

TRI-PARTY PURCHASE AND SALE AGREEMENT

THIS TRI-PARTY PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of the Effective Date (as defined below), by and among CENTRAL JEFFERSON COUNTY UTILITIES, INC., a Missouri corporation ("Central Jefferson"), JEFFERSON COUNTY PUBLIC SEWER DISTRICT, a public sewer district ("Sewer District") and ENVIRONMENTAL MANAGEMENT CORPORATION, a Missouri corporation ("EMC").

WITNESSETH:

In consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. Agreement to Transfer

1.1 Central Jefferson, Sewer District and EMC hereby agree that the following shall be transferred to Sewer District in accordance with the terms and conditions of this Agreement:

(a) All rights, title and interests of Central Jefferson in and to the water and waste water treatment facilities located in Raintree Plantation Subdivision located in Jefferson County, Missouri (the "**Land**"), such Land generally as shown on Exhibit A attached hereto and made part hereof, together with the related water tower and collection and distribution system (collectively, the "**Facility**") as more particularly described on Exhibit B attached hereto and made a part hereof, any fixtures, easements, rights-of-way or other interests in, on, or to, any land, highway, street, road or avenue, open or proposed, in, on, across, in front of, abutting or adjoining, the Land, all minerals, oil, gas and other substances under the Land, all development rights, air rights and water rights pertaining to the Land, and all other rights appurtenant to the Land as are necessary or helpful for the use and operation thereof (collectively, the "**Appurtenances**").

(b) All equipment and system technical manuals or books, if any, site plans, surveys, soil and substrata studies, plans and specifications, engineering plans and studies, drainage studies, and other plans or studies of any kind in Central Jefferson's possession or available to Central Jefferson that relate to the Land or the Facility (the "**Plans and Specifications**").

(c) All plans, specifications, drawings and other materials relating to the proposed capital improvements to the Facility (the "**Improvement Plans**").

(d) Any and all other rights, privileges and Appurtenances owned by Central Jefferson and in any way used in connection with the Land or the Facility.

1.2 The term "**Property**", as hereinafter used, shall mean all property, whether real or personal, described in Article I including, but not limited to, the Land, the Facility, the Appurtenances, the Plans and Specifications and the Improvement Plans.

ARTICLE II. Consideration

2.1 The parties hereto hereby agree that in consideration of the transactions contemplated by this Agreement, the following shall occur:

(a) Central Jefferson shall convey the Land to Sewer District by general warranty deed and the remaining Property by a bill of sale;

(b) EMC shall pay at Closing, the aggregate principal amount of debt owing by Central Jefferson to National City Bank pursuant to that certain Promissory Note dated as of August 14, 1997, made by Central Jefferson and payable to National City Bank (as successor-in-interest to Southside National Bank) (the "**Seller Debt**");

(c) Sewer District shall enter into a long-term operation, maintenance and capital improvement agreement with EMC (the "**O/M Agreement**") pursuant to which (x) EMC shall operate and maintain the Facility and perform certain capital improvements thereto, as more fully described on Exhibit D attached hereto, not to exceed an amount equal to \$1,800,000.00 less the amount of Seller Debt paid by EMC pursuant to Section 2.1(b), and (y) Sewer District shall grant EMC a security interest in the accounts receivable owed to Sewer District by customers of the Facility and in the proceeds thereof; and

(d) Sewer District will approve an increase in the rates charged to customers of the Facility in an amount that Sewer District and EMC agree will be sufficient to compensate EMC for (i) repayment of the Seller Debt, (ii) the operation and maintenance services performed by EMC pursuant to the O/M Agreement, (iii) repayment of the cost incurred in respect of the capital improvements made by EMC to the Facility pursuant to the O/M Agreement, and (iv) the costs incurred by EMC in connection with entering into the transactions contemplated by this Agreement and the O/M Agreement.

ARTICLE III. The Closing

3.1 The closing of this sale ("**Closing**") shall take place at the offices of the Title Company or at such other place as the parties may agree.

3.2 The Closing shall be on that date ("**Closing Date**") which is the latest of:

(a) Thirty (30) days after the end of the Inspection Period, as the same may be extended as provided herein;

(b) Thirty (30) days after satisfaction of the PSC Approval Contingency (defined below); and

(c) Thirty (30) days after the expiration of (i) the Title Objection Date, if no Title Objections are given, or (ii) Central Jefferson's time to respond under Section 6.3 if Central Jefferson agrees to correct all Title Objections, or (iii) Sewer District's time to respond under Section 6.4 if Central Jefferson has refused to cure any Title Objections.

ARTICLE IV.
Deliveries and Representations,
Warranties and Covenants

4.1 **Deliverables.** Central Jefferson agrees to provide the following items to Sewer District and EMC within fifteen (15) days after the Effective Date (as hereinafter defined):

- (a) Copies of all Plans and Specifications and Improvement Plans.
- (b) Copies of all existing surveys, title reports, title policies, title commitments and exceptions to such title policies or commitments with respect to the Property in Central Jefferson's possession or otherwise available to Central Jefferson.
- (c) Copies of all environmental, engineering, soil, structural, building inspection reports or other reports or assessments concerning the Property in Central Jefferson's possession or otherwise available to Central Jefferson.
- (d) All tax bills for the years 2003, 2004 and 2005.
- (e) A list of any pending tax judgments, special assessments or mechanic liens, or any other pending or actual suits, judgments and/or actions that may be considered detrimental to the Property.
- (f) All building permits and approvals, warranties, contracts pertaining to the Facility and the Property, leases, expense records, and other financial and structural information about the Facility and the Property which are in Central Jefferson's possession or control.

