

ASSET ACQUISITION AGREEMENT

This Asset Acquisition Agreement ("Agreement") is entered into as of this 9th day of June, 2009 among SKY VIEW COUNTY WATER DISTRICT, ("Buyer"), and the PONDEROSA SKY RANCH WATER SYSTEM ("Seller"), by and through John W. Richardson, in his capacity as Receiver appointed by the SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF TEHAMA, the People of the State of California By the California Public Utilities Commission Case No. 52345 and not in his personal capacity, with reference to the following recitals:

RECITALS

- A. Seller is a domestic water enterprise currently furnishing service to customers within Ponderosa Sky Ranch Subdivision in Paynes Creek, California, and is under a receivership ordered by the Honorable Judge James Edwards (Case No. 52345). In a September 7, 2003 Order, Judge Edwards appointed John W. Richardson as the receiver ("Receiver") for Seller.
- B. Buyer is the SKY VIEW COUNTY WATER DISTRICT, a public entity, as defined by California Constitution is established in the Ponderosa Sky Ranch subdivision of Paynes Creek, California, is governed by Title 12 of the California Water Code, commencing with section 30000 and may lawfully incur debt to be repaid in a future fiscal year. On 20th day of March, 2007, Certificate of Formation #2007005176 was duly recorded in the County of Tehama, California, the State of Boundary Change filed with the California Board of Equalization and the Roster of Public Agency filed with the California Secretary of State.
- C. The proposed transaction hereunder is subject to the approval of the Superior Court, the California Public Utilities Commission ("CPUC") and the California Department of Public Health Services ("CDPHS").
- D. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller all of Seller's water utility assets, on the terms and subject to the conditions herein set forth.

AGREEMENT

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

1. **TRANSFER OF ASSETS**

1.1 **Agreement to Sell.** Upon the terms and subject to all of the conditions contained herein, Seller agrees to sell, assign, transfer and deliver to Purchaser on the Closing Date (as

EXHIBIT "B"
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defined in Section 4.1 hereof), and Purchaser hereby agrees to purchase and accept from Seller on the Closing Date, the Acquired Assets (as defined in Section 1.2 hereof). Seller shall deliver to Purchaser at the Closing appropriate bills of sale, assignments, easements, grant deeds or other documents of convenience necessary to affect the transfer of title to the Acquired Assets to Purchaser on the Closing Date.

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

(a) Water System. All water treatment equipment and facilities, wells, pumping equipment, connections, tanks, reservoirs, water mains, meters and hydrants held or owned by Seller and described in Schedule #A hereof.

(b) Real Property and Easements. All real property, easements and other real property rights held or owned by Seller, described in Schedule #C hereof.

(c) Water Rights. All water rights as related to real property described in Schedule #C hereof deemed needed and necessary to the continued distribution of potable water to the community.

(d) Other Assets. All other tangible assets owned by the Seller and used in the Seller's business, including but not limited to office facilities, vehicles, personal property, office furniture, office and computer equipment, fixtures, computer software and other tangible property as described in Schedule #D, all rights under contracts, all claims and all prepaid expenses, and described in Schedule(s) # E, F and H, hereof.

(e) Inventory. All inventories owned by Seller, including but not limited to component parts and spare parts and described in Schedule #B hereof and as filed with the Superior Court by the Receiver on July 5, 2007.

(f) Accounts Receivable. All accounts receivable owned by Seller.

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

(h) Name. All rights to the name "PONDEROSA SKY RANCH WATER SYSTEM" or "PONDEROSA SKY RANCH WATER COMPANY".

(i) Licenses. All licenses of Seller described in Schedule #E hereof.

(j) Deposits. All deposits with government agencies, vendors, contractors and other entities described in Schedule # H hereof.

(k) Intangible Property. All of the interest of Seller in any intangible property owned by the Seller and used in Seller's business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, water rights, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller's business all of which are collectively referred to as the "Intangible Property". The Intangible Property shall consist of, without limitation, all customer service contracts and all site plans, plans and specifications, "as-built" plans and drawings, permits and other governmental reviews, approvals and entitlements related to the Water System including State Revolving Fund ("SRF") and Proposition 50 Grant Funding ("PROP/50") applications such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of, under the control of or available to Seller and as described in Schedule #F hereof.

