FIRST AMENDMENT TO WATER RIGHT PURCHASE AND SALE AGREEMENT

DATE: December 12, 2016

PARTIES: SELLER: Craig Schnebly and Nancy Schnebly

BUYER: Kittitas County, a political subdivision of the State of

Washington

RECITALS

- A. The above parties entered into that certain Water Right Purchase and Sale Agreement dated and effective February 24, 2016 (the "Agreement"), containing the terms and conditions for sale and transfer of specified portions of the 1886 Water Right and 1871 Water Right, as defined in Agreement Recitals A and B, respectively.
- B. Paragraph 5 of the Agreement provides for the parties' preparation and submittal to the Washington Department of Ecology ("Ecology") of one or more administrative applications to effectuate desired transfers and changes to the 1886 Water Right and 1871 Water Right (collectively, the "Change Application"). Paragraph 5 also requires the parties to cooperate in all aspects of the administrative change process.
- C. The Change Application as filed actually includes four separate administrative change requests: two each under the 1886 Water Right and two each under the 1871 Water Right, including adjudicated water rights under proposed Certificate Nos. S4-85098-J and S4-84524-J ("85098" and "84524," respectively).
- D. Paragraph 3 of the Agreement describes two portions of the 1871 Water Right that are to be retained by or otherwise reserved to Seller, namely: (1) 20.0 consumptive acre feet to be utilized by Seller for future home development or water banking purposes; and (2) an additional quantity of consumptive use water necessary for Seller to irrigate 23.05 acres of specified lands owned by Seller (together, "Retained Water").
- E. Under the Change Application as filed, Retained Water is earmarked to 84524, with excess transferrable water, if any, under 84524 to be transferred to the Trust Water Rights Program ("Trust") for Buyer's use, together with all transferrable water under the other separately filed administrative change requests.
- F. Following filing of the Change Application as contemplated under the Agreement, the parties have determined certain changes or clarifications to said Change Application are likely to better effectuate the parties' mutual goals thereunder.
- G. Therefore, the parties now find it mutually advantageous to amend the Agreement as provided below.

- H. All capitalized terms herein refer to and shall have the meanings ascribed to them under the Agreement.
- **NOW, THEREFORE,** pursuant to Paragraphs 26 and 29 of the Agreement concerning amendments, the parties mutually agree to amend the Agreement solely as to the following:
- **1.** Change Application. The Agreement, including, without limitation, Paragraphs 3, 5, 6 and 7 thereof, is modified only as necessary to confirm the parties' below understandings and agreements concerning the Change Application:
- 1.1 The parties will modify the pending administrative change request under 85098 to provide exclusively for the change in purpose of use of the entire subject water right from irrigation to Trust. Specifically, the request to "add" an additional purpose of use on page 1 will be stricken.
- 1.2 The parties will modify the pending administrative change request under 84524 to provide exclusively for the change in purpose of use of the entire subject water right from irrigation to Trust. Specifically, the request to "add" an additional purpose of use on page 1 will be stricken, as will the reference to a proposed purpose of use for "Irrigation of 23.05 acres" under Section 4.B of said administrative change request.
- 1.3 Seller's rights in the Retained Water will first be satisfied under 84524 and then, if necessary, from 85098.
- 1.4 The parties acknowledge that under the Agreement as amended herein, one or more additional Ecology administrative change applications will likely be necessary to secure Seller's interest and rights in the Retained Water, including, without limitation, the right to irrigate 23.05 acres of specified Seller lands. The parties shall mutually determine the particulars as to such additional application(s) and shall direct Aspect Consulting to prepare, file and execute such application(s).
- 1.5 Commencing the above date, the parties agree to share, on a 50/50 basis, the cost of all Change Application processing services to be provided by Aspect Consulting as set forth in that certain September 27, 2016 Contract Change No. 4 (Project No. 150338). Buyer shall, however, be responsible for any and all fees and costs in excess of Aspect Consulting's total budgeted project costs of \$17,900.00 thereunder.

2. <u>Contingencies</u>. Contingencies under the Agreement are amended as follows:

2.1 Under Paragraph 8.1, the date by which (i) Kittitas County must obtain funding sufficient to pay the Purchase Price and (ii) the Kittitas County Board of Commissioners must ratify the Agreement as amended herein is hereby extended to October 1, 2017.

