

EXHIBIT 7 and 7(a)

Purchase Agreement

Carteret County Water System
Utility Asset Purchase Agreement

THIS UTILITY ASSET PURCHASE AGREEMENT (“Agreement”) is made and entered into as of the 18th day of October, 2021 (the “**Effective Date**”), by and between **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation with an address of 500 West Monroe St., Suite 3600, Chicago, IL 60661 (the “**Buyer**”), and **Carteret County**, a North Carolina local government, with an address of 210 Turner Street, Beaufort NC, 28576 (the “**Seller**”).

W I T N E S S E T H:

WHEREAS, Seller owns, maintains, and operates utility assets that consist generally of (2) wells used for water production, (3) booster pump stations, (3) elevated storage tanks (1) water treatment plant, and distribution facilities including water mains, valves, and service lines used to provide water service in the Service Area including any real property;

WHEREAS, Buyer is a public utility that furnishes retail water and wastewater services to the public in various portions of the State of North Carolina;

WHEREAS, Buyer desires to purchase, and Seller desires to sell, the Purchased Assets upon the terms and conditions set forth in this Agreement, and

NOW, THEREFORE, in consideration of the mutual covenants, conditions, representations, warranties and agreements contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION SECTION

As used in this Agreement, the following terms shall have the meanings as defined herein unless the context requires otherwise:

“**Assigned Permits**” has the meaning set forth in Section 2.02(A)(6).

“**Business**” means the Utility System and the Purchased Assets.

“**Business Day**” means any day except Saturday and Sunday or any other day on which commercial banks located in Beaufort, North Carolina are authorized or required by law to be closed for business.

“**Closing**” or “**Closing Date**” has the meaning set forth in Section 9.01 of this Agreement.

“**Connection Charges**” means the funds collected from new customers of the Utility System at or prior to initial connection to the Utility System in order to defray the cost of making utility service available.

“**Customer Deposits**” means all funds or deposits required to be made by customers of the Utility System to Seller upon becoming a customer, which deposit shall be returned to customers upon termination of services to said customer if said customer does not have any outstanding indebtedness owed to the Utility System upon termination. Said funds are being held by Seller. A listing of said Customer Deposits is attached hereto as **Exhibit F** and incorporated herein by this express reference. Said list shall be updated at Closing to reflect additions and subtractions from said listing from the Effective Date until the date of Closing.

“**Easements**” means easements not within a plat or dedicated roadway as set forth in **Exhibit B**.

“**Encumbrance**” means any charge, claim, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“**Excluded Assets**” means those assets, properties and rights, both tangible and intangible, real and personal, listed on **Exhibit C**.

“**Fee Parcels**” means the fee simple real property listed in **Exhibit D** and all fixtures and appurtenant interests belonging or appertaining thereto.

“**Governmental Authorization**” means any approval, authorization, license, order, certificate of public convenience and necessity, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body.

“**Governmental Body**” means any governmental authority of any nature, including, but not limited to, the U.S. Environmental Protection Agency (“**EPA**”), the North Carolina Utilities Commission (NCUC), and The North Carolina Department of Environmental Quality (DEQ).

“**Permitted Real Estate Encumbrances**” shall mean all rights of way, easements and covenants of record pertaining to the Fee Parcels and the Easements so long as the same do not materially impair the use, value or marketability of any Fee Parcel or Easement. Materiality of impairment shall be determined by Buyer at its sole, reasonable discretion. Permitted Real Estate Encumbrances shall not include any equitable interest, lien, option, pledge, security interest, mortgage, right of first option, right of first refusal or similar restriction, including any restriction on voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“**Personal Property**” means the personal property that is owned and used by Seller in operation of the Utility System and identified on **Exhibit E**.

“**Purchased Assets**” has the meaning set forth in Section 2.02 hereof.

“**Service Area**” means the service areas identified in **Exhibit A**.

“**Title Commitment**” means the title insurance commitment with respect to the Fee Parcels in an amount selected by Buyer in its discretion and not to exceed the Purchase Price,

issued by the Title Company committing the Title Company to issue and deliver the Title Policy to Buyer upon compliance with the requirements stated in Schedule B, Section 1 thereof, subject to the terms and conditions contained therein.

“**Title Company**” means the company identified by Buyer to issue the Title Commitment and Title Policy.

“**Title Policy**” means the ALTA owner's policy of title insurance, issued by the Title Company in accordance with the Title Commitment that meets the requirements of Section 3.03 of this Agreement.

“**Utility System**” means (1) the Fee Parcels, (2) the Easements, and (3) the Personal Property used to provide water utility service in the Service Area.

ARTICLE II

PURCHASE AND SALE OF ASSETS

SECTION 2.01. PURCHASE AND SALE COVENANT. At Closing, Buyer shall purchase from Seller and Seller shall sell to Buyer the Purchased Assets, upon the terms and subject to the conditions set forth in this Agreement.

SECTION 2.02. PURCHASED ASSETS.

- (A) The Purchased Assets consist of the following:
- (1) The Fee Parcels.
 - (2) The Easements, together with any other easement, license and right of way rights possessed by Seller at Closing, whether identified prior to or after Closing.
 - (3) The Governmental Authorizations.
 - (4) The Personal Property, including, but not limited to, all water production, treatment, storage, supply and distribution facilities, pumps, pumping stations, tanks, plants, wells, transmission mains, distribution mains, supply pipes, pipelines, storage tanks, standpipes,

hydrants, valves, meters, meter boxes, service connections, machinery, equipment, parts, tools, chemicals, supplies, inventories, office buildings and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System, plans, and third party warranties that relate to the Personal Property or completed or in progress construction.

(5) To the extent transferable under applicable law or with the consent of any third-party, if necessary and obtained, any intellectual property owned by Seller and relating to the Business including (i) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (ii) trade secrets, know-how and confidential business information (including current and planned methods and processes, client and customer lists and files, billing history for each customer, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities and financial data), and (iii) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller.

(6) To the extent transferable under applicable law or with the consent of any third-party, all permits, authorizations, filings, approvals and licenses possessed by Seller, or through which Seller has rights, that are used, useable or useful in the operation of the Business or the use or enjoyment or benefit of the Purchased Assets (collectively, “Assigned Permits”).

(7) To the extent transferable under applicable law or with the consent of any third-party, if necessary and obtained all consent orders issued by a Governmental Body to which Seller is subject, or through which Seller has obligations, that relate to the operation of the Utility System or the use or enjoyment or benefit of the Purchased Assets, and to which Buyer agrees, in its sole discretion, to assume.

(8) All Connection Charges collected by Seller prior to Closing.

(9) All records, documents and knowledge, whether written, electronic, recorded or any other form, related to the Business, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, contracts, easements and licenses, cost and pricing information, correspondence, prospective client information, customer and vendor lists and data, property records and other data, information, records and files, wherever located (including any such records maintained in connection with any computer system) related to the Business. Seller may retain copies of any records it deems necessary to substantiate any government or business returns or reports filed or due to be filed, including tax returns, which relate to events prior to Closing. Seller, at its expense, will provide originals of such records to Buyer upon Buyer's request.

(10) All purchase order forms, forms, labels, stationery, shipping materials, catalogues, brochures, artwork, photographs and advertising materials which relate to the Business.

