

THIS ASSET Purchase Agreement is made the 28 day of August, 2015,

BETWEEN:

**EPCOR WHITE ROCK WATER INC.**, a company formed  
under the laws of British Columbia

(the "Vendor")

AND:

**CITY OF WHITE ROCK**, a municipal corporation validly  
subsisting under the laws of British Columbia

(the "Purchaser")

WHEREAS:

- A. The Vendor owns and operates the Utility; and
- B. The Vendor has agreed to sell and the Purchaser has agreed to purchase, subject to certain exceptions set forth in this Agreement, the property and assets of the Vendor used in the operation of and assume certain obligations and liabilities related to the Utility, on the terms and subject to the conditions of this Agreement;

NOW THEREFORE WITNESSETH that in consideration of the premises and of the mutual covenants and agreements set forth herein, the parties hereto covenant and agree as follows:

## ARTICLE 1 DEFINITIONS AND INTERPRETATION

### Definitions

1.01 In this Agreement, including the recitals hereto, the following words and phrases shall have the following meanings:

- (a) "Accounts Receivable" means accounts receivable, trade accounts, bills receivable, notes receivable, book debts and other debts due or accruing due to the Vendor in respect of the operation of the Utility, excluding any of the foregoing that constitute Excluded Assets;
- (b) "Advance Payment" means the payment to be made pursuant to section 2.03;
- (c) "Assets" means all of the following property and assets of the Vendor used in connection with the operation of the Utility:

- (i) the Works;
- (ii) the Reservoirs;
- (iii) the Wells;
- (iv) the Rights of Way;
- (v) the Fee Simple Parcels;
- (vi) if an O&M Agreement is not entered into, the Tools;
- (vi) the Inventory;
- (vii) the Goodwill;
- (viii) all permits, licences, consents, authorizations and approvals relating to the Utility including, without limitation, the Permits and Licences;
- (ix) subject to section 5.01, all right, title, benefit and interest under all Material Contracts;
- (x) all customer lists, brochures, samples, manufacturers' manuals (including manufacturers' operation and maintenance manuals), engineering and inspection reports for the Utility dated during the three years preceding the date of this Agreement, and all other filings to and exchanges of correspondence, documents and materials with the British Columbia Comptroller of Water Rights or Fraser Health Authority in the last 3 years;
- (xi) the Accounts Receivable and the Prepaids;
- (xii) the assets listed in the Capital Asset Schedule attached hereto as Schedule "A", to the extent not already described in this 1.01(c); and
- (xiii) if an O&M Agreement is not entered into, all SCADA computers located at the Works which do not contain other material business information, together with, to the extent assignable, the software for the SCADA system;

but for greater certainty does not include the Excluded Assets;

- (d) "Assignment and Assumption Agreement" means the agreement relating to the assignment and assumption of the Material Contracts to and by the Purchaser hereunder substantially in the form attached as Schedule "B" to be entered into between the Vendor and the Purchaser on Closing which is referred to in section 5.01;
- (e) "Assumed Liabilities" has the meaning set out in section 5.02;

- (f) "BCICAC" means the British Columbia International Commercial Arbitration Centre;
- (g) "Business Day" means any day except Saturday, Sunday, any statutory holiday in the Provinces of British Columbia or Alberta or any other day on which the principal chartered banks in the Cities of Vancouver or Edmonton are closed for business;
- (h) "Claim" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding, and includes any appeal or review and any application for same, which entitles a person to make a claim for indemnification under this Agreement;
- (i) "Closing" means the closing of the purchase and sale of the Assets as contemplated by this Agreement in accordance with Article 8;
- (j) "Closing Date" means the date of Closing determined in accordance with section 8.01;
- (k) "Collective Agreement" means the collective bargaining agreement between the Purchaser and the Canadian Union of Public Employees, Local No. 402-01, as amended from time to time;
- (l) "Confidentiality Agreement" means the Two-Way Confidentiality Agreement between the parties dated October 15, 2013;
- (m) "Damages" means any damages (available at law or in equity), losses, liabilities, claims, demands, debts, interest, charges, fines, penalties, assessments, reassessments, judgments, costs or expenses, including the costs and expenses of any legal proceeding, settlement or compromise relating thereto (including reasonable costs, fees and expenses of legal counsel), but excluding any contingent liability until it becomes actual;
- (n) "Employment Obligations" means the obligations and liabilities for wages, salaries, commissions, bonuses, pension or other payments or benefits (including any unfunded liability under the terms and conditions of any pension fund) to or in respect of the Utility Employees, including obligations and liabilities to the Utility Employees and the Government of Canada and any provincial or municipal governmental authority in respect of accrued pay and salaries, commissions, vacation and holiday pay, severance and termination entitlements, worker's compensation levies, withholding deductions for federal and provincial income taxes, other payroll deductions including Canada Pension Plan and provincial pension plan deductions and payments in respect of such employees;
- (o) "Encumbrance" means any mortgage, pledge, deed of trust, lien, conditional sale agreement, encumbrance, security interest, charge or adverse claim whatsoever;

- (p) "Environmental Laws" means all applicable statutes and regulations which relate, in whole or in part, to the protection of the environment or health or the manufacture, importation, handling, transportation, storage, disposal or treatment of Hazardous Substances including, without limitation, the *Environmental Management Act* (British Columbia), the *Canadian Environmental Protection Act* (Canada), the *Fisheries Act* (Canada), the *Hazardous Products Act* (Canada); and the *Transportation of Dangerous Goods Act, 1992* (Canada);
- (q) "Excluded Assets" means the following property and assets of the Vendor which are specifically excluded from the purchase and sale of assets contemplated by this Agreement:
- (i) cash on hand or deposit at the Closing Date;
  - (ii) any financial instruments or marketable securities;
  - (iii) amounts owing to the Vendor from any affiliate;
  - (iv) all deferred income taxes and refundable or other taxes paid by the Vendor;
  - (v) refunds in respect of assessments or reassessments for taxes paid by the Vendor;
  - (vi) the corporate, financial and tax records of the Vendor;
  - (vii) the Excluded Equipment and, if an O&M Agreement is entered into, the Tools;
  - (viii) other than as specified in Section 1.01(c)(xiii), any and all computers, software, including any license or other right to use software, and any other information technology equipment;
  - (ix) all contracts of employment with any employees;
  - (x) all insurance policies of the Vendor relating to the Utility and all rights in connection therewith including, without limitation, any rights to outstanding claims thereunder or refunds of insurance premiums;
  - (xi) all files, books, records, correspondence, lists, papers and other instruments prepared in connection with the sale of the Assets, including information received from third parties in respect of the sale of the Assets and any analysis relating to the sale of the Assets;
  - (xii) the Vendor's rights under this Agreement;
  - (xiii) the real property with civic address 1454 Oxford Street and legal description PID 029-076-234, Lot 1 Section 10 Township 1 NWD Plan EPP25563, which land is owned by EPCOR, but is not used as part of the Utility;

- (xiv) the additional property and assets of the Vendor, if any, described in Schedule "C" to this Agreement;
- (r) "Excluded Equipment" means any and all vehicles, furniture, and other similar assets owned by the Vendor and used in the operation of the Utility;
- (s) "Fair Market Value" has the meaning given to such term by the Canadian Institute of Chartered Business Valuators, namely "the highest price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts";
- (t) "Fee Simple Parcels" means the following parcels of real property together with the buildings, structures, improvements and appurtenances situated thereon:

PID	Legal Description	Civic Address
029-076-242	Lot 2 Sec 10 Tp 1 NWD Plan EPP25563	1444 Oxford St. White Rock, B.C.
007-563-191 007-563-205	Lot 17 Bl 17 Sec 11 Tp 1 NWD Plan 2793 Lot 18 Bl 17 Sec 11 Tp 1 NWD Plan 2793	15241 Roper Ave. White Rock, B.C.
007-563-906 007-563-949 007-563-981	Lot 1 Bl 1 Sec 10 Tp 1 NWD Plan 12415 Lot 2 Bl 1 Sec 10 Tp 1 NWD Plan 12415 Lot 3 Bl 1 Sec 10 Tp1 NWD Plan 12415	14811 Buena Vista Ave. White Rock, B.C.
007-560-923	Lot "D" Sec 11 Tp 1 NWD Plan 24118	15334 North Bluff Road White Rock, B.C.

- (u) "Financial Statements" means the unaudited financial statements of the Vendor relating to the operation of the Utility prepared for regulatory reporting to the British Columbia Comptroller of Water Resources for the fiscal years ending December 31, 2012, December 31, 2013, and December 31, 2014, copies of which are attached to this Agreement as Schedule "D";
- (v) "Goodwill" means the goodwill of the business of the Utility and the the exclusive right to represent oneself as carrying on the business of the Utility in continuation of, and as successor to, the Vendor and the right to indicate that the business of the Utility is so carried on;
- (w) "Governmental Authority" means any domestic federal, provincial, state, municipal, county or regional government or governmental authority, and includes any department, commission, bureau, board, administrative agency or regulatory body or any of the

foregoing;

- (x) "GST" means goods and services tax levied under Part IX of the *Excise Tax Act* (Canada);
- (y) "Hazardous Substance" means any substance, material, or thing or combination of substances, materials, or things which could cause an adverse effect on, or which is dangerous or detrimental or potentially dangerous or detrimental to, any part of the natural environment, including a substance, material, or thing included in or containing components included in the definition of "biomedical waste", "contaminant", "dangerous good", "deleterious substance", "hazardous product", "nutrient", "pollutant", "reportable substance", "special waste", "waste", or "toxic substance", or any variation of any such term, in any Environmental Law or which is prohibited, controlled, or regulated under any Environmental Law and, in respect of the foregoing, is found in a material or relevant concentration for the purpose of any Environmental Law;
- (z) "Inventory" means all inventories of water in reservoirs and wells and consumable supplies held by the Vendor as at the Closing Date for use in the operation of the Utility;
- (aa) "Material Adverse Effect" means any change, effect or event (excluding related to or arising from any or a combination of: general economic or market conditions, conditions generally affecting the industry in which the Vendor operates the Utility, the effects of this Agreement and the transactions contemplated thereby, and actions required to be taken under applicable law) that are, or would reasonably be expected to be, material and adverse to the attributes of the Assets;
- (bb) "Material Contracts" all contracts, engagements and commitments, whether oral or written, including the benefit of all unfilled orders received by the Vendor, and forward commitments to purchase made by the Vendor, that are material to the operation of the Assets or the Utility or to any ongoing construction or capital projects regarding the Assets or the Utility, which the Vendor is party to, including without limitation, any contract which will subject to the City to total liability in excess of \$25,000 subsequent to Closing, but does not include any contracts, engagements and commitments, whether oral or written, which constitute or are related to Excluded Assets, and for greater certainty Material Contracts means those Contracts listed in Schedule "E";
- (cc) "Material Loss" means any loss, damage or destruction of or to the Assets occurring prior to the passing of risk which cannot be repaired or replaced for less than \$200,000;
- (dd) "O&M Agreement" has the meaning given to such term in section 5.03;
- (ee) "Permits and Licences" means all permits and licences issued, granted, conferred or otherwise created by a Governmental Authority which are currently necessary in connection with the operation of the Utility;

- (ff) "Permitted Encumbrances" means:
- (i) Encumbrances for taxes and utilities which are not due or in arrears;
  - (ii) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property;
  - (iii) construction, mechanics', carriers', workers', repairers', storers' or other similar Encumbrances (i) that, individually or in the aggregate, are not material, (ii) that arose or were incurred in the ordinary course of business and ordinary industry practices, (iii) that are related to obligations not due or in arrears, (iv) that have not been registered or filed under applicable laws, and (v) for which notice in writing has not been given to the Vendor; and
  - (iv) the Encumbrances listed or described in Schedule "T";
- (gg) "Personal Information" means information about an identifiable individual, but does not include the name, position name, title, or business address, business email or business FAX or business telephone number of an employee of an organization;
- (hh) "Prepays" means all prepaid expenses relating to the Assets;
- (ii) "Provincial Sales Tax" means social services tax levied under the *Provincial Sales Tax Act* (British Columbia);
- (jj) "Purchase Price" means the purchase price payable to the Vendor by the Purchaser for the Assets in accordance with section 2.02;
- (kk) "Purchaser's Solicitors" means Lidstone & Company of 1300 – 128 W. Pender St., Vancouver, B.C. V6B 1R8;
- (ll) "Requested Utility Employees" has the meaning set out in section 5.04(a);
- (mm) "Required Consents" means the approvals, consents, and authorizations from Governmental Authorities and other third parties listed in Schedule "G";
- (nn) "Reservoirs" means all reservoirs and similar water storage facilities used by the Vendor as part of the Utility, including without limitation the reservoirs at the following locations:
- Roper Reservoir, located at 15241 Roper Avenue;  
Merklin Low Reservoir, located at 15334 North Bluff Road; and  
Merklin High Reservoir, located at 15334 North Bluff Road.
- (oo) "Rights of Way" means all statutory and non-statutory rights of way, easements, licenses, and rights or privileges of a similar nature related to land used or enjoyed by the Vendor in connection with the operation of the Utility, including without limitation the following:

Statutory Right of Way E43905  
Statutory Right of Way E43906  
Statutory Right of Way E43912  
Statutory Right of Way E54089  
Statutory Right of Way G101210  
Statutory Right of Way G92268  
Statutory Right of Way J73540  
Statutory Right of Way BB1289674  
Statutory Right of Way CA2646849,

but excluding, rights of way or access or similar rights used or enjoyed by the Vendor pursuant to the Rates and Terms and Conditions for Water Service currently in effect as approved by the British Columbia Comptroller of Water Rights;

- (pp) "Tools" means all tools owned by the Vendor and used exclusively in the operation of the Utility;
- (qq) "Utility" means the water distribution utility owned and operated by the Vendor, providing water supply, treatment and distribution service within the municipal boundaries of the City of White Rock and within certain areas of the City of Surrey which are adjacent to the area of the City of White Rock;
- (rr) "Utility Employees" means the employees of the Vendor or the Vendor's affiliates employed on a full time, part time or casual basis who work primarily in connection with the operation of the Utility, and, for greater clarity, includes those on vacation, short term disability, long term disability, workers' compensation-related leave, pregnancy, parental and other leaves, but does not include personnel of the Vendor or its affiliates who do not work primarily in connection with the operation of the Utility;
- (ss) "Vendor's Solicitors" means Fasken Martineau DuMoulin LPP of 2900 – Burrard Street, Vancouver, B.C. V6C 0A3;
- (tt) "Wells" means the water wells located at the following locations, together with all pipe, fittings, pumps, and other works used in the operation thereof:
  - Well 1 – Oxford Site (High Pressure Zone)
  - Well 2 – Oxford Site (High Pressure Zone)
  - Well 3 – Oxford Site (High Pressure Zone)
  - Well 4 – High Street (High Pressure Zone)
  - Well 5 – Buena Vista Avenue (Low Pressure Zone)
  - Well 6 – Merklin Site (High Pressure Zone)
  - Well 7 – Merklin Site (High Pressure Zone)
- (uu) "Works" means all water works, plants, mains, pipes and fittings, connections, and ancillary works thereto used by the Vendor as part of the Utility.



### Captions and Section Numbers

1.02 The headings and section references in this Agreement are for convenience of reference only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision thereof.

### Extended Meanings

1.03 The words "hereof", "herein", "hereunder" and similar expressions used in any clause, paragraph or section of this Agreement shall relate to the whole of this Agreement and not to that clause, paragraph or section only, unless otherwise expressly provided.

### Number and Gender

1.04 Whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed to mean the plural or feminine or body corporate where the context of this Agreement or the parties hereto so require.

### Section References

1.05 Any reference to a particular "article", "section", "subsection" or other subdivision is to the particular article, section, subsection or other subdivision of this Agreement.

### Governing Law

1.06 This Agreement and all matters arising hereunder shall be governed by, construed and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

### Severability of Clauses

1.07 In the event that any provision of this Agreement or any part thereof is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such remaining provisions shall be enforced to the fullest extent permitted by law.

### Currency

1.08 All sums of money to be paid or calculated pursuant to this Agreement shall be paid or calculated in currency of Canada unless otherwise expressly stated.

### Statutes

1.09 Unless otherwise stated, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force as such exists as at the Effective Date and again at the Closing Date, as applicable.

### No Contra Proferentum

1.10 The language in all parts of this Agreement shall in all cases be construed as a whole and neither strictly for nor strictly against any of the parties.

### Defined Terms

1.11 Where a word or phrase is specifically defined herein, other grammatical forms of that word or phrase have corresponding meanings.

### Knowledge

1.12 Any reference to “the knowledge of the Vendor” means the actual knowledge of Gary Martens, Senior Manager, Water and Waste Water, and Vince Corkery, Director, Municipal Operations, without further inquiry, other than reasonable consultation with appropriate Utility Employees (including without limitation Betty Icharia) who have knowledge of the relevant subject matter.

### Accounting Principles

1.13 Unless otherwise specified, any reference in this Agreement to accounting principles is to the commonly accepted ways of recording and reporting accounting information in Canada by rate regulated enterprises who have not converted to International Financial Reporting Standards, consistently applied.

### Performance on Non-Business Days

1.14 If any act is required by the terms of this Agreement to be performed on a day which is not a Business Day, the act will be valid if performed on the next succeeding Business Day.

### Schedules

1.15 The schedules attached hereto are hereby incorporated into this Agreement and form a part hereof. All terms defined in this Agreement shall have the same meaning in such schedules. The schedules to this Agreement are as follows:

- Schedule "A" - Capital Asset Schedule
- Schedule "B" - Assignment and Assumption Agreement

Schedule "C" - Excluded Assets  
Schedule "D" - Financial Statements  
Schedule "E" - Material Contracts  
Schedule "F" - Permits and Licences  
Schedule "G" - Required Consents  
Schedule "H" - Utility Employees  
Schedule "I" - Permitted Encumbrances

ARTICLE 2  
PURCHASE AND SALE OF ASSETS

Purchase and Sale

2.01 Upon the terms and subject to the conditions of this Agreement, the Vendor hereby agrees to sell and the Purchaser agrees to purchase the Assets free and clear of all Encumbrances other than the Permitted Encumbrances.

Purchase Price

2.02 The Purchase Price payable by the Purchaser to the Vendor for the Assets shall be the Fair Market Value thereof as at the Closing Date, to be determined and paid in accordance with this Article and is exclusive of Sales Taxes.

Payment of Applicable Taxes, Fees and Charges

2.03 All amounts payable by the Purchaser to the Vendor pursuant to this Agreement do not include, and the Purchaser will be liable for and shall pay all applicable sales, value-added, use, personal property, excise, transfer and other similar taxes or fees ("**Sales Taxes**") payable in connection with the transfer of the Assets to the Purchaser, including Provincial Sales Tax and GST, but excluding any income taxes payable by the Vendor or any other person as a result of the completion of the purchase and sale of the Assets. If the Purchaser qualifies for an exemption from any such applicable Sales Taxes, in which case the Purchaser shall, in lieu of payment of such applicable Sales Taxes to the Vendor, deliver to the Vendor a certificate (the "**GST Certificate**") stating that the Purchaser is registered with Canada Revenue Agency or any successor thereto for the purposes of GST and setting out its GST number. The Sales Taxes will be paid by the Purchaser to the Vendor at Closing to the extent the Vendor is required by law to collect the Sales Taxes at Closing, and, thereafter, the Purchaser shall pay to the Vendor, any Sales Taxes at the time(s) such are required by law to be collected by the Vendor.

Closing Date Payment

2.04 On the Closing Date, if:

- (a) the parties have agreed on the Purchase Price, the Purchaser will pay the Purchase Price, as adjusted in accordance with sections 2.10 and 2.11, plus all applicable amounts pursuant to section 2.03, to the Vendor by bank draft, certified cheque, or wire transfer; or
- (b) the parties have not yet agreed on the Purchase Price, the Purchaser will make a payment to the Vendor in the amount of \$14,000,000 (the "**Advance Payment**"), as adjusted in accordance with section 2.11, plus all applicable amounts pursuant to section 2.03, by bank draft, certified cheque, or wire transfer, on account of the Purchase Price.

Determination of Purchase Price

2.05 The parties will negotiate in good faith to agree on the Purchase Price prior to the Closing Date. If the parties fail to so agree on or before the Closing Date, the parties will continue to negotiate in good faith following the Closing Date and, failing such agreement, the Purchase Price will be referred to, and finally resolved by, arbitration pursuant to the *Arbitration Act*, R.S.B.C. 1996, c.55. In the absence of any written agreement otherwise, the place of arbitration shall be Vancouver, British Columbia and the arbitration will be conducted in accordance with the rules of the BCICAC for the conduct of domestic arbitrations (the "**BCICAC Rules**") as amended or replaced by the following procedures and principles:

- (a) the parties intend that any arbitration required to determine the Purchase Price will proceed expeditiously, with a target date not later than January 18, 2016 for commencement of any required arbitration hearing, such date subject to adjustment by agreement of the parties, acting reasonably, following consultation with the arbitrator;
- (b) forthwith following execution of this Agreement, the parties will negotiate in good faith to identify a mutually acceptable arbitrator;
- (c) if the parties have not agreed on a mutually acceptable arbitrator within 21 days following the execution of this Agreement, either party may invoke the procedures set out in the *Arbitration Act* for the appointment of an arbitrator;
- (d) subject to solicitor client privilege, the parties will make prompt and full disclosure of all relevant financial and other information reasonably requested by their respective experts which are required to complete their expert reports;
- (e) within 21 days of the appointment of the arbitrator, the parties will meet with the arbitrator to determine appropriate steps and timing of the arbitration process so that the arbitration hearing may commence as described in paragraph (a) above; and

- (f) the amount of the Advance Payment will be without prejudice to the position of both parties in any arbitration proceedings, and will not be disclosed to the arbitrator until after the arbitrator has made a final decision on the Purchase Price.

If the parties have not agreed upon the Purchase Price by September 30, 2015, at any time thereafter, either party may file an arbitration notice with the BCICAC.

#### Further Payment

2.06 If the parties have not agreed upon the Purchase Price on or before the Closing Date, following subsequent determination of the Purchase Price, whether by agreement of the parties or by arbitration:

- (a) if the Purchase Price is greater than the Advance Payment, the Purchaser shall pay to the Vendor such difference; or
- (b) if the Purchase Price is less than the Advance Payment, the Vendor will pay to the Purchaser such difference;

together with any applicable Sales Taxes and interest thereon as described below, as soon as practicable (and in any event not more than 28 days) following such determination. Interest from the date of the Advance Payment to the date of further payment will be added to and included with the further payment, at the Canadian Dollar Offered Rate published by Thomson Reuters (Reuters Canada) for one year loans, as in effect at the date of the Advance Payment.

#### Allocation of Purchase Price

2.07 The parties shall negotiate in good faith to agree on the allocation of the Purchase Price among the various categories of Assets; however, the parties agree that failure to agree on such allocation prior to the Closing Date will not result in a termination of this Agreement. In addition, if:

- (a) the parties agree on the Purchase Price at any time, but cannot agree on the allocation of the Purchase Price among the various categories of Assets within ninety (90) days of the later of the Closing Date and the date of agreement regarding the Purchase Price, the allocation will be submitted for determination to PriceWaterhouseCoopers LLP or if that firm is unable to act, to Grant Thornton LLP; and
- (b) the Purchase Price is to be determined pursuant to arbitration, the allocation of the Purchase Price among the various categories of Assets will be submitted to the arbitrator within the same arbitration proceeding regarding the Purchase Price.

### Costs of Arbitration

2.08 Each party will bear its own legal and other costs of the arbitration, and the parties will share the costs of the arbitrator equally, unless the arbitrator shall decide that the conduct of one party has resulted in excessive cost, in which case the arbitrator shall be entitled to make such award of costs as the arbitrator may consider just in the circumstances.

### GST Election

2.09

- (a) If applicable, the Vendor and the Purchaser shall jointly elect under Subsection 167(1) of the *Excise Tax Act* (Canada) in connection with the purchase and sale of the Assets, using the prescribed form and including the prescribed information, and the Purchaser shall file that election with the appropriate Governmental Authorities in accordance with the requirements of *Excise Tax Act*.
- (b) If the election described in paragraph (a) above is not applicable, then the Purchaser will be responsible for reporting the applicable GST on the acquisition of Real Property as required by Subsection 228(4) of the *Excise Tax Act*. For the purposes of this section 2.09, "Real Property" includes messuages, lands and tenements of every nature and description and every estate or interest in real property, whether legal or equitable.

### Adjustments

2.10 The parties agree that it is intended that all revenues and expenses relating to the operation of the Utility prior to the Closing Date shall be to the account of the Vendor and on and after such date to the account of the Purchaser and, as such, if the Purchase Price had been agreed upon as of the date of this Agreement, this Agreement would have included adjustments for, without duplication, working capital (adjusted to account for the Excluded Assets and, to the extent not already accounted for in the amount of Accounts Receivable, a reasonable allowance for bad debts), deferral accounts and similar matters. However, given that, as of the date of this Agreement, a Purchase Price has not been agreed to, to address the above intention and the lack of specific adjustment mechanism in this Agreement regarding these matters, the parties agree that:

- (a) if the parties agree on the Purchase Price on or before the Closing Date, the parties will enter into an additional agreement or agreement amending this Agreement setting out the Purchase Price and appropriate adjustment mechanisms with respect to, without duplication, working capital (adjusted to account for the Excluded Assets and, to the extent not already accounted for in the amount of Accounts Receivable, a reasonable allowance for bad debts), deferral accounts and similar matters;
- (b) if the parties agree on the Purchase Price after the Closing, such Purchase Price will account for, without duplication, the actual amounts of working capital (adjusted to account for the Excluded Assets and, to the extent not already accounted for in the amount of Accounts Receivable, a reasonable allowance for bad debts), deferral accounts, and similar matters as of the Closing Date, such that further adjustment is not required; or

- (c) if arbitration is required to determine the Purchase Price, the parties will base their evidence and valuations upon, and agree to instruct the arbitrator to determine Fair Market Value with reference to, without duplication, the actual amounts of working capital (adjusted to account for the Excluded Assets and, to the extent not already accounted for in the amount of Accounts Receivable, a reasonable allowance for bad debts), deferral accounts and similar matters as of the Closing Date, such that further adjustment is not required.

