

## PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into this 17<sup>th</sup> day of July, 2009, between Ronald Smith, an unmarried individual ("Seller"), and the Cities of Olympia, Lacey and Yelm, a collection of Washington Municipal Corporations ("Buyers").

### RECITALS

A. Buyers are municipalities that have a need to acquire water rights in hydraulic connection with the Deschutes River for mitigation purposes (the "Project").

B. Seller owns water right certificate No. G2-26862GWRIS, attached hereto as Exhibit A, that authorizes the withdrawal and use of 300 gallons per minute ("gpm") on 135 acres of land and an annual quantity of 170 acre-feet ("AF") for the purpose of irrigation. Seller wishes to retain 38 AF and 66 gpm for the irrigation of 30 acres (the "Reserved Portion"). Except for the Reserved Portion, Buyers wish to purchase and Seller wishes to sell all rights, interest, and remaining diversion and use quantities arising under or related to water right certificate No. G2-26862GWRIS (the "Water Right").

C. Seller's Water Right is appurtenant to approximately 245.3 acres of real property located in Thurston County, Washington and within the following legal description: The S  $\frac{1}{2}$ , NW  $\frac{1}{4}$  and the SW  $\frac{1}{4}$  Section 29, T. 16 N., R. 2 E.W.M. and the S  $\frac{1}{2}$ , NE  $\frac{1}{4}$  and portion of the N  $\frac{1}{2}$ , NE  $\frac{1}{4}$ , Section 30, T.16 N. R. 2 E.W.M. all lying north of the Deschutes River. Said Water Right has been historically used on and is appurtenant to a 245.3 acre portion of the following parcels of real property located in Thurston County: Tax Parcel Numbers 22630120000, 22630140000, 22630110300, 22629220200, 22629320000, and 22629310000 (the "Land").

D. Buyers need to obtain approval from a county Water Conservancy Board and/or the Washington State Department of Ecology (collectively, the "State") to change or transfer the Water Right that is the subject of this Agreement for Project purposes. The purchase of the Water Right pursuant to this Agreement is expressly conditioned on receipt of the necessary final, non-appealable approvals from the State, on terms and conditions satisfactory to Buyers in its sole discretion, for change and transfer of said Water Right for Buyers' Project (the Water Rights "Approval" herein).

NOW, THEREFORE, in consideration of the above recitals, which are incorporated herein by reference, and the mutual covenants provided herein, Seller and Buyers agree as follows:

### ARTICLE I PURCHASE PRICE

1.1 Purchase Price. Subject to and in accordance with the terms and conditions of this Agreement, Seller agrees to sell to Buyers, and Buyers agree to purchase, the Water Right as defined herein. The purchase price for the Water Right (the "Purchase Price") shall be One

Thousand Five Hundred Dollars (\$1,500.00) per AF transferred in the Water Rights Approval, subject to adjustments provided for under Article VI of this Agreement.

1.2 Escrow Holder. The parties designate Thurston County Title Company to serve as Escrow Holder hereunder (“Escrow Holder”).

1.3 Additional Payments.

(a) Upon mutual execution and delivery of this Agreement, Buyers will deliver to Escrow Holder One Thousand Dollars (\$1,000.00) (the “Due Diligence Payment”) as consideration for Buyers’ grant of the Due Diligence Period (defined below), and Escrow Holder will be instructed to immediately pay said funds to Seller. The Due Diligence Payment is nonrefundable to Buyers and shall not be credited against the Purchase Price due upon Closing.

(b) Unless Buyers provide notice of termination, on or before the expiration of the Due Diligence Period, Buyers will deliver to Escrow Holder Five Thousand Dollars (\$5,000.00) (the “Transfer Application Payment”) as consideration for Buyer’s grant of the Transfer Application Period (defined below), and Escrow Holder will be instructed to immediately pay said funds to Seller. The Transfer Application Payment shall be credited against the Purchase Price due upon Closing. In the event Buyers fail to purchase the Water Right for any reason other than Seller’s default under this Agreement, Seller shall retain the Due Diligence Payment and the Transfer Application Payment as the sole and exclusive remedy available to Seller.