2. LIABILITIES AND SALES TAXES

2.1 Only Certain Liabilities Being Assumed. Purchaser will not assume or be obligated to satisfy or perform any of the liabilities, or commitments, whether fixed, contingent, known or unknown, which relate to the operation of Seller's business prior to the Closing Date, including but not limited to, loans to Seller, leases of property or equipment to Seller, Seller's tax, Seller's environmental and water quality liabilities and Seller's obligations to its employees.

2.2 Excise and Property Tax. Seller shall pay all sales, use and transfer taxes arising out the transfer of the Acquired Assets and shall pay its portion, prorated as of the Closing Date, of state and local real and personal property taxes of the business. Purchaser shall not be responsible for any taxes of any kind related to any period before the Closing Date.

2.3 Assumption Agreement. There shall be no additional Assumption Agreement; (see section 2.1).

3. PURCHASE PRICE AND PAYMENT THEREFORE; OTHER PAYMENTS.

3.1 Purchase Price. As consideration for the sale, assignment, transfer and delivery of the Acquired Assets by Seller to Purchaser, and upon the terms and subject to all of the conditions contained herein, Purchaser agrees to pay \$50,000.00 with no additional fees, charges or add-on encumbrances.

4. THE CLOSING

4.1 Closing Date. The closing ("Closing") of the transaction contemplated by this Agreement shall take place at a location mutually agreed upon by the parties, during regular business hours, on the 5th business day after the effective date of the Superior Court authorization or at such other time as the parties may agree ("Closing Date"). Approvals from California Public Utilities Commission and California Department of Public Health Services will have been obtained prior to Superior Court approval as a matter of procedure.

4.2 Seller's Obligations at Closing. At the Closing, against delivery of the items specified in Section 4.3 hereof, Seller shall deliver to Purchaser the Acquired Assets, the documents described in Schedules #A-#H hereof and appended.

4.3 Purchaser's Obligation at the Closing. At the Closing, Purchaser shall deliver to Seller the purchase price specified in Section 3.1, without offset or deduction, in a form mutually agreeable to the Parties.

5. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows:

5.1 Authority. Subject to Court approval, the Receiver has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby.

5.2 Tax Returns and Audits. Within the times and in the manner prescribed by law, Seller has filed or caused to be filed all federal, state and local tax returns required by law and has paid all taxes, assessments and penalties due and payable.

5.3 Real Property Owned by Seller. Within a reasonable period after the date hereof, Seller will deliver to Purchaser a true, complete and accurate legal description of all real property and easements owned or held by Seller, together with all privileges and appurtenances thereto and all plants, building, structures, installations, fixtures, improvements, betterments and additions situated thereon.

5.4 Real Property Leased to or by Seller Seller is not party to any agreement for the lease of real property.

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

5.6 Business. Seller is engaged in the business of a public utility water company serving the subdivision of Ponderosa Sky Ranch in the Paynes Creek postal zone of Tehama County, California and with respect to which, it holds a valid certificate of public conveyance and necessity issued by the CPUC, copies of which will be delivered to Purchaser by Seller within thirty (30) days or a reasonable period after the date hereof.

5.7 Licenses. Schedule # E hereof describes all Licenses that are held by Seller.

5.8 Duration of Representation and Warranties. The representation and warranties made herein above will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date until the receivership is terminated.

5.9 State Revolving Fund and Proposition 50 Applications. Seller represents that certain applications for low interest loan or grant funding have been applied for by Seller for repairs and upgrades for the water system.

6. PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as follows:

6.1 Organization, Good Standing and Qualification: Purchaser is a county water district and a public entity, as defined by California Constitution; is established in the Ponderosa Sky Ranch subdivision of Paynes Creek, California, is governed by Division 12 of the California Water Code, commencing with section 30000. On the 20th day of March, 2007, Certificate of Formation #2007005176 was duly recorded in the County of Tehama, California, subsequently the State of Boundary Change was filed with the California Board of Equalization, and the Roster of Public Agency was filed with the California Secretary of State on the 5th day of May, 2007. The purchaser has filed and received from the Internal Revenue Service, Employer Identification Number and may lawfully incur debt to be repaid in a future fiscal year.

