

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

<i>Electronic</i> Proposed Acquisition of Wastewater)	
System Facilities by Bluegrass Water Utility)	
Operating Company, LLC and Subsequent)	No. 2020-00028
Tariffed Service to Users Presently Served by)	
those Facilities)	

**Verified Application for Approvals Necessary for
Acquisition of Wastewater Systems’ Facilities and
Providing Service Thereafter to those Systems’ Present Users**

The Applicant, Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”), applies to the Commission for any approvals necessary (a) to acquire the facilities of certain wastewater systems which are not subject to the Commission’s jurisdiction and (b) to thereafter provide service to those systems’ present users. It is Bluegrass Water’s principal contention that Commission approval is not necessary other than for changes to Bluegrass Water’s tariff to provide for service to and initial rates on those systems; support for that contention is set forth in parts III.A & B below. In the alternative, however, and to the extent that other Commission approval is necessary for the proposed transactions or for Bluegrass Water to provide service to the systems’ present users, Bluegrass Water requests and supports herein Commission approval of its acquisition of assets used or useful in providing wastewater services to approximately 160 users in areas of Graves and McCracken Counties, Kentucky, and to thereafter provide continuing service to the systems’ users at the respective recurring monthly rates now charged to them. The verification of this Application on behalf of Bluegrass Water is included as page 32 hereto.

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I. Transaction Parties

A. Acquirer: Bluegrass Water Utility Operating Company, LLC

1. Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or “Applicant”) 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 (MO) 63074. Bluegrass Water’s addresses to be used for service in this case are: (a) postal mail: 500 Northwest Plaza Dr., Ste 500; Saint Ann, MO 63074; and (b) electronic mail: rmitten@cswrgroup.com and regulatory@cswrgroup.com.

2. Bluegrass Water was organized as an LLC on March 21, 2019, and is 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 (“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 the sewer-service facilities acquired and providing service to more than 1300 customers through those facilities.

4. On October 14, 2019, Bluegrass Water issued Adoption Notices for the filed tariffs of each of the 2019-00104 transferring utilities. Bluegrass Water thereafter issued a tariff to provide wastewater service in its own name; the tariff became effective November 20, 2019.¹

5. By Joint Application filed October 21, 2019, in Case No. 2019-00360, Bluegrass Water proposed to acquire the assets of two sewer utilities and one water utility and thereafter provide continued service to those utilities' customers under the jurisdiction of the Commission. The transferring utilities serve more than 700 customers in areas of Calloway, McCracken, and Oldham Counties. On February 17, 2020, the Commission entered a final Order in the proceeding ("2019-00360 Final Order"), approving the Joint Application upon listed conditions.

6. By the transactions contemplated in this Application, Bluegrass Water would acquire the assets of four (4) wastewater systems and thereafter provide service to those systems' existing users under terms stated in its filed tariff and under the jurisdiction of the Commission.

B. Systems to be Acquired

7. The owners/operators of the wastewater system assets proposed to be acquired are not among the KRS 278.010(3) "utilities" regulated by the Commission and regularly reporting information to and being inspected by the Commission. This part of the Application thus provides background information about the system assets and operation.

1. Arcadia Pines / Heartland

8. Arcadia Pines Sewer Association, Inc. ("Arcadia Pines") is a non-stock, non-profit corporation incorporated in Kentucky on November 6, 2007. Its principal office is located at 5339 Sheldrake Lane, Paducah, KY 42001. Arcadia Pines was formed to use, operate, and

¹ PSC Ky. No. 1, issued 10/21/19 and effective 11/20/19. Original sheets 2-10 contain the rates and charges specific to each of the nine systems acquired by Bluegrass Water.

maintain a wastewater disposal system to serve lots in the Arcadia Pines Subdivision in McCracken County, Kentucky.

9. Charges and other terms for service by Arcadia Pines are provided in its Bylaws (attached hereto as Exhibit A-1). The service fee is a monthly assessment (Art. VI); the current rate remains at \$25.00 per month, the amount originally specified. Although the Bylaws provide for a \$500 tap-on fee (Art. II), that fee has been waived to induce subdivision unit owners to tap into the system rather than construct septic drainfields. Interest is charged on delinquent accounts from the due date at 10% per annum (Art. VI).

10. Title to the wastewater system facilities that Arcadia Pines operates and maintains is held by Heartland Manufactured Homes, LLC (“Heartland”), a limited-liability company organized in Kentucky in 1999. Its principal office is also located at 5339 Sheldrake Lane, Paducah, KY 42001. Heartland is a member-managed company; its sole member is Tina L. Martin.

11. Heartland was the developer of the Arcadia Pines Subdivision, and owns wastewater system facilities, principally the lagoon to the south of the residence lots. Heartland does not charge Arcadia Pines or the property owners/residents for use of or access to the system facilities. Although Heartland and Arcadia Pines, respectively, own and operate facilities that provide wastewater service, the service is not provided “for the public” within the meaning of KRS 278.010(3)(f), but only to Arcadia Pines Subdivision properties.² Because Arcadia Pines operates the system and bills and collects for the wastewater service provided, this Application refers to the system facilities as “the Arcadia Pines system.”

² See, e.g., Case No. 2020-00013, *Removal of Bush Gardens Enterprises, LLC from Public Service Commission Jurisdiction*, 1/24/20 Order p.2: “[B]ecause Bush Gardens Waste Water Association, Inc. will only provide service to residents of the subdivision, it does not meet the definition of a utility in KRS 278.010(f) as it will not be providing service ‘to the public.’” The Waste Water Association is solely comprised of residents of the subdivision. *Id.* at p.1.

12. Arcadia Pines Subdivision is located on Pinewood Trail and Red Pine Circle off of Old Highway 60 in West Paducah, McCracken County, Kentucky. The wastewater facilities include a single-cell lagoon situated between the residences served and Old Highway 60. *See* aerial map attached as Exhibit A-2. The system collects gray water effluent from the individual properties' septic tanks and gravity-feeds from the Subdivision to the lagoon.

13. On average, three or four Subdivision lots are added to the system each year; there are 25 lots presently served by the system. Arcadia Pines has no employees. It bills and collects the monthly charges; third-party contractors provide maintenance, repair, and other services for the system.

14. The system is considered to be non-discharging and therefore does not need or have a Kentucky Department of Environmental Protection discharge permit. The local Purchase District Health Department ("PDHD")³ has oversight of the system's operation. The closest sewer agency to the Subdivision is the Paducah-McCracken Joint Sewer Agency ("JSA"); the JSA serves property approximately 1.5 miles east of the Subdivision. It is a reported goal of the JSA to extend service to the regional airport in 3-5 years, which would take its lines past the entrance to the Subdivision.

15. By Agreement for Sale of Utility System dated June 11, 2019, Heartland contracted to sell and transfer all the assets, property, and real estate connected with the Arcadia Pines system to Central States or its designee; Central States has designated Bluegrass Water to be the transferee. A redacted copy of the Agreement is attached hereto as Exhibit A-3.

³ The PDHD's inspection and permitting authority includes public facilities inspection, general sanitation, and public health nuisance control. *See* PDHD Public Health, Environmental webpage: <http://www.purchasehealth.org/environmental/>.

2. Carriage Park

16. Carriage Park Neighborhood Association, Inc. (“Carriage Park”) is a non-stock, non-profit corporation incorporated in Kentucky on April 25, 2007. Its principal office is located at 3670 N. Brian Avenue, Paducah, KY 42001. Carriage Park was formed to use, operate, and maintain a wastewater disposal system to serve lots in the Carriage Park Subdivision in McCracken County and approved taps outside the Subdivision. Approved taps have been made for two lots on Steele Road immediately to the south of the Subdivision, and the owners of those lots are members of the Neighborhood Association.

17. Charges and other terms for service by Carriage Park are provided in its Bylaws (attached hereto as Exhibit B-1). The service fee is a monthly assessment, and is “a uniform rate for all lots” (Art. VI). Although the Bylaws provide for changes to the monthly assessment, the current rate remains at \$16.00 per month, the amount originally specified. Interest is charged on delinquent accounts from the due date at 10% per annum (Art. VI). There is no charge specified in the Bylaws for being hooked up to the system.

18. The wastewater system was completed and became operational in mid-2008. Although Carriage Park owns and operates facilities that provide wastewater service, the service is not provided “for the public” within the meaning of KRS 278.020(3)(f), but only to Carriage Park members and in a compact geographic area within or contiguous to the Subdivision. See service area marked on the aerial map attached as Exhibit C02; ¶11 and fn. 2 above.

19. Carriage Park Subdivision is located on Steel Road, Danube Drive, Tarpan Trail, and Tori Trail to the north of U.S. 60 in West Paducah, McCracken County. The wastewater facilities include a two-cell lagoon with a curtain drain situated behind the Subdivision, and

adjacent to a wastewater lagoon serving the Timberland Subdivision. *See* aerial map, Exh. C-2.⁴ The system collects effluent from the individual properties' septic tanks and gravity-feeds from the Subdivision into the bottom of the lagoon. There are clean-outs every 100 feet or so on the main lines to the lagoon, and any overflow in the event of wet-weather conditions is dispersed through an adjacent field tile system.

20. The system is considered to be non-discharging and therefore does not need or have a Kentucky Department of Environmental Protection discharge permit. The local health department, PDHD (*see* fn. 3 above), has oversight of the system's operation. The JSA is the closest sewer agency to the Subdivision; the nearest area served by JSA is approximately 4 miles east of the Subdivision.

21. The lagoon was designed with a capacity to serve 48 residences; in February 2019, there were 38 billed residential accounts. Carriage Park has no employees. For a fee, the West McCracken County Water District⁵ — which provides water service to the Subdivision — bills and collects the monthly charges for Carriage Park. Maintenance, repair, and other services for the system are provided by third-party contractors.

22. By Agreement for Sale of Utility System dated May 3, 2019 (redacted copy attached hereto as Exhibit B-3), Carriage Park contracted to sell and transfer all the assets, property, and real estate connected with the wastewater system to Central States or its designee; Central States has designated Bluegrass Water, its affiliate, to be the transferee.

⁴ The Timberland Subdivision is immediately to the northeast of Carriage Park Subdivision along Steele Road. *See* aerial map attached as Exhibit E-1. The adjacent Timberland lagoon is part of the sewer utility assets proposed to be acquired by Bluegrass Water, transferred from Joann Estates, Inc., and now approved in Case No. 2019-00360. *See* Joint Application (¶¶ 13-14 & fn.1), filed 10/21/19 in Case No. 2019-00360.

⁵ West McCracken County Water District is a PSC-regulated water district (ID # 32200).

3. Marshall Ridge

23. Marshall Ridge Sewer Association, Inc. (“Marshall Ridge”) is a non-stock, non-profit corporation incorporated in Kentucky on June 21, 1996. Its principal office is located at 3670 N. Brian Avenue, Paducah, KY 42001. Marshall Ridge was formed to use, operate, and maintain a wastewater disposal system to serve lots in the Marshall Ridge Subdivision in McCracken County.

24. Charges and other terms for service by Marshall Ridge are provided in its Bylaws (attached hereto as Exhibit C-33). The service fee is a monthly assessment and must be “a uniform rate for all lots” (Art. VI). Although the Bylaws provide for changes to the monthly assessment, the current rate remains at \$15.00 per month, the amount originally specified. The Bylaws provide for a \$500 tap-on fee (Art. II), and for interest to be charged on delinquent accounts from the due date at 10% per annum (Art. VI).

25. The sewer system was designed and constructed as a sewer-ready system in the mid-1990s, anticipating that it would be incorporated into the JSA (which has not yet happened). Although Marshall Ridge owns and operates facilities that provide wastewater service, the service is not provided “for the public” within the meaning of KRS 278.020(3)(f), but only to Marshall Ridge Subdivision properties. *See* ¶11 and fn. 2 above.

26. Marshall Ridge Subdivision is located between Old Highway 60 and Lightfoot Road in West Paducah, McCracken County, Kentucky.⁶ The wastewater facilities include a two-cell lagoon situated on the western edge of the Subdivision. *See* aerial map attached as Exhibit

⁶ The Subdivision includes the southern part of Harting Ridge Road, Erin Lane, Iva Court, and Cassie Circle. *See* aerial map (Exh. C-2). Another subdivision lies between the Subdivision and Old Highway 60; the Arcadia Pines subdivision is due north of Marshall Ridge Subdivision, across Old Highway 60. *See* aerial map attached as Exhibit E-2.

C-2. The system collects effluent from the individual properties' septic tanks and gravity-feeds from the Subdivision to the lagoon.

27. The system is considered to be non-discharging and therefore does not need or have a Kentucky Department of Environmental Protection discharge permit. The local health department, PDHD (*see* fn. 3 above), has oversight of the system's operation. The JSA is the closest sewer agency to the Subdivision; the nearest area served by JSA is approximately 1 mile east of the Subdivision. It is a reported goal of the JSA to extend service to the regional airport in 3-5 years, which would probably take its lines past the Subdivision.

28. In February 2019, there were 40 billed residential accounts using the Marshall Ridge system. Marshall Ridge has no employees. For a fee, Paducah Water Works — which provides water service to the Subdivision — bills and collects this monthly charge for Marshall Ridge. Maintenance, repair, and other services for the system are provided by third-party contractors.

29. By Agreement for Sale of Utility System dated May 3, 2019, Marshall Ridge contracted to sell and transfer all the assets, property, and real estate connected with the system to Central States or its designee; Central States has designated Bluegrass Water, its affiliate, to be the transferee. A redacted copy of the Agreement is attached hereto as Exhibit C-2.

4. Randview

30. Randview Septic Corporation (“Randview”) is a non-profit corporation incorporated in Kentucky on August 3, 1994. Its principal office is located at 935 Paris Road, Mayfield, KY 42066. Randview was formed to own and operate a wastewater system for owners of lots in the Randview Subdivision in Graves County, Kentucky. Membership in Randview is limited to owners of lots in the Randview Subdivision that are tapped into the system.

31. Charges and other terms for service by Randview are provided in a Septic Effluent Agreement between Randview and the owner of each served lot. A recent example of the Septic Effluent Agreement is attached hereto as Exhibit D-1. Although service by Randview is available only to properties within the Randview Subdivision, not every lot in the Subdivision is connected to or served by the system; some lots in the Subdivision have individual septic systems (tank and drainfield), and others are served by the City of Mayfield. Although Randview owns and operates facilities that provide wastewater service, the service is not provided “for the public” within the meaning of KRS 278.020(3)(f), but only to Randview members for properties within the Subdivision. *See* ¶11 and fn. 2 above.

32. The system serves most of the platted lots in the Randview Subdivision. Each of the lots served must have its own septic tank and discharge only tank effluent into the Randview system. The Randview Subdivision is located southwest of downtown Mayfield, Graves County, Kentucky, in the northwest quadrant of the intersection of I-69 and the Julian M. Carroll Parkway; access to the Subdivision is by Old Dublin Road or S. Sutton Lane. *See* aerial map attached as Exhibit D-2.⁷

33. The wastewater facilities include two lagoons approximately 2000 feet apart; the main lagoon is situated within the Subdivision on its southern boundary; the other is situated due west immediately beyond the Subdivision boundary. A lift station, located at the effluent of the main lagoon, pumps to the second lagoon cell. The collection system has one lift station, but otherwise gravity-feeds from the Subdivision to the first (original) lagoon. *See* Exh. D-2.

