March 11, 2011

EXHIBIT A
ROBBINS WATER SYSTEM DESCRIPTION

The Sutter County Water Works District No. 1 (WWD #1) is responsible for providing water service to the unincorporated community of Robbins. The Robbins Water System currently consists of:

- One active groundwater well, known as the Wagner Well;
- A water treatment plant consisting of a chlorinator, a filter tank for the removal of iron and manganese, a backwash tank and a treated water storage tank; and
- One backup groundwater well, known as Sacramento Valley Boulevard No. 1, that provides the Community's residents with potable water.

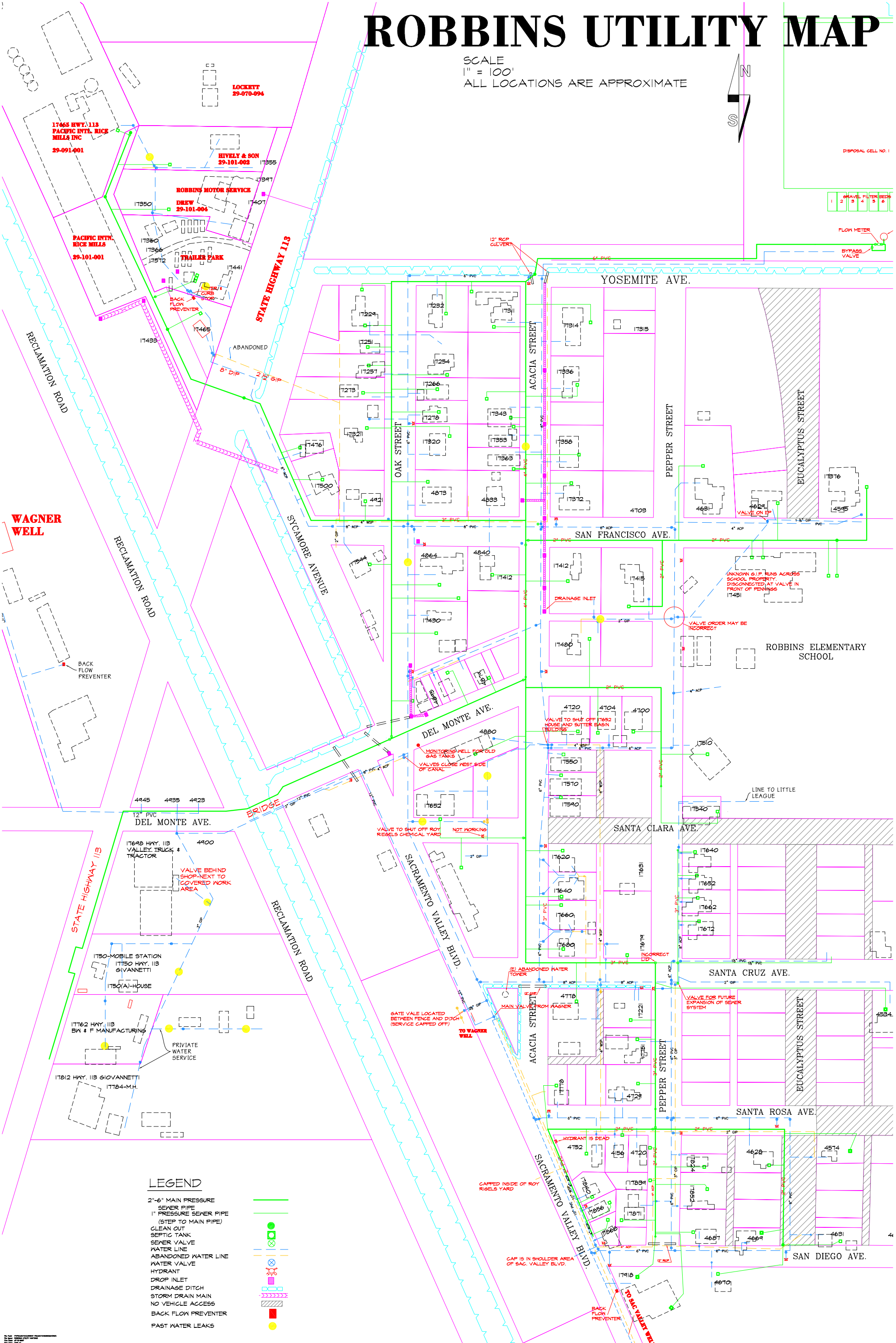
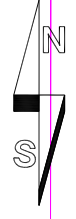
Water is distributed through a system of mains ranging from 3" to 12" in diameter. The current system is comprised of approximately 4 miles of water piping and valves, and 93 lateral connections. Portions of the WWD1 are served by 30-year old galvanized iron pipe laterals and water mains, which should be replaced in the near future.

The Robbins Water System was acquired by WWD1 in 1986 at the request of the system users. The system was previously privately-owned, and WWD1 accepted ownership of the system to repair, maintain and upgrade the system as needed. WWD1 had to drill wells and install some new water mains. Documentation of the system layout prior to WWD1 ownership is limited; therefore, the location, size and materials used for water mains and laterals are not known at all locations throughout the system.

The attached Utility Map represents the best available information regarding the location and attributes of the water distribution system.

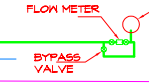
ROBBINS UTILITY MAP

SCALE
1" = 100'
ALL LOCATIONS ARE APPROXIMATE



DISPOSAL CELL NO. 1

1	2	3	4	5	6
SHAVEL FILTER BEDS					



WAGNER WELL

BACK FLOW PREVENTER

LEGEND

- 2"-6" MAIN PRESSURE SEWER PIPE
- 1" PRESSURE SEWER PIPE (STEP TO MAIN PIPE)
- CLEAN OUT
- SEPTIC TANK
- SEWER VALVE
- WATER LINE
- ABANDONED WATER LINE
- WATER VALVE
- HYDRANT
- DROP INLET
- DRAINAGE DITCH
- STORM DRAIN MAIN
- NO VEHICLE ACCESS
- BACK FLOW PREVENTER
- PAST WATER LEAKS

DATE: 11/15/01
DRAWN BY: [Name]
CHECKED BY: [Name]
SCALE: AS SHOWN

EXHIBIT B
REAL PROPERTY CURRENTLY UTILIZED BY ROBBINS WATER SYSTEM

The only real property currently utilized by the Robbins Water System is the backup well location at 18318 Sacramento Valley Boulevard, Assessors Parcel Number 29-190-024. A legal description of that property is as follows:

PARCEL NO. 2:

Block 55 as shown on that certain Map entitled "Plat of Robbins, Sutter County, California, Unit No. 1" filed in the office of the County Recorder of Sutter County, California, on July 8, 1925 in Book 5 of Surveys, page 38.