- 2.2 Under Paragraph 8.2, all Ecology Change Application approval contingencies must be satisfied on or before October 1, 2017, <u>including</u> the final, binding and non-appealable approval of any additionally required administrative change applications as contemplated in Paragraph 1.4, above. Ecology may, however, specify that such Change Application approvals shall be *effective* October 31, 2017, in order to allow Seller to continue to irrigate under the 1886 Water Right and 1871 Water Right as currently authorized throughout the balance of the 2017 irrigation season.
- 2.3 In the event any or all contingencies under the Agreement as amended by Paragraphs 2.1 and 2.2 herein are not satisfied on or before October 1, 2017, the Agreement shall nevertheless continue and the parties shall expend their best efforts to satisfy said contingencies and to close the transactions contemplated thereunder as expeditiously as possible, EXCEPT, that either party may, at any time subsequent to October 1, 2017, provide notice to the other party in the manner provided in Paragraph 20 of the Agreement of its intention to terminate said Agreement, and such termination shall be effective on date of delivery thereof. In such case, neither party shall have any continuing obligation under the Agreement, except that Buyer shall be entitled to refund of the Earnest Money.
- **3.** Entire Agreement. Except as to the above, all other terms and conditions under the Agreement shall remain as provided therein.

EXECUTED in duplicate original as of the date and year first above written.

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appealable approval of any additionally required administrative change applications as contemplated in Paragraph 1.4, above. Ecology may, however, specify that such Change Application approvals shall be effective October 31, 2017, in order to allow Seller to continue to irrigate under the 1886 Water Right and 1871 Water Right as currently authorized throughout the balance of the 2017 irrigation season.

- 2.3 In the event any or all contingencies under the Agreement as amended by Paragraphs 2.1 and 2.2 herein are not satisfied on or before October 1, 2017, the Agreement shall nevertheless continue and the parties shall expend their best efforts to satisfy said contingencies and to close the transactions contemplated thereunder as expeditiously as possible, EXCEPT, that either party may, at any time subsequent to October 1, 2017, provide notice to the other party in the manner provided in Paragraph 20 of the Agreement of its intention to terminate said Agreement, and such termination shall be effective on date of delivery thereof. In such case, neither party shall have any continuing obligation under the Agreement, except that Buyer shall be entitled to refund of the Earnest Money.
- 3. <u>Entire Agreement</u>. Except as to the above, all other terms and conditions under the Agreement shall remain as provided therein.

EXECUTED in duplicate original as of the date and year first above written.

BUY	ER:
KITTI	TAS COUNTY
Ву:	Paul Jewell, Kittitas County Board of Commissioners, Dist. 1
SELL	ER: G AND NANCY SCHNEBLY
Ву:	Craig Schnebly
Ву:	Nancy Schneby

State of Washington)
County of Kittitas) s s.)

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

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED this day of	, 2016.
	Notary Public in and for the State of Washington Residing in
	My Commission Expires:
State of Washington)	
) ss. County of Kittitas)	

I certify that I know or have satisfactory evidence that Craig Schnebly is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED this 5 day of Dengan BeV., 2016.

Notary Public
State of Washington
TIMA M CLARK
My Appointment Expires Feb 6, 2620

Notary Public in and for the State of Washington

Residing in CIENSBURG

My Commission Expires:

State of Washington)					
County of Kittitas)					
I certify that I know or have satisfactory evidence that Commissioner Paul Jewell is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.					
In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.					
DATED this 12th day of December, 2016. KJORS Notary Public in and for the State of Washington Residing in Ellensburg My Commission Expires: 2/19/18					
State of Washington)) ss.					
County of Kittitas)					
I certify that I know or have satisfactory evidence that Craig Schnebly is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated it to be his free and voluntary act for the uses and purposes mentioned in the instrument.					

mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED this _	day of	, 2016,
		Notary Public in and for the State of
		Washington
		Residing in
		My Commission Expires:

State of Washington)
) ss.
County of Kittitas)

I certify that I know or have satisfactory evidence that Nancy Schnebly is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED this 15 day of Decen 1/9/, 2016.

Notary Public
State of Washington
TINA M CLARK
(mant Sycies Feb 6, 2020)

Notary Public in and for the State of Washington

Residing in <u>Chonsburg</u>, With My Commission Expires: 2-6-2

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