ARTICLE II  
TITLE TO WATER RIGHT

2.1 Title to Water Right. Seller shall convey to Buyers at Closing, as hereinafter defined, marketable fee simple title to the Water Right by execution and delivery of a statutory warranty deed to the Water Right in form and substance satisfactory to Buyers and Buyers’ counsel, free and clear of all liens, exceptions and other encumbrances except those approved in writing by Buyers during the Due Diligence Period. Seller represents and warrants that as of the date of this Agreement, there are no liens, exceptions or other encumbrances which affect the Water Right. Buyers shall have the right, at its election and sole cost and expense to obtain a policy of title insurance from Thurston County Title Company (“Title Company”) with liability in the amount of the Purchase Price insuring Buyers that upon Closing, fee simple title to the Water Right will be vested in Buyers (the “Title Policy”). The parties agree that obtaining a Title Policy is not a condition precedent to Closing.

2.2 Removal of Monetary Encumbrance. On or before the expiration of the Due Diligence Period, Seller shall cause removal from record title, satisfactory in form and substance to Buyers, of any monetary encumbrance relating to the property or any encumbrance to the Water Right.

ARTICLE III  
INSPECTION, EVALUATION AND STATE APPROVAL  
OF THE WATER RIGHT

3.1 Inspection of Documents. Seller shall use best efforts to provide or make available to Buyers for inspection and copying, copies of all appraisals, surveys, evaluations, or audits of the Water Right and all documents reflecting Seller's use of the Water Right, including, but not limited to, irrigation records, crop records, aerial photographs, energy records or power bills, tax records, and any other documents and information in the possession or control of Seller and pertaining to the Water Right and all other items which Buyers deem reasonably necessary to conduct its review of the Water Right.

3.2 Due Diligence. Buyers shall have sixty (60) days from the date of mutual execution and delivery of this Agreement to perform a due diligence review of the Water Right (the "Due Diligence Period"). Seller acknowledges that Buyers' due diligence review of the Water Right ("Due Diligence") will include evaluation by Buyers and consultation with the State as to the nature, extent, quantity and validity of the Water Right. Seller shall provide or make available to Buyers the items identified in Section 3.1 above within five (5) business days after execution of this Agreement. Due Diligence may include a physical inspection of the real property to which the Water Right is appurtenant. Seller grants Buyers, its employees, agents, consultants and contractors the right to enter upon such real property to conduct necessary investigations of the Water Right and the right to any supporting documentation available to Seller. Seller agrees to cooperate with and assist Buyers in such investigation and to assist Buyers in its review of Seller's Water Right and Seller's documents and information regarding the Water Right, provided that such investigation shall be conducted during normal business hours or at such other time as is reasonable and necessary to conduct the investigation.

3.3 State Approval. Upon expiration of the Due Diligence Period, Buyers shall have thirteen (13) months to seek State Approval to transfer and use the Water Right for Buyers' purposes (the "Transfer Application Period"). Buyers' obligation to proceed to Closing and to purchase the Water Right is expressly made contingent on obtaining the Approval, unless Buyers waive said condition as provided in Article IV below. Seller will cooperate with Buyers in obtaining the Water Rights Approval and will, at Buyers' request, sign any applications necessary for such State approval. Seller agrees to execute affidavits from one or more individuals attesting to historical use of water to provide evidence regarding the nature, extent and validity of the Water Right or to obtain the same from previous owners and provide to Buyers. In response to any questions or requests for additional information from the State, Seller will cooperate with Buyers by providing additional information or documents, allowing access and physical inspection to the land on which the Water Right was used, and taking other reasonable actions necessary to obtain approval. In the event that Buyers experience a delay in obtaining necessary State approval(s), through no fault of Buyers, then Buyers may extend the Transfer Application Period for an additional six (6) months. Buyers shall provide written notice to Seller and Escrow Holder of such Transfer Application Period extension.

ARTICLE IV  
CONDITIONS PRECEDENT TO CLOSING

Buyers' obligations under this Agreement are expressly conditioned on, and subject to satisfaction of the following conditions precedent:

4.1 Performance by Seller. Seller shall have timely performed all obligations required by this Agreement to be performed by Seller.

4.2 Representations and Warranties True. The representations and warranties of Seller contained herein shall be true and correct as of the Closing Date.

4.3 Title. Buyers shall have reviewed and approved the condition of title to the Water Right.

4.4 State Approval. Buyers shall have determined in its sole discretion that it has obtained the Water Rights Approval during the Transfer Application Period.

The foregoing conditions contained in this Article IV are intended solely for the benefit of Buyers. If any of the foregoing conditions are not satisfied, Buyers shall have the right at its sole election either to waive the condition in question and proceed with the purchase or to terminate this Agreement upon written notice to Seller and Escrow Holder whereupon this Agreement shall automatically terminate, the Due Diligence Payment and Transfer Application Payment shall be distributed as otherwise provided in this Agreement, and neither party hereto shall have any further rights or obligation hereunder.