#### Other Adjustments

2.11 In addition to section 2.10, on the Closing Date, the parties will adjust for:

- (a) property taxes, utilities and licences; and
- (b) all other items customarily adjusted or prorated upon the sale and purchase of similar property.

#### Risk and Material Loss

2.12 The Assets will be at the Vendor's risk until the completion of the Closing and thereafter at the Purchaser's risk.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

#### Representations and Warranties

3.01 The Vendor hereby represents and warrants to the Purchaser, with the intent that the Purchaser shall rely thereon in entering into this Agreement and in concluding the transactions contemplated hereby, that:

#### *General Corporate Matters*

- (a) the Vendor is a company duly incorporated, validly subsisting and in good standing under the laws of British Columbia;
- (b) the Vendor has the full corporate power, authority, right and capacity to own, lease and dispose of the Assets, to operate the Utility as now being operated by it, to enter into this Agreement and to carry out the transactions contemplated hereby, and to duly observe and perform all of its covenants and obligations herein set forth;
- (c) the Vendor is not in default of any material reporting or filing requirement under any applicable corporate, regulatory, or taxation law or other law to which it is subject;
- (d) this Agreement has been duly and validly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor enforceable against the

Vendor in accordance with its terms, except as may be limited by laws of general application affecting the rights of creditors and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

- (e) apart from the regulatory proceedings from time to time before the British Columbia Comptroller of Water Rights, no action, suit, judgment, investigation, enquiry, assessment, reassessment, litigation, determination or administrative or other proceeding or arbitration before or of any court, arbitrator or Governmental Authority or dispute with any Governmental Authority is in process, or, to the knowledge of the Vendor, pending or threatened, against, or relating to the Utility or any of the Assets;
- (f) subject to obtaining the Required Consents set out in Schedule "G", neither the execution or delivery of this Agreement, or the other agreements and instruments contemplated hereby, nor the completion of the transactions contemplated hereby will:
  - (i) constitute or result in the breach of or default under any terms, provisions or conditions of, or conflict with, violate or cause any, or give to any person or Governmental Authority any right of, after the giving of a notice or the lapse of time or otherwise, acceleration, termination or cancellation in or with respect to any of the following:
    - (A) any constating documents, charter documents or by-laws of the Vendor or any resolution of the directors or shareholders of the Vendor;
    - (B) any indenture, mortgage, deed of trust, agreement, contract, lease, franchise, certificate, consent, authority, registration or other instrument or commitment to which the Vendor is a party;
    - (C) the Permits and Licences or any other permit or licence necessary or desirable in connection with the operation of the Utility; or
    - (D) any law, judgment, decree, order, injunction, rule, statute or regulation of any court, arbitrator or Governmental Authority by which the Utility, the Assets, or the Vendor is bound or to which the Utility, the Assets, or the Vendor is subject,which, individually or in the aggregate, would have a Material Adverse Effect on the Assets or the Utility; or
  - (ii) result in the creation of any Encumbrance on any of the Assets, other than the Permitted Encumbrances;
- (g) except for the Required Consents set out in Schedule "G" to this Agreement, the Vendor does not require any authorization, approval, consent, order, license, permit, certificate or registration from any Governmental Authority or any other third party to:



- (i) incur the obligations expressed to be incurred by the Vendor in or pursuant to this Agreement;
  - (ii) execute and deliver all other documents and instruments to be executed and delivered by the Vendor pursuant to this Agreement;
  - (iii) duly observe and perform the terms and conditions of this Agreement; or
  - (iv) to render this Agreement legal, valid, binding and enforceable;
- (h) the Vendor is not, nor will it be within 180 days after the Closing Date, a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

*Assets and Operation of the Utility Generally*

- (i) the Vendor has or will have at the Closing Date good and marketable title to the Assets, free and clear of any Encumbrance other than the Permitted Encumbrances; none of the Assets is in the possession of or under the control of any other person;
- (j) there is no indebtedness to any person which might, by operation of law or otherwise, now or hereafter constitute or be capable of forming an Encumbrance upon any of the Assets and there is no indebtedness of any kind whatsoever relating to the Utility in respect of which the Purchaser may become liable on or after the Closing Date, other than those obligations being assumed by the Purchaser as contemplated in this Agreement;
- (k) the operation of the Utility complies in all material respects with applicable laws (including Environmental Laws), and regulations, and with all applicable consents, orders, licenses, permits, certificates and registrations from any Governmental Authority;

*Rights of Way*

- (l) each Right of Way is good, valid and subsisting in accordance with its terms and with respect to each such Right of Way:
  - (i) the Vendor is the registered and beneficial holder of the Right of Way, free and clear of any Encumbrance other than Permitted Encumbrances;
  - (ii) the Right of Way has not been materially modified or amended as compared to the copy currently filed with the Land Titles Office;
  - (iii) except to the extent that such would not have a Material Adverse Effect on the Utility, the covenants and conditions contained in the Right of Way have been duly observed and performed by the Vendor up to and including the date of this Agreement and the Vendor is not in default or breach of any condition, requirement, or obligation stated in the Right of Way; and

- (iv) the Vendor is entitled to assign and transfer the Rights of Way to the Purchaser;
- (m) subsection 1.01(z) of this Agreement contains a complete listing of the Rights of Way used in the operation of the Utility;

*Fee Simple Parcels*

- (n) there has not been, to the knowledge of the Vendor, any spill, discharge or release of any Hazardous Substance on the Fee Simple Parcels in excess of amounts permitted by applicable Environmental Law, and the Vendor has not caused any such spill, discharge, or release at any time subsequent to the Vendor acquiring ownership of the Utility in 2005;

*Works, Wells, Reservoirs, and Tools*

- (o) subsections 1.01(y) and 1.01(ee) and Schedule "A" to this Agreement contain a complete listing of the Works, Wells, and Reservoirs used in the operation of the Utility, and all material Tools used in the operation of the Utility as at July 31, 2015;

*Financial Statements*

- (p) the Financial Statements have been prepared in accordance with applicable accounting principles and, in accordance with those principles, fairly represent the financial results of the Utility operations for the period for which they were prepared (provided that the Purchaser acknowledges that the Financial Statements were prepared solely for regulated reporting purpose and therefore are not in accordance with International Financial Reporting Standards and do not include accompanying notes and have not been audited or reviewed);

*Business Carried on the in the Ordinary Course*

- (q) Since December 31, 2014:
  - (i) there has been no Material Adverse Effect in the business, operations, financial condition or any category of liabilities or assets of the Vendor from the amounts of each reflected in the Financial Statements;
  - (ii) there has been no material damage or loss materially affecting the Assets or the Utility, whether or not covered by insurance;
  - (iii) the Vendor has not waived or surrendered any right of material value;
  - (iv) apart from capital improvements relating to the Vendor's Total Water Quality Maintenance project, the Vendor has operated the Utility in the usual and ordinary course; and
  - (v) the Vendor has not, directly or indirectly, sold, transferred, disposed of, mortgaged,

pledged, charged or leased any asset related to the Utility, other than in the usual and ordinary course of operation of the Utility;

- (r) the Vendor is registered pursuant to Subdivision d of Division V of Part IX of the *Excise Tax Act* (Canada) and its registration number is **Redacted S. 21**

#### *Permits and Licenses*

- (s) Schedule "F" to this Agreement contains a complete listing of the Permits and Licenses (other than ordinary course permits or licenses for construction issued by municipal Governmental Authorities), and to the best of the knowledge of the Vendor, no other permits, licenses, approvals, or authorizations are required by the Vendor from any Governmental Authority to operate the Utility as presently operated by the Vendor, provided that the foregoing is not a representation or warranty regarding any licenses, approvals or authorizations which may be required for the Purchaser to operate the Utility;
- (t) all of the Permits and Licences are valid and subsisting and are in good standing, and no notice of breach or default or defect in respect of the terms of any of the Permits and Licences has been received by the Vendor and to the Vendor's knowledge, there is no matter which could give rise to such a notice;

#### *Material Contracts*

- (u) Schedule "E" to this Agreement contains a complete listing of all currently subsisting Material Contracts;
- (v) there has not been any default by the Vendor in any term, condition, provision or obligation to be performed under any of the Material Contracts; true and complete copies of the Material Contracts have been made available to the Purchaser, each of which is in good standing and in full force and effect, unamended except as has been disclosed to the Purchaser;

#### *Utility Employees*

- (w) Schedule "H" to this Agreement contains a current complete listing of the Utility Employees and their respective position, date of hire, hourly wage or salary payable, annual vacation entitlement and other remuneration and benefits being provided, including welfare benefit plan or health benefit plan, death or disability plan as well as any pension, deferred compensation or profit sharing plan or similar plan to which any of the employees are subject;
- (x) except as set out in Schedule "H", there are no Utility Employees on short term disability, long term disability, workers' compensation-related leave, pregnancy, parental and other leaves;

- (y) except as set out in Schedule "H", there are no unfunded liabilities under the terms and conditions of any pension fund to or in respect of the Utility Employees, and no liabilities or indebtedness owing to or in respect of any Utility Employees other than ordinary course wages, salaries, commissions, vacation and holiday pay, and payroll deductions for federal and provincial income taxes and other payroll deductions, and the Vendor is current in respect of all such pay and salaries, commissions, vacation and holiday pay, and payroll deduction deductions;
- (z) the Vendor has not made any collective bargaining agreement or other agreement with a trade union, labour union or other employees' association or made commitments or conducted negotiations with any trade union, labour union or other employees' association with respect to any future agreements, and, to the knowledge of the Vendor, there is no current attempt to organize or establish any trade union, labour union or other employees' association in connection with the Utility and no part of the Utility has been certified as a unit appropriate for collective bargaining by which the Purchaser will be bound as a result of the purchase of the Assets; and

*Condition and Sufficiency*

- (aa) All material tangible assets included in the Assets are in normal operating condition and reasonable repair (subject to normal wear and tear) with reference to the age of such assets and have been maintained in accordance with normal industry practice. The Assets constitute substantially all of the property and assets necessary to operate the Utility in substantially the same manner as before the Closing; for clarity, however, the foregoing sentence is not a representation of any kind with respect to future requirements for operation of the Utility.

Acknowledgement of the Purchaser

3.02 The Purchaser acknowledges and agrees that it is acquiring the Assets on an "as is, where is" basis without any representations or warranties from the Vendor except for the representations and warranties set out in section 3.01 (the "Vendor's Warranties"). The Purchaser acknowledges and agrees that other than its entitlement to rely on the Vendor's Warranties, it will proceed with the purchase of the Assets based on its own due diligence and it is responsible to satisfy itself, and is relying on its own investigations regarding the Assets including, without limitation, the suitability of the Assets for any use, the condition of the Fee Simple Parcels, and with respect to any matter affecting the Assets and the Utility.

ARTICLE 4  
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Representations and Warranties

4.01 The Purchaser hereby represents and warrants to the Vendor, with the intent that the Vendor shall rely thereon in entering into this Agreement and in concluding the transactions contemplated hereby, that:

- (a) the Purchaser is a municipal corporation validly subsisting under the laws of British Columbia;
- (b) the Purchaser has full power, authority, right and capacity to enter into this Agreement and to carry out the transactions contemplated hereby and to duly observe and perform all of its covenants and obligations herein set forth;
- (c) this Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as may be limited by laws of general application affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (d) neither the execution or delivery of this Agreement, or the other agreements and instruments contemplated hereby, nor the completion of the transactions contemplated hereby will constitute or result in the breach of or default under any terms, provisions or conditions of, or conflict with or violate or cause any, or give to any person or Governmental Authority any right of, after the giving of a notice or the lapse of time or otherwise, acceleration, termination or cancellation in or with respect to any of the following:
  - (i) any constating documents, charter documents or by-laws of the Purchaser or any resolution of municipal council of the Purchaser;
  - (ii) any indenture, mortgage, deed of trust, agreement, contract, lease, franchise, certificate, consent, authority, registration or other instrument or commitment to which the Purchaser is a party or is subject, or by which it is bound or from which it derives benefit; or
  - (iii) any law, judgment, decree, order, injunction, rule, statute or regulation of any court, arbitrator or Governmental Authority by which the Purchaser is bound or from which it derives benefit;
- (e) subject to the Required Consents, the Purchaser does not require any authorization, approval, consent, order, license, permit, certificate or registration from any Governmental Authority or any other third party to:

- (i) incur the obligations expressed to be incurred by the Purchaser in or pursuant to this Agreement;
  - (ii) execute and deliver all other documents and instruments to be executed and delivered by the Purchaser pursuant to this Agreement;
  - (iii) duly observe and perform the terms and conditions of this Agreement; or
  - (iv) to render this Agreement legal, valid, binding and enforceable;
- (f) the Purchaser is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada); and
- (g) the Purchaser is registered pursuant to Subdivision d of Division V of Part IX of the *Excise Tax Act* (Canada) and its registration number is 106930662RT0001.

