

EXHIBIT 1

CWSNC'S Articles of Incorporation are on file with the
NCUC

EXHIBIT 2

Not Applicable - Applicants are not doing business as a
partnership

EXHIBIT 3

CWSNC'S D/B/A or Trade Name is on file with the NCUC

EXHIBIT 4

Ownership Exhibits and Purchase Agreement Attached

Utility Asset Purchase Agreement

THIS UTILITY ASSET PURCHASE AGREEMENT (“Agreement”) is made and entered into as of the 12 day of July, 2022 (the “Effective Date”), by and between **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation with an address of 4944 Parkway Plaza Blvd Suite 375, Charlotte, NC 28217-1983 (the “Buyer”), and **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina corporation with an address of P.O. Box 1090, Burnsville, NC 28714 (the “Seller”).

WITNESSETH:

WHEREAS, Seller owns utility assets that consist generally of water production, treatment, storage, supply and distribution facilities and wastewater collection, and transmission facilities used to provide water and wastewater utility service in the service area set forth in the order issued by the North Carolina Utilities Commission (“NCUC”) on May 18, 2001 in Docket No. W-1148, Sub 0 and more specifically set forth in **Exhibit A** (“Service Area”); and,

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 and is the Emergency Operator of the Seller’s Utility System (as herein defined) pursuant to that certain Order Appointing Emergency Operator and Requiring Customer Notice dated May 4, 2021 in Docket No. W-1148, Sub 20 of the NCUC (“Emergency Order”); and,

WHEREAS, pursuant to paragraph 9 of the Emergency Order: “...not all the utility system real property was conveyed to the utility MAUC. The ownership of important water and wastewater utility system components is unclear,” it is necessary for the Seller Affiliates (as herein defined) to be parties to this Agreement in the manner set forth herein to convey their respective interests in the real property portion of the Purchased Assets, subject to release of certain judgment liens; and,

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

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:

“Encumbrance” means any charge, claim, condition, equitable interest, lien, judgment 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.

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

“**Permitted Real Estate Encumbrances**” shall mean all rights of way, easements, covenants of record and other burdens 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.

“**Seller’s Affiliates**” means Mountain Air Development Corporation and Banks Holding Company, L.P., and any other person or entity affiliated with Seller who owns any of the Purchased Assets.

“**Utility System**” means (1) the Fee Parcels, (2) the Easements, and (3) the Personal Property used to provide water and wastewater 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 (“Purchased Assets”):

(1) The fee simple real property listed in **Exhibit D** and all fixtures and appurtenant interests belonging or appertaining thereto (“Fee Parcels”).

(2) All public and private easements, licenses, prescriptive rights, plats and dedicated rights-of-way, and other areas owned or used by Seller or Seller’s Affiliates for the construction, operation and maintenance of the Utility System including, without limitation, those identified in **Exhibit B** to this Agreement (“Easements”).

(3) All governmental approvals, authorizations, licenses, orders, certificates of public convenience and necessity, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body used or useful in the operation of the Utility System as set forth in **Exhibit J** (“Governmental Authorizations”).

(4) The personal property set forth in **Exhibit E** (“Personal Property”).

(5) Buyer is collecting connection charges during its period of operation as Emergency Operator. To the extent any connection charges are paid to Seller after the Effective Date by new customers of the Utility System in order to defray the cost of making utility service available (“Connection Charges”), they are considered part of the Purchased Assets to be turned over or credited to Buyer at Closing. Connection Charges collected from and after Closing shall be Buyer’s sole and separate property.

(6) The rights and interests of Seller in, to and under the contracts set forth on **Exhibit H** (the “Contracts”), which contracts Seller shall assign to Buyer at Closing.

SECTION 2.03. EXCLUDED ASSETS. The Purchased Assets do not include the assets as set forth in **Exhibit C** (“Excluded Assets”).

SECTION 2.04. PURCHASE PRICE. The Purchase Price for the Purchased Assets is Nine Hundred Fifty Thousand and no/100 dollars (\$950,000.00), subject to prorations and adjustments set forth in this Agreement. The Purchase Price shall be payable by Buyer to Seller (or directly to lienholders on Seller’s behalf at Closing, if so directed by Seller or required for free and clear conveyance of the Purchased Assets) 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.

SECTION 2.05. ASSUMED OBLIGATIONS. With the sole exception of Buyer’s agreement to provide water and wastewater service to individual customers through the Utility System following the Closing, and the Contracts, 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.

SECTION 2.07. EARNEST MONEY. Within fifteen (15) days after the Effective Date Buyer shall deposit with Seller’s attorney the sum of Ten Thousand and 00/100 Dollars (\$10,000.00) as earnest money under this Agreement (the “Earnest Money”). The Earnest Money shall be returned to Buyer or credited against the Purchase Price at Closing, in accordance with the terms and conditions of this Agreement.

ARTICLE III DUE DILIGENCE ISSUES

SECTION 3.01. PROVISION OF INFORMATION AND COOPERATION BY SELLER.

(A) By virtue of Buyer having served as Emergency Operator of the Utility System since May 10, 2021, Buyer and Seller will cooperate in developing an inventory of Seller’s equipment, parts and other Personal Property used in connection with Buyer’s operation of the Utility System.

(B) By virtue of Buyer having served as Emergency Operator of the Utility System since May 10, 2021, Buyer has had free and full access to and the right to inspect, the Utility System. Since May, 2021 Buyer has had access to the following documents, but to the extent it has not located such, after the Effective Date Seller will give to Buyer and its designees, to the

extent Seller possesses such, financial records, contracts plats, surveys, plans or specifications for the Utility System 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.

SECTION 3.02. DUE DILIGENCE DETERMINATIONS.

Buyer shall have sixty (60) days from the Effective Date within which to conduct its due diligence. Thereafter, Buyer shall have fifteen (15) 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 Fee Parcel 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, committing the Title Company to issue an ALTA form owner's title insurance policy, with North Carolina modifications.

(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, they 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 or Seller's Affiliates 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 discloses any matter that Buyer reasonably believes could materially and adversely affect Buyer's material use and enjoyment of the Fee Parcels

described therein; then 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. The parties acknowledge and agree that the Title Objections will include certain judgment liens on the Property. Seller intends to secure releases of the judgment liens at Closing in exchange for the payment of the Purchase Price. In the event Seller is unsuccessful in delivering the releases at Closing, neither party will be required to close and this Agreement will be considered terminated with no further obligation of either party to the other. 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 cause Title Company to issue an ALTA owner's policy of title insurance in accordance with the Title Commitment, at Buyer's expense.

(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 15 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, if any, 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 up until the time Buyer began serving as Emergency Operator of the Utility System: (1) the Utility System had been and was in full compliance with all applicable Environmental Laws and environmental permits and there were no past 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 was in compliance with all orders, decrees, judgments and notices issued against Seller under or in connection with any of the Environmental Laws, if any; 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, except to the extent placed on, in, or under the Fee Parcels by Buyer after the time it began serving as Emergency Operator of the Utility System,

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. Seller shall cooperate with any request by Buyer to make all appropriate inquiries as a part of its environmental due diligence including testing for levels of per- and polyfluoroalkyl substances 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 (“PFAS”), and testing for any other chemicals as deemed necessary by Buyer.

(G) If any ESA reveals Hazardous Materials (including PFAS) on the Fee Parcels which Hazardous Materials were placed on, in or under the Fee Parcels by Buyer after the time it began serving as Emergency Operator of the Utility System, 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. Seller shall be required to remediate under Section 3.04(G)(a) unless the cost is estimated to exceed \$10,000, in which case Seller shall have the option to terminate this Agreement or renegotiate the purchase price with Buyer in accordance with Section 3.04(G)(b). 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 or non-compliance with respect to any Governmental Authorization and is not a party 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 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 NCUC and the subdivision approval provided for in Section 6.08, 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 which are due to have been filed 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) Except as set forth in Schedule 4.01(G) and the Permitted Real Estate Encumbrances, and except for those Fee Parcels owned by Seller's Affiliates as shown in Exhibit D, 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 a fee simple absolute interest and good and marketable title to the Fee Parcels and Purchased Assets, free and clear of all liens, claims, Encumbrances and interests in the Fee Parcels.

(H) Up until the time Buyer began serving as Emergency Operator of the Utility System Seller had all agreements, contracts, commitments, leases, and other instruments required to conduct the Business as it had been and was being conducted and to own and operate the Business.

