AGREEMENT FOR SALE OF WATER & WASTEWATER SYSTEM

THIS AGREEMENT (the "Agreement"), made and entered into the date of the last of the parties hereto to sign below (the "Effective Date"), by and between the City of Waynesville, Missouri (the "City Buyer"), the Pulaski County Sewer District Number 1 (the "District Buyer") (said City Buyer and District Buyer sometimes referred to herein collectively as "Buyers"), Highway H Utilities, Inc. (also "Seller Highway H"), Four J Land and Cattle Company ("Seller Four J"), and James Jerry Laughlin, Jr. (also "Seller Laughlin") (Seller Highway H, Seller Four J, and Seller Laughlin also referred to sometimes collectively simply as the "Seller").

WITNESSETH:

WHEREAS, Seller Highway H has developed, and operates as a regulated water and sewer corporation, facilities in an area of Pulaski County, Missouri, to include water and wastewater systems known as the "Northern Heights Water & Wastewater System" and the "High Point Water & Wastewater System", some parts of which are situated on real property owned by Seller Highway H, some parts of which are situated on real property owned by Seller Four J, and some parts of which are situated on real property owned by Seller Laughlin; and,

WHEREAS, City Buyer is a body corporate, 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, City Buyer is a political subdivision and city of the 3rd class 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, District Buyer is a body corporate politic, 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, District Buyer is a political subdivision and a Chapter 204 RSMo statutory sewer district 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 desires to sell all the assets, property and real estate connected with the Northern Heights and High Point Water & Wastewater Systems; and,

Appendix B

WHEREAS, City Buyer desires to purchase all of the assets, property and real estate connected with the Northern Heights and High Point Water Systems; and,

WHEREAS, District Buyer desires to purchase all of the assets, property and real estate connected with the Northern Heights and High Point Wastewater Systems; and,

WHEREAS, the parties have reached an understanding with respect to the sale by the Seller and the purchase by the City Buyer and District Buyer of all of the Northern Heights and High Point Water & Wastewater Systems, respectively.

NOW, THEREFORE, it is mutually agreed that:

1. <u>SALE OF ASSETS</u>.

For and in consideration of the receipt of the Purchase Price, and the covenants and promises hereinafter set forth, the Seller agrees that on the closing date, the Seller shall sell, transfer, assign and deliver to City Buyer all of Seller's then existing assets pertaining to the provision of water service in the Northern Heights and High Point Water Systems, located in Pulaski County, in the State of Missouri, and related properties, and Seller shall sell, transfer, assign and deliver to District Buyer all of Seller's then existing assets pertaining to the provision of wastewater service in the Northern Heights and High Point Wastewater Systems, located in Pulaski County, in the State of Missouri, and related properties, including, without limitation, the following:

A. The land, interests in land, easements, rights of way, and permits generally described in <u>Exhibit A</u>, attached hereto, pertaining to the respective Northern Heights and High Point Water Systems and the Northern Heights and High Point Wastewater Systems; and,

B. All of Seller's water and wastewater service facilities, equipment, lines, plant, pipes, manholes and appurtenances in both the Northern Heights and High Point Water & Wastewater Systems, as generally described in <u>Exhibit B</u>, attached hereto, all of which shall be conveyed via a Bill of Sale executed by Seller in favor of Buyer.

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

2. <u>CONVEYANCES OF REAL ESTATE</u>.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any water and wastewater easements pertaining to the Northern Heights and High Point Water & Wastewater Systems. The real estate will be conveyed by a separate general warranty deed by corporation given to City Buyer and District Buyer, in a form satisfactory to Buyers, as well as a separate general warranty deed given to District Buyer by Seller Laughlin, where applicable, and will vest marketable title in fact in the Buyers. Easements shall be assigned by written assignment, in a form satisfactory to Buyers. An easement for ingress and egress shall also be given by Seller Four J to District Buyer to allow for accessing the Northern Heights Wastewater Systems (which easement is more particularly described on said <u>Exhibit A</u>. The real estate sale and purchase transaction shall be further governed by the following terms and provisions.

2.1. Property. Seller agrees to sell and Buyers agree to buy upon the terms and conditions set forth hereafter certain real property located in Pulaski County, Missouri, more particularly described on <u>Exhibit A</u>, including and together with any and all easements inuring to the benefit of Seller and the real property described on <u>Exhibit A</u> as the dominant tenement, and affecting the Northern Heights and High Point Water & Wastewater Systems (the "Property").

2.2. Conveyance and Title Standards. Marketable title in fact to the Property shall be conveyed by a General Warranty Deed by Corporation, from Seller Highway H and Seller Four J, as applicable, free and clear of all encumbrances, and by a General Warranty Deed from Seller Laughlin, as applicable, free and clear of all encumbrances. The title to the Property herein required to be furnished is marketable title as set forth in Title Examination Standards of The Missouri Bar. Any encumbrance or defect in the title to the Property which is within the scope of any of said Title Standards shall not constitute a valid objection on the part of Buyers, provided Seller furnishes the affidavits or other title papers, if any, described in the applicable title standard.

