

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Proposed Acquisition by Bluegrass)
Water Utility Operating Company, LLC and)
the Transfer of Ownership and Control of)
Assets by: Delaplain Disposal Company;)
Herrington Haven Wastewater Company, Inc.;)
Springcrest Sewer Company, Inc.; and)
Woodland Acres Utilities, LLC.)
)

Case No. 2020-00297

Notice of Filing per 2/25/2022 Order

Please take notice that Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”) herewith submits publicly filed documents in compliance with paragraph 11 of the Commission’s February 25, 2022 Order (“2/25/22 Order”) for which material denied confidential treatment is not redacted. The submitted documents have been prepared in accordance with 2/25/22 Order (p. 9) paragraph 3.

Respectfully submitted,

/s/ Kathryn A. Eckert

Katherine K. Yunker

kyunker@mcbayerfirm.com

Kathryn A. Eckert

keckert@mcbayerfirm.com

MCBRAYER PLLC

201 East Main Street; Suite 900

Lexington, KY 40507-1310

859-231-8780

fax: 859-231-1175

Attorneys for Applicants

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Surveying & Mapping

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Wastewater Treatment



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The Delaplain Disposal – Delaplain WWTP KY0079049

Kentucky

Engineering Memorandum

Date: September 11, 2020

Introduction

The Delaplain wastewater treatment facility is located north of Georgetown, Kentucky approximately 19 miles north of Lexington, Kentucky. This facility services 290 residences and 33 commercial or industrial contributors. The system operates under Kentucky DEP Permit number KY0079049 and Agency ID number 3901.

Existing Flows and Loadings and Projections

The existing facility is authorized to treat up to 240,000 gpd.

According to the permit application submitted by Delaplain Disposal Co., the flow contribution is 55% commercial and 45% industrial. According to data available on EPA's Echo site and data submitted to 21 Design Group, Inc. by current ownership, the flows to the facility for 2020 are very roughly approximated below:

- Annual Average Daily Flow – 240,000 – 260,000 gpd
- **Maximum Monthly Average Daily Flow – 360,000 gpd**
- Maximum Weekly Average Daily Flow – 475,000 gpd
- Maximum Daily Average Daily Flow – 910,000 gpd
- Peak Hourly Flow – 1,200,000 gpd

The maximum monthly average daily flow and peak flows are concerning relative to the existing rated capacity and plant size. The plant has a clarifier that is ½-1/3 of the required size at this time. This is consistent with the current ownership's belief that I&I is a problem and flow equalization would be helpful, and it also makes some sense of the excursions in TSS (during wet weather).

The flow peaking factor for the facility is clearly significant, and because of the significant commercial contribution, it's very likely that there's significant variability and spikes in BOD, TSS and ammonia loadings. During excursions in the past, BOD levels were significantly higher than TSS levels, indicating incomplete treatment. We know that one of the original 50-hp centrifugal blowers was replaced recently (to maintain current capacity rating, not to increase aeration capacity), and it's likely that this improvement was made to address the high BOD events observed. It is unclear at this time if the improvement to blower capacity will meet demands from the flow and loading spikes, but it would seem likely that the blower capacity is inadequate based on current vs design flows.

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Based on what we've seen and heard to date, the significant industrial contributor has not historically become an issue in operation or in permit compliance.

Based on discussions with current Ownership, the local region is growing rapidly, the area serviced is growing, and they anticipate growth in flows and loadings.

Permit Limitations and Historical Compliance Performance

The plant is authorized to discharge up to 240,000 gallons per day (gpd) by the KDEP per the operating permit. **As discussed above, the facility has discharged flows significantly in excess of this value a number of months this year and is likely to exceed this annual flow rate in 2020.**

A summary of the existing permit limits is described below:

- BOD5 – 10/15 mg/L (Monthly average/Maximum Weekly Average)
- TSS – 30/45 mg/L
- NH3-N – 2/3 mg/L
- NH3-N – 5/7.5 mg/L
- E-Coli – 130/240 mpn/100 ml
- Total Residual Chlorine – 0.011/0.019 mg/L
- Total Phosphorus – Report Only
- Total Nitrogen – Report Only
- Dissolved Oxygen – No limit

A review was performed of EPAs Echo compliance website which lists violations of wastewater treatment plants across the country. The Delaplain wastewater treatment plant has exceeded permit limitations several times in recent months and years for Total Suspended Solids, Ammonia Nitrogen, Total Residual Chlorine, E-Coli, and CBOD5.



Wastewater Treatment Facility Existing Conditions

The original facility included the following features:

- Two influent lines; one comes by gravity from the east side of the facility, and the other enters via forcemain from the west side of the facility.
- Comminutor to grind and remove influent solids
- Manually cleaned bar screen
- Aeration tank
- Two 50 hp centrifugal blowers used to aerate the aeration tank

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- Circular clarifier with scum collection and air lift of scum to digester
 - RAS/WAS box
 - Surge Chamber and transfer pump to convey stored wastewater into the aeration tank
 - Aerobic Digester
 - Chlorine feed point and chlorine contact tanks
 - Dechlorination feed point and dechlorination contact tanks
 - Control panels for various subcomponents in the system including the controls for the clarifier, blowers, and surge tank transfer pumps.
 - PD blower that appears to serve the aerobic

The existing facility has aged, showing the need for fresh coatings, protection from exposed wires, and spot welding repairs, but it is in relatively good working order.

The comminutor is no longer utilized, and the manual bar screen appears to result in overflows periodically from the uncleaned bar screen rack. The air pattern in the aeration tank indicates relatively turbulent mixing conditions using coarse bubble diffuser design that would likely not be improved significantly with diffuser replacement. It was unclear whether the surge tank is utilized or if the surge tank transfer pumps are in working condition. The existing gaseous chlorine and gaseous sulfur dioxide systems were in working condition according to the operators (however the chemical solution feed lines were not evident).

Functionality of the Existing System

The functionality of the existing plant is similar to other activated sludge systems. However, this system is challenged by:

- **The system is seeing flows (and most likely loadings) significantly in excess of original capacity.** This results in the need to carry very high mixed liquor concentrations and to maintain a very healthy sludge age in a limited range or face challenges during wet weather to retain biomass. (Based on effluent results, it appears this is a real problem here).
- The existing clarifier has a 10' depth and a 25' diameter. Because the 10-State Standards require 12' deep clarifiers, this tank is not acceptable as a secondary clarifier for activated sludge systems. At the maximum 10-State Standards surface overflow rate of 1,000 gpd/sf, the 25' diameter clarifier can only handle peak flows up to about 490,000 gpd. The peak daily flow and peak hourly flows to the plant significantly exceed this flow rate at this time, so the clarifier is very undersized for use in an activated sludge application.
- There is only 1-large zone of treatment, and it's difficult to make system repairs without multiple tanks to allow the system to be taken off line.
- There are no provisions evident for using the surge tank beyond overflowing the bar screen. It is currently not convenient to use the surge tank.
- There is only 1-operating blower for the aeration tank, and because it's centrifugal and there's no modulating inlet suction valve or VFD, it's either on or off.

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- It doesn't appear to include provisions for decanting supernatant from the digester (which is most likely undersized now).
- The contact time for disinfection appears to be limited.
- The current ownership believes the previous operator did not perform well; a new, effective operator has taken over recently.
- The use of gaseous chlorine and gaseous sulfur dioxide poses addition risks to operators and the neighboring community, and it's somewhat uncommon to many operators.
- Currently no remote monitoring is in place at the site. This makes it difficult for the operators to know when the facility is failing. Operational monitoring should be completed to monitor the quality of effluent, which should then be compared to the operating permit.

Wastewater Treatment Facility Recommended Improvements

- Because the facility receives flows and loadings in excess of current capacity (by roughly 40-50%), we believe there will be a need to upgrade the system BOD, TSS and NH₃-N reduction capacity. We also believe the facility faces excessive I&I, so flow equalization and an influent pump station will be helpful to reduce demands on the final clarifier.
- The failure of the original comminutor results in the need to collect significant screenings in multiple 5-gallon buckets. We recommend the addition of a mechanically cleaned screen for this application.
- The improvements proposed to integrate the above two recommendations includes the addition of a "roughing" MBBR (targeting 70% BOD reduction in a 40 minute hydraulic retention time or 10,000 gallons); the addition of equalization with 4-hours of hydraulic retention time or 60,000 gallons and an influent pump station with variable frequency drives with an influent flow meter; the addition of metal salt addition in the EQ and clarifier to improve solids capture during wet weather, and the addition of a tertiary auto-strainer for solids separation downstream of the existing clarifier.
 - Note that a variance will be required for acceptance of the secondary clarifier due to the 10' deep tank height and the high surface overflow rate.
 - This improvement is expected to reduce peak flows to the clarifier by up to 25%
 - This improvement is expected to reduce the required mixed liquor concentration by as much as 70% without requiring modifications to the existing aeration header or blowers.
 - This improvement is expected to minimize solids carry over into the clarifier during peak flow events relative to existing conditions.
- We recommend the addition of current density baffles to the side wall of the clarifier (in addition to the above described roughing MBBR and EQ tank improvements) to improve clarifier performance and to allow for regulatory acceptance of surface overflow rates in excess of the typically allowable surface overflow rates. The new roughing MBBR could be used in conjunction with the use of the new EQ tank for temporary clarification to achieve temporary treatment during installation of the current density baffles.

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- The addition of a tertiary automatic straining system will add protection for the system from BOD and TSS excursions during wet weather events.
- The use of an in-line UV disinfection system will be used to achieve compliance with the disinfection requirements. (Note that the industrial contribution could impact UVT transmittance and this should be checked over a period of several samples prior to ordering equipment).
- While the above improvements should allow a good operator to significantly improve performance, the addition of an alum feed system to promote improved solids capture during wet weather events (in both the equalization tank and in the clarifier) will provide a margin of error to allow the system to achieve considerably improved permit compliance.
- There is a potential that a second clarifier will be required at some point in the future if I/I issues increase.

Wastewater Collection System Understanding

The collection system consists of gravity sewer as well as five separate lift stations. The plant has an hourly peak flow factor of almost 6:1, so I and I is considered a large issue for the collection system and should be dealt with sooner rather than later as it is negatively affecting the plants ability to meet the effluent discharge limits enforced by Kentucky. (Note however that while the 4:1 peak day: average day flow peaking factor and the 6:1 peak hour: average day ratios cause problems within this plant, they aren't large peaking factors relative to many plants. Some degree of I/I reduction can be expected, but we are not likely to achieve 2:1 or even 3:1 peaking factors with I/I reductions).

Industrial Pump Station 1 is located directly south of the wastewater facility along Interstate 75 and conveys all of the systems wastewater to the treatment plant. The wet well is outfitted with dual 20 hp non-clog pumps from Myers and has a discharge force main diameter of 6". Moonlake Pump Station 1 conveys wastewater through 4" force main across Interstate 75 directly to Industrial Park Pump Station 1 and is outfitted with dual 25 hp pumps from Myers. The station is poorly located in terms of ease of access, which will make maintenance and upgrades difficult to perform. A list of Pump Stations with specifications for each pump is located in the Appendix.

Wastewater Collection System Recommended Improvements

- GIS shapefiles should be developed for future maintenance. System mapping at the fingertips of the operators will enhance the level of service and timing of responses to emergency and customer issues.
- Install flow monitoring, perform smoke testing, perform video inspection at selected locations, evaluate systems and create GIS based maintenance priority list to help understand and reduce the effect of I and I on the system.
- A manual transfer switch should be installed at each lift station to allow for the use of a portable generator during emergencies.

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Total Project Cost Estimate

Opinion of Capital Cost Summary		
Delaplain WWTP		
DESCRIPTION OF WORK		2020 Cost
Initial Improvements		\$435,000
Mission systems at 5 Lift Stations and Plant		\$50,000
Site improvements at lift stations		\$20,000
Supplemental blower addition		\$43,000
MBBR, mechanical screen , EQ and Influent Pump		
Station addition, flow meter		
MBBR Media		\$100,000
MBBR Diffusers		\$12,000
EQ Tank Diffusers		\$10,000
Influent Pump Station Equipment		\$25,000
Influent Flow Meter		\$5,000
Mechanically Cleaned Bar Screen		\$45,000
Concrete and Excavation		\$125,000
Secondary Improvements		\$462,000
Install manual transfer switches (plant;5 lift stations)		\$62,500
Install new electrical distribution panel		\$30,000
Remove sludge from existing system and rehab		
clarifier and aeration tanks		\$100,000
Install current density baffles		\$30,000
Tertiary auto-strainer		\$50,000
Strainer Feed pump system		\$30,000
UV Disinfection equipment		\$55,000
Alum feed system		\$25,000
Building (250 sf)		\$37,500
Site work and yard piping		\$42,000
Total		\$897,000

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APPENDIX



Aeration Tank



Circular Clarifier

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Bar Screen



Gaseous Chlorine Storage

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Industrial Pump Station 1 (INPS1)

#1 Pump - 9/11/13: Myers 4" non-clog pump, 20 hp, 230 volt, 3 phase, 10" impeller Model #4VC200M4-23, SN 10013516

#2 Pump – 5/29/18: Myers 4" non-clog pump, 20 hp, 230volt, 3phase, w/50' cord, upper & lower T.C. seals and 10" oversized impeller SN 10554284

Industrial Pump Station #2 (INPS2)

#1 Pump – 12/14/12: Meyers 4VH75M4-23, 7.5 hp, 230 volt, 26 amps, 60 hertz, 3 phase, SN 00165030.
11/2018 – extensive rebuild – Clark Electric.

#2 Pump 12/28/2018: Meyers MY 4VH75M4-23, 7.5 hp, 230 volt, 3 phase, 35' cord, 8" oversize impeller. SN 10582019.

Moon Lake Pump Station #1 (ML1)

#1 pump - 2/18/15: 4RCX250M2-43-35, 25 hp 3/460 volt with 35' cable. Lower TX seal, 5.88" oversized impeller. SN 10080201

#2 pump - 5/19/14: 4RCX250M2-43-35 25HP 3/460 volt with 35' cable. SN 10246932

Moon Lake Pump Station #2 (ML2)

#1 Pump - 10/2016: Myers 4V75M4-23-35 4" sewage pump 7.5 hp, 230 volt 3 phase w/standard seals and 35'cord serial 7.5" std impeller, SN10365415.

2 Pump - 8/2017 Myers 4V75M4-23 7 ½ hp, 3 ph, 230 volt, SN 10519205

Riffton Meadows Pump Station (RM)

#1 Pump – 2007: WGX30H-21-25, 3 hp, 3450 RPM, 230 volt, 1 phase, Impeller 5" SN GX304-4-25

#2 Pump - 2007: WGX30H-21-25, 3 hp, 3450 RPM, 230 volt, 1 phase, Impeller 5"

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Herrington Haven Subdivision – Herrington Haven WWTP KY0053431
Kentucky
Engineering Memorandum
Date: September 11, 2020

Introduction

The Herrington Haven wastewater treatment facility is located in Lancaster, Kentucky approximately 5 miles northeast of Danville, Kentucky. This facility services 21 parcels. The system operates under Kentucky DEP Permit number KY0053531 and Agency ID number 3901.

Wastewater Treatment Facility Existing Conditions

The plant is authorized to discharge up to 9,800 gallons per day (gpd) by the KDEP per the operating permit.

A summary of the existing permit limits are described below:

- BOD5 – 30/45 mg/L (Monthly average/Maximum Weekly Average)
- TSS – 30/45 mg/L
- NH3-N – 20/30 mg/L
- E-Coli – 130/240 mpn/100 ml
- Total Residual Chlorine – 0.011/0.019 mg/L
- Total Phosphorus – Report Only
- Total Nitrogen – Report Only
- Dissolved Oxygen – 2.0 mg/L minimum

The subdivision has 19 occupied residences out of the 21 parcels, so little additional growth in flow or loading is expected. Based off of the number of possible connections and assuming 375 gpd of flow per customer, we expect to reach the 7,875 gpd when the entire subdivision is occupied, so the 9,800 gpd of capacity would seem to be adequate.

A review was performed of EPAs Echo compliance website which lists violations of wastewater treatment plants across the country. The Herrington Haven wastewater treatment plant has exceeded permit limitations several times in recent



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months and years for E-Coli, Total Residual Chlorine and Total Phosphorus. Note that the permit shown on the KYDEP website indicates that Total Phosphorus levels are to be reported but there is no limit; however, the EPA Echo website describes effluent limit exceedances for Total Phosphorus. Additional research will be required to understand this discrepancy.

The existing facility includes an extended aeration package plant including a mechanically cleaned bar rack screen, a single aeration basin, two hopper bottomed clarifiers, and a chlorine contact tank. Downstream of the packaged plant there is a V-notched weir box that is used for dechlorination contact time and flow monitoring.

The packaged plant has aged and shows significant signs of wear and corrosion. The blowers and diffusers are in need of replacement, and one of the two RAS lines has broken off into the aeration basin. The access platform became dangerous to use and has since been removed. The basin does not include handrail needed to protect operators or visitors from falling into the package plant.

Functionally, the system also has some limitations:

- The plant was installed behind retaining walls on 3 of 4 sides and includes very limited perimeter property boundary, with little room to work or add improvements.
- The plant is theoretically above the flood elevation (which exists just southwest of the plant), but the plant has historically flooded several times according to operators.
- The facility has somewhat limited site access for bringing in drums of liquid chemicals (if metal salt addition or disinfection chemicals are required).
- According to operators, the all gravity collection system results in significant I&I, impacting system performance.
- The system does not include aerobic digestion / sludge storage to allow for routine wasting or maintenance of a healthy mixed liquor concentration throughout the year.
- The blower has reached the end of its useful life.
- The operator believes it is necessary to turn off aeration during wet weather events to minimize the loss of solids and to retain a healthy biomass.
- The clarifier influent and effluent each enter/exit through a single pipe, and the clarifier level control is with a horizontally placed pipe (no weir), so there's poor flow distribution through the clarifier surface area that exists.
- There is no ideal place for chlorine tablet addition or dechlorination tablet addition.
- The apex of the V-notch weir used for flow monitoring was submerged during the site visit, making any reading from it inaccurate. (The ultrasonic flow meter was also located downstream of the V, so the system installation is incorrect).
- The V-notch weir structure is located offsite (outside of the property limits) and within the flood zone.

The wood fencing around most of the site is generally in good shape.

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Currently no remote monitoring is in place at the site. This makes it difficult for the operators to know when the facility is failing. Operational monitoring should be completed to monitor the quality of effluent, which should then be compared to the operating permit.

Wastewater Treatment Facility Recommended Improvements

- The condition of the tank calls for taking the facility off line for structural repair, at a minimum to include the addition of either supplemental or replacement stiffeners, safety handrail, welding repairs, and the addition of a new RAS line from one of the hopper bottomed clarifiers to the front end of the plant.
- A new roughing MBBR in the form of a 4-foot diameter, 11-foot deep manhole will be installed upstream of the existing influent manhole to remove BOD, reducing the load and in turn stabilizing the existing system and improving nitrification.
- The new system will generate significantly less sludge than previously, so sludge handling needs will significantly decrease.
- The 10' foot deep clarifier will function much better in this application than with only the existing activated sludge system, as the roughing MBBR will reduce the amount of activated sludge mixed liquor required to meet effluent objectives. This will reduce the risk of solids carry over during wet weather significantly.
- The effluent from the aeration basin will be evenly distributed into and through the clarifier, and the level control in the clarifier will be maintained with the addition of a weir trough and weir.
- Aluminum sulfate (alum) will be introduced in the extended aeration effluent, upstream of the influent into the clarifier.
- A flow meter will be installed in the clarifier effluent piping, in route to the contact tank.
- Peroxyacetic acid will be introduced directly into the contact tank in lieu of attempting to install chlorination and dechlorination tablet feeders in the limited hydraulic profile. The PAA chemical requires less contact time, and will more consistently achieve the necessary disinfection objectives.
- The existing chlorine contact tank will be equipped with diffusers to help in meeting the dissolved oxygen effluent limit.

The blowers will be replaced and serve the roughing MBBR, extended aeration system, and post-aeration system. [Wastewater Collection System Understanding](#)

While no mapping was provided, the collection system consists of only gravity collection.

According to the operator, the collection system consists of 8" and 10" gravity sewers, and the high groundwater table results in significant peak flow events at the facility. Wastewater enters the wastewater treatment plant through a gravity sewer.

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Wastewater Collection System Recommended Improvements

- The system should be evaluated to create mapping and develop GIS shapefiles for future maintenance. System mapping at the fingertips of the operators will enhance the level of service and timing of responses to emergency and customer issues.
- Perform smoke testing, perform video inspection at selected locations, evaluate systems and create GIS based maintenance priority list.

Total Project Cost Estimate

Opinion of Capital Cost Summary Herrington Haven, KY

DESCRIPTION OF WORK	2020 Cost
Initial Improvements	\$30,000
Install Mission monitoring - plant	\$15,000
Blower replacement	\$14,000
Temporary RAS line addition	\$3,000
Secondary Improvements	\$147,200
Install manual transfer switch in electrical service	\$7,500
Install new electrical distribution panel	\$12,000
Remove sludge from existing system and rehab	\$20,000
Install Roughing MBBR Manhole	\$20,000
Install MBBR media, sieves, diffusers	\$50,000
Install Aluminum Sulfate feed and storage system	\$12,000
Install Peroxyacetic Acid feed and storage system	\$18,000
Install flow meter	\$3,200
Install aeration in existing contact chamber	\$4,500
Total	\$177,200

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Aeration Tank, Clarifier, Contact Tank



Clarifier and Contact Tank

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Manually Cleaned Bar Screen



WWTP Electrical Meter

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Springcrest Sewer – Springcrest Wastewater Disposal System Kentucky Engineering Memorandum Date: September 11, 2020

Introduction

The Springcrest Sewer facility is located in Keene, Kentucky approximately 7 miles southwest of Lexington, Kentucky. According to the Rough Service Area map, this utility services 45 parcels. The system includes a low pressure sewer system and an irrigation disposal system.

In review of the original subdivision drawing, it seems that the subdivision was originally designed to serve 48 parcels, including parcels not shown on the current Rough Service Area map. The additional parcels that may be served are shown below. The occupancy of the existing subdivision is close to full capacity.



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Wastewater Treatment

Each of the existing homes utilizes a septic tank for wastewater treatment and a low pressure pumping system to convey effluent to the low pressure main that conveys wastewater to the common disposal site. The pump pits are each 3' in diameter, have a 5' total depth, are constructed of FRP, and include 18" opening in the cover. The gray water conveyed through the low service lines are routed through a single 4" forcemain to the wastewater disposal facility.

The original drawings of the system indicate that the homeowners own and maintain their septic systems, but that the utility owns and maintains all of the low pressure pump stations and pressure main. The inspection of the system did not include an assessment of the individual pump stations.

It is recommended that CSWR review the existing tariff to confirm ownership and operations responsibilities and liabilities. It is also recommended that the low pressure pump stations be inspected to determine reliability of each of the 45-48 pumping system.

Wastewater Irrigation Disposal System

Flow from the single 4" force main enters the flow irrigation pump wet wells. There are 4, 6' diameter precast concrete wet wells and each is hydraulically connected with a 10" pipe that spans from wet well to wet well.

Each of the 4 wet wells is equipped with a triplex pumping system to convey wastewater to a specific zone of the irrigation system (Zones 1-4). Each zone includes 2 subzones, and if 1 subzone is in service, one pump is required to operate to maintain pressure; if two zones are in service, two pumps are utilized. Each pump station includes a standby pump.

There is a single control panel for all four irrigation pumping systems located in a masonry building between the pump stations and the irrigation area. The pump stations, controls, electrical gear and masonry building internals all appear to be in good working order.



Electrical / Control Building and Irrigation Area in Background

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There is limited security at the facility. There is a gate to the site, but the utility has not historically been able to keep the gate locked because the electric utility has easement access rights through the gate to the high voltage electric service lines running adjacent to the sewer facility, and the access is frequently used. The building can be secured to protect the electrical and control facilities. However, the low pressure sewer pump stations throughout the system and the irrigation pump stations are currently accessible to those willing to trespass.

This application may not require the addition of fencing around the pump station sites for a couple of reasons: a) the site is remote; to enter the site, you have to drive off the paved streets and into a field through a gate that says no trespassing; and b) there are no tanks to fall in at this site and the hatches into each wet well have lockable hatches and padlocks. We recommend that security concerns be discussed with the electric utility and that locks on the entrance gate be maintained by both CSWR and the electric utility.

Over 5-acres are irrigated with the gray water. The irrigation network includes the following features:

Zone 1

- Over 1,475' of 4", 140' of 3" and 115' of 2" transmission main piping
- Zone 1A – 1,890 FT of 1-1/4" lateral lines with 5/32" orifices
- Zone 1B = 2,100 FT of 1-1/4" lateral lines with 5/32" orifices

Zone 2

- Over 800' of 6", 215' of 3" and 100' of 2" transmission main piping
- Zone 2A – 2,800 LF of 1-1/4" lateral lines with 5/32" orifices
- Zone 2B – 3,010 LF of 1-1/4" lateral lines with 5/32" orifices

Zone 3

- Over 344' of 4", 132' of 3" and 134' of 2" transmission main piping
- Zone 3A – 1,960 LF of 1-1/4" lateral lines with 5/32" orifices
- Zone 3B – 3,840 LF of 1-1/4" lateral lines with 5/32" orifices

Zone 4

- Over 1,367' of 6", 940' of 4", 283' of 3", and 137' of 2" transmission main piping
- Zone 4A – 4,830 LF of 1-1/4" lateral lines with 5/32" orifices
- Zone 4B – 4,250 LF of 1-1/4" lateral lines with 5/32" orifices

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Wastewater Collection System Recommended Improvements

- The system should be evaluated to create mapping and develop GIS shapefiles for future maintenance. System mapping at the fingertips of the operators will enhance the level of service and timing of responses to emergency and customer issues.
- Each low pressure system pump station should be inspected. It is assumed that 5 pumps will be replaced initially.
- Each irrigation pump station should be inspected. It is assumed that 3 pumps will be replaced initially.
- The pump vault hatches should be replaced with lockable hatches.
- An inventory of assets should be developed and spare pumps, controllers, and valves acquired to allow CSWR to maintain effective, timely service.

Total Project Cost Estimate

Opinion of Capital Cost Summary Springcrest, KY	
DESCRIPTION OF WORK	2020 Cost
Initial Improvements	\$47,000
Install Mission monitoring - Plant	\$15,000
Hatch replacement on 4 wet well covers	\$8,000
Irrigation pump replacement and installation (3 pumps total)	\$9,000
Low pressure pump and controls replacement (5 systems)	\$15,000
Secondary Improvements	\$29,000
Replace system valves	\$5,000
Replace additional irrigation pumps (3 pumps total)	\$9,000
Replace additional low pressure pumps/controls (5 systems)	\$15,000
Total	\$76,000

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

APPENDIX



Triplex Irrigation Pump Station No. 1



Triplex Irrigation Pump Station Nos. 3 & 4

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Irrigation Pump Stations Control Panel

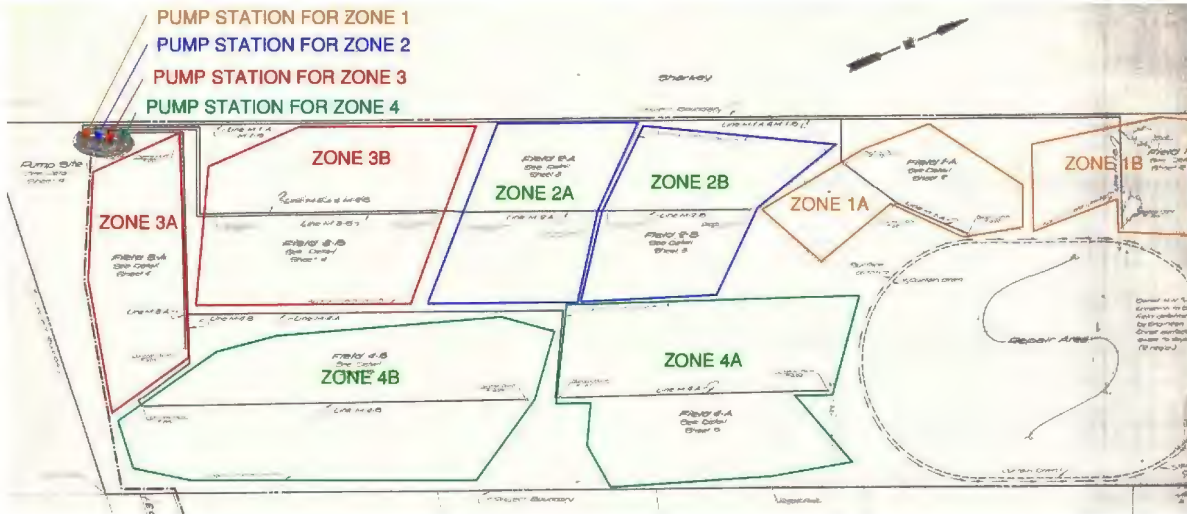


Irrigation Area

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



Map of Irrigation System



Irrigation Vicinity Map

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Woodland Acres – Woodland Acres WWTP KY0096100
Kentucky
Engineering Memorandum
Date: September 11, 2020

Introduction

The Woodland Acres wastewater treatment facility is located in Shepherdsville, Kentucky approximately 17 miles south of Louisville, Kentucky. This facility services 121 parcels. The system operates under Kentucky DEP Permit number KY0096100 and Agency ID number 479.

Wastewater Treatment Facility Existing Conditions

The plant is authorized to discharge up to 25,000 gallons per day (gpd) by the KDEP per the operating permit.