(I) Except as set forth in Schedule 4.01(I), 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, judgment lien, guaranty, endorsement, claim, loss, damage, deficiency, accounts payable, cost, expense, obligation or responsibility either accrued, absolute, contingent or otherwise.

(J) Up until the time Buyer began serving as Emergency Operator of the Utility System Seller had duly and timely filed all reports, responses, assessments, and other filings required of it with all Governmental Bodies having jurisdiction over Seller and the operation and maintenance of the Utility System.

(K) 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. Subject to the interests of the Seller Affiliates, Seller possesses and will assign to Buyer at Closing all such property rights necessary to operate the Purchased Assets and to access, operate and maintain all water distribution and wastewater collection facilities wherever located.

(L) 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 Yancey County Register of Deeds Office and are transferable to Buyer in accordance with their terms and without cost to Buyer.

(M) Buyer has been serving as Emergency Operator of the Utility System since May 10, 2021. 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.

(N) By virtue of the fact that Buyer has served as Emergency Operator of the Utility System since May 10, 2021, Buyer has full knowledge as to the extent to which the Utility System and Purchased Assets are in good operating condition and repair relative to their age and type and whether the Purchased Assets constitute all of the assets used or useful in the operation of the Utility System and in the provision of service to the Mountain Air Community.

(O) Except to the extent any lift station was not equipped with two pumps and working telemetry systems, up until the time Buyer began serving as Emergency Operator of the Utility System, Seller is not in any material violation of any law, ordinance or governmental rule or regulation to which it or its business, operations, assets or, properties is subject and had not failed

to obtain, or to materially 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.

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) 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;
SUBDIVISION OF FEE PARCELS**

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 acquire and 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. In the event NCUC fails to issue a final order that: (a) approves the Public Staff recommendations in Findings of Fact paragraphs 17, 31.d, 35 and 36 of the Emergency Order; or (b) establishes rate base less than the sum of the Purchase Price and Buyer's capital invested in the Purchased Assets; or (c) approves use of Buyer's state-wide uniform rates, as part of the transfer approval of Seller's certificate of public convenience and necessity, then Buyer shall have the option, in its sole discretion, to terminate the Agreement without further liability or obligation to the Seller under this Agreement. To be effective, such notice of termination must be given by Buyer to Seller within ten (10) days after the NCUC enters its Order approving the transfer and establishing the rate base for the Purchased Assets to Buyer.

**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 and any additional resolutions of Seller and/or minutes of the meetings of the board of directors of Seller as Buyer may reasonably request;

(B) Documents 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 and releasing all liens, security interests, and other Encumbrances other than Permitted Real Estate Encumbrances.

(C) Estoppel letters from the Seller Affiliates' judgment lien holders evidencing their agreement to release all Fee Parcels from their judgment liens.

(D) Estoppel letter from the Town of Burnsville evidencing any accounts payable due the Town for wastewater service and capacity available under the 2015 Wastewater Treatment Services Agreement.

(E) Transfer by Mountain Air Development Corporation at Closing of those utility easement rights set forth in the Land Use Covenants, Conditions and Restrictions for the Mountain Air Country Club Community, a development by Mountain Air Development Corporation, recorded at Book 225, Page 94 on August 13, 1990, in the Yancey County Registry ("the Land Use Covenants").

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 authorizing: (a) the transfer of the Purchased Assets as contemplated by this Agreement; (b) Buyer to provide water and wastewater services to the existing customers in the respective Service Area; and (c) Seller to abandon such Service Area. Such Governmental Authorizations shall be in form and substance satisfactory to Buyer in its sole discretion.

SECTION 6.06. MATERIAL DAMAGE. Except to the extent Seller cannot satisfy this condition precedent due some action or inaction on the part of Buyer as Emergency Operator, 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. This condition precedent does not impact any liability Buyer may have to Seller pursuant to its duty as Emergency Operator.

SECTION 6.07. 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 6.08. 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.

SECTION 6.09. SUBDIVISION OF FEE PARCELS. The Fee Parcels are located within and must be carved out of the parent parcels identified in Exhibit D, in order for Seller to convey the Fee Parcels to Buyer as provided for in this Agreement. Prior to Closing Seller shall undertake and complete the preparation of surveys and deeds for the Fee Parcels, which Seller shall not record without Buyer's prior approval.

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. The parties acknowledge and agree that Buyer is operating the Utility System pursuant to the Emergency Order. Between the Effective Date and the Closing, Seller shall: (i) refrain from any interference with Buyer's operation; (ii) if Seller was to operate the Utility System while Buyer is the Emergency Operator, Seller shall maintain and comply with all Governmental Authorizations and other legal requirements and contractual obligations necessary to operate the Utility System, otherwise Buyer shall do so; (iii) use its best efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date; (iv) promptly notify Buyer in writing of any actions, claims, or proceedings commenced or, to its knowledge, threatened against, Seller or the Purchased Assets and any event which could render any Seller representation or warranty untrue or incorrect in any material respect or constitutes a breach of this.

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 of transfer 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 August 30, 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. The parties acknowledge and agree that Buyer is operating the Utility System pursuant to the Emergency Order. Therefore, at Closing, Buyer shall be entitled to continue to retain all accounts receivable generated for services rendered during the period Buyer serves as Emergency Operator prior to Closing, and shall be responsible for ongoing accounts payable, payment of ad valorem or property taxes, possession of all customer deposits, with interest, if any, as set forth in **Exhibit F** and incorporated herein by reference.

SECTION 9.04. COSTS AND PROFESSIONAL FEES. 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. Buyer's attorney will be responsible for the recording of the deeds and other instruments necessary to deliver title to Buyer.

SECTION 9.05. 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 9.06. CLOSING PROCEDURE.

(A) At the Closing, Seller shall deliver to Buyer the Purchased Assets in the operating condition such assets are in as a consequence of Buyer's service as Emergency Operator of the Utility System since May 10, 2021.

(B) On or prior to the Closing Date, Seller and Buyer shall execute all documents necessary to close the transaction including, but not limited to 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 in substantially the same form as set forth in **Exhibit K**;

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

(3) An Assignment and Assumption of Governmental Authorizations, in substantially the same form as set forth in **Exhibit M**;

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

(5) Assignment and Assumption of the Contracts in the form set forth in **Exhibit O**.

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

(7) Title Commitments consistent with Section 3.03 of this Agreement and 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 required by the Title Company to issue the Title Insurance Policy;

(8) 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.

(9) A Non-Foreign Affidavit and an affidavit by each party certifying that all representations and warranties set forth herein are true and correct as of the Closing Date.

(C) Following execution and delivery of the Transfer Documents, Seller shall also deliver any keys which Buyer does not already possess to any and all buildings and gates to Buyer. Although Buyer is operating the Utility System pursuant to the Emergency Order, to the extent necessary Seller will take any additional steps as may be required to put Buyer in actual possession and control of the Purchased Assets.

SECTION 9.07. 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 9.08. DOCUMENTS AFTER THE CLOSING. From time-to-time after the Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, 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 conveyance of fee simple title or 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.

SECTION 9.09. SERVICE TO NEW DEVELOPMENT AND OPERATIONS AFTER CLOSING.

(A) The Mountain Air Community is planned to consist of approximately 850 residences as set forth in the Mountain Air Master Plan attached hereto as Exhibit “I” which break down as follows:

(1) 102 Single Family Homes, 129 Neighborhood Homes and 210 Condominiums (441 units collectively the “Current Units”);

(2) 195 undeveloped Single Family Home lots that have been sold to end users, some of which may be developed as single units on double lots (“Undeveloped Lots”), which includes 22 lots owned by Settlers Edge Holding Company (“Settlers Lots”);

(3) approximately 300 acres of undeveloped property within the bounds of the Mountain Air Community, which property is envisioned as an additional approximately 250 Units in the Mountain Air Master Plan (“Remaining Property”).

Seller represents that the Utility System includes water transmission and distribution system infrastructure (not including meters) installed as necessary to serve the Current Units and the Undeveloped Lots. Buyer shall use commercially reasonable efforts to serve the Remaining Property; provided that, such service may be conditioned on the parties entering into a Developer Agreement that requires, among other things, that developer construct and convey to buyer on-site distribution and collection facilities, water supply wells and related infrastructure. The developer of the Mountain Air Community, Mountain Air Development Corporation and/or its assigns (collectively “Developer”), will not be treated as an end-use customer by Buyer as to the Remaining Property until Connection Charges are paid and the Developer or its agents occupy a property. Notwithstanding the foregoing, Buyer’s obligation to provide wastewater service within the Mountain Air Community shall be limited to the availability of wastewater treatment capacity from the Town of Burnsville.

