

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Proposed Acquisition by)
Bluegrass Water Utility Operating)
Company, LLC and the Transfer of)
Ownership and Control of Assets by:) No. 2019-00360
Center Ridge Water District, Inc.; Jo-)
ann Estates Utilities, Inc.; and)
River Bluffs, Inc.)

**Verified Joint Application for Approval of Acquisition and
Transfer of Ownership and Control of Utility Assets**

The Applicants, the acquirer and the three (3) transferring utilities named in the above caption, jointly submit this Application pursuant to KRS 278.020(6), (7), and (10), requesting that the Commission approve the acquisition and transfer of control of utility assets used in providing wastewater or water services to more than 700 customers in areas of Calloway, McCracken, and Oldham Counties, Kentucky. Upon completion of the proposed transactions, after Commission approval therefor is granted, (1) Bluegrass Water Utility Operating Company, LLC will adopt each transferring wastewater utility's tariffed rates and the transferring water utility's tariff for the provision of services to the respective utility's customers, and (2) each transferring utility will cease to have any ownership or control of utility facilities and will no longer be a utility subject to the jurisdiction of the Commission. This Application has been verified on behalf of each Applicant; the Verifications are gathered in Exhibit A hereto. To establish compliance of the proposed acquisition/transfer with KRS 278.020 standards, Applicants submit the attached exhibits A-I and further state as follows:

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I. Applicants

A. Acquirer: Bluegrass Water Utility Operating Company, LLC

1. Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or “Acquirer”) is a class C sewer utility, PSC ID# 9004000. It is a limited liability company organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business at 500 Northwest Plaza Drive, Suite 500, Saint Ann, Missouri 63074. Bluegrass Water’s mailing address and electronic mail address to be used for service in this case are as set out on Exhibit B to this Application.

2. Bluegrass Water was organized as an LLC on March 21, 2019 and is currently in good standing in Kentucky. Its sole member is Bluegrass Water Utility Holding Company, LLC, which is a limited liability company organized and existing under the laws of the Commonwealth of Kentucky. Bluegrass Water is a manager-managed company. Its manager is Central States Water Resources, Inc (“Central States”), which is a corporation organized on January 27, 2014, and existing under the laws of the State of Missouri.

3. In the final Order entered August 14, 2019 in Ky. PSC Case No. 2019-00104 (“the 2019-00104 Final Order”), Bluegrass Water was approved to own, control, operate, and manage systems in Bullitt, Franklin, Hardin, Madison, Marshall, McCracken, Scott, and Shelby Counties, Kentucky, and provide collection, transmission, and treatment of sewage on those systems. By October 1, 2019, Bluegrass Water had closed on all the approved transactions, and after each closing has been operating all the sewer-service facilities acquired and providing service to customers through those facilities.

4. On October 14, 2019, Bluegrass Water issued Adoption Notices adopting the filed tariffs for each of the 2019-00104 transferor utilities; by October 24, 2019, Bluegrass Water will

issue a tariff in its own name, with rates for each system that were the same as those set forth in the most recent tariff of the respective transferor utility.

5. Bluegrass Water now seeks to acquire the utility assets from the three (3) joint-applicant transferring utilities and will thereafter provide continuity of service to their customers under the jurisdiction of the Commission.

B. Transferring Utilities

7. Each of the three (3) transferring utilities is organized under the laws of the Commonwealth of Kentucky, and with the exception noted in paragraph 8 below, each is currently in good standing in Kentucky. Joann Estates Utilities, Inc. (“Joann Estates”) and River Bluffs, Inc. (“River Bluffs”) are each a sewer utility as defined by KRS 278.010(3)(f); Center Ridge Water District, Inc. (“Center Ridge”) is a water utility as defined by KRS 278.010(3)(d). All three (3) utilities are subject to the jurisdiction of the Commission. The mailing address and electronic mail address for each transferring utility to be used for service in this case are as set out on Exhibit B to this Application.

1. Center Ridge Water District, Inc.

8. Center Ridge is a class C investor-owned water utility, PSC ID# 6000700; its d/b/a of “Center Ridge Water District No. 2” is the name used in the Commission’s database. Center Ridge was incorporated in Kentucky on May 1, 2000, and began operations at that time. Its most recently-filed annual report is for 2018, which states that as of year-end 2018 it had 339 customers. It currently is not in good standing with the Kentucky Secretary of State and was administratively dissolved on September 10, 2011.

9. Center Ridge has four tariffs currently on file with the Commission, each for service to a particular subdivision or development in southeastern Calloway County, near Hamlin, Kentucky, as follows:

<u>Tariff Name</u>	<u>Service to</u>	<u>Monthly Rate</u>	<u>Rate last changed</u>
Center Ridge Water District, Inc.	Center Ridge Lake Properties	\$22.79	per 8/23/12 Order in Case No. 2010-00397
Center Ridge Water District — Division 2	Pinebluff Shores Subdivision	\$22.79	(same)
Center Ridge Water District — Division 3	Keniana Shores Sub-division	\$22.79	(same)
Center Ridge Water District — Division 4	LH&M Properties HOA	\$22.79	(same)

Center Ridge’s prior cases with the Commission include Case No. 2017-00359, which had a final order entered in March 2018 (with a \$2500 contempt fine), and the underlying complaint case (2017-00164, ordering a \$36+ refund) has also been closed.

10. Center Ridge has four systems, each serving one of the subdivisions or developments listed in the respective tariff: Pine Bluff Shores Subdivision, Keniana Shores, Center Ridge Lake, and the former LH&M Properties (homeowners association). The Center Ridge W.D. Water System consists of one well house and one well. This well pumps to a 1060-gallon hydro-pneumatic storage tank. The system chlorinates the water using sodium hypochlorite. The Center Ridge Water District #2 system consists of two well houses, with one well enclosed in each house. Only one of these is currently in service. This system contains a PVC well head that is designed to prevent freezing by allowing the water to gravity flow down into the well. One well pumps to the hydro-pneumatic storage tank. The Center Ridge Water District #3 system consists of two wells and one well house. The wells pump to a hydro-pneumatic storage tank. The system currently disinfects with a chlorine solution. The Center Ridge Water District

#4 system consists of one well and one well house. The well pumps to a hydro-pneumatic storage tank; the system chlorinates the water,

2. Joann Estates Utilities, Inc.

11. Joann Estates Utilities, Inc. (“Joann Estates”) is a class C sewer utility in McCracken County Kentucky, PSC ID# 45400. Joann Estates is a Kentucky corporation organized on September 10, 1976, and it began sewer operations in April 1977. It is currently in good standing with the Kentucky Secretary of State. The proposed acquisition/transfer of assets from Joann Estates will be only of facilities serving the Timberland Subdivision located in McCracken County. Joann Estates’ most recently-filed annual report is for 2018, which states that as of year-end 2018, it served 69 residential sewer customers for the Timberland Subdivision.

12. Joann Estates’ current tariff is P.S.C. KY. No. 1, for serving Timberland Subdivision in McCracken County, Kentucky. This tariff was most recently updated with a rate adjustment pursuant to Case No. 2013-00307, effective on February 22, 2014.

13. A transfer to Paducah-McCracken Joint Sewer Agency of wastewater collection systems serving Wilmington Chiles and Joann Estates subdivisions was approved per the November 20, 2018 Order in Case 2018-00347. The sewer facility serving the Timberland subdivision was not included in this transfer. Joann Estates retains ownership and maintenance responsibility for the lagoons associated with the collection systems and plans to close and decommission the treatment plants associated with Wilmington Chiles and Joann Estates subdivisions, with technical assistance from Paducah-McCracken Joint Sewer Agency. These transactions did not

affect the assets of Timberland Subdivision, and Bluegrass Water will not be acquiring any assets from Joann Estates for anything beyond those facilities that provide service to Timberland Subdivision.¹

14. The Timberland-related assets were constructed or installed in 1986. The Timberland wastewater treatment facility is located in Heath, Kentucky approximately 10 miles west of Paducah. The plant consists of an extended aeration activated sludge system and an aerated lagoon. The system also has a polishing lagoon after the treatment facility with a volume of approximately 400,000 gallons. The facility uses chorine disinfection after the lagoon.

3. River Bluffs, Inc.

14. River Bluffs, Inc. (“River Bluffs”) is a class C sewer utility in Oldham County, Kentucky, PSC ID# 50900. River Bluffs was incorporated in Kentucky on May 17, 1966. It is currently in good standing with the Kentucky Secretary of State. Its most recently submitted annual report was for 2018. River Bluffs currently serves 189 single-family residential customers.

15. River Bluffs serves River Bluff pursuant to the current tariff approved in Ky. PSC Case No. 2007-00433 on January 7, 2008.

16. River Bluffs’s sewer plant was originally constructed in 1972. The River Bluff wastewater treatment facility is located in River Bluff, Kentucky, approximately 10 miles north-east of Louisville. The plant is an activated sludge system with grinding, activated sludge, chlorine disinfection, and dichlorination. The system currently has two blowers installed and two lift stations. This facility is using chlorine disinfection.

¹ A Timberland lagoon immediately abuts a lagoon for the Carriage Park subdivision system, which is not presently subject to Commission jurisdiction. There is an agreement for Bluegrass Water to acquire the Carriage Park system assets; that proposed acquisition will be the subject of a later application to the Commission.

II. Proposed Acquisition/Transfer

A. Agreements

17. CSWR has entered into an Agreement for Sale of Utility System with each transferring utility, attached as a redacted Exhibit hereto,² as follows:

<u>Seller</u>	<u>Date</u>	<u>Exhibit</u>
Center Ridge	5/7/19	C
Joann Estates	4/4/19	D
River Bluffs	6/10/19	E

18. Each Agreement designates the buyer as CSWR or its affiliate and provides that, at the Closing, the transferring utility shall sell, transfer, assign, and deliver its assets to CSWR or CSWR's designated affiliate. CSWR has designated Bluegrass Water, its affiliate, as the buyer for each Agreement attached hereto (redacted Exhibits C-E).

19. Each Agreement provides for the sale of all of the assets owned by the transferring utility pertaining to its operation of a regulated sewer or water system. The sale includes all assets used or useful to operate the system, including real property interests, sewer service machinery and equipment, other tangible fixtures or personalty, franchises, contract rights, customer deposits, accounts receivable, and other intangibles. For River Bluffs, assets to be transferred exclude the mower, shed trailer, four (4) phones, printers, and four (4) computers and associated monitors.

² Joint Applicants are requesting confidential treatment of the redacted material in a Joint Motion for Confidential Treatment submitted concurrently with this Joint Application.

20. The Agreements in ¶15 also provide for the buyer (Bluegrass Water) to assume liability and become responsible at the Closing “for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing.”

21. The sale of assets under terms specified in the Agreement promotes the interests of the public generally and of the transferring utilities’ customers more specifically. Bluegrass Water will provide continuity of service to the current customers of the transferring utilities, and will work to make necessary improvements to improve the quality of service as needed. Numerous deficiencies exist in the water and wastewater systems to be acquired, and the current owner/operator of those systems is unwilling or unable to expend the capital necessary to remedy those deficiencies. Bluegrass Water has worked with an engineer to address the shortcomings of each system and has outlined a plan to bring each into full operating compliance to ensure that after closing full operation of the systems can continue, with even better service to the customers of each.

22. To alleviate identified problems and avoid further problems in the future, existing facilities and processes must be extensively modified and/or constructed. Additional capital investment is required to bring these systems up to standard and into compliance.

23. After Commission approval has been given and before the Closing, Bluegrass Water’s acquisition of the three transferring utilities’ assets will be funded with equity capital from its affiliate CSWR, LLC. CSWR, LLC’s consolidated balance sheet and income statement for 2019 through June 30, 2019 are attached to this Joint Application as redacted Exhibit F.³

³ Joint Applicants are requesting confidential treatment of the material redacted in a Joint Motion for Confidential Treatment submitted concurrently with this Joint Application.

24. Central States has been funding and will continue to fund pre-Closing costs for Bluegrass Water, including due diligence work relating to the transferring utilities' assets and compliance efforts.

B. Closing

25. The Closing of each sale is to take place no later than 45 days “after the effective date of any necessary regulatory approval, satisfaction of Seller’s Representations and Warranties and Conditions Precedent set forth herein, ... or at such other time as the parties hereto may mutually agree.” Agreements ¶5. The 45-day period and the possibility that the triggers will be met for transferring utilities at different times allows for the respective Closings to take place on different days.

26. During the interim period between satisfaction of one or more triggers and the Closing, the transferring utility is to obtain the legal right to transfer all of the assets, identify property boundaries, easement locations, and all interests in land in connection with its operation and maintenance of the system (Agreements ¶6D), and will work to bring the conduct of the utility system into full compliance with regulatory requirements (*id.* ¶6E).

27. The systems all require various improvements and repairs, as indicated in the attached (redacted) engineering reports in Exhibit G.⁴ While most of the identified diagnostic tests, repairs, and improvements will take place post-Closing, Bluegrass Water and each of the utilities have begun the process of working through these issues to move the facilities in the right direction prior to Closing to ensure continuity of service to the affected customers.

⁴ Joint Applicants are requesting confidential treatment of the redacted material in a Joint Motion for Confidential Treatment submitted concurrently with this Joint Application.

C. Post-Closing

28. From and after the Closing of the acquisition from each transferring utility, Bluegrass Water will assume responsibility for the operation of the respective water and wastewater systems to ensure continuity of service to the existing customers.

29. Following the Closing on the Joann Estates and River Bluffs assets, Bluegrass Water will provide service in accordance with its current sewer tariff on file with the Commission, except that the rates to be charged for service on the respective systems will remain the same as set forth in the respective transferring utility's then-current tariff. Following the Closing on the Center Ridge system, Bluegrass Water will adopt, and provide service in accordance with Center Ridge's then-current tariff on file with the Commission. In all cases, there will be continuity of service to the existing customers.

30. The systems acquired will be operated by a qualified, experienced, third-party operations and maintenance ("O&M") firm engaged by Bluegrass Water. Currently in Bluegrass Water's other Kentucky systems, that firm is Midwest Water Operations, LLC, and Bluegrass Water expects that Midwest Water Operations, LLC will continue in this role for the utility systems subject to this Joint Application. This O&M firm has knowledgeable and experienced personnel, who carry the necessary state licenses, and has insurance coverage necessary to manage the daily wastewater operations of the systems. In addition to service obligations during normal business hours, the O&M firm is required to have a 24-hour emergency service line on which customers may report any service disruption. In addition, notice of service disruption calls would be forwarded to Josiah Cox, the president of Central States.

31. A qualified, experienced, third-party firm engaged by Bluegrass Water will send out bills and handle service-related billing questions for the acquired systems. Currently in Bluegrass Water's other Kentucky systems, that firm is Nitor Billing Services, LLC, and Bluegrass Water expects that Nitor Billing Services, LLC will continue in this role for the utilities subject to this Joint Application. This firm has in place an online billing system to receive credit cards and e-checks from customers and a Bluegrass Water specific customer service email account to handle customer inquiries and other interactions. The customer service representatives are to be available during normal business hours, and to take messages 24 hours a day. In addition, all electronic or paper correspondence is recorded and logged to the respective customer's account to ensure the highest level of service.

32. Bluegrass Water will maintain (a) a toll-free phone number and (b) a website that contains a summary of customers' rights, tariffs, or links to the tariffs, for each system, contact information for emergencies during regular and after-hours to report service issues, links to any tariffs filed in the future with the Commission, and links to Bluegrass Water's systems maps on the Kentucky Infrastructure Authority Wastewater Mapping website. *See* 8/14/19 Ky. PSC. Case No. 2019-00104 Order, pp. 21-22; Condition #14. Bluegrass Water's arrangements will ensure continuity of service to current customers of the three transferring utilities and that future customers are provided with a quality of service equal to or better than that currently being provided by the respective transferring utility. These arrangements include implementation of a computerized maintenance management system for utility assets, on-line bill-pay options, up-to-date website bulletins about current service status and service initiation/discontinuance procedures.

33. While day-to-day operations, billing, and customer service functions would be provided by third-party contractors, all management, financial reporting, underground utility safety and locations services, Commission and environmental regulatory reporting and management, record keeping, and final customer dispute management would be performed by personnel at Central States' corporate office. Proportional costs for those services will be allocated to Bluegrass Water. Professional narratives of Central States personnel who will be responsible for providing oversight of the acquired systems' operation are attached as Exhibit H.

34. In addition, detailed plans have been developed to improve the physical facilities and operations overall. CSWR engaged an independent engineer to make site inspections and thoroughly evaluate each facility from top to bottom. While the engineer identified multiple shortcomings for each system, the areas for improvement and required modifications were also identified. Bluegrass Water has secured necessary funding and plans to address each system's shortcomings to bring each into compliance within the year following closing. These plans for improvement can be seen in detail in the engineering reports for each system (Exhibit G). Bluegrass Water anticipates spending in excess of \$350,000 to address the problems identified by the engineer.