EXCEPTING THEREFROM that portion thereof which lies within the following described parcel:

Beginning at a point on the East line of Block 55 of said Robbins Unit No. 1, said point bears North 380.93 feet from the Southeast corner of said Block 55; thence North 380.46 feet; thence West 23.00 feet; thence North 1750.00 feet to the intersection of the South line of San Diego Avenue and the East boundary of said Robbins Unit No. 1; thence West 972.47 feet; thence South 24° 09' 06" East 436.15 feet; thence South 24° 10' 19" East 1114.07 feet; thence South 65° 49' 41" West 120.00 feet; thence South 24° 10' 19" East 731.05 feet; thence East 170.97 feet to the point of beginning.

EXHIBIT C
CONTRACTS, EASEMENTS, RIGHTS-OF-WAY AND SIMILAR INSTRUMENTS HELD AND
CURRENTLY USED BY ROBBINS WATER SYSTEM

The Wagner Well and groundwater treatment plant are located on an easement property located at 17690 Highway 113, Assessors Parcel Number 29-070-059. The Wagner Well location is leased from Sunrise Dusters, Inc. A copy of the lease is attached.

A separate easement exists for a water main located along the southern property line of the property located at 17750 Highway 113, Assessors Parcel Number 24-030-003. A copy of the easement is attached.

Indexed
Compared

1/11

Recorded at the request of:

SUTTER COUNTY WATERWORKS DISTRICT NO. 1

Recorded in Official Records, County of Sutter, Lonna B. Smith, Clerk/Recorder

Return to:



No Fee

199804657 11:52am 04/02/98

Sutter County Public Works Director
1160 Civic Center Blvd., Ste. D
Yuba City, CA 95993

005 30016205 10 06

X09 11 6.00 30.00 0.00 0.00 0.00 0.00

Document transfer tax: None

AGREEMENT FOR WELL SITE EASEMENT

This agreement is between Philip E. Wagner and Anna Mae Wagner, husband and wife (Wagners); Sutter County Waterworks District No. 1, a public agency formed under division 16 of the California Water Code (District); and the County of Sutter, a political subdivision of the State of California (County).

RECITALS

1. District is authorized to supply its inhabitants with water for irrigation, domestic, industrial, and fire-protection purposes, and may acquire and hold property to that end.
2. The Wagners own the real property identified in exhibit A (the burdened property), which is attached to this agreement and made part of it.
3. District wishes to construct and operate one or more water wells on the burdened property. The wells would be used to supply water to District inhabitants.
4. The Wagners wish to grant District the necessary easement for a well site and access road if, in return, District will supply them with water, free of charge.

TERMS AND CONDITIONS

5. Grant of Easement. The Wagners grant to District an easement on those areas of the burdened property identified as "well site" and "access road" on exhibit A, subject to the terms and conditions set forth below.

6. Description of Easement. The easement is an easement in gross and consists of the right to use--

(a) the well site for constructing, operating, maintaining, and repairing one or more water wells (including all necessary pumps, pipes, fences, and other ancillary facilities and equipment) with which District can supply the water needs of its inhabitants while this agreement is in force; and

(b) the access road for ingress to and egress from the well site as well as for installing, maintaining, and repairing any pipes and utility connections (no overhead powerlines) needed to construct, operate, maintain, and repair the well or wells and supply water to District inhabitants and the Wagners.

The easement granted in the well site is exclusive. The Wagners shall not use the well site themselves, nor shall they grant or assign to others any easement or other right in the well site. The easement in the access road is nonexclusive. The Wagners may use the access road in any way that does not interfere unreasonably with District's use.

7. Term of Easement. The easement shall be perpetual, subject to the following:

(a) The Wagners may terminate this agreement and the easement granted under it if District fails to maintain insurance as required by section 12 or if--

(1) District uses the property for purposes other than those specified in section 6 or fails, through its own fault, to comply with sections 8 and 9;

(2) such use or failure continues after the Wagners serve District with written notice demanding compliance; and

(3) District has had a reasonable opportunity to comply.

(b) District may release the easement and terminate this agreement at any time by executing, delivering, and recording a quitclaim deed.

(c) Once the Wagners exercise their power of termination, or District releases the easement--

(1) this agreement shall terminate (except District's obligations under this section and section 9, and District's and County's obligations under section 11);

(2) all rights to the burdened property shall revert to the Wagners; and

(3) District shall abandon its well or wells, remove its facilities and equipment (except well casing) from the burdened property, and, to the extent feasible, restore the well site and access road to pre-easement condition, all at its sole expense, unless District and the Wagners agree otherwise in writing.

8. Conditions on Use. District shall do the following at its sole expense:

(a) Enclose the well site with a fence.

(b) Install any pipes and equipment, including a water meter, needed to connect the existing water system on the burdened property to District's water system. The connection shall be at the existing water well on the burdened property. The existing well shall be left operational, and District's connections shall include all pipes and equipment needed so the Wagners can use the existing well alone or in combination with District's well or wells.

(c) Provide the Wagners with up to 2,880,000 gallons of water per year, commencing when District's first well on the burdened property is fully operational. If the Wagners need more than 2,880,000 gallons per year, and if District is able to meet that need while meeting the needs of District inhabitants, then District shall provide the Wagners with more than 2,880,000 gallons per year, and the Wagners shall pay District's commercial-use rates for such additional water.

(d) The Wagners have the exclusive right to use water from their existing well, and they may drill additional wells on the burdened property outside of the well site and access

road. The Wagners' use of water from the existing well and any additional wells they drill shall not relieve District and County of their obligations under this agreement, including District's obligation under section 8(c) to provide water.