(B) Buyer may extend the Seller’s Service Area to include area outside the Mountain Air Community, provided that, Buyer ensures that capacity in the Utility System and wastewater treatment capacity in the Town of Burnsville is available to serve the Mountain Air Community in the manner set forth in Section 9.09(A). Buyer may secure that capacity by requiring future development outside the Mountain Air Community to take place pursuant to a Developer Agreement requiring construction of additional potable water wells and on-site and off-site water distribution and wastewater collection facilities.

(C) Buyer agrees to allow Mountain Air community members to continue the use of the community garden and parking on a portion of the Ball Road well sites under conditions similar to those currently employed including, but not limited to, organic gardening practices without the use of any fertilizer, herbicides or pesticides.

INDEMNITY AND ATTORNEYS’ FEES

SECTION 9.10. 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 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, unless attributable to Buyer as Emergency Operator of the Utility System;

(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, at any time before Buyer began serving as Emergency Operator of the Utility System;

(E) issues of regulatory compliance and claims by third parties unless attributable to Buyer as Emergency Operator of the Utility System;

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

(G) Seller's tax liability.

SECTION 9.11. INDEMNIFICATION OF SELLER

From and after the Closing, Buyer agrees to reimburse, indemnify and hold Seller and its officials and employees harmless from and against any liability, obligation, damage, loss, action, audit, deficiency, claim, fine, cost or expense (including attorney's fees and costs) resulting from, relating to, or arising out of:

(A) the provision of water and/or wastewater services by Buyer for the period following the date Buyer begin serving as Emergency Operator;

(B) issues of regulatory compliance and claims by third parties for events that occur following the date Buyer begin serving as Emergency Operator;

(C) the failure of Buyer to perform any of its covenants following Closing.

SECTION 9.12. GENERAL. Each party shall provide the other party with reasonable notice of any claims arising under this Section 10. The indemnification rights of the parties under this Section 10 are independent of and in addition to such rights and remedies as the parties 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 9.13. 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 X GENERAL PROVISIONS

SECTION 10.01. 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 Yancey County.

SECTION 10.02. NOTICE. 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: Said notices shall be sent to the parties hereto at the following addresses, unless otherwise notified in writing:

To Seller:

Mountain Air Utilities Corporation
P.O. Box 1090
Burnsville, NC 28714
Attn: William R. Banks, President
Email: rbanks@mountainaircc.com

With a copy to:

Daniel C. Higgins
Burns, Day & Presnell, PA
2626 Glenwood Ave, Suite 560
Raleigh, NC 27608
Email: dhiggins@bdppa.com

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

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

(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 email addresses 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 10.02. 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 binding on, shall inure to the benefit of and be enforceable by the parties to it and their respective successors and permitted assigns and no claim or cause of action shall accrue to or for the benefit of any other party.

SECTION 10.03. 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 10.04. ENTIRE AGREEMENT. This Agreement is the entire agreement between the parties and supersedes all prior and contemporaneous agreements or negotiations, whether oral or written. 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 10.05. 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 six (6) 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. In such event, Seller's Attorney shall return the Earnest Money to Buyer.

(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, if Buyer's appointment as Emergency Operator is terminated under the Emergency Order, or if all conditions precedent to Seller's obligation to close set out in Article VII have not been satisfied within six (6) 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. In such event Seller shall retain the Earnest Money.

(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"), unless such Casualty is attributable to an intentional act or gross negligence of Buyer during its service as Emergency Operator, 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 10.06. EFFECT OF TERMINATION.

(A) Each party's right of termination under Section 10.06 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 10.06, 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 10.07. 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. 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 10.08. 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 10.09. SEVERABILITY. In the event any term or provision of this Agreement is held to be invalid, illegal or unenforceable in any respect this shall not affect any other provision and the remainder of this Agreement shall be construed to be in full force and effect.

SECTION 10.10. 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 10.11. 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 10.12. 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 10.13. 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.


SECTION 11.15. NO BROKERS. Buyer and Seller each represent and warrant that they have not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and no broker, salesman or other person is entitled to any commission or fee with respect to such transaction.

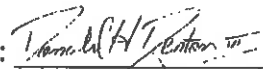
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IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written and shall become binding on the last date signed by all parties.

MOUNTAIN AIR UTILITIES CORPORATION

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

By: 
Name: William R. Banks
Title: President

By: 
Name: Donald H. Denton III
Title: President

Date: July 12, 2022

Date: July 11, 2022

The undersigned join in the execution of this Agreement for the sole and limited purpose of acknowledging: (a) the respective Seller's Affiliate is the sole legal owner and has full right, power and ability, subject only to the Judgment Liens to be released at Closing, to convey a fee simple absolute interest and good and marketable title to their respective Fee Parcel(s) and Purchased Assets contained thereon, free and clear of all liens, claims, Encumbrances and interests in the Fee Parcels; and, (b) their agreement to convey their respective interests in the Fee Parcels referred to in Section 2.01(A)(1) and listed in Exhibit D, after payment is made at Closing as necessary to secure the release of Judgment Liens on such property.

MOUNTAIN AIR DEVELOPMENT CORPORATION

By: 
Name: William R. Banks
Title: President

Date: July 12, 2022

BANKS HOLDING COMPANY, L.P

By: 
Name: William R. Banks
Title: President

Date: July 12, 2022

Exhibit List

Exhibit A – Service Area
Exhibit B – Easements
Exhibit C – Excluded Assets
Exhibit D – Fee Parcels
Exhibit E – Personal Property
Exhibit F – Customer Deposits
Exhibit G – Reserved
Exhibit H - Contracts
Exhibit I – Mountain Air Master Plan
Exhibit J – Governmental Authorizations

Form of Documents

Exhibit K – General Warranty Deed
Exhibit L – Assignment of Easements
Exhibit M – Assignment and Assumption of Contracts
Exhibit N – Bill of Sale
Exhibit O – Assignment and Assumption of Governmental Authorizations

Schedule List

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(G) – Conveyance of Fee Parcels
Schedule 4.01(I) – Liabilities or Obligations of Seller Relating to the Purchased Assets
Schedule 4.01(M) – Notice of Violations from a Governmental Body

EXHIBIT A

Service Area

MOUNTAIN AIR COUNTRY CLUB AS-BUILT WATER & SEWER MASTERPLAN

LEGEND

1. 12" WATER MAIN	11. 18" WATER MAIN
2. 18" WATER MAIN	12. 24" WATER MAIN
3. 30" WATER MAIN	13. 36" WATER MAIN
4. 48" WATER MAIN	14. 60" WATER MAIN
5. 72" WATER MAIN	15. 90" WATER MAIN
6. 12" SEWER MAIN	16. 18" SEWER MAIN
7. 18" SEWER MAIN	17. 24" SEWER MAIN
8. 30" SEWER MAIN	18. 36" SEWER MAIN
9. 48" SEWER MAIN	19. 60" SEWER MAIN
10. 72" SEWER MAIN	20. 90" SEWER MAIN
21. 12" WATER SERVICE LINE	22. 18" WATER SERVICE LINE
23. 24" WATER SERVICE LINE	24. 36" WATER SERVICE LINE
25. 48" WATER SERVICE LINE	26. 72" WATER SERVICE LINE
27. 12" SEWER SERVICE LINE	28. 18" SEWER SERVICE LINE
29. 24" SEWER SERVICE LINE	30. 36" SEWER SERVICE LINE
31. 48" SEWER SERVICE LINE	32. 72" SEWER SERVICE LINE