(11) All rights and choses in action of Seller arising out of occurrences before or after the Closing relating to the Business, except those rights expressly retained by Seller under this Agreement.

(B) No later than the Closing, Seller shall provide Buyer (or provide Buyer with unrestricted, 24-hour access to) copies of current customer records, as-built surveys and water and wastewater plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, maintenance and operating manuals, engineering reports, calculations, studies, reports made to Governmental Bodies, Assigned Permits, permit applications, non-corporate

accounting, and non-corporate business records, controlled by or in the possession of Seller that relate to the description and operation of the Utility System.

SECTION 2.03. EXCLUDED ASSETS. Notwithstanding any other provision of this Agreement that may be construed to the contrary, the Purchased Assets do not include the Excluded Assets as shown on **Exhibit C**.

SECTION 2.04. PURCHASE PRICE. The Purchase Price for the Purchased Assets is Nine Million, Five Hundred Thousand and no/100 dollars (\$9,500,000), subject to prorations and adjustments set forth in this Agreement. The Purchase Price shall be payable by Buyer to Seller in immediately available funds at Closing, by wire transfer, pursuant to wire instructions to be provided by Seller to Buyer at or prior to Closing. The current deposit of Four Hundred Seventy Five Thousand and no/100 dollars (\$475,000) shall be applied to the purchase price.

SECTION 2.05. ASSUMED OBLIGATIONS. With the sole exception of Buyer's agreement to provide water service to individual customers through the Utility System following the Closing, Buyer shall not assume and shall not be liable for any debt, liabilities or contractual obligations of any other party of any nature whatsoever. Seller shall remain fully and solely liable for any and all debts, obligations or liabilities arising from the Purchased Assets and/or Seller's operation of the Utility System prior to the Closing.

SECTION 2.06. WITHHOLDING TAX. Buyer shall be entitled to deduct and withhold from the Purchase Price all taxes that Buyer may be required to deduct and withhold under any provision of any applicable federal, state or other tax law or regulation. All such withheld amounts shall be treated as delivered to Seller hereunder. All withholding tax issues will be determined by Buyer and submitted to Seller at least fifteen (15) days before Closing.

ARTICLE III

DUE DILIGENCE ISSUES

SECTION 3.01. PROVISION OF INFORMATION AND COOPERATION BY SELLER.

(A) Seller has provided or will provide to Buyer within 15 days after the Effective Date an inventory, updated through the Effective Date, of equipment, parts and other Personal Property used by Seller in connection with the operation of the Utility System.

(B) After the Effective Date, Seller shall cooperate with Buyer in providing updated information, financial and other reports to Buyer's representatives during normal business hours upon reasonable advance notice.

(C) After the Effective Date, Seller will give to Buyer, its officers, directors, employees, accountants, counsel and other representatives free and full access to and the right to inspect, during normal business hours, the Utility System and all of the premises, properties, assets, records, contracts and other documents relating to its Business and operations, and shall permit them to consult with the officers, employees, accountants, counsel and agents of Seller for the purpose of making such investigation of the business and operations of Seller as Buyer shall desire to make, provided that such investigation shall not unreasonably interfere with the business or operations of Seller and Buyer shall provide reasonable advance notice.

(D) After the Effective Date, Seller shall make any existing plats, surveys, plans or specifications for the Utility System in Seller's possession available to Buyer, or its representatives, for inspection during normal business hours upon reasonable advance notice.

(E) After the Effective Date, Seller shall cooperate with any request by Buyer to test the levels of Per- and polyfluoroalkyl substances ("PFAS") in the Utility System and/or the

Purchased Assets, such testing may include, but is not limited to testing the levels of PFOA, PFOS, GenX, HFPO-DA, and testing for any other chemicals deemed necessary by Buyer.

SECTION 3.02. DUE DILIGENCE DETERMINATIONS.

Buyer shall have one hundred twenty (120) Business Days from the Effective Date within which to conduct its due diligence. Thereafter, Buyer shall have fifteen (15) Business Days within which to terminate this Agreement in its sole discretion by delivering notice of its termination as provided in Section 11.02; otherwise, Buyer and Seller shall proceed to Closing as set forth in Article IX. Upon a termination of this Agreement under Section 3.02, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

SECTION 3.03. CURRENT EVIDENCE OF TITLE.

(A) Seller shall furnish or have delivered to Buyer from the Title Company within 30 days after the Effective Date, at Buyer's expense, the following:

(1) A Title Commitment issued by the Title Company to insure title to each parcel listed therein in an amount selected by Buyer in its discretion and not to exceed the Purchase Price, naming Buyer as the proposed insured and having the effective date as set forth therein, wherein the Title Company will have agreed to issue an ALTA form owner's title insurance policy, with North Carolina modifications; and

(2) Copies of all recorded documents listed as special Schedule B-2 exceptions thereunder and all deeds vesting title in and to the Seller.

(B) The Title Commitment shall include the Title Company's requirements for issuing the Title Policy, which shall be met by Seller as provided in Section 3.03(E) on or before the Closing Date (including those requirements that must be met by releasing or satisfying monetary Encumbrances, but excluding Encumbrances that will remain after Closing as agreed to by the Buyer).

(C) If any of the following occur, it shall constitute a Title Objection:

(1) The Title Commitment or other evidence of title or search of the appropriate real estate records discloses that any party other than Seller has title to the insured estate covered by the Title Commitment;

(2) Any title exception is disclosed in Schedule B to any Title Commitment that is not one of the Permitted Real Estate Encumbrances; or

(3) Any current survey or other due diligence discloses any matter that Buyer reasonably believes could materially and adversely affect Buyer's material use and enjoyment of the Fee Parcels described therein;

Buyer shall notify Seller in writing of such matters within 30 days prior to the Closing Date.

(D) Seller shall use its best efforts to cure each Title Objection and take all steps required by the Title Company to eliminate each Title Objection as an exception to the Title Commitment including the payment of money to cure any such Title Objections that may require such payment or the escrow of funds with the Title Company as may be required by the Title Company. Any Title Objection that the Title Company is willing to insure over, on terms acceptable to Seller and Buyer, is herein referred to as an “**Insured Exception.**” The Insured Exceptions, together with any title exception or matters disclosed by any survey and not objected to by the Buyer in the manner aforesaid, shall be deemed to be acceptable to Buyer. In the event Seller is unable to cure a Title Objection and/or Buyer objects to an Insured Exception, Buyer shall have the right to terminate this Agreement and shall have no liability or further obligation under this Agreement.

(E) Seller shall use its best efforts to comply with the requirements of Schedule B Section 1 of the Title Commitment. At the Closing, Seller shall identify any Schedule B Section 1

requirements that cannot be satisfied as of the Closing (“**Post-Closing Schedule B Requirements**”). Buyer and Seller shall agree on a post-Closing process to satisfy these requirements. Seller shall indemnify Buyer as to all Post-Closing Schedule B Requirements that are not satisfied in accordance with the agreed upon post-Closing process. Seller shall cooperate with Buyer in satisfying the Post-Closing Schedule B Requirements.

(F) Buyer shall have the right, but not the obligation, to do such surveys on the Fee Parcels as Buyer desires. Surveys procured by Buyer shall be at the sole cost and expense of Buyer.

(G) If Buyer desires to have any standard survey exceptions deleted or modified in the Title Policy, Buyer shall deliver to Seller’s attorneys, no later than 30 days prior to the Closing Date, properly certified and current original surveys of the specified Fee Parcels that comply with North Carolina law.

