

RELEASE OF SHARES FOR SALE

Having determined that there is sufficient excess water production capacity to do so, the Westside Water Association (“WWA”) Board plans to release the first four new water shares on January 1st, 2023. The cost for the 2023 release of four shares has been set at \$17,000 per share.

SHARE SALES PROCESS KEY POINTS

***If the WWA Board determines there is sufficient excess water production capacity to allow the sale of additional new water shares of a number (and ERU total) that does not create any foreseeable risk of compromising the mission, priorities and goals of the Westside Water Association, then the Board may, at its sole discretion, offer some or all of those new water shares to eligible, qualified prospective purchasers in the order of priority as defined in Section 5.3 of the Standard Operating Procedures, starting with “Tier I” applicants. Notwithstanding the above, the number of shares the Board releases for sale in a given 12-month share sales cycle shall not exceed the maximum number of shares allowed for release each year as defined by Article V Section 2 of the WWA Bylaws.

***Each applicant may only apply for one share during each 12-month share sales cycle, regardless of how many eligible parcels of property or WWA votes the applicant may currently have. The candidate parcel number the share will be associated to must be designated on the application.

***Each Share Sales Tier will complete prior to remaining shares being offered to the next Tier.

***Within a given Tier, if there are fewer available new shares than applicants, then the WWA shall conduct a lottery to determine which applicants within the Tier will be offered a share for purchase.

***The entire sales process starts over when additional shares are released for sale (i.e., there is no priority waiting list carried over from year to year).

***Mainline extension cost estimate responsibility of applicant.

***New share holder responsible for connection costs.

***New share holder responsible for mainline extension costs if applicable.

SHARE SALE TIERS

If the WWA Board determines there is sufficient excess water production capacity to allow the sale of additional new water shares of a number (and ERU total) that does not create any foreseeable risk of compromising the mission, priorities and goals of the Westside Water Association, then the Board may, at its sole discretion, offer some or all of those new water shares to eligible, qualified prospective purchasers in the following order of priority as defined in Section 3, starting with “Tier I” applicants. Notwithstanding the above, the number of shares the Board releases for sale in a given 12-month share sales cycle shall not exceed the maximum number of shares allowed for release each year as defined by Article V Section 2 of the WWA Bylaws.

Each applicant may only apply for one share during each 12-month share sales cycle, regardless of how many eligible parcels of property or WWA votes the applicant may currently have. The candidate parcel number the share will be associated to must be designated on the application.

Tier 1: Tier 1 Applicants are first in priority and include only current WWA members (who currently own one or more water shares). Tier 1 applicants may use any new share purchased for any lawful purpose consistent with WWA Bylaws, rules, policies and procedures.

Tier 2: Tier 2 applicants are second in priority and include only existing real property parcel owners within the WWA service area, to be used to supply water to that parcel in a manner and for purposes consistent with WWA Bylaws, rules, policies and procedures, and who:

- have an existing residence on their parcel;
- do not currently own a WWA water share;
- currently obtain water from another source;
- produce reasonable proof of a public health problem with their existing water supply.

Tier 3: Tier 3 applicants are third in priority and include only existing real property parcel owners within the WWA district, to be used to supply water to that parcel in a manner and for purposes consistent with WWA Bylaws, rules, policies and procedures, and who:

- have an existing residence on their parcel;
- do not currently own a WWA water share;
- currently obtain water from a well.

Tier 4: Tier 4 applicants are fourth in priority and include only existing real property parcel owners within the WWA district, to be used to supply water to that parcel in a manner and for purposes consistent with WWA Bylaws, rules, policies and procedures, and who:

- do not have an existing residence on their parcel;
- do not currently own a WWA water share;
- currently obtain water from a well.

Tier 5: Tier 5 applicants are fifth and last in priority and include only existing real property parcel owners within the WWA district, to be used to supply water to that parcel in a manner and for purposes consistent with WWA Bylaws, rules, policies and procedures, and who:

- do not have an existing residence on their parcel;
- do not currently own a WWA water share;
- do not have a current supply of potable water.

The WWA Board shall revoke any offer to sell a new water share if it is determined at any time that any of the conditions set forth above are not met.

SHARE SALES PROCESS

The WWA new water share sale process begins with reasonable written notice from WWA to current WWA members (prospective Tier 1 purchasers) only, using customary member correspondence methods (e.g. member email, U.S. Postal mailing addresses, alert notification system). There shall be a deadline of not less than 30 days from the WWA notice date for members to apply for an opportunity to purchase a new water share, with the date of the deadline clearly set for the WWA notice.

The WWA will provide an Application to Purchase Water Share to any prospective Tier 1 purchaser upon written request to the WWA. Applications shall be emailed to board@westsidewater.org and iwm.1@juno.com and/or mailed to:

PO Box 267
Vashon, WA 98070

on or before the 30-day deadline set forth in the WWA notice. WWA will not consider any application that is not post-marked or emailed on or before the deadline.

There shall be a \$100 (one hundred dollar) non-refundable application fee. If an applicant is not offered a share to purchase or decides to not proceed with purchase of a share then this application fee shall be forfeited by the applicant and retained by the WWA.