2.3. Title Requirements. Seller shall within thirty (30) days of the Effective Date deliver to City Buyer a commitment to issue a policy of title insurance in the amount of \$250,000 naming City Buyer as the insured written by a title insurance company acceptable to City Buyer which policy shall insure the owner's title to be in the condition called for by this

Agreement and which commitment shall provide that said policy shall be issued forthwith after Seller's General Warranty Deed by Corporation to City Buyer shall be placed of record. Seller shall within thirty (30) days of the Effective Date deliver to District Buyer (by forwarding the same directly to District Buyer's attorney, Cary L. Hansen, via facsimile transmission (to 573.341.5864) and via e-correspondence (to CHansen@teamlex.com)) a commitment to issue a policy of title insurance in the amount of \$250,000 naming District Buyer as the insured written by a title insurance company acceptable to District Buyer which policy shall insure the owner's title to be in the condition called for by this Agreement and which commitment shall provide that said policy shall be issued forthwith after the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J to District Buyer shall be placed of record, and after the General Warranty Deed executed by Seller Laughlin to District Buyer shall be placed of record. After delivery of the respective title insurance commitment to Buyers, the receiving Buyer shall have fifteen (15) days to examine said title insurance commitment and notify Seller in writing of any objections thereto. For purposes of such notification of objections, Seller agrees that any such notification shall be deemed delivered if sent directly to the attorney for Seller, Mr. Bruce Warren (via facsimile transmission (to 573.774.5711) and via e-correspondence (to pcoabstract@embargmail.com)). Seller may meet Buyers' objections by removing any objected to encumbrance or defect and, if necessary to accomplish such removal, the Closing Date shall be extended for an additional thirty (30) days. If a Buyer fails to make written objection to title within the time specified herein, that Buyer shall be deemed to have waived any right to make such objection. If there be any objections timely made, Seller shall within a reasonable time furnish to the objecting Buyer a new or amended title insurance commitment satisfying any such objections, but if such commitment shall not be furnished within a reasonable time after said notice, not to exceed forty-five (45) days following such notice, the objecting Buyer at such Buyer's election may avoid and terminate this Contract by written notice to Seller. If the failure to furnish a title insurance commitment is due to the fact that title defects cannot be corrected, then this Contract shall be void unless the objecting Buyer gives written notice to Seller of such Buyer's election to waive such defects. Seller shall pay the cost for the issuance of the title insurance commitments (title service charges), including the cost of any search fee, examination fee and binder fee. Each Buyer shall pay the cost for the title insurance premium issued to such

Buyer.

2.4. Taxes. Real property taxes for the year of closing, if any should be assessed and due, shall be prorated between Seller and Buyers as of the date of Closing. Seller shall pay and be responsible for any and all real property taxes accruing prior to the year of Closing which remain unpaid and the same shall be paid prior to or at the time of making this Agreement.

2.5. Seller's Warranties, Covenants and Representations. In addition to any other warranties, covenants and representations made by Seller in this Agreement, with respect to the Property, Seller hereby warrants, covenants and represents the following to Buyers, with full knowledge that Buyers are relying upon same in executing this Agreement and performing hereunder.

- 2.5.1. Seller is the sole owner of the Property and has the right and power to enter into this Agreement, to convey the Property to Buyers pursuant to the terms and provisions of this Agreement, and to perform Seller's other obligations under this Agreement.
- 2.5.2. Seller Highway H and Seller Four J are Corporations, duly organized, existing and in good standing, whose sole shareholders are: Jay R. Laughlin ("Jay"); Joey M. Laughlin ("Joey"); and James J. Laughlin, Jr. ("James") (collectively the "Shareholders").
- **2.5.3.** Seller and the Shareholders are not now the subject of a pending, threatened or contemplated bankruptcy proceeding.
- 2.5.4. There exists no judgments, liens or encumbrances, whether of record or not, which would or could have an adverse effect on the Property, including without limitation, any state or federal civil or criminal forfeiture proceeding, except a Judgment entered against Seller Highway H and Seller Four J in the Circuit Court of Pulaski County, Missouri, in Case Number 10PU-CV01339 (the "10PU-CV01339 Judgment"), and except for the lien existing under a certain Deed of Trust, having been filed for record with the Recorder of Deeds of Pulaski County, Missouri, on September 13, 2010, as Document Number 2010-5789, and the lien existing under a certain Deed of Trust, having been filed for record with the Recorder filed for record with the Recorder of Deeds of Pulaski County, Missouri, on September 13, 2010, as Document Number 2010-5789, and the lien existing under a certain Deed of Trust, having been filed for record with the Recorder filed for record with the Recorder of Deeds of Pulaski County, Missouri, on February 14, 2017, as

Document Number 201700669 (the "Deeds of Trust"), Seller hereby warranting to Buyer that both of such Deeds of Trust shall be released of record before or at Closing.