6.2 Authority and Consents. Purchaser has the right, power, legal capacity and authority to enter into and perform its obligations under the Agreement, and no approvals or consents of any persons, other than the Superior Court, CPUC, and CDPHS are necessary in connection therewith.

6.3 Duration of Representation and Warranties. The representation and warranties made herein will be correct and accurate in all material respects as of the Closing Date, and shall survive the Closing Date until the receivership is terminated.

6.4 State and Federal Grant Funding: Purchaser represents certain low interest "business start up" loan funding have been applied for along with low interest loan and grant funding through the USDA-RD, RCAC, CDBG and other agencies for necessary repairs and upgrades to the water system. The Purchaser agrees to make best efforts to increase any possible priority for eligibility of the company in all existing applications as Purchaser deems is in the best interests of the community.

7. SELLER'S OBLIGATIONS BEFORE CLOSING

Seller covenants that from the date of this Agreement until the Closing:

7.1 Access to Premises and Information. Purchaser and its counsel, accountants and other representatives shall have full access upon reasonable notice and during normal business hours to all Seller's properties, books, accounts, records, contracts and documents of or relating to Seller and its assets, properties and business. Seller shall furnish or cause to be furnished to Purchaser and its representatives all data and information concerning the business, finances and properties of Seller that may reasonably be requested.

7.2 Conduct of Business in Normal Course. Seller shall carry on its business and activities in substantially the same manner as they have been carried on since December 31, 2005 and shall not make or institute any change in management, accounting or operations that will vary materially from the methods used by the Seller as of that date.

7.3 Maintain Insurance. Seller shall continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business.

7.4 CPUC Filings. The Seller shall cooperate fully with Purchaser in preparing and filing a joint application to the CPUC as Purchaser may deem necessary or appropriate to obtain CPUC approval of the transactions contemplated by this Agreement.

7.5 Employees and Compensation. Seller shall not do, or agree to do, any of the following: (i) grant any increase in salaries payable or to become payable to any officer or employee, or (ii) increase benefits payable or to become payable to any officer or employee. Seller shall terminate all employees and shall have addressed all employee issues as of close of Escrow.

7.6 Transfer of Real Property Interest. Purchaser and Seller shall jointly prepare legal descriptions for all real property interest to be transferred from Seller to Purchaser ("Legal Descriptions").

7.7 Conveyance Documents. Seller shall convey the Assets to Purchaser by a Bill of Sale in the Form as set forth and attached hereto. Seller shall convey the Real Property and Operating Easements, to Purchaser by a Grant Deed in the Form as set forth and attached hereto, subject to revision as deemed acceptable by both parties; the CPUC, CDPHS and approved by the Superior Court. Seller shall convey the Intangible Property to Purchaser by an Assignment of Intangible Property in the form of Schedule # F attached hereto.

8. PURCHASER'S OBLIGATIONS BEFORE CLOSING

Purchaser will use its best efforts to secure CPUC authorization for the transactions contemplated under this Agreement. To this end, Purchaser agrees to assist Seller and file promptly with the CPUC an appropriate joint application for such authorization.

9. CONDITIONS PRECEDENT TO PURCHASER'S PERFORMANCE

The obligations of Purchaser under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this Section 9. Purchaser may waive any or all of these conditions, other than those set forth in Section 9.1 and 9.2 hereof,

9.1 Authorization of CPUC. CPUC authorization for Purchaser to acquire the Acquired Assets pursuant to the terms and conditions of this Agreement shall be in full force and effect on the Closing Date.

9.2 Authorization of DPHS. Pursuant to Sections 116525 and 116540(a) of the California Health and Safety Code, DPHS authorization for Purchaser to operate Seller's water system shall be in full force and effect on the Closing Date.

9.3 Consents. All necessary agreements, consents and approvals of any persons to the consummation of the transactions contemplated by this Agreement, or otherwise pertaining to the matters covered by it, shall have been obtained by Seller and delivered to Purchaser.