⁷ The Subdivision encompasses lots with addresses on Bel-Aire Drive, Fieldcrest Drive, Graham Drive, Greenhill Court, Lakeshore Drive, Mesa Drive, Mitchell Drive, Placid Court, Randview Drive, Sayre Drive, Silver Court, and S. Sutton Lane.

34. The Randview system was designed to be interconnected with the City of Mayfield's sewage treatment facilities; however, the City did not receive necessary authorizations for that extension. In the mid-1990s, Randview developed the original lagoon to serve the community. A second lagoon became necessary and was installed on non-Subdivision property approximately 2000 feet to the west of the first lagoon. A lift station enables the transfer of overflow from the first lagoon to the second.

35. In February 2020, there are 55 customer properties on the system: one (1) commercial property (a church), 52 one-tap residential properties, and two (2) two-tap residential properties.⁸ The baseline charge is a fixed fee of \$25 per month per tap,⁹ and the corporate by-laws permit interest at 10% per annum to be charged from the due date on delinquent accounts for past service.¹⁰ The connection fee is \$950 for all properties except a duplex, for which the fee is \$1500.

36. Randview has no employees. Administration of the system is provided by the Subdivision developer (Greenwood Acres, a Kentucky general partnership), which arranges for third-party billing and collection, maintenance, repair, and other services for the system.

37. The system is considered to be non-discharging and therefore does not need or have a Kentucky Department of Environmental Protection discharge permit. The local Graves

⁸An additional property being developed is likely to be added to the system before the closing of the proposed acquisition.

⁹ A commercial property is to be charged a fixed rate derived from the baseline \$25 per month and the occupancy pattern for the property. *See* Septic Effluent Agreement (Exh. D-1). The occupancy pattern for the church on S. Sutton Lane is such that its rate is the baseline \$25 per month.

¹⁰ Randview Septic provides its users with an incentive — in the form of discounts — to pay in advance for the service. The individual Septic Effluent Agreement specifies the amount needed to prepay a calendar year, half, or quarter. *See* Exh. D-1. Bluegrass Water does not propose to make this discount arrangement a part of its tariff for the Randview system.

County Health Department (“GCHD”)¹¹ has oversight of the system’s operation. The City of Mayfield operates the closest sewer system to the Subdivision; the City limits touch a portion of the northern and eastern boundaries for the Subdivision (*see* Exh. D-2), and some of the Subdivision lots are connected to the City system.

38. By Agreement for Sale of Utility System dated June 14, 2019, Randview contracted to sell and transfer all the assets, property, and real estate connected with the wastewater system to Central States or its designee; Central States has designated Bluegrass Water, its affiliate, to be the transferee. A redacted copy of the Agreement is attached hereto as Exhibit D-3.

II. Proposed Acquisitions

A. Agreements

39. Central States has entered into an Agreement for Sale of Utility System with each system’s facilities owner, attached as a redacted Exhibit hereto,¹² as follows:

<u>Seller</u>	<u>Date</u>	<u>Exhibit</u>
Heartland (Arcadia Pines)	6/11/19	A-3
Carriage Park	5/3/19	B-3
Marshall Ridge	5/3/19	C-3
Randview	6/14/19	D-2

¹¹ The GCHD processes site evaluation applications, issues permits, and conducts final inspections of systems for compliance with requirements of the Kentucky Onsite Sewage Disposal Systems Regulations. GCHD’s inspection and permitting authority includes public facilities inspection, general sanitation, and public health nuisance control. *See* GCHD Public Health, On-Site Sewage webpage: <http://www.graves-countyhealthdepartment.com/public-health/on-site-sewage.php>.

¹² Applicant requests confidential treatment of the redacted material in a Motion for Confidential Treatment submitted concurrently with this Application.

40. Each Agreement provides for the sale of all of the assets owned by the seller pertaining to operation of the respective wastewater system. The sale includes all assets used or useful to operate the system, including real property interests, service machinery and equipment, other tangible fixtures or personalty, franchises, contract rights, accounts receivable, and other intangibles. Among the assets expressly excluded from the transfer are cash and banking deposits in existence prior to the Closing (Agreements ¶1.F); that exclusion applies to any escrow or other depository accounts that are maintained for each system.¹³ The Agreements (¶5) also provide for the buyer (Bluegrass Water) to 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.”

41. The sale of assets under terms specified in the Agreement promotes the interests of the public generally and of the system users specifically. Bluegrass Water will provide continuity of service, and will work to make improvements to increase quality of service as needed. A third-party engineering firm has conducted site visits on each system, identified potential and existing issues, and outlined a plan for repairs and improvements. A redacted Engineering Report for each system is provided as an Exhibit hereto,¹⁴ as follows:

<u>System</u>	<u>Date</u>	<u>Exhibit</u>
Arcadia Pines	10/5/19	A-4
Carriage Park	10/5/19	B-4
Marshall Ridge	10/5/19	C-4
Randview	10/7/19	D-4

¹³ See, e.g., Arcadia Pines Bylaws (Exh. A-1) Art. XIII; Marshall Ridge Bylaws (Exh. C-1) Art. XIII.

¹⁴ The entire substance of each memo has been redacted. Applicant requests confidential treatment of that redacted material in a Motion for Confidential Treatment submitted concurrently with this Application.

B. Post-Closing

42. After Commission approval has been given, Bluegrass Water's acquisition of each system's assets will be funded with equity capital from its affiliate CSWR, LLC.

43. 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.

44. From and after the Closing of the acquisition of each system, Bluegrass Water will assume operations responsibility, to ensure continuity of service to existing users. Bluegrass Water will provide service in accordance with its current sewer tariff on file with the Commission with a sheet specific to each system providing for the recurring monthly rates now charged to its users. These initial rates are shown on the proposed new sheets for the Bluegrass Water tariff, attached hereto as Exhibit F.

45. 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 ("Midwest"), and it is anticipated that Midwest will be the entity to provide O&M service for the systems proposed to be acquired. 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 engaged will be required to have a 24-hour emergency service line on which customers may report any service disruption; notice of service disruption calls would be forwarded to Josiah Cox, the president of Central States.

46. A qualified, experienced, third-party firm engaged by Bluegrass Water will send out bills and handle service-related billing questions for the acquired systems. In Bluegrass Water's other Kentucky systems, that firm currently is Nitor Billing Services, LLC ("Nitor"), and it is anticipated that Nitor will have this role for the systems proposed to be acquired. Nitor 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.

47. 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* 2019-00104 Final Order pp. 21-22; *id.* Appendix Condition #14. Bluegrass Water's arrangements will assure continuity of service to current customers of the four systems and that future customers are provided with a quality of service equal to or better than that currently being provided. These arrangements include implementation of a computerized maintenance management system for utility facilities, on-line bill-pay options, up-to-date website bulletins about current service status and service initiation/discontinuance procedures.

48. While day-to-day operations, billing, and customer service functions are expected to be provided by third-party contractors for Bluegrass Water's systems, 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 (considering it as one utility) using the Massachusetts Formula.

49. The Engineering Reports prepared for each of the four systems to be acquired (attached as redacted Exhibits A-, B-, C-, and D-4) identify potential and existing issues, and outline a plan for repairs and improvements. Bluegrass Water plans to fund the work to repair and improve the acquired systems with debt financing, including long-term loans to which it has access through CSWR, LLC. 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.¹⁵

50. Bluegrass Water anticipates that there will be regionalization and other consolidation benefits from its acquisition of these systems. For example, these systems are not members of the Purchase Area Development District Area Water Management Planning Council; however, Bluegrass Water is a member through its Department of Water regulated systems in the area.¹⁶ Proximity of the Carriage Park lagoon to the Timberland lagoon (*see* Exh. E-1 aerial map) presents the possibility that the lagoons could be linked to ease capacity constraints or temporary conditions affecting one but not the other system.¹⁷ There are also possible economies of scale and scope from the aggregation of the assets and operations of the four systems with others

¹⁵ See Notice and Plan re Capital Structure filed October 31, 2019, by Bluegrass Water in Case No. 2019-00104 which, *inter alia*, details Bluegrass Water's plan to achieve the goal of a 50/50 capitalization structure on average over time.

¹⁶ Bluegrass Water's existing systems in the area are the Great Oaks (McCracken County) and Golden Acres (Marshall County) systems. In addition, in the 2019-00360 Final Order, the Commission has approved acquisition of the Joann Estates-Timberland system in McCracken County.

¹⁷ See also the aerial map attached as Exhibit E-3, showing the relative positions of the four West Paducah systems — Timberland, Arcadia Pines, Carriage Park, and Marshall Ridge.

in one Kentucky-focused operating company that is part of a corporate group with substantial experience and expertise in operating wastewater systems.

51. Over time, Bluegrass Water will integrate the four 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 a unified tariff.

III. Applicable Standards

52. No Commission approval is necessary for the proposed asset acquisitions and service to system customers by Bluegrass Water, other than for accommodating revisions to Bluegrass Water's tariff for the initial rates to be charged on the systems. *See, e.g.,* Case No. 2005-00206, *Joint Application of the City of Owenton and Kentucky-American Water Company for Approval of the Transfer of the Ownership of the Assets of the City of Owenton to Kentucky-American Water Company*, 7/22/05 Order (“*Owenton-KAWC 7/22/05 Order*”) pp. 2-4. However, even if other Commission approvals or authorizations were necessary, the proposed acquisitions and continued service by Bluegrass Water meet the relevant standards.

A. Bluegrass Water's proposed initial tariffed rates for post-acquisition service are fair, just, and reasonable.

53. The “transfer” and “certificate” requirements of KRS 278.020 are inapplicable to the proposed transactions, which do not involve “utility” facilities or entities within the meaning of KRS 278.010(3). *See* ¶¶ 11, 18, 25, and 31 above, and part III.B below. The transferors also do not have tariffs on file with the Commission which Bluegrass Water may adopt effective with the Closing. Therefore, Bluegrass Water proposes revisions to its tariff, attached as Exhibit F, to establish post-Closing initial rates for the to-be-acquired systems.

54. Bluegrass Water's existing wastewater service tariff, PSC Ky. No. 1, provides for service in eight Kentucky counties, including the Purchase area's Marshall and McCracken

Counties. Particular rates for the service areas of nine different systems are set out in sheets 2-10; tariff sheets 11-17 provide generally-applicable terms and conditions for all areas served.¹⁸ The proposed new sheets for Bluegrass Water’s tariff will set initial rates for customers in the acquired facilities’ service areas at the levels long-established on and for each system.

55. The proposed rates and other terms of service meet the criteria of KRS 278.030. The general terms and conditions in Bluegrass Water’s tariff are uniform for all its systems, and were subject to Commission review before becoming effective November 20, 2019; these filed-tariff provisions thus are “reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service” (KRS 278.030(2)).

56. The Bluegrass Water wastewater tariff does not have unified rates for the monthly flat service fee and instead charges customers on the respective systems at the applicable pre-acquisition rate per-month — as is proposed for the service fees to customers on the systems that are the subject of this Application. By comparison to the rate schedules in Bluegrass Water’s filed tariff, the proposed recurring rates for the four systems shown in Exhibit F) are *a fortiori* “fair, just, and reasonable” in accordance with KRS 278.030(1), because (a) the filed-tariff rates are set at the level in the tariff of the respective transferor utility as of the date of the acquisition, (b) those rates had been subject to Commission review, and (c) the lowest flat fee currently tarified for Bluegrass Water’s existing systems is \$28.84/month¹⁹ — higher than the existing

¹⁸ After the acquisitions/transfers approved in PSC Case No. 2019-00360 close, Bluegrass Water will be providing wastewater service thereafter on two additional systems, in McCracken (Joann Estates) and Oldham (River Bluffs) Counties. Revisions to its existing tariff will add new sheets to charge rates on each system that are the same as those set forth in the respective transferor’s current tariff.

¹⁹ The tarified monthly user fees for the two sewage-treatment systems approved to be acquired in Case No. 2019-00360 are \$34.71 (Joann Estates-Timberland) and \$58.16 (River Bluffs). *See* Exh. G.

\$15–25 charge per month on the four systems that are the subject of this Application.²⁰ See comparison attached as Exhibit G.

57. Additional indicia that the recurring per-month flat fees proposed for the acquired systems are fair, just, and reasonable include the following: (1) The existing rate was established by a non-profit corporation and has been paid by users who are also members of the non-profit. (2) The proposed flat fee for each system is substantially lower than the initial rate approved in Case No. 2015-00306²¹ and the tariffed rates for other systems with a small number of users.²² (3) Standing alone, the fixed charge by Bluegrass Water’s third-party contractor for operations and maintenance services of \$4133 per plant site per month²³ would yield a range of per-user monthly charges from \$165.32 for the 25-user Arcadia Pines system to \$75.15 for the 55-user Randview system.²⁴

58. The Bluegrass Water wastewater tariff also is not unified regarding any late-payment fee or connection or tap-on charge, and instead charges customers on the respective systems at any applicable pre-acquisition rate— as is proposed with respect to customers on the systems that are the subject of this Application. The non-recurring rate for a late payment charge

²⁰ “Absent exceptional circumstances, a public utility should generally assess the same rates to the customers of the acquired non-jurisdictional [service provider] as those assessed to its existing customers.” *Owenton-KAWC 7/22/05 Order* p.5.

²¹ In *Bush Gardens Enterprises, LLC, Application for Approval of Initial Sewer Rate Pursuant to the ARF Procedure for Small Utilities and Tariff*, Case No. 2015-00306, 3/24/16 Order (“*BGE Initial Rates 3/24/16 Order*”) p.2, the PSC approved an initial monthly flat rate of \$123.65 for the eight-customer system, to generate the annual revenue requirement of \$11,870 (\$989.20/month).

²² For example, the Fox Run and Lake Columbia utilities had 34 and 33 single-family customers, and charged a tariffed flat fee of \$55.85/month and \$50.32/month, respectively, according to the Joint Applicants’ Response to 1 PSC 1(g) filed 5/31/19 in Case No. 2019-00104. See Exhibit G.

²³ See *Bluegrass Water Utility Operating Company, LLC Notice-Motion re Condition #5*, ¶5(b) p.3, filed December 11, 2019, in Case No. 2019-00104.

²⁴ This assumes that the contractor would apply one full plant-site charge per system (even though, *e.g.*, Randview has two separate lagoons).

(10% per annum) on these four systems is equivalent to the late payment charge in the Bluegrass Water tariffed rates for its existing systems. *Compare* Exh. F *with* PSC Ky. No. 1 sheets 2-10. In addition, the existing and proposed non-recurring rates for tap-on charges are similar to the charges for new taps, reconnections, and terminations for Bluegrass Waters' existing systems. *Id.*

59. The rates proposed for each acquired system are also uniform throughout the respective service area and are available to all users or provide "suitable and reasonable classifications of its service, patrons and rates" (e.g., the provision for scaling the Randview baseline monthly charge for commercial users on its system), in accordance with KRS 278.030(3).