- **2.5.5.** No portion of the Property is being or previously has been acquired by any governmental authority in the exercise of its power to condemn or to acquire through eminent domain or private purchase in lieu thereof nor are any of these proceedings or actions threatened, pending or imminent.
- 2.5.6. There are no actions, suits or proceedings pending or threatened against, by or affecting the Seller or the Shareholders in any court or before any government agency relating to the ownership of, or Seller's ability to convey, the Property, or which would or could have an adverse effect on the Property, including without limitation, any state or federal civil or criminal forfeiture proceeding, except the 10PU-CV01339 Judgment.
- 2.5.7. Seller and the Shareholders will not sell, encumber, convey, assign or contract to sell, convey, assign, pledge, encumber or lease all or part of the Property, nor any interest therein, nor restrict the use of all or any part of the Property, nor take or cause to be taken any action in conflict with this Agreement, during the term of the same.
- 2.5.8. All work, labor, service and materials furnished prior to the Closing to or in connection with the Property and any improvements constructed thereon prior to the Closing will be discharged by Seller prior to the Closing, so that no mechanics', materialmen or other lien may be filed against the Property or such improvements.
- **2.5.9.** There are no unrecorded liens, encumbrances, purchaser's agreements or other agreements to sell, options to purchase or lease or other rights on, in or pertaining to, the Property pursuant to unrecorded documents.
- **2.5.10.** There are no leases or other contracts relating to the Property, and no party has a right of first refusal, a right of first offer, a purchase option, or any similar rights to purchase, lease, or acquire any interest in the Property.
- 2.5.11. There are no occupants of the Property claiming adversely to Seller which are

known to Seller and no party other than Seller has the right to possess the Property.

- 2.5.12. There exists no ongoing, pending or threatened litigation or claims of any nature arising out of acts or omissions of the Seller or the Shareholders prior to the execution of this Agreement that would or could have an adverse effect on the Property, including without limitation, any state or federal civil or criminal forfeiture proceeding, except the 10PU-CV01339 Judgment.
- 2.5.13. From time to time after the Closing Date, upon the reasonable request of the Buyers, Seller shall execute and deliver or cause to be executed and delivered such further instruments of conveyance, assignment and transfer, or other such related documents or instruments, and take such further action as Buyers may reasonably request in order to ensure the effective assignment, conveyance, transfer, taking of possession and recording of title to the Property, and to otherwise consummate the transaction contemplated by this Agreement. Seller covenants and agrees to cooperate with Buyers in all such reasonable respects to assure to Buyers the continued title to and possession of the Property in the condition and manner contemplated by this Agreement.

Each of the foregoing warranties, covenants and representations shall still be true and correct at the Closing, shall survive the Closing and shall not be merged with or into the delivery of the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J or the delivery of the General Warranty Deed executed by Seller Laughlin, or with or into any assignment or conveyance of any of the easements.

Seller (which expression shall include Seller, Seller's successors, legal representatives and assigns) covenants and agrees, at Seller's sole cost and expense, to indemnify, defend (with legal counsel reasonably acceptable to Buyers), and hold Buyers, and the successors and assigns of Buyers, harmless from and against any and all claims, suits, administrative proceedings, losses, judgments, damages, encumbrances, liens, defense costs, including attorney fees, that may be incurred by, asserted or awarded against Buyers as a result of or arising out of any of Seller's representations, warranties or covenants which are breached or which are determined to be false.

2.6. Environmental. Seller represents that there are no Hazardous Substances in, on, or under the Property (the "Environmental Representations"). For purposes of this representation, the term "Hazardous Substance" shall mean and include, without limitation, the terms: "asbestos" as defined in Missouri's Air Conservation Law (MACL), Mo.Rev.Stat. §§643.020, 643.253 and 643.260; "hazardous air pollutant" as defined in the Clean Air Act (CAA), 42 U.S.C. §§7401, 42 U.S.C. §7412; "hazardous material" as defined in the Hazardous Materials Transportation Authorization Act of 1994, Pub. L. No. 103-311, 108 Stat. 1673, 49 U.S.C. §5102; "hazardous substance", "pollutant or contaminant" as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), 42 U.S.C. §9601, the Federal Water Pollution Control Act (FWPCA), 33 U.S.C. §§1251, et seq., 33 U.S.C. 81321, and Missouri's Hazardous Waste Management Law (MHWML), Mo.Rev.Stat. §§260,500 and 260,565; "hazardous waste" and "regulated substance" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. §6903, and 42 U.S.C. §6991, and MHWML, Mo.Rev.Stat. §260.360; PCBs; "pesticides" or "plant regulators" as defined under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), 7 U.S.C. §§136, et seq., 7 U.S.C. §136; petroleum and petroleum-based materials; "pollution" or "water contaminant" as defined in Missouri's Clean Water Law (MCLW), Mo.Rev.Stat. §644.016; "solid waste" as defined in Missouri's Solid Waste Disposal Law (MSWDL), Mo.Rev.Stat. §§260.006 and 260.200; "toxic pollutant" as defined in the FWPCA, 33 U.S.C. §1317; and any other substances or materials, the possession, storage, release, discharge, presence and handling of which, are regulated by any local, state or federal law, rule or regulation, to protect against creating a health hazard or damage to human life or damage to the environment.