SECTION 3.04. ENVIRONMENTAL PROVISIONS.

(A) For purposes of this Agreement, the following terms shall have the following meanings:

(1) “**Hazardous Materials**” means any substance or material subject to regulation by any federal, state or local Governmental Body under any Environmental Law as a hazardous material, hazardous substance, hazardous waste, pollutant, contaminant, toxic waste, toxic substance as those terms or terms of similar import are defined, identified or regulated under any Environmental Laws, and any petroleum and petroleum products, by-products or breakdown products and any substance or material present in concentrations which exceed applicable standards or allowable limits implemented and enforced by any Governmental Body with authority to implement and/or enforce Environmental Laws;

(2) “**Environmental Laws**” shall include all federal, state and local environmental statutes, laws, regulations, ordinances, injunctions, judgments, orders, or other decrees of any governmental authority pertaining to the protection of the environment and including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; the Clean Water Act, also known as the Federal Water Pollution Control Act; the Safe Drinking Water Act; the Oil Pollution Act of 1990; the Toxic Substances Control Act; the Superfund Amendments and Reauthorization Act of 1986; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; and any comparable state statute, law, regulation, ordinance, injunction, judgment, order, or other decree. Any reference to a legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments, opinions, directives or notices issued thereunder.

(3) “**Environmental Condition**” shall mean any condition or circumstance related to the Purchased Assets, whether created by Seller or any other party, which (1) required or requires abatement or correction under an Environmental Law, or (2) has given or may give rise to any civil or criminal liability under an Environmental Law, or (3) has created or may create a public or private nuisance, including the presence of asbestos, PCB's, hazardous substances, petroleum products, radioactive waste or radon, on, in or about the Purchased Assets.

(B) Except as set forth in Schedule 3.04(B), after diligent inquiry and investigation, Seller represents and warrants to Buyer that it has obtained and continues to possess all environmental permits and other Governmental Authorizations that are required under Environmental Laws in connection with the business and operation of the Utility System, has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under Environmental Laws.

(C) Except as set forth in Schedule 3.04(C), after diligent inquiry and investigation, Seller represents and warrants to Buyer that: (1) the Utility System has been and is in full compliance with all applicable Environmental Laws and environmental permits and there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans pertaining or relating to the Purchased Assets which may impede or prevent continued compliance with the Environmental Laws or which may give rise to any civil or criminal liability under any of the Environmental Laws; (2) Seller has been and is in compliance with all orders, decrees, judgments and notices issued against Seller under or in connection with any of the Environmental Laws; and (3) there are no Environmental Conditions. Except as set forth in Schedule 3.04(C), Seller has no knowledge of any basis for a violation, alleged violation or liability.

(D) Except as set forth in Schedule 3.04(D), after diligent inquiry and investigation, Seller represents and warrants to Buyer that it has not received notice of any violation, alleged violation or liability arising under any applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) materially or adversely affecting the Purchased Assets or Utility System.

(E) Except as set forth in Schedule 3.04(E), after diligent inquiry and investigation, Seller represents and warrants to Buyer that there are no Hazardous Materials present on, in or under, or in the environment of the Utility System that are not in compliance with the Environmental Laws, including any Hazardous Materials contained in barrels, aboveground or underground storage tanks, equipment (whether moveable or fixed) or other containers, either temporary or permanent. Seller has not disposed of any Hazardous Materials on the Fee Parcels or Easements, nor has Seller removed Hazardous Materials from the Fee Parcels or Easements, except as provided by law.

(F) Buyer, at its expense, may perform assessments, as it deems appropriate, including Phase I Environmental Site Assessments (“ESA”) pursuant to applicable ASTM standards and Phase II Environmental Site Assessments for recognized environmental conditions identified in the Phase I Environmental Site Assessments. Seller shall cooperate with Buyer and its agents by providing reasonable access to the Utility System and Fee Parcels so that Buyer or its agents may conduct any Environmental Site Assessments.

(G) If any ESA reveals Hazardous Materials on the Fee Parcels or Easements that require remedial action, Buyer, in its sole discretion, shall either: (a) demand that Seller take prompt action as necessary to expeditiously remediate the reported Hazardous Materials and provide the Buyer with copies of all documentation verifying that all remediation has occurred and applicable regulatory requirements have been satisfied; (b) attempt to negotiate with Seller a lesser Purchase Price for the Purchased Assets and proceed to Closing under the terms contained herein; provided, however, that if Seller and Buyer are unable to negotiate a lesser Purchase Price within twenty (20) days of Buyer's first offer to Seller, Buyer may terminate this Agreement; or (c) terminate this Agreement. Upon any termination under this Section 3.04, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller represents and warrants to Buyer as follows:

(A) Seller is duly organized, validly existing and has an active status under the laws of the State of North Carolina. Seller has the power and authority to enter into this Agreement and all related agreements and to consummate and perform the terms and conditions and transactions

contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary corporate action. This Agreement and all related agreements constitute the valid and binding obligation of Seller.

(B) Except as set forth in Schedule 4.01(B), there are no pending or threatened legal actions, claims, suits, mediations, arbitrations, investigations or other legal or administrative proceedings pending or threatened against Seller that could affect the Purchased Assets or Seller's ability to transfer the Purchased Assets and there exist no facts that might result in any action, claim, suit, mediation, arbitration, investigation or other proceedings that might result in any adverse change in the Purchased Assets.

(C) Except as set forth in Schedule 4.01(C), Seller holds all necessary Governmental Authorizations to operate the Utility System, is not in default under any Governmental Authorization and Seller has not received notice of any claim of default with respect to any Governmental Authorization. Seller is not in default with respect to any judgment, order, writ, verdict, injunction, decree or award applicable to it of any court or other government instrumentality or arbitrator having jurisdiction over it as pertaining to the Purchased Assets.

(D) The execution and performance of this Agreement by Seller does not and will not violate or result in the breach of any term, or condition, or require the consent of any person not a party hereto under: (i) the by-laws, charters or ordinances of Seller or (ii) any Governmental Authorization or material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Seller is a party or subject. This Agreement does not require any further approvals of any other party, other than the NCDEQ and NCUC, does not violate any law, ordinance or regulation, and does not conflict with any order or decree.

(E) Except as set forth in Schedule 4.01(E), all agreements, contracts, commitments, leases, certificates, permits and other instruments related to the Purchased Assets or to which Seller

is a party are valid and enforceable in accordance with their terms, are in good standing, and the parties thereto are in compliance with the provisions thereof. Except as set forth in Schedule 4.01(E), no party is in default in the performance, observance or fulfillment of any obligation, covenant or condition contained therein, and no event has occurred, which with or without the giving of notice or lapse of time, or both, would constitute a default thereunder.

(F) All returns of taxes, information and other reports required to be filed in any jurisdiction by Seller have been timely filed and all such tax returns are true, correct and complete in all material respects. All taxes applicable to Seller for the Purchased Assets that are due and payable have been paid and there are presently no claims for tax deficiencies pending against Seller by any taxing authority, nor does Seller know of any basis for the making of any claim by any taxing authority for any tax deficiency against Seller.