60. There is no data source for preparing a full rate application or alternate rate filing to establish initial tariffed rates for customers on these systems. The current owners and operators of the systems are not among the KRS 278.010(3) "utilities" regulated by the Commission and neither report operations, expense, or revenue data to the Commission on a regular basis nor keep their books in accordance with the Uniform System of Accounts applicable to public utilities. Unlike Bush Gardens Enterprises, LLC in Case No. 2015-00306 (*see* fn. 21 above), Bluegrass Water does not have years of data from its own operation of the system in asking to set initial rates. Bluegrass Water respectfully suggests that the Commission not exercise its discretion under KRS 278.190 to hold a hearing concerning the reasonableness of the rates or to suspend the operation of the proposed tariff rate schedules.

61. The proposed tariff revisions would go into effect simultaneously with the closing on the wastewater service facilities, so that there is no gap in service or tariff coverage for the affected users. This date will be no earlier than the 31st day after filing this Application, so that the Commission is given all the notice that may be due under KRS 278.180(1). The proposed

changes in Bluegrass Water’s tariff do not affect its existing customers’ rates or other terms of service and thus the Commission should not order Bluegrass Water “to give notice of its proposed rate increase to that utility’s customers in the manner set forth in its regulations” (KRS 278.280(1)).²⁵

62. As part of its plan to integrate its Kentucky systems (*see* ¶ 51 above), Bluegrass Water anticipates that by mid-2021 it will be filing proposed revisions and adjustments to establish a unified tariff with uniform rates throughout its service area. Bluegrass Water commits to filing for a general adjustment of the rates for the four subject systems — individually, as a group, or as part of a wider adjustment — within 15 months of the last acquisition closing on the Arcadia Pines/Heartland, Carriage Park, Marshall Ridge, and Randview facilities, when it will then have a full year of data from owning and operating those systems.

B. No other Commission approval is necessary for the proposed asset acquisitions and service to system customers.

63. From the Commission’s perspective, closing of the proposed acquisitions will bring within its purview wastewater systems previously outside its jurisdiction. This change in the jurisdictional status of the systems will be recognized by effective revisions to the Bluegrass Water tariff; however, this jurisdictional shift — from acquisition of existing assets and continuation of service by an entity that has already commenced providing utility service in the Commonwealth — does not itself require Commission authorization or approval before it occurs. In

²⁵ 807 KAR 5:011 §8 requires that notice be provided “if a charge, fee, condition of service, or rule regarding the provision of service is changed, revised, or initiated and the change will affect the amount that a customer pays for service or the quality, delivery, or rendering of a customer’s service.” The proposed new tariff sheets do not affect Bluegrass Utility’s existing utility customers’ rates or service terms. *See, e.g., BGE Initial Rates 3/24/16 Order* p.15 (“Because the Connection Inspection Fee will be assessed to future customers only, notice of this fee to current customers is not required.”).

particular, the “certificate” and transfer/acquisition requirements gathered in KRS 278.020 are not applicable to this situation.

1. There is no transfer by/of or acquisition from a “utility” to make KRS 278.020(6)-(8) applicable.

64. The KRS 278.020(6)-(8) provisions require prior Commission approval for transfer or acquisition of ownership or control of utility assets or of a utility itself. The word “utility” is defined for purposes of Chapter 278 in KRS 278.010(3). Regardless of the type of service provided, the “utility” definition keys on “facilities used or to be used” in providing the service “for the public, for compensation.” See KRS 278.010(3)(a)-(f). As noted in ¶¶ 11, 18, 25, and 31 and fn. 2, above, the facilities to be acquired are not utility assets or being acquired from a utility within the meaning of KRS 278.010(3).

65. The Commission has ruled that the KRS 278.020 transfer/acquisition provisions do not apply when a jurisdictional utility acquires facilities from a non-jurisdictional service provider and continues the service provided by those facilities. See *Owenton-KAWC 7/22/05* Order p.3 (citing other Commission decisions); *id.* p.4 (denying portion of Joint Application requesting authorization of the transfer/acquisition as moot).²⁶ With “no statutory requirement or authority for Commission approval of the transfer of ownership of [non-utilities’] wastewater assets” to a utility, *id.* p.4, the standards of KRS 278.020(6)-(8) do not apply.

²⁶ See also Case No. 2020-00013, *Removal of Bush Gardens Enterprises*, 1/24/20 Order p.2 (“Because no change of utility ownership occurred, KRS 278.020(6) does not apply.”) (citing Case No. 90-129, *Removal of Third Street Sanitation, Inc. from Public Service Commission Jurisdiction*, Order entered 5/21/90). On August 13, 2018, BGE’s waste treatment facility ceased operation and was replaced by a community leach field owned and operated by Bush Gardens Waste Water Association, Inc., an entity solely comprised of residents of the subdivision. “The residents did not purchase any of [BGE’s] assets or stocks and simply connected their sewer lines to the communal leach field.” 1/24/20 Order p.1.

2. No KRS 278.020(1) certificate of public convenience or necessity is required.

66. KRS 278.020(1)(a) forbids anyone to “commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing [utility service] to the public ... until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.” This statute was not applied to Kentucky-American’s acquisition of the City of Owenton’s system or to its commencing jurisdictional “utility” service on that system in Case No. 2005-00206,²⁷ and should not be construed to apply to the proposed acquisition of system facilities in this case.

67. By its terms, KRS 278.020(1) does not apply to a utility that has already “commence[d] providing utility service” in Kentucky and is not seeking to construct anything. The provision currently codified as subsection (6) has long governed transfers of existing utility-service assets (whether between, to, or from a Commission-regulated “utility”), and the more recent provisions in subsection (7) and (8) were added to give the Commission jurisdiction over transactions in which ownership or control of the utility itself was changing hands. Transfer approval or authorization under those provisions has not also included grant of a subsection (1)(a) certificate of public convenience or necessity (“CPCN”) simply because the acquirer is adding to its assets or expanding its service territory. In the case of existing assets and service,

²⁷ See also *BGE Initial Rates* 3/24/16 Order (not requiring a certificate for BGE’s initiating “utility” service on existing facilities); Case No. 2019-00467, *Application of Troublesome Creek Gas Corporation for Initial Rules, Regulations, and Rates for Furnishing Gas Service Pursuant to KRS 278.485*, 1/16/20 Order pp. 1-2 (treating application for initial rates on existing farm-tap system solely as a tariff/rates matter).

the requirements of KRS 278.020(1)(a) are also superfluous because the public convenience and necessity are demonstrated by the continued use of a service already being provided.²⁸

3. No other KRS 278.020 requirement is applicable.

68. The KRS 278.020 subsection (3) and (10) requirements apply respectively only if construction-certificate or transfer/acquisition approval is needed. Neither transfer/acquisition approval nor a CPCN is required in this case, *see* parts III.B.1 & 2 above, and thus the standards in KRS 278.020(3) and (10) are inapplicable.

69. The KRS 278.020(5) requirement of a certificate of convenience and necessity (“CCN”) from the Commission in order to apply for or obtain “any franchise, license, or permit from any city or other governmental agency” is also inapplicable. No municipal franchise is involved for the systems to be acquired, and the permit for each system was obtained from the respective local health agency/authority at the time the system was constructed. In addition, the required showing regarding demand and need is “for the service sought to be rendered.” KRS 278.020(5) (emphasis added). Here, the service is already being rendered, and the continued demand and need for the service is shown by the past and continuing use of the systems.

70. Finally, the acquisitions do not involve a proposal or plan “to abandon facilities that provide services as set forth in KRS 278.010(3)(f) or to cease providing services” that might trigger the authorization requirements of KRS 278.020(11) and (12).²⁹ In addition to the fact that

²⁸ *See, e.g.* the *BGE Initial Rates* Application, Case No. 2015-00306, which notes that the Bush Gardens Subdivision sewer treatment plant had been in operation for 10 years, but there had been no charge for its services to the eight Subdivision residential customers. In its 3/24/16 Order p.2, the Commission held that because the treatment facility owners had not received any compensation, the treatment facility formerly “did not meet the definition of a ‘Utility’.... Upon the establishment of this rate, BGE will meet the definition of a ‘Utility’ and will be subject to Commission jurisdiction.” No construction or commencement certificate was required of or provided to BGE.

²⁹ *Cf.* Case No. 2020-00013, *Removal of Bush Gardens Enterprise*, in which the existing facilities operated by the utility ceased operation and were replaced by a community leach field owned and operated by

the services as they presently exist do not come within the KRS 278.010(3)(f) definition, the facilities are being transferred (not abandoned), and after the transfer, service will continue (not cease). Similarly, there is no abandonment of a “utility” itself and thus no authorization required to “abandon the same” under KRS 278.020(6).

C. If KRS 278.020 acquisition/transfer provisions are applicable, Bluegrass Water meets their requirements.

71. In approving the proposed acquisitions/transfers, the 2019-00360 Final Order states (on p. 9):

The Commission finds that the above mentioned issues concerning the approval of the transfer of the water and wastewater utilities in the instant proceeding were also raised and addressed in Case No. 2019-00104. Therefore, our determination of these issues in Case No. 2019-00104 governs the disposition of the same issues presented in the instant matter.

Thus, any applicable standards from KRS 278.020(6), (7), and (10), would be similarly determined in this case as in Case Nos. 2019-00104 and 2019-00360.

1. Bluegrass Water has the financial, technical, and managerial abilities to provide reasonable service (KRS 278.020(6)).

72. Bluegrass Water has the necessary abilities to provide reasonable service to the users on the four systems that are the subject of this Application.

73. These abilities stem from affiliation with and support by Central States, CSWR, LLC, and Bluegrass Water’s other operating utility affiliates. The experience and expertise that Central States currently provides to affiliated systems in Kentucky, Missouri, Louisiana, Texas, and Arkansas and that it would bring to the acquired systems is not usually available to small

a non-utility association solely comprised of residents of the subdivision — and therefore the essential functions of the former utility system were being continued. The 1/24/20 Final Order simply removes BGE as an operating public utility from Commission records, and does not apply KRS 278.020(11) or (12) requirements.

systems like those proposed to be acquired. While referring to Central States' business model as novel, the Commission has nonetheless found that Bluegrass Water has sufficient financial ability to acquire and operate the systems recently acquired and to provide reasonable service in Kentucky. *See* 2019-00104 Final Order p. 12.

74. 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, as it has and will for the acquisitions approved in Case Nos. 2019-00104 and 2019-00360. Debt financing for Bluegrass Water, including long-term loans, is also available through CSWR, LLC.

75. The Commission found that Bluegrass Water had the requisite technical ability for approval of acquisitions in Case Nos. 2019-00104 and 2019-00360. As demonstrated by the success of Bluegrass Water's operating affiliates in Missouri, Louisiana, and Arkansas and the service transition in Kentucky following 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 the Commission grants approval of the proposed acquisitions, the same benefits would be brought to these systems and the customers they serve. In addition, technical ability specific to these four systems has been demonstrated by the work undertaken to identify issues with the systems and to plan concrete steps to address those issues and update or improve the systems' operation.

76. Managerial ability is shown by the successful transition of service and compliance with Commission conditions upon the closing of the transactions approved in Case No. 2019-00104. It 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.

2. The proposed acquisition is in accordance with the law, for a proper purpose, and is consistent with the public interest (KRS 278.020(7)).

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

78. The proposed acquisitions will not occur before or without any necessary Commission approval(s) therefor. In addition to this Application to the Commission, Applicant will make any other required regulatory filings for the proposed transactions and expects to receive all required approvals.

79. Bluegrass Water is acquiring the wastewater systems to operate them for the proper purpose of providing reasonable, effective, and efficient wastewater service to existing and future customers.

80. 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 the systems' users. Aggregation of the assets and operations of the systems with others in one Kentucky-focused operating company that has affiliates with 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.

81. Bluegrass Water has researched the state of the existing systems and has concrete plans and the financial wherewithal to improve these systems to serve the users and community

as a whole. It is in the public interest that these systems be acquired by an entity that will professionalize the operations and has substantial resources, affiliation with experienced sewer-system owner-operators, and a focus on long-term ownership.

3. Bluegrass Water has provided evidence of financial integrity to ensure continuity of service (KRS 278.020(3) or (10)).

82. Of the two similar service-continuity standards in KRS 278.020(3) (for granting a CPCN to construct facilities to provide sewage treatment services) and KRS 278.020(10) (for a transfer of control of a sewage-service utility), subsection (3)'s waiver "for [a CPCN] applicant that the commission finds has sufficient assets to ensure the continuity of sewage service" functions as a specific way in which an acquisition applicant can meet the subsection (10) requirement of "evidence of its financial integrity to ensure the continuity of sewage service." Bluegrass Water has sufficient assets to ensure the continuity of wastewater service on the four systems to be acquired. Evidence of the valuation and substantiality of the assets acquired pursuant to the Commission's approval in Case No. 2019-00104 has been provided in the Joint Application, responses to data requests, and the post-closing accounting entries³⁰ filed in that case.

83. In the alternative, Bluegrass Water has provided evidence of its financial integrity to provide a reasonably guaranty of, or to ensure, the continuity of wastewater service — meeting both the subsection (3) and subsection (10) standards — in this Application and in Case Nos. 2019-00104 and 2019-00360 filings.

84. Additionally, as Condition #5 to the 2019-00104 Final Order Appendix, the Commission mandated that Bluegrass Water "post a guaranteed financial instrument that is the equiv-

³⁰ The post-closing accounting entries were filed October 30, 2019, in compliance with Condition # 1 in the 2019-00104 Final Order Appendix.

alent of two-months of the cost of its third-party contractors” with respect to the systems approved to be acquired. Bluegrass Water submitted a proposed letter of credit in the amount of \$86,000 and moved for approval thereof in Case No. 2019-00104 on December 11, 2019. The \$86,000 amount (and any additional amount required to meet the similar condition in Case No. 2019-00360) would be sufficient to satisfy any service-continuity standard in KRS 278.020(3) or (10) as to the four systems that are the subject of this Application.

IV. Conclusion

WHEREFORE, the Applicant requests that the Commission issue a final order regarding this Application within 60 days:

- (1) Approving initial rates for Bluegrass Water to provide service through and on the Arcadia Pines, Carriage Park, Marshall Ridge, and Randview systems and ordering that new tariff sheets with those initial rates, as shown in Exhibit F hereto, be issued and placed into effect as part of Bluegrass Water’s sewer service tariff.
- (2) In the alternative, approving the proposed acquisition of the Arcadia Pines, Carriage Park, Marshall Ridge, and Randview systems and permitting Bluegrass Water after the acquisition to operate the sewer system assets and provide service in accordance with its current sewer tariff on file with the Commission, except that the particular rates to be charged to users of each acquired system shall be as shown in Exhibit F hereto.

Respectfully submitted,

/s/ Katherine K. Yunker

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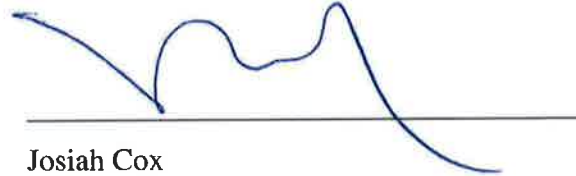
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Bluegrass Water Utility Operating Company, LLC

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 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 24th day of February, 2020, before me, a Notary Public in and before said County and State.