4.2 **Representations and Warranties of Central Jefferson.** Central Jefferson hereby represents, warrants, and covenants to Sewer District and EMC as follows, which representations, warranties and covenants shall be considered made as of the Effective Date and as of Closing:

- (a) Central Jefferson is duly organized, validly existing, and in good standing under the laws of the State of Missouri, is duly qualified to do business and is in good standing in every state where the nature or extent of its business or properties require it to be qualified to do business, except where the failure to so qualify is not reasonably likely to have a material adverse effect on Central Jefferson. Central Jefferson has the power and authority to own its properties and carry on its business as now being conducted.
- (b) Central Jefferson is duly authorized to execute and perform this Agreement and each other document, agreement or instrument executed in connection with this Agreement, and this Agreement and the other documents related hereto have

been duly authorized by all requisite corporate action on the part of Central Jefferson. No consent, approval or authorization of, or declaration or filing with, any governmental authority, and no consent of any other person, is required in connection with Central Jefferson's execution, delivery or performance of this Agreement and the other documents related hereto.

(c) This Agreement and each other document related hereto constitutes the legal, valid and binding obligation of Central Jefferson, enforceable against Central Jefferson in accordance with its terms, except to the extent that the enforceability thereof against Central Jefferson may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by equitable principles of general application.

(d) Except for mortgage liens that will be released at Closing, Central Jefferson now has and at Closing will have, and will convey, transfer and assign to Sewer District, good and indefeasible title to the Property, free and clear of any deeds of trust, mortgages, liens, encumbrances, leases, tenancies, licenses, chattel mortgages, conditional sales agreements, security interests, covenants, conditions, restrictions, judgments, rights-of-way, easements, encroachments, recorded or unrecorded contracts or options and any other matters affecting title, except the Permitted Exceptions, such conveyance to be by a General Warranty Deed.

(e) Central Jefferson has not heretofore received any notice, and has no knowledge that any condemnation, assessment or similar proceeding or charge affecting the Property or any portion thereof exists or any such proceeding or charge is contemplated.

(f) As of the Closing, no work will have been performed or will be in progress at the Property, and no materials will have been delivered to the Property that might provide the basis for a mechanic's, materialman's or other lien against the Property or any portion thereof unless Central Jefferson has provided for full payment thereof.

(g) As of the Closing Date, Central Jefferson will be the record owner of the Property.

(h) Central Jefferson has full right and authority to execute this Agreement and to perform all obligations necessary to sell the Property pursuant to this Agreement and to perform all other obligations of Central Jefferson hereunder.

(i) To the best of Central Jefferson's knowledge, no material default or breach exists, or as of the Closing will exist, under any of the covenants, conditions, restrictions, rights-of-way or easements affecting the Property or any portion thereof.

(j) Other than as disclosed on Exhibit E attached hereto, there are no actions, suits or proceedings pending, or to the knowledge of the Central Jefferson threatened against or affecting the Property or any portion thereof, or relating to or arising out of the ownership, management or operation of the Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or

other governmental instrumentality, except for any claims that may be hereafter asserted which will be disclosed in writing to Sewer District and EMC and which must be approved by Sewer District and EMC prior to Closing or this Agreement may be terminated by Sewer District or EMC.

(k) Other than as set forth on Exhibit C attached hereto, to the best of Central Jefferson's knowledge, the Property contains no PCB transformers, asbestos, or other toxic, Hazardous Materials (as defined below) or contaminated substances, and/or underground tanks and that the Property is not listed or proposed for listing or threatened to be listed on the National Priorities List by the Environmental Protection Agency or on any other list or registry maintained by any federal, state or local governmental agency, body or organization concerning Hazardous Materials and that there have been no discussions between the Central Jefferson or its agents, employees, officers or attorneys and state or federal officials concerning the possibility of such listings; that the Property is not in violation of any laws, regulations or orders concerning Hazardous Materials; that there has been no storage, disposal, discharge, deposit, injection, dumping, leaking, spilling, placing or escape of any Hazardous Materials on, in, under or from the Property. As used herein, the term "**Hazardous Materials**" shall mean any asbestos, flammable substances, explosives, radioactive materials, PCB-laden oil, hazardous materials, hazardous waste, pollutants, contaminants, toxic substances, pollution or related materials specified as such in, or regulated under any federal, state or local laws, ordinances, rules, regulations or policies governing use, storage, treatment, transportation, manufacturer, refinement, handling, production or disposal of such materials, including, without limitation to Section 9601 of Title 42 of the United States Code.

(l) From the Effective Date until Closing, Central Jefferson shall not execute any leases or contracts affecting the Property that shall be binding on the Property or Sewer District after Closing.

(m) Other than as set forth on Exhibit F attached hereto, Central Jefferson knows of no violations or alleged violations of any federal, state or local law that affect the Property.

(n) Other than as set forth on Exhibit G attached hereto, Central Jefferson's possession of the land has been peaceable and undisturbed and Central Jefferson's title thereto has never been disputed or questioned to Central Jefferson's knowledge. Central Jefferson does not know of any facts by reason of which said possession or title might be disturbed or questioned, or by reason of which any claim to the Property, or any part thereof, might arise or be set up adverse to Central Jefferson.

4.3 Representations and Warranties of Sewer District. Sewer District hereby represents, warrants, and covenants to Central Jefferson and EMC as follows, which representations, warranties and covenants shall be considered made as of the Effective Date and as of Closing:

(a) Sewer District is duly organized and existing in good standing under the laws of the State of Missouri. Sewer District has the power and authority to own its properties and carry on its business as now being conducted.

(b) Sewer District is duly authorized to execute and perform this Agreement, the O/M Agreement, and each other document, agreement or instrument executed in connection herewith or therewith, and this Agreement, the O/M Agreement and the other documents related hereto and thereto have been duly authorized by all requisite action on the part of Sewer District. No consent, approval or authorization of, or declaration or filing with, any governmental authority, and no consent of any other person, is required in connection with Sewer District's execution, delivery or performance of this Agreement, the O/M Agreement and the other documents related hereto and thereto.

(c) This Agreement, the O/M Agreement and each other document related hereto or thereto constitutes the legal, valid and binding obligation of Sewer District, enforceable against Sewer District in accordance with its terms, except to the extent that the enforceability thereof against Sewer District may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by equitable principles of general application.