A summary of the existing permit limits are described below:

- BOD5 – 10/15 mg/L (Monthly average/Maximum Weekly Average)
- TSS – 30/45 mg/L
- NH3-N – 4/6 mg/L in Summer
- NH3-N – 10/15 mg/L in Winter
- E-Coli – 130/240 mpn/100 ml
- Total Residual Chlorine – 0.011/0.019 mg/L
- Dissolved Oxygen – 7.0 mg/L minimum

The subdivision has 121 parcels and little additional buildout would seem possible. Based off of the number of possible connections and assuming 250 gpd of flow per customer, 30,000 gpd of average daily flow would be expected when the available lots are fully occupied.

A review was performed of EPAs Echo compliance website which lists violations of wastewater treatment plants across the country. The Woodland Acres wastewater treatment plant has exceeded permit limitations several times in recent months and years for E-Coli, BOD, and Ammonia.



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

The existing facility includes an extended aeration package plant including a mechanically cleaned bar rack screen, a single aeration basin, equalization basin with two influent pumps (one portable), aerobic digestion, rapid sand filter, and a chlorine contact tank. Dechlorination is utilized downstream of disinfection.

The packaged plant has aged and shows significant signs of wear and corrosion. The blowers and diffusers are in need of replacement, and one of the two RAS lines has broken off into the aeration basin. The basin appears to have been modified over time with changes to original structural components. The basin does not include handrail needed to protect operators or visitors from falling into the package plant.

Functionally, the system also has some limitations:

- The entire community is challenged by high ground water levels. The site visit was conducted during a moderate storm event that resulted in significant stormwater challenges in the streets and wastewater flow challenges at the plant. During the visit the blowers had been turned off to inventory solids, and both influent pumps were continuously pumping at what appeared to be a rate higher than the plant was capable of processing. When the blowers were turned on briefly, the noise was significant and the discharge pressure was likely excessive.
- According to operators, the all gravity collection system results in significant I&I, impacting system performance.
- The blower discharge pressure may be excessively high..
- The operator believes it is necessary to turn off aeration during wet weather events to minimize the loss of solids and to retain a healthy biomass.
- The tertiary treatment basin (rapid sand filter, contact tank and dechlorination tank) is highly corroded.
- There is no ideal place for chlorine tablet addition or dechlorination tablet addition.
- There is no flow monitoring at this time.
- The facility includes significant amounts of exposed wiring.

The fencing around most of the site is generally in relatively good condition, and there is significance footprint available for the addition of improvements.

Currently no remote monitoring is in place at the site. This makes it difficult for the operators to know when the facility is failing. Operational monitoring should be completed to monitor the quality of effluent, which should then be compared to the operating permit.

Wastewater Treatment Facility Recommended Improvements

- The condition of the tank calls for taking the facility off line for structural repair, at a minimum to include the addition of access bridge improvements, safety handrail, welding repairs, and the addition of a new RAS line from one of the hopper bottomed clarifiers to the front end of the plant. Because of this, it makes sense to take advantage of the down time to upgrade the

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

system to an MBBR treatment system to simplify operations and improve performance during wet weather events. The conversion from extended aeration activated sludge to MBBR will include the addition of baffle walls, new diffusers, new blowers, media, and media retention sieves.

- The smaller footprint MBBR will allow a fraction of the existing tank to be used for digestion. The new system will generate significantly less sludge than the existing extended aeration system as well, so sludge handling needs will significantly decrease.
- The 10' foot deep clarifier is adequate for a fixed film type system, and will function much better in this application than with the existing activated sludge system.
- The effluent from the three stage MBBR will be evenly distributed into and through the clarifier, and the level control in the clarifier will be maintained with the addition of a weir trough and weir.
- A flow meter will be installed in the clarifier effluent piping, in route to the contact tank.
- Peroxyacetic acid will be introduced directly into the contact tank in lieu of attempting to install chlorination and dechlorination tablet feeders in the limited hydraulic profile. The PAA chemical requires less contact time, and will more consistently achieve the necessary disinfection objectives.
- Alum will be introduced into the clarifier to improve settleability when required to consistently achieve solids reduction and in turn, BOD effluent limit compliance.
- The existing chlorine contact tank will be equipped with diffusers to help in meeting the dissolved oxygen effluent limit.
- Three blowers will replace the existing two blowers. One will serve the aeration tank needs, air lift needs, and post-aeration needs; one will serve the digester needs; and one will serve as standby for both applications.

Wastewater Collection System Understanding

While no mapping was provided, the collection system consists of only gravity collection.

According to the operator, the collection system consists of 8" and 10" gravity sewers, and the high groundwater table results in significant peak flow events at the facility. Wastewater enters the wastewater treatment plant through a gravity sewer.

Wastewater Collection System Recommended Improvements

- The system should be evaluated to create mapping and develop GIS shapefiles for future maintenance. System mapping at the fingertips of the operators will enhance the level of service and timing of responses to emergency and customer issues.
- Perform smoke testing, perform video inspection at selected locations, evaluate systems and create GIS based maintenance priority list.

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

Civil Site Design
Construction Support
Transportation
Wastewater Collection

21 DESIGN

Total Project Cost Estimate

Opinion of Capital Cost Summary	
Woodland Acres, KY	
DESCRIPTION OF WORK	2020 Cost
Initial Improvements	
Install Mission monitoring - plant	\$30,000
Blower replacement	\$15,000
Temporary RAS line addition	\$12,000
	\$3,000
Secondary Improvements	
Install manual transfer switch in electrical service	\$345,500
Install new electrical distribution panel	\$7,500
Remove sludge from existing system and rehab	\$15,000
Install Baffles for 3-Stage MBBR	\$65,000
Install MBBR media, sieves, diffusers, blower	\$50,000
Install Aluminum Sulfate feed and storage system	\$160,000
Install Peroxyacetic Acid feed and storage system	\$12,000
Install digester system blower	\$18,000
Install flow meter	\$8,000
Install aeration in existing contact chamber	\$5,000
	\$5,000
Total	\$375,500

1351 Jefferson St., Suite 301
Washington, MO 63090

CONFIDENTIAL TO CSWR

636-432-5029
KPSC 2020-00297
JA Exhibit F (unredacted)

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

APPENDIX



Blowers, EQ Basin, and Electrical Cables



**Electrical Boxes and
Electrical Cabling**

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



**EQ Basin, Portable Pump Discharge,
Digester, Miscellaneous Electrical Cables**



**Clarifier Performance During Wet Weather
(and No Aeration in Aeration Tank)**

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



Chlor/Dechlor Structure



WWTP Electrical Meter

1351 Jefferson St., Suite 301
Washington, MO 63090

CONFIDENTIAL TO CSWR

636-432-5029
KPSC 2020-00297
JA Exhibit F (unredacted)

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of the 23rd day of August, 2019 by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its assigns ("Buyer"), and DELAPLAIN DISPOSAL COMPANY, a Kentucky corporation qualified and registered to transact business in the Commonwealth of Kentucky ("Seller").

ARTICLE I
ACQUISITION OF THE PROPERTY

Section 1.01 **The Property.** Subject to the terms and provisions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of the following described property (the "Property"):

(a) All immovable property, including all right, title and interest therein, described in EXHIBIT A attached hereto, including but not limited to any mineral and other subsurface rights, together with all buildings and improvements located thereon, and all appurtenant rights relating thereto, including, but not limited to, warranties and guaranties, access easements and other easements and rights relating thereto, access to utilities, rights of way and similar rights located on or within or relating to any of the foregoing (collectively, the "Immovable Property");

(b) All movable property and intangible property used in connection with the ownership and/or operation of the Immovable Property, including, but not limited to, all such property described in EXHIBIT B attached hereto and made a part hereof (collectively, the "Movable Property");

(c) All of Seller's right, title, and interest in and to the area that the System (as defined below) services (the "Service Area"), as determined by Buyer and set forth in EXHIBIT C to be attached hereto prior to the conclusion of the Feasibility Period (as hereinafter defined), including but not limited to, all real property interests such as easements, rights of way, permits and leases related to the System, and including any and all sewer facilities, equipment, lines, plants, pipes, manholes, meters, lift or pump stations and appurtenances; and

(d) All property or rights of whatever nature and kind that Seller owns which in any way is used or is useful in the operation of a sewer utility system located in Scott County, Kentucky (the "System").

Section 1.02 **Purchase Price.**

(a) The purchase price (the "Purchase Price") for the Property shall be **Eight Hundred Forty-Nine Thousand and 00/100 Dollars (\$849,000.00)**. The reasonable allocation of the Purchase Price between the categories in Sections 1.01(a) and 1.01(b) of the Property shall be set forth in EXHIBIT D prior to the Closing.

(b) The Purchase Price less any Earnest Money shall be payable in cash at Closing by wired funds and shall be paid by Buyer to Seller (to the account notified by Seller to Buyer prior to the Closing Date) on the Closing Date as defined in Section 4.01.

Section 1.03 **Earnest Money.** Within fifteen (15) days after the Effective Date (as defined below), Buyer shall deposit with a title company of its choice (the "Title Company") the sum of **Twenty-Two Thousand and 00/100 Dollars (\$22,000.00)** as the earnest money under this Agreement (the "Earnest Money"). The Earnest Money shall be returned to Buyer or paid to Seller in accordance with the terms and conditions of this Agreement.

ARTICLE II
SURVEY AND TITLE REVIEW

Section 2.01 **Survey.** Buyer shall have the right, for its own benefit, to procure one or more ALTA surveys of the Immovable Property, subject to Section 2.03 (the "Survey"). The Survey shall be current, staked, and shall be made on-the-ground and signed, sealed, and certified in favor of Buyer by a duly licensed surveyor selected or approved by Buyer and receipt of the Survey by Buyer prior to Closing, subject to Section 2.03, is a condition to Closing. The cost of the Survey shall be borne by the Buyer.