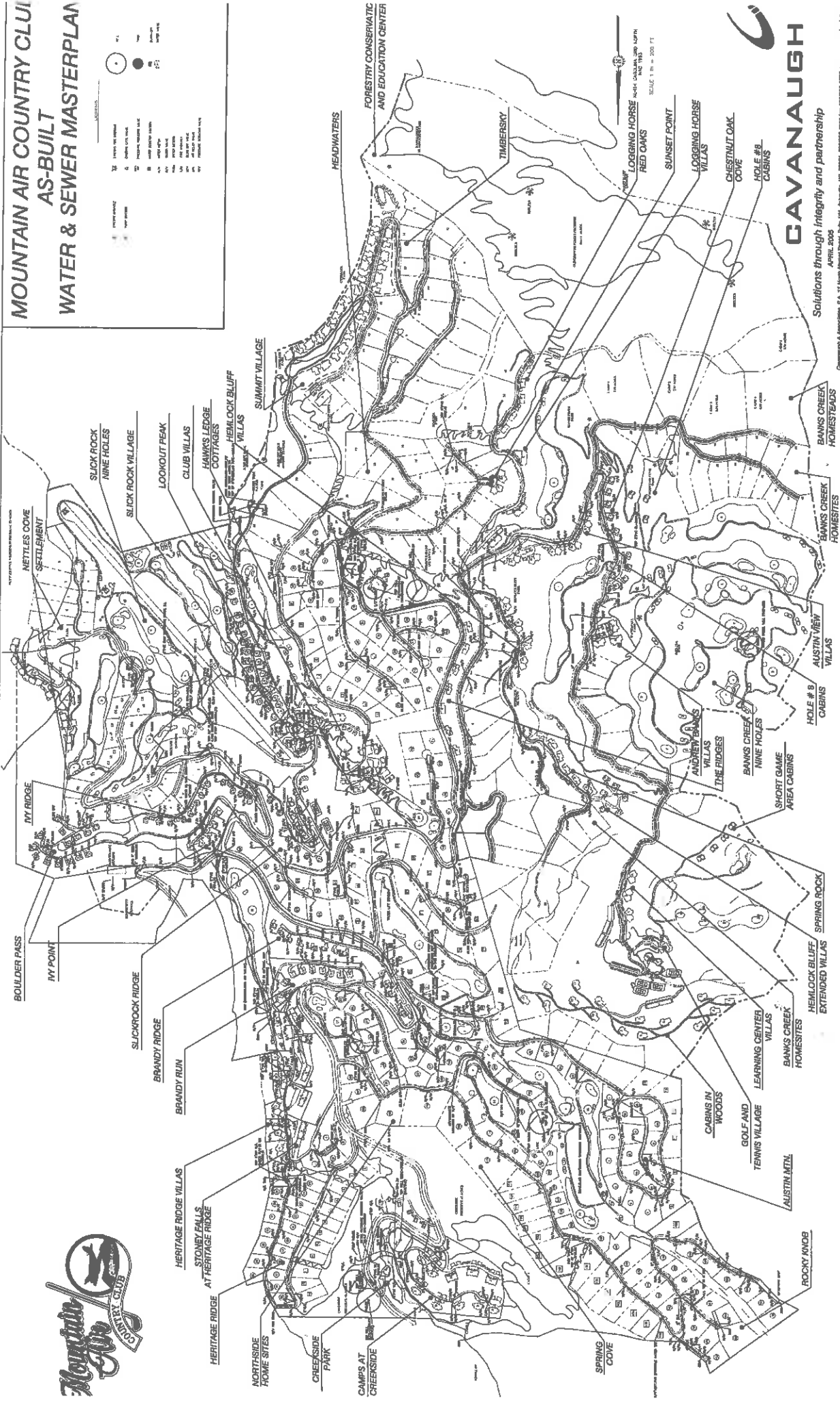


EXHIBIT B

Easements

The Land Use Covenants, Conditions and Restrictions for the Mountain Air Country Club Community, a development by Mountain Air Development Corporation, recorded at Book 225, Page 94 on August 13, 1990, in the Yancey County Registry ("the Land Use Covenants"), define Utility, Transportation and Service Areas (Section E-1), Water Tanks and Solid and Liquid Waste Collection (Section E-2), Utility Corridors (Section E-4), and provide in Sections 9.4 and 3-10 thereof, that Seller has perpetual, alienable and releaseable utility easements which include, but are not limited to a perpetual, alienable and releaseable utility easement and right in, on, over and under the Mountain Air Development allowing Seller or its transferee to erect, maintain, operate and use all manner of utility facilities including but not limited to sewers, pipelines, wells, collection facilities, pumping stations, tanks, water mains, etc.

EXHIBIT C

Excluded Assets

Excluded from the Seller's assets to be acquired by Buyer will be (1) all businesses conducted by Seller not relating to the Utility System or the Purchased Assets, if any; (2) Seller's (a) cash and cash equivalents (*e.g.*, certificates of deposit, investment accounts, etc.); (b) tax refunds and loss carry forwards; (c) investment tax credits; and (d) any other assets owned by Seller not associated with its provision of utility services in the Service Area.

EXHIBIT D

Fee Parcels

Description	Original Parcel ID	Original Acres	Acres After Subdivision	Location	Owner
Well Site 1	070812873342000	0.73	1.627	Mountain Air Drive & Cliff's Edge Drive	Mountain Air Development Corporation
Well Site 2	070808779531000	6.85	1.505	Mountain Air Drive & Cliff's Edge Drive	Mountain Air Development Corporation
Lookout Water Tank	070812960888	1.23	0.411	End of Jumpoff Rock Road	Mountain Air Development Corporation
Nettles Cove Water Tank	070808986864000	1.47	0.352	Nettles Cove Road	Mountain Air Development Corporation
18 th Tee Pump House	070920911131000	7.17	0.115	Stoney Falls Loop	Mountain Air Development Corporation
Waterfall Cabins Pump House	070920820300000 0709-18-83-3122	7.37	0.704	Mountain Air Drive & Falls Crossing	Mountain Air Development Corporation
Ball Road Wells 7 & 8	070900575603000	3.45	0.979	Ball Road	Banks Holding Company, L.P.
Well Site 4	070919617955000	0.73	0.753	Well House Road	Mountain Air Development Corporation

ADD LEGAL DESCRIPTIONS WHEN AVAILABLE

EXHIBIT E

Personal Property

Water production, treatment, storage, supply and distribution facilities and all wastewater collection and transmission facilities which included pumping stations, lift 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, physical facilities, equipment, spare parts, 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.

AND

To the extent possessed by Seller, customer lists and files, billing history for each customer, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, and financial data), and (iii) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller.

AND

To the extent possessed by Seller, all records, documents and knowledge, whether written, electronic, recorded or any other form, related to the Utility System and its operation, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, 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).

EXHIBIT F

Customer Deposits

NONE

EXHIBIT G

Reserved

EXHIBIT H

Contracts

1. Wastewater Treatment Services Agreement dated December 3, 2015, by and among The Town of Burnsville and Mountain Air Development Corporation and Mountain Air Utilities Corporation.
2. Settlement Agreement dated August 24, 2012, between Mountain Air Country Club, Inc., Mountain Air Development Corporation, William R. Banks, and Mountain Air Property Owners Association, Inc. for the use of an office in the Golf Course Maintenance Building “for the necessary and reasonable operation of the utility company operated by Mountain Air Utility Corporation.”