(d) Sewer District acknowledges that it has reviewed the exceptions to the representations and warranties made by Central Jefferson in Section 4.2 hereof set forth on Exhibits C, E, F, G and H.

4.4 Representations and Warranties of EMC. EMC hereby represents, warrants, and covenants to Central Jefferson and Sewer District as follows, which representations, warranties and covenants shall be considered made as of the Effective Date and as of Closing:

(a) EMC is duly organized, validly existing, and in good standing under the laws of the State of Missouri, is duly qualified to do business and is in good standing in every state where the nature or extent of its business or properties require it to be qualified to do business, except where the failure to so qualify is not reasonably likely to have a material adverse effect on EMC. EMC has the power and authority to own its properties and carry on its business as now being conducted.

(b) EMC is duly authorized to execute and perform this Agreement, the O/M Agreement and each other document, agreement or instrument executed in connection herewith or therewith, and this Agreement, the O/M Agreement and the other documents related hereto or thereto have been duly authorized by all requisite corporate action on the part of EMC. No consent, approval or authorization of, or declaration or filing with, any governmental authority, and no consent of any other person, is required in connection with EMC's execution, delivery or performance of this Agreement, the O/M Agreement and the other documents related hereto and thereto.

(c) This Agreement, the O/M Agreement and each other document related hereto or thereto constitutes the legal, valid and binding obligation of EMC, enforceable against EMC in accordance with its terms, except to the extent that the enforceability thereof

against EMC may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by equitable principles of general application.

(d) EMC acknowledges that it has reviewed the exceptions to the representations and warranties made by Central Jefferson in Section 4.2 hereof set forth on Exhibits C, E, F, G and H.

ARTICLE V. Contingencies

5.1 Sewer District and EMC shall have until ninety (90) days following the Effective Date ("**Inspection Period**"), or such later date pursuant to Section 5.3, to review all issues of importance to Sewer District and EMC, in sole discretion of Sewer District and EMC (the "**Issues**"), regarding the Property, which Issues shall include but not be limited to the review and investigation of the following:

- (a) Environmental conditions at the Property;
- (b) The physical condition of the Property, including, without limitation, review and approval of the structural, mechanical, electrical and other physical characteristics of the Facility and the Property;
- (c) All governmental permits and approvals held by Central Jefferson relating to the construction, operation, use or occupancy of the Facility and Property;
- (d) Conformity of the Property with all applicable zoning ordinances;
- (e) All available historical capital expenditures and operating expenses relating to the Facility;
- (f) Laws, ordinances, rules, regulations and orders of the United States, the State of Missouri, Jefferson County and any other applicable governmental body, which may affect the Property;
- (g) The Title Commitment and Survey;
- (h) Execution of the O/M Agreement by EMC and Sewer District;
- (i) Central Jefferson and EMC shall have agreed on a satisfactory resolution of the dispute between Central Jefferson and Aquasource, Inc.;
- (j) The rates to be charged by Sewer District to customers of the Facility;
- (k) That the rights of Sewer District to collect payments from customers of the Facility, including, without limitation, the right to terminate service in the event of non-payment and the right to place liens on the property of such customers, are assignable to EMC; and

(l) The exceptions to the representations and warranties made by Central Jefferson in Section 4.2 hereof set forth on Exhibits C, E, F and G.

5.2 In connection with the due diligence to be conducted by Sewer District and EMC during the Inspection Period, Central Jefferson hereby grants to Sewer District and EMC and their respective employees, agents and representatives, access to and entry upon the Property, to conduct such physical examinations, inspections, environmental assessments and studies (including Phase I and Phase II environmental assessments involving testing of samples and materials taken from the Property), soil tests, engineering studies, cost assessments, and such other tests, studies and examinations of the Property and the Facility as Sewer District or EMC shall deem desirable, and apply for and obtain any permits, licenses, approvals, zoning changes or variances, code variances and such other items or records necessary or appropriate in Sewer District's sole discretion for its use and occupancy of the Property. In connection with any test, inspection or examination of the Property by EMC, Sewer District, or their respective agents, contractors, employees and invitees, each of EMC and Sewer District, for itself, its respective agents, contractors, employees and invitees, and its respective successors and assigns, shall indemnify and hold harmless Central Jefferson and its successors, officers, directors, agents and assigns from and against any and all liabilities, losses, claims, costs (including attorney's fees and costs of court), or damages suffered or incurred by Central Jefferson (including any mechanic's liens or claims thereof that may be filed or asserted against the Property or Central Jefferson by anyone performing such test, inspection or examination or entering the Property on behalf of EMC or Sewer District) which arise from or relate to such tests, inspections, and examinations made by or on behalf of EMC or Sewer District or from the entry by EMC or Sewer District or their respective agents onto the Property, and such indemnification shall survive the Closing contemplated by this Agreement and any termination of this Agreement with or without the contemplated Closing having occurred.

5.3 Either Sewer District or EMC shall have the right to extend the Inspection Period for an additional three (3) separate thirty (30) day periods commencing on the date on which the original Inspection Period expires (or the date a prior extension expires), by giving Central Jefferson written notice ten (10) days prior to the expiration of the original Inspection Period or an extension; provided that the foregoing shall not apply in the event the PSC Approval Contingency (defined below) has been satisfied prior to the expiration of the original Inspection Period.

5.4 In addition to the due diligence to be conducted by Sewer District and EMC pursuant to Section 5.1 above, Central Jefferson shall have one hundred-eighty (180) days following the Effective Date to obtain the consent of the Public Service Commission to Sewer District's acquisition of the Facility and the other Property, if such approval is required. Each of EMC and Sewer District hereby agrees to cooperate with Central Jefferson in connection with obtaining the foregoing approval during such one hundred-eighty (180) day period, including, without limitation, assisting Central Jefferson with the completion and submission of any required applications or other information to the Public Service Commission. The contingency described in this Section 5.4 is referred to herein as the "**PSC Approval Contingency**." In the event the PSC Approval Contingency is not satisfied, there shall be no obligation on the part of Sewer District or EMC to close the transaction contemplated by this Agreement.