My Commission expires: 01/31/2021



NOTARY PUBLIC

{seal}



EXHIBITS³¹

A. Exhibits relating to Arcadia Pines/ Heartland

1. Bylaws of Arcadia Pines Sewer Association, Inc.
2. Arcadia Pines aerial map, marked to indicate lagoon and subdivision boundary (yellow line)
3. Agreement for Sale of Utility System (Arcadia Pines/ Heartland) — *redacted*
4. 10/5/19 Engineering Memorandum for Arcadia Pines (Wastewater) — *redacted*

B. Exhibits relating to Carriage Park

1. Bylaws of Carriage Park Association
2. Carriage Park aerial map, marked to indicate lagoon and service area (red line)
3. Agreement for Sale of Utility System (Carriage Park) — *redacted*
4. 10/5/19 Engineering Memorandum for Carriage Park (Wastewater) — *redacted*

C. Exhibits relating to Marshall Ridge

1. Bylaws of Marshall Ridge Sewer Association, Inc.
2. Marshall Ridge aerial map, marked to indicate service area (red line), lagoon, and nearby Timberland lagoon
3. Agreement for Sale of Utility System (Marshall Ridge) — *redacted*
4. 10/5/19 Engineering Memorandum for Marshall Ridge (Wastewater) — *redacted*

D. Exhibits relating to Randview

1. Septic Effluent Agreement (2020 form)
2. Randview Subdivision aerial map, marked to indicate lagoons, subdivision boundary (yellow line), and Mayfield city limit (dotted white line)
3. Agreement for Sale of Utility System (Randview) — *redacted*
4. 10/7/19 Engineering Memorandum for Randview (Wastewater) — *redacted*

³¹ Applicant requests confidential treatment of the redacted material in a Motion for Confidential Treatment submitted concurrently with this Application.

- E. Aerial Maps showing positions of West Paducah systems relative to each other
 - 1. Carriage Park – Timberland (Joann Estates)
 - 2. Marshall Ridge – Arcadia Pines
 - 3. Timberland, Carriage Park, Arcadia Pines, and Marshall Ridge
- F. Proposed tariff sheets for service to users on the Arcadia Pines, Carriage Park, Marshall Ridge, and Randview systems
- G. Comparison of rates and number of customers between the four systems and the transferring utilities in PSC Cases Nos. 2019-00104 and 2019-00360

BYLAWS OF ARCADIA PINES SEWER ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Arcadia Pines Sewer Association, Inc. (hereinafter referred to as "the Association"). The principal office of the corporation shall be located at 5151 Heartland Drive, Paducah, Kentucky 42001, but meeting of members and directors may be held at those places within the state of Kentucky, County of McCracken, designated by the board of directors.

ARTICLE II
MEMBERSHIP

Each person or entity who is a record owner of a fee or undivided fee interest in any lot of Arcadia Pines Subdivision shall be a member of the Association, upon payment of tap-on fee of \$500.00. Membership is retained so long as the person or entity has a fee or undivided fee interest in the property. Membership in the Association shall transfer with the property, to the successor holder of fee or undivided interest in the property. The successor member shall have the same rights and obligations as an original owner of a lot in Arcadia Pines Subdivision, except a tap-on fee shall not be required. The member transferring interest in a lot of arcadia Pines Subdivision shall provide a copy of these bylaws to the new owner

ARTICLE III
BOARD OF DIRECTORS

The affairs of the association shall be managed by a board of three (3) directors, with the initial Board of Directors consisting of Rick Martin, C. Phillip Higdon, J.C. Cates and R. Jackson Sowell. Each initial director shall hold office until the date set for the first annual meeting of members of the Association.

At the first annual meeting the members shall elect three (3) directors for a term of one (1) year or until a successor is named, and at each annual meeting thereafter the members shall elect three (3) directors for a term of one (1) year.

Any director may be removed from the board, without cause, by a majority vote of the members of the association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired terms of his predecessor.

No director shall receive compensation for any service he or she may render to the association. However, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

The directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting.

ARTICLE IV MEETING OF THE DIRECTORS

Regular meetings of the board of directors shall be held monthly without notice, at a place and hour as may be fixed from time to time by resolution of the board.

Special meetings of the board of directors shall be held when called by the president of the association or by any two directors, after not less than seven (7) days notice to each director.

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE V ELECTION OF DIRECTORS

Nomination for election to the board of directors shall be made from the floor at the annual meeting from members of the association. Election to the board of directors shall be by secret written ballot. At the election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these bylaws. The person receiving the largest number of votes shall be elected.

ARTICLE VI ASSESSMENTS

Upon purchase of a lot in Arcadia Pines Subdivision each member is deemed to covenant and agree to pay to the association upon placing a water meter on the member's lot in Arcadia Pines Subdivision the fee of \$25.00 per month. The purpose of the assessment levied by the association shall be used for maintenance, inspection and the future rebuilding of a sewer treatment system, which shall service the property of Arcadia Pines Subdivision. Said fee of \$25.00 per month shall be paid on the first day of each month following the installation of the water meter and shall continue from month to month thereafter, unless modified by the Board of

Directors. Said fee shall be fixed at \$25.00 per month until such time as the Board of Directors may deem it necessary to increase or decrease the fee based upon the costs of servicing and maintaining the system.

The monthly assessment must be fixed at a uniform rate for all lots. If the assessment is not paid within thirty (30) days of the date when due, then the assessment shall become delinquent and shall together with interest and cost of collection become a continuing lien on the property which shall encumber the title to said property. Delinquent accounts shall bear interest from the due date at the rate of ten percent (10%) per annum.

ARTICLE VII VOTING RIGHTS

Voting rights by members of the Association shall be determined based upon ownership in a lot or lots in Arcadia Pines Subdivision. One vote per lot is granted to the members. Joint or corporate ownership in a lot results in a single vote for the owners of the lot. A majority vote on any issue to come before the membership shall be controlling.

ARTICLE VIII MEETINGS

The membership shall have an annual meeting at a time and place in McCracken County, Kentucky to be determined by the Board of Directors. A notice of time and place of the annual meeting shall be mailed to each member not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting and the notice shall be deemed to be delivered when deposited in the United States mail properly addressed and with postage prepaid. The meeting shall be held in January of each year, or as soon thereafter as can be reasonably set.

Special meeting of the members may be called at any time by the president or by the Board of directors, or upon written request of one-fourth of all the members who are entitled to vote.

One-tenth of the voting members shall constitute a quorum for any action. If a quorum shall not be present at any meeting, the members entitled to vote there shall have to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present.

At all meetings of members, a voting member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Association before or at the time of the meeting. Every proxy shall be valid for the meeting for which it is issued and then shall be void thereafter.

ARTICLE IX
OFFICERS

There shall be two (2) officers of the Association: President and Secretary-Treasurer, and any other officers that the Board of Directors may create by resolution. One officer shall be a member of the Board of Directors. The election of the officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. The officers of this association shall be elected annually by the Board and each shall hold office for one year unless the officer shall sooner resign, shall be removed or be otherwise disqualified to serve. An officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the corporation will be served thereby.

The duty of the President shall be to preside at all meetings for the Board of Directors, see that orders and resolutions of the Board are carried out, sign all leases, mortgages, deeds and other instruments necessary to perform the business of the corporation and countersign all checks and promissory notes.

The duty of the secretary-treasurer is to record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, be custodian of the Association's records and seal and affix the seal to all documents, the execution of which on behalf of the corporation under its seal is duly authorized, have and take charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation at such banks, trust companies or other depositories as shall be elected by the board of directors and in general perform all duties assigned to him by the president or Board of Directors.

ARTICLE X
FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the 31st day of December of each year.

ARTICLE XI
AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the local Health

Authority and the Environmental Branch of the Department of Human Resources shall have the right to veto amendments.

ARTICLE XII EARNINGS

The Association shall be nonprofit. No part of the net earnings of the Association shall inure to the benefit of any member, officer or director. The Association shall be authorized to pay reasonable compensation for the services rendered and to make payments and distributions in furtherance of its purposes.

ARTICLE XIII USE OF FEES AND ASSESSMENTS

Tap-on fees and assessments collected shall be deposited in a general account for the Association. From the general account, payment shall be made to the following:

1. Maintenance account: shall receive twenty percent (20%) of general account to pay for regular maintenance of the system, expenses of the Association's management, including but not limited to, postage and reimbursement of director's expenses.

2. Scheduled account: shall receive twenty percent (20%) of the general account to pay for scheduled maintenance, including pumping or septic tanks on a rotating basis, quarterly inspections by a certified inspector of private disposal systems, replacements of valves, piping and other items of maintenance as needed.

3. Escrow account: shall receive sixty percent (60%) of the general account to pay for major improvements as directed by the Board of Directors, local health authority, Environmental Branch of the Department of Human Resources or other regulating agency having authority over the system. Any other use of funds from the escrow account is strictly prohibited.

ARTICLE XV INDEMNIFICATION

The Association shall indemnify each of its directors and officers who are a party or threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative by reason of their capacity in the Association for attorney fees, costs, fines or judgments paid on behalf of the Association.

ARTICLE XVI
FINANCIAL STATEMENT OF ASSOCIATION

On the date of the annual meeting of the members, each member of the Association shall receive a written report of the operations of the Association including its income, expenses, assets and liabilities for the previous twelve-month period.

ARTICLE XVII
MANDATORY USE OF PUBLIC SEWERS

At such time as public sewers become available for use by all lot owners in Arcadia Pines Subdivision, the owners of said lots shall be required to convert to the Public Sewer System. In that event, this Association shall be dissolved.

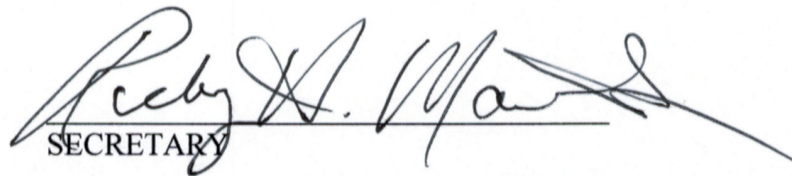
CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned hereby certifies that:

1. He/She is the duly elected and acting secretary of Arcadia Pines Sewer Association, Incorporated, a non-stock, nonprofit corporation, duly organized and existing under the laws of the Commonwealth of Kentucky;

2. The foregoing bylaws comprised of six pages, constitute the original bylaws of the corporation as duly adopted at the first meeting of the members duly held on March 7th, 2005.

In witness whereof, the undersigned has subscribed his/her name and affixed the seal of the corporation on this the 7th day of March, 2005.


SECRETARY

(SEAL)

COMMONWEALTH OF KENTUCKY)
:)
McCRACKEN COUNTY)

Subscribed, sworn to and acknowledged before me by Ricky A. Martin,

Secretary of Arcadia Pines Sewer Association, Inc., this the 7th day of
March, 2005.

My commission expires: 4-20-07.

Tina L. Martin
Notary Public
State-at-Large, Kentucky

THIS INSTRUMENT PREPARED BY:

Tina L. Martin
Tina L. Martin
Heartland Manufactured Homes, LLC
5151 Heartland Drive
Paducah, KY 42001
270-442-0021



General Hi



Search (Address, City, etc.)



Source KYTC | Microsoft | Esri, HERE, Garmin, iPC

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 11th day of June, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and HEARTLAND MANUFACTURED HOMES, LLC ("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 McCracken 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 limited liability company, 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

"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], 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 limited liability company 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:

Tina Martin
Heartland Manufactured Homes, LLC
5339 Shelldrake Lane
Paducah, KY 42001
Phone: (270) 210-6445
Email: tmartin317@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:

HEARTLAND MANUFACTURED
HOMES, LLC

By: Tina L. Martin

Name: Tina L. Martin

Title: Owner

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

By: Josiah Cox
Josiah Cox, President

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

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)

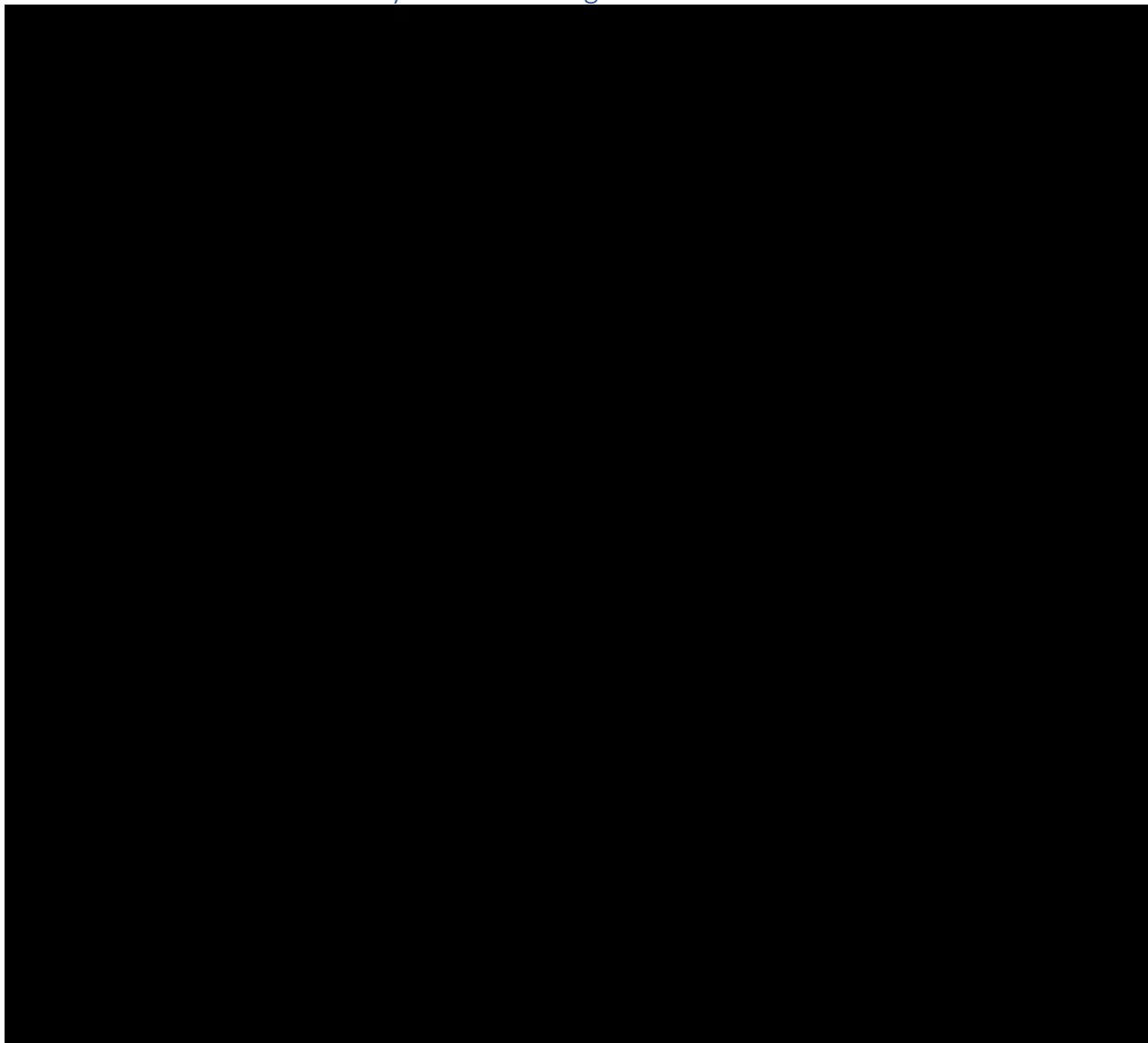
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Arcadia Pines (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 5, 2019