9. Compliance with Law. District shall comply with all federal, state, and local laws, regulations, and orders that apply to its actions under this agreement.

10. Disclaimer. The Wagners make no warranties, guarantees, or assurances about the amount of water available or its quality. District acknowledges that the whole of the burdened property, including the well site and access road, has been designated as a suspected hazardous substance site by the Department of Toxic Substances Control of the California Environmental Protection Agency, as evidenced by exhibit B, which is attached to this agreement and made part of it.

11. Indemnification. District and County shall indemnify, defend (upon written request), protect, and hold the Wagners harmless against any liabilities, claims, demands, damages, and costs (including attorneys' fees and litigation costs) that arise from District's tortious acts or omissions when using the burdened property, except to the extent caused by the Wagners' tortious acts or omissions. District's and County's obligations under this section include--

(a) administrative actions brought by any federal, state, or local agency;

(b) third-party claims by users of the water District produces from the burdened property;

(c) "mixed claims" where both the District and the Wagners are jointly involved;

(d) any District conduct for which District is strictly liable; and

(e) any District conduct for which the Wagners may be derivatively liable as grantors of the easements or owners of the burdened property.

12. Insurance. While this agreement is in force, District shall maintain, at its sole cost, general liability insurance covering District's activities on the burdened property. The policy (or policies) shall name the Wagners as additional insureds and shall require the insurer (or insurers) to give the Wagners at least ten days advance written notice of cancellation.

13. Effective Date. This agreement shall be effective on the date when fully subscribed by the parties.

14. Recordation. This agreement shall be recorded in the official records of Sutter County.

15. Interpretation and Litigation. This agreement shall be interpreted in accordance with California law as if jointly prepared by the parties; any ambiguity or uncertainty shall not be interpreted against one party. Any litigation concerning this agreement shall be brought in the Consolidated Municipal and Superior Court of Sutter County.

16. Notices. Any correspondence regarding this agreement shall be directed to the following persons at the following addresses and phone numbers:

District and County: Sutter County Public Works Director
1160 Civic Center Boulevard, Suite D
Yuba City, CA 95993
FAX: (530) 822-7457
Phone: (530) 822-7450

Wagners: Philip Wagner
P. O. Box 98
Robbins, CA 95676
FAX: (530) 738-4452
Phone: (530) 738-4431

If written, correspondence shall be by personal delivery, including overnight delivery service; by U. S. Mail, postage prepaid; or by facsimile transmission during business hours. Notices must be actually received to be effective. The foregoing names, addresses, and phone numbers may be changed by written notice.

17. Assignment. Neither District nor County may assign this agreement without the Wagners' prior written consent.

18. Binding Effect. This agreement shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors-in-interest, and assigns of the parties.

19. Attorneys' Fees. The prevailing party in any litigation that concerns this agreement is entitled to reasonable attorneys' fees and costs.

20. Entire Agreement. This agreement sets forth the entire understanding of the parties regarding the matters set forth in sections 1 through 19. It supersedes all prior agreements and representations, written and oral, and may be modified only by a written agreement signed by the parties.

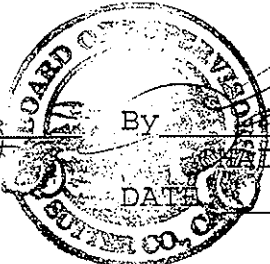
SUTTER COUNTY WATERWORKS DISTRICT NO. 1

BY [Signature]
CHAIRMAN, BOARD OF DIRECTORS
DATE: 4-1-98

ATTEST: COUNTY OF SUTTER

LONNA B. SMITH

BY [Signature] Deputy
BY [Signature] CHAIRMAN, BOARD OF SUPERVISORS
DATE: 4-1-98



Philip E. Wagner
Philip E. WAGNER
DATE: 3/23/98

Anna Mae Wagner
ANNA MAE WAGNER
DATE: 3/23/98

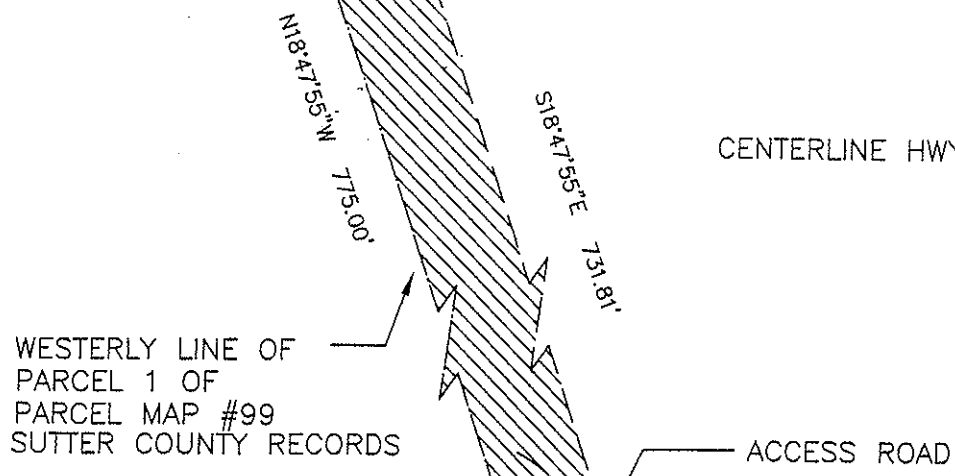
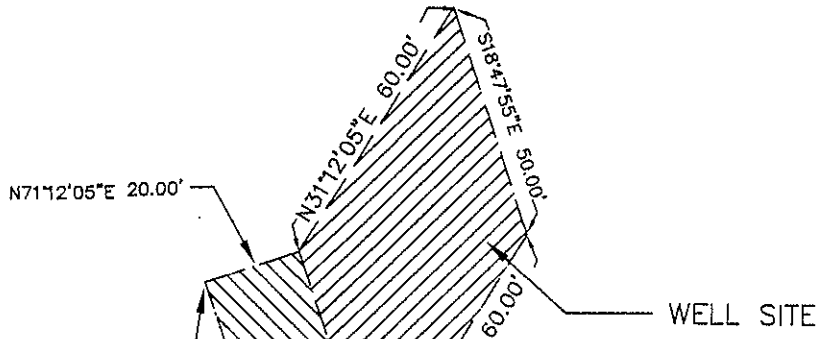
APPROVED FOR LEGAL FORM
SUTTER COUNTY COUNSEL

BY [Signature]

EXHIBIT "A"



SCALE 1" = 40'



CENTERLINE HWY 113

CENTERLINE DEL MONTE AVE.