5.5 In the event Sewer District or EMC is not satisfied with the results of the due diligence conducted by them pursuant to Section 5.1 above, either Sewer District or EMC may terminate this Agreement by written notice to Central Jefferson delivered prior to the expiration of the Inspection Period (as the Inspection Period may be extended pursuant to Section 5.3). In addition to the foregoing, in the event Sewer District determines that the transaction contemplated by this Agreement is not feasible or in the best interests of the customers served by the Facility, Sewer District may terminate this Agreement by written notice to Central Jefferson and EMC delivered prior to the expiration of the Inspection Period (as the Inspection Period may be extended pursuant to Section 5.3). Upon delivery of a termination notice pursuant to this Section 5.5, this Agreement shall terminate, and thereafter the parties hereto shall have no further rights, duties, liabilities or obligations hereunder.

ARTICLE VI. Title and Survey

6.1 Sewer District or EMC may, at any time, order: (a) an ALTA/ACSM survey of the Property prepared, sealed and certified by a surveyor licensed and registered in the State of Missouri, who is acceptable to Sewer District and EMC in their sole discretion, and accurately identifying (i) all items referenced in the legal description of the Property or included in Schedule B-II reflected in the Title Commitment, (ii) the elevation(s) of the Property, (iii) the location of any improvements affecting the Property and all roadways adjacent to the Property, and (iv) any other matters that Sewer District or EMC would like to have identified with respect to the Property (the "**Survey**") and (b) from the Title Company: (1) a current Commitment for Owner's Policy of Title Insurance (the "**Title Commitment**") issued by the Title Company, whereby said Title Company commits to issue said Owner's Policy of Title Insurance written in accordance with this Agreement and including all endorsements Sewer District or EMC may require; and (2) copies of all instruments shown as exceptions on the Title Commitment. All costs for surveys ordered by Sewer District and costs of title insurance are to be paid for by EMC.

6.2 On or before the later of (a) the date thirty (30) days after receipt by Sewer District and EMC of the Title Commitment and Survey, and (b) the expiration of the Inspection Period (such date, the "**Title Objection Date**"), Sewer District and EMC shall advise Central Jefferson in writing of the specific exceptions to title reflected on the Title Commitment and Survey which are unacceptable (the "**Title Objections**"). In the event neither Sewer District nor EMC provides Central Jefferson with written notice of its approval or its specific objections to title as reflected in the Title Commitment and Survey on or before the Title Objection Date, Sewer District and EMC shall be deemed to have approved all matters affecting title to the Property, so long as Sewer District receives at Closing Sewer District's Owner's Policy of Title Insurance as described in Section 7.1(d).

6.3 Central Jefferson shall have five (5) business days after receipt of any Title Objections to give Sewer District and EMC notice: (1) that Central Jefferson shall remove any objectionable exceptions from title within fifteen (15) days following delivery of such notice by Central Jefferson, and in no event later than five (5) days before the Closing; or (2) that Central Jefferson has determined, in its sole and absolute discretion, not to cause such exceptions to be removed; provided, however, that Central Jefferson shall be obligated to remove mortgages,

judgments, deeds of trust and security interests against the Property securing monetary obligations of Central Jefferson. Central Jefferson's failure to notify Sewer District and EMC within five (5) business days after Central Jefferson's receipt of any Title Objections shall be deemed Central Jefferson's election to remove the objectionable exceptions identified by Sewer District and EMC.

6.4 If Central Jefferson elects not to remove or cure any Title Objections, notwithstanding that the Title Objection Date shall have passed, Sewer District and EMC shall have five (5) business days following receipt of Central Jefferson's notice to elect whether to (i) proceed with the purchase and accept title to the Property subject to such exceptions, or (ii) terminate this Agreement. If Sewer District and EMC shall fail to give Central Jefferson notice of their election within the time period referred to in the immediately preceding sentence, Sewer District and EMC shall be deemed to have elected to waive their objections and to proceed to Closing in accordance with the provisions of this Agreement.

6.5 In the event this Agreement is not cancelled as provided in Section 6.4, those exceptions appearing on the Title Commitment (excluding any documents related to any mortgage, judgment, tax or other liens on the Property) shall constitute "**Permitted Exceptions.**"

ARTICLE VII.

Provisions with Respect to the Closing

7.1 The obligation of the parties hereto to close the transactions contemplated by this Agreement is subject to the satisfaction, as of the Closing, of each of the following conditions and in the event any of the conditions is not satisfied or waived, this Agreement shall terminate:

(a) All of the representations and warranties of each of the parties hereto set forth in this Agreement shall be substantially true at and as of the Closing in all material respects, as though such representations and warranties were made at, and as of, the Closing unless otherwise disclosed in writing to the other parties and approved by such other parties.

(b) Each of the parties hereto shall have delivered, performed, observed and complied with all of the items, instruments, documents, covenants, agreements and conditions required by this Agreement to be delivered, performed, observed and complied with by it prior to, or as of, the Closing.

(c) None of the parties hereto shall be in receivership or dissolution, or have made any assignment for the benefit of creditors, or admitted in writing its inability to pay its debts as they mature, or have been adjudicated as bankrupt, or have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law, or any other similar law or statute of the United States or any State, and no such petition shall have been filed against it.

(d) Sewer District obtains from Title Company at Closing an "Owners Policy of Title Insurance" insuring good and marketable fee simple title to and ownership of the Property in Sewer District, as well as access, ingress and egress rights to the Property and

including such endorsements as are requested by Sewer District or EMC on ALTA Form B with exceptions on Schedule B thereof only for the Permitted Exceptions, and in any and all events free from any exceptions or exclusions for any and all liens, condemnation or eminent domain rights and rights of parties in possession.

(e) Central Jefferson shall have removed any exceptions or deficiencies to title to the Property that arise between the Effective Date and Closing, unless created with the consent of Sewer District and EMC; and Central Jefferson shall have cured any Title Objections, unless Central Jefferson previously gave timely notice that it would not cure such Title Objections.