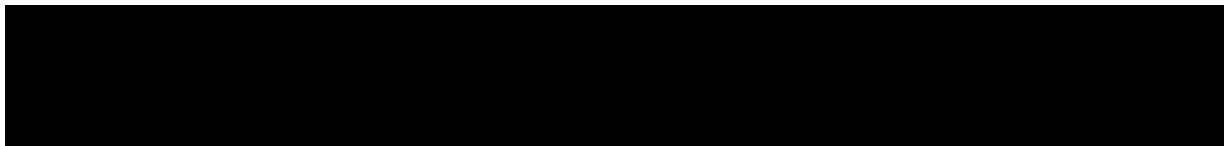
Wastewater Treatment Facility Understanding



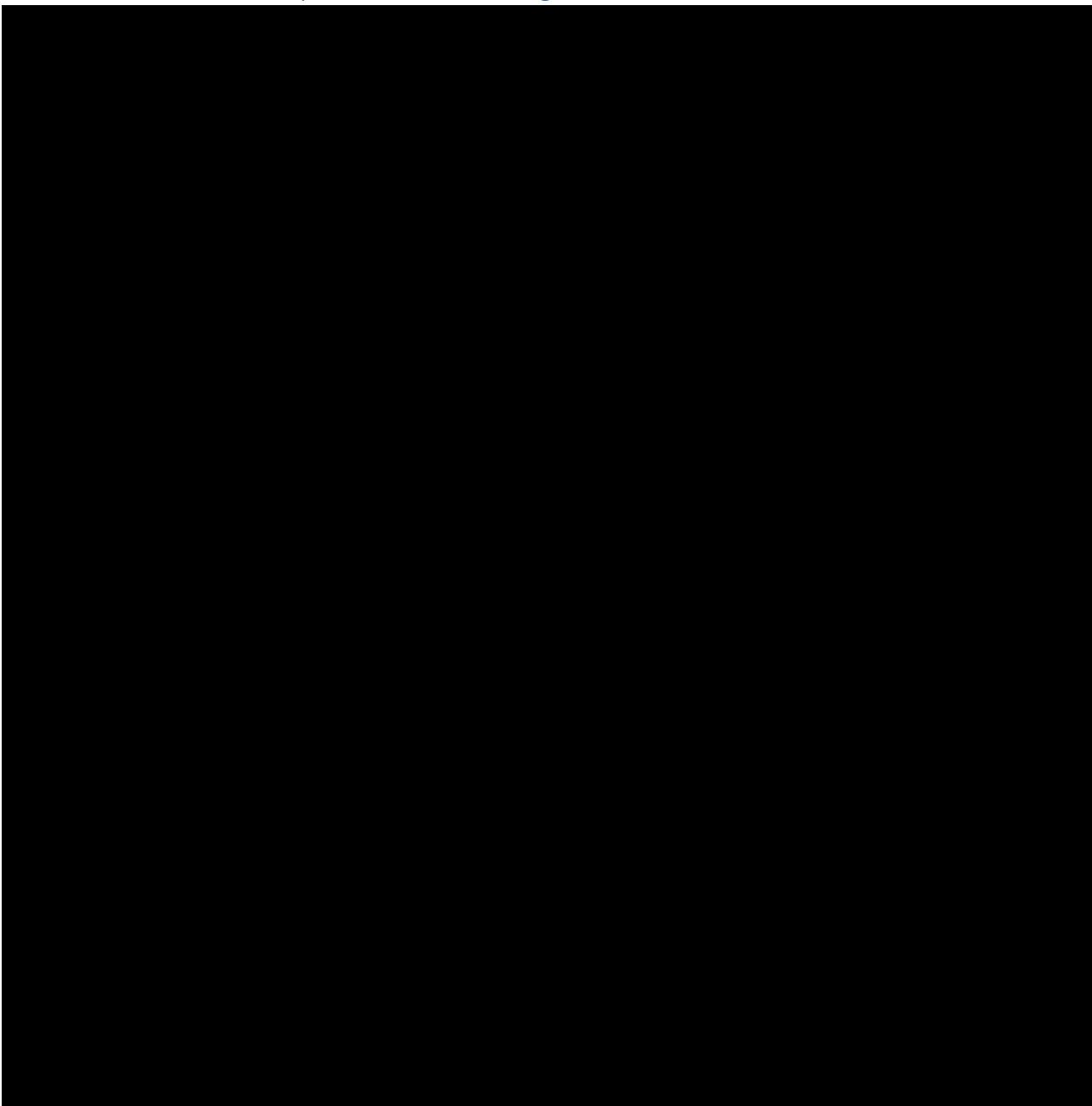
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Wastewater Collection System Understanding



BYLAWS OF CARRIAGE PARK ASSOCIATION

ARTICLE I NAME AND LOCATION

The name of the corporation is Carriage Park Neighborhood Association, Inc. (hereinafter referred to as "the Association"). The principal office of the corporation shall be located at 555 Massac Church Road, Paducah, KY, 42001, but meetings of members and directors may be held at those places within the state of Kentucky, County of McCracken, designated by the board of directors.

ARTICLE II MEMBERSHIP

Each person or entity who is a record owner of a fee or undivided fee interest in any lot of Carriage Park Subdivision shall be a member of the Association. Membership is retained as long as the person or entity has a fee or undivided fee interest in the property. Membership in the Association shall transfer with the property, to the successor holder of fee or undivided fee interest in the property. The successor member shall have all the same rights and obligations as an original owner of a lot in Carriage Park Subdivision. The member transferring interest in a lot of Carriage Park Subdivision shall provide a copy of these bylaws to the new owner.

ARTICLE III BOARD OF DIRECTORS

The affairs of the association shall be managed by a board of three (3) directors, with the initial Board of Directors consisting of Sharon B. Sanderson, Robert D. Town and Lawrence Bice. Each initial director shall hold office until the date set for the first annual meeting of members of the Association.

At the first annual meeting the members shall elect three (3) directors for a term of one (1) year or until a successor is named, and at each annual meeting thereafter the members shall elect three (3) directors for a term of one (1).

Any director may be removed from the board, without cause, by a majority vote of the members of the association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

No director shall receive compensation for any service he or she may render to the association. However, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting.

ARTICLE IV MEETINGS OF THE DIRECTORS

Regular meetings of the board of directors shall be held annually without notice, at a place and hour as may be fixed from time to time by resolution of the board.

Special meetings of the board of directors shall be held when called by the president of the association or by any two directors, after not less than seven (7) days notice to each director.

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act of decision done or made by a majority of the directors present at a meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE V ELECTION OF DIRECTORS

Nomination for election to the board of directors shall be made from the floor at the annual meeting from members of the association. Election to the board of directors shall be by secret written ballot. At the election, the members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provision of these by-laws. The person receiving the largest number of votes shall be elected.

ARTICLE VI ASSESSMENTS

Upon purchase of a lot in Carriage Park Subdivision each member is deemed to covenant and agree to pay to the association upon occupancy of the member's lot in Carriage Park Subdivision the fee of \$16.00 per month. The purpose of the assessment levied by the association shall be for maintenance, scheduled pumping and inspection,

and future rebuilding of a sewer system, which shall service the property of Carriage Park Subdivision. Said fee of \$16.00 per month shall be paid on the first day of each month following the installation of the water meter and shall continue from month to month thereafter, unless modified by the board of directors. Said fee shall be fixed at \$16.00 per month until such time as the board of directors may deem it necessary to increase or decrease the fee based upon the costs of servicing and maintaining the system.

The monthly assessment must be fixed at a uniform rate for all lots.

If the assessment is not paid within thirty (30) days of the date when due, then the assessment shall become delinquent and shall together with interest and cost of collection become a continuing lien on the property which shall encumber the title to said property. Delinquent accounts shall bear interest from the due date at the rate of ten percent (10%) per annum.

ARTICLE VII VOTING RIGHTS

Voting rights by members of the association shall be determined based upon ownership in a lot or lots in Carriage Park Subdivision. One vote per lot is granted to the members. Joint or corporate ownership in a lot results in a single vote for the owners of the lot.

A majority vote on any issue to come before the membership shall be controlling.

ARTICLE VIII MEETINGS

The membership shall have an annual meeting at a time and place in McCracken County, Kentucky to be determined by the board of directors. A notice of time and place of the annual meeting shall be mailed to each member not less than ten (10) days nor more than thirty (30) days prior to the date of the meetings and the notice shall be deemed to be delivered when deposited in the United States Mail properly addressed and postage prepaid. The meeting shall be held in January of each year, or as soon thereafter as can be reasonably set.

Special meetings of the members may be called at any time by the president or by the board of directors, or upon written request of one fourth of all the members who are entitled to vote.

One-tenth of the voting members shall constitute a quorum for any action. If a quorum shall not be present at any meeting, the members entitled to vote there shall have to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present.

At all meetings of the members, a voting member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the association before or at the time of the meeting. Every proxy shall be valid for the meeting for which it is issued and then shall be void thereafter.

ARTICLE IX OFFICERS

There shall be two (2) officers of the association: president and secretary-treasurer and any other officers that the board of directors may create by resolution. One officer shall be a member of the board of directors. The election of the officers shall take place at the first meeting of the board of directors following each annual meeting of the members. The officers of this association shall be elected annually by the board and each shall hold office for one year unless the officer shall sooner resign, shall be removed or be otherwise disqualified to serve. An officer may be removed by the board of directors whenever, in its judgment, the best interest of the corporation will be served thereby.

The duty of the president shall be to preside at all meetings of the board of directors, see that orders and resolutions of the board are carried out, sign all leases, mortgages, deeds and other instruments necessary to perform the business of the corporation and countersign all checks and promissory notes.

The duty of the secretary-treasurer is to record the votes and keep the minutes of all meetings and proceedings of the board and of the members; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, be custodian of the association's record and seal and affix the seal to all documents, the execution of which on behalf of the corporation under its seal is duly authorized, have and take charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for monies due and payable to the corporation.

from any source whatsoever, and deposit all such monies in the name of the corporation at such banks, trust companies or other depositories as shall be selected by the board of directors and in general perform all duties assigned to him by the president or board of directors.

ARTICLE X FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the 31st day of December of each year.

ARTICLE XI AMENDMENTS

These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except the local Health Authority and the Environmental Branch of the Department of Human Resources shall have the right to veto amendments.

ARTICLE XII EARNINGS

The association shall be non-profit. No part of the net earnings of the association shall inure to the benefit of any member, officer or director. The association shall be authorized or pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

ARTICLE XIII USE OF FEES AND ASSESSMENTS

Tap-on fees and assessments collected shall be deposited into a general account for the association. From the general account, payment shall be made to the following:

1. Maintenance account: shall receive 20% of general account to pay for regular maintenance of the system, expenses of the association's management, including but not limited to, postage and reimbursement of director's expenses.
2. Scheduled account: shall receive 20% of the general account to pay for scheduled maintenance, including pumping of septic tanks on a rotating basis, inspections by a certified inspector or private disposal systems, replacement of valves, piping and other items of maintenance, as needed.
3. Escrow account: shall receive 60% of the general account to pay for major improvements as directed by the board of directors, local Health authority, Environmental Branch of the Department of Human Resources or other regulating agency having authority over the system. Any other use of funds from the escrow account is strictly prohibited.

ARTICLE XIV DISPOSAL OF ASSETS ON DISSOLUTION

Upon dissolution of the association and after payment of the corporation debts, the association's assets shall be distributed in accordance with the Plan of Distribution consistent with the laws of the Commonwealth. A Plan of Distribution shall be presented by the board of directors to the voting members. The Plan shall be adopted upon receiving at least two-thirds (2/3) of the votes of members present or represented by proxy.

ARTICLE XV INDEMNIFICATION

The association shall indemnify each of its directors and officers who are a party or threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative by reason of their capacity in the association of attorney fees, costs, fines or judgments paid on behalf of the association.

ARTICLE XVI FINANCIAL STATEMENT OF ASSOCIATION

On the date of the annual meeting of the members, each member of the association shall receive a written report of the operations of the association including its income, expenses, assets and liabilities for the previous twelve (12) month period.

ARTICLE XVII MANDATORY USE OF PUBLIC SEWERS

At such time as public sewers become available for use by all lot owners in Carriage Park Subdivision, the owners of said lots shall be required to convert to the public sewer system. In that event, this association shall be dissolved.



General Hi



Search (Address, City, etc.)



Timberland lagoon

Carriage Park lagoon

TIMBERLAND DR

SIERRA DR

DANUBE DR

TORT TRL

TARPAN TRL

Carriage Park Service Area

STEEL RD



300ft

-88.775 37.078 Degrees

Source KYTC | USDA FSA | Esri, HERE, Garmin, iPC

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 3rd day of May, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and CARRIAGE PARK NEIGHBORHOOD ASSOCIATION, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as an unregulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in McCracken 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 non-profit corporation, incorporated 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, cash reserves and banking deposits in existence prior to the Closing, which shall remain the property of the Seller.

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 non-profit corporation incorporated 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:

Sharon Sanderson
Carriage Park Neighborhood Assn., Inc.
P.O. Box 128
West Paducah, KY 42086
Phone: (270) 744-9999
Mobile: (270) 994-4187
Facsimile: (270) 744-9900
Email: robdoug88@hotmail.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
nd year first above written.

SELLER:

CARRIAGE PARK NEIGHBORHOOD
ASSOCIATION, INC.