The Environmental Representations shall still be true and correct at the Closing, shall survive the Closing and shall not be merged with or into the delivery of the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J or the delivery of the General Warranty Deed executed by Seller Laughlin, or with or into any assignment or conveyance of any of the easements.

Seller (which expression shall include Seller, Seller's successors, legal representatives and assigns) covenants and agrees, at Seller's sole cost and expense, to indemnify, defend (with legal counsel reasonably acceptable to Buyers), and hold Buyers, and the successors and assigns of Buyers, harmless from and against any and all claims, suits, administrative proceedings, losses, judgments, damages, encumbrances, liens, defense costs, including attorney fees, that may be incurred by, asserted or awarded against Buyers as a result of or arising out of any of Indemnitors' Environmental Representations which are breached or which are determined to be false, whether or not such breach or falsity is currently ascertainable or actually discovered before or following Closing.

2.7. Insured Loss. In the event of any loss or damage to the Property, or the improvements thereon, between the date of this Agreement and the delivery of the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J or the delivery of the General Warranty Deed executed by Seller Laughlin, and if the transaction contemplated by this Agreement shall proceed through Closing, a Buyer shall receive all insurance payable for the same related to that portion of the Property to be acquired by a particular Buyer; provided, however, that if said damage is substantial and materially affects the present use of the Property, then a Buyer at such Buyer's election may terminate this Agreement. In the event of such termination by a Buyer, or if the Agreement does not proceed through Closing for any other reason related to any such loss or damage to the Property: (1) Seller shall be entitled to receive all insurance payable; (2) The parties expressly agree that neither shall be allowed to recover damages from the other based upon such termination; and (3) Each party affirmatively forever releases the other from any claim or damage arising out of such termination of the Agreement.

2.8. Costs and Expenses. Except as otherwise expressly provided herein to the contrary, costs and expenses associated with the purchase of the respective portion of the Property by a particular Buyer shall be paid as follows:

2.8.1. Seller shall pay for the following:

- **2.8.1.1.** the cost for the issuance of the title insurance commitment, including the cost of any search fee, examination fee and binder fee (title service charges);
- **2.8.1.2.** correction of title defects, if any, and if so elected by Seller as more fully provided in Section 2.3 herein;
- **2.8.1.3.** one-half (1/2) the costs of the services of the Closing Agent (the "closing fees"); and

2.8.1.4. any other costs and expenses, attorney fees or other professional fees, incurred by Seller for services rendered to Seller in conjunction with the negotiation, execution and consummation of this Agreement.

2.8.2. City Buyer and District Buyer shall pay for the following:

- **2.8.2.1.** the cost of any title insurance policy premiums insuring the real property purchased by such Buyer;
- **2.8.2.2.** an equal share of one-half (1/2) of the costs of the services of the Closing Agent (the "closing fees");
- **2.8.2.3.** the recording fees related to the recordation of any deed and any instrument making assignment of an easement given in favor of such Buyer; and
- **2.8.2.4.** any other costs and expenses, attorney fees, banking or financing fees, or other professional fees, incurred by a respective Buyer for services rendered to such Buyer in conjunction with the negotiation, execution and consummation of this Agreement.

2.9. Closing. This Property sale and purchase transaction shall be closed no later than thirty days after the effective date of any necessary regulatory authority approval (see Section 3 hereunder) unless the parties agree to extend the time for Closing, or unless the election of some right hereunder necessitates a later Closing date. Closing shall occur at the offices of Pulaski County Abstract and Title Company, 315 North Street, Waynesville, Missouri 65583, or at such other place within Pulaski County, Missouri, agreed upon by the parties, at which time all money and papers shall be delivered and transferred and absolute possession of the Property shall be delivered to Buyers.

2.10. Title Work; Closing Agent; Closing Fees. Buyers are hereby authorized to engage Pulaski County Abstract and Title Company, 315 North Street, Waynesville, Missouri 65583, to initiate any land title work needed to issue a title insurance commitment, to put in place a policy of title insurance, and to serve as the Closing Agent for this transaction (unless the parties agree to a different Closing Agent or place of Closing). Seller and Buyers shall each pay one-half (1/2) of the costs of the services of the Closing Agent (the "closing fees").