(G) Seller has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows; no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

(H) Except as set forth in Schedule 4.01(H) and the Permitted Real Estate Encumbrances, and without limiting the generality of any other provision of this Section 4.01, Seller warrants that Seller is the sole legal owner and has full right, power and ability to convey the fee simple absolute interest and good and marketable title to the Fee Parcels, free and clear of all liens, claims, Encumbrances and interests in the Fee Parcels.

(I) Except as set forth in Schedule 4.01(I), and without limiting the generality of any other provision of this Section 4.01, Seller warrants that, as of Closing, Seller is the sole legal owner and has full right, power and ability to convey to Buyer clear title to all of the Purchased

Assets. Except as set forth in Schedule 4.01(I), Seller has good and marketable title to the Purchased Assets, free and clear of all liens, claims, Encumbrances and interests.

(J) Seller has all agreements, contracts, commitments, leases, and other instruments required to conduct the Business as it has been and is now being conducted and to own and operate the Business.

(K) Seller is not party to, or subject to the provision of, any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality relating to the Utility System and/or the Purchased Assets.

(L) Seller's environmental representations and warranties contained in Section 3.04 are true and accurate and incorporated by reference into this Section 4.01.

(M) Except as set forth in Schedule 4.01(M), there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Purchased Assets. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, accounts payable, cost, expense, obligation or responsibility either accrued, absolute, contingent or otherwise.

(N) The Purchased Assets and the Utility System are in compliance and at the time of Closing shall be in compliance in all material respects with all Governmental Body requirements applicable to the Utility System and Purchased Assets, including without limitation all governmental requirements pertaining to health, safety or environmental matters. Except as set forth in Schedule 4.01(N), Seller has not received any notice from the NCDEQ, NCUC, or EPA or any other Governmental Body having jurisdiction of any violation or alleged non-compliance with any governmental requirements applicable to Seller, the Purchased Assets or the Utility System.

(O) Seller has duly and timely filed all reports, responses, assessments, and other filings required of it with the NCDEQ, NCUC and any other Governmental Body having jurisdiction over Seller and the operation and maintenance of the Utility System.

(P) Seller maintains in effect general liability insurance coverage with limits of liability of not less than \$1,000,000 per occurrence/\$1,000,000 in aggregate per policy year.

(Q) All leases, licenses, rights of way, and easements related in any manner to the Purchased Assets and all other instruments, documents and agreements pursuant to which Seller has obtained the right to use any real property in connection with the Purchased Assets are in good standing, valid, effective and assignable in accordance with their respective terms, and with respect thereto, there is no existing default or event which could constitute a default. Seller possesses and will assign to Buyer at Closing all such property rights necessary to operate the Purchased Assets.

(R) All Easements required or necessary to operate the Utility System and Purchased Assets as currently configured have been lawfully obtained and maintained by Seller and are validly in existence and of public record in the Offices of the Recorder of Deeds in and for Carteret County, North Carolina and are transferable to Buyer in accordance with their terms and without cost to Buyer. Seller has good and valid rights to occupy and to obtain access to the areas where the distribution lines and other facilities of the Purchased Assets are located.

(S) Seller has not concealed from Buyer any facts which Seller knows to be material to the Purchased Assets or the Utility System or the operation and maintenance thereof. Seller has disclosed to Buyer all agreements and contracts affecting the Purchased Assets or the Utility System or the operation and maintenance thereof, whether such agreements and contracts are being transferred or assigned to Buyer. No representation or warranty made by Seller in this Agreement and no information or Schedule furnished by Seller to Buyer (i) contains any untrue statement of a material fact or (ii) omits a material fact the statement of which is necessary in order to make the

statements contained in this Agreement or in such information or Schedule, in light of the circumstances under which they are made, not misleading.

(T) Except as expressly disclosed herein, the Utility System and Purchased Assets are in good operating condition and repair relative to their age and type.

(U) There are no conditions or developments existing or, to the knowledge of Seller, threatened which would have a material adverse effect on the Purchased Assets.

(V) Seller is not in any violation of any law, ordinance or governmental rule or regulation to which it or its business, operations, assets or, properties is subject and has not failed to obtain, or to adhere to the requirements of any certificate or other Governmental Authorization necessary to the ownership of its assets and properties or to the conduct of its business.

(W) Seller is not a party to any contract for the purchase of, or payment for supplies, equipment or for services related to the Purchased Assets, except such contracts that shall not survive Closing and/or Contracts set forth on Exhibit **XX**.

(X) The Business has no funds, loans, developer contributions, parent company contributions, other liabilities or equity contributions that could be considered contributions in aid of construction or advances in aid of construction.

(Y) Seller is not a party to any contract for future payment of refunds under any extension agreement, customer deposit agreement or similar agreement with respect to the Purchased Assets.

(Z) As of the Closing, (if applicable) Seller's bonds, if any, will be defeased, and any and all liens and encumbrances on the Purchased Assets will have been removed. The defeasance will be done in a proper and lawful manner.

(AA) Each Exhibit and Schedule contains a true and complete list of the information described thereon.

(BB) All of the tangible property included in the Purchased Assets is usable in the regular course of business.

(CC) The data contained in the customer records provided to Buyer is true and accurate.

SECTION 4.02. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants to Seller as follows:

(A) Buyer is duly organized, validly existing and has an active status under the laws of the State of North Carolina. Buyer has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement.

(B) Buyer is not subject to, nor a party to any proceeding, legal requirement or any other restriction of any kind or character that would prevent consummation of the transactions contemplated by this Agreement.

(C) Buyer has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Buyer's actions.

(D) The execution and performance of this Agreement by Buyer does not and will not violate or result in the breach of any term or condition, or require the consent of any person not a party hereto under: (i) the by-laws of Buyer; or (ii) any material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Buyer is a party or subject.

ARTICLE V

ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS

SECTION 5.01. ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS. Within thirty (30) days of the expiration of the due diligence period provided in Section 3.02 above, Seller and Buyer jointly shall apply for, and thereafter diligently seek and pursue, the issuance, cancellation and/or transfer of all Governmental Authorizations necessary for Buyer to operate the Utility System. Each party shall be responsible for its own fees and costs in this regard. Any filing fees incurred in seeking such Governmental Authorizations shall be split evenly between the parties.

ARTICLE VI

CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by the Buyer, in whole or in part):

SECTION 6.01. SELLER'S PERFORMANCE. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

SECTION 6.02. SELLER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Seller in this Agreement shall be true, correct and complete as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

SECTION 6.03. ADDITIONAL DOCUMENTS. Seller shall have caused the documents and instruments required by this Agreement and the following documents to be delivered (or made available) to the Buyer, in a form reasonably satisfactory to the Buyer:

- (A) Certified copies of all resolutions reflecting approval of this Agreement by Seller;

(B) Certified copies of all additional resolutions of Seller and/or minutes of the meetings of the Board of Commissioners of Seller as Buyer may reasonably request;

(C) Such other documents as Buyer may reasonably request for the purpose of:

(1) Evidencing the performance by Seller of, or the compliance by Seller with, any covenant or obligation required to be performed or complied with by Seller; or

(2) Evidencing the release of all liens, security interests, and other encumbrances other than Permitted Real Estate Encumbrances.

SECTION 6.04. NO CONFLICT; NO LITIGATION AFFECTING CLOSING.