9.4 No Material Adverse Change. Prior to the Closing, there shall have been no material adverse change in the Acquired Assets or liabilities, the business or condition, financial or otherwise, the results of operations, or prospects of Seller as described in the last filed Annual Report of Seller, whether as a result of any legislative or regulatory change, revocation of any franchise or license, fire, accident, storm or other casualty or labor or civil disturbance or act of God.

10. CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligations of Seller under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this Section 10.

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

11. SELLER'S OBLIGATIONS AFTER THE CLOSING

11.1 Access to Records. From and after the Closing, Seller shall allow Purchaser and its counsel, accountants, and other representatives such access to records which after the Closing are in the custody or control of Seller as Purchaser reasonably requests.

12. COSTS

12.1 Escrow and Title Expenses. Purchaser shall pay for all costs, fees and expenses incurred or to be incurred by it relating to title insurance. Seller shall pay the transfer tax associated with the transfer of all real property and easements by it to Purchaser. Escrow to be

conducted by Placer Title Company located at 955 Main Street, Red Bluff, CA unless otherwise agreed between parties.

12.2 All Other Expenses. Except for taxes and those expenses described in Section 12.1, purchaser shall pay all costs and expenses incurred or to be incurred by purchaser in closing and carrying out the transactions contemplated by this Agreement.

13. FORM OF AGREEMENT

13.1 Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties.

13.2 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. NOTICES

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

To Seller at: John W. Richardson
5161 Soquel Avenue Ste. F
Soquel, CA 95073

To Purchaser at: Sky View County Water District
18889 Jupiter Ave. / P.O. Box 420
Paynes Creek, CA 96075
(530)597-2005
(530)597-2890 (fax)

Attention/Copy to: Steven B McCarthy
McCarthy & Rubright, LLP
100 Rio St. /P.O. Box 190
Red Bluff, CA 96080-0190
530-527-0213 (w)
530-527-7641 (fax)

Any party may change its address for purposes of this Section 15 by giving the other party written notice of the new address in the manner set forth above.

15. GOVERNING LAW

This agreement shall be construed in accordance with, and governed by, the laws of the State of California. This agreement is also subject to the jurisdiction of the Superior Court of the State of California for the County of Tehama.

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

PURCHASER:

SKY VIEW COUNTY WATER DISTRICT

By: 
KATHERINE WILSON

In her capacity as President of the Board of Directors of the Sky View County Water District and not in her personal capacity.

By: 
ROBERT MIX

In his capacity as Secretary of the Board of Directors of the Sky View County Water District and not in his personal capacity.

SELLER:

PONDEROSA SKY RANCH WATER SYSTEM,

By: 
JOHN W. RICHARDSON

in his capacity as Receiver appointed by the Superior Court of the State of California for the County of Tehama Case No. 52345, et.al. and not in his personal capacity

SCHEDULE # A

WATER SYSTEM ASSETS

[*description provided by purchaser/SVCWD]

<u>Type of Asset</u>	<u>Description of Asset</u>
Water Distribution System	Approximately five (5) miles of pipeline. multiple valves of various types fire hydrant standpipes 84 meters All components and tools necessary to daily operation and maintenance of water distribution system
Water Storage System	steel storage tank, approximately 16,000 gallon capacity, in daily operation; stone storage tank approximately 20,000 gallon capacity, condemned/non-operable
Hydro pneumatic System	steel pressure storage tank, approximately 300 gallon capacity air compressor pumping station building all components and tools necessary to daily operation and maintenance electrical power boxes associated with pneumatic pressure system pressure system control housing building
Water Supply System	Well(s) located on parcel A.P.N.013-220-35 25 h.p. submersible pump automatic chlorinator and chlorinator components three-phase to single-phase electrical transformer electrical power boxes associated with pump operation two-way radio controls, components associated with pump operation, operations manuals and spare parts well housing building Approximately 3000 feet ten inch steel supply pipe extending from well to storage tank Water control apparatus: valves, gauges, sleeves, gaskets, fixtures and tools necessary to daily operation and maintenance

Supplies on hand

Including but not limited to:

Surplus Meters

Submersible pump 75 h.p. or other, backup or in need of repair

Pipe and pipe fittings of various size and type

Electrical components

Water Disinfection Chemicals

Miscellaneous chemicals, tools and equipment necessary to daily operation and maintenance

(a) Water System. All water treatment equipment and facilities, wells, pumping equipment, connections, tanks, reservoirs, water mains, meters and hydrants held or owned by Seller and described in Schedule #A hereof.