3. <u>**REGULATORY APPROVAL.</u>**</u>

The Seller agrees to make application to the Missouri Public Service Commission for authority to complete the transfer of the Assets. Buyers agree to assist in this process when requested to do so by Seller. Buyers and Seller shall act diligently and cooperate with each other in obtaining final approval, if necessary, of the Missouri Department of Natural Resources for transfer of Seller's discharge and/or operating permits and other permits, if any.

4. **<u>PURCHASE PRICE</u>**.

City Buyer agrees to pay to Seller at the Closing, Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00) in cash or certified funds at closing, and District Buyer agrees to pay to Seller at the Closing, Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00) in cash or certified funds at closing. (the "Purchase Price").

5. OPERATIONS CONSULTANT.

City Buyer agrees to pay Seller Highway H an additional Five Thousand and NO/100 Dollars (\$5,000.00) per year, and District Buyer agrees to pay Seller Highway H an additional Five Thousand and NO/100 Dollars (\$5,000.00) per year, both for a five year period for consultation services pertaining to the operation and maintenance of both Northern Heights and High Point Water & Wastewater Systems. Those duties shall include but may not be limited to the following:

A. Identify locations of water and wastewater easements.

B. Help with GIS Mapping of both Northern Heights and High Point Subdivisions.

C. Identify water meter locations for each residence currently connected to the water supply system.

D. Any other reasonable request of the Buyers that is needed to successfully transition water and wastewater service from the Seller to the Buyers.

Any payment due hereunder shall be conditioned upon said Seller performing the required duties to the satisfaction of Buyers.

6. <u>CLOSING</u>.

The closing of the sale shall take place at a mutually agreeable location within thirty days after the effective date of any necessary regulatory authority approval (see Section 3 herein), or at such other time as the parties hereto may mutually agree. At the closing, Seller shall deliver to the Buyers such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in the Buyers such title to the Assets to be sold as provided in this Agreement and Buyers will deliver to Seller the Purchase Price. From time to time, at a Buyer's request, whether at or after the closing and without further consideration, the Seller will execute and deliver such other instruments of conveyance and transfer and take such other action as such Buyer reasonably may require to more effectively convey and transfer to the Buyer any of the Assets to be sold hereunder, and will assist such Buyer in the collection or reduction to possession of such Assets. The Seller will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to a Buyer hereunder.

On the date of closing, Buyers shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyers shall assume liability, and become responsible, for all obligations in connection with the Assets received by them, except for those liabilities and obligations which Seller has herein under agreed to retain.

7. SELLER'S REPRESENTATIONS AND WARRANTIES.

In addition to any other warranties, covenants and representations given by Seller to Buyers, the Seller represents and warrants to Buyers as follows, with full knowledge that Buyers are relying upon same in executing this Agreement and performing hereunder.

A. Organization and Standing of Seller.

Seller Highway H and Seller Four J are both a body corporate organized, existing under the constitution and laws of the State of Missouri in good standing, and Seller Laughlin, as applicable, and Seller has all the requisite power and authority to sell the Water and Wastewater business and its Assets pursuant to the terms of this Agreement.

B. <u>Liabilities</u>.

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Northern Heights and High Point water and wastewater systems are liabilities and obligations of the Seller. Within thirty days of the Effective Date, Seller shall deliver to Buyer a complete listing of any and all such liabilities, identifying each obligee and the amount of any such liability. Without in any way limiting the obligation of Seller to identify other liabilities or obligations, Seller states that certain of the real property to be sold to Buyer hereunder is encumbered by the lien of a certain Deed of Trust, having been filed for record with the Recorder of Deeds of Pulaski County, Missouri, on September 13, 2010, as Document Number 2010-5789, and by the lien of a certain Deed of Trust, having been filed for record with the Recorder of Deeds of Pulaski County, Missouri, on February 14, 2017, as Document Number 201700669 (the "Deeds of Trust").

C. <u>Absence of Certain Changes</u>.

After a Buyer's inspection and acceptance of the Northern Heights and High Point water and wastewater systems, there shall not be:

i. Any material change in the business or operations of the Northern Heights and High Point Water & Wastewater Systems;

ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Northern Heights and High Point Water & Wastewater System's assets.

D. <u>Title to Properties</u>.

Seller has, or shall have, good and marketable title to all of the Water & Wastewater Assets. Seller also 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, whether of record or not, which would or could have an adverse effect on the Assets, including without limitation, any state or federal civil or criminal forfeiture proceeding, and excepting only the Deeds of Trust (which shall be released of record before or at Closing) and 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 provide within thirty days of the date first above written a 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 thirty days of the Effective Date, Seller agrees to identify any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the Northern Heights and High Point Water & Wastewater Systems and provide Buyers or Buyers' representatives copies of the same or a reference to the book and page number of the records of the Pulaski County Recorder's Office where such easements are recorded.