ARTICLE V  
OPERATIONS PENDING CLOSING

5.1 Operations Pending Closing. Seller hereby agrees from and after the date hereof until the Closing or the termination of this Agreement to perform all of its material obligations under any existing mortgages, leases, contracts, licenses and permits that may be applicable to the real property to which the Water Right is appurtenant.

5.2 Seller Actions Regarding Water Right. Seller shall not take or permit any action that could be construed as abandonment or relinquishment of the Water Right in whole or in part.

5.3 Condition of Title. Seller hereby agrees from and after the date hereof until the Closing or the termination of this Agreement that Seller will not:

(a) take any action that will adversely affect title to the Water Right or the Land; or

(b) lease, rent, mortgage, encumber or permit the encumbrance of all or any portion of the Water Right or the Land,

without the prior written consent of Buyers, which Buyers may grant or withhold in its sole and absolute discretion.

5.4 Temporary Transfer. From and after the date hereof until the Closing or the termination of this Agreement, Seller agrees to make the Water Right available for a temporary transfer for a use or purpose proposed by Buyers. Seller will sign all necessary documents and otherwise cooperate with Buyers in such a proposal, and Buyers will pay the out-of-pocket costs necessary to obtain State approval of any temporary transfer.

## ARTICLE VI CLOSING AND ESCROW

6.1 Closing. The Closing hereunder ("Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Escrow Holder ten (10) business days following expiration of the Transfer Application Period (*i.e.*, which includes final State Approval and the running of all appeal periods) or such other date as Buyers and Seller may mutually agree in writing (the "Closing Date"). All documents shall be deemed delivered on the date that the Deed(s) conveying the Water Right is recorded.

6.2 Delivery by Seller. On or prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(a) Statutory Warranty Deed conveying fee simple title to the Water Right free and clear of all liens, encumbrances or other defects in substantially the form set forth in Exhibit B duly executed and acknowledged by Seller in recordable form, and ready for recordation on the Closing Date together with a duly executed real estate excise tax affidavit;

(b) Affidavit executed by Seller that satisfies Section 1445 of the United States Internal Revenue Code regarding foreign investors (the "FIRPTA Affidavit"). The purpose of the Foreign Investment in Real Property Tax Act (FIRPTA) (26 U.S.C. § 1445) is to collect taxes due on sale of real estate owned by foreign individuals or entities which do not pay US taxes. This Affidavit is a statement by the Seller that they are not a foreign investor and pay taxes to the United States Internal Revenue Service.

(c) Confirmation of warranties made by Seller under this Agreement;

(d) Such resolutions, authorizations, certificates or other documents or agreements relating to Seller as shall be reasonably required by Buyers, Escrow Holder or Title Company in connection with this transaction.

6.3 Delivery by Buyers. On or prior to the Closing Date, Buyers shall deposit with Escrow Holder the Purchase Price, in cash or immediately available funds, less the value of the Transfer Application Payment and as adjusted pursuant to Section 6.4.

6.4 Costs and Expenses. Seller shall pay any and all real estate excise taxes and the cost of any documentary or other transfer taxes applicable to the sale of the Water Right. Buyers shall pay the cost of the premium for a policy of title insurance, if any, and the cost of any endorsements Buyers request, and the cost to record the Statutory Warranty Deed. Each party shall pay one half of the escrow fees payable to Escrow Holder. Each party is responsible for its own fees and expenses of legal counsel, consultants and agents; provided, however, that Buyers shall pay for any consulting costs and administrative fees associated with establishing clear title for the Water Right and obtaining approval for the permanent transfer of the Water Right.

6.5 Recordation. Provided that Escrow Holder has not received prior written notice that any condition set forth herein has not been fulfilled or that either party has elected to terminate its rights and obligations hereunder pursuant to Article III or Article IV, Escrow Holder is authorized and instructed at 8:00 a.m. (or as soon thereafter as possible) on the Closing Date to:

- (a) Record the Statutory Warranty Deed in the official records of Thurston County, Washington;
- (b) Deliver the FIRPTA Affidavit and all other documents described in Sections 6.2 and 6.3 to Buyers;
- (c) Deliver to the parties their respective closing statements in the form customarily prepared by Escrow Holder.