(b) Real Property and Easements. All real property, easements and other real property rights held or owned by Seller, described in Schedule #C hereof.

(c) Water Rights. All water rights related to real property described in Schedule #C hereof which is needed and necessary to the continued distribution of potable water to the community.

(d) Other Assets. All other tangible assets owned by the Seller and used in the Seller's business, including but not limited to office facilities, vehicles, personal property, office furniture, office and computer equipment, fixtures, computer software and other tangible property as described in Schedule #D, all rights under contracts, all claims and all prepaid expenses, and described in Schedule(s) # E and F, hereof.

(e) Inventory. All inventories owned by Seller, including but not limited to component parts and spare parts and described in Schedule #B hereof and as filed with the Superior Court by the Receiver on July 5, 2007.

(f) Accounts Receivable. All accounts receivable owned by Seller.

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

(h) Name. All rights to the name "PONDEROSA SKY RANCH WATER SYSTEM" or "PONDEROSA SKY RANCH WATER COMPANY".

(i) Licenses. All licenses of Seller described in Schedule #E hereof.

(j) Deposits. All deposits with government agencies, vendors, contractors and other entities described in Schedule # H hereof.

(k) Intangible Property. All of the interest of Seller in any intangible property owned by the Seller and used in Seller's business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, water rights, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller's business all of which are collectively referred to as the "Intangible Property". The Intangible Property shall consist of, without limitation, all customer service contracts and all site plans, plans and specifications, "as-built" plans and drawings, permits and other governmental reviews, approvals and entitlements related to the Water System including State Revolving Fund ("SRF") and Proposition 50 Grant Funding ("PROP/50") applications such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of, under the control of or available to Seller and as described in Schedule #F hereof.

**SCHEDULE #B
INVENTORY**

1 **JOHN W. RICHARDSON**
Receiver
2 5161 Soquel Drive, Suite F
Soquel, CA 95073
3 Telephone: (831) 475-2404
Fax: (831) 475-1213
4

FILED
SUPERIOR COURT OF CALIFORNIA
JUL 0 2004
CLERK OF SUPERIOR COURT
HERNANDEZ, CLERK OF COURT
P.O. BOX 10000, SAN JOSE, CA 95193

5
6 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
7 **FOR THE COUNTY OF TRHAMA**

8 In re Case No. 03345
9 **CALIFORNIA PUBLIC UTILITIES** **INVENTORY OF RECEIVER**
COMMISSION

10 Plaintiff
11 vs
12 **PONDEROSA SKY RANCH WATER**
13 **SYSTEM and its Owners and Operators,**
14 **ORVILLE A. FIGGS and KEYNE E. FIGGS**
15 Defendant

16 John W. Richardson, Receiver in the above entitled action (the "Receiver") submits this
17 Inventory:

- 18 1. Upon appointment to the case the Receiver took over operation of the
19 Ponderosa Sky Ranch Water System. No physical assets such as personal
20 property or financial/operational documents belonging to the Company
21 have been turned over to the Receiver.
- 22 2. US Bank turned over to the Receiver \$3.16 from an account maintained at
23 their branch.
- 24 3. Since his appointment the Receiver has purchased a billing software system
25 and has purchased various components used to repair the System as
26 necessary. This includes the following but not limited to the replacement of
27 a 25HP pump and water meters.
- 28 4. Undetermined System components such as distribution lines and water tank
in poor condition.