Neither the consummation nor the performance of this Agreement will, directly or indirectly, materially contravene or conflict with or result in a material violation of or cause Buyer to suffer any material adverse consequence under any applicable Governmental Authorization or other legal order. On the Closing Date, there shall not have been issued and in effect any injunction or similar legal order prohibiting or restraining consummation of any of the transactions contemplated in this Agreement and no legal action or governmental investigation or inquiry which might reasonably be expected to result in any such injunction or order shall be pending or threatened before any court or governmental agency and no suit, action or proceeding to obtain damages or other relief in connection with this Agreement shall be pending or threatened before any court or governmental agency.

SECTION 6.05. GOVERNMENTAL AUTHORIZATIONS. Buyer shall have received all Governmental Authorizations needed for the transfer of the Purchased Assets, including, but not limited to, adoption and approval of an Order from the NCUC, authorizing: (a) the transfer of the Purchased Assets as contemplated by this Agreement; (b) Buyer to provide water services to the existing customers in the respective Service Area; and (c) Seller to abandon such Service Area. Such Governmental Authorizations, orders, authorizations and approvals by

the NCDEQ, NCUC, and other governmental authorities shall be in form and substance satisfactory to Buyer in its sole discretion. All Governmental Authorizations shall have been issued, cancelled or transferred, as the case may be, in accordance with Article V on terms satisfactory to Buyer.

SECTION 6.06. MATERIAL DAMAGE. The Purchased Assets shall not be, or be threatened to be, materially adversely affected by fire, explosion, earthquake, disaster, accident, cessation or interruption of utility or other services, flood, drought, lack of water supply, contamination of water supply, embargo, riot, civil disturbance, uprising, activity of armed forces or act of God or public enemy, or any other event or occurrence.

SECTION 6.07. TESTING. Buyer shall be satisfied in its sole discretion with the test results of any testing of the levels of PFAS in the Utility System and/or the Purchased Assets, including, but not limited to testing of the levels of PFOA, PFOS, GenX, HFPO-DA and testing for any other chemicals deemed necessary by Buyer.

SECTION 6.08. SATISFACTION OF BUYER. All actions, proceedings, resolutions, instruments and documents required to carry out this Agreement or incidental hereto and all other related matters shall have been approved on the Closing Date by Buyer in the exercise of its reasonable judgment.

SECTION 6.09. CONSENTS OR APPROVALS. All consents or approvals required for the assignment of the Contracts shall have been obtained or accommodated in accordance with this Agreement.

ARTICLE VII

CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

SECTION 7.01. BUYER'S PERFORMANCE. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects.

SECTION 7.02. BUYER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Buyer in this Agreement shall be true, correct and complete as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

SECTION 7.03. NO LITIGATION AFFECTING CLOSING. On the Closing Date, there shall not have been issued and in effect any injunction or similar legal order prohibiting or restraining consummation of any of the transactions contemplated in this Agreement and no legal action or governmental investigation or inquiry which might reasonably be expected to result in any such injunction or order shall be pending or threatened before any court or governmental agency and no suit, action or proceeding to obtain damages or other relief in connection with this Agreement shall be pending or threatened before any court or governmental agency.

ARTICLE VIII

COVENANTS OF SELLER

SECTION 8.01. OPERATION OF THE BUSINESS OF SELLER. Between the Effective Date and the Closing, Seller shall:

(A) Conduct the Business in the ordinary course of business consistent with past practice;

(B) Confer with Buyer prior to implementing operational decisions relating to the Utility System of a material nature;

(C) Maintain and service the Purchased Assets in a state of repair and condition such that they will be in proper working order at Closing, that complies with legal requirements and is consistent with the requirements and normal conduct of Seller's business;

(D) Comply with all laws, ordinances, rules, regulations, orders and legal requirements and contractual obligations applicable to the operation of Seller's business;

(E) Use its best efforts to maintain its relations and good-will with its suppliers, customers and any others having business relations with it;

(F) Cooperate with Buyer and assist Buyer in identifying the Governmental Authorizations required by Buyer to operate the business from and after the Closing Date and either (i) transferring existing Governmental Authorizations of Seller to Buyer, where permissible, or (ii) assisting Buyer in obtaining new Governmental Authorizations;

(G) Use best efforts to obtain, and cooperate promptly with Buyer's efforts to obtain, all Governmental Authorizations or other consents and approvals and actions required of either Seller or Buyer to complete the transactions contemplated by this Agreement;

(H) Upon request from time to time, execute and deliver all documents, make all truthful oaths, testify in any proceedings, whether before or after Closing, and do all other acts that may be reasonably necessary to consummate this Agreement, all without further consideration;

(I) Maintain all books and records of Seller relating to Seller's business in the ordinary course of business;

(J) Notify and consult with Buyer prior to the initiation, development, or execution of any plans for expansion of or improvements to the Utility System;

(K) Cooperate with Buyer in sending any customer notices that in Buyer's judgment are necessary or desirable in connection with the transactions contemplated herein (provided, however, that, except for any notices required by any Governmental Body, no such notices shall be sent to customers unless and until Seller has determined to proceed with Closing under this Agreement);

(L) Not allow the levels of raw materials, supplies or other materials included in the Purchased Assets to vary materially from the levels customarily maintained;

(M) Conduct the Business in such a manner that at the Closing the representations and warranties of Seller contained in this Agreement shall be true as though such representations and warranties were made on and as of such date. Furthermore, Seller will use its best efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date

(N) Not make any material modification to any Governmental Authorization that relates to the Purchased Assets and maintain in full force and effect until Closing all Governmental Authorizations necessary to operate the Utility System; and

(O) Promptly notify Buyer in writing of (i) any actions, suits, claims, disputes, arbitrations, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Seller or the Business that relate to the consummation of the transactions contemplated by this Agreement or of the occurrence of any event (exclusive of general economic factors affecting business in general) of a nature that is or may be materially adverse to the business, operations, properties, assets, prospects or condition (financial or otherwise) of Seller; (ii) the damage or destruction by fire or other casualty of any material portion of the Purchased Assets or if any material portion of Purchased Assets becomes the subject of any proceeding or, to the knowledge of Seller, threatened proceeding, for the taking thereof or any part thereof or of any right relating thereto by condemnation, eminent domain or

other similar governmental action; and (iii) all events between the Effective Date and Closing which could render any representation or warranty under the Agreement, if restated and republished as of Closing, untrue or incorrect in any material respect.

SECTION 8.02. NOTIFICATION. Between the Effective Date and Closing, Seller shall promptly notify Buyer, in writing, if it becomes aware of (a) any fact or condition that causes or constitutes a breach of this Agreement or (b) the occurrence after the Effective Date of any fact or condition that would or would be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of this Agreement. During the same period, Seller also shall promptly notify the Buyer of the occurrence of any breach of any covenant of Seller in this Agreement or the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely.

SECTION 8.03. PAYMENT OF LIABILITIES. Seller shall pay or otherwise satisfy in the ordinary course of business all of its liabilities and obligations as they come due.

