

**AGREEMENT FOR SALE  
OF WATER AND SEWER SYSTEMS**

**THIS AGREEMENT** (“Agreement”), is made and entered into this 29 day of September, 2015, by and between Central States Water Resources, Inc., a Missouri corporation, or its designated affiliate ("Buyer"), and Gary V. Cover, acting as the Court-Appointed Receiver for Missouri Utilities Company under the Judgment and Order, dated August 14, 2006, in the matter of *Public Service Commission of the State of Missouri v. Missouri Utilities Company*, Cole County Circuit Court, Case No. 06AC-CC00337 (“Seller”), collectively (“Parties”).

**WITNESSETH:**

**WHEREAS**, Missouri Utilities Company has developed and operates as a regulated water and sewer corporation water and sewer facilities, in the areas more particularly described and depicted in the documents attached hereto as *Exhibit “A”*, situated in an unincorporated area of Pettis County, Missouri (“Water and Sewer Systems”); and

**WHEREAS**, 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**, on August 14, 2006, Gary V. Cover was appointed by the Cole County Circuit Court as Receiver for Missouri Utilities Company, in the matter of *Public Service Commission of the State of Missouri v. Missouri Utilities Company*, Cole County Circuit Court, Case No. 06AC-CC00337. A copy of the Order is attached hereto as *Exhibit “B”*, and is incorporated herein by this reference.

**WHEREAS**, pursuant to the August 14, 2006 Judgment and Order, Receiver was to ensure that the customers of Missouri Utilities Company receive safe and adequate water and sewer service; and,

**WHEREAS**, under the August 14, 2006 Judgment and Order, the Court directed the Receiver to liquidate the assets of Missouri Utilities Company on terms that protect the interest of the customers of the Company, and allow them to continue to receive utility service from the assets that have been put in place to serve them; and,

**WHEREAS**, on September 18, 2015, the Court issued its Order authorizing the Receiver to execute any and all documents necessary to effect this Asset Purchase Agreement; and,

**WHEREAS**, Buyer desires to purchase all of the assets, property and real estate connected with the water and sewer utilities currently operated by Receiver pursuant to the August 14, 2006 Judgment and Order. Said utilities consisting of water and sewer facilities situated in Pettis County, Missouri, and as more particularly described in those certain Missouri Utilities Annual Reports of water utility assets, 2012 copies of which are attached hereto as *Exhibit "C"* ("Water Systems"); and Missouri State Operating Permits, Permit Nos. MO-088382, and Missouri Utilities Annual Report 2012 sewer utility assets respectively, copies of which are attached hereto as *Exhibit "D"* ("Sewer Systems"); and,

**WHEREAS**, the parties have reached an understanding with respect to the sale by Receiver and the purchase by Buyer of all of the Water and Sewer Systems.

**NOW, THEREFORE**, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, and the covenants and promises hereinafter set forth, Seller agrees that on the closing date, Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of water and sewer service in the Water and Sewer Systems located in Pettis County, in the State of Missouri, and related properties, including, without limitation, the following:

A. The land, buildings, interests in land, easements, rights of way, permits and leases generally described in *Exhibit "E"*, attached hereto;

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

C. Any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items located in Pettis County, Missouri, and used or held for use in connection with the Water and Sewer Systems as generally described in *Exhibit "F"*, attached hereto;

D. All of Missouri Utilities Company's rights, title and interest in and to any

franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, and customer deposits pertaining to, allocable to or arising out of the provision of water and sewer service in Pettis County;

E. All of Missouri Utilities Company's inventory, merchandise, contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the Water and Sewer Systems, except accounts receivable accrued through the end of the month in which Buyer commences operation; and

F. All assets not described which are located in Pettis County, Missouri, and used or useful in the Missouri Utilities Company's Water and Sewer Systems, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the closing of the sale contemplated under this Agreement and those assets listed on *Exhibit "G"*.

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

2. **CONVEYANCES OF REAL ESTATE.**

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

At Buyer's expense, Buyer shall obtain, at least ten (10) calendar days prior to closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price (or such other amount, at Buyer's discretion) issued by a company authorized to issue title insurance in the state of Missouri, which policy shall insure the owner's title to be marketable as the same is described and defined in Title Examination Standards of The Missouri Bar. After delivery of said title insurance commitment, Buyer shall have forty-five (45) business days to examine said title insurance commitment and notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards). If there shall be no such notice of objection, then any exceptions in such

Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have ten (10) business days to correct the title and Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

Buyer shall have thirty (30) 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 Missouri Utilities Company lacks an easement or other interest necessary for operation of the Water and Sewer Systems or 2) an easement is defective in title or interest conveyed. If it appears that Missouri Utilities Company lacks a valid easement for any portion of the Water or Sewer Systems, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant, and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

3. **REGULATORY APPROVAL.**

Seller and Buyer agree to make application to the Cole County Circuit Court for approval of this Agreement and to the Missouri Public Service Commission for authority to complete the transfer of the Assets. Buyer and Seller agree to assist the other in this process when requested to do so. Buyer 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 Missouri

Utilities Company's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing **Fifty Thousand Dollars (\$50,000.00)**, for purchase of the Assets, to include for approximately three and a half acres of real estate ("Purchase Price").