Section 2.02 Title Insurance. The Buyer shall, within fifteen (15) days after the Effective Date, order and must receive prior to the Closing, subject to Section 2.03, as a condition to Closing, a commitment for title insurance and complete, legible copies of all exception documents (the "Title Commitment") issued by the Title Company covering the Immovable Property, binding the Title Company to issue to Buyer at Closing an owner's policy of title insurance paid for by Buyer (the "Title Policy") on the standard form of policy in the amount specified by Buyer insuring good, merchantable, and insurable fee simple title to the Immovable Property in Buyer, free and clear of all restrictions, easements, encumbrances, mortgages, liens, claims and other matters except any Permitted Exceptions as defined in Section 2.03.

Section 2.03 Buyer's Review. Buyer shall have until the expiration of the Feasibility Period to examine the Title Commitment and the Survey, and to deliver to Seller in writing Buyer's objections to any items contained or set forth in the Title Commitment or the Survey (the "Unacceptable Exceptions"). If Seller is unable or unwilling to eliminate and remove all of the Unacceptable Exceptions, then within fifteen (15) days after receipt of Buyer's written notice, Seller shall notify Buyer in writing of its inability or unwillingness to remove the Unacceptable Exceptions (and such notice shall set forth which Unacceptable Exceptions that Seller is unable or unwilling to remove) and Buyer may terminate this Agreement by giving written notice of such election delivered to Seller. If Buyer so terminates this Agreement, the Earnest Money shall be promptly returned to Buyer, after which neither Party shall have any further rights, duties or obligations hereunder, except as expressly provided in this Agreement to the contrary. If Buyer does not so terminate this Agreement after receiving Seller's written notice, then the Unacceptable Exceptions together with other exceptions not objected to by Buyer shall become Permitted Exceptions (the "Permitted Exceptions").

Section 2.04 Feasibility Period.

(a) Seller shall allow Buyer and its agents, employees, contractors, and consultants access to the Property to conduct soil and engineering tests, inspections of equipment, personal property, lines and other components of the System and to conduct any other tests Buyer deems necessary or appropriate in its sole and absolute discretion to determine the feasibility of the Property for Buyer's intended use (the "Feasibility Study"), for a period of One Hundred Twenty (120) days after the Effective Date (the "Feasibility Period"). Buyer shall bear all costs and expenses of its investigation and restore the Property to its condition prior to such investigation, ordinary wear and tear excepted. In addition, Buyer shall coordinate all such inspections with the Seller for the inspections to result in the least amount of interference with the Seller's current and normal operations as possible.

(b) If Buyer finds the Property unacceptable for any reason or no reason, then Buyer, in its sole and absolute discretion, may terminate this Agreement by written notice to Seller on or before the expiration of the Feasibility Period. If Buyer so terminates this Agreement, the Title Company shall, upon demand by Buyer, promptly return the Earnest Money to Buyer and thereafter neither Party shall have any further rights, duties or obligations to the other hereunder.

(c) Seller shall deliver to Buyer within ten (10) business days after the Effective Date of this Agreement, the most recent title commitments, title policies, surveys, environmental site assessments, preliminary plats and site plans, any cross access and easement documents in connection with the Property, any development agreements affecting the Property, lease agreements affecting the Property, any customer lists for the System and any other documents Buyer may reasonably request related to the Property and/or the System.

Section 2.05 Other Termination Rights. In addition to any other rights and remedies set out herein (including but not limited to the termination rights in Sections 2.03, 2.04, 3.02(b) and 5.02), the Buyer shall have the right to terminate this Agreement as set out below:

(a) At any time up to and including the Closing Date if the regulatory bodies required to approve the sale of the System and the Property to the Buyer have not fully and unconditionally approved the sale upon the terms set out herein. In Buyer's sole and absolute discretion, Buyer may terminate this Agreement if the necessary regulatory approvals are not fully and unconditionally granted to Buyer in a form satisfactory to Buyer (as determined in Buyer's sole and absolute discretion) prior to the Closing by giving written notification of such termination to Seller, and upon such termination the Buyer shall receive a prompt return of the Earnest Money.

(b) In the event that, prior to the Closing, all or any portion of the Property is taken, condemned, expropriated, or made the subject of any eminent domain proceedings, or any of the foregoing is threatened (interchangeably, a "Taking"), Buyer may elect to either move to Closing and receive any Taking proceeds, plus an assignment of Seller's right, title, and interest thereto and claim therefor, as full satisfaction for the Taking, or Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing. If Buyer does not receive written notice of a Taking more than five (5) days prior to the Closing, the Closing Date shall be postponed to a date that is not less than five (5) days after Buyer's receipt of written notice of a Taking.

Section 2.06. Effect of Termination. Subject to Article V, upon the termination of this Agreement, the Title Company shall pay the Earnest Money to the appropriate party in accordance with the terms and conditions of this Agreement, and upon such payment being made the parties shall have no further liability hereunder (except with respect to liabilities of Seller accruing prior to such termination and those obligations hereunder which survive the termination of this Agreement).

ARTICLE III **REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 3.01 Representations, Warranties and Covenants of Seller. Seller hereby represents and warrants to Buyer that the facts recited below are true, complete and accurate as of the date hereof and will continue to be true, complete and accurate at Closing:

(a) Seller is a corporation duly formed and in good standing under the laws of the Commonwealth of Kentucky, is qualified to conduct business in the Commonwealth of Kentucky and has the requisite power and authority to enter into and to perform the terms of this Agreement without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. Seller is not subject to any law, order, decree, restriction or agreement that prohibits or would be violated by this Agreement or the consummation of the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been duly authorized by all requisite action of Seller. This Agreement constitutes, and each document and instrument contemplated hereby to be created and delivered by Seller, when executed and delivered, shall constitute the legal, valid, and binding obligation by Seller, enforceable against Seller in accordance with its respective terms (subject to bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally).

(b) Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby is prohibited by, or requires Seller to obtain any consent, authorization, approval or registration under any law, statute, rule, regulation, judgment, order, writ, injunction or decree which is binding upon Seller, other than any regulatory approvals disclosed in writing to Buyer.

(c) Seller has and will have at Closing good, merchantable, and insurable title, in fee simple, to the Property, free and clear of all mortgages, liens, claims, or other encumbrances (except those required by the Title Company in the Title Commitment to be fully satisfied with the Purchase Price at the Closing).

(d) To be best of Seller's Knowledge there are no pending or threatened condemnation, liens, claims, other encumbrances, special assessments, or similar proceedings or charges affecting the Property or Seller by any governmental authority.

(e) Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, or non-resident alien for purposes of US income taxation, pursuant to Section 1445 of the Internal Revenue Code.

(f) Seller has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the United States or of any State, a petition in bankruptcy or insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all of its assets; (iv) given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any

other similar action for the protection or benefit of its creditors. Seller is not insolvent and will not be rendered insolvent by the performance of its obligations under this Agreement.

(g) There are no leases affecting any portion of the Property except such leases disclosed to Buyer in writing by Seller and there are no options, rights of first refusal or contracts granting any rights to acquire any right, title or interest in any portion of the Property, except as listed in the Title Commitment, if any.

(h) Seller has not received any notice of any violation of any ordinance, regulation, law or statute of any government agency or instrumentality pertaining to the Property and/or the System or any portion thereof which has not been complied with in all respects.

(i) There is no action, suit, proceeding or claim affecting Seller, the Property and/or the System, relating to or arising out of any lease, option or contract affecting the Property or the System, or the ownership, operation, use or occupancy of the Property or the System, pending or being prosecuted in any court or by or before any agency or other governmental instrumentality nor, to the best of Seller's Knowledge, has any such action, suit, proceeding or claim been threatened or asserted. There is no proceeding pending or presently being prosecuted in connection with the assessed valuation or taxes or other impositions payable in respect of any portion of the Property.

(j) No work has been performed or is in progress at, and no materials have been furnished to, the Property which might give rise to mechanic's, materialman's or other liens against the Property.

(k) The Property currently has or will have at Seller's sole cost and expense prior to the Closing cross access and easements rights and benefits providing pedestrian and vehicular access to and from the Property and all components within the System necessary to operate the same.

(l) The buildings and improvements, if any, that constitute part of the Immovable Property are structurally sound and there are no defects known to Seller that have not been disclosed to the Buyer in writing by Seller.

(m) To the best of Seller's Knowledge, there are no pending or contemplated zoning changes, variances, special zoning exceptions, conditions or agreements affecting, or potentially affecting the Property or any part thereof.

(n) Except as has been disclosed to Seller in writing by Buyer, the Property complies with all applicable laws of all governmental or quasi-governmental authorities having jurisdiction over, against or affecting the Property. Seller has not received written notice of any, and there are no violations of any laws, similar rules and regulations relating and/or applicable to the ownership, use and operation of the Property as it is now operated, and/or other licenses or permits, which remain uncured. All governmental or quasi-governmental occupancy and use permits, licenses, consents, approvals, permits, authorizations, certificates, and other requirements of the authorities necessary or required for the continued use and operation of the System and/or the Property for the purposes for which the same are intended (collectively, "Approvals"), if any, have been unconditionally and finally issued and paid for and are in full force and effect in accordance with the respective terms thereof. All work or conditions required to be performed or fulfilled pursuant to the Approvals (on or off-site) have been fully performed in accordance with the requirements thereof and the Property fully complies with the Approvals.

(o) To the best of Seller's Knowledge, there is no fact or condition which materially and adversely affects the business, operations, affairs, properties or condition of Seller or the Property, which has not been set forth in this Agreement or in the other documents, certificates or written statements furnished to Buyer in connection with the transactions contemplated hereby.

(p) To the best of Seller's Knowledge, no representation or warranty made by Seller in this Agreement, in any Exhibit attached hereto, or in any letter or certificate furnished to Buyer pursuant to the terms hereof, each of which is incorporated herein by reference and made a part hereof, contains any untrue statement of a fact or omits to state a fact necessary to make the statements contained herein or therein not misleading.

(q) **Environmental Matters.**

(i) Except as disclosed on the attached EXHIBIT E, to the best of Seller's Knowledge, the Property is currently and has been in compliance with all Environmental Laws (as defined below) and Seller has not received any: (i) Environmental Notice (as defined below) or Environmental Claim (as defined below); or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing.