ARTICLE 5  
COVENANTS OF THE PARTIES

The Material Contracts

5.01

- (a) Upon Closing, if an O&M Agreement has been entered into between the parties, the Material Contracts will not be assigned from the Vendor to the Purchaser.
- (b) Upon Closing, if an O&M Agreement has not been entered into between the parties, subject to the further terms of Schedule "E", the Vendor and the Purchaser shall each execute and deliver the Assignment and Assumption Agreement by which the Vendor assigns to the Purchaser all of its right, title and interest in and to the Material Contracts and the Purchaser covenants to assume, perform and discharge the obligations and liabilities of the Vendor under the Material Contracts from and after Closing and to indemnify and save harmless the Vendor with respect thereto; notwithstanding the foregoing, the Purchaser may in its discretion identify one or more Material Contracts which it will not assume or perform, and in such case, the Vendor make take such steps as are reasonably required to terminate such Material Contract, in which case the Purchaser will indemnify the Vendor in respect of any costs and liabilities arising from such termination.

In addition, nothing in this Agreement shall be construed as an assignment to the Purchaser of, or an attempt to assign to the Purchaser, any Material Contract that is by its terms is not assignable by the Vendor, or which is not assignable by the Vendor without the consent of a third party. With respect to any Material Contract that is by its terms is not assignable by the Vendor, or which is not assignable by the Vendor without the consent of a third party:

- (i) the Vendor and the Purchaser will use their reasonable commercial efforts to obtain the required consent of any third party to the assignment and any fees or payments to third parties in respect of any consent or assignment shall be borne by the Purchaser; and
- (ii) if and to the extent that such consent cannot be obtained, if so directed by the Purchaser the Vendor will continue to perform the obligations of the Material Contract, and continue to accept and receive the benefits of the Material Contract, and will hold and use such benefit on behalf of and for the benefit of the Purchaser, and the Purchaser will indemnify and save harmless the Vendor in respect of the ongoing costs and liabilities incurred by the Vendor in respect of the Material Contract.

The Vendor will also consent to the Purchaser hiring Stantec Consulting Inc. and Kerr Wood Leidal Associates Ltd. to providing engineering and consulting services in relation to the Utility, and will so advise those parties, provided that such consent will in no way waiver or amend any obligations of confidentiality that such parties, respectively, owed to the Vendor or its affiliates.

#### Assumption of Liabilities

5.02 Subject to the terms and conditions of this Agreement, at the Closing Date the Purchaser shall assume and become liable for the following liabilities and obligations of the Vendor to the extent that such liabilities and obligations arise from the or relate to the operation of the Utility in the usual and ordinary course (collectively, the "**Assumed Liabilities**"):

- (a) all liabilities of the Vendor relating to the Assets;
- (b) all obligations and liabilities of the Vendor under the Material Contracts to be assigned and assumed;
- (c) any other liabilities of the Vendor incurred in the ordinary course of the business of the Utility;
- (d) the Employment Obligations of the Vendor relating to the Requested Utility Employees;
- (e) all other obligations and liabilities of the Vendor expressly assumed under this Agreement.

For greater certainty, except where expressly provided otherwise in this Agreement, the Assumed Liabilities do not include any contingent liabilities relating to the period up to the Closing.

The Purchaser shall, from and after the Closing Date, observe, pay, discharge or perform the Assumed Liabilities in the ordinary course of business.

O&M Agreement

5.03

- (a) Forthwith following the execution of this Agreement, the parties will continue good faith negotiations with a view to entering into an agreement (the “O&M Agreement”) pursuant to which the Vendor would provide services to operate and maintain the Utility and manage the ongoing capital projects of the Utility, for a transitional period of 18 months following the Closing. For greater certainty, nothing in this Agreement shall obligate the parties to enter into an O&M Agreement if terms for such an agreement, acceptable to each party in their respective discretion, cannot be agreed upon.
- (b) If an O&M Agreement is to be entered into, it will contain provisions similar to paragraphs (a) through (d), inclusive, of section 5.04 of this Agreement, provided that the Purchaser’s obligation to offer employment to the Utility Employees at the termination or expiry of such O&M Agreement, will be limited to:
  - (i) the Utility Employees involved in the operation of the tangible Assets, and
  - (ii) to the extent not redundant with the existing employees of the Purchaser, or inconsistent with the manner in which the Purchaser intends to operate the Utility, the administrative and clerical Utility Employees.
- (c) Without derogation to paragraph (b) above, the parties agree and acknowledge that if an O&M Agreement is to be entered into it is intended that such agreement will include the provision of certain billing support services by the Vendor to the Purchaser which may cease prior to the term of such agreement upon the Purchaser providing notice to the Vendor that such services are no longer needed; in connection therewith, the parties agree that if an O&M Agreement is to be entered into, it will contain provisions, which shall be applicable upon the cessation of such billing support services, substantially similar to paragraphs (a) through (d), inclusive, of Section 5.04 of this Agreement with respect one Utility Employee, as determined by the Vendor, whose functions relate to billing activities.
- (d) If an O&M Agreement is entered into, it will also provide that upon termination or expiry of the O&M Agreement, the Vendor will transfer to the Purchaser all SCADA computers located at the Works (after deleting all other business information, if any) and will assign to the Purchaser, to the extent assignable, the Vendor’s rights in respect of the SCADA software.
- (e) If considered to be to their mutual benefit, the parties will also negotiate with a view to entering into a longer term O&M Agreement, pursuant to which EPCOR will provide ongoing services to the Utility.



Utility Employees

**Redacted S. 22**



For greater certainty, nothing in this Agreement will require the Purchaser to act in a manner which is inconsistent with the Collective Agreement, provided that the foregoing shall in no way modify or otherwise the Purchaser's obligations under paragraphs (b) or (c) above.

5.05 The Vendor agrees that it will not make any material change to the compensation or benefits paid to any Utility Employee prior to the Closing Date without the consent of the Purchaser, such consent not to be unreasonably withheld or delayed. [REDACTED]

**Redacted S. 22**

Required Consents

5.06 The parties will cooperate and use their reasonable commercial efforts to obtain the Required Consents as soon as practicable, on terms satisfactory to the parties, acting reasonably.

Operation of the Utility

5.07 From and after the date of execution of this Agreement to the Closing Date, the Vendor will:

- (a) not sell or dispose of any of the Assets, except only the sale of Inventory in the ordinary course of the operation of the Utility;
- (b) operate the Utility diligently and only in the ordinary course, and take commercially reasonable steps to preserve the Utility and the assets and the goodwill of the suppliers and customers and others having business relations with the Vendor relating to the Utility;
- (c) maintain insurance coverage of the scope and in the amounts presently held;
- (d) subject to compliance with health, safety and security requirements and upon prior written notice, afford the Purchaser and its authorized representatives reasonable access during normal business hours to the premises of the Utility, including the Fee Simple Parcels, the Wells, the Reservoirs, and the Works;

- (e) promptly provide any and all information and records reasonably requested by the Purchaser in connection with the valuation of the Assets;
- (f) reasonably consult with the duly authorized representatives of the Purchaser on a regular basis to keep the Purchaser apprised of the status and progress of any ongoing capital projects relating to the Utility;
- (f) within three Business Days of the date of execution of this Agreement, deliver to the Purchaser true copies of all of Material Contracts not previously provided to the Purchaser; and
- (g) make all necessary tax, governmental and other filings related to the operation of the Utility in a timely fashion.

#### Capital Contracts

5.08 Following execution of this Agreement, the Vendor will not enter into any new Material Contracts for additions or enhancements to the Utility without the consent of the Purchaser, such consent not to be unreasonably withheld or delayed. The Purchaser hereby consents to the Vendor entering into a construction contract for Phase 2 of its "Total Water Quality Management Program" provided that:

- (a) the contract provides expressly that it will be assignable to the Purchaser and otherwise conforms generally to the Request For Quotation No. 6976 published by the Vendor on July 27, 2015 (with an original publish date of June 11, 2015);
- (b) the Vendor shall consult with the Purchaser during, and involve the Purchaser in, the process of bid analysis and selection; and
- (c) the contract price will be reasonably commensurate with the estimate provided by Stantec Engineering, as updated from time to time, plus a reasonable allowance for contingencies.

In connection with the foregoing, the Purchaser acknowledges that the Utility and the Vendor are subject to certain public health and regulatory requirements which must be met regardless of whether or when Closing occurs and, as a result, the Purchaser will not withhold or delay its consent to any other contract reasonably required in order to meet such obligations.

If the parties do not enter into an O&M Agreement:

- (d) the parties will cooperate and use their reasonable commercial efforts to cause any Material Contracts for additions or enhancements to the Utility outstanding at Closing to be assigned to, and assumed by, the Purchaser under the Assignment and Assumption Agreement, including that the Vendor will use reasonable commercial efforts to have the benefit of all warranties, guarantees, and similar contractual protections assigned to the

Purchaser;

- (e) any fees or payments to third parties in respect of any assignment shall be borne by the Purchaser;
- (f) to the extent that it is not possible to have any such Material Contract assigned and assumed, the Vendor will continue to perform the obligations of the Material Contract, and continue to accept and receive the benefits of the Material Contract, and will hold and use such benefit on behalf of and for the benefit of the Purchaser, and the Purchaser will indemnify and save harmless the Vendor in respect of the ongoing costs and liabilities incurred by the Vendor in respect of the Material Contract; and
- (g) the Purchaser will indemnify and save harmless the Vendor in respect of the ongoing costs and liabilities incurred by the Vendor in respect of such Material Contracts.

In addition, regardless of whether the parties enter into an O&M Agreement, for a period of three (3) years following Closing, the Vendor will provide the Purchaser with such documents and information as are reasonably required to deal with disputes or claims regarding any assigned Material Contracts relating to additions or enhancements to the Utility. The Purchaser will reimburse the Vendor for its reasonable out of pocket expenses in so doing.

#### Confidentiality and Privacy

##### 5.09

- (a) Between the execution of this Agreement and the Closing and for a period of three (3) years after the Closing Date, the parties will continue to abide by the terms of the Confidentiality Agreement and specifically agree and acknowledge that the terms and conditions of this Agreement constitute Confidential Information pursuant to the Confidentiality Agreement and, without derogation the foregoing, the Purchaser further acknowledges that the terms and conditions of this Agreement are subject to Section 24 of the Confidentiality Agreement.
- (b) Without derogation to paragraph (a) above, if the Closing occurs, the Purchaser agrees to, after the completion of the Closing:
  - (i) use or disclose any Personal Information disclosed to it by the Vendor solely for the same purposes for which the Personal Information was collected, used or disclosed by the Vendor; and
  - (ii) notify all individuals, including without limitation, employees and customers, whose personal information was included in the Personal Information disclosed to it by the Vendor that the Closing has taken place and that their personal information was disclosed to the Purchaser.

Public Announcements

5.10

- (a) Subject to paragraph (c) below, neither party will issue nor permit any of its affiliates to issue any press release, public announcement or other public statement, including without limitation through social media, relating to the purchase and sale of the Assets or the other transactions contemplated hereby, unless such is in accordance with paragraph (c) below and, in the case of press releases, also unless with the prior written approval of the other party, acting reasonably.
- (b) Except as required by applicable law, only the following officers and employees (and their successors) of each party will communicate with media regarding the purchase and sale of the Assets and other subject matter of this Agreement:
  - (i) the Vendor: Vince Corkery, Director of Municipal Operations and Tim LeRiche, Media Relations at EPCOR; and
  - (ii) the Purchaser: Wayne Baldwin, Mayor, Dan Bottrill, Chief Administrative Officer, and Shannon Levesque, Communications Officer,

and the parties will respond to media inquiries, but no proactive media contact will occur without the prior written approval of both parties.

- (c) In all matters and activities, whether prior to or after Closing, each party, its affiliates, and their respective directors (meaning in the case of the Purchaser, the Councillors of its municipal Council), officers, employees, agents and representatives will, if making statements or announcements regarding the other party or its affiliates, do so in a manner that reflects favorably on the good name, goodwill and reputation of the other party, its affiliates and their respective directors, officers, employees, representatives and agents and will not make any negative or derogatory remarks regarding those entities and persons, and in all instances any statements or announcements will be consistent with and respect the following principles:
  - (i) the desire of the Purchaser to purchase the Utility by the Purchaser arose as a result of a desire by the Purchaser's Council and administration and the White Rock citizenry to own its water treatment and distribution facilities, and to have the economic benefits of such ownership accrue to the residents of White Rock;
  - (ii) the purchase of the Utility was completed by way of negotiated commercial arrangement and is not being completed through expropriation;
  - (iii) the Purchaser has always viewed EPCOR as a prudent owner and operator and (if an O&M Agreement is entered into) as further evidenced by the Purchaser retaining the Vendor to continue operations going forward for a

minimum period; and

- (iv) if an O&M Agreement has not been entered into, the Purchaser has assumed operation of the Utility and all or a majority of the Vendor's employees working in the Utility's operations have been offered employment with the Purchaser.
- (d) The term of this section 5.10 will be (i) 18 months following the Closing Date if the parties do not enter into an O&M Agreement, and 36 months if the parties do enter into an O&M Agreement; provided that with respect to Councillors of the Purchaser's municipal Council, the term of this section will be 18 months in either event. In addition, section 5.10(c) will not apply to personal and private communications of the Councillors of the Purchaser's municipal Council.