35. Bluegrass Water plans to fund the work to repair, replace, and improve the acquired systems with debt financing. Over time, this borrowed funding will balance the equity funding to achieve the planned 50-50 capital structure that has been developed for Bluegrass Water. A 50-50 capital structure will provide Bluegrass Water with good access to working capital and financing resources and will allow it to adequately fund and maintain the transferred systems.

36. In the near term, Bluegrass Water will track expenses, revenues, and assets on a per-system basis. Bluegrass Water anticipates that, as required by the Commission in Ky. PSC 2019-00104,⁵ it will file its post-closing accounting entries in accordance with the Uniform System of Accounts, within 30 days of the closing of the last transaction. Bluegrass Water anticipates the Commission to require the transferring utilities to file annual reports for any partial year it operated and/or owned the assets for be transferred up until closing.

37. Over time, Bluegrass Water will integrate the three acquired systems with others operated in Kentucky so that regulatory and technical standards are met on a uniform basis, and customers will be served under one tariff with uniform terms and conditions (including rates) allowing continuity of service to existing customers as well as improvement of service thereof.

III. KRS 278.020(6), (7), and (10) standards

A. Bluegrass Water has the financial, technical, and managerial abilities to provide reasonable service.

38. Bluegrass Water has the necessary abilities to provide services to the communities associated with the three identified systems through its affiliation with and support from CSWR, LLC, other operating utility affiliates, and its manager, Central States.

39. Due to the effort to find investment capital and investors who are willing to make investments and take the risks necessary to bring small water and wastewater systems into compliance with current statutes, rules, and regulations, the group of companies affiliated with Bluegrass Water and Central States, has been able to acquire distressed systems, invest capital necessary to construct or repair physical facilities, and operate those systems in a way that satisfies customers, regulators, and investors alike. While referring to Central States' business model as

⁵ See 8/14/19 Ky. Case No. PSC 2019-00104 Order, Appendix ¶1.

novel, the Commission has nonetheless found that Bluegrass Water has the sufficient financial ability to acquire and operate the systems recently acquired and to provide reasonable service in Kentucky. *See* 8/14/19 Ky. PSC 2019-00104 Order p. 12. Central States business plan⁶ and the expertise its personnel provide to affiliates have proven successful in multiple states, and there is every reason to believe that record of success will continue for Bluegrass Water with regard to Kentucky systems previously acquired and to be acquired in the future.

40. The level of experience and expertise that Central States currently provides to affiliated systems in Kentucky, Missouri, and Arkansas and that it would bring to the acquired systems is not usually available to small systems like those for which transfer approval is sought in this case. Furthermore, through economies of scale that Central States' centralized management structures can achieve, this experience and expertise is available at a lower cost than would be the case if Bluegrass Water or the individual acquired systems had to provide such expertise and support on its own. Where additional or supplemental expertise is required (*e.g.*, personnel holding licenses or certifications required by Kentucky law), Bluegrass Water or Central States (as its manager) will engage qualified independent contractors to satisfy those needs.

1. Financial ability

41. Bluegrass Water has the financial capability necessary to acquire, own, and operate the transferring utilities' assets. CSWR, LLC will provide equity financing for the proposed acquisitions. CSWR, LLC's consolidated balance sheet and income statement for 2019 through June 30, 2019 is attached to this Joint Application as redacted Exhibit F. A *pro forma* income statement and balance sheet for Bluegrass Water after the proposed acquisitions/transfers and as

⁶ The business plan is to pursue the purchase and recapitalization of failing water and wastewater systems and to operate those systems as investor-owned regulated utilities.

of a point at which planned improvements/repairs and related financing have occurred is attached as redacted Exhibit H.⁷ The *pro forma* statements for Bluegrass Water reflect the acquisition costs, the costs of the planned repairs and improvements, and the most-recent publicly-available reported annual operating expenses and revenues of the individual transferring utilities.

42. Bluegrass Water has secured the commitment of equity capital and has access to long-term loans to finance the acquisitions, the planned repairs and improvements, and operation of the systems. Acquisition capital and financing for repair/improvements are planned to result in a 50-50 capital structure for Bluegrass Water. *See* Exhibit I, p. 1 (balance sheet).

2. Technical ability

43. As demonstrated by the success of Bluegrass Water's operating affiliates in Missouri and Arkansas and the service transition in Kentucky upon the closing of the transactions approved in Case No. 2019-00104, access to Central States' technical resources has improved the quality of service to its customers. If this Commission grants approval of the proposed acquisition and transfers, the same benefits would be brought to these systems and the customers they serve while providing continuity of service.

44. In addition, technical ability has been demonstrated by the pre-Closing work undertaken to identify system deficiencies and plan concrete steps to address them, bring the systems into compliance, and update and improve their operation.

45. The Commission found that Bluegrass Water had the requisite technical ability for approval of its acquisitions in Ky. PSC Case No. 2019-00104.⁸

⁷ Joint Applicants are requesting confidential treatment of the redacted material (in the *pro forma* Balance Sheet) in a Joint Motion for Confidential Treatment submitted concurrently with this Joint Application.

⁸ See 8/14/19 Ky. Case No. PSC 2019-00104 Order, p. 25.

3. Managerial ability

45. Central States currently provides management and technical services for water and wastewater systems in Missouri and Arkansas that serve approximately 4,000 customers. Bluegrass Water's affiliates' actions in taking these systems and providing skilled management allowed these systems to reverse course from failing to complying with state and federal regulation while providing better service to a broader customer base. Central States' experienced management team has extensive knowledge of how to address the issues that arise in small failing systems and resolve these issues to enable the systems to provide competent services, which would better serve the communities currently dependent on each of the three systems which this Joint Application addresses.

46. Managerial ability is also shown by the engagement of qualified third-party firms to provide operation and maintenance of the systems and customer service and billing, as well as in the oversight of these firms and functions by Central States personnel on behalf of Bluegrass Water.

B. The proposed acquisition is to be made in accordance with the law, for a proper purpose, and is consistent with the public interest.

47. Bluegrass Water's proposed acquisition of the three identified systems is in accordance with the law, for a proper purpose, and is consistent with the public interest. The proposed acquisition thus meets the standards of KRS 278.020(7).

1. Made in accordance with the law

48. The proposed acquisitions and transfers will not occur before or without the Commission's approval therefor.

49. In addition to this application to the Commission, Applicants will make all required regulatory filings for the proposed transactions and expect to receive all required approvals. In particular, the Applicants will apply for the transfer of any KPDES permits for each system to Bluegrass Water.

50. Each proposed transaction has been approved by Bluegrass Water's member and by the board or owner(s) of each transferring utility.

2. For a proper purpose

51. Bluegrass Water is acquiring the utility assets to operate them for the purpose of providing reasonable, effective, and efficient wastewater or water service to existing and future customers.

52. The acquisitions will result in the transfer of assets to an entity that will have sufficient capital and operating funds to operate, maintain, and expand the systems, while providing continuity of service to its customers. Aggregation of the assets and operations of the transferring utilities with others in one operating company affiliated with entities that have substantial experience and expertise in operating wastewater systems is also likely to create economies of scale and scope that can sustain and improve existing service.

3. Consistent with the public interest

53. Full compliance with both state and federal regulations is imperative for purposes of health and safety, and Bluegrass Water would ensure continuity of service for the customers of these transferring utilities, and customers would receive better service. Bluegrass Water has researched the state of the existing systems and has concrete plans and the financial wherewithal to bring these systems in compliance to serve the customers and community as a whole.

54. The acquired water and sewer systems are all troubled or marginal as they exist now. Some are carrying extensive age and will need overhaul to update the systems. It is in the public interest that these water and sewer utility systems be acquired by an entity that will professionalize the operations and has a focus on long-term ownership, substantial resources, and affiliation with experienced water and sewer-system owner-operators.

C. Bluegrass Water has provided evidence of financial integrity to ensure the continuity of sewer service in the event that Bluegrass Water cannot continue to provide service.

55. Bluegrass Water has provided herewith evidence of its financial integrity to ensure the continuity of wastewater service, identified above and in attached (redacted) Exhibits F and I. The KRS 278.020(10) requirement does not apply to the acquisition/transfer of the assets of Center Ridge, a water-service utility.

56. As Condition #5 to the 2019-00104 Final Order, the Commission has required that Bluegrass Water “post a guaranteed financial instrument that is the equivalent of two-months of the cost of its third-party contractors” with respect to the eight utilities’ systems approved to be acquired in that case. Bluegrass Water will be fulfilling that Condition on or before the 11/29/19 deadline therefor.

57. To the extent that the Commission requires evidence of financial integrity to meet the KRS 278.020(10) standard beyond that found herein, Bluegrass Water will provide such information upon Commission request in this matter.

IV. Conclusion

WHEREFORE, the Applicants request that the Commission grant expedited consideration and relief as follows:

- (1) Issue a final order regarding this Joint Application within the 60-day period provided in KRS 278.020(7);
- (2) Grant this Joint Application as submitted or, in the alternative, with appropriate terms and conditions prescribed;
- (3) Permit Bluegrass Water after the proposed acquisition/transfer to operate:
 - (a) the transferred sewer utility assets in accordance with its current sewer tariff on file with the Commission, except that the rates to be charged will remain the same as set forth in the respective current tariff, and
 - (b) the transferred water utility assets in accordance with the Center Ridge tariff adopted by Bluegrass Water; and
- (4) Relieve each transferring utility of any further utility-service obligations after it has transferred its assets.

Respectfully submitted,

/s/ Kathryn A. Eckert

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Attorneys for Joint Applicants

EXHIBITS

- A. Verifications
- B. Mailing and E-Mailing Addresses for Joint Applicants
- C. Agreement for Sale of Utility System (Center Ridge) (*redacted*)
- D. Agreement for Sale of Utility System (Joann Estates) (*redacted*)
- E. Agreement for Sale of Utility System (River Bluffs) (*redacted*)
- F. CYE June 30, 2019 CSWR, LLC Consolidated Balance Sheet (*redacted*)
- G. Engineering Reports (*redacted*)
- H. Professional Narratives for Josiah Cox, Todd Thomas, and Mike Duncan
- I. Pro Forma Balance Sheet and Income Statement, Bluegrass Water Utility Operating Company, LLC (*redacted*)

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Electronic Proposed Acquisition by Bluegrass)
Water Utility Operating Company, LLC and)
the Transfer of Ownership and Control of)
Assets by: Center Ridge Water District, Inc;)
Joann Estates Utilities, Inc; and River Bluffs,)
Inc.)

No. 2019-00360

Verified Joint Application

Exhibit A - *Verifications*

1. Bluegrass Water Utility Operating Company, LLC (by member of its manager Josiah Cox)
2. Center Ridge Water District, Inc. (by its president William Duncan)
3. Joann Estates Utilities, Inc. (by its president Brian Waid)
4. River Bluffs, Inc. (by its president Betsy Helm)

Bluegrass Water Utility Operating Company, LLC

Verification

I, **Josiah Cox**, President of Central States Water Resources, Inc., the manager of **Bluegrass Water Utility Operating Company, LLC** ("Bluegrass"), do hereby verify on behalf of Bluegrass that the statements made in this Joint Application are true and accurate to the best of my knowledge.



Josiah Cox

STATE OF MISSOURI)
COUNTY OF ST. LOUIS)

Subscribed, sworn to, and acknowledged this 21st day of October, 2019, before me, a Notary Public in and before said County and State.

My Commission expires: 01/31/2021



NOTARY PUBLIC



Center Ridge Water District, Inc.

VERIFICATION

I, William Duncan, President of Center Ridge Water District, Inc., do hereby verify on behalf of Center Ridge Water District, Inc. that the statements made in this Joint Application are true and accurate to the best of my knowledge.

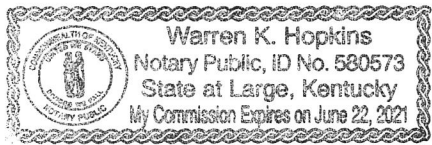
William Duncan
William Duncan

Commonwealth of KENTUCKY)
)
County of Calloway)

Subscribed, Sworn to, and acknowledged this 18th day of Oct, 2019, before me, a Notary Public in and before said Commonwealth and County.

My Commission expires: 6-22-2021

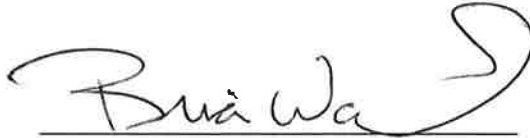
Warren K. Hopkins
NOTARY PUBLIC



JoAnn Estates Utilities, Inc.

VERIFICATION

I, Brian Waid, a member of JoAnn Estates Utilities, Inc., do hereby verify on behalf of JoAnn Estates Utilities, Inc. that the statements made in this Joint Application regarding Joann Estates Utilities, Inc. are true and accurate to the best of my knowledge.



Brian Waid

Commonwealth of KENTUCKY)
)
County of Fayette)

Subscribed, Sworn to, and acknowledged this 18th day of Oct., 2019, before me, a Notary Public in and before said Commonwealth and County.

My Commission expires: August 8, 2023


NOTARY PUBLIC

River Bluffs, Inc.

VERIFICATION

I, Betsy C. Helm, a member of River Bluffs, Inc., do hereby verify on behalf of River Bluffs, Inc., that the statements made in this Joint Application regarding River Bluffs, Inc. are true and accurate to the best of my knowledge.

Betsy C Helm
Betsy C. Helm

State of Ohio
~~Commonwealth of KENTUCKY~~)
)
County of Cuyahoga)

Subscribed, Sworn to, and acknowledged this 16th day of Oct., 2019, before me, a Notary Public in and before said State ~~Commonwealth~~ and County.

My Commission expires: Sept. 13, 2023

Suhaylah Hamzah
NOTARY PUBLIC



SUHAYLAH HAMZAH
NOTARY PUBLIC
FOR THE
STATE OF OHIO
My Commission Expires
September 13, 2023

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Proposed Acquisition by Bluegrass)
Water Utility Operating Company, LLC and)
the Transfer of Ownership and Control of) No. 2019-00360
Assets by: Center Ridge Water District, Inc;)
Joann Estates Utilities, Inc; and River Bluffs,)
Inc.)

Verified Joint Application
Exhibit B - Mailing and E-mail Addresses

All service in this case should include service on the Joint Applicants' counsel at the following mailing and email addresses:

Katherine K. Yunker; kyunker@mcbayerfirm.com
Kathryn A. Eckert; keckert@mcbayerfirm.com
McBrayer PLLC
201 E. Main Street; Suite 900
Lexington, KY 40507-1310

The individual mailing address and email address for each Applicant are as follows:

<u>Applicant</u>	<u>Mailing Address/E-mailing Address</u>
Bluegrass Water Utility Operation Company, LLC	500 Northwest Plaza Dr., Ste 500; Saint Ann, MO 63074 rmitten@brydonlaw.com and regulatory@cswwgroup.com
Center Ridge Water District, Inc.	69 Marguerite Blvd; New Concord, KY 42076 billdtruck@wk.net
	Warren K. Hopkins, Esq. 405 Maple Street, Suite B Murray, KY 42071 hopkinslaw@murray-ky.net
Joann Estates Utilities, Inc.	6500 Old Hwy 60 West; Paducah, KY 42001 waidbrian@gmail.com
River Bluffs, Inc.	5501 W. Hwy 524; Westport, KY 40077 betsyhelm@msn.com
	Robert Moore, Esq. STITES & HARBISON PLLC 421 W. Main Street; P.O. Box 634 Frankfort, KY 40602-0634 rmoore@stites.com

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT (“Agreement”), is made and entered into this 7th day of May, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and CENTER RIDGE WATER DISTRICT, INC. (“Seller”), collectively (“Parties”).

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated water corporation, water facilities in the area more particularly described and depicted in the documents attached hereto as *Exhibit “A”*, situated in Calloway County, Kentucky, which includes but is not limited to the Pine Bluff Shores Subdivision, Keniana Shores Subdivision, and Center Ridge Lake Properties. (hereinafter the “System”); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of water to each of the customers connected to the service area (defined further below as “Assets”); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer’s designated affiliate, all of Seller's then existing assets pertaining to the provision of water service in the System located in Calloway County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's water service facilities, equipment, lines, plant, pipes, manholes and appurtenances;

C. Any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items, if any, located in Calloway County, Kentucky, and used or held for use in connection with the System as generally described in *Exhibit "C"*, attached hereto;

D. All of Seller's rights, title and interest in and to any franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds or other financial assurances or guaranties, and customer deposits, if any, pertaining to, allocable to or arising out of the provision of water service in Calloway County, Kentucky as generally described in *Exhibit "D"*, attached hereto;

E. All of Seller's inventory, merchandise, contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the water service, except accounts receivable accrued prior to the Closing; and

F. All assets not described which are located in Calloway County, Kentucky, and used or useful to operate the System, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the Closing.