EXHIBIT I

Mountain Air Master Plan

Attached

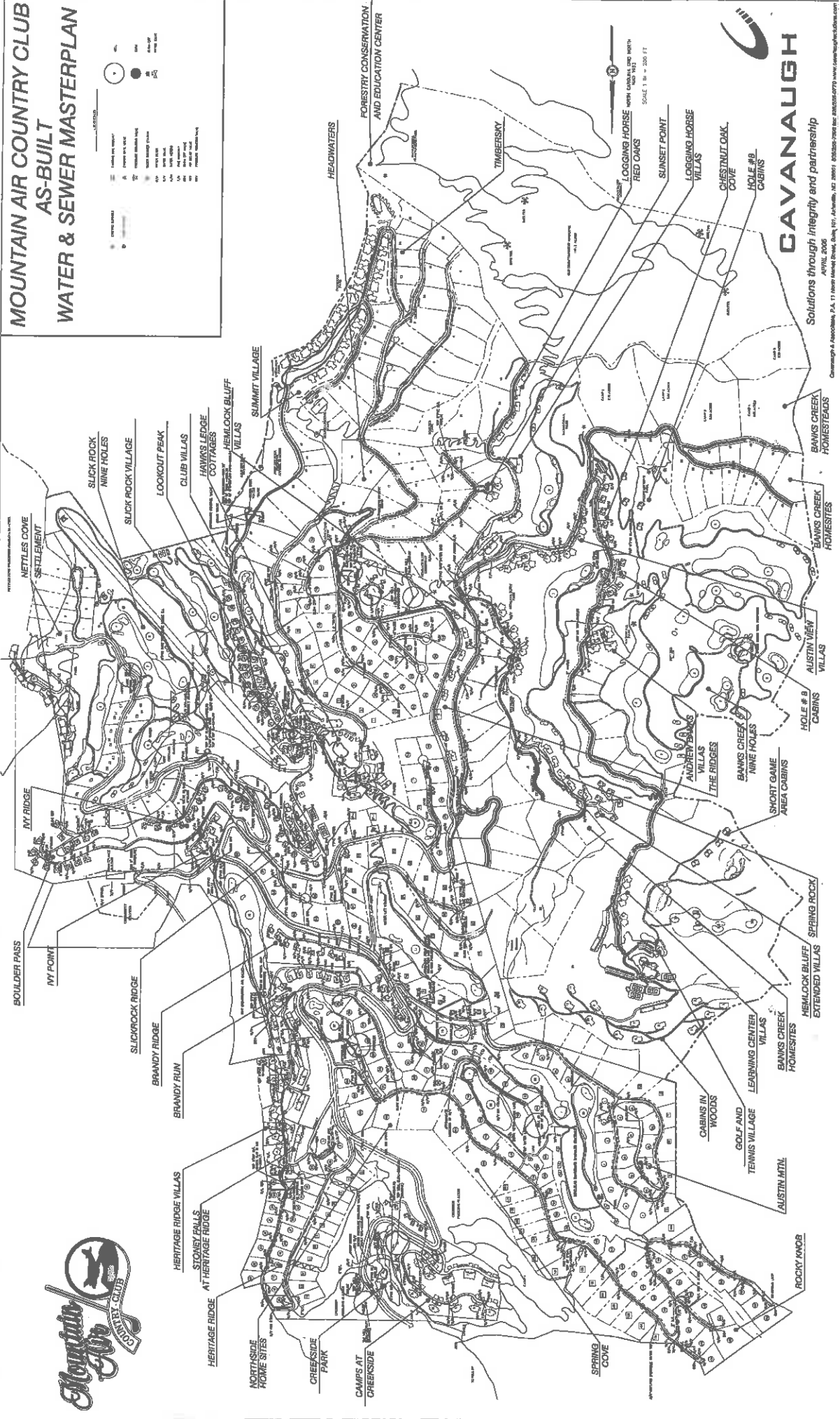
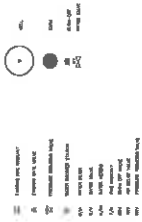
DUAL EXHIBIT

**Exhibit "A"
Service Area**

**Exhibit "I"
Mountain Air Master Plan**

(Full scale map provided under separate cover.)

**MOUNTAIN AIR COUNTRY CLUB
AS-BUILT
WATER & SEWER MASTERPLAN**



CAVANAUGH
Solutions through integrity and partnership
April 2006
Cavanaugh Associates, P.A., 11 North Market Street, Suite 107, Asheville, NC 28601 | 828.250.5773 | www.cavanaugh.com



EXHIBIT J

Governmental Authorizations

1. Certificate of Public Convenience and Necessity issued in Docket W-1148, Sub 0.
2. NCDENR Permits for various portions of the MAUC wastewater collection system:
 - WQ0011319
 - WQ0014201
 - WQ0012336
 - WQ0003081
 - WQ0006657
 - WQ0004710
 - WQCSD0349
 - WQ0020976
 - WQ0021936
3. NCDENR Permit No. NC 01-00-105 for Community Public Water System.

Form of Documents

Exhibit K – General Warranty Deed

Exhibit L – Assignment of Easements

Exhibit M – Assignment and Assumption of Contracts

Exhibit N – Bill of Sale

Exhibit O – Assignment and Assumption of Governmental Authorizations

Exhibit "K"

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$ _____
Parcel Identifier No. # _____

This instrument was prepared by Burns, Day & Presnell, PA
Return to Grantee
Brief description for the Index:

THIS DEED made this _____ day of _____, 2022, by and between

GRANTOR

GRANTEE

_____ a North Carolina corporation
address

_____ address

Enter in appropriate block for each Grantor and Grantee: name, mailing address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that undivided interest in certain lot or parcel of land situated in _____ County, North Carolina and more particularly described on **Exhibit A**

The property hereinabove described was acquired by Grantor by instrument recorded in Book _____, Page _____.

All or a portion of the property herein conveyed _____ includes or X does not include the primary residence of a Grantor.

A map showing the above described property is recorded in Map Book _____, Page _____.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the following exceptions:

Ad valorem taxes
Encumbrances, restrictions and easements of record

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

a North Carolina corporation

By: _____

Name: _____

Title: _____

State of North Carolina- County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he/she is _____ President of _____, a North Carolina corporation, and that by authority duly given and as the act of such entity, he/she signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this _____ day of _____, 2022.

My Commission Expires: _____

Notary Public
Notary's Printed or Typed Name

(Affix Seal- stamped, not embossed)

Prepared by:

Return to:

ASSIGNMENT OF EASEMENTS

THIS ASSIGNMENT OF EASEMENTS ("Assignment") is made and entered into this ___ day of _____, 2022, by **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina corporation ("Assignor") to **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation ("Assignee"). Capitalized terms not defined herein shall have the meaning(s) ascribed to them in that certain Utility Asset Purchase Agreement dated _____, 2022 ("Agreement").

WHEREAS, among the Purchased Assets are the rights of Assignor under all easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Assignor for the construction, operation and maintenance of the Utility System, as set forth in the Purchase Agreement (the "Easements"); and

WHEREAS, Assignor intends to transfer to Assignee the rights, title and interest of Assignor as grantee under the Easements, including, but not limited to, those certain Easements described in **Exhibit "A"** attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations, and agreements contained herein, together for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true and correct and are incorporated herein.
2. Assignor hereby conveys and assigns unto Assignee all right, title and interest of Assignor in the Easements, together with all other recorded or unrecorded rights, privileges, easements, licenses, prescriptive rights, rights-of-way, and rights to use public and private roads, highways, streets, and other areas owned or used by Assignor in connection with the construction, reconstruction, installation, expansion, maintenance, and operation of the Utility System or the Purchased Assets.
3. Assignee hereby accepts the transfer and assignment of the Easements and assumes the performance, obligations, and duties of Assignor under such Easements which accrue thereunder from and after the date hereof. As of the date of this Assignment, Assignor's obligations and responsibilities to act under such Easements shall cease and terminate. Assignor shall have no liability or obligation with respect to the Easements after the date hereof, other than those which accrued prior to the date hereof, regardless of whether any such claim is made prior or subsequent to this assignment.

4. The parties covenant and agree for themselves and their successors and assigns that Assignor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered any and all such further acts, instruments, papers and documents, as may be necessary, proper or convenient to carry out and effectuate the intent and purposes of this Assignment. Assignor warrants and agrees that: (i) any third party consents required as a condition of assignment of any Easement has been obtained and provided to Assignee, and (ii) Assignor is not in violation or breach of any of the terms and conditions of any of the Easements.

5. This Assignment shall inure to the benefit of Assignee, its successors and assigns, and shall bind Assignor and its successors and assigns.

6. This Assignment shall be governed in all respects by the laws of the State of North Carolina.

7. If any term or provision of this Assignment shall, to any extent or for any reason, be held to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby.

IN WITNESS WHEREOF, the parties execute this Assignment as of the day and year first above written.

MOUNTAIN AIR UTILITIES CORPORATION

By: _____
Name: William R. Banks
Title: President

STATE OF NORTH CAROLINA
COUNTY OF _____

This instrument was acknowledged before me this ___ day of ___, 2022, by _____, as _____ of _____, on its behalf.

Notary Public
State of North Carolina

(Print, Type or Stamp Commissioned Name)

Personally Known **OR** Produced Identification
Type of Identification Produced _____

**CAROLINA WATER SERVICE, INC.
OF NORTH CAROLINA**

By: _____
Name: _____
Title: _____

STATE OF NORTH CAROLINA
COUNTY OF _____

This instrument was acknowledged before me this ___ day of ___, 2022, by
_____, as _____, of
_____, on its behalf.

Notary Public
State of North Carolina

(Print, Type or Stamp Commissioned Name)

Personally Known **OR** Produced Identification
Type of Identification Produced _____

EXHIBIT "A"

EASEMENTS

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (“Assignment”), is made and entered into this ___ day of ___, 2022, by and between by **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina corporation (“Assignor”) to **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation (“Assignee”).