N90°00'00"W 92 ft.

N16°09'00"E

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

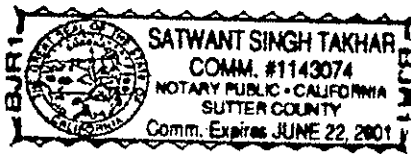
State of CALIFORNIA

County of SUTTER

On MARCH 23, 1998 before me, SATWANT SINGH TAKHAR NOTARY PUBLIC
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared PHILIP E. WAGNER AND ANNA M. WAGNER
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: AGREEMENT FOR WELL SITE EASEMENT

Document Date: 3/23/98 Number of Pages: 9

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: PHILIP E. AND ANNA M. WAGNER

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of SUTTER

On APRIL 1, 1998 before me, SATWANT SINGH TAKHAR, NOTARY PUBLIC
Date Name and Title of Officer (e.g., "Jané Doe, Notary Public")

personally appeared LARRY MUNGER
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: AGREEMENT FOR WELL SITE AGREEMENT

Document Date: 3/23/98 Number of Pages: 9

Signer(s) Other Than Named Above: ANNA & PHELIP WALKER

Capacity(ies) Claimed by Signer(s)

Signer's Name: LARRY MUNGER

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

SUTTER COUNTY

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

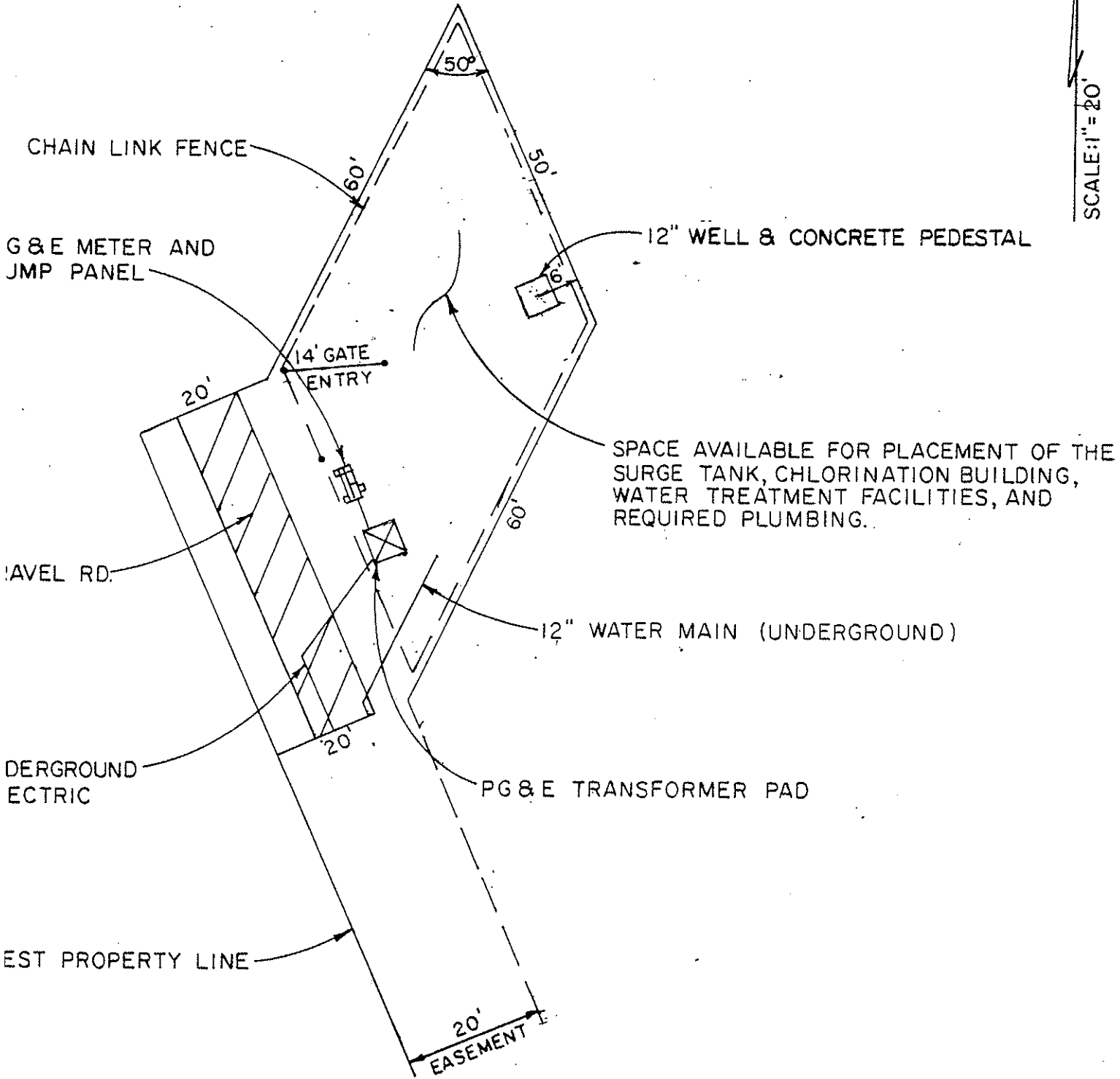
RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

COMMUNITY OF ROBBINS WELL AT WAGNER AVIATION PROPERTY

N

SCALE: 1" = 20'



WELL SITE LAYOUT

RECORDING REQUESTED BY:

AFTER RECORDING RETURN TO:

Sutter County Public Works
1130 Civic Center Blvd.
Yuba City, CA 95993



2010-0015049

Recorded
Official Records
County of
Sutter
Donna M. Johnston
Clerk Recorder

REC FEE

0.00

10:52AM 06-Oct-2010

RB
Page 1 of 4

EASEMENT DEED

A.P. NO. 24-030-008

DOCUMENTARY TRANSFER TAX \$ 0

- () Computed on full value of property conveyed, or
- () Computed on full value less liens and encumbrances remaining thereon at time of sale.
- (X) Unincorporated area & () City of Yuba City

UNDERSIGNED GRANITOR DECLARES

Signature of Declarant or agent determining tax. Firm name

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

B. E. GIOVANNETTI & SONS, a partnership

Hereby GRANT(S) to **THE COUNTY OF SUTTER**, a political subdivision, and its assigns, an easement for waterline purposes, together with incidents thereto; on, over, under, through, and across the following described land to wit:

DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF.