The assets to be sold and delivered, as above described, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any water and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of

the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association (“ALTA”) title examination standards (“Title Standards”). After delivery of said title insurance commitment and Buyer’s completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer’s option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission (“PSC”), Kentucky Pollutant Discharge Elimination System (“KPDES”), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] for purchase of the Assets (“Purchase Price”).

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller’s Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer’s sole discretion, or at such other time as the parties hereto may mutually agree (the “Closing”). At the Closing, Seller shall

have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Assets shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.**

Seller is a corporation organized and existing under the constitution and laws of the Commonwealth of Kentucky *not* in good standing with the Kentucky Secretary of State; however, Seller has all the requisite power and authority to sell the Assets pursuant to the terms of this Agreement.

B. **Liabilities.**

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the

Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

- i. Any material change in the use of the Assets in connection with the business or operations of the System;
- ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Assets.

D. **Title to Properties.**

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained legal right to transfer all of the Assets. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor during the asset transfer process to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Calloway County Recorder's Office where such easements are recorded. The cost of such identification and any related search being the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.**

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. To the best of Seller's knowledge, the System is being conducted, and as of the date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes.

F. **Litigation.**

There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Assets, or the System, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the System, except as otherwise disclosed to Buyer.

G. **No Violation or Breach.**

The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect

for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation, organized and existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.**

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing, including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include PSC assessments.

D. **Inspections.**

Completion of Buyer's examination, testing and inspection of the Assets and the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Assets, the results thereof to be satisfactory to Buyer, in its sole discretion. For purposes of this Agreement, the period from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.**

Buyer shall have performed and complied with all agreements and conditions

required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. **INDEMNIFICATION.**

Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of the Closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. **FEES AND COMMISSIONS.**

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.**

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.**

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing

permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 19, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
500 Northwest Plaza Drive #500
St. Ann, MO 63074
Facsimile: (314) 238-7201

Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
The Beckemeier Law Firm, LC
13421 Manchester Road, Suite 103
St. Louis, MO 63131
Facsimile: (314) 965-0127
Email: jim@beckemeierlaw.com

If to Seller:

Center Ridge Water District, Inc.
William Duncan, President
69 Marguerite Blvd.
New Concord, KY 42076
Phone: (270) 293-6228 (Cell): (270) 436-6304
Facsimile: _____
Email: billdtruck@wk.net

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Buyer and Seller shall each bear its own costs and expenses (including legal and accounting

fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE.** Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

CENTER RIDGE WATER
DISTRICT, INC.

By: William Duncan
William Duncan, President

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

By: Josiah Cox
Josiah Cox, President

EXHIBIT "A"

Service Area Description

EXHIBIT "A"

Service Area Description

EXHIBIT "B"

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by
survey and title commitments, which shall be inserted prior to the Closing).

EXHIBIT "C"

Personal Property and Equipment

(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Description	Balance of Associated Debt & Lender Information
<i>To be completed during due diligence</i>	N/A

EXHIBIT "D"

Rights Via Agreements, Contracts, Misc.

(franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds and/or other financial assurances and customer deposits)

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 4th day of April, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and JOANN ESTATES UTILITIES, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, which are located within Timberland Subdivision situated in McCracken County, Kentucky (hereinafter the "System") (for sake of clarity, the System does not include any assets of Seller related to or located within Joann Estates and Wilmington Chiles Subdivisions); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in McCracken County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's sewer service facilities, equipment, lines, plant, pipes, manholes and appurtenances;

C. Any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items, if any, located in McCracken County, Kentucky, and used or held for use in connection with the System as generally described in *Exhibit "C"*, attached hereto;

D. All of Seller's rights, title and interest in and to any franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds or other financial assurances or guaranties, and customer deposits, if any, pertaining to, allocable to or arising out of the provision of sewer service in McCracken County, Kentucky as generally described in *Exhibit "D"*, attached hereto;

E. All of Seller's inventory, merchandise, contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the sewer service, except accounts receivable accrued prior to the Closing; and

F. All assets not described which are located in McCracken County, Kentucky, and used or useful to operate the System, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the Closing.

The assets to be sold and delivered, as above described, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any sewer and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of

the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission ("PSC"), Kentucky Pollutant Discharge Elimination System ("KPDES"), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient

instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Assets shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.**

Seller is a corporation organized and existing under the constitution and laws of the Commonwealth of Kentucky in good standing with the Kentucky Secretary of State.

B. **Liabilities.**

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

i. Any material change in the use of the Assets in connection with the business or operations of the System;

ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Assets.

D. **Title to Properties.**

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained legal right to transfer all of the Assets. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to closing to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the McCracken County Recorder's Office where such easements are recorded. The cost of such identification and any related search being the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid

easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.**

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. To the best of Seller's knowledge, the System is being conducted, and as of the date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes.

F. **Litigation.**

There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Assets, or the System, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the System, except as otherwise disclosed to Buyer.

G. **No Violation or Breach.**

The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation, organized and existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.**

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing, including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include PSC assessments.

D. **Feasibility.**

Completion of Buyer's examination, testing and inspection of the Assets, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary

for Buyer's proposed uses of the Assets, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.**

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the

Closing.

10. **INDEMNIFICATION.**

Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of the Closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. **FEES AND COMMISSIONS.**

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.**

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.**

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing

permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 20, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
500 Northwest Plaza Drive #500
St. Ann, MO 63074
Facsimile: (314) 238-7201
Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
The Beckemeier Law Firm, LC
13421 Manchester Road, Suite 103
St. Louis, MO 63131
Facsimile: (314) 965-0127
Email: jim@beckemeierlaw.com

If to Seller:

Brian Waid, President
Joann Estates Utilities, Inc.
6500 Old Highway 60 West
Paducah, KY 42001
Phone: (270) 201-0225
Email: waidbrian@gmail.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and

provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE.** Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

JOANN ESTATES UTILITIES, INC.

By: 
Brian Waid, President

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

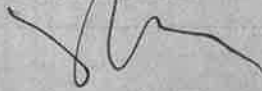
By: 
Josiah Cox, President

EXHIBIT "A"

Service Area Description

The Service Area consists of Timberland Subdivision in Paducah, KY.

EXHIBIT "B"

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by
survey and title commitments, which shall be inserted prior to the Closing).

EXHIBIT "C"

Personal Property and Equipment

(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Description	Balance of Associated Debt & Lender Information

EXHIBIT "D"

Rights Via Agreements, Contracts, Misc.

(contracts, supply contracts, agreements, bonds and/or other financial assurances and customer deposits)

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 10th day of JUNE, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and RIVER BLUFFS, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Oldham County, Kentucky (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Oldham County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's sewer service facilities, equipment, lines, plant, pipes, manholes and appurtenances;

C. Excluding the mower, shed, trailer, four (4) phones, printers and four (4) computers and monitors, any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items, if any, located in Oldham County, Kentucky, and used or held for use in connection with the System as generally described in *Exhibit "C"*, attached hereto;

D. All of Seller's rights, title and interest in and to any franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds or other financial assurances or guaranties, and customer deposits, if any, pertaining to, allocable to or arising out of the provision of sewer service in Oldham County, Kentucky as generally described in *Exhibit "D"*, attached hereto;

E. All of Seller's inventory, merchandise, contract rights, supplies, goodwill, customer list (non-depreciable asset), and general intangibles including accounts receivable pertaining to the sewer service, except accounts receivable accrued prior to the Closing, Buyer shall deliver to Seller within ten (10) days of receipt, any accounts receivable received by Buyer for sewer treatment services provided by Seller prior to Closing; and

F. All assets not described which are located in Oldham County, Kentucky, and used or useful to operate the System, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the Closing, which cash, cash equivalents and banking deposits shall remain Seller's property after the Closing.

The assets to be sold and delivered, as above described, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any sewer and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission ("PSC"), Kentucky Division of Water (with respect to Kentucky Pollutant Discharge Elimination System ("KPDES") permit), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties

hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Assets and utility taxes shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing, which liabilities and/or obligations of Seller are listed on Exhibit E. Buyer shall be fully responsible for the operation and maintenance of the System after the Closing.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.**

Seller is a corporation organized and existing under the constitution and laws of the Commonwealth of Kentucky in good standing with the Kentucky Secretary of State.

B. **Liabilities.**

All liabilities or obligations of Seller listed on Exhibit E hereto, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

- i. Any material change in the use of the Assets in connection with the business or operations of the System;
- ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Assets.

D. **Title to Properties.**

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained legal right to transfer all of the Assets. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to closing to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Oldham County Recorder's Office where such easements are recorded. The cost of such identification and any related search being the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid easement for any

portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.**

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. Seller works, and will continue to work until Closing, to conduct and/or operate the System in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes.

F. **Litigation.**

There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Assets, or the System, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the System, except as otherwise disclosed to Buyer on Exhibit E.

G. **No Violation or Breach.**

The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation, organized and existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.**

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing, including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include PSC assessments.

D. **Feasibility.**

Completion of Buyer's examination, testing and inspection of the Assets, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Assets, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period

from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.**

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. **INDEMNIFICATION.**

Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or

any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof. All such liabilities and/or obligations of Seller for which Seller shall have an indemnification liability and/or obligation shall be listed on Exhibit E;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement and of which Seller had knowledge prior to Closing;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing and of which Seller had knowledge prior to Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of the Closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. **FEES AND COMMISSIONS.**

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.**

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate

this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.**

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of Kentucky.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 20, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class; registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
500 Northwest Plaza Drive #500
St. Ann, MO 63074
Facsimile: (314) 238-7201
Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
The Beckemeier Law Firm, LC
13421 Manchester Road, Suite 103
St. Louis, MO 63131
Facsimile: (314) 965-0127
Email: jim@beckemeierlaw.com

If to Seller:

Harold Helm
River Bluffs, Inc.
94 Monte Cresta Ave
Pleasant Hill, CA 94523
Phone: (925) 300-3634
Mobile: (502) 419-3514
Email: slomosey@iglou.com

With a Copy to:

Betsy Helm
5501 West Highway 524
Westport, KY 40077
Phone: (502) 222-9096
Mobile: (502) 221-0555
Email: Betsyhelm@msm.com

Wade Helm
6511 Bass Avenue
Prospect, KY 40059
Phone: (502) 744-9491

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE**. Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

RIVER BLUFFS, INC.

By: Betsy C Helm
Name: Betsy C Helm
Title: President

BUYER:

CENTRAL STATES WATER RESOURCES, INC.

By: 
Josiah Cox, President

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

RIVER BLUFFS, INC.

By: Harold H. Helm II

Name: Harold H. Helm II

Title: CHAIRMAN OF BOARD
& MAJORITY STOCK HOLDER
6-10-19

BUYER:

CENTRAL STATES WATER RESOURCES, INC.

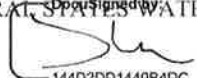
By: 
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Josiah Cox, President

EXHIBIT "A" to Agreement to Sale of Utility System between Central States Water Resources, Inc. and River Bluffs, Inc.

Service Area Description

EXHIBIT "B" to Agreement to Sale of Utility System between Central States Water Resources, Inc. and River Bluffs, Inc.

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by survey and title commitments, which shall be inserted prior to the Closing).

EXHIBIT "C" to Agreement to Sale of Utility System between Central States Water Resources, Inc. and River Bluffs, Inc.

Personal Property and Equipment
(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Description	Balance of Associated Debt & Lender Information
Mower	
Shed	
Trailer	
Four (4) cell phones (502-419-3614; 502-608-5622)	
Printers	
4 computers and associated monitors	

**EXHIBIT "D" to Agreement to Sale of Utility System between Central States Water
Resources, Inc. and River Bluffs, Inc.**

Rights Via Agreements, Contracts, Misc.
(franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements,
bonds and/or other financial assurances and customer deposits)

EXHIBIT "E" to Agreement to Sale of Utility System between Central States Water Resources, Inc. and River Bluffs, Inc.

Liabilities and/or obligations of Seller for which Seller shall have an indemnification liability and/or obligation

NONE

Balance Sheet	
Current Assets	
Cash	
Accounts Receivable	
Other Current Assets	
Total Current Assets	
Property, Plant & Equipment, Net	
Misc Long-Term Assets	
Pre-Survey Investment	
Unamortized Debt Expense	
Other Long-Term Assets	
Total Misc Long-Term Assets	
Deferred Income Tax Asset, Net	
Total Assets	
Current Liabilities	
Accounts Payable	
Other Current Liabilities	
Total Current Liabilities	
Long-Term Liabilities	
Notes Payable	
CIAC	
Other Long-Term Liabilities	
Total Long-Term Liabilities	
Capitalization	
Paid-In Capital	
Retained Earnings	
Net Income	
Total Capitalization	
Total Liabilities and Capitalization	

Statement of Income	
Revenue	
Operating Revenue	
Other Revenue	
Total Revenue	
Expense	
Operations & Maintenance	
General & Admin	
Total Expense	
EBITDA	
Interest	
Depreciation & Amortization	
Income Taxes	
Net Income (Loss)	

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



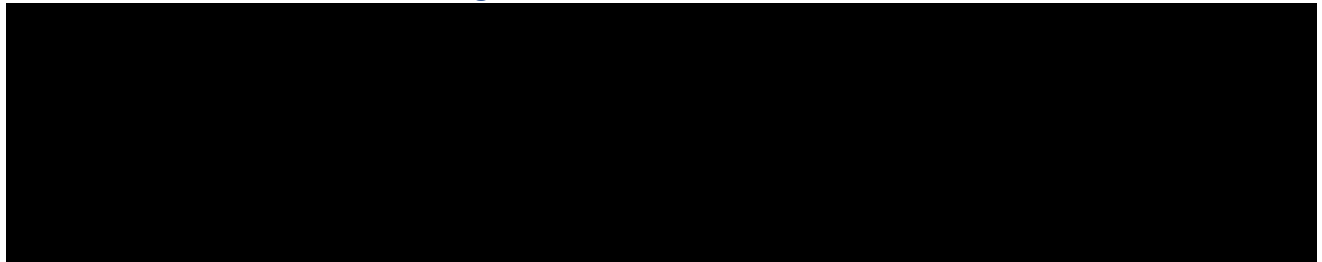
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District (Water, KY0180549)