WITNESSETH:

WHEREAS, Assignor has as of this date conveyed to Assignee, pursuant to that certain Utility Asset Purchase Agreement dated _____, 2022 (“Agreement”), all of its respective real and personal property, both tangible and intangible, that comprise a portion of the Purchased Assets. All capitalized terms not defined herein shall have the meaning(s) ascribed to them in the Agreement; and,

WHEREAS, the Purchased Assets intended to be conveyed to Assignee, in accordance with the Acquisition Agreement, include certain rights and obligations of Assignor under certain contracts, agreements and leases identified on **Exhibit "A"** attached hereto and made a part hereof (collectively the “Contracts”); and,

WHEREAS, Assignor and Assignee wish to provide for the assignment of rights and duties contained in the Contracts.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and the mutual promises, covenants, representations and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties do undertake, promise and agree for themselves, their permitted successors and assigns as follows:

1. The foregoing recitals are true and correct and are incorporated herein.
2. Assignor hereby, conveys and assigns unto Assignee all right, title and interest of Assignor in the Contracts.
3. Assignee hereby accepts the transfer and assignment of the Contracts and assumes the performance, obligations, and duties under such Contracts as of the date hereof.
4. Assignor's obligations and responsibilities to act under such Contracts shall cease and terminate and Assignor shall have no further liabilities or obligations with respect to the Contracts, except for those obligations and responsibilities which accrued prior to the date of this Assignment, regardless of whether any such claim is made prior or subsequent to this assignment.

5. Assignor covenants and agrees to do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, any and all such further acts, instruments, papers and documents, as may be necessary, proper or convenient to carry out and effectuate the intent and purposes of this Assignment. Assignor warrants and agrees that Assignor is not in violation or breach of any of the terms and conditions of any of the Permits.

6. This Assignment shall inure to the benefit of and be binding upon Assignor and Assignee and their successors and assigns.

7. This Assignment shall be governed in all respects by the laws of the State of North Carolina.

8. If any term or provision of this Assignment shall, to any extent or for any reason, be held to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Assignment to be duly executed and it is effective on the date first above written.

**MOUNTAIN AIR UTILITIES
CORPORATION**

**CAROLINA WATER SERVICE, INC.
OF NORTH CAROLINA**

By: _____
Name: William R. Banks
Title: President

By: _____
Name: _____
Title: _____

EXHIBIT "A"

CONTRACTS

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS as of this ____ day of _____, 2022, that **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina corporation (“Seller”), for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, paid by **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation (“Buyer”), the receipt and sufficiency of which is hereby acknowledged, pursuant to the Utility Asset Purchase Agreement dated _____, 2022 (“Agreement”), does hereby grant, sell, assign, and convey to Buyer all of Seller's right, title, and interest in and to all of the personal property, both tangible and intangible, of the Purchased Assets, as defined in the Agreement and as updated through the date hereof including, but not limited to, the following:

(a) All water supply, treatment, storage, distribution, and transmission facilities, of every kind and description whatsoever, including, but not limited to, pumps, plants, wells, tanks, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections and any other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, together with all additions or replacements thereto;

(b) All wastewater collection and transmission facilities of every kind and description whatsoever, including, but not limited to, pumps, tanks, lift stations, transmission mains, collection pipes or facilities, valves, meters (if any), meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, together with all additions or replacements thereto;

(c) To the extent that Seller's right, title, or interest is transferable: all certificates, immunities, privileges, permits, license rights, consents, grants, leaseholds, and all rights to construct, maintain, and operate the Utility System and its plants and systems for the supply, production, treatment and distribution of potable water, for the collection and transmission of wastewater, and every right of every character whatever in connection therewith;

(d) All supplier lists, customer records, customer billing software, record drawings, as-built drawings, original tracings, sepias, prints, plans, including plans in electronic or digital format, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information relating to the Utility System in Seller's possession, including rights of Seller, if any, to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form; and,

(e) All items of inventory, equipment, tools, parts, laboratory equipment, office equipment, and other personal property owned by Seller in connection with the construction, operation, and maintenance of the Utility System.

Seller represents and warrants that it is providing its ownership interest in and to the above-referenced property free and clear of all liens, security interests, or encumbrances. All capitalized terms utilized herein, and not otherwise defined herein, shall have the meanings ascribed thereto in the Agreement.

IN WITNESS WHEREOF, the parties execute this Assignment as of the day and year first above written.

**MOUNTAIN AIR UTILITIES
CORPORATION**

**CAROLINA WATER SERVICE, INC.
OF NORTH CAROLINA**

By: _____
Name: William R. Banks
Title: President

By: _____
Name: _____
Title: _____

**ASSIGNMENT AND ASSUMPTION OF
PERMITS AND GOVERNMENTAL APPROVALS**

THIS ASSIGNMENT AND ASSUMPTION OF PERMITS AND GOVERNMENTAL APPROVALS (this "Assignment") is made and entered into this _ day of _____, 2022, by and between by **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina corporation ("Assignor") to **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation ("Assignee").

WITNESSETH:

WHEREAS, Assignor has, as of this date, conveyed to Assignee, pursuant to that certain Utility Asset Purchase Agreement dated _____, 2022 ("Agreement"), all of the real and personal property, both tangible and intangible, which comprise the Purchased Assets. All capitalized terms not defined herein shall have the meaning(s) ascribed to them in the Agreement; and

WHEREAS, included within the Purchased Assets are all of Assignor's certificates, permits, privileges, license rights, and consents to construct, maintain, and operate the Utility System; together with all rights granted to Assignor under the authority of any governmental body or pursuant to any legal requirement, identified on **Exhibit "A"** attached hereto and made a part hereof (collectively the "Permits").

WHEREAS, Assignor and Assignee wish to provide for the assignment of rights and duties contained in the Permits.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and the mutual promises, covenants, representations and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties do undertake, promise and agree for themselves, their successors and assigns as follows:

1. The foregoing recitals are true and correct and are incorporated herein.
2. Assignor hereby conveys and assigns unto Assignee all right, title and interest of Assignor in the Permits.
3. Assignee hereby accepts the transfer and assignment of the Permits, and assumes the performance, obligations, duties and liabilities of Assignor under such Permits as of the date hereof.
4. Assignor's obligations and responsibilities to act under such Permits shall cease and terminate and Assignor shall have no further liabilities or obligations with respect to the Permits, except for those obligations and responsibilities which accrued prior to the date of this Assignment, regardless of whether any such claim is made prior or subsequent to this assignment.

5. Assignor covenants and agrees that Assignor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered any and all such further acts, instruments, papers and documents, as may be necessary, proper or convenient to carry out and effectuate the intent and purposes of this Assignment. Assignor warrants and agrees that Assignor is not in violation or breach of any of the terms and conditions of any of the Permits.

6. This Assignment shall inure to the benefit of and be binding upon Assignor and Assignee and their successors and assigns.

7. This Assignment shall be governed in all respects by the laws of the State of North Carolina.

8. If any term or provision of this Assignment shall, to any extent or for any reason, be held to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Assignment to be duly executed and effective on the date first above written.

**MOUNTAIN AIR UTILITIES
CORPORATION**

**CAROLINA WATER SERVICE, INC.
OF NORTH CAROLINA**

By: _____
Name: William R. Banks
Title: President

By: _____
Name: _____
Title: _____

EXHIBIT "A"

PERMITS

SCHEDULE LIST

Schedule 3.04(B) – Environmental Permits & Governmental Authorizations

NONE

Schedule 3.04(C) – Environmental Compliance

NONE

Schedule 3.04(D) – Violations

NONE

Schedule 3.04(E) – Hazardous Materials

NONE

Schedule 4.01(B) – Pending or Threatened Legal Actions

None other than the outstanding liens and judgment liens against certain Seller's Affiliates as set forth in Schedule 4.01(G).

Schedule 4.01(C) – Default of Government Authorizations

NONE

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

NONE

Schedule 4.01(G) – Conveyance of Fee Parcels

The Fee Parcels are each subject to and encumbered by the liens or judgment liens as follows; provided that, the Ball Road Wells 7 and 8 site is only subject to the Judgment Lien in File 14 CvS 111 (listed as No. 2 below):

1. Titan Yancey Holdings, LLC is the successor-in-interest to a Judgment originally entered on February 6, 2018, in favor of RES-NC Settler's Edge Holding Company, LLC, in the principal amount of \$5,982,478.24 against Mountain Air Development Corporation ("MADC") and others in Yancey County Superior Court File No. 10 CvS 279, as reflected in a filing made in that case on or about April 20, 2018. As of May 6, 2022, the principal and interest due on this judgment totaled \$8,013,570.56.