## ARTICLE VII REPRESENTATIONS AND WARRANTIES

In order to induce Buyers to enter into this Agreement and the transactions contemplated hereby, Seller makes the following representations and warranties as of the date of this Agreement and again as of the Closing Date:

7.1 Title. As of the Closing Date, Seller shall have good, marketable title to the Water Right, free and clear of all liens, encumbrances and exceptions except those approved by Buyers in writing during the Due Diligence Period, and Seller is aware of no matters which adversely affect title thereto. Seller has perfected the Water Right and the Water Right has neither been abandoned nor relinquished and there is no impediment, legal or otherwise to the use of the Water Right.

7.2 No Litigation. There is no claim, litigation, action, arbitration, legal, administrative or other proceeding, investigation or inquiry pending or threatened against the Water Right or the Land, or pending or threatened against Seller which could affect Seller's title to the Water Right or the Land, or affect the value or use of the Water Right, or subject Buyers of the Water Right, to liability, nor is there any basis known to Seller for any such claim, litigation, action, arbitration, proceeding, investigation or inquiry.

7.3 No Leases. There are no leases, licenses, permits, assignments or other agreements granting any person the right to use the Water Right or any portion thereof.

7.4 No Prior Options, Sales, Leases, or Assignments. Seller has not granted any options, right of first refusal or entered into any other agreement that would commit or obligate Seller in any manner whatsoever to sell or lease the Water Right, or any portion thereof, to any party other than Buyers.

7.5 No Defaults. Neither the execution of this Agreement, the consummation of the transactions contemplated hereby (so long as the Water Right transfer application is approved by Ecology), nor the fulfillment of the terms hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument which affects Seller or the Water Right or any portion thereof or to which Seller or the Water Right are subject or any applicable law, rule or regulation of any governmental body having jurisdiction over Seller or the Water Right.

7.6 Reports. All certificates and documents containing factual information to be delivered by Seller or by Seller's agents in connection with this Agreement, are and shall, to the best of Seller's knowledge, be true and correct and do not and shall not contain any untrue statement of material fact or omit to state any material fact the disclosure of which is necessary to make the statements contained therein and herein, in light of the circumstances under which they are made, not misleading.

7.7 Brokerage Commissions. Seller represents to Buyers that it has not engaged any brokers in connection with the transaction contemplated by this Agreement. Fees and costs of consultant WestWater Research LLC are to be borne by Buyers.

7.8 No Other Water Rights. No water rights, other than the Water Right that is the subject of this Agreement, are associated with or available for use on the Land.

Each of the above representations and warranties is material and has been relied upon by Buyers in making its decision to enter into this Agreement, and shall survive the Closing of the purchase of the Water Right contemplated by this Agreement.

## ARTICLE VIII MISCELLANEOUS

8.1 Notices. All notices to be given by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, sent by nationally recognized overnight delivery service, or by certified or registered mail, return receipt requested and addressed as set forth below. Notices shall be deemed to have been given and delivered upon receipt if hand delivered. Any party, by written notice to the other as above described, may alter the address for receipt by it and its agents of written notices hereunder.

To Seller: Ron Smith  
16224 Vail Road SE  
Yelm, WA 98513

With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ N/A \_\_\_\_\_  
\_\_\_\_\_

To Buyers: Richard T. Hoey  
Director of Water Resources  
Public Works Department  
P.O. Box 1967  
Olympia, WA 98507

With a copy to: Tom Morrill  
City Attorney, City of Olympia  
P.O. Box 1967  
Olympia, WA 98507

8.2 Risk of Loss. All risk of loss shall remain with Seller until Closing, including diminution in the quantity of the Water Right through any cause whatsoever, including amendment to laws or regulations.

8.3 Time of the Essence. Time is of the essence of this Agreement.

8.4 Survival. All provisions of this Agreement which involve obligations, duties or rights which have not been determined or ascertained as of the Closing Date or the recording of the Deed to the Water Right and all representations, warranties and indemnifications made in or to be made pursuant to this Agreement shall survive the Closing Date and/or the recording of the Deed to the Water Right.

8.5 Captions. The captions of this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement.

8.6 Memorandum of Agreement. Seller shall execute, acknowledge and deliver to Buyers, simultaneous with the execution hereof, a memorandum of this Agreement in a form acceptable to Buyers, which Buyers may, at Buyers' cost and expense, record in the real property records of Thurston County, Washington.

8.7 No Merger. The obligations contained in this Agreement, except for those specifically discharged in escrow (such as conveyance of title to the Water Right and delivery of money and documents in the escrow), shall not merge with transfer of title but shall remain in effect until fulfilled.