By: 
Sharon Sanderson, President

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

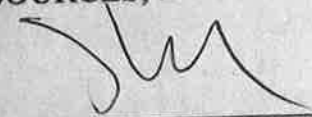
By: 
Josiah Cox, President

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

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)

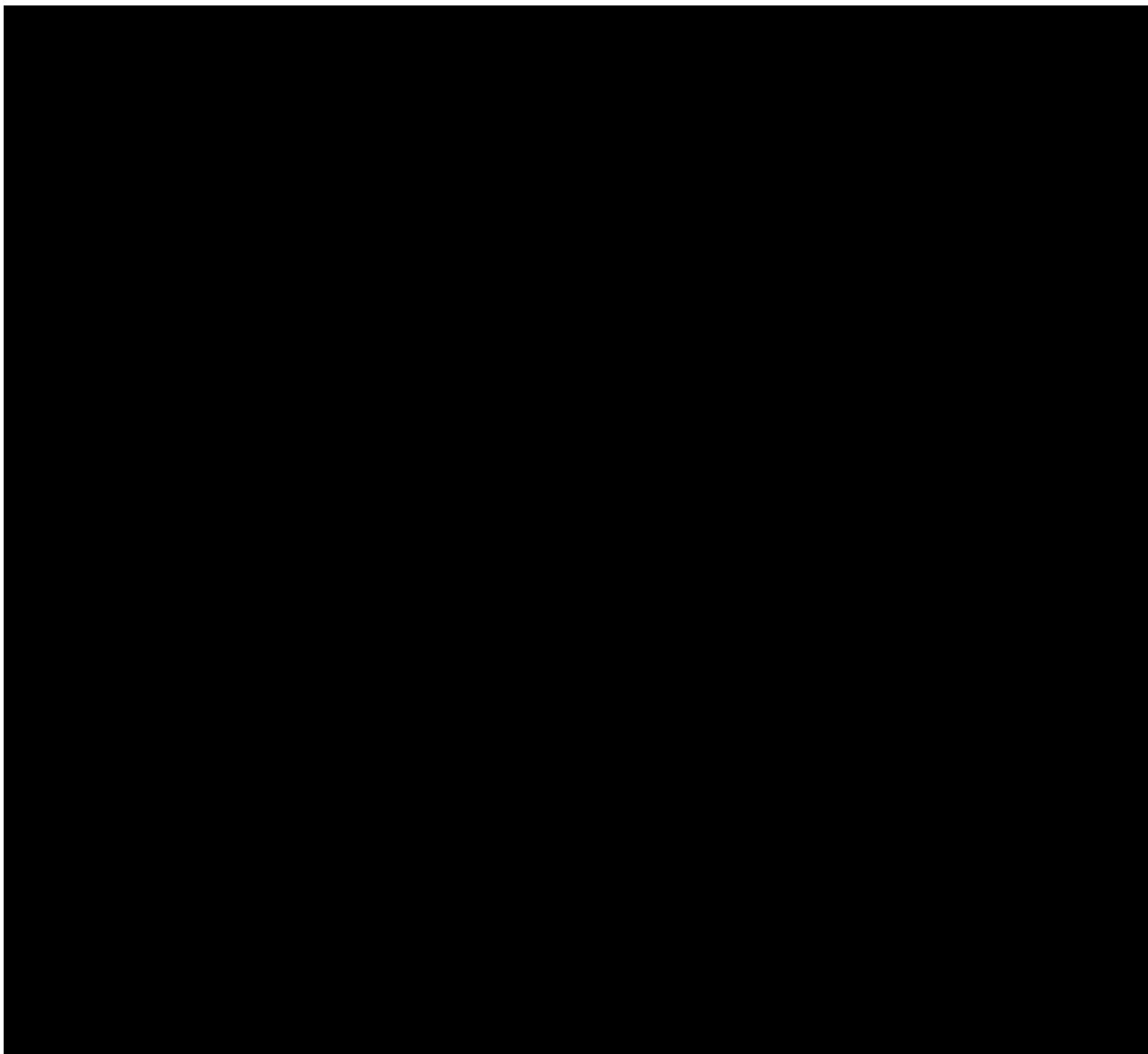
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Carriage Park (Wastewater) – No discharge/No permit
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



BYLAWS OF MARSHALL RIDGE SEWER ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

The name of the corporation is Marshall Ridge Sewer Association, Inc. (hereinafter referred to as "the Association"). The principal office of the corporation shall be located at 6330 Harris Road, Paducah, KY, but meetings of members and directors may be held at those places within the state of Kentucky, County of McCracken, designated by the board of directors.

ARTICLE II MEMBERSHIP

Each person or entity who is a record owner of a fee or undivided fee interest in any lot of Marshall Ridge Subdivision shall be a member of the Association, upon payment of a tap-on fee of \$500.00. Membership is retained as long as the person or entity has a fee or undivided fee interest in the property. Membership in the Association shall transfer with the property, to the successor holder of fee or undivided fee interest in the property. The successor member shall have all the same rights and obligations as an original owner of a lot in Marshall Ridge Subdivision, except a tap-on fee shall not be required. The member transferring interest in a lot of Marshall Ridge Subdivision shall provide a copy of these bylaws to the new owner.

ARTICLE III BOARD OF DIRECTORS

The affairs of the association shall be managed by a board of three (3) directors, with the initial Board of Directors consisting of Sharon B. Sanderson, Robert D. Town and Lawrence Bice. Each initial director shall hold office until the date set for the first annual meeting of members of the Association.

At the first annual meeting the members shall elect three (3) directors for a term of one (1) year or until a successor is named, and at each annual meeting thereafter the members shall elect three (3) directors for a term of one (1) year.

Any director may be removed from the board, without cause, by a majority vote of the members of the association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

No director shall receive compensation for any service he or she may render to the association. However, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting.

ARTICLE IV MEETINGS OF THE DIRECTORS

Regular meetings of the board of directors shall be held ^{*Semi Annual*} ~~monthly~~ without notice, at a place and hour as may be fixed from time to time by resolution of the board.

Special meetings of the board of directors shall be held when called by the president of the association or by any two directors, after not less than seven (7) days notice to each director.

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE V ELECTION OF DIRECTORS

Nomination for election to the board of directors shall be made from the floor at the annual meeting from members of the association. Election to the board of directors shall be by secret written ballot. At the election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provision of these by-laws. The person receiving the largest number of votes shall be elected.

ARTICLE VI ASSESSMENTS

Upon purchase of a lot in Marshall Ridge Subdivision each member is deemed to covenant and agree to pay to the association upon ~~placing a water meter on~~ ^{*occupancy of*} the member's lot in Marshall Ridge Subdivision the fee of \$15.00 per month. The purpose of the assessment levied by the association shall be for maintenance, scheduled pumping and inspection, and future rebuilding of a sewer system, which shall service the property of Marshall Ridge Subdivision. Said fee of \$15.00 per month shall be paid on the first day of each month following the installation of the water meter and shall continue from month to month thereafter, unless modified by the board of directors.

Said fee shall be fixed at \$15.00 per month until such time as the board of directors may deem it necessary to increase or decrease the fee based upon the costs of servicing and maintaining the system.

The monthly assessment must be fixed at a uniform rate for all lots.

If the assessment is not paid within thirty (30) days of the date when due, then the assessment shall become delinquent and shall, together with interest and cost of collection become a continuing lien on the property which shall encumber the title to said property. Delinquent accounts shall bear interest from the due date at the rate of ten percent (10%) per annum.

ARTICLE VII VOTING RIGHTS

Voting rights by members of the association shall be determined based upon ownership in a lot or lots in Marshall Ridge Subdivision. One vote per lot is granted to the members. Joint or corporate ownership in a lot results in a single vote for the owners of the lot.

A majority vote on any issue to come before the membership shall be controlling.

ARTICLE VIII MEETINGS

The membership shall have an annual meeting at a time and place in McCracken County, Kentucky to be determined by the board of directors. A notice of time and place of the annual meeting shall be mailed to each member not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting and the notice shall be deemed to be delivered when deposited in the United States Mail properly addressed and postage prepaid. The meeting shall be held in January of each year, or as soon thereafter as can be reasonably set.

Special meetings of the members may be called at any time by the president or by the board of directors, or upon written request of one fourth of all the members who are entitled to vote.

One-tenth of the voting members shall constitute a quorum for any action. If a quorum shall not be present at any meeting, the members entitled to vote there shall have to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present.

At all meetings of the members, a voting member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the association before or at the time of the meeting. Every proxy shall be valid for the meeting for which it is issued and then shall be void thereafter.

ARTICLE IX OFFICERS

There shall be two (2) officers of the association: president and secretary-treasurer and any other officers that the board of directors may create by resolution. One officer shall be a member of the board of directors. The election of the officers shall take place at the first meeting of the board of directors following each annual meeting of the members. The officers of this association shall be elected annually by the board and each shall hold office for one year unless the officer shall sooner resign, shall be removed or be otherwise disqualified to serve. An officer may be removed by the board of directors whenever, in its judgement, the best interest of the corporation will be served thereby.

The duty of the president shall be to preside at all meetings of the board of directors, see that orders and resolutions of the board are carried out, sign all leases, mortgages, deeds and other instruments necessary to perform the business of the corporation and countersign all checks and promissory notes.

The duty of the secretary-treasurer is to record the votes and keep the minutes of all meetings and proceedings of the board and of the members; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, be custodian of the association's record and seal and affix the seal to all documents, the execution of which on behalf of the corporation under its seal is duly authorized, have and take charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation at such banks, trust companies or other depositories as shall be selected by the board of directors and in general perform all duties assigned to him by the president or board of directors.

ARTICLE X FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the 31st day of December of each year.

ARTICLE XI AMENDMENTS

These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the local Health Authority and the Environmental Branch of the Department of Human Resources shall have the right to veto amendments.

ARTICLE XII EARNINGS

The association shall be non-profit. No part of the net earnings of the association shall inure to the benefit of any member, officer or director. The association shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

ARTICLE XIII USE OF FEES AND ASSESSMENTS

Tap-on fees and assessments collected shall be deposited into a general account for the association. From the general account, payment shall be made to the following:

1. Maintenance account: shall receive 20% of general account to pay for regular maintenance of the system, expenses of the association's management, including but not limited to, postage and reimbursement of director's expenses.

2. Scheduled account: shall receive 20% of the general account to pay for scheduled maintenance, including pumping of septic tanks on a rotating basis, quarterly inspections by a certified inspector of private disposal systems, replacement of valves, piping and other items of maintenance, as needed.

3. Escrow account: shall receive 60% of the general account to pay for major improvements as directed by the board of directors, local Health authority, Environmental Branch of the Department of Human Resources or other regulating agency having authority over the system. Any other use of funds from the escrow account is strictly prohibited.

ARTICLE XIV DISPOSAL OF ASSETS ON DISSOLUTION

Upon dissolution of the association and after payment of the corporation debts, the association's assets shall be distributed in accordance with the Plan of Distribution consistent with the laws of the Commonwealth. A Plan of Distribution shall be presented by the board of directors to the voting members. The Plan shall be adopted upon receiving at least two-thirds (2/3) of the votes of members present or represented by proxy.

ARTICLE XV INDEMNIFICATION

The association shall indemnify each of its directors and officers who are a party or threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative by reason of their capacity in the association for attorney fees, costs, fines or judgements paid on behalf of the association.

ARTICLE XVI FINANCIAL STATEMENT OF ASSOCIATION

On the date of the annual meeting of the members, each member of the association shall receive a written report of the operations of the association including its income, expenses, assets and liabilities for the previous twelve (12) month period.

ARTICLE XVII MANDATORY USE OF PUBLIC SEWERS

At such time as public sewers become available for use by all lot owners in Marshall Ridge Subdivision, the owners of said lots shall be required to convert to the public sewer system. In that event, this association shall be dissolved.



Source KYTC, Source: Esri, DigitalGlobe, GeoEye, Earthstar
Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and
the GIS User Community

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 3rd day of May, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and MARSHALL RIDGE SEWER ASSOCIATION, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as an unregulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in McCracken 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 non-profit corporation, incorporated 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, cash reserves and banking deposits in existence prior to the Closing, which shall remain the property of the Seller.

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], 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 non-profit corporation incorporated 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:

KPSC Case No. 2020-00028

-6- redacted App. Exhibit C-3

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:

Sharon Sanderson
Carriage Park Neighborhood Assn., Inc.
P.O. Box 128
West Paducah, KY 42086
Phone: (270) 744-9999
Mobile: (270) 994-4187
Facsimile: (270) 744-9900
Email: robdoug88@hotmail.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.**

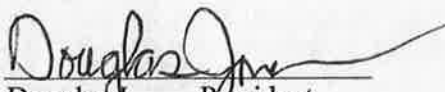
If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually 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:

MARSHALL RIDGE SEWER
ASSOCIATION, INC.

By: 
Douglas Jones, President

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

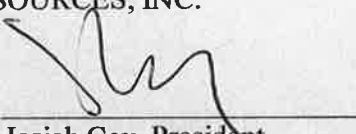
By: 
Josiah Cox, President

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

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)

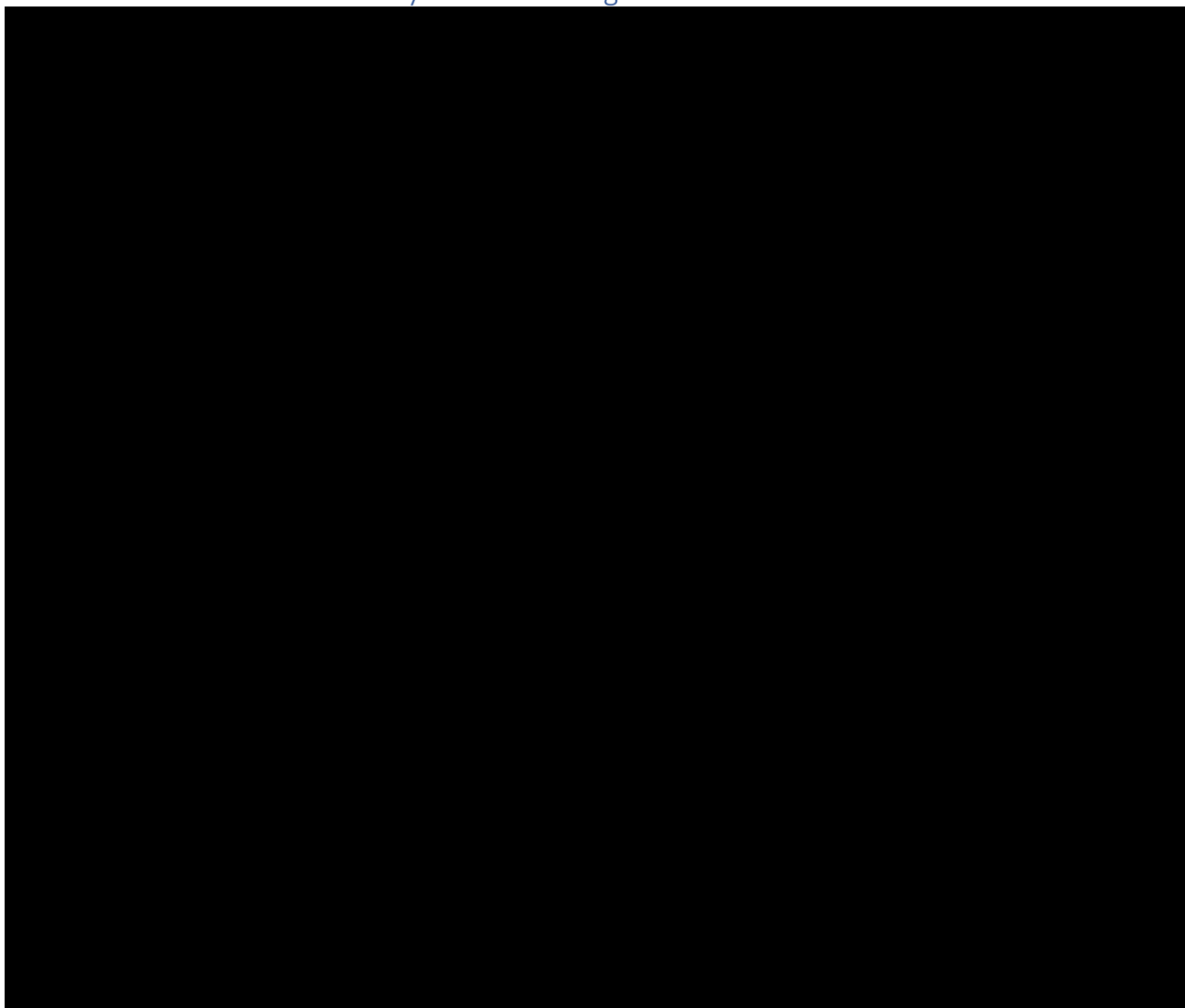
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Marshall Ridge (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 5, 2019