2. Titan Yancey Holdings, LLC is also the successor-in-interest to a Confession of Judgment originally entered on May 29, 2014, in favor of Gibraltar BB2, LLC in the principal amount of \$3,719,850.95 against MADC in Yancey County Superior Court File No. 14 CvS 111,

as reflected in a filing made in that case on or about February 1, 2018. As of April 28, 2022, the principal, costs, and interest due on this judgment totaled \$2,809,055.21.

3. Titan Yancey Holdings, LLC is also the successor-in-interest to a Consent Judgment originally entered on November 20, 2015, in favor of Bank of North Carolina against MADC and others in the principal amount of \$750,000 and attorney fees in the amount of \$36,200 in Yancey County Superior Court File No. 14 CvS 294. As of April 28, 2022, the principal and interest due on this judgment totaled \$1,209,256.50.

4. Four Jacks, LLC is the successor-in-interest to a Confession of Judgment originally entered in favor of Young & McQueen Grading Company, Inc. against MADC in the principal amount of \$8,454,827.29 in Yancey County Superior Court File No. 17 CvS 218. Duplicative Confessions of Judgment were entered against other individuals and or entities in separate files in the office of the Yancey County Clerk of Superior Court. As of April 28, 2022, the principal and interest due on this judgment totaled \$11,570,205.33.

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

The Fee Parcels are each subject to and encumbered by the liens or judgment liens as follows; provided that, the Ball Road Wells 7 and 8 site is only subject to the Judgment Lien in File 14 CvS 111 (listed as No. 2 below):

1. Titan Yancey Holdings, LLC is the successor-in-interest to a Judgment originally entered on February 6, 2018, in favor of RES-NC Settler's Edge Holding Company, LLC, in the principal amount of \$5,982,478.24 against Mountain Air Development Corporation (“MADC”) and others in Yancey County Superior Court File No. 10 CvS 279, as reflected in a filing made in that case on or about April 20, 2018. As of April 28, 2022, the principal and interest due on this judgment totaled \$8,013,750.56.

2. Titan Yancey Holdings, LLC is also the successor-in-interest to a Confession of Judgment originally entered on May 29, 2014 in favor of Gibraltar BB2, LLC in the principal amount of \$3,719,850.95 against MADC in Yancey County Superior Court File No. 14 CvS 111, as reflected in a filing made in that case on or about February 1, 2018. As of April 28, 2022, the principal and interest due on this judgment totaled \$2,809,055.21.

3. Titan Yancey Holdings, LLC is also the successor-in-interest to a Consent Judgment originally entered on November 20, 2015, in favor of Bank of North Carolina against MADC and others in the principal amount of \$750,000 and attorney fees in the amount of \$36,200 in Yancey County Superior Court File No. 14 CvS 294. As of April 28, 2022, the principal and interest due on this judgment totaled \$1,209,256.50.

4. Four Jacks, LLC is the successor-in-interest to a Confession of Judgment originally entered in favor of Young & McQueen Grading Company, Inc. against MADC in the principal amount of \$8,454,827.20 in Yancey County Superior Court File No. 17 CvS 218. Duplicative Confessions of Judgment were entered against other individuals and or entities in separate files in the office of the Yancey County Clerk of Superior Court. As of April 28, 2022, the principal and interest due on this judgment totaled \$11,570,205.33.

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

NONE

EXHIBIT 5

Not Applicable – Application is not for a stock transfer

EXHIBIT 6

Utility Service Contracts Attached

STATE OF NORTH CAROLINA

WASTE WATER TREATMENT
SERVICES AGREEMENT

COUNTY OF YANCEY

_____, 2015

THIS AGREEMENT, made and entered this the _____ day of _____, 2015, by **THE TOWN OF BURNSVILLE** (herein after referred to as "Town") and **MOUNTAIN AIR DEVELOPMENT CORPORATION**, a North Carolina Corporation and **MOUNTAIN AIR UTILITIES CORPORATION**, a North Carolina Corporation and their successors and assigns (herein after referred to as "Developer", thus;

WITNESSETH :

WHEREAS, the Developer has need for and desires waste water treatment for a residential community development planned and under construction in Prices Creek and Burnsville Townships, Yancey County, North Carolina; and

WHEREAS, the Town currently has a sanitary sewer line in proximity to the development which has the capacity to receive and treat sewage from the development within the town sewage treatment facility; and

WHEREAS, the Town is willing to treat the sanitary waste from the development and sale such treatment privileges to the Developer under the conditions set forth and the Developer is willing to purchase treatment from the town for the project under said conditions; and

WHEREAS, the parties previously entered Agreements dated 10 April, 1992; 23 March, 2000; 03 January, 2001; and 06 December, 2005 providing for treatment of the Developer's waste water; and

WHEREAS, the Agreement dated 06 December, 2005 contained provisions that have been unfulfilled by both parties and the parties hereby entered into a new Agreement;

NOW, THEREFORE, in consideration of these premises and the mutual agreements herein and the reliance to be placed by each party on the performance of the other, and pursuant to the provisions of Article 2, 3 (Sections 160A-17 and 20.1), and 23 of Chapter 160A of the General Statutes of the State of North Carolina, and other applicable provisions of law, the parties hereto agree as follows:

1. The Developer has possession of a parcel or tract of land located in Prices Creek Township at the intersection of Bakers Creek and Dam Road; and the Developer is the owner of a force main and pump station affixed to said parcel or tract of property.

2. The Developer hereby gives the Town access and control of said force main and pump station located upon the premises at the intersection of Bakers Creek Road and Dam Road for the purpose of preparation, assessment, maintenance and repair of said force main and pump station.

3. The Town shall be responsible for obtaining any and all permits needed to process the waste at the Town's treatment facility.

4. The Developer shall be responsible for obtaining any and all permits needed to discharge the waste water to the Town's sewer system and shall comply in all respects with all rules, regulations, and ordinances of the Town, both those currently in effect as well as those adopted in the future, as they apply to other similarly classified Town sewer system users.

5. The Developer shall pay all rates, fees, and charges for such sewer services in accordance with applicable rates, fees, and charges as are currently in effect and that may be adopted in the future by the Town.

6. A meter shall be installed at the pump station at the towns expense and shall be maintained and calibrated by the town at the towns expense. The meter shall continuously measure the wastewater being discharged into the town sewer system by the developer.

7. In addition to any other requirements included in this Agreement, either directly or by reference, the Developer shall install and render operable a grease trap or grease traps in the outlet sewer lines from all food handling operations, i.e. preparation and washing. The grease trap(s) shall be inspected and approved by the Town prior to any discharge to the Town's sewer system and shall remain accessible to the Town personnel for subsequent inspection and approval, any improper operation and/or maintenance of such grease traps which is not corrected within 30 days from the time the Developer is made aware of thereof will be considered just cause for termination of service.

8. In addition to any other requirements included in this Agreement, either directly or by reference, the Developer shall install and render operable an oil and grease separator in the outlet sewer line from any equipment maintenance or washing area that, in the opinion of the Town, has the potential to discharge oil and/or grease. Should it be necessary to install any such facilities, they shall be inspected and approved by the Town prior to any discharge to the Town's water sewer system and shall remain accessible to the Town personnel for subsequent inspection and approval. Any improper operation and/or maintenance of oil and grease separators, which is not corrected within thirty (30) days from the time the Developer is made aware thereof, will be considered just cause for termination of service.