8.8 Remedies Upon Default. In the event that Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyers shall have the right to (a) demand and have specific performance of this Agreement, or (b) terminate this Agreement upon written notice without liability to Buyers, in which event Seller shall promptly return the Transfer Application Payment, to Buyers as liquidated damages and not as a penalty. In the event Buyers default, without legal excuse, in the performance of any of its obligations under this Agreement, the Transfer Application Payment made by Buyers shall be forfeited to Seller as liquidated damages and not as a penalty for Buyers' breach as the sole and exclusive remedy available to Seller for such default.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue shall be in Thurston County Superior Court.

8.10 Entire Agreement. This Agreement constitutes the entire agreement between Buyers and Seller pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings. No modification or amendment of this Agreement may be made except by written agreement signed and acknowledged by the parties.

8.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

8.12 Confidentiality. Excluding the contents of the Memorandum of Agreement provided for in Section 8.6 of this Agreement, Buyers and Seller shall keep the terms and conditions of this Agreement confidential and shall not in any manner, directly or indirectly, disclose, communicate, or otherwise make available such terms and conditions to any third party without the prior consent of the other, except as required by law.

8.13 Authority. The individuals signing below represent and warrant that they have authority to execute this Agreement.

*[Remainder of page intentionally left blank. Signatures follow on next page.]*

IN WITNESS WHEREOF, The parties hereto have executed and delivered this Agreement the day and year above mentioned.

**"Seller"**  
SMITH

Ronald N. Smith  
Ronald Smith

Date: 6/22/09

**"Buyers"**  
CITY OF OLYMPIA

By: [Signature]

Its: CITY MANAGER

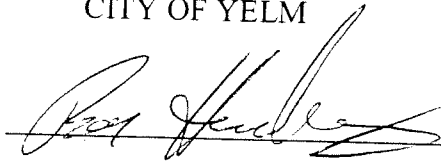
Date: 7/07/09

APPROVED AS TO FORM:

[Signature]  
(ACA)  
CITY ATTORNEY

Date: 7-2-09

CITY OF YELM

By: 

Its: MAYOR

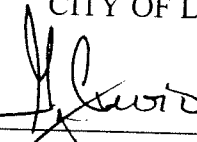
Date: 7-14-09

APPROVED AS TO FORM:

  
CITY ATTORNEY

Date: July 14, 2009

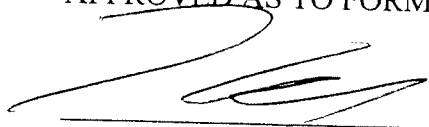
CITY OF LACEY

By: 

Its: CITY MANAGER

Date: 7-2-09

APPROVED AS TO FORM:

  
CITY ATTORNEY

Date: 7-16-09

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

I certify that I know or have satisfactory evidence that RONALD SMITH is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 27<sup>th</sup> day of June, 2009.



[Seal or Stamp]

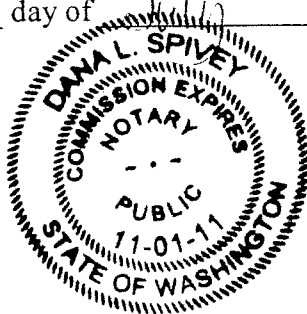
Tami R. Merriman  
Notary Public

Tami R. Merriman  
[Printed Name]  
My appointment expires 07-19-09

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

I certify that I know or have satisfactory evidence that RON HARDING is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 4<sup>th</sup> day of July, 2009.



[Seal or Stamp]

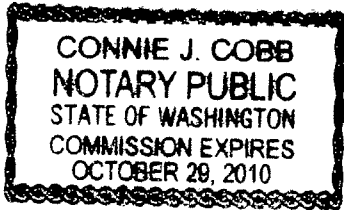
Dana Spivey  
Notary Public

DANA SPIVEY  
[Printed Name]  
My appointment expires 11-01-11

STATE OF WASHINGTON )  
 : ss.  
COUNTY OF Thurston

I certify that I know or have satisfactory evidence that Steven R. Hall is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the City Manager of the CITY OF OLYMPIA, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 7<sup>th</sup> day of July, 2009.



Connie J. Cobb  
[Signature of Notary]  
(seal or stamp)  
Connie J. Cobb  
[Print Name of Notary]

Notary Public in and for the State of Washington, residing at Olympia.  
My appointment expires: 10-29-10.

STATE OF WASHINGTON )  
: SS.  
COUNTY OF THURSTON )

I certify that I know or have satisfactory evidence that RON HARDING is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the MAYOR of the CITY OF YELM, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 14<sup>th</sup> day of July, 2009.