(ii) Except as disclosed on the attached EXHIBIT F, to the best of Seller's Knowledge, Seller has obtained and is in material compliance with all Environmental Permits (as defined below) (each of which is disclosed on EXHIBIT F) necessary for operating the System or use of the Property and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing in accordance with Environmental Law, and Seller is not aware of any condition, event or circumstance that might prevent or impede, after the Closing, the operation of the System as currently conducted or the ownership, lease, operation or use of the Property. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing, all measures necessary to facilitate transferability of the same, and Seller is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(iii) None of the Property is listed on, or to the best of Seller's Knowledge, has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA (as defined below), or any similar state list.

(iv) To the best of Seller's Knowledge, there has been no Release of Hazardous Materials (as defined below) in contravention of Environmental Law with respect to the Property or any real property currently or formerly owned, leased or operated by Seller in connection with the System, and Seller has not received an Environmental Notice that any of the Property or real property currently or formerly owned, leased or operated by Seller in connection with the System (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Seller.

(v) To the best of Seller's Knowledge, no underground storage tanks are located on the Immovable Property and no construction debris has been buried on or under the Immovable Property.

(vi) EXHIBIT G contains a complete and accurate list of all off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller and, to the best of Seller's Knowledge, any predecessors in connection with the System or the Property as to which Seller may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and Seller has not received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller.

(vii) Seller has not retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(viii) Seller has provided or otherwise made available to Buyer and listed in EXHIBIT H: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the Property or any real property currently or formerly owned, leased or operated by Seller in connection with the System which are in the possession or control of Seller related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

- (ix) Seller is not aware of nor reasonably anticipates, as of the Closing, any condition, event or circumstance concerning the Release or regulation of Hazardous Materials that might, after the Closing, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the System and Property as currently carried out.

Section 3.02 Covenants of Seller.

(a) Seller will own, operate, use and manage the System and the Property only in the ordinary course of business consistent with past practice and in any event will ensure that, any provisions of this Agreement to the contrary notwithstanding, (i) the physical and environmental condition of the Property is the same at the time of the Closing as it is as of the Effective Date, only ordinary wear and tear as to the physical condition excepted, and (ii) Seller's title to the Immovable Property and the survey condition of the Immovable Property is the same at the time of the Closing as it is as of the Effective Date, only improvements to the title condition or survey condition performed or undertaken by Seller to address Unacceptable Exceptions excepted.

(b) Seller shall maintain current hazard insurance in force on the Property until the Closing Date. The risk of loss to the Property shall not pass to Buyer unless and until delivery of possession of the Property is delivered to Buyer. If an event of casualty occurs to the Property prior to Closing, the Buyer may elect to either move to Closing and accept any insurance proceeds and deductible, plus an assignment of all of Seller's right, title, and interest in and to any and all insurance claims, as full satisfaction for the damage to the Property 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, but if Buyer does not receive written notice of such casualty more than five (5) days prior to the Closing, the Closing Date shall be postponed to a date that is not less than five (5) days after Buyer's receipt of written notice of such casualty.

(c) Seller agrees to execute any documents required by the controlling governing authority to replat or rezone the Property.

Section 3.03. Certain Definitions.

The following definitions apply in this Agreement:

(a) "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

(b) "Environmental Claim" means any action, governmental order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release (as defined below) of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

(c) "Environmental Notice" means any applicable law, and any governmental order or binding agreement with any governmental authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials.

(d) "Environmental Laws" means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit. The term "Environmental Laws" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and

Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

(e) "Environmental Permits" means any permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

(f) "Hazardous Materials" means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

(g) "Knowledge" or "Seller's Knowledge" means the actual knowledge of Seller and each of Seller's Representatives; in each case, after due inquiry.

(h) "Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

(i) "Representatives" in relation to a person means such person's managers, shareholders, officers, directors, employees, agents, advisors, affiliates, successors, and permitted assigns and for the avoidance of doubt the Representatives of Seller.

Section 3.04 Indemnification. From and after the Closing, Seller shall defend, hold harmless and indemnify the Buyer and/or Buyer's Representatives (as defined below) (collectively, "Indemnified Party") from and against any and all losses, damages, diminutions in value, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of any kind, including professional fees and attorneys' fees, that are suffered or incurred by the Indemnified Party or to which the Indemnified Party may otherwise become subject to at any time (collectively, "Losses") arising out of or as a result of: (i) any inaccuracy in or breach of any representation, warranty and/or covenant made by Seller in this Agreement; (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; (iii) any actual or alleged liability of Seller and/or Seller's Representatives, or any actual or alleged liability of Buyer that derives from any such liability of Seller and/or Seller's Representatives, whether such liability arises before or after the Closing; and (d) any claim by a third party based upon, resulting from or arising out of (A) the business, operations, properties, assets or obligations of Seller conducted, existing or arising on or prior to the Closing; (B) any inaccuracy in or breach of any representation or warranty made by Seller in this Agreement, or any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; (C) any negligent or more culpable act or omission of Seller or its Representatives (including any reckless or willful misconduct) in connection with the performance of its obligations under this Agreement; or (D) any failure by Seller or its Representatives to comply with any applicable federal, state or local laws, regulations or codes in the performance of its obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, Seller is not obligated to indemnify, hold harmless, or defend Indemnified Party against any claim (whether direct or indirect) if such claim or corresponding Losses arise out of or result from Indemnified Party's gross negligence or more culpable act or omission (including recklessness or willful misconduct).

ARTICLE IV
CLOSING

Section 4.01 Closing.

(a) Subject to the terms and conditions of this Agreement, the Closing of the purchase and sale of the Property pursuant to this Agreement (the "*Closing*") shall take place at the Title Company thirty (30) days after the expiration of the Feasibility Period, or (i) such earlier date as is elected by Buyer by giving not less than three (3) days prior notice to Seller, or (ii) such later date as agreed in writing by Seller and Buyer (the "*Closing Date*").

(b) At the Closing, Seller shall deliver to Buyer the following:

(i) A certificate of good standing for Seller plus the requisite duly executed corporate approvals for the sale;

(ii) A general warranty deed in executed form, conveying good, merchantable, and insurable title in fee simple to all of the Immovable Property, free and clear of any and all mortgages, liens, encumbrances, claims, conditions, easements, assessments, and restrictions, except for the Permitted Exceptions, if any;

(iii) A duly executed bill of sale, conveying all of the Movable Property described in EXHIBIT B, free and clear of any and all mortgages, liens, claims, restrictions, and encumbrances;

(iv) A duly executed termination of lease, terminating any existing lease agreements encumbering or relating to the Property;

(v) A duly executed assignment of any interest in any other Property used and/or useful in the operation of the System that is owned by Seller;

(vi) Such other instruments and documents that are customarily executed by a seller of immovable property in the county in which the Property is located, including, but not limited to, resolutions or unanimous written consents of the Board of Directors of Seller, and if required the shareholders of Seller, to authorize the sale of the Property to Buyer pursuant to this Agreement;

(vii) Tax statements for calendar year of Closing;

(viii) Possession of the Property;

(ix) If requested by Buyer, and to the extent assignable, duly executed, conveyances and assignments to Buyer of any and all consents, authorizations, variances, waivers, licenses, permits, and approvals from any federal, state, county, municipal, or other governmental or quasi-governmental agency, department, board, commission, bureau, or other entity or instrumentality relating to the Property, including, without limitation, those relating to environmental, foundation, use, utilities, building, fire, traffic, and zoning heretofore or hereafter held by or granted to Seller (collectively, the "*Approvals*"). No additional consideration shall be due by Buyer for the Approvals, it being understood and agreed by Seller that the Purchase Price covers the Property, the Approvals, and the Claims (as hereinafter defined); and

(x) If requested by Buyer, duly executed assignments to Buyer, with full substitution and subrogation, of any and all claims, actions, rights, causes of action, rights of action, and warranties, whether arising in contract, tort, or otherwise, including, but not limited to, environmental claims, actions, rights, causes of action, rights of action, and warranties, that Seller has or may have against any and all persons and entities as a result of any apparent or non-apparent damage to, destruction of, or diminution in value of the Property, or any part thereof, occurring prior to the Closing (collectively, the "*Claims*"). No additional consideration shall be due by Buyer for the Claims, it being understood and agreed by Seller that the Purchase Price covers the Property, the Approvals, and the Claims.

(c) At the Closing, Buyer shall deliver to Seller the following:

(i) The Purchase Price; and

(ii) Such other instruments and documents that are customarily executed by a buyer of immovable property in the county in which the Property is located.

Section 4.02 Closing Costs and Prorations. Buyer and Seller hereby covenant and agree that:

(a) Seller shall pay the costs of any roll back taxes, one-half (1/2) of the escrow fee charged by the Title Company (conditioned upon such escrow fee being reasonable and customary within the market), and Seller's attorneys' fees and expenses. Seller shall also pay all fees, costs, and expenses for title curative work and any other work that Seller agrees to perform or undertake in order to address any Unacceptable Exceptions and/or to otherwise enable Seller to sell and deliver to Buyer good, merchantable, and insurable fee simple title to the Property as required by this Agreement.

(b) Buyer shall pay all remaining title fees charged by the Title Company, recording fees, and Buyer's attorneys' fees.

(c) All ad valorem real estate taxes and assessments levied or assessed against the Property shall be prorated according to the calendar year as of the Closing Date, based on the most recent tax bill and assessments levied for the same.

ARTICLE V DEFAULTS AND REMEDIES

Section 5.01 Buyer's Default and Seller's Remedies.

(a) **Buyer's Default.** Buyer shall be in default under this Agreement if and only if any and all conditions to be satisfied under the terms of this Agreement prior to Closing have been satisfied (or duly waived) and Buyer fails or refuses to perform Buyer's obligations at Closing for any reason other than a default by Seller. For the avoidance of doubt, a termination under Section 2.04 will not constitute an event of default by Buyer.