Within 14 days following the application deadline, the WWA will review all applications, will confirm each applicant's eligibility and qualifications for Tier 1 status, and will notify each Tier 1 applicant concerning if a mainline extension to the applicant's property is necessary.

If there are more available new shares than Tier 1 applicants, then the WWA shall provide written notice of application acceptance to each Tier 1 applicant and each Tier 1 applicant must complete their purchase within thirty days of acceptance.

Alternatively, if there are fewer available new shares than Tier 1 applicants, then the WWA shall conduct a lottery of Tier 1 applicants to determine Tier 1 applicant priority. Tier 1 lottery winners must complete their purchase within thirty days of notice of winning. The WWA shall determine, by lottery, the priority of remaining Tier 1 applicants for that year. If for any reason a Tier 1 lottery winner declines or fails to complete the new share purchase within 30 days of the WWA notice, the WWA may offer the new share sale to the lottery winner for that year who is next in priority, who shall be provided 30 days to complete the new share purchase. Priority of prospective Tier 1 applicants will not, under any circumstance, carry over from year to year.

If after sales to Tier 1 members described above are completed there remain no available new shares, the new shares sale process shall be concluded for the year. If new shares remain available, the WWA may, at the sole discretion of the WWA Board, initiate the process of offering the remaining new shares for sale to **Tier 2** applicants, using the same procedure above except as modified below.

The WWA new water share Tier 2 sale process begins with reasonable public notice to potential Tier 2 applicants by posting to the WWA website and by signage at major intersections within the WWA geographic area, as determined at the discretion of the WWA Board. There shall be a deadline of not less than 30 days from the WWA notice date for members to apply for an opportunity to purchase a new water share, with the date of the deadline clearly set for the WWA notice. The procedure and deadlines shall then be the same as for Tier 1 applicants, described above.

If there remain new water shares available at the conclusion of the Tier 1 and Tier 2 process, the WWA may proceed with offering the new share for sale to **Tier 3** applicants, following the same procedure as for Tier 2 applicants.

If there remain new water shares available at the conclusion of the Tier 1, Tier 2 and Tier 3 process, the WWA may proceed with offering the new share for sale to **Tier 4** applicants, following the same procedure as for Tier 2 applicants.

If there remain new water shares available at the conclusion of the Tier 1, Tier 2, Tier 3 and Tier 4 process, the WWA may proceed with offering the new share for sale to **Tier 5** applicants, following the same procedure as for Tier 2 applicants.

If there remain new water shares available at the conclusion of the Tier 1, Tier 2, Tier 3, Tier 4 and Tier 5 process, there shall not be any further sales in that share sales release period and the remaining shares will be held by the Board until they start the next share sales release period.

DIAGRAM OF TIER 1 SALES PROCESS

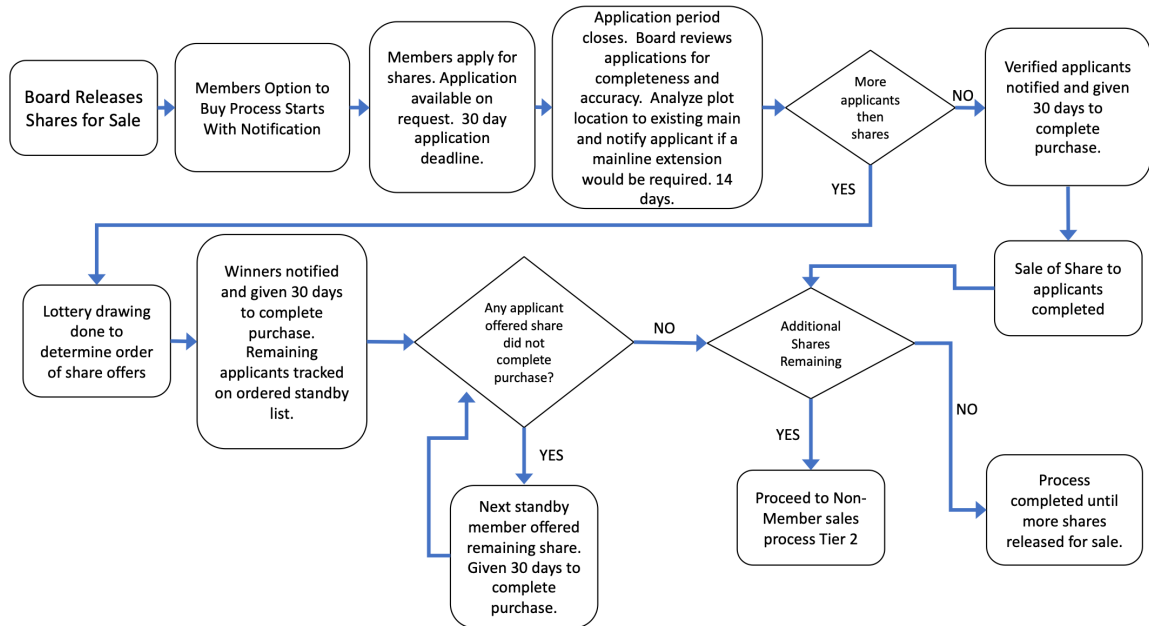


DIAGRAM OF TIER 2 - 5 SALES PROCESS