Dana Spivey  
[Signature of Notary]  
(seal or stamp)  
DANA SPIVEY  
[Print Name of Notary]

Notary Public in and for the State of Washington, residing at RAINIER.  
My appointment expires: 11-01-11.

STATE OF WASHINGTON )  
: SS.  
COUNTY OF Thurston )

I certify that I know or have satisfactory evidence that GREG CUOIO is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the CITY MANAGER of the CITY OF LACEY, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 2ND day of JULY, 2009

**NOTARY PUBLIC**  
**STATE OF WASHINGTON**  
**CAROL A LITTEN**  
**COMMISSION EXPIRES 6-28-2012**

Carol A. Litten  
[Signature of Notary]  
(seal or stamp)  
CAROL A. LITTEN  
[Print Name of Notary]

Notary Public in and for the State of  
Washington, residing at LACEY.  
My appointment expires: 6-28-2012.

STATE OF WASHINGTON )  
: ss.  
COUNTY OF THURSTON )

Exhibit A

Water Right Certificate No. G2-26862GWRIS

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

CERTIFICATE OF WATER RIGHT

- Surface Water (Issued in accordance with the provisions of Chapter 117, Laws of Washington for 1917, and amendments thereto, and the rules and regulations of the Department of Ecology.)
- Ground Water (Issued in accordance with the provisions of Chapter 263, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the Department of Ecology.)

PRIORITY DATE February 18, 1986	APPLICATION NUMBER G 2-26862	PERMIT NUMBER G 2-26862 P	CERTIFICATE NUMBER G 2-26862 C
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NAME Ron Smith Farms			
ADDRESS (STREET) 16224 Vail Road SE	(CITY) Yelm	(STATE) Washington	(ZIP CODE) 98597

*This is to certify that the herein named applicant has made proof to the satisfaction of the Department of Ecology of a right to the use of the public waters of the State of Washington as herein defined, and under and specifically subject to the provisions contained in the Permit issued by the Department of Ecology, and that said right to the use of said waters has been perfected in accordance with the laws of the State of Washington, and is hereby confirmed by the Department of Ecology and entered of record as shown, but is limited to an amount actually beneficially used.*

PUBLIC WATER TO BE APPROPRIATED

SOURCE Well
TRIBUTARY OF (IF SURFACE WATERS)

MAXIMUM CUBIC FEET PER SECOND	MAXIMUM GALLONS PER MINUTE 300	MAXIMUM ACRE-FEET PER YEAR 170
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QUANTITY, TYPE OF USE, PERIOD OF USE 170 acre-feet per year	irrigation of 135 acres	May 1 to October 1
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LOCATION OF DIVERSION/WITHDRAWAL

APPROXIMATE LOCATION OF DIVERSION—WITHDRAWAL  
800 feet South of the Northwest corner of Section 29.

LOCATED WITHIN (SMALLEST LEGAL SUBDIVISION) NW $\frac{1}{4}$ NW $\frac{1}{4}$	SECTION 29	TOWNSHIP N. 16	RANGE (E. OR W.) W.M. 2 E	W.R.L.A. 13	COUNTY Thurston
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RECORDED PLATTED PROPERTY

LOT	BLOCK	OF (GIVE NAME OF PLAT OR ADDITION)
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LEGAL DESCRIPTION OF PROPERTY ON WHICH WATER IS TO BE USED

The S $\frac{1}{4}$ NW $\frac{1}{4}$  and that portion of the SW $\frac{1}{4}$  of Section 29, T. 16 N., R. 2 E.W.M., lying North of the Deschutes River, and those portions of the S $\frac{1}{4}$ NE $\frac{1}{4}$  and the South 500 feet of the N $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 30, T. 16 N., R. 2 E.W.M., lying North of the Deschutes River and East of the Vail Road.



PROVISIONS

That portion of this authorization relating to irrigation is classified as a Family Farm Permit in accordance with Chapter 90.66 RCW (Initiative Measure No. 59). This means the land being irrigated under this authorization shall comply with the following definition: Family Farm a geographic area including not more than 2,000 acres of irrigated agricultural lands, whether contiguous or noncontiguous, the controlling interest in which is held by a person having a controlling interest in no more than 2,000 acres of irrigated agricultural lands in the State of Washington which are irrigated under water rights acquired after December 8, 1977. Furthermore, the land being irrigated under this authorization must continue to conform to the definition of a family farm.