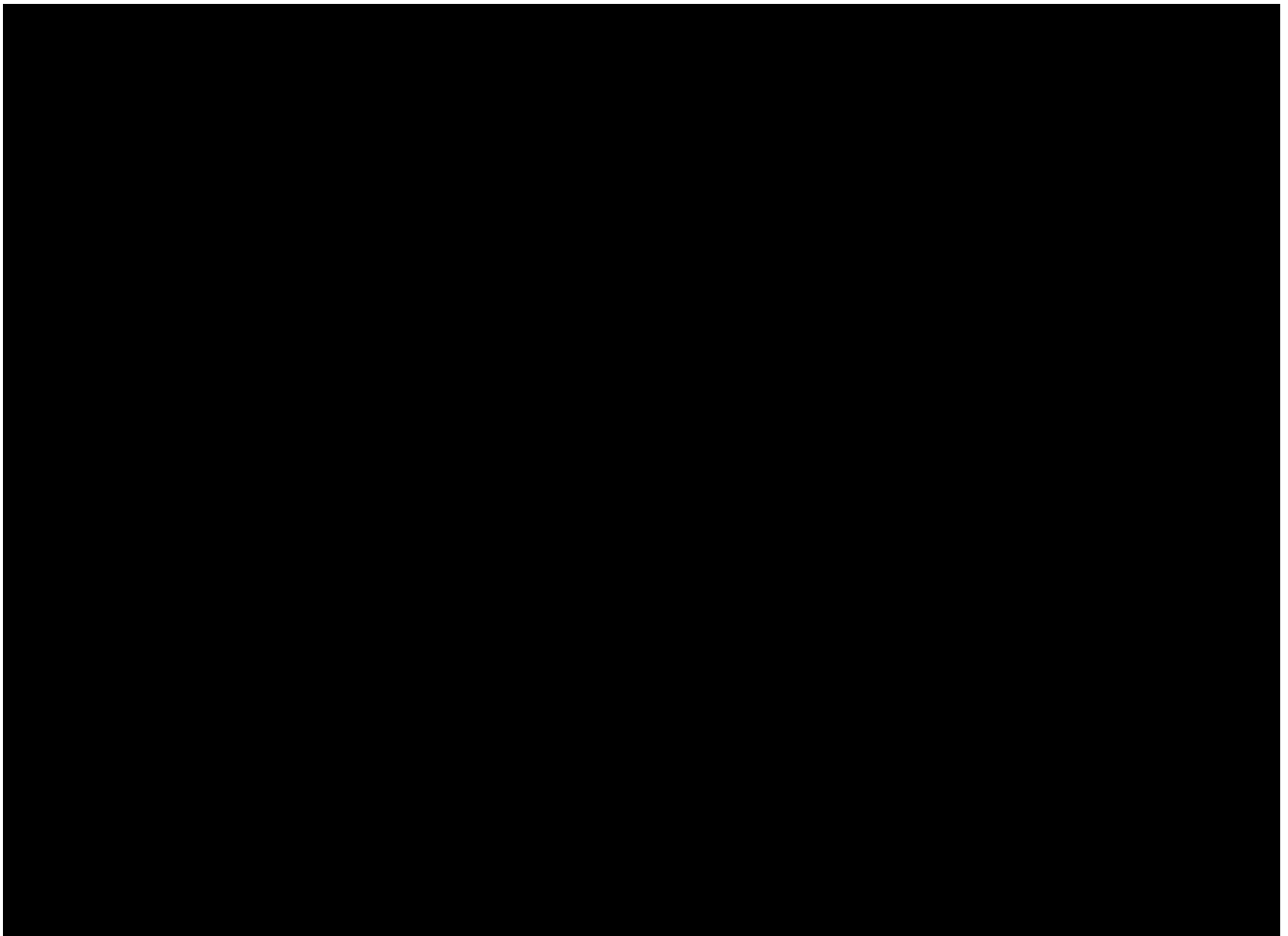
Engineering Memorandum

Date: September 18, 2019

Water distribution Understanding



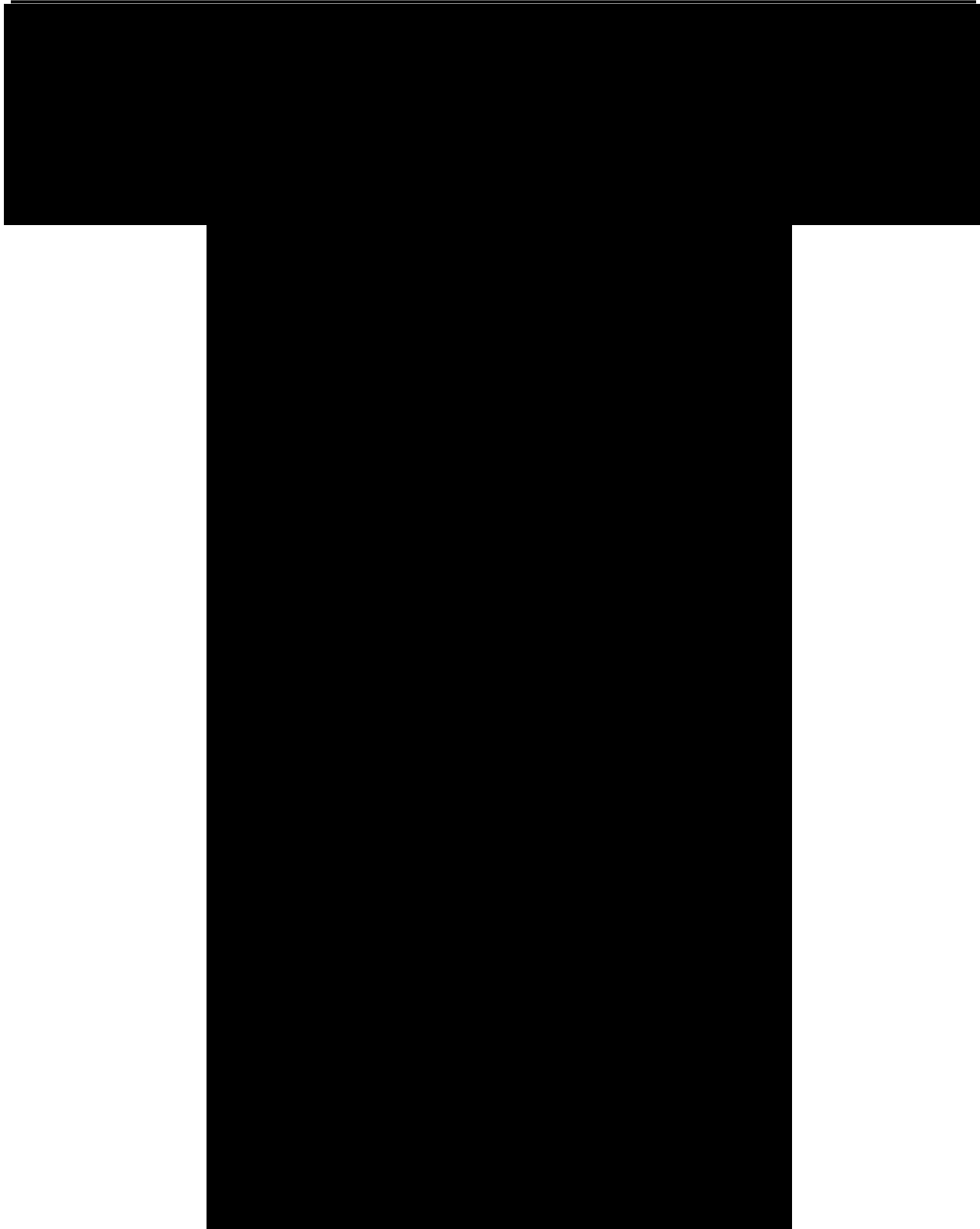
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



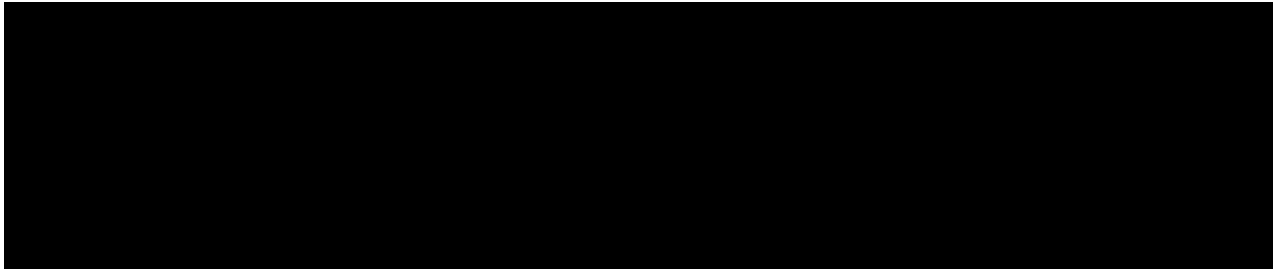
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #2 (Water, KY0180509)

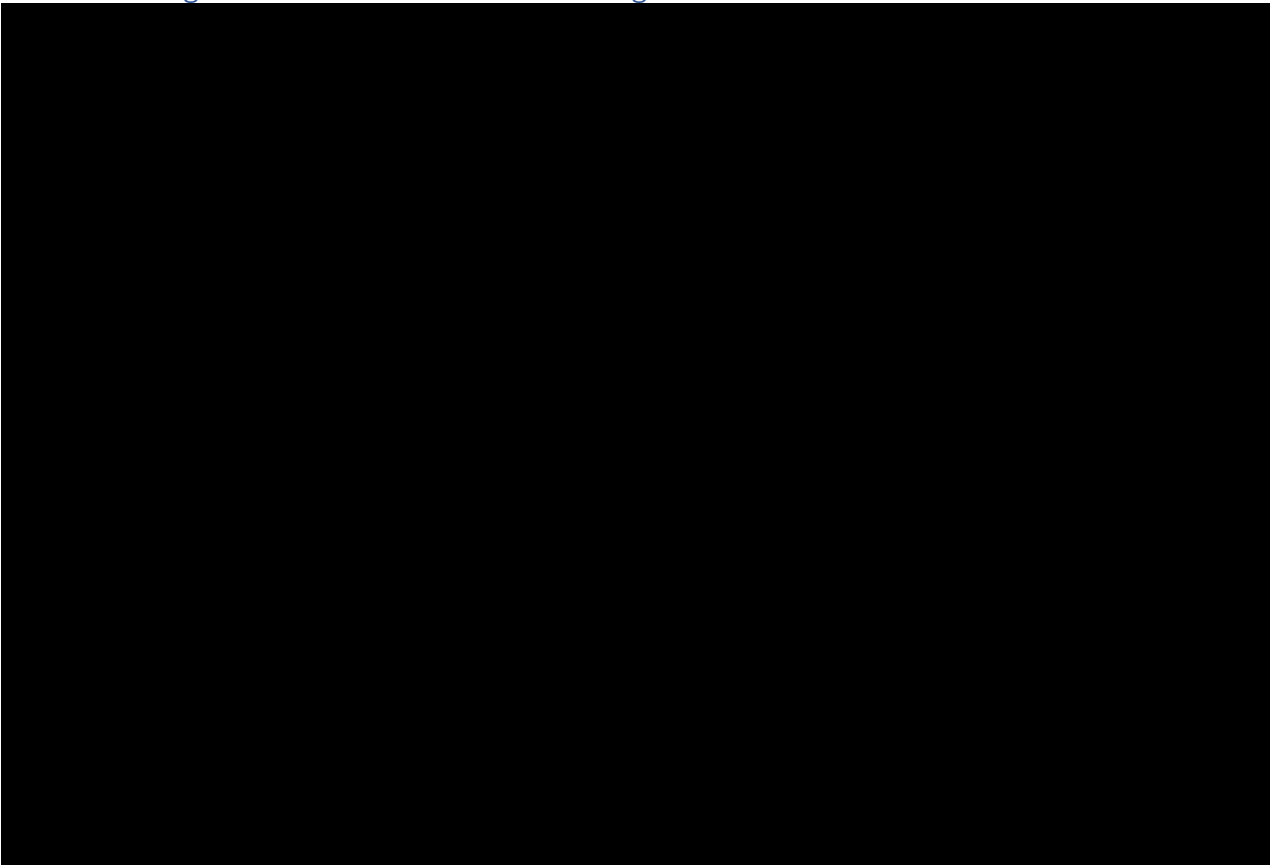
Engineering Memorandum

Date: September 14, 2019

Water distribution Understanding



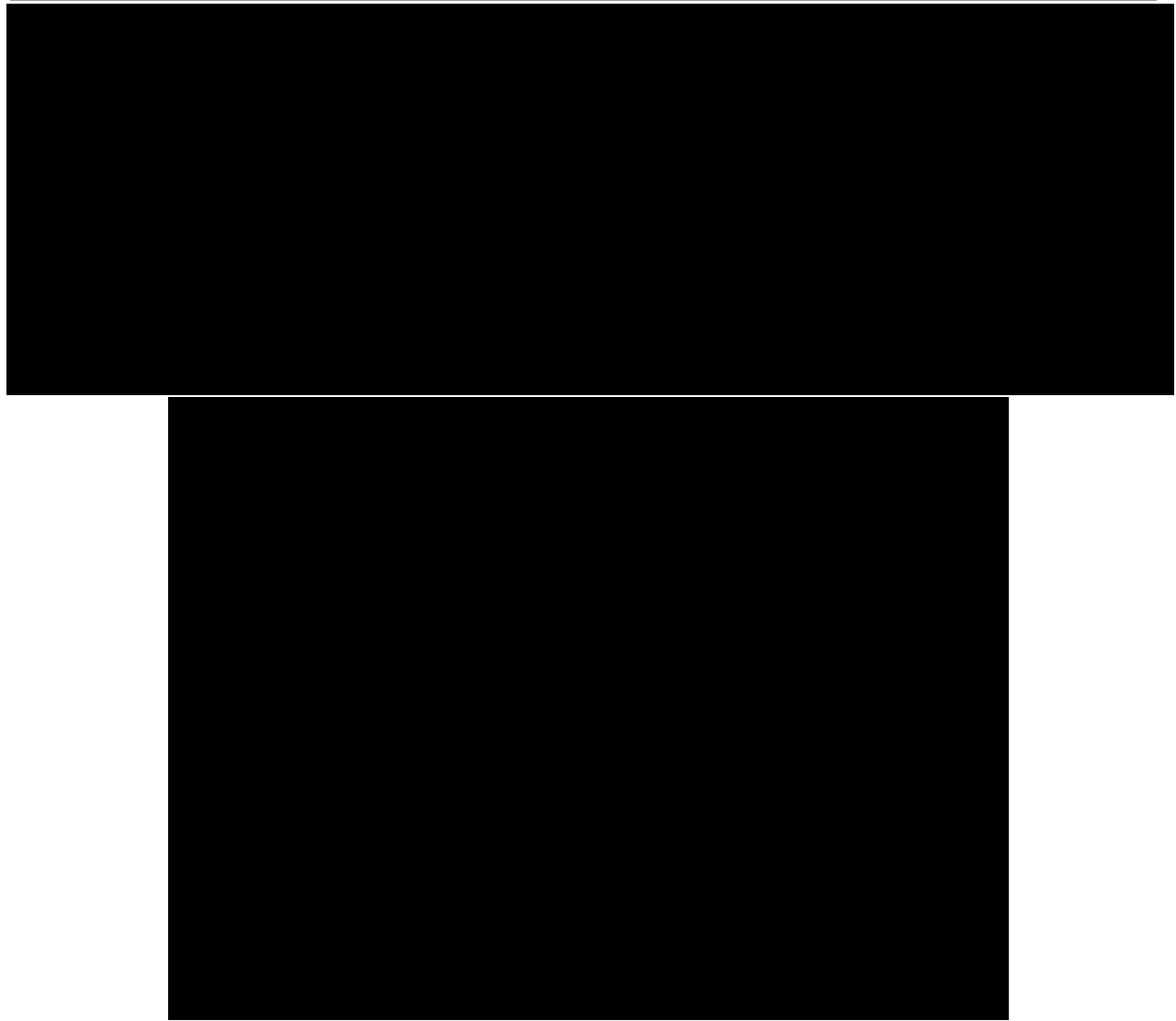
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



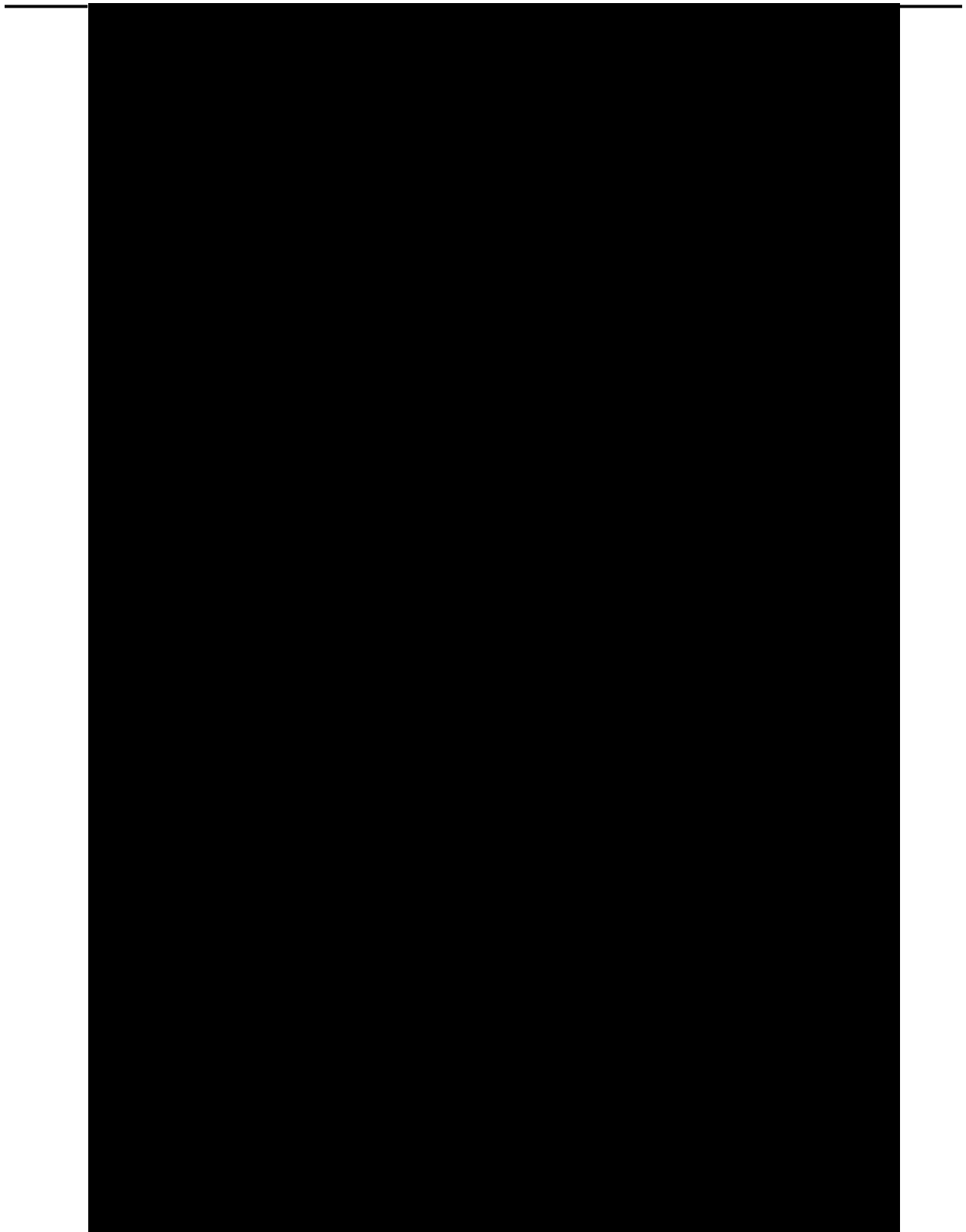
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