7.2 At the Closing, the following shall be executed (if applicable) and delivered:

(a) General Warranty Deed to the Land, subject only to the Permitted Exceptions, duly executed and acknowledged by Central Jefferson.

(b) Bill of sale with respect to the Property (other than the Land), duly executed and acknowledged by Central Jefferson.

(c) A certificate executed by Central Jefferson and dated the date of Closing certifying that all of the representations and warranties of Central Jefferson set forth in this Agreement are true in all material respects at and as of the Closing (except as stated therein and approved by Sewer District and EMC).

(d) A certificate executed by Sewer District and dated the date of Closing certifying that all of the representations and warranties of Sewer District set forth in this Agreement are true in all material respects at and as of the Closing (except as stated therein and approved by Central Jefferson and EMC).

(e) A certificate executed by EMC and dated the date of Closing certifying that all of the representations and warranties of EMC set forth in this Agreement are true in all material respects at and as of the Closing (except as stated therein and approved by Sewer District and Central Jefferson).

(f) Such affidavits or letters of indemnity as the Title Company shall require in order to omit from its insurance policy all standard exceptions including the exception for unfiled mechanics', materialmans' or similar liens.

(g) Such evidence of Central Jefferson's authority and related customary documents and instruments as may be reasonably required by the Title Company.

(h) Possession of the Property shall be delivered by Central Jefferson to Sewer District.

(i) A FIRPTA Affidavit from Central Jefferson.

(j) All original Plans and Specifications and Improvement Plans shall be delivered by Central Jefferson.

(k) Releases of the Property from all deeds of trust, mortgages, liens or security interests affecting the Property including, without limitation, those relating to the Seller Debt.

(l) EMC shall remit to the Title Company the amount necessary to pay the Seller Debt in full.

(m) Each of EMC and Sewer District shall deliver to the other written confirmation as to the commencement date of the O/M Agreement.

7.3 Sewer District and Central Jefferson further agree to execute any and all closing statements, tax declaration forms and such other documents or instruments as may be reasonably required in order to convey the Property and satisfy the obligations of the parties hereunder.

ARTICLE VIII. Adjustments

8.1 The following shall be adjusted between Central Jefferson and Sewer District and shall be prorated on a per diem basis as of midnight on the day prior to Closing, or any other date hereafter approved by Central Jefferson, Sewer District and EMC: real estate, ad valorem and personal property taxes, maintenance charges, and other state, county and municipal taxes, charges and assessments (special or otherwise), on the basis of the fiscal year for which the same are levied, imposed or assessed, and regardless of when the same become a lien or are payable. Central Jefferson shall pay all such taxes and charges not paid as of Closing up until the day prior to Closing, and Sewer District shall be charged with such taxes and charges from the Closing Date and thereafter. If any such taxes, charges or assessments shall not be fixed prior to the Closing, the adjustment thereof at the Closing shall be upon the best available figures and upon the basis of the rate for the preceding fiscal year applied to the latest assessed valuation (or other basis of valuation) and the same shall be further adjusted when actual taxes, charges or assessments for the current fiscal year are fixed.

ARTICLE IX. Condemnation Prior to Closing

9.1 Central Jefferson shall bear the risk of condemnation, until and including the date of Closing.

9.2 Central Jefferson agrees to notify Sewer District and EMC immediately in the event any condemnation act is threatened or instituted against the Property. In the event that any portion of the Property becomes subject to condemnation prior to Closing, Sewer District and EMC may elect to:

(a) Terminate this Agreement, in which event all rights and obligations of the parties hereto shall terminate; or

(b) Close this sale subject to all condemnation proceedings, with no reduction in the Purchase Price, in which event Sewer District shall be entitled to all condemnation awards. If Central Jefferson has received payment for such condemnation or taking prior

to the Closing hereunder, then the amount of such payment shall be a credit against the Purchase Price. If Central Jefferson has not received such payment at the time of Closing, Central Jefferson shall assign to Sewer District all claims and rights to or arising out of such taking, including the right to conduct any litigation in respect of such condemnation.

The foregoing election shall be made in writing signed by the Sewer District and EMC and delivered to Central Jefferson within forty-five (45) days after Sewer District and EMC have received notification of such condemnation act. The Closing Date shall be postponed to the fiftieth (50th) day after such initial notice of condemnation act, if such notice is given to Sewer District and EMC less than thirty (30) days prior to the Closing Date.

ARTICLE X. Default and Remedies

10.1 If any party defaults in the performance of any of its respective obligation under this Agreement, then the party claiming a default shall notify the other parties in writing of the nature of the default. Each party shall have five (5) days from the date of delivery of such notice of default to cure such default. If the applicable default is not cured within such five (5) day period, then any non-defaulting party shall have the right to terminate this Agreement. The foregoing termination right shall be the sole and exclusive remedy available to each non-defaulting party.

ARTICLE XI. Expenses

11.1 Each of Sewer District, Central Jefferson and EMC shall pay their own attorneys' fees.

11.2 Central Jefferson shall pay for (where applicable):

(a) title company charges (including closing, recording, releasing and escrow fees) customarily paid by a seller of real estate in Jefferson County;

(b) amounts necessary to secure the release of all deeds of trust, liens or mortgages encumbering the Property;

(c) taxes and assessments in accordance with Article VIII; and

(d) other charges customarily paid by a seller of real estate in Jefferson County.

11.3 EMC shall pay for (where applicable):

(a) title company charges (including closing, recording and escrow fees) customarily paid by a buyer of real estate in Jefferson County;

(b) title insurance premium for the Owner's Policy of Title Insurance;

- (c) taxes and assessments in accordance with Article VIII; and
- (d) other charges customarily paid by a buyer of real estate in Jefferson County.