Wastewater Treatment Facility Understanding

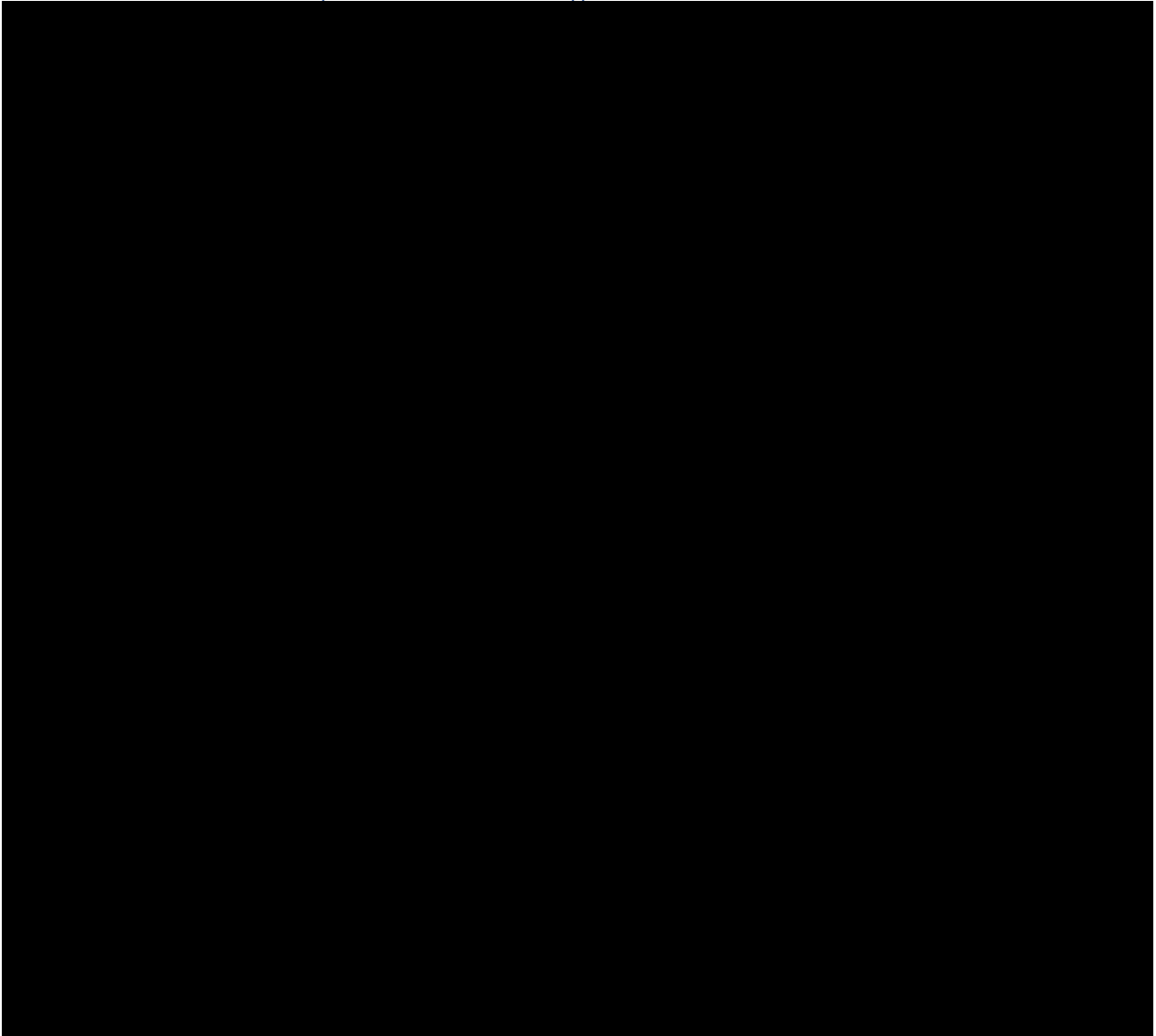


Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

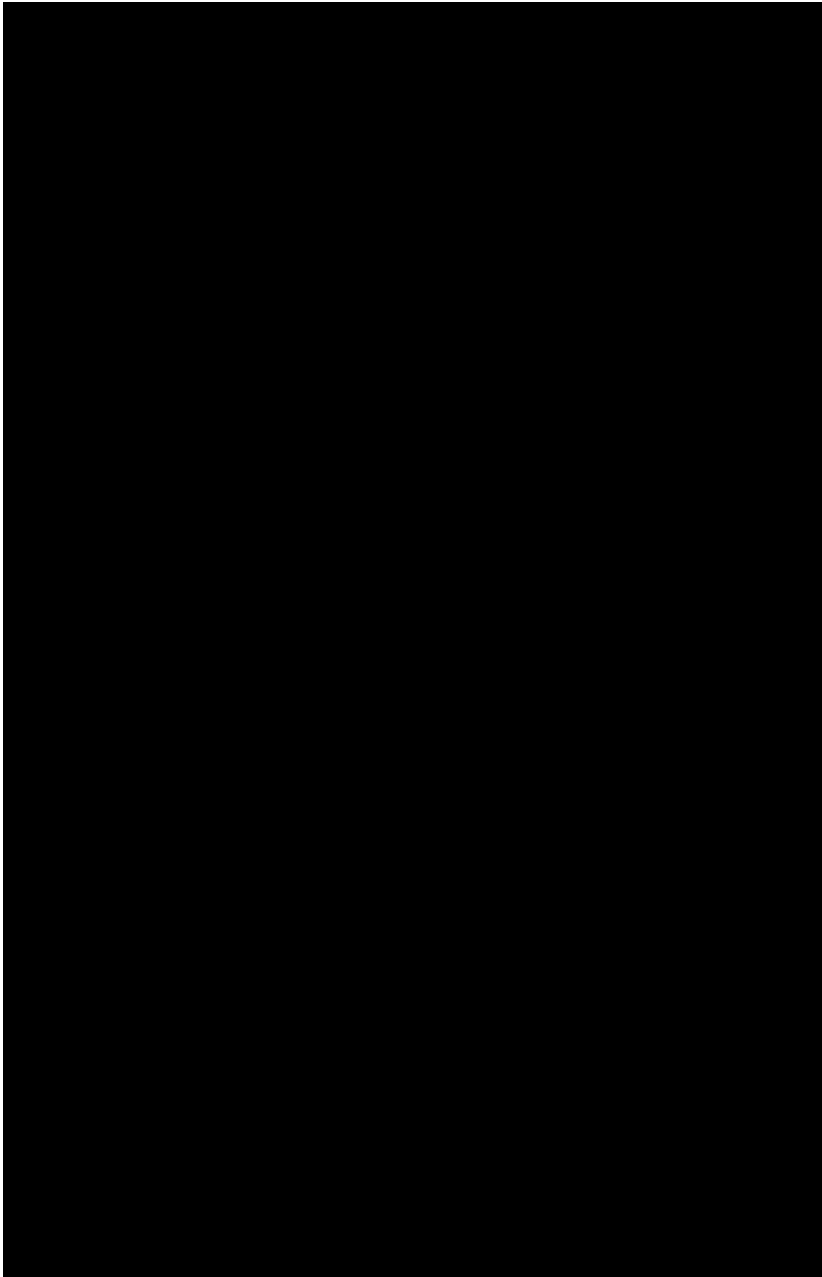
Wastewater Collection System Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



SEPTIC EFFLUENT AGREEMENT

This agreement entered into by and between _____
_____ property owner, of _____, Mayfield,
KY, 42066, a platted lot within Randview Subdivision, party of the first part and Randview Septic
Corporation, by Ralph T. Waldrop, President, 935 Paris Road, Mayfield, KY 42066, party of the
second part.

For the consideration of \$ _____ said sum considered a tap on fee
to offset the cost of providing the infrastructure of the system, in addition to a monthly fee of \$25.00
per living unit paid by the property owners (parties of the first part), the Randview Septic
Corporation, (party of the second part), agrees to accept the effluent that is given off from the
owner's state approved septic tank and discharge it into the state approved septic lagoon now in
operation on property of Randview Septic Corporation

The parties of the first part property owners agree to:

- 1) Not allow any liquid other than the septic tank effluent to be discharged into the
drain lines.
- 2) Pay the annual service fee to the agent of Randview Septic Corporation currently
located at 935 Paris Road, Mayfield KY 42066 each month during the period of
occupancy.
- 3) In the unlikely event of the state disapproving the system at some future date, the
property owner agrees to install its own field tile for his or her own home.
- 4) Will not allow any other person or household to hook up to his system without
notifying Randview Septic Corporation
- 5) In the event of a non-payment by the property owner of the monthly fee,

then Randview Systems, Inc. can sever the hook up line of the property owner and the property owner will be obliged to install its own field tile with Health Dept. approval.

- 6) Party of the first part will allow Randview Septic Corporation. to inspect their effluent as it leaves their septic tank and before connection to our four-inch line. In the event more than water effluent is being emitted, then Randview Septic Corporation will request that the property owner have their septic pumped out. Failure to comply by the party of the first part will authorize Randview Septic Corporation to have their septic pumped at the property owner's expense.

The party of the second part, Randview Septic Corporation agrees to:

- 1) Abide by all state regulations.
- 2) Replace or repair all pumps, electrical circuits, pipes, etc. in connection with the operation of the system.
- 3) Maintain the effluent lagoon in connection with the system.
- 4) Fulfill state requirements that might associate itself with the system and its operation.
- 5) In the unlikely event of new state regulations or natural disaster that would demand serious additional expense then and only then, would the original hook up fee or the monthly use fee be allowed to be increased and only after a thorough breakdown of the new additional cost be explained and documented.

Entered into this _____ day of _____, 20_____.

Owner, Party of the first part

Owner, Party of the first part

Randview Septic Corporation, Party of the second
part by Ralph T. Waldrop, Sr., President

Rates as of 1/8/2020

New Home connection fee, homeowner, not for sale: \$950.00

Single family residence monthly fee: \$25.00

Discounts for payments received as follows:

\$180/calendar year if received in full prior to 2/1

\$120 semiannual payments if received before 2/1 and 7/1

\$65 quarterly payments if received by 2/1, 4/1, 7/1, and 10/1

Existing Homes connection fee: \$950.00

Duplex connection fee: \$1500.00

Duplex monthly fee: \$25/mo per living unit

Commercial, new and existing, connection fee: \$950.00

Commercial monthly fee: Based on water use, \$25.00 minimum

STATE OF KENTUCKY
COUNTY OF GRAVES

I, the undersigned, a notary public in and for the county aforesaid, do certify that the foregoing agreement was this day produced to me and acknowledged and sworn to before me by Ralph T. Waldrop, Sr. as President of Randview Septic Corporation to be his free act and deed. Witness my hand this the _____ day of _____, 20 ____.

Notary Public, Kentucky

My Commission Expires:

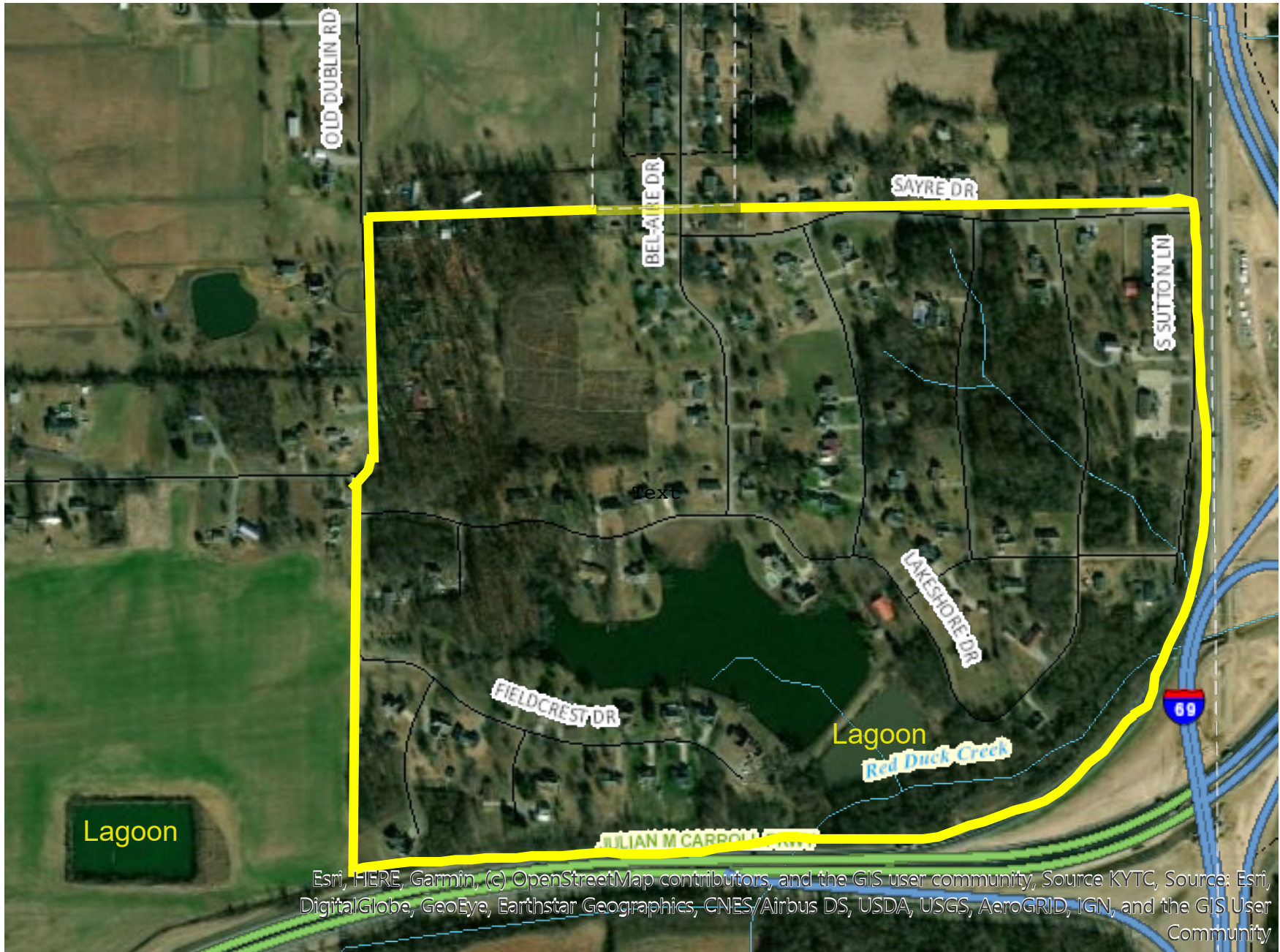
STATE OF STATE OF KENTUCKY
COUNTY OF GRAVES

I, the undersigned, a notary public in and for the county aforesaid, do certify that the foregoing agreement was this day produced to me and acknowledged and sworn to before me by _____ his/her free act and deed. Witness my hand this the _____ day of _____, 20 ____.