DATED: 6/25/10

B. E. GIOVANNETTI & SONS, a partnership

BY: Richard Morford, Partner

STATE OF CALIFORNIA
COUNTY OF SUTTER

On June 25, 2010 before me, Lesley A. Pitts
A notary public, personally appeared Richard Morford

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

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

Witness my hand and official seal.

Signature

Lesley A. Pitts

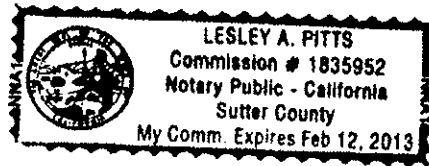


EXHIBIT A

2

All that portion of Lot 48 as shown on that certain Map entitled "Map of Sutter Basin Subdivision No. 4" filed in the office of the County Recorder of Sutter County, California, on May 6, 1921 in Book 3 of Surveys, at page 88, more fully described as follows:

A strip of land ten (10') feet in width, the south line of which is more particularly described as follows:

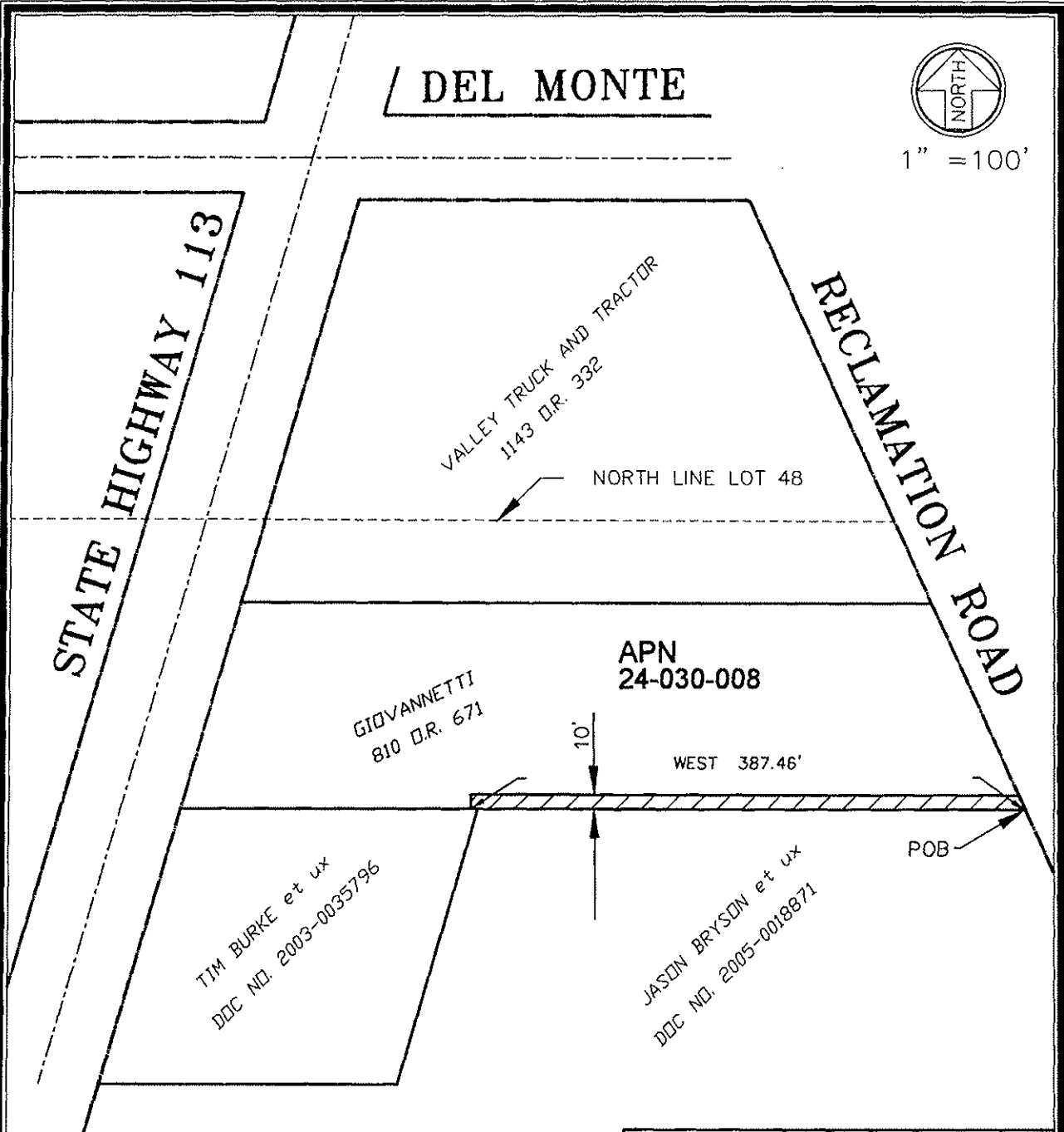
Commencing at the Northeast corner of said Lot 48, thence South 24° 21' 00" East along the easterly line of said lot 48 a distance of 221.05 feet to the southeasterly corner of that certain parcel of land as described in the deed to B. E. Giovannetti & Sons of record in Book 810 of Official Records page 671 records of Sutter County, California and being the TRUE POINT OF BEGINNING; thence West along the southerly line of said Giovannetti parcel a distance of 387.46 feet and there terminating

A plat labeled "Exhibit B" depicting the hereinabove described real property is attached hereto and made a part hereof.