ARTICLE IX

CLOSING AND RELATED PROCEDURES AND ADJUSTMENTS

SECTION 9.01. CLOSING DATE AND PLACE. The closing shall be held at such place as is mutually agreed upon by the parties, commencing at 10:00 a.m. local time, within thirty (30) days after approval by the NCUC. The effective time of the legal transfer hereunder shall be 12:01 a.m. on the Closing Date. Notwithstanding the foregoing, if the Closing has not occurred on or before December 1, 2022, either party shall have the right to terminate this Agreement, provided that such termination shall be without prejudice to the rights of either party which has performed its obligations under this Agreement if Closing does not occur because of a material breach of this Agreement by the other party. By mutual agreement of the parties hereto,

the Closing Date may be extended for a period of up to one hundred twenty (120) days. Consent to the extension of the Closing Date shall not be unreasonably withheld.

SECTION 9.02. RECORDING FEES AND TAXES.

(A) Fees to record the deeds and any other instruments necessary to deliver title to Buyer shall be paid by Buyer.

(B) To the extent that taxes or other charges are due and payable with respect to the deeds and other instruments necessary to deliver title to the Purchased Assets to Buyer, said transfer taxes shall be paid by Buyer. Any income taxes due and payable by Seller as a result of the sale of the Purchased Assets shall be paid by Seller.

**SECTION 9.03. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE;
CUSTOMER DEPOSITS.**

(A) All accounts receivable generated for services provided to customers prior to the Closing Date shall belong to Seller and Seller shall have the right and obligation to collect such accounts receivable. All accounts receivable generated for services provided to customers on and after the Closing Date shall belong to Buyer and Buyer shall have the right and obligation to collect such accounts receivable.

(B) All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to the Closing Date (“Accounts Payable”), shall be paid by Seller.

(C) Seller shall be responsible for all ad valorem or property taxes, prorated through the Closing Date. Taxes due thereafter, if any, shall be paid by Buyer.

(D) Seller shall refund all customer deposits, with interest if such interest is required to be paid by law, regulation or administrative order. Deposits shall not be transferred to Buyer.

SECTION 9.04. CONNECTION CHARGES.

(A) Connection Charges collected by Seller prior to the Closing Date for which the connection was not completed prior to Closing shall be a Purchased Asset.

(B) Connection Charges collected from and after Closing shall be Buyer's sole and separate property.

SECTION 9.05. METER READINGS. Buyer and Seller agree that final meter readings shall be conducted within seven (7) days immediately prior to Closing. These readings shall be utilized by Seller for the purpose of issuing final bills, and shall constitute the opening readings for Buyer. Buyer shall use these readings to begin the billing cycle for its new customers following Closing, and shall not be responsible for the collection of any amounts due Seller for bills issued by Seller as a result of Seller's final meter reading

SECTION 9.06. COSTS AND PROFESSIONAL FEES.

(A) Each party shall be responsible for securing its own counsel and advisors for representation in connection with the negotiation of this Agreement and all other matters associated with performance, cancellation or closing hereunder, unless otherwise specified herein. Each party shall be responsible for the payment of the fees of its own attorneys, bankers, engineers, accountants, and other professional advisors or consultants in connection herewith. Seller's attorney will be responsible for the recording of the deeds and other instruments necessary to deliver title to Buyer.

SECTION 9.07. RISK OF LOSS. At all times prior to and through the time of Closing, Seller shall maintain adequate fire and extended insurance coverage for the cost of any repairs to the Purchased Assets that may be required as a result of casualty damage. The risk of loss to the Utility System prior to Closing shall be borne by Seller. The risk of loss to the Utility System after Closing shall be borne by Buyer.

SECTION 9.08. TRANSFER OF UTILITIES. Seller and Buyer will cooperate to transfer utility service, including telephone, electric and gas service providing such service to any of the Purchased Assets as of the Closing Date. In the event service cannot be transferred in the name of Buyer as of the Closing Date, the bills shall be pro-rated as of the Closing Date, and Buyer shall retain from the Purchase Price its estimate of the amount of such bills not yet paid by Seller.

SECTION 9.09. CLOSING PROCEDURE.

(A) On or prior to the Closing Date, Seller and Buyer shall execute all documents necessary to close the transaction.

(B) At the Closing, Seller shall deliver to Buyer the tangible Purchased Assets in substantially the same operating condition and repair, ordinary wear and tear excepted, as of the Effective Date.

(C) At Closing, the appropriate party shall execute and deliver or cause to be executed and delivered to the Closing the following documents in final form, together with any exhibits or appendices (“Transfer Documents”):

(1) General warranty deed(s) for the conveyance of Fee Parcels to be conveyed, substantially in the same form as set forth in **Exhibit H**;

(2) Assignment of Easements conveying the Easements to Buyer, substantially in the same form as set forth in **Exhibit I**;

(3) If necessary, general assignment of any Government Authorizations;

(4) Bills of Sale or other documents of assignment and transfer, with full warranties of title to the personal property portion of Purchased Assets, substantially in the same form as set forth in **Exhibit G**;

(5) Assignments of the Contracts on the form set forth in **Exhibit XX**.

(6) Post closing agreements, affidavits, assignment certificates, estoppel certificates, corrective instruments, releases, satisfactions or terminations necessary or required pursuant to this Agreement;

(7) Title Commitments consistent with Section 3.03 of this Agreement;

(8) Non-foreign affidavit;

(9) Any affidavits, assignments, certificates, estoppel certificates, corrective instruments, releases, satisfactions, terminations or waivers necessary to close, including, but not limited to, a no lien affidavit, a “gap” affidavit and those instruments identified by the Title Company insuring the Fee Parcels;

(10) Documents, in a form reasonably satisfactory to the Buyer, evidencing the release of all liens, security interests, and other encumbrances other than Permitted Real Estate Encumbrances.

(D) Following execution and delivery of the Transfer Documents, Seller shall also deliver keys to any and all buildings and gates to Buyer and simultaneously with such delivery, all such steps shall be taken as may be required to put Buyer in actual possession and operating control of the Purchased Assets.

SECTION 9.10. REMEDY. Seller acknowledges that the Purchased Assets are unique and not otherwise available and agrees that Buyer may seek specific performance of this Agreement by Seller.

SECTION 9.11. DOCUMENTS AFTER THE CLOSING. From time-to-time after the Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, bills of sale, transfers or other documentation for (1) confirming or correcting title in the name of Buyer or its successor(s) or perfecting possession by Buyer or its successor(s) of any or all of the

Purchased Assets, including the establishment of a record of Easements without resort to litigation, expenditure of monies or other extraordinary means, for all facilities that are a part of the Utility System in existence or use at the time of Closing, or (2) otherwise fulfilling the obligations of the parties hereunder. Further, from time-to-time after Closing, should the parties discover that certain land parcels, easements, or other rights owned or enjoyed by Seller at Closing and necessary to the proper operation and maintenance of the Utility System were not included in the appendices hereto, and thus not transferred to the Buyer or its successor(s) at Closing in accordance with this Agreement, then the parties agree that Seller shall execute or cause to be executed the documents including, but not limited to, acts of sale or transfer, deeds, easements and bills of sale necessary to convey such ownership or rights to Buyer or its successor(s), at no cost to Buyer, provided such conveyances may be accomplished without resort to litigation, expenditure of monies or other extraordinary means.