SCHEDULE # C

REAL PROPERTY AND EASEMENTS

Provided by

Sky View County Water District

Parcel 1

Description of an existing well site adjacent to Paynes Creek as follows:

Beginning at a point which bears approximately North 62° West, a distance of 1100-feet, more or less, from the East ¼ Corner, Section 29, T. 29 N., R. 2 E., M. D. B. & M., said Point of Beginning being an existing well and the center for said 150-foot by 150-foot well/pump easement; containing, 0.52 acres, more or less.

Together with a 40-foot wide pipeline, power line and access easement on each side of Paynes Creek running from Ponderosa Way (aka, Ponderosa Sky Ranch Road) to the well site. Said easement shall, in general, follow the existing access roads on each side of Paynes Creek.

Parcel 2

Description of the existing water transmission pipe line between the existing Paynes Creek well and the existing water storage tank adjacent to Ponderosa Way as follows:

A 50-foot wide access easement for the purpose of inspecting, maintaining, repairing, and replacing an existing water transmission pipeline, and all appurtenances, more particularly described as follows: Beginning at the existing well, as described in Parcel 1; thence northerly and northwesterly along the centerline of the existing water transmission pipeline, a distance of 1900-feet, more or less, to an existing water storage tank; containing, 2.18 acres, more or less.

Parcel 3

Description of a proposed well site near Ponderosa Way and Paynes Creek as follows:

A parcel 200 foot by 200 foot, 100 feet each side of Paynes Creek, containing 0.92 acres, more or less. Said future well site shall be determined by hydro-geological evaluation and test drilling and shall be situated within a 1600 foot long by 200 foot wide strip of land, parallel with and lying 100 feet on each side of Paynes Creek. The center of said 1600 foot long by 200 foot wide parcel being the intersection of Ponderosa Way and Paynes Creek

Together with the right to explore for a future well location, drill, develop and construct a well near Paynes Creek, including access and the installation of a pump, motor, controls, pump building, power lines and all related appurtenances, and the operation, maintenance and replacement of said facilities.

Together with the right to use Ponderosa Way for access to the existing and proposed water wells including the installation of a future pipeline and appurtenances, control wires and power lines in and along Ponderosa Way, between State Highway 36 and Paynes Creek.

Parcel 4

Description of existing water tank(s) and pressure tank site as follows:

Commencing at the northeast corner of Lot 5, said point identified as R-5, on that certain Record of Survey Map, Recorded in the Office of the Tehama County Recorder, in Book 0 of Maps, at Pages 91 and 92, January 9, 1964; thence S 03°35'50" E, a distance of 30.00 feet to the southerly side of Ponderosa Sky Ranch Road (aka, Ponderosa Way) and the Point of Beginning for the herein described parcel; thence from said Point of Beginning S 68°15'50" E along the southerly side of said road, a distance of 256.20 feet; thence S 03°35'50" E, a distance of 170.02 feet; thence N 68°15'50" W, a distance of 256.20 feet to the southeast corner of said Lot 5; thence N 03°35'50" W, along the easterly line of said Lot 5, a distance of 170.02 feet, to the Point of Beginning; containing 1.0 acre, more or less.

Easements

Description of known recorded easements as follows:

- 1) Recorded February 14, 2005 in Tehama County Book 2648 Page 123 of Grant Deed, doc #003048; "Reserving unto the remaining lands of the grantor herein an easement for installation, maintenance and repair of the existing water pipe lines over the described property".

03/09/2006 14:54 538-597-2928
03/09/2006 13:37 FAX 509 327 3887

ORVILLE FIGGS

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HW 2649 no 122

03049

RECORDS MAINTAINED BY
COUNTY CLERK'S OFFICE
AND WHEN RECORDED MAIL TO:

JAMES P. BEHN-SCHNE
PO BOX 703
MILLVILLE, CA 95528

The Order No.
Order No. 07000

RECORDED AT THE OFFICE OF
COUNTY CLERK
MILLVILLE, CALIFORNIA
FEB 14 2006

APR. 013-200-01 (200)

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S): County Transfer Tax is \$222.00

(X) Computed on the full consideration or value of property conveyed
OR
(X) Computed on the full consideration or value less fees or contingencies resulting at time of sale
Unincorporated area of the County of Tehama, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, ORVILLE A. FIGGS II, do
hereby GRANT(S) to JAMES P. BEHN-SCHNE of The Open Family Trust dated September 12, 2002

The real property in the unincorporated area of the County of Tehama, State of California, described on the BEHN-SCHNE
SEARCHED THERE and made a part hereof.