**ARTICLE XII.
Real Estate Brokerage**

12.1 Each party hereto represents that it has not had any dealings with any real estate broker, finder or other person with respect to this Agreement. Each party agrees to indemnify and hold the other parties harmless from and against any loss, cost and expense, including attorney's fees, which the other party shall suffer by reason of the breach of the foregoing representation and warranty by the representing and warranting party.

**ARTICLE XIII.
Survival and Indemnity**

13.1 Those provisions of this Agreement which relate to representations, warranties, covenants, agreements and indemnities of the parties contained in this Agreement and post closing calculations or performance by Central Jefferson, EMC or Sewer District shall survive the Closing and each party shall indemnify and hold the other parties and any assignee of the other party harmless from any loss, cost, expense (including attorneys' fees), or damages sustained by reason of a breach of any representation, warranty, covenant, agreement or indemnity by such party, whether or not suit is brought.

**ARTICLE XIV.
Miscellaneous**

14.1 Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be delivered by courier, facsimile transmission, in person, overnight courier (e.g. Federal Express or Airborne Express) or sent by certified mail, return receipt requested, addressed as follows:

If intended for Central Jefferson: Central Jefferson County Utilities, Inc.
1519 McNutt Road
Herculaneum, MO 63048
Attention: Kenneth McClain
Facsimile: _____

With a copy to: Hockensmith Tatlow McKinnis, P.C.
12801 Flushing Meadow Drive
St. Louis, MO 63131
Attention: Dana Hockensmith
Facsimile: 314-965-6653

If intended for Sewer District: Jefferson County Public Sewer District

P.O. Box 632
Hillsboro, MO 63050
Attention: Martin Toma
Facsimile: _____

If intended for EMC:

Environmental Management Corporation
1001 Boardwalk Springs Place
O'Fallon, MO 63366
Attention: Deryl Earsom
Facsimile: 636-561-9411

With a copies to:

Blackwell Sanders Peper Martin LLP
720 Olive Street, Suite 2400
St. Louis, MO 63101
Attention: Richard Feldman
Telephone: (314) 345-6216
Facsimile: (314) 345-6060

or at such other address, and to the attention of such other person, as the parties shall give notice as herein provided. All such notices, requests and other communications shall be deemed to have been sufficiently given for all purposes hereof on the date deposited in the mail and shall be deemed received on the fifth business day after the date of the mailing thereof, if send by U.S. Postal Service or deemed given the next business day if sent by overnight courier.

14.2 Time. Time shall be of the essence in all matters concerning this Agreement.

14.3 Entire Agreement; Modifications. This Agreement embodies and constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

14.4 Applicable Law and Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. In the event any litigation is instituted by any party hereto as a result of this Agreement, the prevailing party shall also be entitled to recover attorneys' fees from the non-prevailing party.

14.5 Captions. The captions in this Agreement are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions hereof.

14.6 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

14.7 Waiver. Sewer District and EMC hereby reserve the right to waive any and all conditions or contingencies hereunder or the failure of any warranty or representation of Central Jefferson.

14.8 Dates. If the date for the performance of any acts hereunder falls on a Saturday, Sunday or a legal holiday, then the time for performance thereof shall be deemed extended to the next successive business day.

14.9 Words. Any reference in this Agreement to Central Jefferson, EMC or Sewer District as masculine, feminine or neuter herein shall be construed to reflect the true gender of the Central Jefferson, EMC or Sewer District. Any reference herein to Central Jefferson, EMC or Sewer District shall be construed in the plural if there is more than one.

14.10 Assignment. None of the parties hereto shall assign its respective rights hereunder without the prior written consent of the other parties.

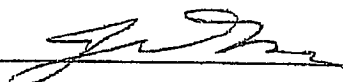
14.11 Cooperation. Central Jefferson agrees to cooperate with Sewer District and EMC in requesting and obtaining any governmental licenses, approvals, zoning or land use changes as may be requested by Sewer District or EMC.

14.12 Counterparts. This Agreement may be executed in counterparts, each of which when read together shall constitute one original document. In addition, this Agreement may be executed via facsimile and such facsimile signatures shall constitute a binding original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the ____ day of July, 2006 (the "Effective Date").

**CENTRAL JEFFERSON COUNTY
UTILITIES, INC.**

By: 

Name: Jeremiah Nixon

Title: Secretary

**JEFFERSON COUNTY PUBLIC SEWER
DISTRICT**

By: _____

Name: _____

Title: _____

**ENVIRONMENTAL MANAGEMENT
CORPORATION**

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 13th day of July, 2006 (the "Effective Date").

**CENTRAL JEFFERSON COUNTY
UTILITIES, INC.**

By: _____

Name: _____

Title: _____

**JEFFERSON COUNTY PUBLIC SEWER
DISTRICT**

By: Martin Toma

Name: Martin Toma

Title: Chair

**ENVIRONMENTAL MANAGEMENT
CORPORATION**

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 13th day of July, 2006 (the "Effective Date").

**CENTRAL JEFFERSON COUNTY
UTILITIES, INC.**

By: _____

Name: _____

Title: _____

**JEFFERSON COUNTY PUBLIC SEWER
DISTRICT**

By: _____

Name: _____

Title: _____

**ENVIRONMENTAL MANAGEMENT
CORPORATION**

By: _____

Name: GEORGE BIRCH

Title: VP & CFO

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7/13/06

EXHIBIT A

LEGAL DESCRIPTION

Central Jefferson County shall transfer all right, title and interest it has in and to all real property used by it in conjunction with the operation with the water and waste water treatment facilities located in Raintree Plantation subdivision, which shall include but not be limited to the following:

1. The water treatment plant described in Exhibit number 1. Additional real property may need to be acquired from the Raintree Plantation Property Owners Association, Inc. for expansion of the waste water treatment plant. Central Jefferson will work with Sewer District and EMC to identify the additional property needed for expansion of the waste water treatment plant and shall (x) acquire such additional real property prior to closing and (y) transfer all of its right, title and interest in such additional real property to Sewer District at closing.