ARTICLE X

INDEMNITY AND ATTORNEYS FEES

SECTION 10.01. INDEMNIFICATION OF BUYER

From and after the Closing, Seller agrees to reimburse, indemnify (or defend at Buyer's sole option) and hold Buyer, its affiliates, and its and their officers, directors and employees, successors and assigns harmless from and against any liability, obligation, loss, claim, action, suit, audit, deficiency, damage, fine, cost or expense (including attorney's fees and costs) resulting from, relating to, arising out of or attributable to:

(A) any act or omission of Seller or its agents, employees or contractors relating to Seller's ownership, maintenance, or operation of the Utility System prior to Closing;

(B) any misrepresentation, or breach or non-fulfillment of any representation, warranty, covenant or agreement on the part of Seller under this Agreement, or from any misrepresentation

in, or omission from, any Exhibit or Schedule or information furnished to Buyer pursuant to this Agreement or in connection with the negotiation, execution or performance of this Agreement;

(C) any liabilities or obligations of Seller of any nature whatsoever except for those liabilities and obligations of Seller which Buyer specifically assumes pursuant to this Agreement;

(D) the provision of water and/or wastewater service by Seller for the period prior to the Closing Date;

(E) issues of regulatory compliance and claims by third parties for events that are attributable to events that occurred prior to Closing;

(F) Seller's failure to perform any of its covenants following Closing; and/or

(G) Seller's tax liability.

SECTION 10.02. GENERAL

Buyer shall provide the Seller with reasonable notice of any claims arising under this Section 10. The indemnification rights of the Buyer under this Section 10 are independent of and in addition to such rights and remedies as the Buyer may have at law or in equity or otherwise for any misrepresentation, breach of representation, warranty, or failure to fulfill any agreement or covenant hereunder.

SECTION 10.03. ATTORNEYS FEES

In the event litigation or any action is necessary to resolve any dispute arising under this Agreement or to enforce the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees, expenses and costs as well as any other damages occasioned by the breach of the terms of this Agreement to the extent allowed by North Carolina law.

ARTICLE XI

GENERAL PROVISIONS

SECTION 11.01. APPLICABLE LAW; JURISDICTION AND VENUE. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina excluding any choice of law rules that may direct the application of the laws of any other jurisdiction with venue in Carteret County, North Carolina.

SECTION 11.02. NOTICE.

(A) All notices, requests, demands, waivers, consents, approvals, certificates or other communications which are required or permitted hereunder shall be in writing and shall be deemed sufficiently given when hand delivered or mailed by registered or certified mail, postage prepaid, or by courier service, charges prepaid, or when delivered by facsimile transmission to the parties at the following addresses or fax numbers:

To Seller: Carteret County Water System
210 Turner Street
Beaufort, NC 28576
Attn: Eugene Foxworth, Assistant County Manager
Phone: 252-728-8450
Eugene.Foxworth@carteretcountync.gov

To Buyer: Carolina Water Service Inc., of North Carolina
500 West Monroe St., Suite 3600,
Chicago, IL 60661
Attn: Donald H. Denton III, President
Phone: 704-525-5049
Cell: 704-995-7640
Donald.Denton@corix.com

with a copy to: Corix Regulated Utilities (US) Inc.
500 West Monroe St., Suite 3600
Chicago, IL 60661
Attn: Vice President and General Counsel
Phone: (775) 300-1628
Allen.Wilt@corix.com

(B) Any written notice given to one person in subsection (A) of this Section shall also be copied and provided to all other persons identified in subsection (A).

(C) The parties may, by notice in writing given to the others, designate any future or different addresses or contact numbers to which the subsequent notices, requests, demands, waivers, consents, approvals, certificates or other communications shall be sent. Any notice shall be deemed given on the date such notice is delivered by hand, courier, or by facsimile transmission or five (5) days after the date mailed.

SECTION 11.03. ASSIGNMENT AND JOINDER.

(A) This Agreement may not be assigned without the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld.

(B) This Agreement shall be construed as solely for the benefit of Seller and Buyer and their successors and assigns and no claim or cause of action shall accrue to or for the benefit of any other party.

(C) This Agreement shall be binding on, shall inure to the benefit of and be enforceable by the parties to it and their respective successors and permitted assigns.

SECTION 11.04. AMENDMENTS AND WAIVERS. Except as otherwise provided in this Agreement, no amendment, supplement, modification or waiver of this Agreement shall be binding upon any party hereto unless executed in writing by such party. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided in writing.

SECTION 11.05. ENTIRE AGREEMENT. This Agreement is the entire agreement between the parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the agreements, understandings, negotiations and discussions of the parties, whether oral or written, pertaining to the subject matter hereof, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

SECTION 11.06. TERMINATION EVENTS. By notice given prior to or at the Closing, this Agreement may be terminated as follows:

(A) Without limiting the rights and remedies available to Buyer arising from Seller's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Buyer's obligation to close set out in Article VI have not been satisfied within 18 months after the Effective Date, Buyer shall have the right of termination, without further recourse by or liability to Seller, by delivery of written notice to Seller.

(B) Without limiting the rights and remedies available to Seller arising from Buyer's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Seller's obligation to close set out in Article VII have not been satisfied within 14 months after the Effective Date, Seller shall have the right of termination, without further recourse by or liability to Buyer, by delivery of written notice to Buyer.

(C) As otherwise provided in this Agreement.

(D) By mutual written agreement of Buyer and Seller.

(E) If, between the Effective Date and the Closing, any of the Purchased Assets shall be destroyed or damaged in whole or in part by fire, earthquake, flood, other casualty or any other cause (“Casualty”), then Buyer shall have the option to: (a) acquire such Purchased Assets on an “as is” basis and take an assignment from Seller of all insurance proceeds payable to Seller in respect of the Casualty, or (b) in the event that the Casualty would have a material adverse effect on the value or use of the Purchased Assets, terminate this Agreement.

SECTION 11.07. EFFECT OF TERMINATION.

(A) Each party's right of termination under Section 11.06 is in addition to any other rights it may have under this Agreement or otherwise and the exercise of such right of termination is not an election of remedies. If this Agreement is terminated pursuant to Section 11.06, all obligations of the parties under this Agreement shall terminate unless otherwise stated in this Agreement; provided, however, that if this Agreement is terminated because of a breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

(B) Neither Seller nor Buyer shall be liable to the other in the event that after the Effective Date there occurs (1) a change of law that prevents the Closing, (2) any action by an unrelated third party that prevents the Closing, or (3) any legal order that prevents the Closing. Both parties shall diligently defend against a third party's attempt to prevent a Closing or Governmental Authorization.

(C) If a material breach of any provision of this Agreement has been committed by Buyer and such breach has not been waived by Seller, but does not result in termination of the Agreement, Seller retains all remedies available to it at law or in equity with respect to such breach.

(D) If a material breach of any provision of this Agreement has been committed by Seller and such breach has not been waived by Buyer, but does not result in termination of this Agreement, Buyer retains all remedies available to it at law or in equity with respect to such breach.

SECTION 11.08. COUNTERPARTS. This Agreement may be executed in counterparts, each of which when executed and delivered shall be considered an original and all of which counterparts taken together shall constitute but one and the same instrument. The Parties

expect that the Seller will execute this Agreement before execution by the Buyer. Seller understands and agrees that Buyer will not execute this Agreement without the prior approval of its Board of Directors, whose discretion to accept or reject this Agreement prior to execution by Buyer shall in no way be limited by Seller's execution hereof. This Agreement shall become binding when conditions precedent to close shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

SECTION 11.09. SECTION HEADINGS, GENDER, ETC. Any headings preceding the texts of the several articles, sections or exhibits in this Agreement shall be solely for the convenience of reference and shall not constitute a part of this Agreement, nor affect its interpretation, meaning, construction or effect. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

SECTION 11.10. SEVERABILITY. In the event any term or provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the remainder of this Agreement shall be construed to be in full force and effect. Any such invalidity, illegality or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the invalid, illegal or unenforceable provision causes this Agreement to fail of its essential purpose.