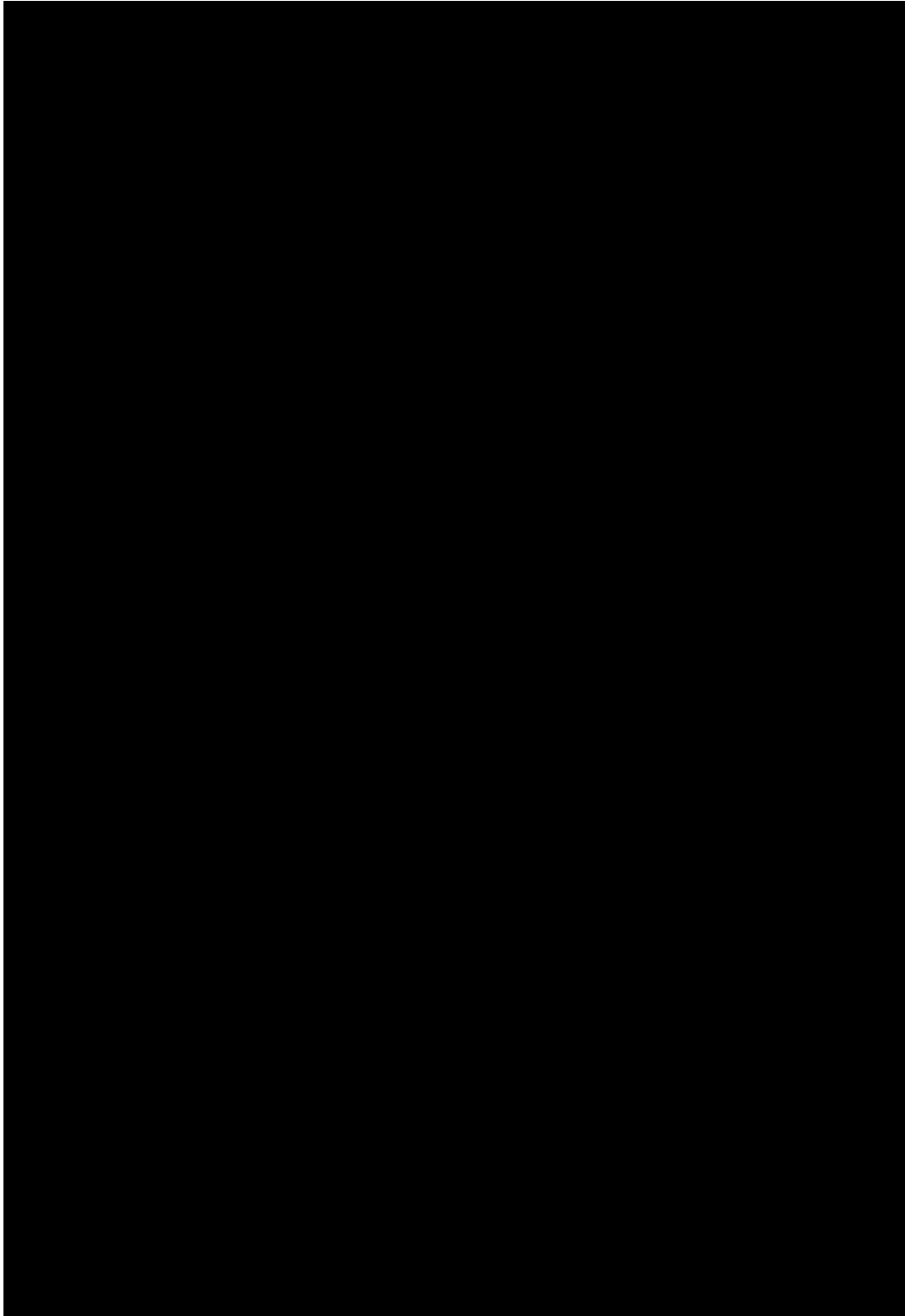
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



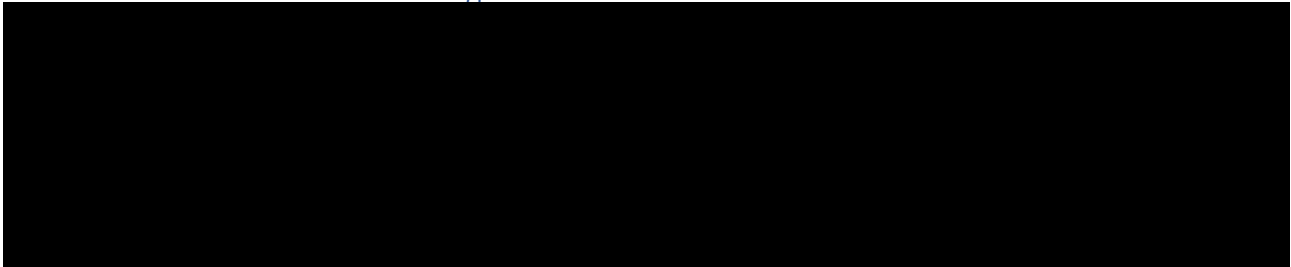
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #3 (Water, KY0180502)

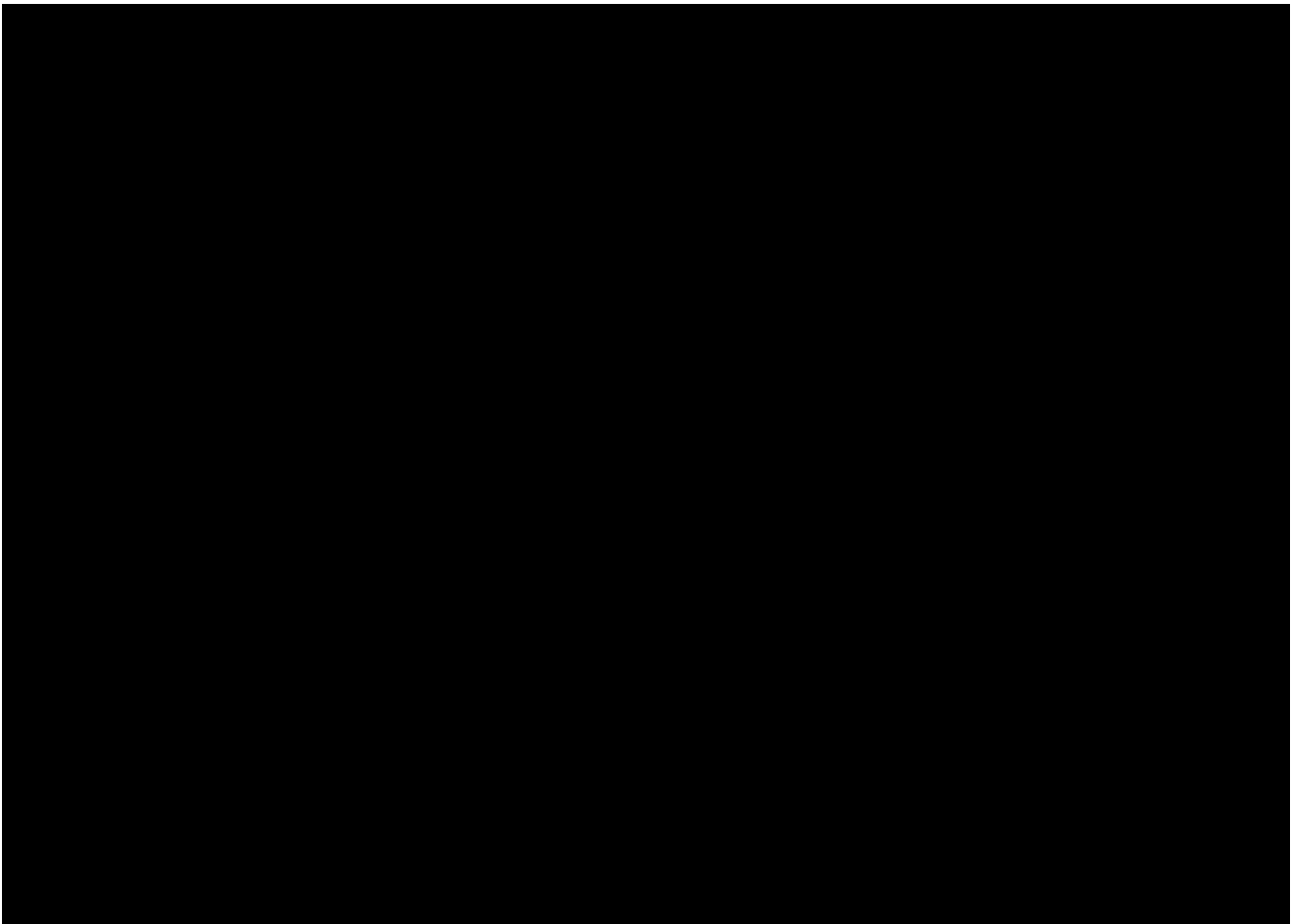
Engineering Memorandum

Date: September 16, 2019

Water distribution Understanding



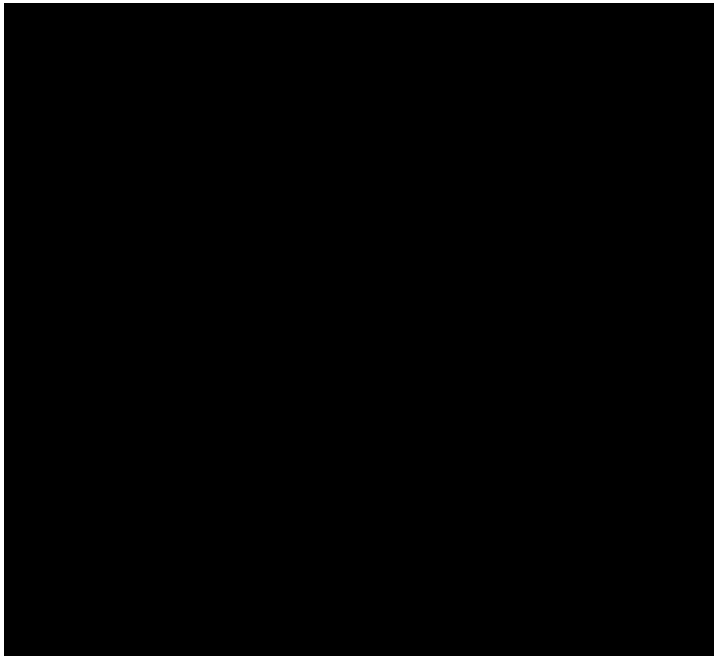
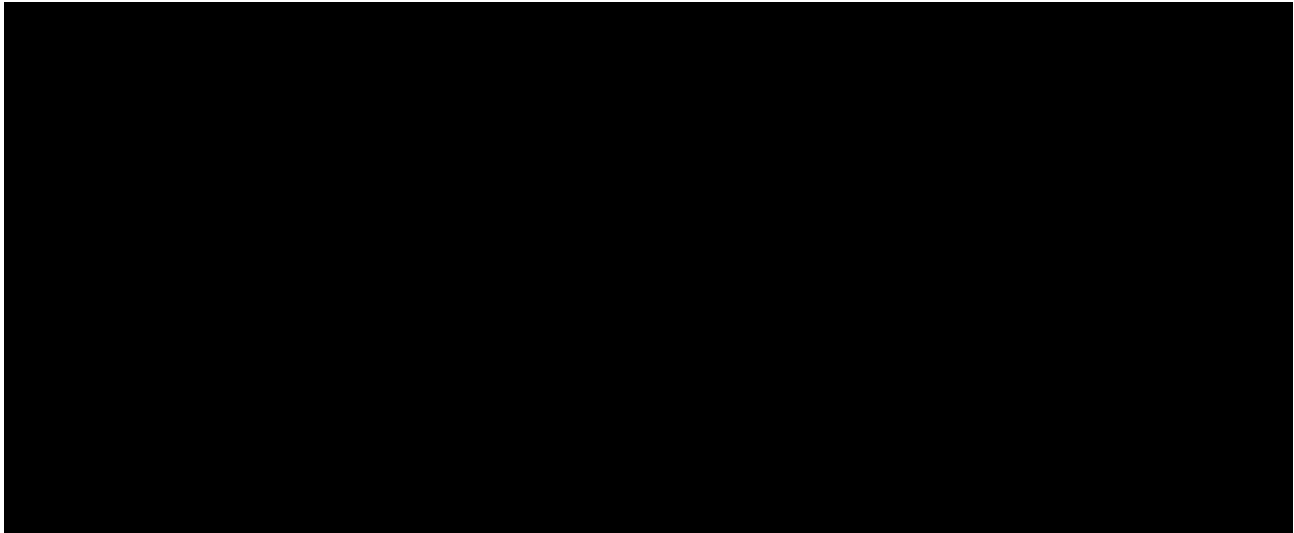
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



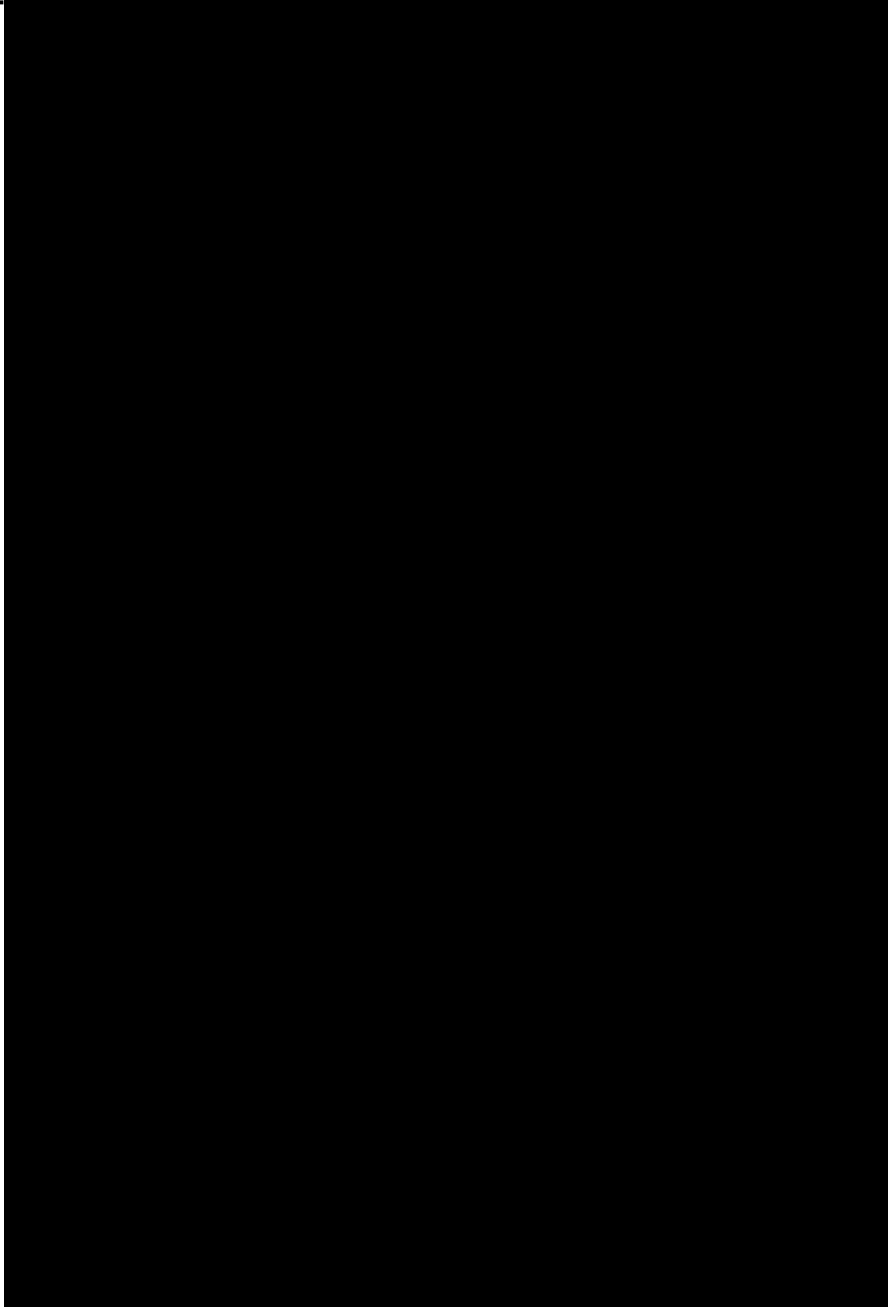
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