Buyers shall have sixty days from the date of receipt of the distribution and collection line plat, and the description and identification of all easements, licenses or other interests in land Seller has obtained within which to determine 1) if Seller lacks an easement or other interest necessary for operation of the Northern Heights and High Point Water & Wastewater Systems 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 Water & Wastewater Systems, or any easement identified suffers from a defect in title or interest conveyed, Buyers at their option may: 1) cancel this agreement, 2) independently negotiate with the owner of the affected property toward acquisition of water well, treatment plant, and distribution lines easement or other easements, 3) notify Seller that Buyers will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied and 4) undertake any action, which in Buyers' sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest.

E. <u>Authority to Operate</u>.

The Assets described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the Northern Heights and High Point Water & Wastewater Systems. The Northern Heights and High Point Water & Wastewater Systems are being conducted, and as of the closing date, 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. Seller has received no notice of any violation of federal or state safety or environmental statute, rule or regulation which remains uncorrected, excepting only any possible matters arising from the 10PU-CV01339 Judgment, all of which Seller believes to have been completed and satisfied.

F. Litigation and Proceedings.

There is no litigation or proceeding pending, or to the knowledge of the Seller threatened, against or relating to the Seller, or the Shareholders of Seller Highway H and Seller Four J (identified above), its properties, or the Northern Heights and High Point Water & Wastewater Systems, nor does the Seller, or the Shareholders of Seller Highway H and Seller Four J (identified above), know or have reasonable grounds to know of any basis for any such action, or of any governmental investigation, which would or could have an adverse effect on the Assets, including without limitation, any state or federal civil or criminal forfeiture proceeding relative to the Seller, or the Shareholders of Seller Highway H and Seller Four J (identified above), its properties, or the Northern Heights and High Point Water & Wastewater Systems, excepting only the 10PU-CV01339 Judgment.

G. <u>No Violation or Breach</u>.

The performance of this agreement by the 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.

H. <u>No Deposits</u>.

Seller has not required nor received any customer deposits related to the Northern Heights and High Point Water & Wastewater Systems customers.

Each of the foregoing warranties, covenants and representations shall still be true and correct at the Closing, shall survive the Closing and shall not be merged with or into the delivery of the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J or the delivery of the General Warranty Deed executed by Seller Laughlin, or with or into any assignment or conveyance of any of the easements, or with any bills of sale or any other instrument or act of conveyance of any of the Assets to the Buyers.

Seller (which expression shall include Seller, Seller's successors, legal representatives and assigns) covenants and agrees, at Seller's sole cost and expense, to indemnify, defend (with legal counsel reasonably acceptable to Buyers), and hold Buyers, and the successors and assigns of Buyers, harmless from and against any and all claims, suits, administrative proceedings, losses, judgments, damages, encumbrances, liens, defense costs, including attorney fees, that may be incurred by, asserted or awarded against Buyers as a result of or arising out of any of Seller's representations, warranties or covenants which are breached or which are determined to be false.

8. BUYERS' <u>REPRESENTATIONS AND WARRANTIES</u>.

Buyers represent and warrant as follows:

:

A. Organization and Standing of Buyer.

City Buyer is a political subdivision and city of the 3rd class organized and existing under the constitution and laws of the State of Missouri, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

District Buyer is a political subdivision and a Chapter 204 RSMo statutory sewer district 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 and to purchase the Assets which are to be sold to District Buyer pursuant to the terms of this Agreement.

B. <u>Authority</u>.

The execution and delivery of this agreement by Buyers and the purchase of the Assets as contemplated hereby have or will be duly authorized by the Buyers via a duly and lawfully passed or enacted Resolution or Ordinance, and all necessary action on the part of the Buyers has been or will be taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

9. <u>CONDITIONS PRECEDENT</u>.

All obligations of the Buyers under this agreement are subject to the fulfillment, prior to

or at the Closing, of each of the following conditions:

A. <u>Regulatory Approval</u>.

The Missouri Public Service Commission and Missouri Department of Natural Resources shall have, if necessary, authorized or approved the sale, transfer or disposition of the Assets to the Buyers from the Seller. Both parties shall diligently pursue the required approvals and authorizations contemplated herein.

B. <u>Representations and Warranties True at Closing</u>.

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

C. <u>Performance</u>.

The 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 without limitation, the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the closing date.

D. <u>No Casualty</u>.

The system at any location 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.

10, **INDEMNIFICATION**.