*The right to the use of the water aforesaid hereby confirmed is restricted to the lands or place of use herein described, except as provided in RCW 90.03.380, 90.03.390, and 90.44.020.*

**This certificate of water right is specifically subject to relinquishment for nonuse of water as provided in RCW 90.14.180.**

Given under my hand and the seal of this office at Olympia Washington, this 31 day of January, 1989.

Christine O. Gregoire, Director  
Department of Ecology

ENGINEERING DATA

*[Signature]*

by *[Signature]*  
Gary E. Hanson, Water Resources Supervisor

FOR COUNTY USE ONLY

Exhibit B

RETURN ADDRESS:

Richard T. Hoey  
Director of Water Resources  
Public Works Department  
P.O. Box 1967  
Olympia, WA 98507

**WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

<b>DOCUMENT TITLE(S)</b> (or transactions contained therein):  Statutory Warranty Deed
<b>REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:</b>  _____
<input type="checkbox"/> Additional reference #s on page _____ of document(s)
<b>GRANTOR(S)</b> (Last name first, then first name and initials)  SMITH, Ronald Smith, an unmarried individual
<input type="checkbox"/> Additional names on page _____ of document
<b>GRANTEE(S)</b> (Last name first, then first name and initials)  CITY OF OLYMPIA, a municipal corporation of the State of Washington CITY OF LACEY, a municipal corporation of the State of Washington CITY OF YELM, a municipal corporation of the State of Washington
<input type="checkbox"/> Additional names on page _____ of document
<b>LEGAL DESCRIPTION</b> (abbreviated: i.e., lot, block, plat or section, township, range)  The S 1/2, NW 1/4 and the SW 1/4 Section 29, T. 16 N., R. 2 E.W.M. and the S 1/2, NE 1/4 and portion of the N 1/2, NE 1/4, Section 30, T.16 N. R. 2 E.W.M. all lying north of the Deschutes River
<input checked="" type="checkbox"/> Additional legal is on Exhibit A of document
<b>ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER</b>  Tax Parcel Numbers 22630120000, 22630140000, 22630110300, 22629220200, 22629320000, and 22629310000
<input type="checkbox"/> Assessor Tax # not yet assigned

### STATUTORY WARRANTY DEED

**GRANTOR**, RONALD SMITH, an unmarried individual, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby conveys and warrants to **GRANTEES**, CITY OF OLYMPIA, CITY OF LACEY, and CITY OF YELM, each a municipal corporation of the State of Washington, all right, title and interest in and to the following described portion of Certificate of Groundwater Water Right No. G2-26862GWRIS, with priority date February 18, 1986, which Certificate is attached hereto as **Exhibit A** and incorporated herein, (the "Water Right"), situated in Thurston County, Washington:

That certain portion of the Water Right as amended, transferred and changed to Grantees by authorization of the Washington State Department of Ecology, as described in Exhibit B attached hereto and incorporated herein, in a quantity of \_\_\_ acrefeet per year and \_\_\_ gallons per minute.

Grantor retains that portion of the Water Right not subject to the change and transfer set forth in Exhibit B, which portion is equal to a quantity of 66 gallons per minute and 38 acre feet for irrigation of 30 acres.

Grantor's Water Right conveyed hereunder was historically appurtenant to approximately 245.3 acres of real property located in Thurston County, Washington and within the following legal description:

The S  $\frac{1}{2}$ , NW  $\frac{1}{4}$  and the SW  $\frac{1}{4}$  Section 29, T. 16 N., R. 2 E.W.M. and the S  $\frac{1}{2}$ , NE  $\frac{1}{4}$  and portion of the N  $\frac{1}{2}$ , NE  $\frac{1}{4}$ , Section 30, T.16 N. R. 2 E.W.M. all lying north of the Deschutes River.

The interest conveyed hereby consists solely of a portion of the Water Right and does not constitute a conveyance of the above-described real property. By this conveyance, a portion of the Water Right is severed from said real property and held by Grantees for beneficial use as may be approved by the State of Washington Department of Ecology.

The individuals signing below represent and warrant that they have authority to execute this Statutory Warranty Deed and that the signatures below are effective without any further or subsequent approvals or ratifications.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**GRANTOR:**

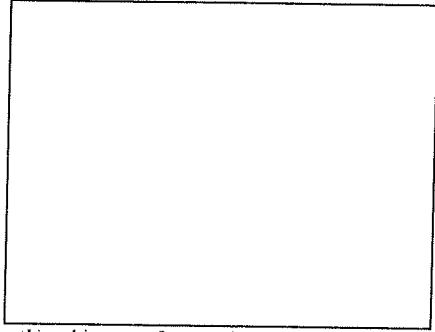
RONALD SMITH, an unmarried individual

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STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

I certify that I know or have satisfactory evidence that RONALD SMITH is the person who appeared before me, and he acknowledged that he signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument..