2. An easement for the existing water tower as shown on Exhibit number 2.

3. The well house as shown on Exhibit number 3.

4. The well house as shown on Exhibit number 4.

5. The future well site location as shown on Exhibit number 5.

6. The lift station as shown on Exhibit number 6.

7. The lift station as shown on Exhibit number 7.

8. The lift station as shown on Exhibit number 8.

Central Jefferson is working with Hillsboro Title Company and Jefferson County Surveying Company to verify all real property owned by Central Jefferson and used in conjunction with the water and waste water treatment systems. Central Jefferson is working with Jefferson County Surveying to develop any necessary additional legal descriptions for conveyance at closing. Any other real property not included in this Exhibit A but owned by Central Jefferson and necessary for the operation of the water and waste water treatment systems will be conveyed at closing. Central Jefferson will work with Sewer District and EMC to identify all real property to be transferred at the time of closing which is necessary for the operation of the water and waste water treatment facilities and owned by Central Jefferson.

EXHIBIT B

FACILITY

At closing, Central Jefferson shall transfer all of its right, title and interest in and to the following property which is used in the water and waste water treatment facilities and distribution systems:

1. Two permitted wells and related equipment, piping and buildings associated with each well.
2. The waste water treatment plant and all equipment of any type whatsoever associated with the waste water treatment plant.
3. All water and waste water mains and collector lines, pumps, valves, fittings and other equipment associated therewith used in operation of the water and waste water treatment facilities.
4. All service lines connected with the water and waste water treatment system. (Central Jefferson's portion: Company service line-main-collector line to curb stop and box).
5. One fifty thousand (50,000) gallon elevated storage tank and one stand pipe.
6. 680, or the current number at the time of closing, customer accounts for water and waste water service; the customer account for water and waste water service to the Raintree Plantation Country Club facility; and, the customer service account for water and waste water service to the retail building not located in Raintree Plantation subdivision but located along Highway B at the entrance to Raintree Plantation subdivision. There are approximately 3,162 platted residential lots in Raintree Plantation subdivision. As of the date of preparation of this exhibit, there were approximately 680 paying customers. Some customers have homes constructed on more than one lot. Additionally, there are several customers receiving service now platted as a residential lot.

Central Jefferson will transfer any and all other property owned by Central Jefferson and necessary for the operation of the water and waste water treatment facilities in Raintree Plantation subdivision. Central Jefferson will work with Sewer District and EMC to identify all property to be transferred at the time of closing which is necessary for the operation of the water and waste water treatment facilities and owned by Central Jefferson.

EXHIBIT C

HAZARDOUS MATERIALS

The Missouri Department of Natural Resources and the United States Environmental Protection Agency have alleged that Central Jefferson allowed discharge of wastewater from the wastewater treatment plant in Raintree Plantation subdivision into Galligher Creek. At various times, wastewater may have discharged from the wastewater treatment onto the Property and on the Facilities due to line breakage, overflow of pump stations or other occurrence or event. The waste water could be considered a pollutant or contaminant as defined in paragraph 4.2(k). Central Jefferson has not performed any testing to determine if other Hazardous Materials, as defined in section 4.2(k), are present in any waste water which may have been discharged. Additionally, Central Jefferson operates two deeps wells furnishing water to the subdivisions. Well Number 1 has on several occasions tested above 15 parts per billion, the allowable content, for lead. Water from well Number 1 may only be used if mixed with water from well Number 2.

EXHIBIT D

FACILITY IMPROVEMENTS

1. Wastewater. EMC will provide investment to complete upgrades and improvements necessary to the Facility to increase its capacity to a design flow of .4 MGD as specified below and to meet all state and local regulatory requirements.

The maximum design parameters of the Facility following improvements are as follows:

Average Flow	0.4 MGD
Maximum Hourly Flow	0.8 MGD
Influent BOD	61 mg/L
Influent TSS	61 mg/L
Influent TKN	10 mg/L

2. Water. EMC will provide investment to complete upgrades and improvements necessary to the Facility to resolve lead contamination issues, storage capacity issues as further specified below and to meet all state and local regulatory requirements.

- a. Permit Requirements: MO-6036271.
- b. Water Quality meeting the requirements of the Safe Drinking Water Act.
- c. EMC shall not be responsible to meet the foregoing finished water quality requirements if one or more of the following occurs:
 - i. Raw water contains a hazardous, toxic or radioactive substance which cannot be removed by the then existing processes;
 - ii. Hazardous, toxic or radioactive discharges into the water distribution system;
 - iii. The peak production, influent turbidity, or influent constituents are greater than the following design parameters:

Peak Production:	0.345 MGD
Manganese:	0.05 mg/L
Iron:	0.30 mg/L
Lead:	15 ug/L
Copper:	1300 ug/L

Total Hardness: 280 mg/L

- iv. The presence of chemicals or substances not listed above.
- v. The water plant or distribution system can operate only at reduced capacity due to construction activities, flood, adverse weather conditions, terrorism, or other causes beyond EMC's reasonable control.

EXHIBIT E

ACTIONS, SUITS OR PROCEEDINGS

The Missouri Department of Natural Resources has issued several Notices of Violation to Central Jefferson regarding Central Jefferson's operation of the wastewater treatment system and water system at Raintree Plantation subdivision. The United States Environmental Protection Agency has issued "Findings of Violations and Orders for Compliance" directed to Central Jefferson regarding its operation of the wastewater treatment system and the water system at Raintree Plantation subdivision. Central Jefferson has denied any violation, and it has challenged the jurisdiction of the Environmental Protection Agency to become involved in these matters. Central Jefferson makes no representation or warranty regarding the manner in which these allegations of violations will be resolved. Central Jefferson is not responsible for any violations or alleged violations occurring after the date of closing of the sale and transfer pursuant to the terms of this Agreement, but shall remain liable for all violations and alleged violations occurring prior to the closing of the sale and transfer contemplated by this Agreement.