9. The waste water discharge to the Town's sewer system under this Agreement shall be a maximum of 199,900 gallons per day (GPD) discharged at a maximum rate of 400 gallons per minute (GPM) as accounted for by the meter referenced above. The Developer will be allowed to sale, construct on and utilize any portion of the development as long as the volume of waste water measured at the above referenced meter does not exceed that flow herein stated. This allocation shall remain in effect for a period of one (1) year from the date of this Agreement. During this one year period, the above referenced meter shall be installed and both parties will be given an opportunity to study the amount and rate of flow and the efficacy of the meter into the Town's waste water system. If neither party feels that any adjustments or additional equipment are necessary then this Agreement shall automatically renew for an additional two year period. On the

expiration date of this Agreement, any portion of the flow allocation under this Agreement that has not been dedicated or allocated to the Developer or its successors and assigns shall be automatically and unconditionally returned to the Town for its use if approved by the State DEHNR. If during the period of this Agreement, the Developer or its successors or assigns, desire an additional flow allocation from the Town, then such allocation may be denied or granted by the Town under a separate and new Agreement. The Town shall at all times maintain and improve the pump station and force main in sufficient condition and capacity to service the flow of waste water discharge, both as to the maximum capacity and rate of discharge, allocated to the developer as of the date of this Agreement notwithstanding the demands of other customers which the Town may service through the pump station and force main. The Developer hereby grants the Town the right to tie other customers onto the pump station and force main as long as it will not affect the maximum allocation and rate of discharge allowed for the Developer under this Agreement. In the event the Town approves a request from the Developer for additional flow, which request the Town will not unreasonably deny, the Town will, at its expense, maintain and improve the pump station and force main as provided in the next immediately preceding sentence with respect to the increased flow; provided however if the Town, at any time, is not financially able to discharge its obligations to maintain and improve the pump station and force main under this paragraph, the Developer shall be allowed to perform the maintenance or make the necessary improvements at its expense and offset the cost thereof against tap fees and other revenues due to the Town until paid in full.

10. The sewer line and pump station is already constructed by the Developer.

11. The Developer shall provide to the Public Works Director for the Town of Burnsville a copy of its annual report to the State Utilities Commission, including a numerical count of the developers customers.

12. This Agreement shall be construed under laws of the State of North Carolina.

13. This Agreement shall be binding upon the parties, their successors, and assigns. It is expressly understood and agreed that the Developer may, with prior approval from the Town, which approval shall not be unreasonably withheld, transfer and assign, subject to any required approval from the North Carolina Department of Environmental Management, the Developer's rights and obligations under this Agreement.

14. This Agreement contains a complete understanding of the parties with respect to the subject matter hereof and supersedes any prior written or oral understanding or agreement and may be amended only with the written consent of the parties hereto or their successors and assigns.

15. The parties hereto ratify any acts hereinbefore specified to be done by any of the parties, which have in fact been commenced or completed at the time of the execution of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate, all pursuant to governmental and corporate authority duly granted by their respective governing boards, the day and year first above written.

Theresa Coletta (SEAL)
TOWN OF BURNSVILLE by THE
HONORABLE THERESA COLETTA,
MAYOR

attest: Jeanne Martin

William R. Banks (SEAL)
MOUNTAIN AIR DEVELOPMENT
CORPORATION by WILLIAM R. BANKS,

attest: Jim McQueen

William R. Banks (SEAL)
MOUNTAIN AIR UTILITIES
CORPORATION by WILLIAM R. BANKS,

attest: Jim McQueen

STATE OF NORTH CAROLINA
COUNTY OF Yancey

I, Jeanne Martin, Notary Public of the County and State
aforesaid, certify that THERESA COLETTA personally appeared before me this day and
acknowledged the execution of the foregoing instrument. Witness my hand and Notarial
seal, this the 3rd day of December, 2015.

Jeanne Martin
NOTARY PUBLIC

My Commission Expires: 3/22/20

STATE OF NORTH CAROLINA
COUNTY OF YANCEY

I, John W. Anglin, Notary Public of the County and State
aforesaid, certify that WILLIAM R. BANKS personally appeared before me this day and
acknowledged the execution of the foregoing instrument. Witness my hand and Notarial
seal, this the 3rd day of December, 2015.

John W. Anglin
NOTARY PUBLIC

My Commission Expires: 10/18/2016

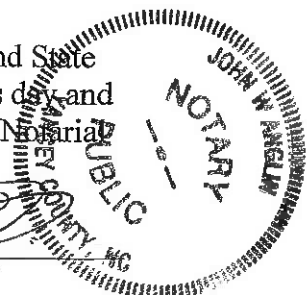


EXHIBIT 7

CWSNC's unaudited financial statements attached

Carolina Water Service, Inc. of North Carolina
W-354, Sub 396

Year Ended: December 31, 2021
Balance Sheet

<u>ASSETS</u>	\$	<u>LIABILITIES AND OTHER CREDITS</u>	\$	Water	Sewer
				61.90%	38.10%
<u>Plant In Service</u>					
Water	131,877,380	<u>Capital Stock and Retained Earnings</u>			
Sewer	127,830,712	Common Stock and Paid In Capital	11,099,677	6,870,370.95	4,229,306.28
Total	259,708,092	Retained Earnings	44,852,317	27,762,253.97	17,090,063.41
		Total	55,951,995	34,632,625	21,319,370
<u>Accumulated Depreciation</u>					
Water	(37,328,068)	<u>Current and Accrued Liabilities</u>			
Sewer	(31,381,696)	Accounts Payable-Trade	62,104,374	38,440,765.56	23,663,608.94
Total	(68,709,763)	Taxes Accrued	3,465,511	2,145,048.52	1,320,462.50
Net Utility Plant	190,998,329	Customer Deposits	294,854	182,506.08	112,348.25
		Customer Deposits - Interest	40,051	24,790.11	15,260.45
		A/P - Assoc. Companies	4,507,008	2,789,704.38	1,717,303.82
		Deferred Revenue	20,139	12,465.72	7,673.73
		Total	70,431,938	43,595,280	26,836,658
<u>Plant Acquisition Adjustment</u>					
Water	(1,879,714)	<u>Advances In Aid of Construction</u>			
Sewer	1,260,201	Water	21,103	13,061.99	8,040.78
Total	(619,512)	Sewer	11,837	7,326.89	4,510.34
		Total	32,940	20,389	12,551
<u>Construction Work In Process</u>					
Water	3,483,470	<u>Contributions In Aid of Construction</u>			
Sewer	5,520,590	Water	17,979,260	11,128,628.61	6,850,631.40
Total	9,004,060	Sewer	20,617,204	12,761,437.78	7,855,766.36
		Total	38,596,464	23,890,066	14,706,398
<u>Current Assets</u>					
Cash	40,179	<u>Accumulated Deferred Income Tax</u>			
Accounts Receivable - Net	(33,883,447)	Unamortized ITC	10,215	6,322.78	3,892.22
Other Current Assets	795,120	Deferred Tax - Federal	5,536,311	3,426,812.27	2,109,498.72
Total	(33,048,148)	Deferred Tax - State	1,077,036	666,653.04	410,382.49
Deferred Charges	5,302,169	Total	6,623,562	4,099,788	2,523,773
Total Assets	171,636,898	Total Liabilities And Other Credits	171,636,898		

Carolina Water Service, Inc. of North Carolina
W-354, Sub 396

Year Ended: December 31, 2021

Income Statement

CWSNC Combined Operations	Total FY 2021 Transactions
Operating Revenues	
Service Revenues - Water	21,434,607
Service Revenues - Sewer	18,442,503
Miscellaneous Revenues	234,514
Uncollectible Accounts	(377,568)
Total Operating Revenues	<u>39,734,056</u>
Maintenance Expenses	
Salaries and Wages	5,980,246
Purchased Power	2,145,837
Purchased Water	2,764,188
Maintenance and Repair	3,644,490
Maintenance Testing	527,083
Meter Reading	253,143
Chemicals	790,878
Transportation	493,545
Operating Exp. Charged to Plant	(827,300)
Outside Services - Other	5,070,404
Total	<u>20,842,515</u>
General Expenses	
Office Supplies & Other Office Exp.	421,297
Regulatory Commission Exp.	291,419
Pension & Other Benefits	1,513,604
Rent	212,810
Insurance	990,619
Office Utilities	176,732
Miscellaneous	184,225
Total	<u>3,790,706</u>
Depreciation	7,010,781
Amortization of PAA	(96,799)
Taxes Other Than Income	751,081
Income Taxes - Federal	(334,249)
Income Taxes - State	-
Amortization of ITC	(519)
Amortization of CIAC	(1,512,804)
Total	<u>5,817,491</u>
Total Operating Expenses	<u>30,450,712</u>
Net Operating Income	<u>9,283,345</u>
Other Income	90
Interest During Construction	(190,918)
Interest on Debt	2,856,569
Net Income	<u><u>6,617,604</u></u>

EXHIBIT 9

Not Applicable