End of Description

6-24-10





DEL MONTE



1" = 100'

STATE HIGHWAY 113

RECLAMATION ROAD

VALLEY TRUCK AND TRACTOR
1143 D.R. 332

NORTH LINE LOT 48

APN
24-030-008

GIOVANNETTI
810 D.R. 671

WEST 387.46'


10'

TIM BURKE et ux
DEC NO. 2003-0035796

JASDIN BRYSON et ux
DEC NO. 2005-0018871

POB

LEGEND

- EXISTING RIGHT of WAY
-  WATER LINE EASEMENT TO BE ACQUIRED 0.088 Ac

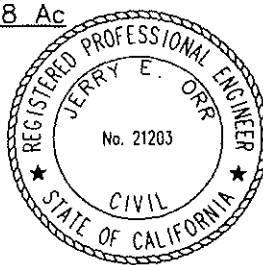



EXHIBIT B
COUNTY of SUTTER
 GIOVANNETTI
ACQUISITION PLAT
 WATER LINE EASEMENT

SUBMITTED BY: JEO	DATE DRAWN: 06-24-10	Pg. No. 1 of 1
APPROVED 06-24-10	DRAWN BY: JEO	
 COUNTY SURVEYOR		

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Easement Deed dated June 25, 2010 from B. E. Giovannetti & Sons, a partnership, to the County of Sutter is hereby accepted on behalf of the Board of Supervisors pursuant to authority conferred by Resolution No. 10-056 of said Board, on September 28, 2010, and grantee consents to recordation thereof by its duly authorized officer.

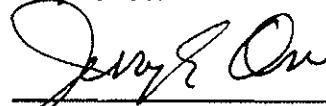
Date: 10/5/10



Douglas R. Gault
Director of Public Works

COUNTY SURVEYOR'S STATEMENT

I am satisfied that the description contained herein is technically correct.



Jerry E. Orr, County Surveyor
R.C.E. 21203, exp. 9-30-11

END OF DOCUMENT

EXHIBIT D
EXCLUDED ASSETS

Excluded assets are as follows:

1. The abandoned water tower and all appurtenances thereto located at the intersection of Acacia Street and Sacramento Valley Boulevard;
2. The real property located at the intersection of Acacia Street and Sacramento Valley Boulevard, Assessors Parcel Number 29-152-001; and
3. The “Old Sacramento Valley Boulevard Well” (isolated from the system by closing the valves to the system and removing control panel fuses), located on the property known as Assessors Parcel Number 29-190-082. Note: this is a different well than the Sacramento Valley Boulevard No. 1 Well located at 18318 Sacramento Valley Boulevard, Assessors Parcel Number 29-190-024, which is still used as a backup well and is listed in Exhibit A to this Agreement.

EXHIBIT E
[DRAFT] FRANCHISE ORDINANCE

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNTY OF SUTTER GRANTING TO GOLDEN STATE WATER COMPANY, A CORPORATION, THE NON-EXCLUSIVE RIGHT, PRIVILEGE AND FRANCHISE TO LAY AND USE PIPES AND APPURTENANCES FOR TRANSMITTING AND DISTRIBUTING WATER FOR ANY AND ALL PURPOSES UNDER, ALONG, ACROSS OR UPON THE PUBLIC STREETS, WAYS, ALLEYS AND PLACES, AS THE SAME NOW OR MAY HEREAFTER EXIST, WITHIN SAID COUNTY.

THE BOARD OF SUPERVISORS OF THE COUNTY OF SUTTER ORDAINS AS FOLLOWS:

SECTION ONE

Whenever in this ordinance the words or phrases hereinafter in this section defined are used, they shall have the respective meanings assigned to them in the following definitions (unless, in the given instance, the context wherein they are used shall clearly import a different meaning):

(a) The word “Grantee” shall mean Golden State Water Company, a California corporation, and its lawful successors or assigns;

(b) The word “County” shall mean Sutter County, California;

(c) The word “streets” shall mean the public streets, ways, alleys and places as the same now or may hereafter exist within said County;

(d) The word “Franchise” shall mean and include any authorization granted hereunder in terms of a franchise, privilege, permit, license or otherwise to lay and use pipes and appurtenances for transmitting and distributing water for any and all purposes under, along, across or upon the public streets, ways, alleys and places in the County, and shall include and be in lieu of any existing or future County requirement to obtain a license or permit for the privilege of transacting and carrying on a business within the County;

(e) The word “water” shall mean water of any type, including, without limitation, potable water, reclaimed water and wastewater;

(f) The phrase “pipes and appurtenances” shall mean pipe, pipelines, main, service, trap, vent, vault, manhole, meter, gauge, regulator, pump, valve, conduit, ditch, flume, appliance, attachment, appurtenance and any other property located or to be located in, upon, along, across, under or over the streets of the County, and used or useful in transmitting and distributing water; and

(g) The phrase “lay and use” shall mean to excavate, lay, construct, erect, install, operate, maintain, use, repair, replace or remove.

SECTION TWO

Subject to each and all of the terms and conditions contained in this ordinance, and pursuant to the provisions of the Public Utilities Code of the State of California, known as the Franchise Act of 1937, the non-exclusive right, privilege and franchise is hereby granted to Golden State Water Company as Grantee to lay and use pipes and appurtenances for transmitting and distributing water for any and all purposes, under, along, across or upon the streets of the County for 50 years from and after the effective date hereof.

SECTION THREE

(a) The Grantee shall pay to the County at the times hereunder specified, in lawful money of the United States, a franchise fee annually which shall be equal to two percent (2%) of the gross annual receipts of the Grantee arising from the use, operation or possession of this Franchise, except that this payment shall be not less than one percent (1%) of Grantee’s gross annual receipts derived from the sale of water within the County. The gross annual receipts of the Grantee arising from the use, operation or possession of the Franchise for each period shall be calculated as follows:

(1) gross receipts from operations of Grantee within the County for such period shall be multiplied by a fraction, the numerator of which is the amount of Grantee’s investment in distribution facilities in the County at the end of such period and the denominator of which is the amount of Grantee’s investment in physical properties in the County at the end of such period, and

(2) the result of the calculation in subsection (1) shall be multiplied by the total gross receipts, less uncollectible bills, of Grantee within the County for such period.