In addition to any other agreement by Seller to indemnify Buyer made herein, the Seller (which expression shall include Seller, Seller's successors, legal representatives and assigns) shall, and hereby agrees to indemnify and hold harmless the Buyers, 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 closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 7 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 the Buyers 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 closing;

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

E. All reasonable costs and expenses, including attorney's fees, reasonably incurred by Buyers to purchase or condemn easement rights if (i) such rights were to have been assigned under this agreement, but which Seller ultimately was unable to convey good and marketable title thereto for any reason, and (ii) such rights were used in, and necessary for, the operation of the Northern Heights and High Point Water & Wastewater Systems' business as of the closing date.

If any claim or demand is made against a Buyer that, if sustained, would give rise to an obligation of the Seller pursuant to this section, such Buyer shall cause notice of the claim or demand to be delivered to the Seller and shall afford the Seller, at his own cost and expense, the opportunity to defend the claim using counsel selected by the Seller, but approved by such Buyer.

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

The obligations of Seller as expressed in this Section shall survive the Closing and shall not be merged with or into the delivery of the General Warranty Deed by Corporation executed by Seller Highway H and Seller Four J or the delivery of the General Warranty Deed executed by Seller Laughlin, or with or into any assignment or conveyance of any of the easements, or with any bills of sale or any other instrument or act of conveyance of any of the Assets to the Buyers.

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 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. <u>BENEFIT</u>.

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

13. GOVERNING LAW.

This Agreement is being delivered and is intended to be performed in the State of Missouri, and shall be construed and enforced in accordance with the laws of such state.

14. COUNTERPARTS.

This Agreement may be executed simultaneously 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.

15. 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.

16. 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.

17. 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. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyers and Seller, said approval not to be unreasonable withheld.

18. 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.

19. NOTICES.

All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given and effective five (5) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

If to City Buyer:

City of Waynesville

, Missouri

If to District Buyer:

Director of Finance and Administration Pulaski County Sewer District Number 1 531 Old Route 66, Suite A St. Robert, Missouri 65584 *(if notice by personal service), or*

Director of Finance and Administration Pulaski County Sewer District Number 1 Post Office Box 3008 Waynesville, Missouri 65583 *(if notice by certified mail)* If to Seller: Highway H Utilities, Inc. Four J Land and Cattle Company James Jerry Laughlin, Jr. (*all C/O Jay Laughlin*) P.O. Box 308 Waynesville, Missouri 65583

Any party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it is actually received by the intended recipient. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

20. AMENDMENTS AND WAIVERS.

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyers 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.

21. 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.

22. EXPENSES.

Buyers and Seller will 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 Closing.

23. 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.

INCORPORATION OF EXHIBITS. 24.

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

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

HIGHWAY H UTILITIES, INC.

By:

aughlin, President

"SELLER HIGHWAY H"

FOUR J LAND AND CATTLE COMPANY

By:

Laughlin, President Jav K.

"SELLER FOUR J"

ATTE

Laughlin

Joey

Ty Laughtin mes Je

"SELLER LAUGHLIN"

CITY OF WAYNESVILLE, MISSOURI

By:

Luge Hardman, Mayor

"CITY BUYER"

EST: Carol Welch, City Clerk

PULASKI COUNTY SEWER DISTRICT NUMBER / Gary Porter Chairman

"DISTRICT BUYER"

TTEST: Carl Jensen, Secretary

By:

EXHIBIT A

WATER SYSTEMS

Real property being conveyed as part of the Northern Heights and High Point Water Systems, lying, being and situate in the County of Pulaski, State of Missouri, and being more particularly described as follows:

[The City of Waynesville and/or Seller needs to determine what description is to appear here]

As well as:

WATER LINE EASEMENTS associated with the Northern Heights and High Point Water Systems, more particularly identified as follows:

[The City of Waynesville and/or Seller needs to determine what description is to appear here]

WASTEWATER SYSTEMS

Real property being conveyed as part of the Northern Heights and High Point Wastewater Systems, lying, being and situate in the County of Pulaski, State of Missouri, and being more particularly described as follows:

Northern Heights Wastewater Treatment Facility:

A fractional part of the North Half (N1/2) of Lot 102 and Lot 103 of Northern Heights Estates Phase Four in Section 13, Township 36 North, Range 12 West, of the 5th Principal Meridian, in Pulaski County Missouri, AND a fractional part of the Southeast Quarter (SE1/4) of the Southwest Quarter (SW1/4) of Section 12, Township 36 North, Range 12 West, of the 5th Principal Meridian, in Pulaski County, Missouri, more particularly described as follows: Commencing at an Aluminum Monument at the Southwest corner of said Section 12; Thence following along the South line of said Section 12, South 88°49'38" East, 1580.33 feet to the true point of beginning of the hereinafter described tract: Thence leaving said South line, North 1°05'14" East, 203.86 feet to a 1/2" iron pin; Thence South 88°51'46" East, 349.68 feet to a 1/2" iron pin; Thence South 1°05'14" West, 422.00' feet to a 1/2" iron pin, Thence North 88°51'46" West, 349.68 feet to a 1/2" iron pin; Thence North 1°05'14" East, 218.14 feet to the true point of beginning. Said tract contains 3.39 acres, more or less, per survey plat I-1117 by Integrity Engineering, Inc. dated August 7, 2017, and is subject to Lilly

Lane and any other easements, covenants, and restrictions of record.

