

## AGREEMENT

Agreement made July 31, 1984 between TIMBER COVE COUNTY WATER DISTRICT (hereinafter referred to as "DISTRICT") a water district organized under Water Code Section 3400 et seq. of the State of California and having its principal office at Timber Cove, California, and the TIMBER COVE MUTUAL WATER COMPANY (hereinafter referred to as "MUTUAL"), a corporation organized under the General Nonprofit Corporation law of the Corporations Code of the State of California. Mutual was incorporated on January 31, 1978 as a California Corporation.

### PREAMBLE

On March 22, 1979, Richard Clements, Jr., individually; Timber Cove Properties, Inc., a corporation, by Richard Clements; Gualala Investment Co., a limited partnership, by Richard Clements, transferred to Mutual certain personal property items used in the providing of water, including but not limited to, storage tanks and associated piping.

On March 22, 1979, Richard Clements Jr., individually; Timber Cove Properties, Inc., a corporation, by Richard Clements; Gualala Investment Co., a limited partnership, jointly conveyed an easement and right to the Timber Cove Mutual Water Company to certain wells, associated piping and for water storage tanks. This document was recorded on July 19, 1979 in book 3596, page 442, of the records of Sonoma County.

On March 22, 1979 Richard Clements, Jr., individually; Timber Cove Properties Inc., a corporation, by Richard Clements; Gualala Investment Co., a limited partnership, by Richard Clements, jointly conveyed an easement to the Timber Cove Mutual

Water Company pertaining to the seeking, drilling and construction of water wells. This document was recorded on November 21, 1979 in book 3656, page 901, of the records of Sonoma County.

Mutual has heretofore provided for the supplying of water to the Timber Cove Area. Mutual desires to relieve itself of the responsibility for providing water supplies to the Timber Cove Area.

District was formed on April 24, 1984 pursuant to Resolution 84-785 of the Board of Supervisors of the County of Sonoma. The purpose for the formation of District was to assume responsibility for the delivery of water supplies in the Timber Cove Area and, subsequently, to improve the quantity and quality of water supplies to the Timber Cove Area. District desires to assume from Mutual the responsibility for delivering water supplies to the Timber Cove Area.

In consideration of the Mutual covenants contained below, County and Mutual agree:

#### SECTION ONE

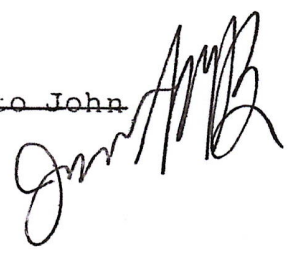
1.1 Mutual shall assign and deliver to District and District shall accept, by the transfer date, as hereinafter described, all the assets and properties owned by Mutual or in which Mutual has any right, title or interest inchoate or otherwise, of every kind and description, wherever located, including all property, tangible or intangible, real or personal, including accounts receivable, bank accounts, cash as more specifically enumerated in Exhibit A attached hereto.

## SECTION TWO

In consideration of the transfer of assets under this agreement, District shall assume and pay only those liabilities of Mutual as specifically set forth in Exhibit B attached hereto, provided that the liabilities assumed shall not include:

(a) any liabilities, whenever accrued, for taxes.

~~(b) note to John Merner, note to Abcliff and note to John Bolles.~~



## SECTION THREE

On August 1, 1984, District shall assume operational control of the assets set forth in Section One and shall assume responsibility for all costs and expenses accrued in connection with such assets as of August 1, 1984.

On account of the difficulty in ascertaining the exact assets owned by Mutual, the transfer of title to the assets enumerated in Section One will be completed on the transfer date. The transfer date is defined to mean August 17, 1984 and shall be the date on which the transfer of the assets, described in Section One, and the liabilities, described in Section Two, shall be completed.

## SECTION FOUR

The transfers to District by Mutual shall be effected by deeds, bills of sale, endorsements, checks and other instruments of transfer in such form as District shall reasonably request. Any time and from time to time after the transfer date, Mutual, on District's request, will do, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers and power of attorney as may be required in conformity with this agreement for

the adequate assigning, transferring, granting and confirming to District of the assets and properties transferred to District as provided herein.

#### SECTION FIVE

After the transfer date, District shall have the authority to collect all receivables, described in Section One, transferred to District hereunder. Mutual will transfer to District any cash or other property that sellers may receive in respect to any such receivables.

#### SECTION SIX

District shall have the right to inspect the financial records of Mutual and shall compile, at District's expense, financial statements pertaining to Mutual. These financial statements to be completed and acceptable to both District and Mutual by the transfer date.