(b) Upon notice by the County that payments shall be made in accordance with subdivision (c) of this SECTION THREE, Grantee shall pay the franchise fee calculated under SECTION THREE (c).

(c) In the event the legislature amends the Franchise Act of 1937 (Public Utilities Code sections 6201-6302) or enacts any other state law which increases the franchise payment to general law counties to a level greater than that provided in Section THREE (a) above, then the County shall have the option of prospectively employing the legislative formula, which shall apply for the remaining term of this agreement. If the County exercises said option, the legislative formula shall be prospectively applied hereto on the later of: (1) the effective date of the legislation; or (2) January 1 of the calendar year in which the County exercised said option.

(d) Any notices under this SECTION THREE shall be in writing and be delivered by courier service or by certified mail, return receipt requested, to the other party at the address shown below or at such other address as the party may designate by written notice delivered in the manner provided for herein:

County of Sutter
1160 Civic Center Drive, Yuba City, CA 95993
Attn: County Administrator and County Attorney

Golden State Water Company
630 East Foothill Boulevard, San Dimas, CA 91773
Attn: Senior Vice President—Regulated Utilities

SECTION FOUR

(a) Within ninety (90) days after the expiration of each calendar year, or fractional calendar year, during the term of this Franchise and ninety (90) days after the expiration of the term of this Franchise, the Grantee shall file with the County Clerk of the County, the original, and with the County Administrator or his or her designee, one copy of a verified statement showing the following:

(1) The total gross revenue under SECTION THREE received by the Grantee from the use, operation or possession of this Franchise during the preceding calendar year, or fractional calendar year.

(2) The total gross revenue under SECTION THREE received by the Grantee from the sale of water within the County.

(3) The method and supporting calculations used to calculate the franchise fees which are payable to the County in accordance with this Franchise.

(4) Such other data or information as the County may reasonably need to calculate or determine the amounts which Grantee is obligated to pay the County pursuant to SECTION THREE, provided that the County shall request such data and information from Grantee in writing and shall deliver said request no less than 60 days prior to the due date of the above-described statement.

(b) Said statement shall be verified by an authorized officer of the Grantee, and shall be in such form and detail as from time to time shall be reasonably prescribed by the County Administrator or his or her designee.

(c) Within fifteen (15) days after the filing of said statement, the Grantee shall pay to the County, at the address above, in lawful money of the United States, the sum of money required to be paid by Grantee to the County under SECTION THREE for the calendar year or fractional calendar year covered by the statement. Grantee shall pay interest to County, to the extent allowed by law, at the rate of the Consumer Price Index for United States Department of Labor's Bureau of Labor Statistics for all items, all urban consumers San Francisco-Oakland-San Jose Metropolitan Area on any unpaid amount after the expiration of the 15-day period.

(d) Any neglect, omission or refusal by Grantee to file the verified statement required under subsection (a) above, or to pay any required payments under SECTION THREE at the time and in the manner specified shall be grounds for the declaration of a forfeiture of this Franchise and of all rights and privileges of Grantee hereunder, provided that Grantee shall not have cured said neglect, omission, or refusal to file or pay within ten (10) days following written

notice from the County of such failure to file or pay, or, if such neglect, omission or refusal is not reasonably subject to cure within such ten (10) day period, Grantee has not commenced to cure such neglect, omission or refusal within such ten (10) day period and has not continued to prosecute such cure to completion.

SECTION FIVE

This grant is made in lieu of all other franchises owned by the Grantee, or by any successor of the Grantee to any rights under this Franchise, for transmitting and distributing water within the limits of the County, as said limits now or may hereafter exist, except any franchise derived under Section 19 of Article XI of the Constitution of the State of California as that section existed prior to the amendment thereof adopted October 10, 1911, and the acceptance of the Franchise hereby granted shall operate as an abandonment of all such franchises within the limits of this County, as such limits now or may hereafter exist, in lieu of which this Franchise is granted.

SECTION SIX

The Franchise granted hereunder shall not become effective until written acceptance thereof shall have been filed by the Grantee with the County Clerk of the County.

SECTION SEVEN

(a) Grantee shall construct, install and maintain all pipes and appurtenances in accordance with all of the ordinances, rules and regulations theretofore, or hereafter adopted by the legislative body of this County in the exercise of its police powers and not in conflict with the paramount authority of the State of California, and, as to State highways, subject to the provisions of general laws relating to the location and maintenance of such facilities;

(b) Grantee shall pay to the County, on demand, the cost of all repairs to public property made necessary by any operations of the Grantee under this Franchise;

(c) Grantee shall indemnify, defend and hold harmless the County and its officers, employees and agents, from any and all claims, suits, liabilities, damages and costs, including but not limited to attorney fees, proximately resulting from any operations under this Franchise; and be liable to the County for all damages proximately resulting from the failure of Grantee well and faithfully to observe and perform each and every provision of this Franchise and each and every provision of Division 3, Chapter 2 of the California Public Utilities Code.

(d) Upon abandonment of any of Grantee's facilities or equipment located above or below the surface of any street, Grantee shall notify the County Administrator in writing of such abandonment within ninety (90) days thereafter. The Grantee, upon being given sixty (60) days notice, shall promptly at no expense to the County remove from the streets or public places all such facilities or equipment other than any which the County Public Works Director may permit to be abandoned in place. In the event of such removal, the Grantee shall promptly restore the street or other area from which such facilities or equipment has been removed to a condition satisfactory to the County Public Works Director, subject to any prevailing wage standards that might be applicable to the work that is to be undertaken. If the Grantee fails to remove abandoned facilities or equipment and perform restoration as requested by the County,

then at the County's sole discretion, the County may perform such removal and restoration at Grantee's sole expense. Grantee shall pay the County within thirty (30) days of invoice. Any property of the Grantee that the County allows to be abandoned in place shall be abandoned in such a manner as the County Public Works Director shall prescribe.