Dated: \_\_\_\_\_



(Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

**EXHIBIT A**  
Water Right Certificate No. G2-26862GWRIS

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

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**CERTIFICATE OF WATER RIGHT**

- Surface Water (Issued in accordance with the provisions of Chapter 117, Laws of Washington for 1917, and amendments thereto, and the rules and regulations of the Department of Ecology.)
- Ground Water (Issued in accordance with the provisions of Chapter 263, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the Department of Ecology.)

PRIORITY DATE February 18, 1986	APPLICATION NUMBER G 2-26862	PERMIT NUMBER G 2-26862 P	CERTIFICATE NUMBER G 2-26862 C
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NAME Ron Smith Farms			
ADDRESS (STREET) 16224 Vail Road SE	(CITY) Yelm	(STATE) Washington	(ZIP CODE) 98597

*This is to certify that the herein named applicant has made proof to the satisfaction of the Department of Ecology of a right to the use of the public waters of the State of Washington as herein defined, and under and specifically subject to the provisions contained in the Permit issued by the Department of Ecology, and that said right to the use of said waters has been perfected in accordance with the laws of the State of Washington, and is hereby confirmed by the Department of Ecology and entered of record as shown, but is limited to an amount actually beneficially used.*

**PUBLIC WATER TO BE APPROPRIATED**

SOURCE Well			
TRIBUTARY OF (IF SURFACE WATERS)			

MAXIMUM CUBIC FEET PER SECOND	MAXIMUM GALLONS PER MINUTE 300	MAXIMUM ACRE-FEET PER YEAR 170
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QUANTITY, TYPE OF USE, PERIOD OF USE 170 acre-feet per year	irrigation of 135 acres	May 1 to October 1
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**LOCATION OF DIVERSION/WITHDRAWAL**

APPROXIMATE LOCATION OF DIVERSION—WITHDRAWAL  
800 feet South of the Northwest corner of Section 29.

LOCATED WITHIN (SMALLEST LEGAL SUBDIVISION) NW $\frac{1}{4}$ NW $\frac{1}{4}$	SECTION 29	TOWNSHIP N. 16	RANGE, (E. OR W.) W.M. 2 E	W.R.I.A. 13	COUNTY Thurston
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**RECORDED PLATTED PROPERTY**

LOT	BLOCK	OF (GIVE NAME OF PLAT OR ADDITION)
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**LEGAL DESCRIPTION OF PROPERTY ON WHICH WATER IS TO BE USED**

The S $\frac{1}{2}$ NW $\frac{1}{4}$  and that portion of the SW $\frac{1}{4}$  of Section 29, T. 16 N., R. 2 E.W.M., lying North of the Deschutes River, and those portions of the S $\frac{1}{2}$ NE $\frac{1}{4}$  and the South 500 feet of the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 30, T. 16 N., R. 2 E.W.M., lying North of the Deschutes River and East of the Vail Road.

PROVISIONS

That portion of this authorization relating to irrigation is classified as a Family Farm Permit in accordance with Chapter 90.66 RCW (Initiative Measure No. 59). This means the land being irrigated under this authorization shall comply with the following definition: Family Farm a geographic area including not more than 2,000 acres of irrigated agricultural lands, whether contiguous or noncontiguous, the controlling interest in which is held by a person having a controlling interest in no more than 2,000 acres of irrigated agricultural lands in the State of Washington which are irrigated under water rights acquired after December 8, 1977. Furthermore, the land being irrigated under this authorization must continue to conform to the definition of a family farm.

*The right to the use of the water aforesaid hereby confirmed is restricted to the lands or place of use herein described, except as provided in RCW 90.03.380, 90.03.390, and 90.44.020.*

**This certificate of water right is specifically subject to relinquishment for nonuse of water as provided in RCW 90.14.180.**

Given under my hand and the seal of this office at Olympia Washington, this 31 day of January, 1989.

Christine O. Gregoire, Director  
Department of Ecology

ENGINEERING DATA

*[Signature]*

by *[Signature]*  
Gary E. Hanson, Water Resources Supervisor

FOR COUNTY USE ONLY



Exhibit B  
Report of Examination and Dept of Ecology Order