#### Customer Communications

5.11 Between the execution of this Agreement and the Closing Date, the parties will co-operate and act reasonably to develop a plan to and then inform customers of the Utility of matters affecting them as a result of the purchase and sale of the Assets. Any third party costs of either party with respect to such activities will be borne by the Purchaser.

#### Site Profile

5.12 The Purchaser hereby waives any requirement for the Vendor to provide the Purchaser with a "site profile" or any other environmental report for the Fee Simple Parcels under the *Environmental Management Act* and the *Contaminated Sites Regulation*.

#### Closing Date Financial Statements

5.13 Within 90 days of the Closing Date, the Vendor will cause to be prepared and made available to the Purchaser unaudited financial statements, prepared on a similar basis to the Financial Statements, covering the period from January 1, 2015 to the Closing Date.

### ARTICLE 6 SURVIVAL AND INDEMNIFICATION

#### Survival of Representations, Warranties and Covenants

##### 6.01

- (a) The representations and warranties of each party contained in this Agreement will not merge on and will survive the Closing.
- (b) The covenants of each party contained in this Agreement will survive the Closing and, notwithstanding the Closing, will continue in full force and effect for the benefit of the other party in accordance with the terms of this Agreement.

Indemnity Obligations of the Vendor

6.02 Subject to the other provisions of this Article 6, the Vendor covenants and agrees to indemnify and hold harmless the Purchaser, its affiliates and their respective directors, officers, employees and other representatives, from and against and reimburse them for any Damages suffered by or asserted against it or any of them, directly or indirectly, in connection with or related to:

- (a) any and all debts, obligations and liabilities, whether accrued, absolute, contingent or otherwise, existing at the time of Closing, respecting the Utility or the Assets other than the Assumed Liabilities;
- (b) any misrepresentation, misstatement or breach in or of any representation or warranty under this Agreement or under any document or instrument delivered pursuant hereto or in connection herewith; or
- (c) the breach or non-fulfilment of any covenant on the part of the Vendor under this Agreement or under any document or instrument delivered pursuant hereto or in connection herewith.

Indemnity Obligations of the Purchaser

6.03 Subject to the other provisions of this Article 6, the Purchaser covenants and agrees to indemnify and hold harmless the Vendor, its affiliates and their respective directors, officers, employees and other representatives, from and against and reimburse them for any Damages suffered or incurred against it or any of them, directly or indirectly, in connection with or related to:

- (a) the Assumed Liabilities;
- (b) any misrepresentation, misstatement or breach in or of any representation or warranty under this Agreement or under any document or instrument delivered pursuant hereto or in connection herewith; or
- (c) the breach or non-fulfilment of any covenant on the part of the Purchaser under this Agreement or under any document or instrument delivered pursuant hereto or in connection herewith.

Limitations on Liability

6.04

- (a) The maximum aggregate liability of the Vendor under this Agreement for Damages suffered by the Purchaser is limited to 40% of the Purchase Price.

- (b) The Vendor has no obligation to make any payment for Damages (for indemnification or otherwise) in respect of the matters described in clause 6.02(b) or (c) unless the amount of Damages with respect to any single claim exceeds \$10,000 and only until the aggregate amount of all Damages with respect to all such claims exceeds \$100,000, and then only for the amount by which those Damages exceed \$100,000.
- (c) Notwithstanding any other provision in this Agreement, neither party shall be liable to compensate or indemnify the other party for:
  - (i) any loss of profits, loss of revenue, loss of product, loss of production, loss of output, loss of opportunity, loss of use (of the Assets, the Utility or otherwise), loss of business, loss of goodwill or reputation, loss of contracts or claims of customers in their capacity as a customer of that party, delay, business interruption, diminution of going concern value of an enterprise or business, increased expense of operation (including overhead and utilities), delay damages, downtime costs and the costs of obtaining and maintaining financing (in all cases, whether such losses or costs are direct, indirect or consequential), or for any other indirect, exemplary, consequential or punitive losses or Damages except for out of pocket third party expenses incurred by the party directly related to (A) a Claim, or (B) Third Party Claims (as defined below); or
  - (ii) any matter which is included or taken into account in the calculation of any adjustments pursuant to sections 2.10 or 2.11.

#### Time Limits

##### 6.05

- (a) Neither party has any obligation to make any payment for Damages in respect of a claim (for indemnification or otherwise) under clause 6.02(b) or 6.03(b) unless written notice of that claim is delivered to the other party in accordance with this Agreement on or before the date that is two years after the Closing Date and a party will have no further liability with respect to any representation or warranty made by that party in this Agreement after the expiry of the time period specified above. This Section 6.05(a) will not be construed to impose any time limit on the assertion of a right to indemnification under clauses 6.02(a) or (c) or 6.03(a) or (c), whether or not the basis on which the right is asserted could also entitle any of the indemnified person to exercise its right under clause 6.02(b) or 6.03(b), as applicable.
- (b) Notwithstanding any other statute, the limitation period applicable to any claim in respect of any matter in clauses 6.02(a) or (c) or 6.03(a) or (c) will be solely as prescribed under the *Limitation Act* (British Columbia).



### Notice of Claim

6.06 If a party (the “**Indemnified Party**”) becomes aware of any Claim in respect of which the other Party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim against the Indemnified Party is by a person who is not a party to this Agreement (a “**Third Party Claim**”) or whether the Claim is not a Third Party Claim (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Damages incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

### Direct Claims

6.07 With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or before the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim. If the Indemnifying Party does not agree to the validity and amount of the Claim, then the Indemnified Party may pursue remedies available to it subject to the terms of this Agreement.

### Third Party Claims

6.08

- (a) With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnified Party shall provide such cooperation and information as the Indemnifying Party reasonably requests, and the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party’s out-of-pocket expenses in so doing. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to monitor, but not participate in the negotiation, settlement or defence of, such Third Party Claim and to retain counsel to act on its

behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

- (b) If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason.
- (c) The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

#### Exclusive Remedies

6.09 If the Closing occurs, the indemnities provided in sections 6.02 and 6.03 will constitute the only remedy of the Purchaser (or any of the Purchaser's indemnified persons) or the Vendor (or any of the Vendor's indemnified persons), respectively, against the other party in respect of a breach of any representation, warranty, covenant or agreement of the other party under this Agreement.

ARTICLE 7  
CONDITIONS PRECEDENT TO COMPLETION

Mutual Conditions Precedent – Required Consents

7.01 Subject to Section 8.01, the obligations of the Vendor and the Purchaser to complete the Closing are subject to and conditional upon the fulfilment, on or before the date or dates hereinafter specified, of the following conditions:

- (a) on or before the Closing Date, the parties shall have received the Required Consents of Governmental Authorities set out in Schedule “G”;
- (b) on or before the Closing Date, the parties shall have received the Required Consents of other third parties set out in Schedule “G”; and
- (c) on or before the Closing Date, the parties shall have entered into the O&M Agreement.

Conditions Precedent - Purchaser

7.02 The obligations of the Purchaser to complete the Closing are subject to and conditional upon the fulfilment, on or before the date or dates hereinafter specified, of the following conditions:

- (a) the representations and warranties of the Vendor set out in Article 3 shall be true and correct in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing Date;
- (b) the Vendor shall have performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by the Vendor on or before the date or dates specified for the performance thereof or compliance therewith;
- (d) on or before the Closing Date, the Vendor shall have delivered or caused to be delivered to the Purchaser the documents and other items referred to section 8.02 in accordance with the procedures set out in Article 8; and
- (e) between the date of execution of this Agreement and the Closing Date, without giving effect to this Agreement and the transactions contemplated hereby, no change, event or occurrence, excluding any change constituting or arising from general economic or market conditions or from conditions generally affecting the water utility industry, shall have occurred which materially adversely affect the Assets or the operation or condition of the Utility or the Assets.

7.03 The conditions described in section 7.02 are conditions only to the Purchaser being required to complete the transactions contemplated by this Agreement and are not conditions precedent to the existence of a binding agreement.

7.04 All of the conditions precedent set out in section 7.02 are for the sole and exclusive benefit of the Purchaser and may be waived, in whole or in part, by notice in writing to the Vendor. Subject to section 9.02, all such conditions precedent shall merge in the closing documents on Closing.

Conditions Precedent - Vendor

7.05 The obligations of the Vendor to complete the Closing are subject to and conditional upon the fulfilment, on or before the date or dates hereinafter specified, of the following conditions:

- (a) the representations and warranties of the Purchaser set out in Article 4 shall be true and correct in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing Date;
- (b) the Purchaser shall have performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by the Purchaser on or before the date or dates specified for the performance thereof or compliance therewith; and
- (c) on or before the Closing Date, the Purchaser shall have delivered or caused to be delivered to the Vendor the documents and other items referred to section 8.02 in accordance with the procedures set out in Article 8.

7.06 The conditions described in section 7.05 are conditions only to the Vendor being required to complete the transactions contemplated by this Agreement and are not conditions precedent to the existence of a binding agreement.

7.07 All of the conditions precedent set out in section 7.05 are for the sole and exclusive benefit of the Vendor and may be waived, in whole or in part, by notice in writing to the Purchaser. Subject to section 9.02, all such conditions precedent shall merge in the closing documents on Closing.

ARTICLE 8  
CLOSING

Date, Time and Place of Closing

8.01

- (a) The Closing shall be completed at the offices of the Purchaser's Solicitors on the Closing Date, which subject to the satisfaction or waiver of the conditions precedent contained in Article 7 hereof in accordance with the terms hereof, will be September 30, 2015.
- (b) If the conditions precedent specified in Article 7 hereof are not satisfied or waived on or before September 30, 2015, the Closing Date will be automatically extended to and will not occur any earlier than October 30, 2015, provided that:
  - (i) the mutual conditions precedent contained in paragraphs (b) and (c) of Section 7.01 shall become conditions precedents solely for the benefit of the Purchaser and may be waived by the Purchaser in accordance with section 7.04, provided that if the Purchaser does waive the condition contained in section 7.01(b), the Purchaser will indemnify the Vendor in respect of any Damages incurred by the Vendor as a result of the parties' failure to obtain any Required Consents referred to in subsection (b); and
  - (ii) in all instances, the Closing and the actual Closing Date remain subject to: (A) satisfaction or mutual waiver in writing of the condition precedent contained in section 7.01(a); and (B) satisfaction or waiver in writing by the applicable party of the conditions precedent contained sections 7.02 and 7.05, respectively.

Vendor's Closing Deliveries

8.02 At or before the Closing Date and subject to the procedures set out in section 8.03, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) such Form A Transfer documents, Form C Assignments and other documents in registrable form as the Purchaser may reasonably require to transfer title to the Fee Simple Parcels and the Rights of Way to the Purchaser, free and clear of all Encumbrances except for the Permitted Encumbrances;
- (b) the Assignment and Assumption Agreement, duly executed by the Vendor;
- (c) the O&M Agreement(s) (if any), duly executed by the Vendor;
- (d) a general conveyance and a Bill of Sale (Absolute) of the Assets, satisfactory in form and substance to the Purchaser's Solicitors;

- (e) an assignment and assumption of Permits and Licenses;
- (f) an assignment and assumption of Permitted Encumbrances;
- (g) all other deeds of conveyance, bills of sale, transfers and assignments, duly executed by the Vendor, in form and substance satisfactory to the Purchaser's Solicitors, acting reasonably, appropriate to effectively vest good and marketable title to the Assets in the Purchaser to the extent contemplated by this Agreement, and immediately registrable in all places where registration of such instruments is necessary or desirable;
- (h) a statement of adjustments (if any) with respect to the matters contemplated by Section 2.10;
- (i) a statement of adjustments with respect to the matters contemplated by Section 2.11;
- (j) the Required Consents, to the extent not waived by the parties in accordance with the terms of this Agreement;
- (k) a certified copy of a resolution of the shareholders of the Vendor duly passed, with a certification that it has not been rescinded and continues to be in effect, which authorizes the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (l) a certificate of an officer of the Vendor dated as of the Closing Date to the effect that the representations and warranties of the Vendor contained in this Agreement are true and correct in all material respects and that the covenants and agreements of the Vendor to be observed and performed on or before the Closing Date pursuant to this Agreement have been duly observed and performed in all material respects;
- (m) all such other documents and instruments as the Purchaser's Solicitors may reasonably require in order to effectively implement the transactions contemplated by this Agreement.

#### Purchaser's Closing Deliveries

8.03 At or before the Closing and subject to the Closing Procedures set out in section 8.04, the Purchaser shall deliver or cause to be delivered to the Vendor the following:

- (a) payment for the Advance Payment or the Purchase Price, as applicable, and all amounts contemplated by section 2.03, in the manner contemplated by section 2.04;
- (b) the Assignment and Assumption Agreement, duly executed by the Purchaser;
- (c) all other deeds of conveyance, bills of sale, transfers and assignments to be delivered under this Agreement which require execution and deliver by the Purchaser, duly executed by the Purchaser;

- (d) the O&M Agreement(s) (if any), duly executed by the Purchaser;
- (e) the GST Certificate;
- (f) a certified copy of the resolutions of the Council of the Purchaser duly passed, with a certification that it has not been rescinded and continues to be in effect, which authorizes the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (g) a certificate of an officer of the Purchaser dated as of the Closing Date to the effect that the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects and that the covenants and agreements of the Purchaser to be observed and performed on or before the Closing Date pursuant to this Agreement have been duly observed and performed in all material respects;
- (h) evidence satisfactory to the Vendor, acting reasonably, of (i) the Purchaser's compliance with section 5.04(a), if applicable, and (ii) the acceptance of the Purchaser's offer of employment by any Utility Employees, if applicable; and
- (i) to the extent known, any amounts owing from the Purchaser to the Vendor pursuant to section 5.04(b), if any, on the Closing Date; and
- (j) all such other documents and instruments as the Purchaser's Solicitors may reasonably require in order to effectively implement the transactions contemplated by this Agreement.