Notary Public, Kentucky

My Commission Expires:

P:Randview Septic 2020



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AGREEMENT FOR SALE OF UTILITY SYSTEM

June **THIS AGREEMENT** ("Agreement"), is made and entered into this 14th day of _____, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and RANDVIEW SEPTIC CORPORATION ("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 Graves 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 Graves 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*

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6/14/19

"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 Graves 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 Graves 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 Graves 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

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8/14/19

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], which is the estimate of the net book value of the Assets which may be adjusted as set forth below, for purchase of the Assets ("Purchase Price"). The Purchase Price may be adjusted, with the agreement of the parties, an amount equal to the aggregate payments required to fully satisfy all outstanding liens against the Assets at the time of the Closing, including but not limited to real property tax liens, federal or state tax liens, judgment liens, utility liens, assessment liens, etc. The Parties hereby agree that the Purchase Price may increase or decrease depending upon such determination.

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

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6/14/19

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.

*RW
June 14, 19*

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

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book and page number of the records of the Graves 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

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6/14/19

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

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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.**

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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

Handwritten signature and date:
12/14/19

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:

Handwritten signature and date: 6/14/19

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:

Randview Septic Corporation
Attn: Thomas ~~X~~ Waldrop, Jr.
925 Paris Road
PO Box 447
Mayfield, KY 42066
Phone: (270) 247-2734 (office)
(270) 705-2682 (cell)
Facsimile: (270) 247-0352
Email: tom.waldrop@trifectares.com

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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.

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6/14/19*

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.

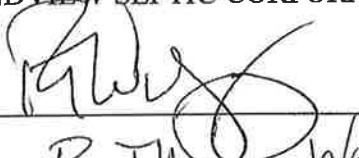
[SIGNATURE PAGE FOLLOWS]

Handwritten signature and date:
June 14 2019

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

SELLER:

RANDVIEW SEPTIC CORPORATION

By: 
Name: R. THOMAS WALDROP JR
Title: V. PRES

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.


By: 
Josiah Cox, President

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

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)

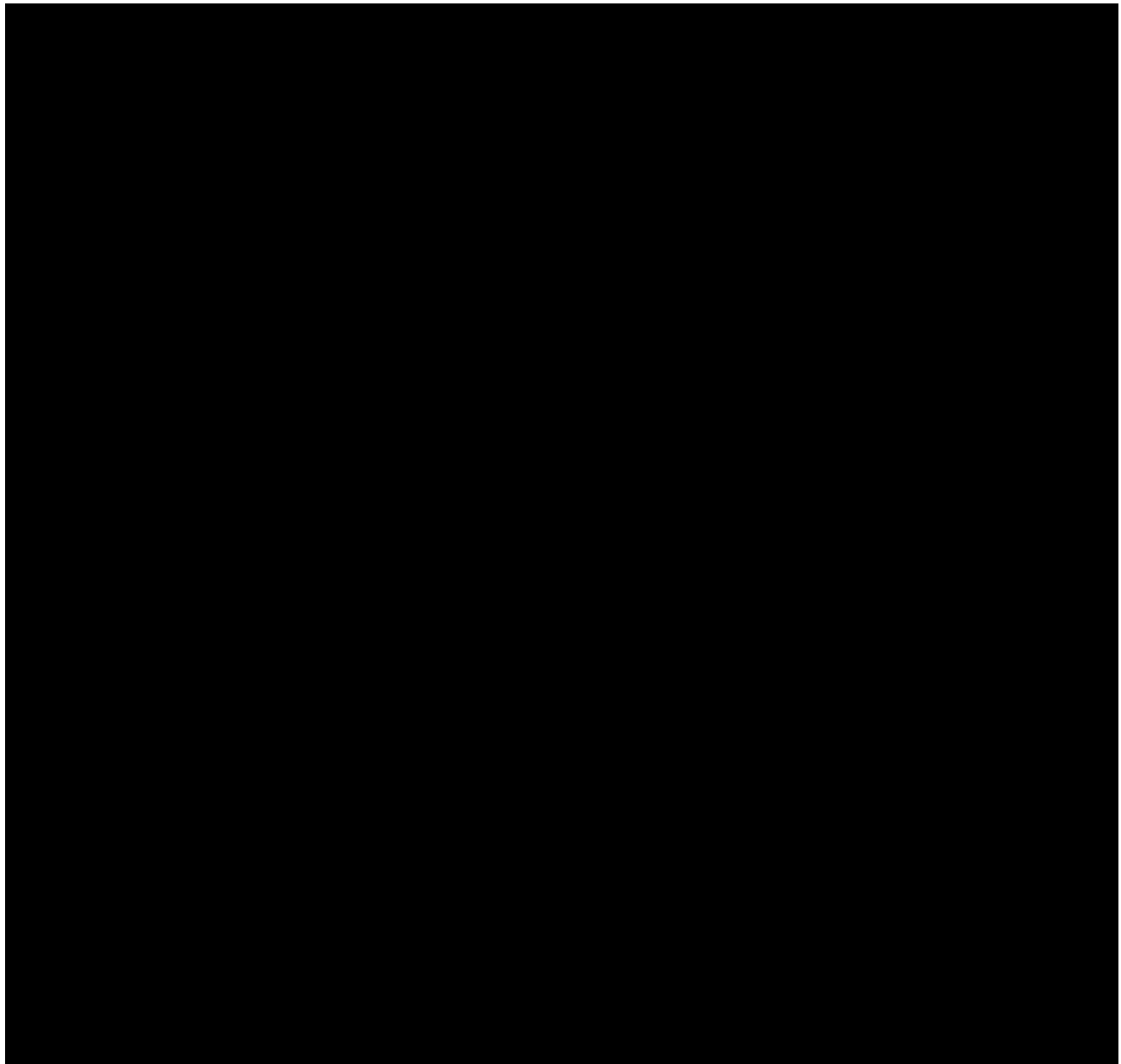
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Randview (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 7, 2019

Wastewater Treatment Facility Understanding

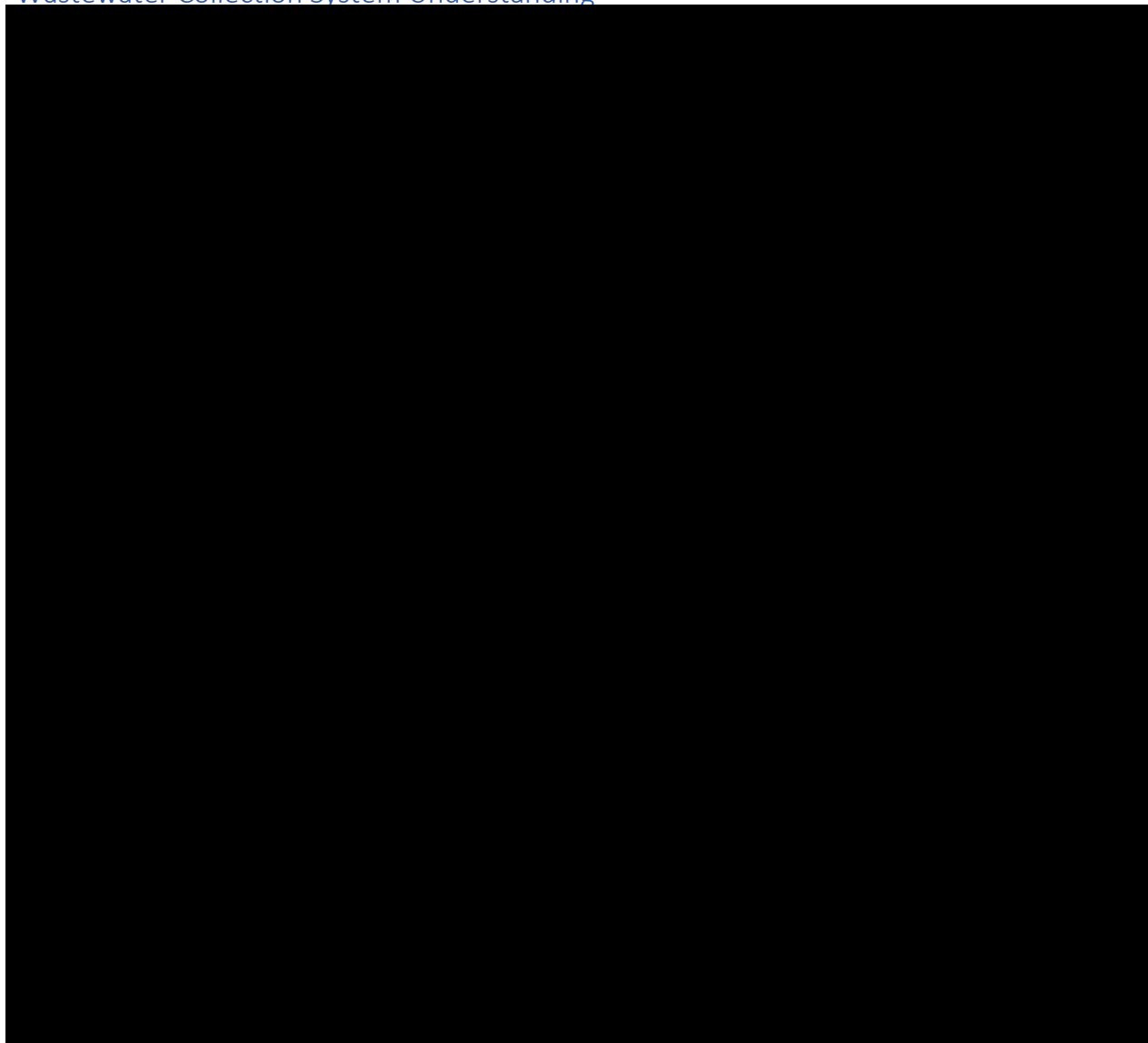


Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Wastewater Collection System Understanding





Source KYTC, Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community





Bluegrass Water Utility Operating Company, LLC

Sewer Service Tariff

PSC KY NO. _____ 1 _____

Proposed SHEET NO. _____ 2.4 _____

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE: ARCADIA PINES

Applicable to all customers in the Arcadia Pines Subdivision in McCracken County, Kentucky (formerly served by Arcadia Pines Sewer Association, Inc.), and to customers on approved taps outside the Subdivision.

Service is available only to a property equipped with a properly-sized and operating septic tank.

MONTHLY RATES

Flat Rate per unit \$25.00

Non-Recurring Charges

Late Payment Penalty 10% per annum

Tap-On Fee \$500.00

DATE OF ISSUE _____ --/--/2020 _____

DATE EFFECTIVE _____ --/--/2020 _____

ISSUED BY _____

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2020-00028 DATED _____, 2020

PSC Case No. 2020-00028
App. Exhibit **F**

Bluegrass Water Utility Operating Company, LLC

Sewer Service Tariff

PSC KY NO. _____ 1 _____

Proposed SHEET NO. _____ 3.2 _____

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE: CARRIAGE PARK

Applicable to all customers in the Carriage Park Subdivision in McCracken County, Kentucky and/or formerly served by Carriage Park Neighborhood Association, Inc., and to customers on approved taps outside the Subdivision.

Service is available only to a property equipped with a properly-sized and operating septic tank.

MONTHLY RATES

Flat Rate per unit \$16.00

Non-Recurring Charges

Late Payment Penalty 10% per annum

DATE OF ISSUE _____ --/--/2020 _____

DATE EFFECTIVE _____ --/--/2020 _____

ISSUED BY _____

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2020-00028 DATED _____, 2020

PSC Case No. 2020-00028
App. Exhibit **F**

Bluegrass Water Utility Operating Company, LLC

Sewer Service Tariff

PSC KY NO. _____ 1 _____

Proposed SHEET NO. _____ 7.4 _____

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE: MARSHALL RIDGE

Applicable to all customers in the Marshall Ridge Subdivision in McCracken County, Kentucky (formerly served by Marshall Ridge Sewer Association, Inc.), and to customers on approved taps outside the Subdivision.

Service is available only to a property equipped with a properly-sized and operating septic tank.

MONTHLY RATES

Flat Rate per unit \$15.00

Non-Recurring Charges

Late Payment Penalty 10% per annum

Tap-On Fee \$500.00

DATE OF ISSUE _____ --/--/2020 _____

DATE EFFECTIVE _____ --/--/2020 _____

ISSUED BY _____

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2020-00028 DATED _____, 2020

PSC Case No. 2020-00028
App. Exhibit **F**

Bluegrass Water Utility Operating Company, LLC

Sewer Service Tariff

PSC KY NO. _____ 1 _____

Proposed SHEET NO. _____ 10.2 _____

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE: RANDVIEW

Applicable to all customers in the Randview Subdivision in Graves County, Kentucky (formerly served by Randview Septic Corporation), and to customers on approved taps outside the Subdivision.

Service is available only to a property equipped with a properly-sized and operating septic tank.

MONTHLY RATES

Residential: Flat Rate per unit \$25.00

Commercial: flat rate based on usage compared to a residential property \$25.00 minimum

Non-Recurring Charges

Late Payment Penalty 10% per annum

New or Re-Connection Fee

Duplex: \$1500.00

All Other: \$950.00

DATE OF ISSUE _____ --/--/2020 _____

DATE EFFECTIVE _____ --/--/2020 _____

ISSUED BY _____

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2020-00028 DATED _____, 2020

PSC Case No. 2020-00028
App. Exhibit **F**

**Residential Service Rates
COMPARISON**

Wastewater Service Area	Number of Customers	Monthly Fee
Systems proposed to be acquired in Case No. 2020-00028⁽¹⁾		
Arcadia Pines	25	\$25.00
Carriage Park	38	\$16.00
Marshall Ridge	40	\$15.00
Randview	54	\$25.00
Systems approved to be acquired in Case No. 2019-00360⁽²⁾		
Joann Estates (Timberland)	69	\$34.71
River Bluffs	182	\$58.16
Systems acquired per approval in Case No. 2019-00104⁽³⁾		
Airview	203	\$41.36
Brocklyn	70 single/ 98 multi-unit	\$40.00 per unit \$30.40 per unit
Fox Run	34	\$55.85
Golden Acres Great Oaks	127	\$39.57 \$28.84
Kingswood	133	\$38.84
Lake Columbia	33	\$50.32
Longview / Homestead	261	\$30.00
Persimmon Ridge	358	\$35.00

(1) See Application ¶¶ 9, 13, 17, 21, 24, 28, 35.

(2) See Case No. 2019-00360, 12/16/19 Response to 1 PSC 1(g).

(3) See Case No. 2019-00104, 5/31/19 Response to 1 PSC 1(g); Bluegrass Water UOC PSC Ky. No. 1, sheets 2-10