5. **CLOSING.**

The closing of the sale shall take place at a mutually agreeable location no later than thirty (30) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent, and Buyer having obtained financing under terms acceptable in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree. At the closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price.

From time to time, at Buyer's request and expense, whether at or after the closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder.

On the date of closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets, except for those liabilities and obligations which are pre-existing outstanding liabilities and obligations of Seller in connection with the Assets.

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

The Seller represents and warrants as follows:

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

Seller has all the requisite power and authority to sell the Assets pursuant to the

terms of this Agreement.

**B. Liabilities.**

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

**C. Absence of Certain Changes.**

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

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

**D. Title to Properties.**

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

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

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

E. **Authority to Operate.**

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by Missouri Utilities Company pertaining to the Water and Sewer Systems. To the best of Seller's knowledge, the Water and Sewer 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.

F. **Litigation.**

There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Assets, or the Water and Sewer Systems, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the Water and Sewer Systems, except as otherwise disclosed to Buyer in *Exhibit "H"*.

G. **No Violation or Breach.**

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

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

Buyer represents and warrants as follows:

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

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

**B. Authority.**

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

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

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

**A. Regulatory Approval.**

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 Buyer by Seller, the proposed financing, and any schedule of compliance for proposed utility improvement projects for regulatory compliance deemed necessary by Buyer, each in form and substance (including without limitation with respect to the terms and conditions contained in such approval) acceptable to Buyer in Buyer's sole and absolute discretion.

The Missouri Attorney General's determination that Buyer (or its affiliate) is not a "successor company" to Missouri Utilities Company, giving Buyer indemnification for previous environmental regulatory issues.

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

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

Seller's representations and warranties contained in this Agreement shall be true at





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 6 hereof;

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

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

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

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

11. **FEES AND COMMISSIONS.**

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee 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. **BENEFIT.**

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

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 Buyer 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, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 18, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such

address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President  
Central States Water Resources, Inc.  
500 Northwest Plaza Drive, Suite 500  
St. Ann, Missouri 63047  
Facsimile: (314) 238-7201  
Email: [jcox@cswrgroup.com](mailto:jcox@cswrgroup.com)

If to Seller:

Mr. Gary V. Cover, Receiver  
Missouri Utilities Company  
Cover & Hilton Law, LLC  
137 W. Franklin  
P.O. Box 506  
Clinton, MO 64735  
(660) 885-6780 fax  
Email: [gary@coverhiltonlaw.com](mailto:gary@coverhiltonlaw.com)

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other 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 Buyer and Seller, and approved by the Cole County Circuit Court. 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.**

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

24. **INCORPORATION OF EXHIBITS.**

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

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

If either Party shall default in their performance under this Agreement, which default

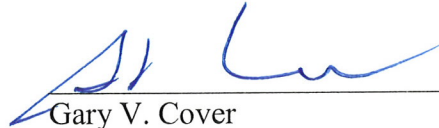
results in the expenditure of attorney's fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall receive their reasonable and actually incurred attorney's fees in addition to any other damages recovered.

26. **ASSIGNMENT.**

The Buyer shall have the unilateral right to assign its interest in this Agreement to an affiliated entity of Buyer upon providing written notice to the Seller.

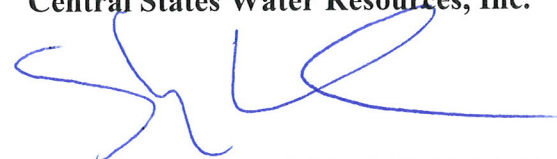
**IN WITNESS WHEREOF**, the Parties have duly executed this agreement as of the day and year first above written.

**SELLER:**

  
\_\_\_\_\_  
Gary V. Cover  
Court-Appointed Receiver for  
Missouri Utilities Company

**BUYER:**

**Central States Water Resources, Inc.**

By:   
\_\_\_\_\_  
Josiah Cox, President