(b) **Seller's Remedies.** If Buyer is in default under this Agreement, the sole and exclusive remedy of Seller, shall be receipt of the Earnest Money. Buyer and Seller agree that in such case the Earnest Money shall be liquidated or stipulated damages under Kentucky law for a breach or default by Buyer under this Agreement and/or any other actions or claims that could arise out of or are related to this Agreement because of the difficulty, inconvenience, and uncertainty of ascertaining actual damages for such default. Therefore, in no event shall Buyer be liable for or Seller be entitled to any actual damages or any other type of damages or remedy under any action or claim that could arise out of or that could any way relate to this Agreement other than the right to receive the stipulated amount of the Earnest Money as full satisfaction of Seller's claims.

Section 5.02 Seller's Defaults and Buyer's Remedies.

(a) **Seller's Defaults.** Seller shall be in default under this Agreement on the occurrence of any of one or more of the following events:

(i) Any breach of a representation or warranty made by Seller in this Agreement or failure of any such representation or warranty to be true, accurate and complete; or

(ii) Any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement.

(b) **Buyer's Remedies.** If Seller defaults under this Agreement (whether before or after the Closing or before termination or after termination in relation to provision that survive termination) Buyer may:

(i) If such default is identified prior to Closing, terminate this Agreement by written notice to Seller and Title Company, in which event the Title Company shall promptly refund the Earnest Money to Buyer;

(ii) Enforce specific performance of this Agreement against Seller; and/or

(iii) Pursue such other remedies as may be available at law or in equity, including a suit for any damages and the right to recover attorneys' fees and costs.

Section 5.03 Attorneys' Fees. If either party defaults under this Agreement, and the non-defaulting party employs an attorney to enforce the terms hereof, such non-defaulting party shall be entitled to reasonable attorneys' fees and costs from the defaulting party.

Section 5.04 Survival. The provisions of this Section 5 and of Article III, Article VI, Article VII shall survive the termination of this Agreement. The provisions of Article III shall survive the Closing for a period of five (5) years, except that the representations and warranties in Sections 3.01(a), (b), and (c), and Section 3.04 shall survive indefinitely. All other provisions of this Agreement shall survive Closing unless otherwise expressly stated.

ARTICLE VI **COMMISSIONS**

Section 6.01 Commission. No commissions are due and/or owing for the procurement of this Agreement to any third parties. Seller shall defend, indemnify, and hold harmless Buyer from and against any and all claims by any person or entity for brokerage fees, brokerage commissions, finder's or other fees, which shall include, but shall not be limited to, any and all court costs, attorneys' fees and other costs and expenses relating thereto, alleged to be due to any broker and/or agent with whom Seller has dealt in connection with this Agreement or the sale of the Property to Buyer, and Buyer shall defend, indemnify, and hold harmless Seller from and against any and all claims by any person or entity for brokerage fees, brokerage commissions, finder's or other fees, which shall include, but shall not be limited to, any and all court costs, attorneys' fees and other costs and expenses relating thereto, alleged to be due to any broker and/or agent with whom Buyer has dealt in connection with this Agreement or the purchase of the Property by Buyer.

ARTICLE VII **MISCELLANEOUS PROVISIONS**

Section 7.01 Effective Date of Agreement. The term "Effective Date" as used herein shall mean the date this Agreement has been fully executed by Seller and Buyer, as indicated by their signatures below, and a signed copy thereof is delivered to and acknowledged by the Title Company.

Section 7.02 Notices. All notices, demands and requests which may be given or which are required to be given by either party to the other, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective when sent to the address or telecopy number of the party to receive such notice set forth below if effected by telecopy, e-mail or other electronic transmission, hand delivery, by Federal Express or other reputable courier service, or when deposited in any post office or mail receptacle regularly maintained by the United States Government, certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Buyer:

Josiah M. Cox
Central States Water Resources, Inc.
500 Northwest Plaza Drive
Suite 500
St. Ann, MO 63074

with a copy to:

James A. Beckemeier
The Beckemeier Law Firm, LC

13421 Manchester Rd., Ste. 103
St. Louis, MO 63131
Phone: 314-965-2277
Facsimile: 314-965-0127
E-Mail: jim@beckemeierlaw.com

If to Seller:

Dona Ray, President
Delaplain Disposal Company
1029 Monarch St., Ste. 250
Lexington, KY 40513
Phone: (859) 223-0425
Facsimile: _____
E-Mail: dray@rayconsultantsllc.com

with a copy to:

Bernard Lovely
Gess Mattingly & Atchison, P.S.C.
201 West Short Street, Suite 102
Lexington, KY 40507
Phone: 859-252-9000
Facsimile: 859-233-4269
E-Mail: _____

Section 7.03 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY AND ALL PROCEEDINGS OR OBLIGATIONS HEREUNDER SHALL BE MADE AND ARE PERFORMABLE IN SCOTT COUNTY, KENTUCKY.

Section 7.04 Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, administrators, successors and assigns. Buyer shall have the right to assign this Agreement to another entity or affiliate by providing written notice to Seller of such assignment. However, Seller shall not have the right to assign this Agreement without the written consent of the Buyer.

Section 7.05 Counterparts and Amendments. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. This Agreement may only be amended by a written document signed by each of the parties hereto, which document shall make specific reference to this Agreement.

Section 7.06 Time. Time is of the essence in the performance of each term, condition, and covenant contained in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of time for performance of any other obligation or act. If any date for performance of any term, condition or provision hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day.

Section 7.07 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby but shall be enforced to the greatest extent permitted by law.

Section 7.08 Entire Agreement. Buyer and Seller each acknowledges and agrees that at all times each have intended that none of the preliminary negotiations concerning this Agreement would be binding on any party. This Agreement and the Exhibits attached hereto prior to the Closing Date contain all the covenants, conditions, agreements and understandings between the parties and shall supersede all prior covenants, conditions, agreements,

letters of intent, term sheets, and understandings between Seller and Buyer with respect to the purchase and sale of the Property and all other matters contained in this Agreement.

Section 7.9 Final Exhibits. The legal description of the Immovable Property contained in the Survey shall be substituted for the legal description of the Immovable Property used in EXHIBIT A as of the date hereof without the necessity of the parties executing any additional amendments to this Agreement. EXHIBIT C shall be included as part of this Agreement when, and in the form, notified to Seller by Buyer in writing. EXHIBIT D shall be included as part of this Agreement if and when it is in the form, agreed by Seller and Buyer in writing prior to Closing. EXHIBITS E, F, G and H will be completed by Seller and provided to Buyer within ninety (90) days of the Effective Date.

Section 7.10 Buyer Exchange. Seller and Buyer agree to cooperate should the other elect to purchase the Property or other real property as part of a like-kind exchange under IRC section 1031. Any contemplated exchange shall not impose upon the cooperating party any additional liability or financial obligation, and Buyer or Seller, as appropriate agrees to hold the other harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon either party's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer or Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.

Section 7.11 Rollback Taxes, Standby Fees and Special Assessments. If this sale results in the assessment after Closing of additional taxes, standby fees or special assessments for periods of Seller's ownership (including taxes assessed as a result of a change in ownership or usage), the additional taxes, fees or assessments plus any penalties and interest shall be paid by Seller to Buyer within fifteen (15) days of receipt by Buyer of a statement for such taxes, fees or assessments.

Section 7.12 Ambiguities Not to Be Construed against Party Who Drafted Agreement. The rule of construction that ambiguities in a document will be construed against the party who drafted it will not be applied in interpreting this Agreement.

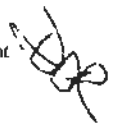
Section 7.13 No Special Relationship. The parties' relationship is an ordinary commercial relationship of seller and buyer, and they do not intend to create and have not created the relationship of principal and agent, partnership, joint venture, or any other special relationship.

Section 7.14 Confidentiality. The parties will keep confidential this Agreement, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to investigate the Property or either party to close this transaction.

Section 7.15 Business Day. As used in this Agreement, the term "business day" means Monday through Friday of each week, except for days on which banks in Scott county, Kentucky are closed for business. If the final date of any period which is set out any section of this Agreement falls upon a day which is not a business day, then, and in such event, the time of such period will be extended to the next business day.

Section 7.16 Further Assurances. From the date hereof, Seller and Buyer each agrees to do such things, perform such acts and make, execute, acknowledge and deliver such documents as may be reasonably necessary and customary to complete the transactions contemplated by this Agreement. In particular, Seller and Buyer each agrees to do such things as may be reasonably necessary with respect to the transfer of the Property.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under proper authority and effective and binding as of the date first set above.

BUYER:

Central States Water Resources, Inc.,
a Missouri corporation

By: [Signature]
14402001440840C
Josiah M. Cox, President

SELLER:

DELAPLAIN DISPOSAL COMPANY,
a Kentucky corporation

By: [Signature]
Name: Diana P. Ray
Title: President

RECEIPT OF EARNEST MONEY

The undersigned Title Company hereby acknowledges its receipt of an executed copy of this Agreement and, the Earnest Money provided herein and, further, agrees to comply with and be bound by the terms and provisions of this Agreement, without demand, including, without limitation, those terms relating to the disposition of the Earnest Money.

Name of Title Company

By: _____

Name: _____

Title: _____

Date: _____

4

EXHIBIT A

Description of the Immovable Property

(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).

DAK

EXHIBIT B

Description of the Movable Property

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



EXHIBIT C
Service Area Map
(area in which the System service lines, plant, pipes, manholes, meters, lift or
pump stations and appurtenances, utility facilities, etc. are located)

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EXHIBIT D
[Purchase Price Allocation]



EXHIBIT E
[Environmental Non-Compliance]



EXHIBIT F
[List of Permits and Non-Compliance with Permits]



EXHIBIT G
[Off-site Hazardous Materials Locations]

A handwritten signature in black ink, appearing to be "SM", is located at the bottom right of the page.

EXHIBIT H

[Reports, Studies, Audits, Records, Data, Site Assessment, Economic Models, etc.]



AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 29 day of December, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and HERRINGTON HAVEN WASTEWATER COMPANY, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Garrard 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 Garrard 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 Garrard 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 Garrard 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 Garrard 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") 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 **Fifteen Thousand Dollars (\$15,000.00)**, for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to

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

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

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

The Seller represents and warrants as follows:

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

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

B. **Liabilities.**

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

C. **Absence of Certain Changes.**

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

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

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

D. Title to Properties.

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

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

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Garrard 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:

Lerrington Haven Wastewater Co., Inc.
P.O. Box 546
Lancaster KY 40444
Phone: 859 553 1802
Facsimile:
Email: price966@aol.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:

HERRINGTON HAVEN WASTEWATER
COMPANY, INC.

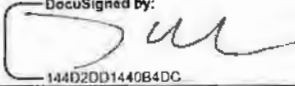
By: Charles M. Price

Name: CHARLES M. PRICE

Title: President/CO owner
Linda Price co owner

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

By: 
144D2DD1440B4DC
Josiah Cox, President

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 10th day of JANUARY, 2020, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and SPRINGCREST SEWER COMPANY ("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 Jessamine 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 Jessamine 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 Jessamine 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 Jessamine 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 Jessamine 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 **Fifteen Thousand Dollars (\$15,000.00)**, for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to

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

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

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

The Seller represents and warrants as follows:

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

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

B. **Liabilities.**

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

C. **Absence of Certain Changes.**

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

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

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

D. Title to Properties.

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

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

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Jessamine 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:

Phone: _____
Facsimile: _____
Email: _____

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:

SPRINGCREST SEWER COMPANY

By: Melvin Price Linda Price
Name: Melvin Price Linda Price
Title: CO-OWNER CO-OWNER

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.

By: [Signature]
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)

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 17 day of October, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and WOODLAND ACRES UTILITIES, 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 Bullitt 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 Bullitt 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 Bullitt 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 Bullitt 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 Bullitt 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 **Ten Thousand and 00/100 Dollars (\$10,000.00)**, 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 *NOT in good standing* with the Kentucky Secretary of State; however, Seller has all the requisite power and authority to sell the Assets pursuant to the terms of this Agreement.

B. **Liabilities.**

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

C. Absence of Certain Changes.

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

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

D. Title to Properties.

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

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor 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 Bullitt 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:

Joseph Murphy
Woodland Acres Utilities, LLC
379 Brooksvew Circle
Brooks, KY 40109
Phone: (502) 957-3775
Facsimile: _____
Email: wecandigit@aol.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.

[SIGNATURE PAGE FOLLOWS]

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

SELLER:

**WOODLAND ACRES UTILITIES,
LLC**

By: _____
Name: Joseph Murphy
Title: OWNER

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)

Pro-Forma Balance Sheet - Bluegrass Water Utility Operating Company, LLC

	Bluegrass Water UOC	Herrington Haven Sewer Acquisition	Delaplain Sewer Acquisition	Springcrest Sewer Sewer Acquisition	Woodland Acres Sewer Acquisition	Pro Forma Bluegrass Water UOC Post Acquisition
ASSETS						
Utility Plant In Service:						
Total Plant in Service*	1,979,067.91	\$ 15,000.00	\$ 849,000.00	\$ 15,000.00	\$ 10,000.00	\$ 2,868,067.91
Construction Work in Progress**	\$ 1,922,955.40	\$ 177,200	\$ 897,000	\$ 76,000	\$ 375,500	\$ 3,448,655.40
Utility Plant Acquisition Adjustment	\$ 90,171.27	\$ -	\$ -	\$ -	\$ -	\$ 90,171.27
Less: Depreciation Reserve	\$ (1,271,681.26)	\$ -	\$ -	\$ -	\$ -	\$ (1,271,681.26)
Net Plant In Service	\$ 2,720,513.32	\$ 192,200.00	\$ 1,746,000.00	\$ 91,000.00	\$ 385,500.00	\$ 5,135,213.32
Non-Utility Property						
Current Assets:						
Cash and Cash Equivalents	\$ 170,157.91	\$ -	\$ -	\$ -	\$ -	\$ 170,157.91
Other	\$ 6,930.84	\$ -	\$ -	\$ -	\$ -	\$ 6,930.84
Current Assets	\$ 177,088.75	\$ -	\$ -	\$ -	\$ -	\$ 177,088.75
Deferred Debits:						
Deferred Debits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Investments and Long-Term Assets						
Total Assets	\$ 2,897,602.07	\$ 192,200.00	\$ 1,746,000.00	\$ 91,000.00	\$ 385,500.00	\$ 5,312,302.07
LIABILITIES AND CAPITALIZATION						
Company Capitalization:						
Common Stock Equity, Net	\$ 1,546,067.37	\$ 86,490.00	\$ 785,700.00	\$ 40,950.00	\$ 173,475.00	\$ 2,632,682.37
Long-term Debt (including current maturities)	\$ -	\$ 105,710.00	\$ 960,300.00	\$ 50,050.00	\$ 212,025.00	\$ 1,328,085.00
Payable to Associate Comp.	\$ 1,297,876.44	\$ -	\$ -	\$ -	\$ -	\$ 1,297,876.44
Retained Earnings	\$ (401,985.95)	\$ -	\$ -	\$ -	\$ -	\$ (401,985.95)
Company Capitalization	\$ 2,441,957.86	\$ 192,200.00	\$ 1,746,000.00	\$ 91,000.00	\$ 385,500.00	\$ 4,856,657.86
Current Liabilities:						
Current Liabilities	\$ 416,667.65	\$ -	\$ -	\$ -	\$ -	\$ 416,667.65
Deferred Credits:						
Deferred Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ 38,975.56	\$ -	\$ -	\$ -	\$ -	\$ 38,975.56
Total Capitalization and Liabilities	\$ 2,897,601.07	\$ 192,200.00	\$ 1,746,000.00	\$ 91,000.00	\$ 385,500.00	\$ 5,312,301.07

Request

2. Refer to paragraph 24 of the Application. Provide an itemized breakdown of the costs that Central States Water Resources, Inc. (Central States) has incurred to date and is expected to incur until such time as the closings for each transferring utility occurs.
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Response

The pre-closing costs to be funded by Central States are expected to total \$247,000 by the time of the respective Closing(s). The breakdown of that total is:

Delaplain	\$69,500
Herrington Haven	\$62,500
Springcrest Sewer	\$52,500
Woodland Acres	\$62,500
TOTAL	\$247,000

Attached as KYPSC 2020-297JA 00001 is a redacted copy of an itemized per-system breakdown of those anticipated costs. Confidential treatment for the redacted information is being sought in a concurrently-filed motion. As indicated by the column headings on the attached spreadsheet, components of these costs funded by Central States include professional services such as engineering design, surveying, and legal title work, as well as third-party costs (such as title insurance and recording fees) paid at closing. Most of the total costs are for due diligence work relating to transferring utilities' assets and compliance efforts. As of October 31, 2020, approximately 20% of the total expected costs have been paid or accrued. All of the costs incurred by this date were for professional services.

System	Engineering Design	Facility Report	Construction Services	Surveying Services	GIS database	Legal Fees	Closing Costs	Organizational Expenses	Total:
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Delaplain	22,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	69,500.00
Herrington	\$	\$	\$	\$	\$	\$	\$	\$	\$
Haven	15,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	62,500.00
Springcrest	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer	5,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	52,500.00
Woodland	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acres	15,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	62,500.00
TOTAL	\$ 57,000.00	\$ 10,000.00	\$ 20,000.00	\$ 80,000.00	\$ 20,000.00	\$ 40,000.00	\$ 16,000.00	\$ 4,000.00	\$ 247,000.00

System	Engineering Design	Facility Report	Construction Services	Surveying Services	GIS database	Legal Fees	Closing Costs	Organizational Expenses	Total:
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Delaplain	22,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	69,500.00
Herrington	\$	\$	\$	\$	\$	\$	\$	\$	\$
Haven	15,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	62,500.00
Springcrest	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer	5,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	52,500.00
Woodland	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acres	15,000.00	2,500.00	5,000.00	20,000.00	5,000.00	10,000.00	4,000.00	1,000.00	62,500.00
TOTAL	\$ 57,000.00	\$ 10,000.00	\$ 20,000.00	\$ 80,000.00	\$ 20,000.00	\$ 40,000.00	\$ 16,000.00	\$ 4,000.00	\$ 247,000.00

Request

16. Provide a schedule showing the current capital structure of Bluegrass water in both dollars and percentages.
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Response

The current capital structure of Bluegrass Water in both dollars and percentages as of September 30, 2020 is as shown below:

Bluegrass Water

	<i>Amount (\$)</i>	<i>Percentage (%)</i>
<i>Equity</i>	2,374,447	100%
<i>Debt</i>	0	0%

Bluegrass Water UOC Balance Sheet

9/30/2020

Current Assets

Cash	\$	96,051.20
Accounts Receivable	\$	129,377.50
Other Current Assets	\$	10,322.03
Total Current Assets	\$	235,750.73

Property, Plant & Equipment, Net	\$	3,920,084.76
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Misc Long-Term Assets

Preliminary Survey & Investigation	\$	300,188.45
Investment in Associated Companies	\$	-
Unamortized Debt Expense	\$	-
Receivable from Associated Company	\$	-
Goodwill	\$	-
Intangible Assets	\$	-
Other Long-Term Assets	\$	-
Total Misc Long-Term Assets	\$	300,188.45

Deferred Income Tax Asset	\$	-
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Total Assets	\$	4,456,023.94
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Current Liabilities

Accounts Payable	\$	384,975.35
Notes Payable-Current Portion	\$	-
Other Current Liabilities	\$	56,410.13
Total Current Liabilities	\$	441,912.93

Long-Term Liabilities

Notes Payable	\$	-
Payable to Associated Companies	\$	2,112,876.44
Contributions in Aid of Construction	\$	154,711.78
Other Long-Term Liabilities	\$	-
Total Long-Term Liabilities	\$	2,267,588.22

Deferred Income Tax Liability	\$	-
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Capitalization

Paid-In Capital	\$	2,374,447.05
Retained Earnings	\$	(84,304.89)
Net Income	\$	(543,091.92)
Total Capitalization	\$	1,747,050.24

Total Liabilities and Capitalization	\$	4,456,023.94
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