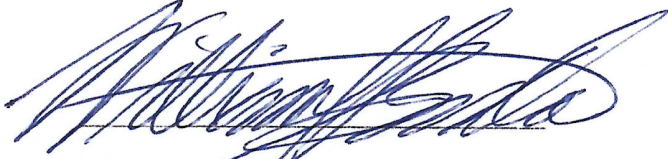
#### SECTION SEVEN

Mutual will provide District with any clearance required by a governmental agency including, but not limited to, the State of California to effect the transfer contemplated by this document.

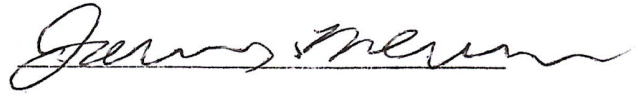
#### SECTION EIGHT

This instrument contains the entire agreement between the parties with respect to the transaction contemplated herein. It may be executed 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.

IN WITNESS THEREOF, the parties have executed this agreement  
in Sonoma County, the day and year first above written.



WILLIAM BENETTA, CHAIRPERSON  
TIMBER COVE COUNTY WATER  
DISTRICT



JOHN MERNER, PRESIDENT  
TIMBER COVE MUTUAL WATER  
COMPANY

Jacuzzi pump, Model 15 2/T A 2 with Century 15 HP motor, Model 5C256U0; with related switches and relay equipment as installed.

A Chlorinator - Roll-Clor, TL107 with 30-gallon solution tank; with liquid level control and associated piping, valves and gauges.

Water storage tanks, Nos. 1, 2, 3 and 4, as shown on the certain map of the Timber Cove Mutual Water Company, dated July 1974, together with existing surge tanks, pumps and motors installed thereon and related liquid level controls, switches, relays, valves and piping. A copy of said map is attached hereto as Exhibit B.

All lineal feet of 6-inch welded steel piping as shown on Exhibit B.

All lineal feet of 4-inch welded steel piping as shown on Exhibit B.

All lineal feet of 4-inch asbestos cement piping as shown on Exhibit B.

All lineal feet of 2-inch galvanized steel piping as shown on Exhibit B.

All fittings, pressure reducers and other distribution equipment attached to or part of the existing water distribution system as shown on Exhibit B.

All lineal feet of 2-inch P.V.C. piping extending from the source to the tank No. 1 as shown on Exhibit B.

All lineal feet of 2-inch and 2-1/2-inch galvanized pipe extending from the source to the Timber Cove Inn together with valves related thereto as shown on Exhibit B.

All lineal feet of 4-inch P.V.C. pipe from Harriette Well to Tank No. 1 as shown on Exhibit B.

All lineal feet of 2-inch P.V.C. pipe extending from lot 3 as shown on page 22 of Timber Cove Unit 2 recorded in Book 103 of Maps in the records of Sonoma County's Recorders Office, to lots 7, 8 as shown on Exhibit B.

All lineal feet of 2-inch P.V.C. pipe from Kelly Court to lot 8 as shown on page 21 of Timber Cove Unit 2, recorded in Book 103 of Maps in the records of Sonoma County's Recorders Office as shown on Exhibit B.

Exhibit A

Grant of Easement from Richard Clements, Jr., Timber Cove Properties, Inc., Gualala Investment Co., a Limited Partnership, Allen W. Kofstinow, C.R.E. Smith and Martha Smith, recorded on April 18, 1978 in Book 3551, Page 637 in the Official Records of Sonoma County, California, a copy of which is attached hereto as Exhibit C.

Grant of Easement from Richard Clements, Jr., Timber Cove Properties, Inc., and Gualala Investment Co., a Limited Partnership, recorded July 19, 1979 in Book 3596, Page 442, in the Official Records of Sonoma County, California, a copy of which is attached hereto as Exhibit D.

Grant of Easement from Ladora Leap, recorded October 8, 1979 in Book 3634, Page 812 in the Official Records of Sonoma County, California, a copy of which is attached hereto as Exhibit E.

Grant of Easement from Richard Clements, Jr., Timber Cove Properties, Inc. and Gualala Investment Co., a Limited Partnership, recorded November 21, 1979 in Book 3656, Page 901, in the Official Records of Sonoma County, California, a copy of which is attached hereto as Exhibit F.

Well located in right of way at Cundal Court, as shown on Exhibit B.

Well located in right of way at Lyons Court as shown on Exhibit B.

Well located in right of way at Signaico Way as shown on Exhibit B.

Well (abandoned) located at end of Signaico Way as shown on Exhibit B.

Well located on Ruoff Drive as shown on Exhibit B.

EXHIBIT A