Northern Heights Sewer Easement Description:

A fractional part of the Southeast Quarter (SE1/4) of the Southwest Quarter (SW1/4) of Section 12, Township 36 North, Range 12 West, of the 5th Principal Meridian, in Pulaski County, Missouri, more particularly described as follows: Commencing at an Aluminum Monument at the Southeast corner of the Southwest Quarter said Section 12; Thence following along the East line of said Quarter, North 1°04'55" East, 917.98 feet to the true point of beginning of said easement, being 10 feet on both sides of the hereinafter described centerline: Thence leaving said East line, South 44°03'50" West, 814.02 feet to a point; Thence South 7°52'42" West, 203.69 feet to a point; Thence South 49°41'01" West, 221.67 feet to the point of termination. Said easement contains 0.57 acres, more or less, per survey plat I-1217 by Integrity Engineering, Inc. dated August 7, 2017, and is subject to the right-of-way of London Lane and Lilly Lane, and any other easements, covenants, and restrictions of record.

High Point Wastewater Treatment Facility:

All of Lots 61 and 62 in High Point Estates No. 4, a subdivision of Pulaski County, Missouri, per the plat thereof filed in the Recorder's Office of Pulaski County, Missouri. Subject to easements and restrictive covenants of record.

As well as:

WASTEWATER LINE EASEMENTS associated with the Northern Heights and High Point Wastewater Systems, more particularly identified as follows:

[insert list of recorded instruments]

EXHIBIT B

All water lines, wells, pipes, manholes, machinery, pumps, equipment and appurtenances, and all other personal property, including as built drawings, comprising the Northern Heights and High Point Water Systems located in Pulaski County, Missouri, more particularly described as follows:

WATER SYSTEMS INFRASTRUCTURE:

[insert description of water system apparatus]

WASTEWATER SYSTEMS INFRASTRUCTURE:

Northern Heights Estates Subdivision WWTF:

Septic tank effluent pump collection system, air relief valves, shutoffs, pumps, recirculating tanks and sand filters, chlorination disinfection, de-chlorination, and flow measuring facilities including all valves, piping, fittings, controls, grates, fencing, gates, unused chemicals, maintenance records, reports, maps, plans, specifications, and all necessary appurtenances to make a complete and operable system.

High Point Estates Subdivision WWTF:

Gravity collection system, flow equalization, extended aeration, sand filter, chlorination disinfection, de-chlorination, and flow measuring facilities including all manholes, lamp holes, valves, piping, fittings, controls, grates, fencing, gates, unused chemicals, belts, filters, aeration headers, maintenance records, reports, maps, plans, specifications and all necessary appurtenances to make a complete and operable system.

No vehicles, accounts receivable or cash accounts will be transferred.







High Point Legal Description – Well & Tank location

Legal Description Tract A

All of Tract A as described in survey C-4999 mad by Carmack Surveying, Inc. under the date of April 3, 2002 and Document 2010-102, Pulaski County records.

A part of Lot 32 of High Point Estates No. 2, Pulaski County, Missouri, described as follows: Beginning at the Southwest corner of the East Half of the Northeast Quarter of the Northwest Quarter of Section 11, Township 35 North, Range 12 West of the 5th P.M.; thence S8810'40"E 73.96 feet along the South line of said East Half of the Northeast Quarter of the Northwest Quarter; thence N 0115'43" W, 101.35 feet; thence N 54 15'34" E 141.63 feet to the Southerly right-of-way line of Sedalia Road; thence along a curve turning to the right with an arc length of 32.24 feet, with a radius of 75.00 feet, with a chord bearing of N 5622'50"W, with a chord length of 31.99 feet all along said Southerly right-of-way line to the Easternmost corner of Lott 33 in High Point Estates No. 3, Pulaski County, Missouri; thence S 5415"34'W 78.48 feet, and N 8825'04" W 90.30 feet, all along the Southerly line of said Lot 33 to the West line of said East Half of the Northeast Quarter of the Northwest Quarter; thence S 0213'06" W 156.18 feet to the place of beginning. Subject to all easements of record. Description derived from Survey C-4999 made by Carmack Surveying, Inc. under the date of April 3, 2002.



Northern Heights Legal Description - Well & Tank location

4.

All of Lot 8 Northern Heights Estates Phase One, a subdivision in Pulaski County, Missouri, as per Survey C-5427-R made by Carmack Surveying, Inc. under the date of November 4, 2003