Dated: February 8, 2006

STATE OF CALIFORNIA
COUNTY OF Tehama

On February 11, 2006

Donna Criffs

Notary Public, State of California

Donna Criffs
1100 N. Main Street
Tehama, CA 96072
(530) 825-1100

Donna Criffs

MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT A

03/09/2006 14:54 538-597-2920
03/09/2006 13:38 FAX 530 527 5467

ORVILLE FIGGS
N CA TITLE-ESCHOW DEPT

PAGE 03

2648-123

Being a portion of Section 25, Township 20 North, Range 2 East, M.D.M., more particularly described as follows:

Beginning West West of the following described tract:

Commencing at the Northeast corner of Section 25, Township 20 North, Range 2 East, M.D.M., a distance of 3,130.00 feet to the true point of beginning; thence South 88° 47' 30" East, a distance of 604.23 feet to the centerline of a rock fence enclosing said section; thence South 88° 47' 30" East, a distance of 487.23 feet; thence bearing said centerline North 88° 47' 30" East, a distance of 130.23 feet; thence North 88° 47' 30" West, a distance of 44.25 feet; thence North 04° 27' 17" East, a distance of 21.25 feet; thence North 01° 43' 15" West, a distance of 227.24 feet; thence South 88° 47' 30" East, a distance of 107.10 feet; thence South 88° 47' 30" East, a distance of 20.20 feet; thence South 88° 47' 30" West, a distance of 180.00 feet; thence North 88° 47' 30" West, a distance of 106.44 feet, more or less, to a point on the North-South mid-section line of Section 25; thence Southwardly on said mid-section line to the mid-point on the South line of said Section 25.

Beginning thence on the South half of the South half of said Section 25, Township 20 North, Range 2 East, M.D.M.

Also accepting thereon all of the provisions of the Ranch Subdivision Unit No. 2, dated April 10, 1976, in Book 6 of Maps, 23 pages 50 and 51, Records of Tehama County.

Also accepting thereon all of the provisions of the Ranch Subdivision Unit No. 3, dated November 3, 1976, in Book 6 of Maps, 23 pages 52 and 53, Records of Tehama County.

Also accepting thereon all of the provisions of the Ranch Subdivision, dated August 13, 1958, in Book 1 of Maps, 23 pages 34, 35 and 36, Records of Tehama County.

Also accepting thereon the following described property:

Beginning at the Northeast corner of Section 25, Township 20 North, Range 2 East, M.D.M.; thence West along the North line of said Section 25, a distance of 605.23 feet; thence South 23° 00' 00" West, a distance of 176.24 feet; thence South 42° 54' 00" West, a distance of 724.75 feet; thence South 58° 47' 30" West, a distance of 487.23 feet; thence North 88° 47' 30" West, a distance of 227.24 feet to the Northeast corner of Parcel 5 of a Ranch of Survey Map in the Tehama County Recorder's Office in Book 6 of Maps at pages 51 and 52; thence South 88° 47' 30" West, a distance of 20.20 feet, said point being the true point of beginning; thence North 88° 47' 30" West, a distance of 180.00 feet; thence South 88° 47' 30" West, a distance of 106.44 feet; thence North 88° 47' 30" East, a distance of 107.10 feet to the true point of beginning.

RESERVING unto the remaining lands of the grantor herein all easements for installation, maintenance and repair of the existing water pipe lines over the above described property.

END OF DOCUMENT

SCHEDULE # D

OTHER ASSETS

Any other assets used in Seller's water business, including but not limited to fully depreciated and miscellaneous assets not listed in this schedule.

Items listed in this schedule are used in the daily operation of Seller's business.