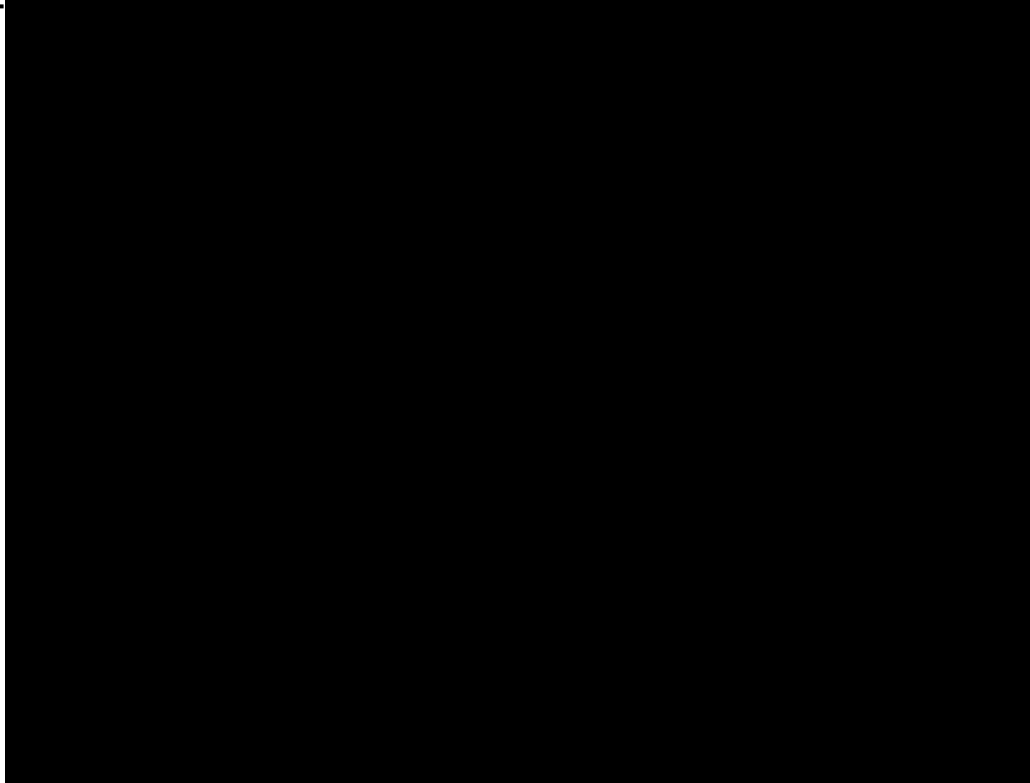
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



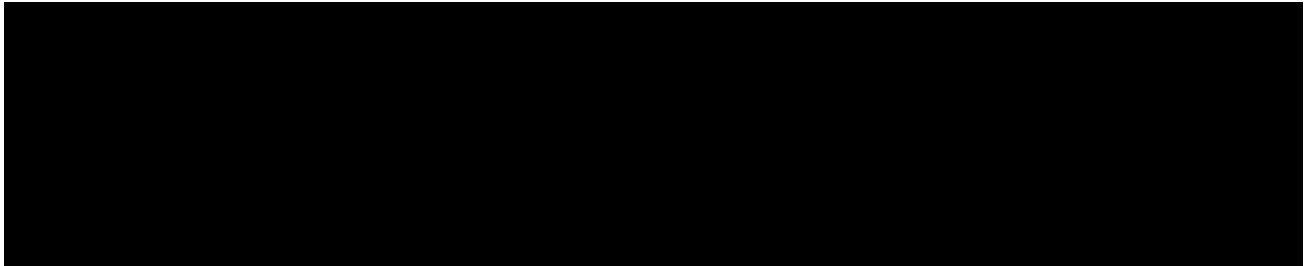
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #4 Water (KY0183106)

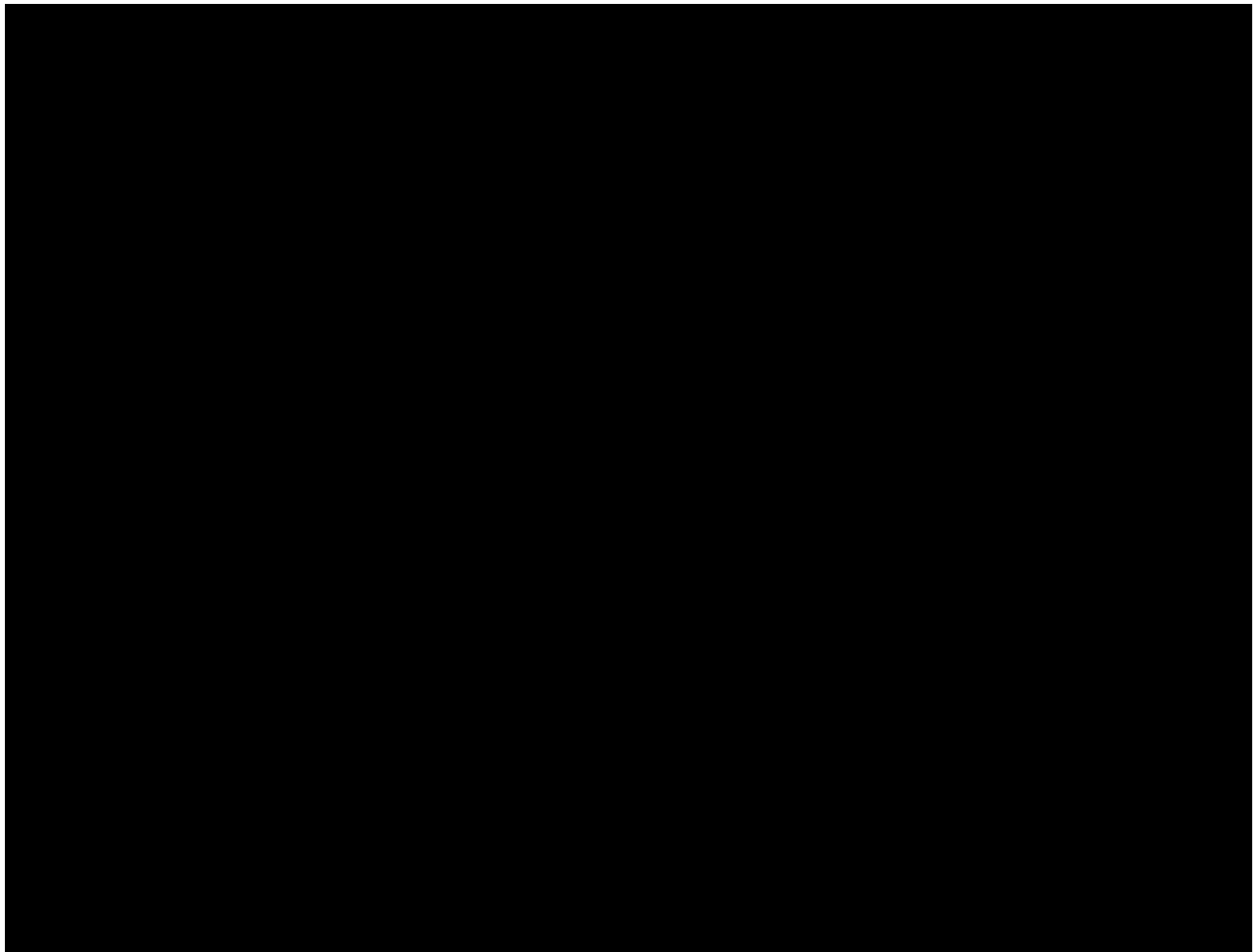
Engineering Memorandum

Date: September 18, 2019

Water distribution Understanding



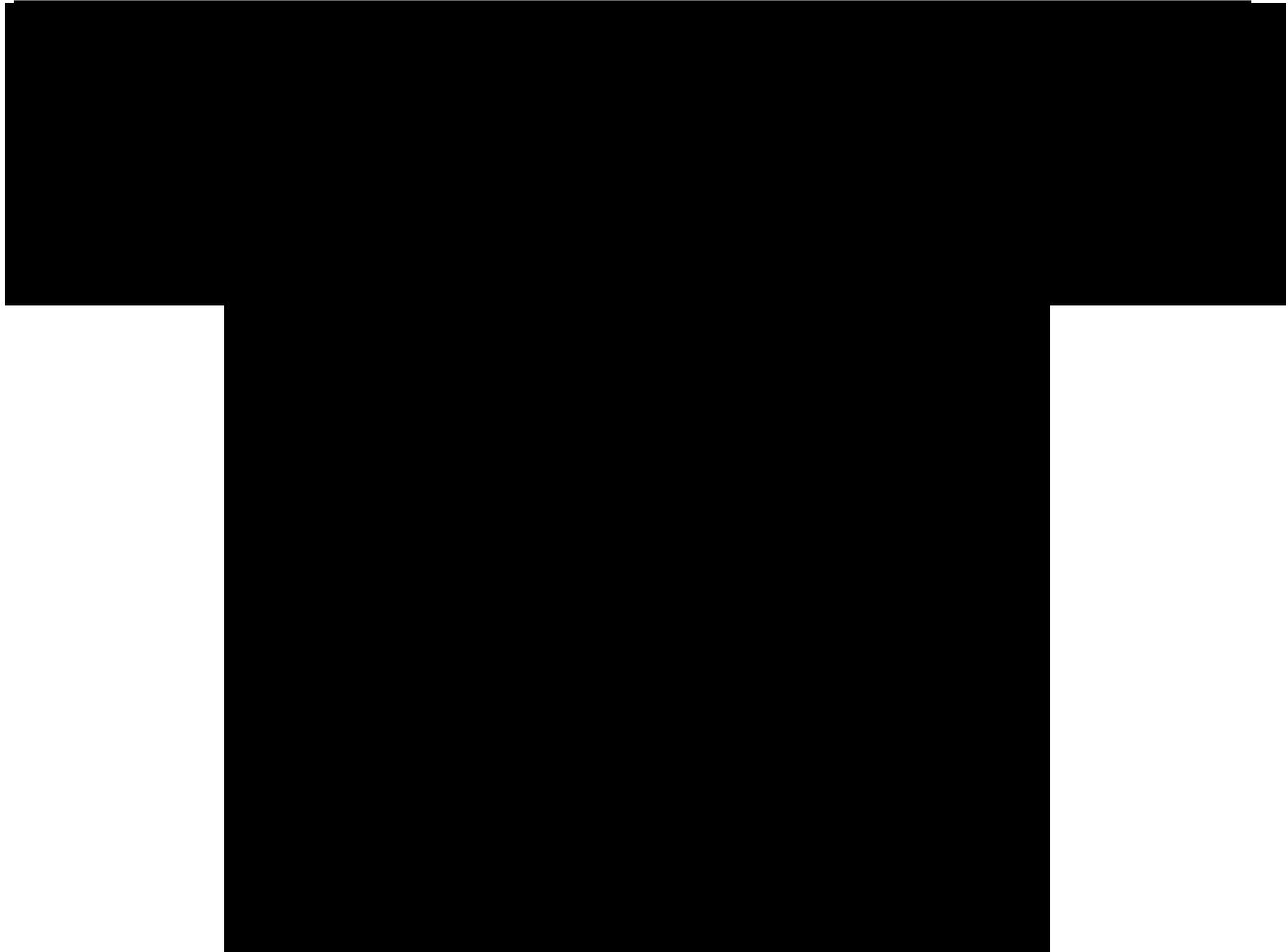
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



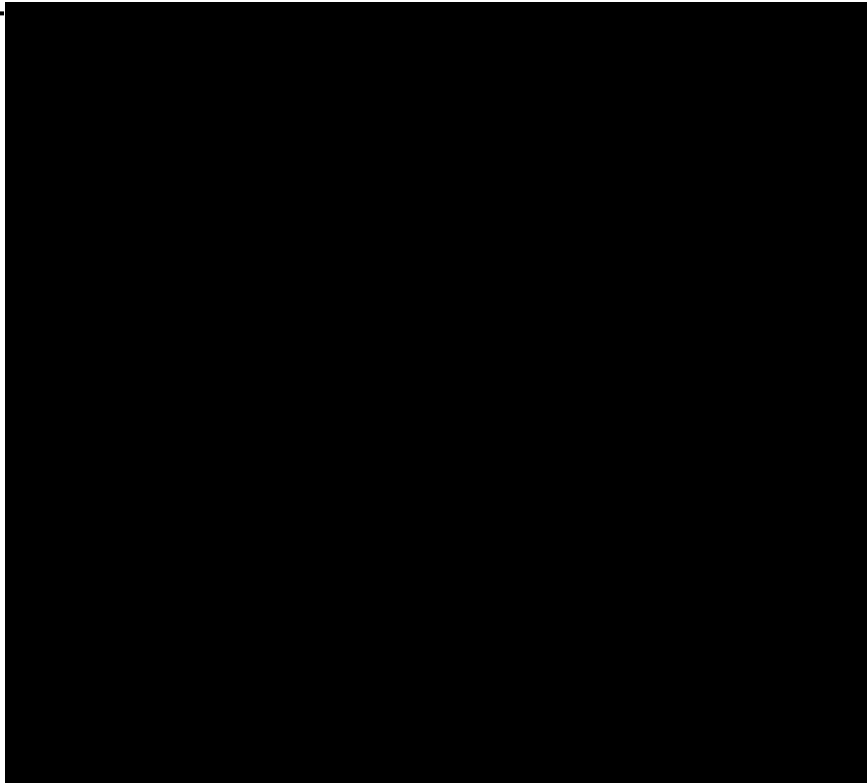
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

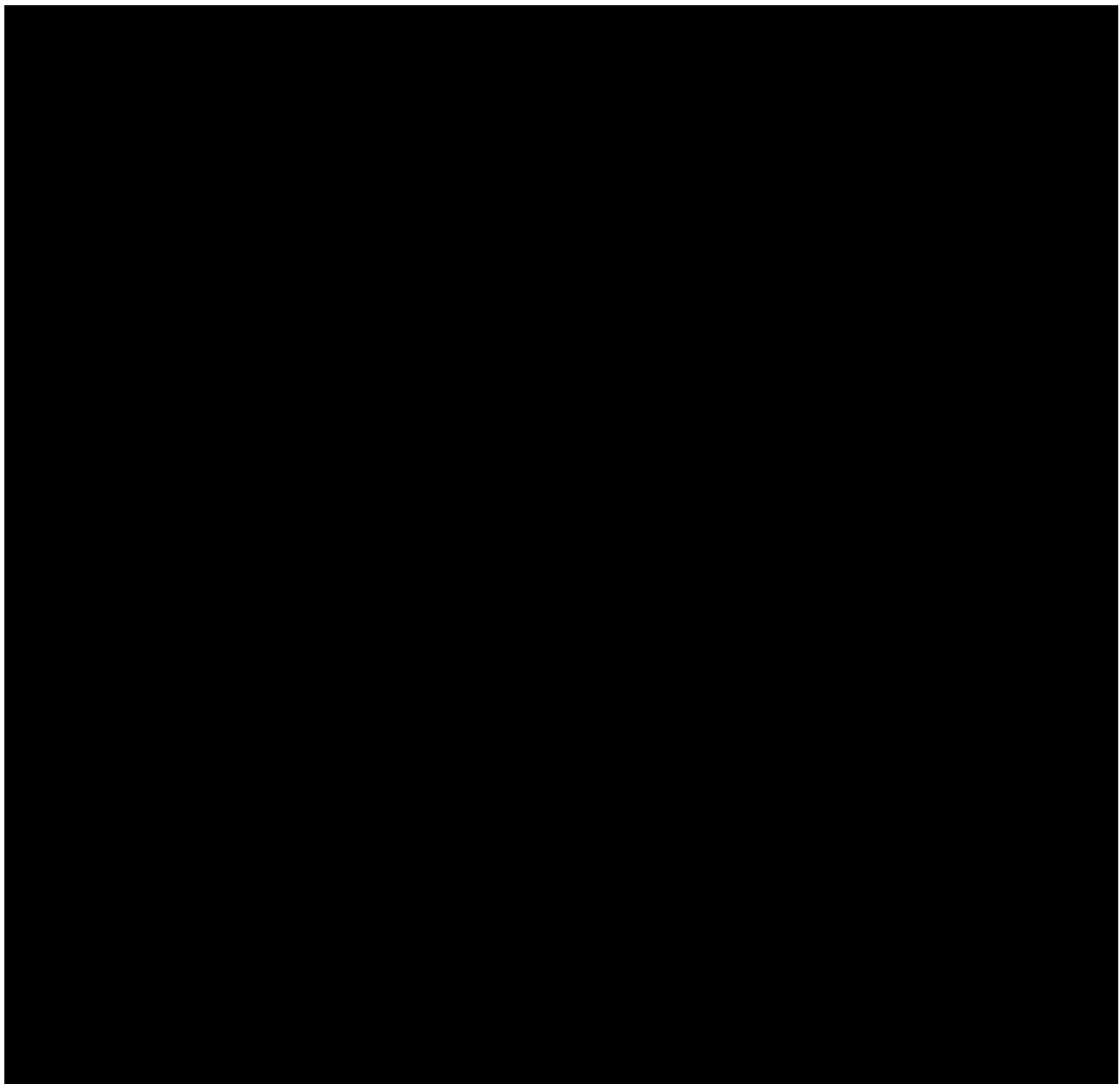
Timberland (Wastewater) – KY0083755

Joann Estates, Inc.