#### Closing Procedure

8.04 The parties shall follow the procedure set out below in the exchange and registration of the documentation provided in sections 8.02 and 8.04:

- (a) the closing documents contemplated in section 8.02 (other than subsections (h) and (i)) and 8.03 will be prepared by the Purchaser's Solicitors (to the extent that preparation is required) and delivered to the Vendor's Solicitors not less than five Business Days prior to the Closing Date, and will be returned to the Purchaser's Solicitors, on customary trust conditions upon and/or undertakings by the Purchaser's Solicitors, not later than one Business Day prior to the Closing Date;
- (b) the Vendor or the Vendor's Solicitors will prepare the documents contemplated in subsections 8.02(h) and 8.02(i), and will provide the Purchaser's Solicitors with such information as the Purchaser's Solicitors reasonably require to prepare the other documents referred to in sections 8.02 and 8.03;
- (c) on or before the Closing Date the Purchaser will pay to the Purchaser's Solicitors, in trust, the Purchase Price or Advance Payment, as applicable, due on Closing pursuant to section 2.04, as adjusted pursuant to section 2.10;

- (d) the Purchaser shall cause the Purchaser's Solicitors to hold the closing documents in trust and not to release them, save and except for such of the documents that are required to be filed and registered at the Land Title Office. The parties shall authorize the Purchaser's Solicitors to release such documents for the purpose of registration, as aforesaid;
- (e) following the payment set forth in (b) above and after receipt of by the Purchaser's Solicitors of the documents and items listed in section 8.02 and receipt by the Vendor's Solicitors of the documents and items listed in section 8.03, the Purchaser will cause the Purchaser's Solicitors to file the Form A Transfer and Form C Assignments concurrently with any mortgage financing arranged by the Purchaser in connection with the purchase of the Assets;
- (f) following the filing referred to in (d) above and upon the Purchaser's Solicitors conducting a post-filing title search disclosing only the:
  - (i) the existing title number(s) of the Fee Simple Parcels;
  - (ii) the Permitted Encumbrances;
  - (iii) pending number(s) assigned to any security documents applicable to any mortgage financing arranged by the Purchaser in connection with the purchase of the Assets;
  - (iv) any other charges granted by the Purchaser; and
  - (v) in respect of the Rights of Way, pending registrations of the Form C assignments delivered pursuant to this Agreement without any intervening registration applications;

the Purchaser will cause the Purchaser's Solicitors to deliver to the Vendor's Solicitors the amount due to the Vendor on Closing and to release the items referred to in section 8.01 to the Purchaser and the documents and items referred to in section 8.02 will be released to the Vendor;

- (g) It is a condition of this Agreement that all requirements of this section 8.04 are deemed to be concurrent requirements and it is specifically agreed that nothing will be completed on the Closing Date until everything required to be paid, executed and delivered on the Closing Date has been so paid, executed and delivered and until the Purchaser's Solicitors have satisfied themselves as to the Purchaser's title to the Fee Simple Parcels pursuant to paragraph (e).

#### Possession of Assets

8.05           The Vendor shall deliver possession of the Assets to the Purchaser at the Closing Date.



ARTICLE 9  
GENERAL PROVISIONS

Notices

9.01 All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or sent by facsimile or electronic mail addressed as follows:

To the Vendor:

EPCOR White Rock Water Inc.  
c/o 2000, 10423 – 101 Street NW  
Edmonton, Alberta T5H 0E8

**Attention: Director, Regulatory and Shared Services**

Fax: (780) 412-3416  
e-mail: dmanning@epcor.com

With a copy to:

EPCOR Utilities Inc.  
2000, 10423 – 101 Street NW  
Edmonton, Alberta T5H 0E8

**Attention: Associate General Counsel**

Fax: (780) 441-7118  
e-mail: legaldeptinqu@epcor.com

To the Purchaser:

City of White Rock  
15322 Buena Vista Ave  
White Rock, BC V4B 1Y6

**Attention: Dan Bottrill, Chief Administrative Officer**

Fax: (604) 541-2118  
e-mail: DBottrill@whiterockcity.ca

With a copy to:

Lidstone & Company  
128 – 1300 W. Pender St.  
Vancouver, B.C. V6B 1R8

**Attention: Paul A. Hildebrand**

Fax: (604) 899-1181  
e-mail: hildebrand@lidstone.info

or to such other address as may be given in writing by the parties and shall be deemed to have been received, if delivered by hand, on the date of delivery, if delivered by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile, or if sent by electronic mail, on the Business Day next following the date of transmission with confirmation of receipt required. A party may change its address for service from time to time by notice given in accordance with the foregoing provisions.

#### Non-Merger

9.02 Notwithstanding the completion of the transactions contemplated by this Agreement, the waiver of any condition contained herein (unless such waiver expressly releases a party of any such representation, warranty, covenant or agreement) or any investigation made by any of the parties, the representations, warranties, covenants and agreements of the parties set forth in this Agreement shall survive the Closing Date and will remain in full force and effect.

#### Time of Essence

9.03 Time is hereby expressly made of the essence of this Agreement with respect to the performance by the parties of their respective obligations under this Agreement.

#### Binding Effect

9.04 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

#### Entire Agreement

9.05 This Agreement, together with the Confidentiality Agreement and all documents and instruments to be delivered in connection herewith, constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous expectations, understandings, communications, representations and agreements whether verbal or written between the parties with respect to the subject matter hereof, including the letter of intent between the Parties dated July 3, 2015. There are no representations, warranties, terms, conditions, covenants or other understandings, express or implied, collateral, statutory or otherwise,

between the parties, except as expressly stated in this Agreement, the Confidentiality Agreement or in any documents and instruments to be delivered in connection herewith. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and in any documents and instruments to be delivered in connection herewith. If there is any conflict or inconsistency between the provisions of this Agreement and those in any in any documents and instruments to be delivered in connection herewith, the terms and conditions in this Agreement will govern.

#### Further Assurances

9.06 Subject to Section 9.07, each of the parties hereto hereby covenants and agrees to execute such further and other documents and instruments and do such further and other things as may be necessary or desirable to implement and carry out the intent of this Agreement. In addition, each party will conduct itself in relation to this Agreement, and exercise its rights under this Agreement, in good faith and in a commercially reasonable manner.

#### Transition/Integration

9.07 The parties acknowledge that in connection with the acquisition of the Assets by the Purchaser, the Purchaser will transition and integrate the business, systems and processes of the Utility into the Purchaser's existing operations, systems, processes and resources, including without limitation, with respect to information technology, procurement, metering and customer billing matters. Subject to applicable laws, including without limitation, those regarding privacy or the protection of personal information, the Vendor will make available the Utility's billing and account data available to the Purchaser in electronic format. The Vendor consents to the Purchaser retaining at the Purchaser's cost, Diamond Municipal Solutions (the "**IT Consultant**") as information technology consultants to assist in transitioning the billing and account data to the Purchaser's system, provided that the foregoing consent will in no way be construed as any consent to or waiver or any obligations, including without limitation of confidentiality, that the IT Consultant owes to the Vendor or its affiliates. The Vendor will provide such additional information related to the billing and account data as the Purchaser reasonably requires to effect the transition of that data, provided that in no instance will the Vendor be required to provide any source code, algorithms, information technology protocols or the like which are confidential or proprietary to the Vendor or its affiliates. The data and information to be provided as described above will be provided on an "as-is" basis without any representation, warranty or guarantee, either express or implied, regarding the accuracy or completeness of such information and the Vendor shall have no liability to the Purchaser or any of its affiliates arising out of the use of or reliance upon such information. Subject to the foregoing provisions of this Section 9.07, the parties agree that the work of implementing the transition and integration of the Assets into the Purchaser's existing operations, systems, processes and resources is the sole responsibility of the Purchaser and nothing in this Agreement creates any obligation on the part of the Vendor to assist or facilitate such transition or integration. In addition to the foregoing, the Purchaser agrees and acknowledges that, if an O&M agreement is not entered into, the connection and integration of the Vendor's SCADA software and computer equipment to and with the Purchaser's IT systems will be the sole responsibility of the Purchaser.

Assignment

9.08 The Vendor can assign its rights under this Agreement to a different corporate entity with common beneficial ownership with the Vendor in the event of any corporate reorganization that results in the transfer of the Assets to such different corporate entity. Otherwise, neither party may assign or transfer its respective rights under this Agreement.

Amendments

9.09 No amendment to this Agreement shall be valid unless it is evidenced by a written agreement executed by all of the parties hereto.

Legal and Other Expenses

9.10 Except as set out herein, the parties will pay their respective legal, accounting and other professional fees and expenses, including applicable GST and Provincial Sales Tax, incurred by each in connection with the negotiation and settlement of this Agreement, the completion of the transactions contemplated hereby and the other matters pertaining hereto. The Purchaser will be responsible for all registration fees, general sales tax and, where applicable, property purchase tax payable, in connection with the sale of the Assets.

Brokers, Finders Fees

9.11 The Vendor shall indemnify and save harmless the Purchaser from and against any claims for any commission, fee or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Vendor. The Purchaser shall indemnify and save harmless the Vendor from and against any claims for any commission, fee or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Purchaser. These indemnities are not subject to any of the limitations in Article 6.

Waiver of Rights

9.12 Any waiver of any of the provisions of this Agreement will be binding only if it is in writing and signed by the party to be bound by it, and only in the specific instance and for the specific purpose for which it has been given. The failure or delay of any party in exercising any right under this Agreement will not operate as a waiver of that right. No single or partial exercise of any right will preclude any other or further exercise of that right or the exercise of any other right, and no waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar).

Third Parties

9.13 Except as specified in Article 6, this Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties and their respective

successors and permitted assigns. Except for the indemnified persons described in Article 6, no person other than the parties will be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

Counterparts, etc.

9.14 This Agreement may be executed in any number of counterparts (including counterparts by facsimile), each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument. Delivery by facsimile or by electronic transmission of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or by electronic transmission shall also deliver an originally executed counterpart of this Agreement, but the failure to deliver an originally executed copy does not affect the validity, enforceability or binding effect of this Agreement.

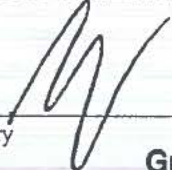
[Remainder of page intentionally left blank. Signature page to follow.]

Stephanie I am  
Deputy City Clerk

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective as of the day and year first above written.

EPCOR WHITE ROCK WATER INC.

Per:



Authorized signatory

Print name:

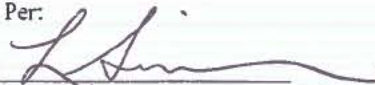
**Guy Bridgeman**

Position:

**Senior Vice President and Chief Financial Officer**

CITY OF WHITE ROCK

Per:



Mayor

**S.A. Lam**

Corporate Officer

**Stephanie Lam**

**Deputy City Clerk**

*Deputy*

**Schedule "A"**

**Capital Asset Schedule**

<b>Filing Category</b>	<b>Asset Category</b>	<b>Asset#</b>	<b>Asset Description</b>	<b>Date Place in Service</b>
Collection & Impound	RSVOIR-ONSITE-STORGE-	1683	30502 - Collecting and Impound	01-Jul-82
Collection & Impound	RSVOIR-OFFSIT-TANK-	37586	WR-Merklin Tower Reservoir Upgrades/Structural Remediation	31-Dec-10
Collection & Impound	RSVOIR-OFFSIT-NONE-	41215	WR-Merklin Tower R	31-Oct-11
Wells & Springs	RSVOIR-OFFSIT-NONE-	1684	30503 - Wells and Springs	01-Jul-05
Wells & Springs	RSVOIR-OFFSIT-NONE-	1685	30503 - Wells and Springs	01-Jul-85
Wells & Springs	RSVOIR-OFFSIT-NONE-	33871	Well Rehab / Replacement	30-Oct-09
Wells & Springs	RSVOIR-OFFSIT-NONE-	90244	Redevelopment of Drinking Water Wells #3 and #1	31-Dec-12
Wells & Springs	RSVOIR-OFFSIT-NONE-	166416	Merklin Well #7	28-Jun-13
Wells & Springs	RSVOIR-OFFSIT-NONE-	210928	WR - Well #6 Redevelopment	31-Dec-14
1991 Wells & Equipment	RSVOIR-CONVER-CONVER-	1686	30504 - 1991 Well and Equipment	01-Jul-92
Structures & Improvements	BLDGS-CONVER-CONVER-	1689	30507 - Structures and Improvements	01-Jul-88
Electric Pumping Equipment	RSVOIR-ONSITE-PMPEQP-	1690	30508 - Electrical Pumping Equip	01-Jul-82
Other Pumping Equipment	RSVOIR-OFFSIT-PMPEQP-	1691	30509 - Other Pumping equipment	01-Jul-00
Paving / Parking	BLDGS-CONVER-CONV13-	1708	30521 - Paving	01-Jul-04
Retaining Wall	BLDGS-CONVER-CONV10-	1692	30510 - Retaining Wall	01-Jul-04
Fencing & Gates	BLDGS-WATTRT-PRKLOT-	1693	30511 - Fencing and Gates	01-Jul-04

Filing Category	Asset Category	Asset#	Asset Description	Date Place in Service
*Leasehold Improvements	LEAIMP-CONVER- CONVER-	1694	30512 - Office Renovations/Leasehold	01-Jul-05
*Leasehold Improvements	LEAIMP-CONVER- CONVER-	1695	30512 - Office Renovations/Leasehold	01-Jul-04
Structures & Improvements	BLDGS-CONVER- CONV33-	1709	30522 - Structures & Improvements	01-Jul-88
Structures & Improvements	BLDGS-WATTRT- STRUCT-	41217	White Rock Securit	31-Dec-11
Equipment	TOOLS-MCREQP- CONVER-	12380	WR 2007 Well Redev & Pump Replace	31-Dec-07
Backflow Devices	INSTRU-NONE-NONE-	1707	30520 - Backflow Devices	01-Jul-04
*Tool Shop & Garage Equipment	TOOLS-CONVER- CONVER-	1702	30517 - Tool Shop & Garden Equip	01-Jul-05
*Tool Shop & Garage Equipment	TOOLS-CONVER- CONVER-	1703	30517 - Tool Shop & Garden Equip	01-Jul-94
*Power Operated Equipment	TOOLS-NONE-NONE-	1705	30519 - Power Operated Equipment	01-Jul-04
Computer Hardware	IT-HRDWRE-NONE-	37585	WR-Security Upgrades	31-Dec-10
Computer Hardware	IT-HRDWRE-NONE-	37592	WR-SCADA Controls Upgrade	31-Dec-10
Computer Hardware	IT-HRDWRE-NONE-	41242	WR Controls Upgrad	31-Dec-11
Computer Software	SFTWRE-ACQRD-NONE-	12373	WR 2006 SCADA Upgrades	30-Nov-07
Computer Software	SFTWRE-ACQRD-NONE-	12376	WR 2006 SCADA Upgrades	30-Nov-07
Computer Software	SFTWRE-ACQRD-NONE-	12379	WR 2006 SCADA Upgrades	30-Nov-07
Computer Software	SFTWRE-ACQRD-NONE-	12381	WR 2006 SCADA Upgrades	30-Nov-07
Computer Software	SFTWRE-ACQRD-NONE-	37607	WR-Asset Management Plan/GIS	31-Dec-10
Reserve & Standpipe	RSVOIR-ONSITE-NONE-	1711	30524 - Reserve and Standp	01-Jul-05



Filing Category	Asset Category	Asset#	Asset Description	Date Place in Service
Concrete				
Reserve & Standpipe				
Concrete	RSVOIR-ONSITE-NONE-	1712	30524 - Reserve and Standp	01-Jul-51
Mains - Iron	WATMNS-CONVER- CONVER-	1713	30525 - Mains - Iron Ductile	01-Jul-05
Mains - Iron	WATMNS-CONVER- CONVER-	1714	30525 - Mains - Iron Ductile	01-Jul-89
Mains - Iron	WATMNS-DIST-PIPES-	8577	WR CI & GI Replacements	31-Dec-06
Mains - Iron	WATMNS-DIST-PIPES-	8578	WR North Bluff Rd WM	31-Dec-06
Mains - Iron	WATMNS-DIST-PIPES-	12375	WR Russell Ave & Merklin St	01-Oct-07
Mains - Iron	WATMNS-DIST-PIPES-	12377	WR Goggs Avenue	31-Dec-07
Mains - Iron	WATMNS-DIST-PIPES-	12378	WR 2006 CI & GI Replacements	31-Dec-07
Mains - Iron	WATMNS-DIST-PIPES-	14889	Mann Park Crescent	27-Nov-08
Mains - Iron	WATMNS-DIST-PIPES-	33850	1200 Maple Street Upsizing	30-Sep-09
Mains - Iron	WATMNS-DIST-PIPES-	33870	Upper Roper Avenue Water Main	30-Nov-09
Mains - Iron	WATMNS-DIST-PIPES-	37593	WR-Columbia Lane Improvements	30-Apr-10
Mains - Iron	WATMNS-DIST-PIPES-	41203	WR Chestnut Street	31-Oct-11
Mains - Iron	WATMNS-DIST-PIPES-	41209	WR Kerr Foot Road/	30-Nov-11
Mains - Iron	WATMNS-DIST-PIPES-	90248	Blackburn Ave - 300m of 200mm D.I. WM	31-Dec-12
Mains - Iron	WATMNS-DIST-PIPES-	90242	110m of 150mm D.I. WM	31-Dec-12
Mains - Iron	WATMNS-DIST-PIPES-	166409	Vine Ave and Hospital St 220m of 200mm D.I. WM	11-Oct-13
Mains - Iron	WATMNS-DIST-PIPES-	166410	130m of 150mm D.I. WM	08-Nov-13
Mains - Iron	WATMNS-DIST-PIPES-	210926	Oxenham Ductile Iron Water Main	31-Jan-14
Mains - Iron	WATMNS-DIST-PIPES-	210929	Magdalene Crescent to Bishop	30-Jun-14
Services	WATCON-CONVER- CONVER-	1715	30526 - Services	01-Jul-05
Services	WATCON-CONVER- CONVER-	1716	30526 - Services	01-Jul-92
Services	WATCON-NONE-NONE-	8579	2006 WR Stayte Rd Service Renewals	31-Dec-06
Services	WATCON-NONE-NONE-	8605	WR 2006 Service Installs	31-Dec-06
Services	WATCON-NONE-NONE-	12374	WR 2007 Water Services & Private Hydrants	31-Dec-07

Filing Category	Asset Category	Asset#	Asset Description	Date Place in Service
Services	WATCON-NONE-NONE-	12382	WR 2007 Water Services & Private Hydrants	31-Dec-07
Services	WATCON-NONE-NONE-	14879	WR 2008 New Water Servi	27-Nov-08
Services	WATCON-NONE-NONE-	33845	Water Service Conn & Priv Dev Hydrants	31-Dec-09
Services	WATCON-NONE-NONE-	33851	Stayte Road Ph III Water Serv Upgrades WR New Water Service Installations & Developer Funded	02-Mar-09
Services	WATCON-NONE-NONE-	37591	Hydrants	31-Dec-10
Services	WATCON-NONE-NONE-	41202	WR New Water Servi	31-Mar-11
Services	WATCON-NONE-NONE-	41206	WR New Water Servi	31-Dec-11
Services	WATCON-NONE-NONE-	90245	Water Service Connections	31-Dec-12
Services	WATCON-NONE-NONE-	90243	New Water Service Install	30-Apr-12
Services	WATCON-NONE-NONE-	166411	2013 New Water Service Connections	31-Dec-13
Services	WATCON-NONE-NONE-	210930	2014 New Water Service Connections	31-Dec-14
Meters	METERS-CONVER- CONVER-	1719	30527 - Meters	01-Jul-05
Meters	METERS-CONVER- CONVER-	1720	30527 - Meters	01-Jul-80
Meters	METERS-ELECT-NONE-	8604	WR 2006 Meters	31-Dec-06
Meters	METERS-ELECT-NONE-	8606	2006 WR Meter Replacements	31-Dec-06
Meters	METERS-ELECT-NONE-	14890	WR 2008 Meter Replacements	31-Dec-08
Meters	METERS-MTRBIL-NONE-	33852	Meter Replacement Program	31-Dec-09
Meters	METERS-MTRBIL-NONE-	33867	Meter Replacement Program 2009	30-Jun-09
Meters	METERS-MECH-NONE-	37581	WR Meter Replacement Program	31-Dec-10
Meters	METERS-ELECT-NONE-	41214	WR Meter Replaceme	31-Dec-11
Meters	METERS-ELECT-NONE-	41236	WR Meter Replaceme	30-May-11
Meters	METERS-ELECT-NONE-	90246	Meter Replacement Program	31-Dec-12
Meters	METERS-ELECT-NONE-	166412	2013 WR Meter Replace	31-Dec-13
Meters	METERS-MECH-NONE-	210931	2013 WR Meter Replace	31-Dec-14
Meters	METERS-MECH-NONE-	210932	2013 WR Meter Replace	30-Nov-14
Hydrants	HYDRTS-CONVER- CONVER-	1721	30528 - Hydrants	01-Jul-05

Filing Category	Asset Category	Asset#	Asset Description	Date Place in Service
Hydrants	HYDRTS-CONVER- CONVER-	1722	30528 - Hydrants	01-Jul-91
Hydrants	HYDRTS-NONE-NONE-	8603	WR 2006 Hydrants	31-Dec-06
Hydrants	HYDRTS-NONE-NONE-	14899	Mann Park Crescent	27-Nov-08
Hydrants	HYDRTS-NONE-NONE-	33847	Upper Roper Avenue Water Main WR New Water Service Installations & Developer Funded	30-Nov-09
Hydrants	HYDRTS-NONE-NONE-	37606	Hydrants	09-Apr-10
Hydrants	HYDRTS-NONE-NONE-	41238	WR Hydrant Replace	20-Dec-11
Hydrants	HYDRTS-NONE-NONE-	90247	Hydrant Replacement	31-Dec-12
Hydrants	HYDRTS-NONE-NONE-	166413	2013 WR Hydrant Replacement	31-Dec-13
Hydrants	HYDRTS-NONE-NONE-	210927	2014 Fire Hydrant	31-Jan-14
Hydrants	HYDRTS-NONE-NONE-	210933	2014 Hydrant Replacements	31-Dec-14
Land & Land Rights	LAND-CONVER- CONVER-	1687	30505 - Land and Land rights	01-Jul-04
Distribution	LAND-CONVER- CONVER-	1688	30506 - Land and Land Rights	01-Jul-04

\* As per the definitions of Assets and Excluded Assets, these items will be transferred to the Purchaser if an O&M Agreement is not entered into and will be retained by the Vendor if no O&M Agreement is entered.

**Schedule "B"**

**Assignment and Assumption Agreement**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made the \_\_\_ day of \_\*, 2015,

BETWEEN:

**EPCOR WHITE ROCK WATER INC.**, , a company validly subsisting under the laws of British Columbia and having its head office at 2000 – 10423 101 St. NW, Edmonton, AB T5H 0E8

(the "Assignor")

AND:

**CITY OF WHITE ROCK**, a municipal corporation validly subsisting under the laws of British Columbia with its municipal hall at 15322 Buena Vista Ave., White Rock, BC V4B 1Y6

(the "Assignee")

WHEREAS:

A. The Assignor and the Assignee are parties to an Asset Purchase Agreement dated the \* day of \*, 2015 (the "**Purchase Agreement**") pertaining to the purchase and sale of the Assets of the Assignor used in the Utility; and

B. The Assignor, in accordance with the terms and conditions of the Purchase Agreement, has agreed to sell to the Assignee, effective as of the Closing Date, the full benefit of the Material Contracts which are listed in Exhibit "1" hereto;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the agreements contained in the Purchase Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Assignor) the parties do hereby agree as follows:

## ARTICLE 1 DEFINITIONS AND INTERPRETATION

### Definitions

1.01 Except where the context requires otherwise, the definitions provided for in the Purchase Agreement are adopted and incorporated by reference in this Assignment and Assumption Agreement.

ARTICLE 2  
ASSIGNMENT

Assignment

2.01 The Assignor does hereby absolutely, irrevocably and unconditionally assign, grant, transfer and set over to the Assignee, from the Closing Date, all of the Assignor's estate, right, title, interest, claim and demand whatsoever, both at law and in equity, in and to all of the Material Contracts, with full power and authority for the Assignee to use the name of the Assignor in enforcing the performance of all covenants and other matters and things contained in the Material Contracts. The estate, right, title, interest claim and demand hereby assigned includes (without restricting the generality of the foregoing):

- (a) all claims for damages for breach by the other parties to the Material Contracts of any of the terms or conditions of the Material Contracts, and all warranties and indemnity provisions contained therein;
- (b) any right to terminate the Material Contracts; and
- (c) the right of the Assignor to perform the Material Contracts and to compel performance of the terms thereof.

Covenant of the Assignee

2.02 The Assignee will, from the Closing Date and throughout the residue of the term of each of the Material Contracts, be bound by and observe and perform all covenants, terms, conditions and other provisions set forth in the Material Contracts to be observed and performed by the Assignor therein. The Assignee shall be liable to the Assignor for and shall indemnify and save harmless the Assignor of and from all manner of actions, causes of action, proceedings, claims, demands, losses, costs, damages and expenses whatsoever (and without limiting the generality of the foregoing, legal costs on a solicitor and his own client full indemnity basis) which may be brought or made against the Assignor or which the Assignor may sustain, pay or incur as a result of or in connection with any breach or non-observance, after the Closing Date, by the Assignee of the obligations hereby assumed under the Material Contracts.