<u>Asset Account</u>	<u>Description of Asset</u>	<u>Quantity</u>
Office Furniture and Equipment	Chairs	0
	Computer	0
	computer billing software	1
	Desk	0
	Printer	0
	four drawer file cabinets	0
	Hand calculator	0
	Computer Keyboard	0
	Computer Monitor	0
	Ledger tray & posting cards	0
	Misc. Assets	Any miscellaneous or fully depreciated assets used in Seller's water business and not listed in this Schedule.
Office space rental for General Manager		0
Trucks		0
Cars		0
Tractors		0

SCHEDULE # E

LICENSES

Including but not limited to:

Public Water System No.5200562

Valid certificate of public convenience and necessity issued by the California Public Utilities Commission

Valid Domestic Water Supply Permit, issued by Tehama County Department of Environmental Health

**SCHEDULE # F
INTANGIBLES**

Intangible Property: All of the interest of Seller in any intangible property owned by the Seller and used in Seller's business and to the extent approved by Purchaser in writing pursuant to the provisions of this Agreement, any and all contracts, warranties, guarantees, agreements, utility contracts, operating and customer account records, maps and drawings, permits, franchises, licenses, water rights, claims, prepaid expenses, grants, certificates and privileges and other rights owned by Seller relating to or used in connection with the ownership, operation, use, occupancy or enjoyment of all or any part of the Seller's business all of which are collectively referred to as the "Intangible Property".

The Intangible Property shall consist of, without limitation, all customer service contracts and all site plans, plans and specifications, "as-built" plans and drawings, permits and other governmental reviews, approvals and entitlements related to the Water System including but not limited to; State Revolving Fund ("SRF") and Proposition 50 Grant Funding ("PROP/50") applications such of the foregoing as have been heretofore prepared, applied for, obtained or otherwise are in the name or possession of, under the control of or available to Seller as described herein.

Form of Assignment of Intangibles

**Assignment of intangible property,
Contracts, warranties and guarantees**

This Assignment of Intangible Property, Contracts, Warranties and Guarantees is executed as of this ___ day of _____, 200X, by Seller, Ponderosa Sky Ranch Water System ("Assignor") in favor of Sky View County Water District ("Assignee") pursuant to that certain Asset Acquisition Agreement dated as of the 9th day of June, 2009 (the "Agreement"), by and between Assignor, as seller, and Assignee, as purchaser.

FOR VALUE RECEIVED, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the Intangible Property (as defined in the Agreement) including, without limitation, the Intangible Property described in Schedule #F attached hereto and made a part hereof.

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

Assignee hereby covenants that it has no obligation to assume, agree to perform or cause to be performed Assignor's obligations, if any, under the Intangible Property described in Schedule #F attached hereto, from and after the date of this instrument.

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

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

Ponderosa Sky Ranch Water System

By: _____
John Richardson, Receiver

Sky View County Water District

By: _____
Kathrine Wilson, President, Board of Directors

By: _____
Robert Mix, Secretary, Board of Directors

SCHEDULE #G

EXCLUDED ASSETS

All Ponderosa Sky Ranch Water Company assets acquired by Seller are included, there are no excluded assets.

SCHEDULE # H

DEPOSITS

Any and all customer deposits. Any deposits made by seller for grants or low interest loans with governmental agencies.

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PONDEROSA SKY RANCH WATER SYSTEM ("Seller"), hereby sells, grants, conveys, assigns, transfers and sets over to SKY VIEW COUNTY WATER DISTRICT ("Purchaser"), all improvements and personal property comprising the water production, storage and distribution facilities and all water rights, and assets of every kind comprising the water system owned and operated by Seller, in the area of Paynes Creek, California including, without limiting the generality of the foregoing, the following:

1. All of the Improvements described in Schedule #A attached hereto.
2. To the extent not described in Schedule #A-H, attached hereto, all wells, pumps, pumping plants and pumping equipment, tanks, mains, pipes, pipelines, hydrants, valves, connections, services, meters, meter boxes and associated facilities, buildings, structures, improvements and appurtenances thereto, and all property and assets of every kind comprising a part of or used in connection with the operation of Seller's potable water system.
3. All rights of any kind now held by Seller in and to any and all water, water rights and rights to distribution of water.

Executed on the ___ day of _____, 2009.

Ponderosa Sky Ranch Water System.

By: _____
John Richardson
Receiver

(End of Appendix)