Engineering Memorandum

Date: September 23, 2019

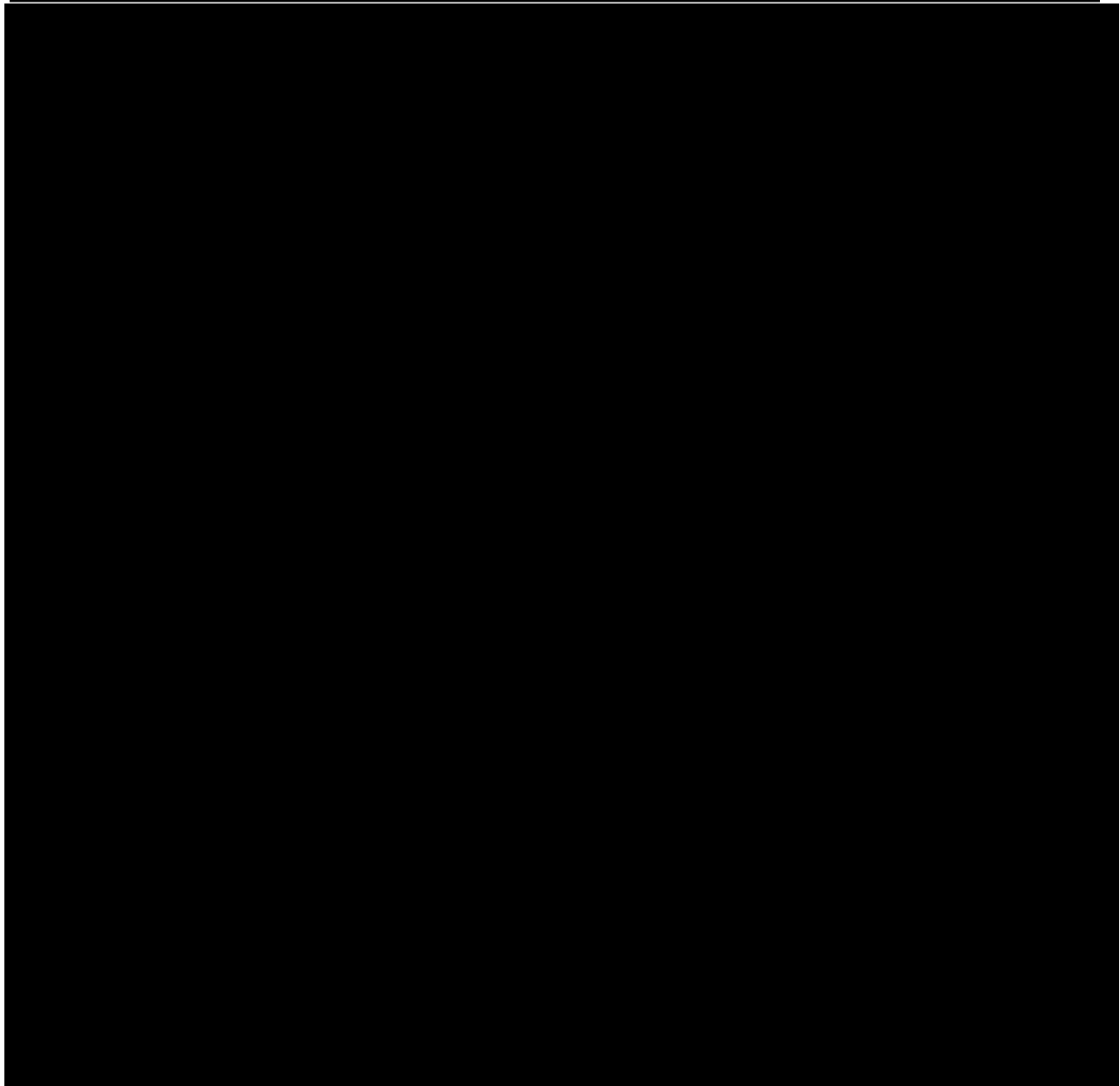
Wastewater Treatment Facility Understanding



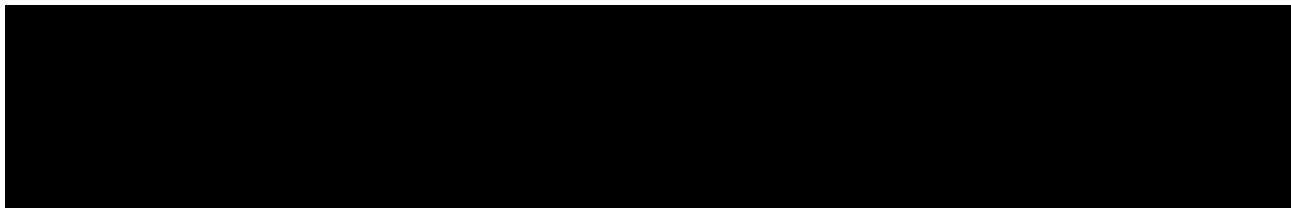
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



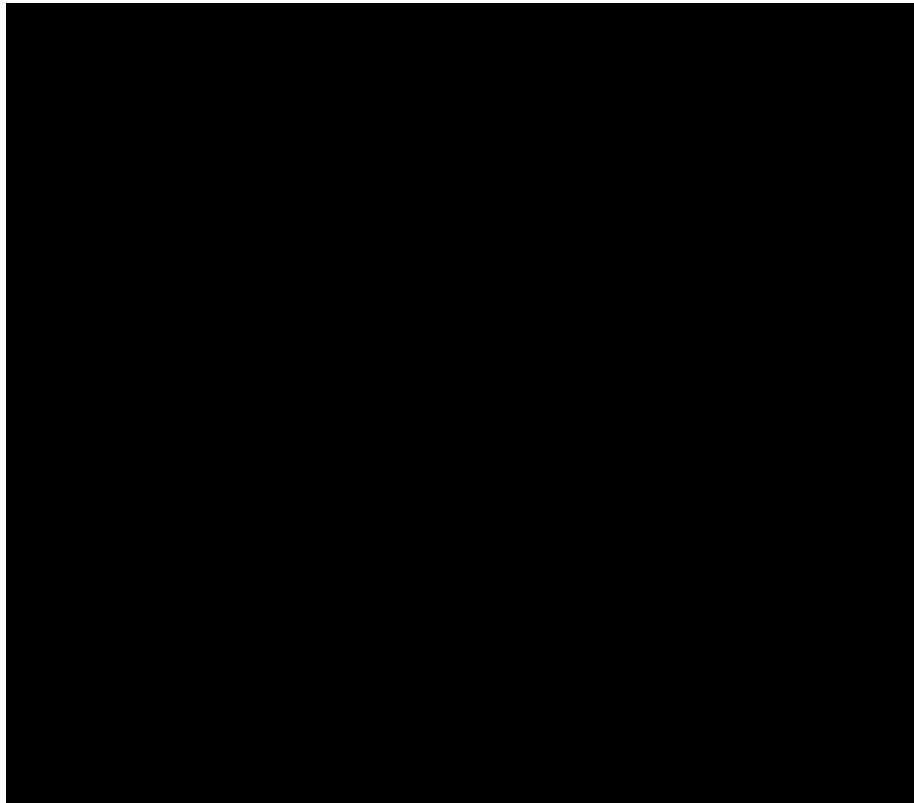
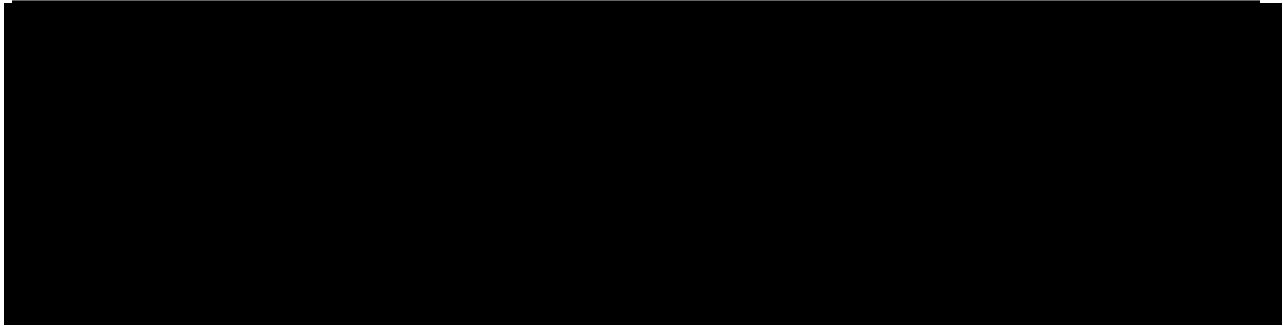
Wastewater Collection System Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



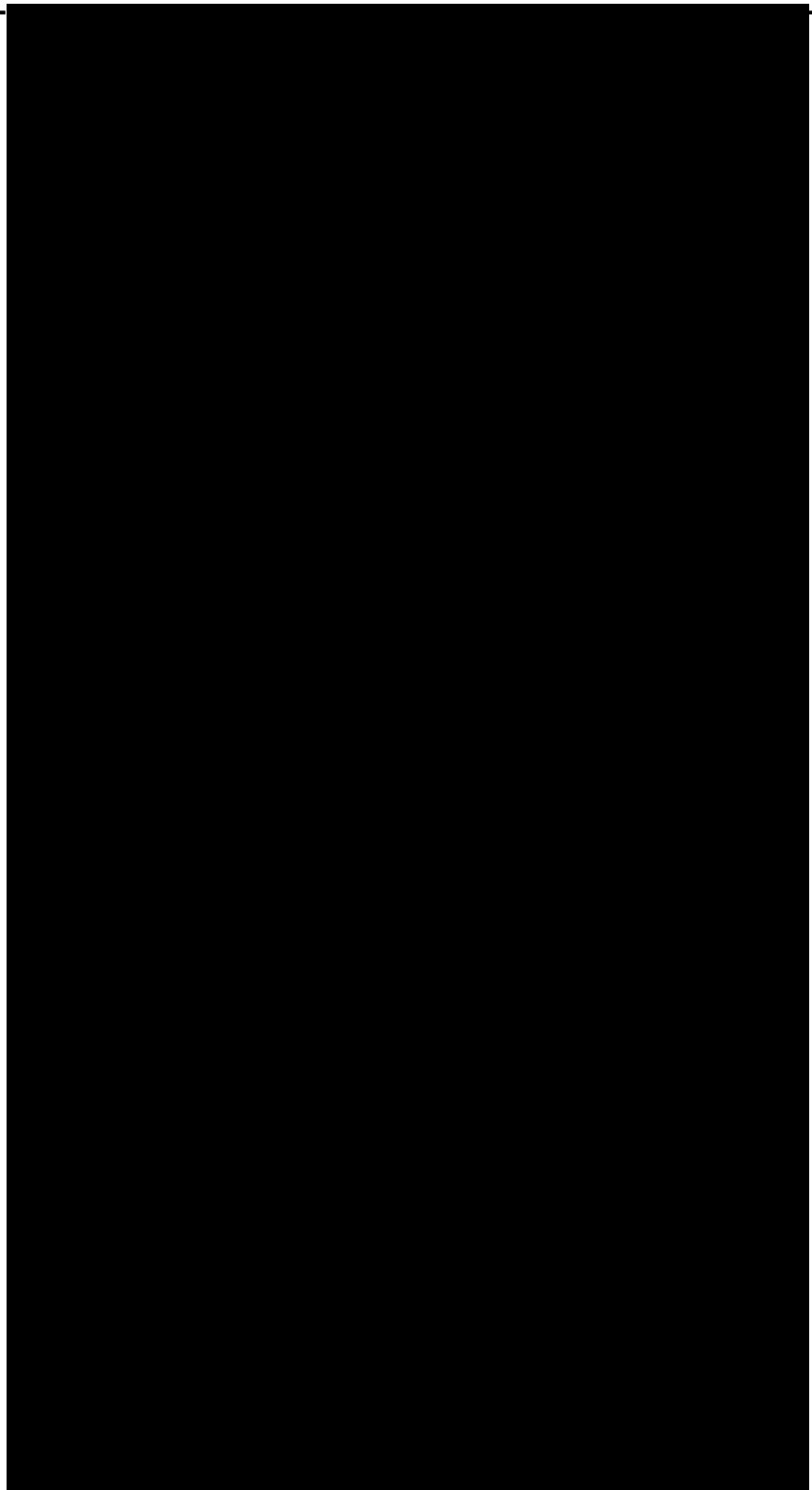
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



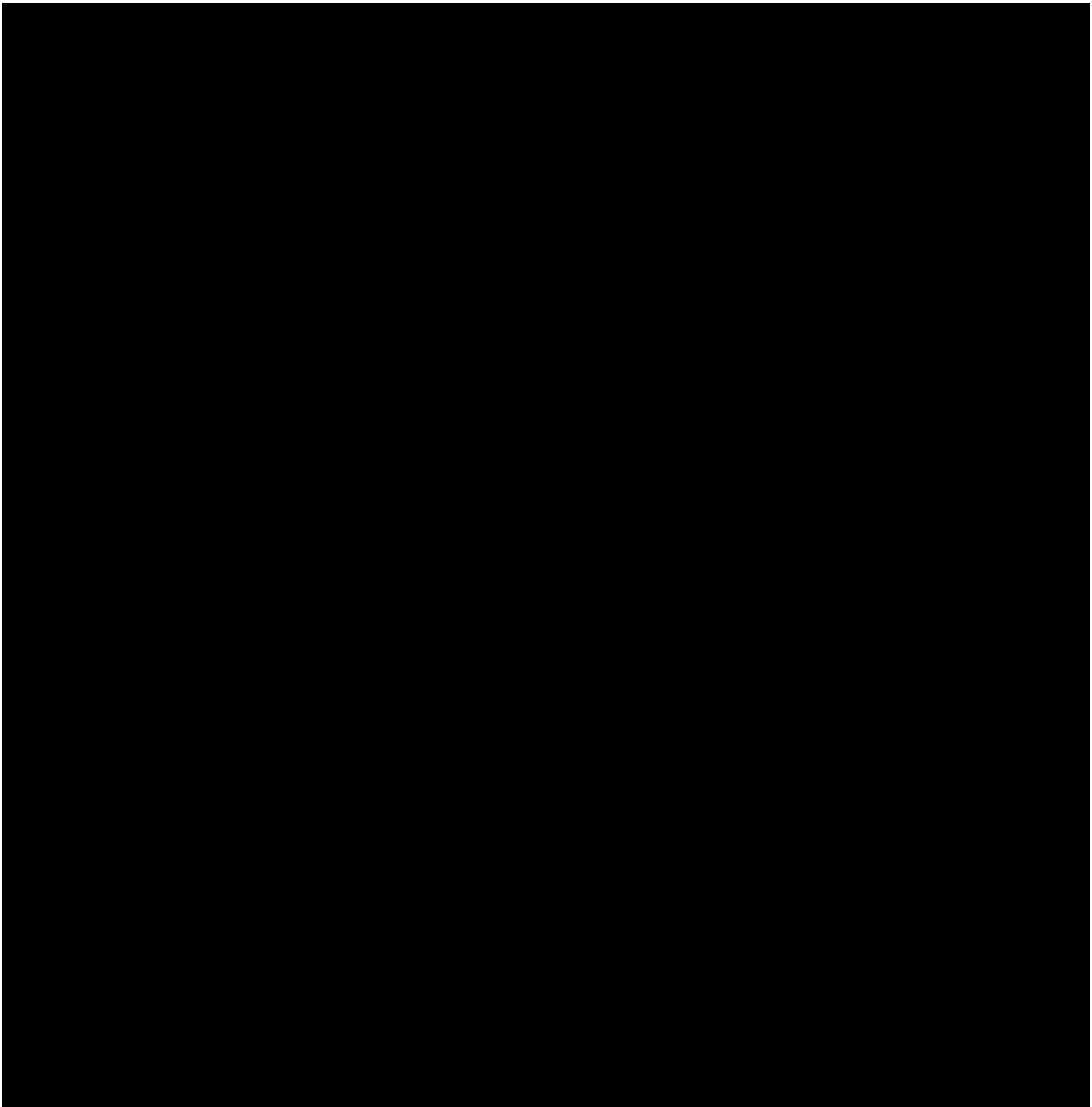
Civil Site Design
Construction Support
Transportation
Wastewater Collection