The alleged violations and proceedings are more fully described in the following attached documents:

1. Letter from Department of Natural Resources to Mr. Toma dated August 12, 1997 (with Report on Plans and Specifications for Water System Improvements dated August 12, 1997 attached.)
2. Letter from Department of Natural Resources to Mr. McClain dated March 15, 2004. (With Report on Inspections dated March 15, 2004; e-mail from Department of Natural Resources to Mr. Ford dated July 18, 2003 attached.)
3. Letter from County of Jefferson to Linda Davis dated May 19, 2004.
4. Letter from Department of Natural Resources to Mr. McClain dated September 27, 2004. (With Notice of Violation dated September 27, 2004; Inspection data dated September 1, 2004; Investigation Report and Recommendations for Raintree Plantation WWTP dated September 2, 2004; Stream Survey and Basin Inventory attached.)
5. Letter from Department of Natural Resources to Mr. Phibbs dated March 10, 2005.
6. Letter from Mr. Hockensmith to Ms. Davenport dated March 18, 2005.
7. Letter from Department of Natural Resources to Mr. Hockensmith dated March 29, 2005.
8. Letter from Mr. Hockensmith to Mr. Schreimann dated May 26, 2005.
9. Notice from EPA potential permit violations dated June 9, 2005.

10. Letter from Mr. Hockensmith to Mr. Schreimann and Mr. Schmid dated July 6, 2005. (With Settlement Agreement undated attached.)
11. Letter from EPA to Mr. McClain date stamped August 26, 2005.
12. Letter from Department of Natural Resources to Mr. McClain dated October 26, 2005. (With Notice of Violation dated October 26, 2005 attached.)
13. Findings of Violation and Order for Compliance date stamped December 1, 2005.
14. Letter from Mr. Hockensmith to Ms. Sans dated December 9, 2005.
15. Letter from Mr. Hockensmith to Ms. Rauch dated December 14, 2005.
16. Letter from EPA to Mr. McClain and Mr. Nixon dated December 14, 2005.
17. Letter from Mr. Schmid to Mr. Hockensmith dated December 15, 2005. (With Stream Surveys; Investigation Report and Recommendations for Raintree Plantation WWPT dated September 2, 2004; photographs; Missouri Department of Natural Resources report dated September 17, 2004 attached.)
18. Remediation and Monitoring Plan from FRIBIS dated December 28, 2005.
19. Letter from Mr. Hockensmith to Ms. Sans dated January 4, 2006. (With Report of Compliance dated January 4, 2006 and photographs attached.)
20. Letter from Mr. Hockensmith to Guy and Roger dated January 5, 2006.
21. Findings of Violation and Order for Compliance dated March 2, 2006.
22. Letter from EPA to Mr. McClain and Mr. Nixon date stamped March 2, 2006.
23. Letter from Department of Natural Resources to Mr. McClain dated March 13, 2006. (With Report on Inspection of Community Water Supply with photos dated March 13, 2006.)
24. Letter from Mr. Hockensmith to Ms. Sans dated March 24, 2006. (With Response to Findings of Violation and Order for Compliance dated March 2, 2006 attached.)
25. Letter from Department of Natural Resources to Ms. Shaw dated March 30, 2006.
26. Letter from FRIBIS to Gentlemen dated May 22, 2006.
27. Letter from FRIBIS to Gentlemen dated June 5, 2006. (With Memorandum dated March 17, 2004 attached)
28. Letter from Mr. Hockensmith to Ms. Sans dated June 20, 2006.

EXHIBIT F

VIOLATIONS OR ALLEGED VIOLATIONS OF LAW

The Missouri Department of Natural Resources and the Environmental Protection Agency have alleged violations by Central Jefferson of federal and state statutes and rules and regulations in Central Jefferson's operation of both the wastewater treatment system and the water system at Raintree Plantation subdivision. These allegations are more fully set forth in Exhibit E to this Agreement, and the documents attached to Exhibit E, which Exhibit E and the documents attached to Exhibit E are incorporated herein by reference. The allegations of violations set forth in Exhibit E and the documents attached to Exhibit E are currently pending and have not been resolved. Central Jefferson makes no representation or warranty regarding the manner in which the allegations disclosed in the documents attached to Exhibit E will be resolved. Sewer District and EMC shall be solely responsible for any allegations of violations regarding the operation of the wastewater treatment and the water system at Raintree Plantation subdivision after the date of the closing of this sale and transfer pursuant to the terms of this Agreement; it being understood that Central Jefferson shall remain responsible for all violations and alleged violations occurring prior to closing the sale and transfer contemplated by this Agreement.

EXHIBIT G

TITLE DISPUTES

1. A dispute exists between Central Jefferson and Raintree Plantation Property Owners Association, Inc. regarding where the location of existing and future water treatment facilities are and will be located as necessary and as required by federal, state and local authorities.

2. A dispute exists between one or more individual property owners in Raintree subdivision regarding the location of one or more existing pump stations encroaching upon their property.

EXHIBIT H

ADDITIONAL DISCLOSURES

Central Jefferson hereby makes the following additional disclosures to EMC and Sewer District:

1. Lift station number 2 pit has two pumps set. One pump is for the use of Central Jefferson's water system, and the other pump is for the Raintree golf course which uses water from the lake for irrigation. Raintree golf course has an easement for use of the pump station and pump for irrigation purposes. Both pumps are on the same electric meter, and the electric usage is billed to Raintree golf course. Central Jefferson currently pays Raintree golf course approximately \$ 36.00 per month for electric use.

2. In the past, during heavy rains, there has been excessive infiltration in the sewer lines and lift stations. Leaking of the water lines has occurred in the past. EMC and the Sewer District should investigate these items as they deem necessary.

3. A metal sewer pipe is in place under the big lake. Sewage is piped through the pipe and through dam to the waste water treatment plant. EMC and Sewer District should review this piping, and the plans for this piping, as they deem necessary.

4. Electric and telephone lines were placed in the Central Jefferson's water and sewer trenches in many areas. These lines may be encountered in servicing the water and sewer lines. EMC and the Sewer District should make such investigation as they deem necessary of the placement of electric and telephone lines in the Central Jefferson's trenches.