SECTION 11.11. EXHIBITS AND SCHEDULES. All exhibits, schedules and attachments referred to herein are intended to be and hereby are made specifically a part of this Agreement.

SECTION 11.12. INTERPRETATION. Each party agrees that (a) it has participated substantially in the negotiation and drafting of this Agreement and is thoroughly aware of all of the terms of this Agreement and the intent of same, and (b) all presumptions and/or burdens of proof concerning any interpretation of this Agreement shall not be affected by any statutory or judicial principles casting such presumptions against and/or burdens of proof on a party responsible for the drafting and/or written form of an agreement or contract.

SECTION 11.13. SURVIVAL OF REPRESENTATIONS, WARRANTIES COVENANTS AND AGREEMENTS. All representations, warranties, covenants and agreements made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder, delivered in support of this Agreement or in connection with the negotiation, execution and performance of this Agreement shall be deemed to have been material and relied on by the parties and shall survive the Closing. Notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties, covenants and agreements set forth herein and therein.

SECTION 11.14. COOPERATION/FURTHER ASSURANCES. Seller from time to time after the Closing, at Buyer's request, and without additional compensation, will execute, acknowledge and deliver to Buyer such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably require in order to vest in Buyer, and/or to place Buyer fully in possession of, all of the Purchased Assets. Each of the parties hereto, without additional compensation, will cooperate with the other and execute and deliver to the other such instruments and documents and take such actions as may be reasonably requested from time

to time by any other party hereto as necessary to carry out, evidence and confirm the purposes of this Agreement.

IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written.

Carteret County Water System

By: Ed Wheatly

Name: Ed Wheatly

Title: Chairman, Board of Commissioners

Carolina Water Service, Inc. of North Carolina

By: Donald H. Denton III

Name: Donald Denton, III

10/11/21

Title: President

Exhibit A – Service Area

Exhibit B – Easements

Exhibit C – Excluded Assets- NONE

Exhibit D – Fee Parcels 8

Exhibit E – Personal Property- NONE

Exhibit F – Customer Deposits- NONE

Exhibit G – Bill of Sale

Exhibit H – General Warranty Deed Exhibit I – Assignment of Easements

Exhibit K – Contracts to be Assigned - NONE

Exhibit L – Form of Assignment and Assumption Agreement - NONE

Exhibit M- Leases Verizon

Exhibit N- List of Assets

Exhibit O- Rates

Schedule 3.04(B) – Environmental Permits & Governmental Authorizations

Schedule 3.04(C) – Environmental Compliance

Schedule 3.04(D) – Violations

Schedule 3.04(E) – Hazardous Materials

Schedule 4.01(B) – Pending or Threatened Legal Actions

Schedule 4.01(C) – Default of Government Authorizations

Schedule 4.01(E) – Agreements Not in Good Standing and Defaults

Schedule 4.01(H) – Conveyance of Fee Parcels

Schedule 4.01(I) – Conveyance of Purchased Assets

Schedule 4.01(M) – Liabilities or Obligations of Seller Relating to the Purchased Assets

Schedule 4.01(N) – Notice of Violations from a Governmental Body

Exhibit G
Bill of Sale

“FORM OF BILL OF SALE”

This Bill of Sale is made this 18th day of October, 2021, BETWEEN Carteret County Water System a North Carolina municipality (“**Seller**”), and Carolina Water Service, Inc. of North Carolina, a North Carolina corporation (“**Buyer**”). Capitalized terms not otherwise defined herein shall have the meaning provided in the Utility Asset Purchase Agreement dated October 18th, 2021 (the “**Purchase Agreement**”) between Seller and Buyer.

Seller, in consideration of One (\$1.00) Dollar and other good and valuable considerations in hand paid by Buyer, the receipt and sufficiency of which is hereby acknowledged, has hereby granted, bargained, sold, transferred and delivered unto Buyer, its successors and assigns, the following described personal property, to-wit:

All of the Purchased Assets constituting personal (movable) property that are used in the operation of the water system for service areas as shown in Exhibit A of the Purchase Agreement, it being the intent of the parties hereto to include in this conveyance all personal property described in Exhibit E and elsewhere in the Purchase Agreement, together with all water systems and all appurtenant parts, including, but not limited to, all pumps, blowers, pipes, lines, valves, meters and meter installations, back-flow devices, pumping equipment, power generation equipment, treatment equipment, tools, chemicals, supplies, force mains, tanks, injectors, control panels, and all other equipment, whether mentioned herein or not, necessary or convenient to operate the systems which are being conveyed herewith.

Seller for itself, its successors and assigns, hereby covenants and agrees that, at any time and from time to time upon the written request of Buyer, Seller will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required by Buyer in order to assign, transfer, set over, convey, assure and confirm unto and vest in Buyer, its successors and assigns, title to the assets sold, conveyed and transferred by this Bill of Sale.

[Signature Page Follows]

IN WITNESS WHEREOF, the said Seller has hereunto set its hand and seal, the day and
year first above written.

Signed, sealed and delivered
In the presence of:

Carteret County Water System

By: Ed Whently

WITNESSES:

X Dee Meshaw

Print: Dee Meshaw

Print: Ed Whently

Title: Chair, Board of Commissioners

X Rachel B. Hammer

Print: Rachel B. Hammer

Lori R. Turner

Notary Public

Print name: Lori R. Turner

Notary ID/No: 201807100049

My Commission Expires: 5/18/2026

LORI R TURNER
NOTARY PUBLIC
Carteret County
North Carolina
My Commission Expires May 18, 2026

Exhibit H
General Warranty Deed

“FORM OF WARRANTY DEED”

[NTD: Applicable State form should be inserted. Ensure deed references all fixtures and appurtenant interests, etc. Use special warranty deed if we are the seller]

Exhibit I

Assignment of Easements

[NTD: If needed, obtain a state specific form. If it is not known at time the first draft of the APA is prepared whether this form is needed, consider leaving the following placeholder “[insert if needed]”]

Schedule 3.04(B)
Environmental Permits & Governmental Authorizations

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Schedule 3.04(C)
Environmental Compliance

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Aug 02 2022

Schedule 3.04(D)
Violations

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Aug 02 2022

Schedule 3.04(E)
Hazardous Materials

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Aug 02 2022

Schedule 4.01(B)
Pending or Threatened Legal Actions

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Aug 02 2022

Schedule 4.01(C)
Default of Government Authorizations

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Aug 02 2022

Schedule 4.01(E)
Agreements Not in Good Standing and Defaults

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Aug 02 2022

Schedule 4.01(H)
Conveyance of Fee Parcels

Schedule 4.01(I)
Conveyance of Purchased Assets

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Aug 02 2022

Schedule 4.01(M)

Liabilities or Obligations of Seller Relating to the Purchased Assets

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Aug 02 2022

Schedule 4.01(N)
Notice of Violations from a Governmental Body

OFFICIAL COPY

Aug 02 2022