Acceptance of Assignment

2.03 The Assignee hereby accepts the assignment of the Material Contracts in its favour herein contained.

Covenant of Assignor

2.04 The Assignor shall be liable to the Assignee for and shall indemnify and save harmless the Assignee of and from all manner of actions, causes of action, proceedings, claims, demands, losses, costs, damages and expenses whatsoever (and without limiting the generality of the foregoing, legal costs on a solicitor and his own client full indemnity basis) which may

be brought or made against the Assignee or which the Assignee may sustain, pay or incur as a result of or in connection with any breach or non-observance, on or prior to the Closing Date, by the Assignor of its obligations under the Material Contracts.

#### Non-Assignable Contracts

2.05 If the estate, right, title, interest and claim of the Assignor in and to the Material Contracts or any of them (the "**Interests**") are not assignable to the Assignee (because the Interests are by their terms personal to the Assignor or because the assignment thereof is conditional upon the approval of any other party thereto and such approval has not been obtained as at the Completion Date or because the remedies for enforcement thereof would not pass to the Assignee as an incident of the same), then the Assignor shall hold the Interests in trust (to the extent not illegal or prohibited by the other party thereto) for the Assignee and perform the rights in respect of such Interests in its name and at the expense of the Assignee, and the benefits and all liabilities and burdens derived thereunder shall be for the account of the Assignee; provided that, where the assignment of such Interests is conditional upon the approval of some other party thereto, such trusts shall terminate and the assignment to the Assignee of the Interests shall become effective immediately upon obtaining the aforementioned approval.

### ARTICLE 3 GENERAL PROVISIONS

#### Time

3.01 Time shall be of the essence of this Agreement.

#### Amendment

3.02 This Assignment may only be amended by an agreement in writing signed by both of the parties hereto

#### Entire Agreement

3.03 Subject only to the terms of the Purchase Agreement, this Assignment sets forth the entire agreement of the parties respecting the subject matter hereof and merges all prior discussions between them. No party hereto shall be bound by any conditions, definitions, warranties or representations with respect to the subject matter of this Assignment, other than as is expressly provided for herein and in the Purchase Agreement.

#### No Merger

3.04 The execution and delivery of this Assignment shall not operate as a merger of the representations or warranties of, or any obligations or covenants of the Assignor or Assignee contained in the Purchase Agreement, all of which shall survive the closing of the transaction contemplated therein in the manner provided in the Purchase Agreement.

#### Further Assurances

3.05 The parties hereto and each of them do hereby covenant and agree to do such things and execute such further documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this Assignment in accordance with their true intent. In addition, each party will conduct itself in relation to this Agreement, and exercise its rights under this Agreement, in good faith and in a commercially reasonable manner.

Conflict

3.06 If there is any conflict between the provisions of this Assignment and the Purchase Agreement, then the provisions of the Purchase Agreement, to the extent of such conflict, shall prevail over the provisions of this Assignment.

Governing Law

3.07 This Assignment shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Enurement

3.08 This Assignment shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns as the case may be.

Counterparts, etc.

3.09 This Assignment may be executed in any number of counterparts (including counterparts by facsimile), each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument. Delivery by facsimile or by electronic transmission of an executed counterpart of this Assignment is as effective as delivery of an originally executed counterpart of this Assignment. Any party delivering an executed counterpart of this Assignment by facsimile or by electronic transmission shall also deliver an originally executed counterpart of this Assignment, but the failure to deliver an originally executed copy does not affect the validity, enforceability or binding effect of this Assignment.

IN WITNESS WHEREOF the parties hereto have executed this Assignment and Assumption Agreement on the day and year first above written.

EPCOR WHITE ROCK WATER INC.

Per:

\_\_\_\_\_  
Authorized signatory

Print name:

Position:



CITY OF WHITE ROCK

Per:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Corporate Officer

**Exhibit "1"**  
**Material Contracts**

**Schedule "C"**

**Excluded Assets**

Nil.

**Schedule "D"**

**Financial Statements**

See attached.

## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Income and Deficit

Unaudited

(In thousands of dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Revenues	\$ 2,720	\$ 2,468
Operating Expenses:		
Operations, maintenance and administration	1,609	1,563
Property taxes and other taxes	287	261
Depreciation and amortization	289	302
Net financing expenses	320	344
	2,505	2,470
Net Income (loss) before income taxes	215	(2)
Income taxes (income tax reductions)	75	(20)
Net income (loss)	140	18
Deficit, beginning of year	(461)	(479)
Deficit, end of year	\$ (321)	\$ (461)

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Financial Position

#### Unaudited

(In thousands of dollars)

Years ended December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 48
Accounts receivable	713	848
Inventories	74	83
Prepaid expenses	11	15
	798	994
Property, plant and equipment	6,989	5,504
Deferred tax asset	213	288
	\$ 8,000	\$ 6,786
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Short-term debt	\$ 4,484	\$ 3,269
Accounts payable and accrued liabilities	626	746
Other current liabilities	203	224
	5,313	4,240
Long-term debt	1,008	1,008
Shareholder's equity:		
Contributed surplus	2,000	2,000
Deficit	(321)	(461)
	1,679	1,539
	\$ 8,000	\$ 6,786

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Cash Flows

Unaudited

(In thousands of dollars)

Years ended December 31, 2014 and 2013

	2014	2013
<b>Operating activities:</b>		
Net Income	\$ 140	\$ 18
Adjustment to reconcile net income to funds from operating activities:		
Depreciation and amortization	290	302
Future income taxes (recovery)	75	(20)
	505	300
Net change in non-cash operating working capital	7	(236)
	512	64
<b>Investing activities:</b>		
Property, plant and equipment	(1,775)	(975)
Change in non-cash investing working capital	-	-
	(1,775)	(975)
<b>Financing activities:</b>		
Net issuance (repayment) of short term debt	1,215	913
Equity contributions from EPCOR Water Services Inc.	-	-
	1,215	913
Increase (decrease) in cash and cash equivalents	(48)	2
Cash and cash equivalents, beginning of year	48	46
Cash and cash equivalents, end of year	\$ 0	\$ 48

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Income and Deficit

#### Unaudited

(In thousands of dollars)

Years ended December 31, 2013 and 2012

	2013	2012
		Restated (Note 1)
Revenues	\$ 2,396	\$ 2,266
<b>Operating Expenses:</b>		
Operations, maintenance and administration	1,563	1,263
Property taxes and other taxes	261	252
Depreciation and amortization	302	243
Net financing expenses	344	295
	2,470	2,053
<b>Net Income (loss) before income taxes</b>	(74)	213
Income taxes (income tax reductions)	(20)	22
<b>Net income (loss)</b>	(54)	191
Deficit, beginning of year	(479)	(670)
<b>Deficit, end of year</b>	\$ (533)	\$ (479)

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

Note 1: Prior year comparative figures have been restated to conform with current year presentation, to reflect the impact of income tax adjustments and to reflect corrected deferral account and other balances consistent with the amounts reported in the 2014-2017 revenue requirement application.



## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Financial Position

#### Unaudited

(In thousands of dollars)

Years ended December 31, 2013 and 2012

	2013	2012
		Restated (Note 1)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 48	\$ 46
Accounts receivable	776	514
Inventories	83	50
Prepaid expenses	15	10
	922	620
Property, plant and equipment	5,505	4,833
Deferred tax asset	288	268
	\$ 6,715	\$ 5,721
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Short-term debt	\$ 3,270	\$ 2,357
Accounts payable and accrued liabilities	746	581
Other current liabilities	224	254
	4,240	3,192
Long-term debt	1,008	1,008
Shareholder's equity:		
Contributed surplus	2,000	2,000
Deficit	(533)	(479)
	1,467	1,521
	\$ 6,715	\$ 5,721

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

Note 1: Prior year comparative figures have been restated to conform with current year presentation, to reflect the impact of income tax adjustments and to reflect corrected deferral account and other balances consistent with the amounts reported in the 2014-2017 revenue requirement application.

## EPCOR WHITE ROCK WATER INC. (UTILITY OPERATIONS)

### Statements of Cash Flows

Unaudited

(In thousands of dollars)

Years ended December 31, 2013 and 2012

	2013	2012
		Restated (Note 1)
<b>Operating activities:</b>		
Net Income	\$ (54)	\$ 191
Adjustment to reconcile net income to funds from operating activities:		
Depreciation and amortization	302	243
Future income taxes (recovery)	(20)	23
	228	457
Net change in non-cash operating working capital	(164)	397
	64	854
<b>Investing activities:</b>		
Property, plant and equipment	(975)	(1,675)
	(975)	(1,675)
<b>Financing activities:</b>		
Net issuance (repayment) of short term debt	913	821
Equity contributions from EPCOR Water Services Inc.	-	-
	913	821
Increase (decrease) in cash and cash equivalents	2	-
Cash and cash equivalents, beginning of year	46	46
Cash and cash equivalents, end of year	\$ 48	\$ 46

These financial statements have been prepared solely for regulated reporting purposes and therefore are not in accordance with International Financial Reporting Standards (IFRS). These financial statements also do not include the accompanying notes and have not been audited or reviewed.

Note 1: Prior year comparative figures have been restated to conform with current year presentation, to reflect the impact of income tax adjustments and to reflect corrected deferral account and other balances consistent with the amounts reported in the 2014-2017 revenue requirement application.

## Schedule "E"

### Material Contracts

1. Goods and Services Contract dated September 12, 2014, between the Vendor and Tritech Group Ltd.
2. Purchase Order No. 666551 dated October 31, 2013 issued to Stantec Consulting Inc. by the Vendor.
3. Purchase Order No. 669573 dated March 5, 2014 issued to Kerr Wood Leidal Associates Ltd. by the Vendor.
4. The contract to be entered into regarding Phase 2 of the "Total Water Quality Management Program referenced in Section 5.08 of the main body of this Agreement.
5. Lease dated October 27, 2010 between EPCOR Water Services Inc. (an affiliate of the Vendor) and Tom R. Kirstein, Inc., Grant L. Neidig, Inc. William L. Vance, Inc., Marv Kjellbotn, Inc., CJB Holdings Inc., Wesco Management Ltd., 658746 B.C. Ltd., 0716132 B.C. Ltd. and 635340 B.C. Ltd.

## Schedule "F"

### Permits and Licences

1. Permit to Operate a Drinking Water System with 301-10000 Connections issued by Fraser Health Authority, dated November 13, 2013.
2. Waterworks Construction Permit No. 600528 issued by Fraser Health Authority, dated May 6, 2014.
3. Waterworks Construction Permit No. 600530 issued by Fraser Health Authority, dated May 6, 2014.
4. Certificate for Public Convenience and Necessity issued by the British Columbia Comptroller of Water Rights dated March 20, 2006.
5. Certificate for Public Convenience and Necessity Amendment issued by the British Columbia Comptroller of Water Rights dated July 4, 2014 regarding the Total Water Quality Management Project.
6. Water Supply Agreement dated August 16, 2004 between the Vendor and the City of Surrey.

## **Schedule "G"**

### **Required Consents**

#### **From Governmental Authorities**

1. Approval from the British Columbia Comptroller of Water Rights to transfer the Assets to the Purchaser.
2. Approval from the Fraser Health Authority to transfer to the Purchaser, the Permit to Operate and the Waterworks Construction Permits referred to in Schedule "F".
3. Approval from the City of Surrey to assign the Water Supply Agreement referred to in Schedule "F" to the Purchaser.

#### **From other third parties**

4. Consent to assignment regarding item 1 referenced in Schedule "E".
5. Consent to assignment regarding item 2 referenced in Schedule "E".
6. Consent to assignment regarding item 3 referenced in Schedule "E".
7. Consent to assignment regarding item 5 referenced in Schedule "E".

For greater certainty, with respect to items 5 and 6 referenced above, such relate to purchase orders issued pursuant to master agreements entered into between affiliates of the Vendor and the noted third parties and, pursuant to such master agreements, other affiliates of the Vendor have outstanding work or purchase orders unrelated to the Assets or the Utility. Given the foregoing, the parties agree should the Purchaser enter into a master or other agreement(s) with such third parties, the Vendor will use reasonable commercial efforts to obtain consent to assignment of such purchase orders to the Purchaser, failing such consent, the Vendor make take such steps as are reasonably required to terminate such purchaser order(s), in which case the Purchaser will indemnify the Vendor in respect of any costs and liabilities arising from such termination.

Schedule "H"

Utility Employees

**Redacted S. 22**

## Schedule "I"

### Permitted Encumbrances

PID: 029-076-242

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.
- (c) SRW CA4352638 in favour of British Columbia Hydro and Power Authority
- (d) SRW CA4352639 in favour of Telus Communications Inc.

PID: 007-563-191

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.

PID: 007-563-205

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.

PID: 007-563-906

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.

PID: 007-563-949

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.

PID: 007-563-981

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.

PID: 007-560-923

1. Legal Notations: None

2. Charges, Liens, Interests:

- (a) The subsisting conditions, provisos, restrictions, exceptions and reservations contained in the original grant, or in any grant or disposition from the Crown or imposed or implied by statute.
- (b) Statutory exceptions to title.
- (c) A statutory right of way in favour of British Columbia Hydro and Power Authority on filed standard charge terms ST020101 to be granted by the Vendor substantially in the form provided by the Vendor to Purchaser prior to the date hereof.