River Bluff (Wastewater) – KY0043150

Engineering Memorandum

Date: October 5, 2019

Wastewater Treatment Facility Understanding



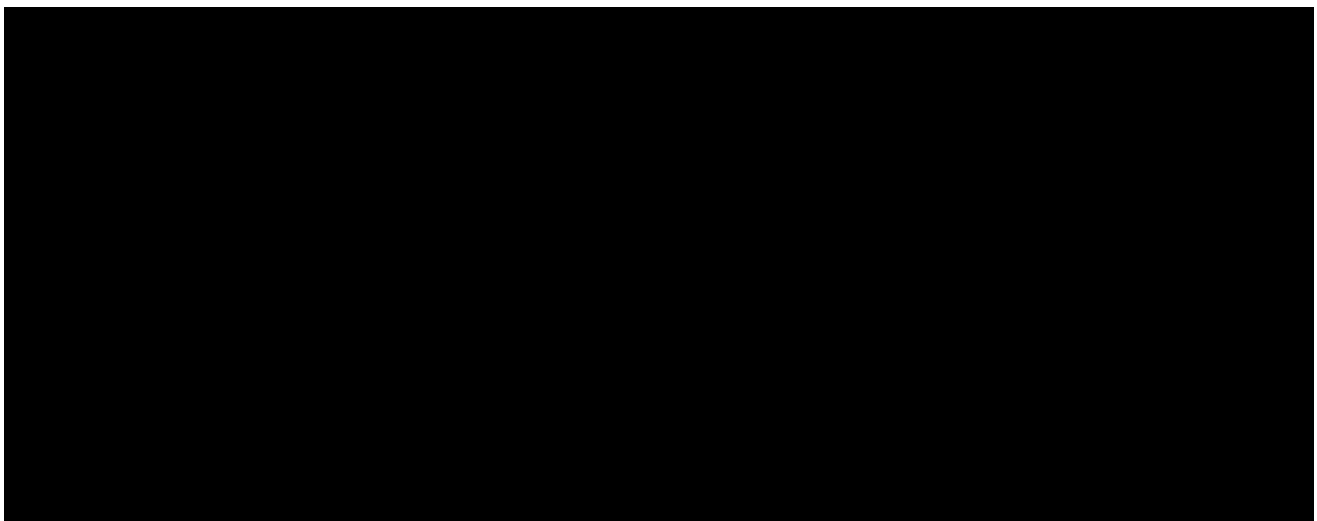
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



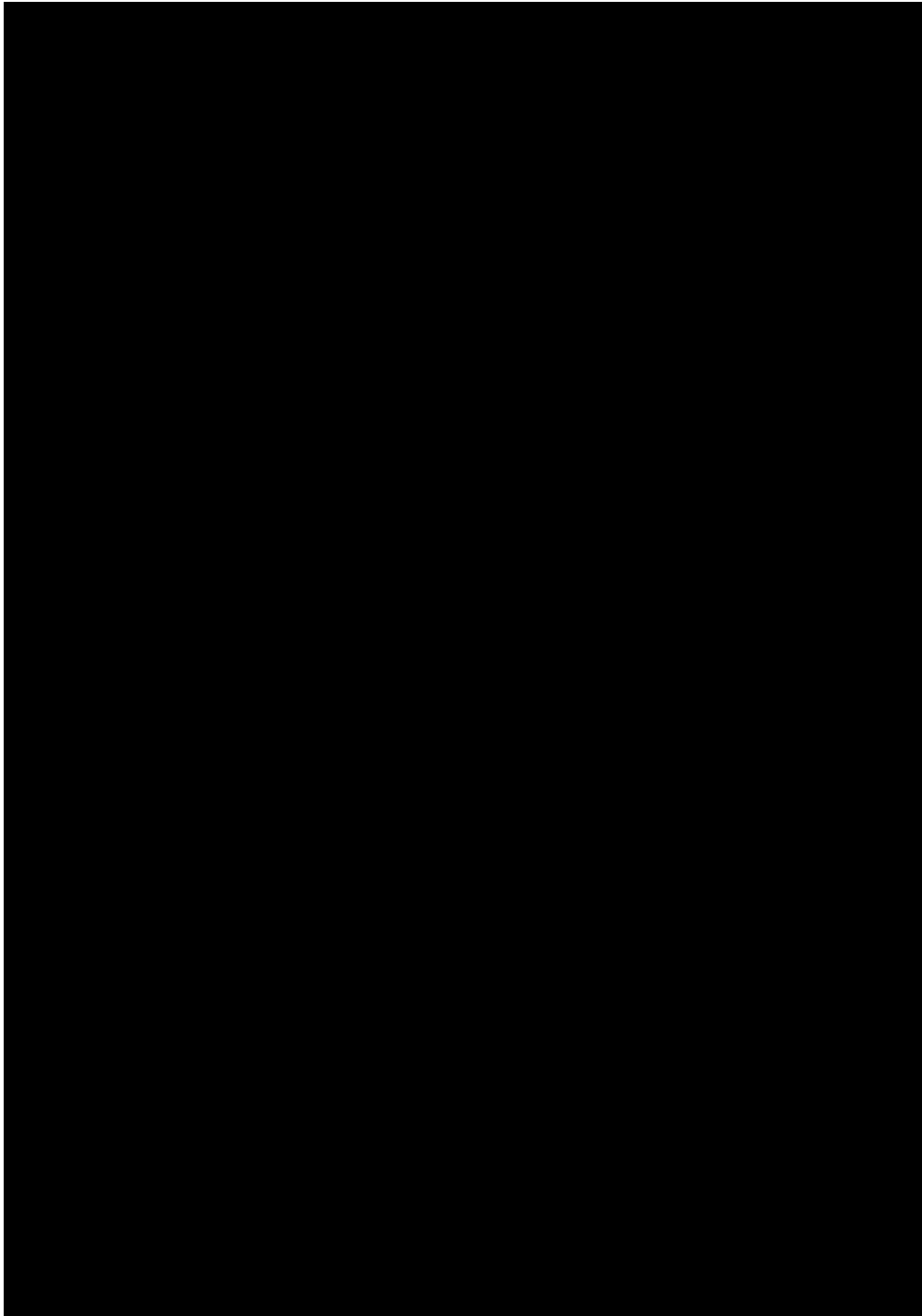
Wastewater Collection System Understanding



Civil Engineering
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Wastewater Treatment



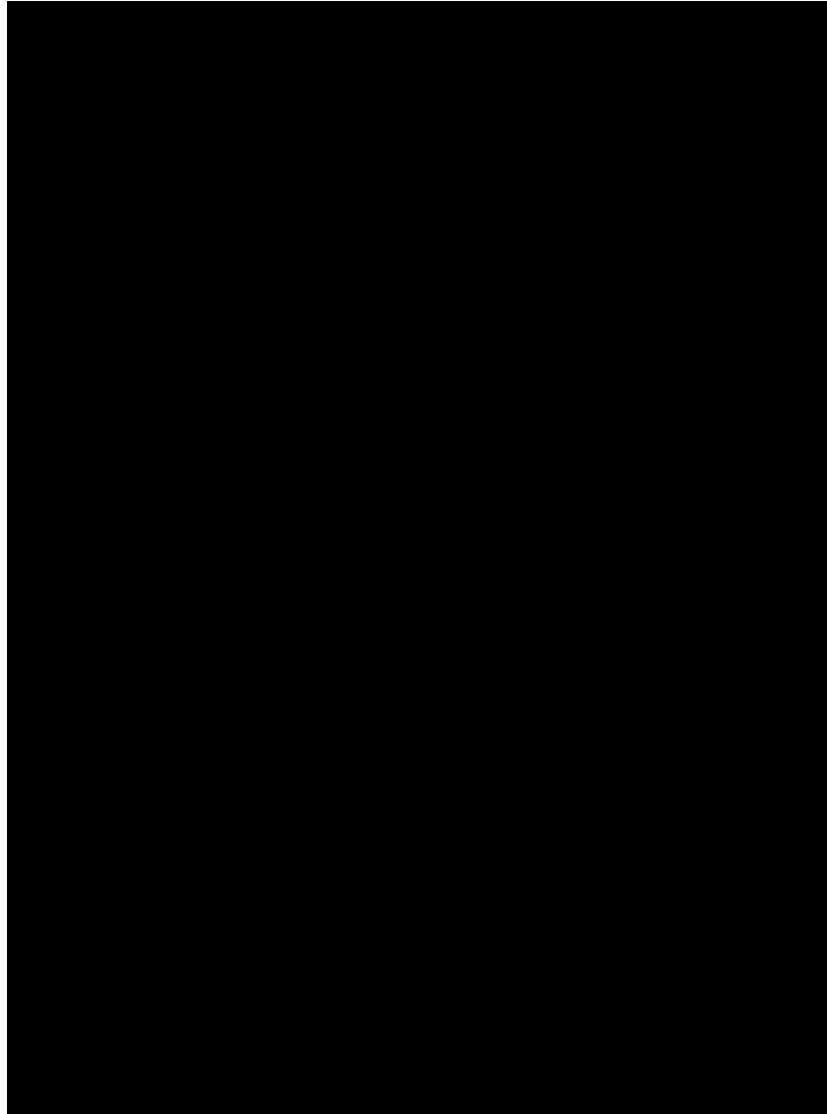
Civil Site Design
Construction Support
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Wastewater Collection



Civil Engineering
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Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



JOSIAH COX

500 Northwest Plaza Drive, Suite 500 • St. Ann MO 63074

Josiah Cox is the President of Central States Water Resources, Inc., and has held this position for approximately five years. He received a Bachelor of Science with a major in Environmental Science from the University of Kansas. After graduation and a brief tenure at the Kansas Biological Survey, he was employed by Fribis Engineering, a Civil Engineering Firm in Arnold, MO. He spent two and a half years working with Fribis Engineering. He was involved in land development process including permitting, entitlement, civil design, project management, and construction management, with a focus on the water and wastewater side of the civil engineering business; he participated in every part of the civil business, from wasteload allocation studies (now known as the anti-degradation processes), design, permitting, project management, and construction management. He also ran the environmental consulting division and was the second private consultant to submit a water quality impact study in the state of Missouri in 2003.

In 2005, Mr. Cox formed Trumpet LLC, a full-service civil engineering, environmental consulting, general contracting, and construction management firm, with a group of investors. As the Chief Operating Officer and finally Chief Executive Officer, Mr. Cox obtained extensive experience with rural communities in every facet of water and wastewater compliance process including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. He oversaw the performance of stream sampling; built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads; full engineering design of multiple whole community wastewater; water infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and taken these designs through federal and state administered permitting process.

TODD THOMAS

500 Northwest Plaza Drive, Suite 500 • St. Ann MO 63074

Todd Thomas holds the office of Senior Vice President of First Round CSWR, LLC (First Round), the company that is the ultimate parent of Bluegrass Water Utility Operating Company, Inc. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's previous employment provided him extensive experienced in water and sewer utilities. He has extensive firsthand experience with how much damage can be done by lack of maintenance on a well system and how much money and effort is required to restore a well system after neglect.

Now, in his position as Senior Vice President at CSWR, Mr. Thomas's main responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR utilities. These duties include operations, maintenance, capital planning, and regulatory compliance for all CSWR facilities. He is responsible for the management of all operations and maintenance service providers, customer service and billing service providers, and engineering firms.

MIKE DUNCAN

500 Northwest Plaza Drive, Suite 500 • St. Ann MO 63074

Mike Duncan is the Director of Business Operations of CSWR, LLC, the parent company of Bluegrass Water, which is managed by Central States Water Resources, Inc. He has held this position since July 2018. As Director of Business Operations, he has completed applications for acquisition cases for water and sewer utilities in Missouri, Kentucky, Tennessee and Louisiana.

After receiving a Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis Missouri. As Director he oversaw accounting, finance, human resources, IT and communications for the organization. During his employment he received a master's in business administration from Olin School of Business at Washington University. Prior to his employment with CSWR, he spent two years as Director of Operation with Auto Tire & Parts Napa, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT and general management.

Pro-Forma Balance Sheet - Bluegrass Water Utility Operating Company, LLC										
									<i>Pro Forma</i>	
			Bluegrass Water UOC	Center Ridge Water District	Joann Estates, Inc. (Timberland)	River Bluffs Inc.			Bluegrass Water UOC	
ASSETS				Water Acquisition	Sewer Acquisition	Sewer Acquisition			Post Acquisition	
Utility Plant In Service:										
Total Plant in Service*			\$ 455,600.00						\$ 815,601.00	
Construction Work in Progress**			\$ 2,929,039.00						\$ 3,505,539.00	
Utility Plant Acquisition Adjustment			\$ -						\$ -	
Less: Depreciation Reserve			\$ -						\$ -	
Net Plant In Service			\$ 3,384,639.00						\$ 4,321,140.00	
Current Assets:										
Cash and Cash Equivalents			\$ 100,000.00						\$ 100,000.00	
Other			\$ -						\$ -	
Current Assets			\$ 100,000.00						\$ 100,000.00	
Other Investments and Long-Term Assets										
Total Assets			\$ 3,484,639.00						\$ 4,421,140.00	
LIABILITIES AND CAPITALIZATION										
Company Capitalization:										
Common Stock Equity, Net			\$ 1,742,319.50						\$ 2,210,570.00	
Long-term Debt (including current maturities)			\$ 1,742,319.50						\$ 2,210,570.00	
Company Capitalization			\$ 3,484,639.00						\$ 4,421,140.00	
Current Liabilities:										
Current Liabilities			\$ -						\$ -	
Deferred Credits:										
Deferred Credits			\$ -						\$ -	
Contributions in Aid of Construction			\$ -						\$ -	
			\$ -						\$ -	
Total Capitalization and Liabilities			\$ 3,484,639.00						\$ 4,421,140.00	
<p>* Reflects Purchase Price or Depreciated Original Cost Engineering Value</p> <p>** Estimated total of Engineering & Permitting Costs at Time of Acquisition</p>										

— Redacted —

Pro-Forma Income Statement - Bluegrass Water Utility Operating Company, LLC									
									<i>Pro Forma</i>
			Bluegrass Water UOC	Center Ridge Water District	Joann Estates, Inc. (Timberland)	River Bluffs Inc.		Bluegrass Water UOC	
				Water Acquisition	Sewer Acquisition	Sewer Acquisition		Post Acquisition	
Operating Revenues			\$ 703,274.15	\$ 92,019.42	\$ 35,845.50	\$ 122,991.00		\$ 954,130.07	
Operating Expenses:									
Operating and Maintenance Expenses			\$ 689,336.28	\$ 87,346.32	\$ 37,965.26	\$ 108,905.00		\$ 923,552.86	
Depreciation and Amortization Expenses			\$ 23,696.00	\$ 12,645.76	\$ 398.41	\$ 3,086.00		\$ 39,826.17	
Taxes, Other than Income Taxes			\$ 28,586.51	\$ 3,635.28	\$ 2,891.70	\$ 9,313.00		\$ 44,426.49	
Operating Expenses			\$ 741,618.79	\$ 103,627.36	\$ 41,255.37	\$ 121,304.00		\$ 1,007,805.52	
Net Operating Income			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	
Other Income and Deductions:									
Total Other Income and Deductions			\$ -	\$ -	\$ -	\$ -		\$ -	
Income (Loss) Before Income Taxes			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	
State Income Taxes			\$ -	\$ -	\$ -	\$ -		\$ -	
Federal Income Taxes			\$ -	\$ -	\$ -	\$ -		\$ -	
Net Income			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	