

and a thorough analysis of the relationship between the portions of the Assets which are real estate and system facilities, it being the intent of Seller and Purchaser that Seller is selling to Purchaser and Purchaser is purchasing from Seller all items of real and personal property and all rights (whether or not included as Excluded Assets) necessary to operate, maintain and use the water utility system that furnishes water service to the public in the Service Area.

1.4 Consideration

a. The purchase price for the Assets to be paid by Aqua to Seller and Association shall be TWO HUNDRED THOUSAND and NO/100 Dollars (\$200,000.00), payable in full, via wire transfer, at the time of Closing.

b. In addition, at Closing, for the period of August 1, 2005 through the Closing, Aqua agrees that it shall reimburse Seller for: (1) the purchase of water meters of that type specified by Aqua and ordered through Aqua in order to obtain a volume purchase discount; and (2) capital expenditures for the public water utility system incurred by Seller and funded with additional equity from the Association during such period less any tapping fees, up to Two Hundred Twenty Thousand Dollars (\$220,000.00). Seller will consult with Aqua and obtain Aqua's written approval prior to undertaking any capital expenditures, except in emergency situations in which case Seller will notify Aqua of the emergency within twenty-four (24) hours of the event and allow Aqua to consult with Seller in the determination of the proposed capital expenditure. The determination of what constitutes capital expenditures shall conform to Aqua's current accounting policies and shall include only such items that will be treated as capital expenditures for ratemaking purposes.

c. At Closing, Aqua shall also reimburse Seller for the legal fees incurred by Seller related to this transaction, limited to the amount of Fifteen Thousand Dollars (\$15,000.00).

d. Seller and Aqua shall cooperate in the review, submittal, permitting, and construction of the contemplated water treatment plant 2 refurbishment. Within a reasonable time following the execution of this Agreement, Seller shall supply two (2) complete sets of the plans and specifications for the water treatment plant 2 refurbishment to Aqua. Aqua will diligently review the plans and specifications and provide comments to Seller within a reasonable time. Seller will incorporate all of the changes to the water treatment plant 2 refurbishment plans and specifications suggested by Aqua and, upon Aqua's written approval thereof, Seller shall submit all required and necessary applications to all appropriate governmental agencies, seeking approval to construct the water treatment plant 2 refurbishment in accordance with such approved plans and specifications. Upon receipt of all necessary governmental approvals, Seller and Aqua shall cooperate in the issuance of a request for proposal and shall jointly chose a contractor to construct the water plant refurbishment. The terms and conditions of the contract for the water plant refurbishment must be acceptable to Aqua. If the procedures of this subsection are followed, and if the contractor and Seller are not in default under their contract, then, at Closing, Aqua will assume the contract with the contractor for the refurbishment of the water plant upon reasonable terms and conditions. In addition, and subject to the conditions of this subsection and this Agreement, Aqua shall reimburse Seller for all capital additions made by Seller with debt or equity funds from the Seller