(e) The County shall have the right to change the grade, width or location of any street, or improve any street in any manner, including but not limited to the laying of any sewer, storm drain, conduit or pipe, or construct and install any pedestrian tunnel, traffic signal, street lighting facility or other public improvement. Grantee shall remove or relocate any facilities installed, used or maintained under this Franchise if and when made necessary by any such lawful change or improvement without expense to the County; provided, however, that Grantee shall not be required to bear the expense of such work done at the request of the County if and to the extent that such request is on behalf, or for the benefit, of any private developer or other non-governmental entity. Nothing herein, however, is intended to modify or limit the provisions of Public Utilities Code sections 1501-1507 or 6297 (and as amended in the future) or the judicial appellate decisions of the State of California interpreting Public Utilities Code sections 1501-1507 or 6297 (and as amended in the future).

(f) This Franchise may not be transferred (voluntarily, involuntarily or by operation of law), leased or assigned by the Grantee, unless the County consents in writing and the transferee or assignee thereof shall covenant and agree to perform and be bound by each and all of the terms hereof. The Grantee shall file with the County Clerk and the County Administrator within ninety (90) days after any sale, transfer, assignment or lease of this Franchise, or any part hereof, or of any of the rights or privileges granted hereby, written evidence of the same, certified thereto by the Grantee or its duly authorized officers.

SECTION EIGHT

The County Treasurer, or any certified public accountant, or qualified person designated by the County Administrator, at any reasonable time during business hours, may make examination at the Grantee's offices of its books, accounts and records, germane to and for the purpose of verifying the data set forth in the statement required by SECTION FOUR hereof and to and for any other purpose relating to the payments to be made by Grantee hereunder.

SECTION NINE

(a) The County Public Works Director shall have the right to give the Grantee such directions for the location of any pipes and appurtenances as may be reasonably necessary to avoid sewers, pipes, conduits or other structures lawfully in or under the streets; and before the work of constructing any pipes and appurtenances is commenced by Grantee, the Grantee shall file with said County Public Works Director plans showing the location thereof. All street work performed in the public right of way, including street coverings or openings of traps, vaults, valves and manholes, as well as work affecting the street, including backfilling of trenches, shall be constructed in accordance with the then most current version of the County Improvement/Design Standards as approved by the Board of Supervisors.

(b) All new work, installations, repairs or maintenance performed in the public right of way shall be done under a permit to be granted by the County Public Works Director

upon application therefore, and Grantee shall restore such street, or portion of street, to as good a condition as existed before such work was done, and such restoration shall be completed to the reasonable satisfaction of the County Public Works Director.

(c) Grantee shall pay all fees applicable to public utilities for permits, plan reviews, inspections and other work performed as set by resolution of ordinance of the Board of Supervisors and in effect at the time application is made to the County.

SECTION TEN

(a) If any portion of any street shall be damaged by reason of failure or defects in any of the pipes and appurtenances maintained or constructed under this grant, or the operation thereof, said Grantee shall, at its own cost and expense, immediately repair any such damage and restore such portion of street, to as good condition as existed before such defect or other damage caused by Grantee occurred, such work to be done under the direction of the County Public Works Director, and to his or her reasonable satisfaction. Damage to streets and hazards to the public in the public right-of-way shall be immediately reported to the County Public Works Department through the contact methods provided by that department. In the event of such damage, the Grantee shall establish, within two hours notice by any person of such damage, such immediate traffic control as is necessary to protect the public from hazards created by the damage. Further, the Grantee shall perform, within six hours notice of such damage, such interim repairs as are necessary to keep the street open to traffic and free from hazard. Grantee shall promptly restore the street damaged, within seven calendar days, to a condition satisfactory to the County Public Works Director. If the Grantee fails to perform repairs and restoration as required by the County, then at the County's sole discretion, the County may perform such repairs and restoration at Grantee's sole expense. Additionally, Grantee shall pay for any costs for the County to respond to street/road hazards caused by Grantee's facilities within thirty (30) days of invoice.

(b) Grantee, as a water system operator, if so requested by the County, agrees to establish a common billing system for potable water and sewage services. Grantee agrees to make a good faith effort to agree on terms and charges acceptable to the County as executed through a separate agreement. Further, the Grantee agrees not to provide or to discontinue water service to any premises with dwelling units or commercial or industrial facilities, which lacks an adequate and functional sanitary sewer service, upon notification by the County.

SECTION ELEVEN

(a) If the Grantee shall fail, neglect or refuse to comply with any of the provisions or conditions hereof (other than the provisions of SECTION THREE), and shall not, within ten (10) days after written demand for compliance, begin the work of compliance, or after such beginning shall not prosecute the same with due diligence to completion, then the County, by its legislative body, may declare this Franchise forfeited as provided herein.

(b) The County may sue in its own name for the forfeiture of this Franchise in the event of noncompliance by the Grantee, its successors or assigns with any of the conditions hereof.

SECTION TWELVE

The Grantee shall pay to the County a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting of this Franchise, such payment to be made within thirty (30) days after the County shall furnish Grantee with a written statement of such expenses.

SECTION THIRTEEN

Not later than thirty (30) days after the publication of this ordinance, the Grantee shall file with the County Clerk a written acceptance of the provisions of this ordinance, or this ordinance shall become null and void and of no effect.

SECTION FOURTEEN

If any section, subsection, sentence, clause, phrase or portion of this ordinance is held by a court of competent jurisdiction to be invalid or unconstitutional, that portion shall be deemed a separate, distinct and independent provision, and the holding shall not affect the validity of the remaining portions of this ordinance.

SECTION FIFTEEN

This ordinance shall take effect thirty (30) days after the date of its adoption and before the expiration of fifteen (15) days from the date of passage thereof shall be published at least once in the Appeal-Democrat, a newspaper of general circulation, printed and published in the County of Sutter, State of California, together with the names of the members of the Board of Supervisors voting for and against the same.

ATTEST
DONNA M. JOHNSTON, CLERK

By: _____
Deputy

_____ James Gallagher
Chairman, Board of Supervisors