

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made as of October 30, 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 28th day of August, 2015 (the "**Purchase Agreement**") pertaining to the purchase and sale of the Assets of the Assignor used in the Utility;

B. The Assignor, in accordance with the terms and conditions of the Purchase Agreement, has agreed to sell to the Assignee the full benefit of the Lease dated October 27, 2010 between 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., collectively known as KNV Properties (a co-ownership and hereinafter referred to as the "**Original Landlord**") and EPCOR Water Services Inc. (the "**Tenant**"), as assigned by the Tenant to the Assignor on April 4, 2013 (the "**Assigned Contract**");

C. The Original Landlord sold the property containing the premises leased by the Assignor (the "**Property**") to 1033848 B.C. Ltd. (the "**New Landlord**") on June 1, 2015;

D. The New Landlord leased the Property back to the Original Landlord pursuant to a head lease dated April 25, 2015; and

E. Subsequent to the sale of the Property, the Assignor continued to pay rent to the Original Landlord.

NOW THEREFORE THIS ASSIGNMENT AND ASSUMPTION 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 January 1, 2016 (the “**Effective Date**”), all of the Assignor’s estate, right, title, interest, claim and demand whatsoever, both at law and in equity, in and to the Assigned Contract, 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 Assigned Contract. 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 Landlord of any of the terms or conditions of the Assigned Contract, and all warranties and indemnity provisions contained therein;
- (b) any right to terminate the Assigned Contract; and
- (c) the right of the Assignor to perform the Assigned Contract and to compel performance of the terms thereof.

Covenant of the Assignee

2.02 The Assignee will, from the Effective Date and throughout the residue of the term of the Assigned Contract, be bound by and observe and perform all covenants, terms, conditions and other provisions set forth in the Assigned Contract 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 Effective Date, by the Assignee of the obligations hereby assumed under the Assigned Contract.

Acceptance of Assignment

2.03 The Assignee hereby accepts the assignment of the Assigned Contract 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 Effective Date, by the Assignor of its obligations under the Assigned Contract.

Non-Assignable Contracts

2.05 If the estate, right, title, interest and claim of the Assignor in and to the Assigned Contract (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 Effective 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 Assignment and Assumption Agreement.

Amendment

3.02 This Assignment and Assumption Agreement 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 and Assumption Agreement 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 and Assumption Agreement, other than as is expressly provided for herein and in the Purchase Agreement.

No Merger

3.04 The execution and delivery of this Assignment and Assumption Agreement 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 and Assumption Agreement in accordance with their true intent. In addition, each party will conduct itself in relation to this Assignment and Assumption Agreement, and exercise its rights under this Assignment and Assumption 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 Assumption Agreement 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 and Assumption Agreement.

Governing Law

3.07 This Assignment and Assumption Agreement 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 and Assumption Agreement 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 and Assumption 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 Assignment and Assumption Agreement is as effective as delivery of an originally executed counterpart of this Assignment and Assumption Agreement. Any party delivering an executed

counterpart of this Assignment and Assumption Agreement by facsimile or by electronic transmission shall also deliver an originally executed counterpart of this Assignment and Assumption Agreement, but the failure to deliver an originally executed copy does not affect the validity, enforceability or binding effect of this Assignment and Assumption Agreement.

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:

John Elford
Senior Vice President

CITY OF WHITE ROCK

Per:

Mayor

Corporate Officer

The Original Landlord hereby consents to the assignment of the Assigned Contract pursuant to the terms and conditions contained in this Assignment and Assumption Agreement. The Original Landlord hereby confirms that the Assignor is released and discharged from, and the Assignee assumes, all covenants, agreements, obligations and liabilities under the Assigned Contract, effective as of the Effective Date.

The Original Landlord hereby represents and warrants that the consent of the New Landlord to the assignment of the Assigned Contract is not required.

The consent of the Original Landlord contained herein is restricted to this Assignment and Assumption Agreement, and the prohibition against the assignment of the Assigned Contract and subletting or parting with possession of the premises leased under the Assigned Contract (the "Premises") by the tenant under the Assigned Contract will otherwise remain in full force and effect. The Original Landlord's consent herein will not be deemed to be a consent to or waiver of the requirement for the Original Landlord's prior written consent to any further assignment of the Assigned Contract or subletting or parting with possession of the Premises or any part thereof.

KNV Properties, as authorized representative of the
Original Landlord

Per:

I/We have authority to bind the Original Landlord

Print name:

Position: