

**ASSET PURCHASE AGREEMENT**

**BETWEEN**

**KMB UTILITY CORPORATION**

**And**

**MS ANN RUDY**

**AS SELLER,**

**AND**

**ALGONQUIN WATER RESOURCES OF MISSOURI, LLC. DBA LIBERTY WATER  
AS PURCHASER**

**DATED AS OF MARCH \_\_\_\_\_, 2011**

## **ASSET PURCHASE AGREEMENT**

This ASSET PURCHASE AGREEMENT (“Agreement”) dated the \_\_\_ day of March, 2011 (the “Effective Date”), is by and between KMB UTILITY, **CORPORATION**, a Missouri corporation together with Ms. ANN RUDY (individually and collectively the “Seller”), and **ALGONQUIN WATER RESOURCES OF MISSOURI, LLC., dba LIBERTY WATER**, a Missouri limited liability company (the “Purchaser”).

### **Background**

**WHEREAS** Seller owns water supply and distribution and wastewater collection systems, and certain other related assets located in Jefferson, Franklin and Cape Girardeau Counties in the State of Missouri.

**WHEREAS** such water supply and distribution and wastewater collection and all other related assets are utilized and necessary for the provision of water supply and wastewater treatment services to the community at the location indicated above (hereinafter called the “Facility”).

**WHEREAS** Seller desires to sell and Purchaser desires to purchase all assets owned by Seller and used in the operation of the Facility on the terms and conditions set forth in this Agreement.

**WHEREAS** Seller also desires to grant Purchaser a perpetual Easement over and across all real property owned and utilized by Seller which is desirable and utilized in the operation of the Facility, said real property being more particularly described in Exhibit “A” attached hereto and incorporated herein by reference (the foregoing real property being hereinafter collectively called the “Real Property”).

**WHEREAS** Purchaser intends to continue to conduct water supply and or wastewater collection and treatment operations at the Facility and desires also to acquire the goodwill and other intangible assets associated with or necessary for the conduct of such operations at such Facility.

**IN CONSIDERATION** of the mutual promises of the parties; in reliance on the representations, warranties, covenants, and conditions contained in this Agreement; and for other good and valuable consideration, the parties agree as follows:

### **Agreement**

#### ARTICLE 1 DEFINITIONS

1.01. **Specific Definitions.** Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

“Affiliate”: Any Person that, directly or indirectly, controls, or is controlled by, or under common control with, another Person. For the purposes of this definition, “control” (including the terms “controlled by” and “under common control with”), as used with respect to any Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or by contract or otherwise.

“Applicable Law”: All applicable provisions (domestic or foreign) of all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes and Orders of or with any Governmental Body, and (ii) Governmental Approvals.

“Assets”: As defined in Section 2.01 hereof.

“Assignment and Assumption”: As defined in Section 9.01(c) hereof.

“Bill of Sale”: As defined in Section 9.01(b) hereof.

“Board of Directors”: The Legal Board of Directors of KMB Utility Corporation and/or Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water.

“Claims”: As defined in Section 2.01(f) hereof.

“Closing”: As defined in Section 2.07 hereof.

“Closing Date”: As defined in Section 2.09 hereof.

“Code”: The Internal Revenue Code of 1986, as amended.

“Commission”: The Missouri Public Service Commission.

“Consent”: Any consent, approval, authorization, action, waiver, permit, grant, franchise, concession, agreement, license, exemption or Order of, registration, certificate, declaration or filing with, or report or notice to, any Person (including foreign Persons), including any Governmental Body.

“Cure Notice”: As defined in Section 3.03 hereof.

“Damages”: Any and all damages, claims, obligations, demands, assessments, penalties, fines, liabilities (joint or several), costs (including compliance costs), punitive damages, losses, diminution in value, defenses, judgments, suits, proceedings, disbursements and expenses (including disbursements, expenses and reasonable fees of attorneys, accountants, consultants and other professional advisors and of expert witnesses, costs of investigation and preparation, litigation and costs of settlement) of any kind whatsoever, whether fixed or contingent, suffered or incurred by a Person.

“Easement”: (i) Perpetual nonexclusive easements for all Lines which are not located on or under the Real Property and (ii) temporary easements, over, under and across any real

property which is owned by Seller or its Affiliates but is not part of the Real Property, which are necessary to enable Purchaser to repair, maintain and replace the Lines.

“Effective Date”: As defined in the opening paragraph hereof.

“Environmental Law”: Any and all federal, state, local, and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of Hazardous Materials or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or wastes or the cleanup or other remediation thereof.

“Final and Non-appealable order” : The Commission’s Order Approving the transaction becomes final and non-appealable when no motion for rehearing is filed by any interested party within ten (10) days after its effective date.

“Fixed Assets”: As defined in Section 2.01(c) hereof.

“GAAP”: Generally accepted accounting principles for financial reporting in the United States, applied on a basis consistent with the basis on which the balance sheet and any other financial statements were prepared.

“Governmental Approval”: Any Consent of, from or with any Governmental Body.

“Governmental Body”: Any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency, authority or instrumentality, domestic or foreign.

“Hazardous Material”: Any waste, substance, material, smoke, gas or particulate matter that: (i) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, radon gas or related materials, (ii) requires investigation, removal, regulation or remediation under any Environmental Law, or is defined, listed or identified as a “hazardous material”, “hazardous waste” “hazardous substance” “toxic substance”, “contaminant”, or “pollutant” thereunder, or (iii) is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous or dangerous or is regulated by any Governmental Body or Environmental Law.

“Including” or “Includes”: Means including without limitation or includes without limitation.

“Inspection Period”: As defined in Section 6.04 hereof.

“Knowledge”: The terms “knowledge,” “awareness,” and “belief” and any similar term or words of like import shall mean the current actual knowledge, awareness or belief of an officer of a Seller following inquiry with respect to the subject matter of the representation and/or warranty being given.

“Liability or Liabilities”: Any commitments, debts, liabilities, obligations (including contract and capitalization lease obligations), indebtedness, accounts payable and accrued expenses of any nature whatsoever (whether any of the foregoing are known or unknown, secured or unsecured, asserted or unasserted, absolute or contingent, direct or indirect, accrued or unaccrued, liquidated or unliquidated and/or due or to become due), including any liability or obligation for Taxes.

“Lien”: All mortgages, deeds of trust, claims, liens, security interests, pledges, leases, conditional sale contracts, rights of first refusal, options, charges, liabilities, obligations, agreements, Easements, rights-of-way, limitation, encroachment, powers of attorney, limitations, reservations, restrictions, and other encumbrances of any kind.

“Lines” : As defined in section 2.01 (a) hereof.

“Notices”: As defined in Section 10.02 hereof.

“Objections”: As defined in Section 3.03 hereof.

“Operating Agreements”: As defined in Section 2.01(d) hereof.

“Order”: Any order, writ, injunction, directive, decree, judgment, award, restriction, decision or determination of, or agreement with, any Governmental Body.

“Outside Date”: Means the date which is sixty (60) days following the Effective Date.

“Party or Parties” : Means Seller and/or Purchaser

“Permits”: All permits, authorizations, qualifications, certificates, consents, approvals, registrations, variances, exemptions, rights-of-way, franchises, privileges, immunities, grants, ordinances, licenses, waivers and other rights of every kind and character (a) under any (i) Applicable Law, (ii) Order or (iii) contract with any Governmental Body, or (b) granted by any Governmental Body.

“Permitted Encumbrances”: (i) Liens for Taxes and assessments not yet due and payable or which are being challenged in good faith and with respect to which adequate reserves have been established in the Financial Statements of Seller and the amounts being challenged is included in the adjustments pursuant to Section 2.04 hereof; (ii) informational filings made by equipment lessors under the Uniform Commercial Code; and (iii) landlord’s liens created by statute and not by affirmative action of any landlord.

“Permitted Exceptions”: As defined in Section 3.03 hereof.

“Person”: An individual, partnership, joint venture, corporation, company, limited liability company, bank, trust, unincorporated organization, Governmental Body or other entity or group.

“Personal Property”: As defined in section 2.01 ( c) hereof.

“Proceeding”: Any action, claim, suit, proceeding, litigation, arbitration, mediation, investigation, inquiry, complaint, grievance, review or notice or other process.

“Purchase Price”: As defined in Section 2.03 hereof.

“Purchaser”: As defined in the opening paragraph hereof.

“Rate Base”: The rate base for the water system for the test year ending May 31, 2010 in Missouri PSC Case No. WR-2010-0345 was \$219,557.00. The rate base for the wastewater system for the test year ending May 31, 2010 in Missouri PSC Case No. SR-2010-0345 was \$80,190.00.

“Rate Case Financials”: As defined in Section 2.04 (b)

“Real Property”: As defined in the Recitals hereof.

“Release”: Any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Material into the indoor or outdoor environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks, and other receptacles containing or previously containing any Hazardous Material.

“Seller”: As provided in the opening paragraph hereof.

“Seller’s Records”: As defined in section 2.01 (g) hereof.

“Service Agreement”: As defined in section 6.01 (j) hereof.

“Survey”: As defined in Section 3.01 hereof.

“Taxes”: Any federal, state, local or foreign income, franchise, sales, excise, real or personal property, ad valorem or other Taxes, assessments, fees, levies, imposts, duties, deductions or other charges of any nature whatsoever (including interest and penalties) imposed by any Applicable Law.

“Threatened”: Any matter or thing will be deemed to have been Threatened when used herein with respect to any party if that party has received notice from the Person to whom the threat is attributable or such Person’s agents, which notice makes reference to and identifies the matter or thing being threatened or that party observes an action by the Person to whom the threat is attributable or such Person’s agents that in the exercise of reasonable and prudent business judgment would cause such party to believe that the matter or thing is being threatened.

“Title and Survey”: As defined in Section 3.03 hereof.

“Title and Survey Review Period”: As defined in Section 3.03 hereof.

“Title Commitment”: As defined in Section 3.02 hereof.

“Title Company”: As defined in Section 3.02 hereof.

“Title Policy”: As defined in Section 3.04 hereof.

“Transaction” or “Transactions”: The acquisition of the Assets and the performance of the other covenants and the consummation of the transactions described in this Agreement.

“Transaction Expenses”: The expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the consummation of the Transactions, including all fees and expenses of counsel and representatives.

“Water related and Wastewater related Assets” : All assets, real and personal owned by Seller and used and useful in providing its water and waster water services.

“Working Capital”: Means the Consolidated assets of the Facilities as of 12:01 a.m. on the Closing Date that are treated under GAAP as current assets (including restricted cash) to which the Purchasers become entitled less consolidated liabilities of the Facilities as of 12:01 a.m. on the Closing Date that are treated under GAAP as liabilities for which the Purchasers become liable. Notwithstanding anything contained in the preceding sentence, the calculation of Working Capital shall include (i) as a current asset, any third party account receivable for services rendered by the Utilities before the Closing Date and (ii) as a current liability, any amount payable by the Purchasers on or after the Closing Date in respect of goods or services supplied to the Facilities before the Closing Date where no invoice for such amount has been received in respect thereof before the Closing Date.

“Working Capital Threshold” shall be set at zero dollars (\$0.00).

1.02. **Other Definitions.** Other terms shall have the meanings ascribed to them elsewhere herein.

## ARTICLE 2 SALE AND PAYMENT OF PURCHASE PRICE

2.01. **Sale of Assets.** Subject to the terms and conditions of this Agreement, on the Closing Date, Seller agrees to sell, convey, transfer, assign, and deliver to Purchaser, and Purchaser agrees to purchase and accept from Seller all of the following assets, properties, rights, licenses and business of Seller (the “Assets”), being all the assets that are used by Seller in connection with the operation of the Utility, free and clear of all Liens, except Permitted Encumbrances:

(a) The Utility and the Facility and (i) all of the buildings, structures and improvements in, upon and under the Real Property used by Seller in the operation of the Facility, together with (ii) any and all collection or disbursement pipe lines, valves, manholes, lift stations (collectively, the “Lines”) which are a part of, connected to, or serve the Facility.

(b) (i) Perpetual nonexclusive Easements over and across the Real Property and all Lines which are used by Seller in operating the Facility and (ii) temporary

Easements, over, under and across any real property which is owned by Seller or its Affiliates but is not part of the Real Property, which are necessary to enable Purchaser to repair, maintain and replace the Lines.

(c) All of the personal property and fixed assets of Seller that are located at the Facility or used in connection with the operation of the Utility including, without limitation, the personal property and fixed assets and all easements and rights of way of Seller described on Exhibit "B" attached hereto , together with all transferable warranties in connection therewith.

(d) All of Seller's right, title and interest in and to all assignable contracts and agreements relating to the operation of the Utility and to the upkeep, repair, maintenance or operation of the Facility, the Personal Property and the Fixed Assets (the "Operating Agreements") which Purchaser gives notice, in writing, of its agreement to assume during the Inspection Period.

(e) All of Seller's transferable Permits owned or used by Seller in the operation of the Facility or Utility, whether issued by any Governmental Body or any other Person (collectively, "Seller's Permits").

(f) All of Seller's rights, claims and causes of action relating to the Assets (the "Claims").

(g) All lists and records pertaining to the use and operation of the Assets, the Facility and Utility, including without limitation, information pertaining to customers, rates, billings, personnel and agents and all other drawings, books, ledgers, files, documents, and business records of every kind and nature of Seller relating to the Assets, Utility or the Facility (collectively, the "Seller's Records").

**2.02. Liabilities.** Seller covenants to retain and Purchaser shall not assume any Liabilities of Seller or Liabilities relating to the Assets, except for (i) those Liabilities arising and relating to events that occur on or after the Closing Date that are assumed by Purchaser pursuant to this Agreement or those liabilities with respect to the Assets that Purchaser has agreed to purchase pursuant to this Agreement; and (ii) those Liabilities in respect of which adjustments have been made in the Working Capital.

**2.03. Consideration for the Sale.** In consideration of the sale and transfer of the Assets of Seller to the Purchaser and the representations, warranties, and covenants of Seller set forth in this Agreement, on the Closing Date Purchaser shall pay to Seller the amount of THREE HUNDRED FIFTY-ONE THOUSAND SIX HUNDRED SEVENTY-SEVEN AND 00/100 DOLLARS (\$351,677.00), as may be adjusted in accordance with Section 2.04 (the "Purchase Price"), which Purchase Price shall be paid by the Purchaser to the Seller by way of immediately available funds.

**2.04. Purchase Price Adjustments.**

(a) General. Subject to all other provisions of this Agreement including Section 9.03, all benefits and obligations of any kind and nature relating to the Assets to

be conveyed and liabilities assumed pursuant to this Agreement shall be adjusted between the Parties as of the date of Closing.

(b) Capital Expenses and Depreciation. The Purchase Price is intended to be and reflect 1.2 times the Rate Base value of the water related Assets and 1.1 times the Rate Base of the wastewater- related Assets transferred to the Purchaser by the Seller at the Closing. For purposes of calculating the final Purchase Price, the Rate Base as defined herein shall be decreased by 1.2 times the amount of regulatory depreciation appropriately taken in respect of the water related Assets and 1.1 times the amount of regulatory depreciation appropriately taken in respect of the wastewater related Assets taken by Seller from May 31, 2010 through to the Closing Date and increased by 1.2 times the amount of capital addition as made in respect of the water related Assets and 1.1 times the capital additions made in respect of wastewater related Assets made by Seller from Rate Case Financials date through to the Closing Date, to the extent each or other similar changes in the assets or liabilities of the Assets reflect a change in the Rate Base of Seller. Purchaser shall have the right to challenge any investments in the Assets made by Seller that Purchaser does not consider to be prudent, used or useful in the performance of the duties of Seller as a public utility, but the Parties shall resolve the dispute prior to Closing. The rate base for the water system for the test year ending May 31, 2010 in Missouri PSC Case No. WR-2010-0345 was \$219,557.00. The rate base for the wastewater system for the test year ending May 31, 2010 in Missouri PSC Case No. SR-2010-0345 was \$80,190.00.

**2.05. Adjustments of Costs and Expenses.** Subject to all other provisions of this Agreement, all benefits and obligations of any kind and nature relating to the operation of the Assets conveyed pursuant to this Agreement whether accruing, payable or paid and received or receivable, shall be adjusted between the Parties as of the Closing Date on a pro-rata basis. With regard to taxes, ad valorem taxes for the Facility, the Personal Property, and the Fixed Assets for the current calendar year shall be prorated as of the Closing Date, and Seller shall pay the Purchaser in cash at Closing Seller's pro-rata portion of such taxes. Seller's pro-rata portion of such taxes shall be based upon taxes actually assessed for the current calendar year, or, if for any reason such taxes have not been actually assessed, such proration shall be based upon the amount of such taxes for the immediately preceding calendar year, and adjusted by cash settlement when exact amounts are available. With regard to all other income and ordinary operating expenses for or pertaining to the Facility including, but not limited to, public utility charges, maintenance, electricity, service charges and all other normal operating charges of the Facility shall be prorated as of the Closing Date. As soon as practical after Closing, and in any event within six (6) months thereafter, Seller and Purchaser shall cooperate in preparing and reaching a post-Closing settlement, accounting for any additional credits or debits between the Parties as necessary to carry out the intent of this Agreement, including the general principal that from and after the Closing Date, the expenses incurred from the operation of the Facility shall be charged to Purchaser, and before the Closing Date such sums shall be borne by the Seller. The intention of the Seller and Purchaser is that final settlement shall occur within 6 months following the Closing Date, but it is recognized that adjustments may be made after that time. No adjustments shall be made after 1 year from the Closing Date unless written notice of the requested adjustment, with reasonable particulars, is given within 1 year from the Closing Date. With

regard to invoices or expenses attributable to the Seller, Purchaser shall immediately notify Seller if any invoices relating to expenses incurred from the operation of the Facility before Closing are received, and include the amount as well as the due date on the invoice and Seller shall pay the invoice on behalf of the Purchaser. If for any reason, Seller fails to settle the outstanding amount(s) by the date indicated on the invoice, the Purchaser will add the outstanding amount(s), including but not limited to late fees, fines, penalties or interest, to the unregulated Rate Base of the Utility as intangible items.

**2.06. Working Capital Adjustment.** On the date which is three (3) business days prior to the Closing Date, Seller shall deliver to Purchasers an estimate of the Working Capital together with additional backup information as may be required by Purchasers, acting reasonably, to confirm such calculation.

In the event that the Working Capital exceeds the Working Capital Threshold, the Purchase Price shall be increased by the amount by which the Working Capital exceeds the Working Capital Threshold.

Within sixty (60) days after the Closing, the Purchasers shall prepare and deliver to the Seller a revised calculation of the Working Capital together with reasonable backup information as may be requested by Seller to confirm such calculation. In the event the revised Working Capital delivered by Purchasers differs from the Working Capital estimate delivered by Seller on or before the Closing Date, within fifteen (15) days following the date of receipt of the revised Working Capital calculation by Seller, Seller and Purchaser shall, as an adjustment to the Purchase Price, pay or refund, as the case may be, such amount so that the Purchase Price adjustment is correctly performed.

**2.07 Deposit of Earnest Money.** The Purchaser shall make a deposit of immediately available funds with the Title Company in accordance with the following:

Within three (3) business days after the mutual execution of this Agreement by Seller and Purchaser, Purchaser will deposit with the Title Company the amount of THIRTY THOUSAND DOLLARS (\$30,000.00).

The Title Company shall hold the funds deposited by Purchaser hereunder (such funds together with accrued interest referred to as "Earnest Money") in an interest-bearing account satisfactory to Seller and Purchaser, both acting reasonably. All interest earned on the funds held by Title Company shall constitute a portion of the Earnest Money and shall be disbursed with the funds deposited by Purchaser as provided elsewhere herein.

**2.08 Release of Earnest Money.** The Purchaser and Seller shall jointly instruct Title Company to promptly release the Earnest Money in accordance with the following:

- (a) To Seller, at the Closing as a payment by the Purchaser as a portion of the Purchase Price;
- (b) To Seller, in the event of termination pursuant to Sections 10.11(f) and 10.12.

## 2.09 Closing.

(a) Subject to the satisfaction or waiver of conditions set forth in Articles 7 and 8, the Closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Hillsboro Title Company, P.O. Box 500, Hillsboro, Missouri 63050, tel: 636-797-4222, fax: 636-797-5802 (Attn: Kami McCulloch) (the "Title Company") within approximately thirty (30) days after the effective date of a final and non-appealable order of the Commission approving the sale addressed in this agreement, such order is reasonably acceptable in form and content to Seller and Purchaser. If neither party notifies the other in writing within ten (10) days after the effective date of such final and non-appealable order, it shall be presumed that the Commission's approval is satisfactory in form and content for purposes of this section.

(b) If the order of the Commission contains conditions or provisions which either the Seller or the Purchaser find objectionable, each shall make their objections known by telephonic communication to all counsel for the other party listed in the Notice provisions not later than five (5) days after the date the order is issued, and shall follow up and document such telephonic communication with a communication in writing by electronic means (such as email) detailing such objections. Such Notice, when given, shall operate to indefinitely postpone the Closing subject to applicable law. During this postponement, the Parties agree to confer and negotiate concerning such objections at mutually convenient times for not more than sixty (60) days in an attempt to resolve issues to their mutual satisfaction, but neither shall be required to reach an agreement as a result of such negotiations.

(c) If no notice of objection is made, so as to not interrupt or unduly interfere with the ongoing operations and billing of the Seller, and provide for a more orderly transition, the Closing shall be at a mutually agreeable date and time on a business day for Seller between the twelfth (12<sup>th</sup>) and the sixteenth (16<sup>th</sup>) day of the month following the date of the final and non-appealable order, and may be postponed from day to day thereafter by mutual agreement to accommodate practical considerations relating to the Closing details.

## ARTICLE 3

### SURVEYS, TITLE COMMITMENTS, TITLE DOCUMENTS AND DUE DILIGENCE ITEMS

3.01. **Survey.** Within fifteen (15) days after the Effective Date, Seller shall cause to be delivered to Purchaser, the Seller's most current as-built land title surveys of the Real Property (the "Survey"). Purchaser may, at Purchaser's sole cost and expense, cause the Surveys to be updated and certified to Purchaser and the Title Company. The Survey shall form the basis for the legal description of the Real Property.

3.02. **Title Commitment.** Within fifteen (15) days after the Effective Date, Seller, at Seller's sole cost and expense, shall furnish to Purchaser current commitments (the "Title Commitment") for the issuance of an Owner's Policy of Title Insurance, insuring that Purchaser has acquired good and marketable title to the Easement to be granted to Purchaser through Hillsboro Title Company, Hillsboro, Missouri (Attn: Chandy) (the "Title Company"), together with legible copies of all documents (the "Title Documents") constituting exceptions to Seller's

title as reflected in the Title Commitment, including legible copies of the current plats, if any, filed in the map and plat records.

**3.03. Title and Survey Review.** Purchaser shall have a period of fifteen (15) days (the "Title and Survey Review Period") from the Effective Date to review the Title and the Survey and to provide notice in writing to Seller as to any matters therein to which Purchaser object (the "Objections"). If Purchaser fails to provide such notice prior to the expiration of the Title and Survey Review Period, Purchaser shall be deemed to have approved and accepted the Title and the Survey and all matters set forth on Schedule B of the Title Commitment shall be deemed permitted exceptions (referred to as "Permitted Exceptions"), and Purchaser shall accept title to the Real Property and the Easements subject to such Permitted Exceptions.

If Purchaser notifies Seller in writing of any Objections prior to the expiration of the Title and Survey Review Period, Seller shall then have a period of five (5) days after its receipt of such notice to (i) use its reasonable efforts to cure the Objections (provided Seller shall have no obligation to cure any of the Objections), or (ii) to notify Purchaser in writing of any Objections Seller cannot or will not cure (the "Cure Notice"). If Seller fails to deliver a Cure Notice in accordance herewith, Seller shall be deemed to accept the obligation to cure the Objections prior to Closing.

Upon Purchaser's receipt of the Cure Notice, Purchaser shall have until the expiration of the Inspection

Period (as hereinafter defined) to either (i) terminate this Agreement by written notice to Seller, with neither party hereto being thereafter obligated to the other, except as to those provisions that expressly survive hereunder, or (ii) waive the Objections by written notice to Seller and proceed to Closing with all uncured Objections constituting Permitted Exceptions.

Notwithstanding anything contained herein to the contrary, Seller may not, at any time after the Effective Date, place any encumbrances and/or restrictions on the Real Property without the prior written consent of Purchaser.

**3.04. Title Policy.** On or before the Closing Date, Seller shall furnish Purchaser in the name of the Purchaser which is purchasing the Facility, at Seller's cost and expense (excluding any additional premium for the survey exception deletion), with an Owner's Policy of Title Insurance (the "Title Policy") issued through the Title Company on a standard form in use in the State of Missouri from a title insurance underwriter reasonably acceptable to Purchaser, insuring good marketable and indefeasible Title to the Easement to be granted to Purchaser in the appropriate Purchaser, subject only to the Permitted Exceptions.

**3.05. Due Diligence Items.** Without in any way limiting the scope of the due diligence review by Purchaser, Seller shall deliver to Purchaser the following:

(a) Within fifteen (15) days after the Effective Date, at Seller's sole cost and expense, the following:

(i) A Uniform Commercial Code search which reflects that any portion of the Assets which constitutes personal property or fixtures is free from

any security interest other than security interests which shall be removed at or prior to Closing which the Seller undertakes to do and acceptable proof of such interests having been cleared will be delivered to the Purchaser at or prior to the Closing ;

(ii) A complete inventory of all tangible personal property owned or leased by Seller and used in connection with the Facility;

(iii) Copies of any reports or other correspondence related to the condition of property utilized in respect of the business carried on by the Facility;

(iv) To the extent that they are in Seller's possession, copies of all certificates of occupancy and other governmental licenses or approvals or consents relating to any portion of the Facility but in any case Seller shall provide copies of all government licenses and approval which are required for the operation of the Utility including, without limitation, , water use, well and discharge permits;

(v) Copies of any service records or bills for repairs to any part of the Facility for the prior three (3) years;

(vi) Copies of all warranties relating to the Facility;

(vii) Unaudited statements of operating expenses for calendar years 2008, 2009 and 2010;

(viii) Sufficient documentation to support the book value amount represented as the value of the Assets used at the respective Utility or Facility.

(b) Within ten (10) days after the Effective Date, true, correct and complete copies of all Operating Agreements pertaining to the Assets and the Facility.

(c) Within ten (10) days after the Effective Date, draft Service Agreement in respect of the Utility for review and negotiation with the Purchaser.

#### ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser that the following is true, correct and complete as of the date of this Agreement and will be true, correct and complete through and as of the Closing:

**4.01. Organization and Standing of Seller.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri. Seller has full corporate power and authority to own and lease all of the properties and assets it now owns and

leases and to carry on its business as now being conducted. Seller is in substantial compliance with Applicable Laws.

4.02. **Authority Relative to this Agreement.** Seller has full power and authority (corporate and otherwise) to execute, deliver and perform this Agreement (including execution, delivery and performance of the operative documents to which Seller is a party) and to consummate the transactions contemplated herein. The execution and delivery by Seller of this Agreement and the operative documents, and the consummation of the transactions will not violate Seller's organization documents or other obligations, have been or will be duly and validly authorized by the Board of Directors of Seller and the shareholders of Seller in accordance with Applicable Law, and no other corporate proceedings on the part of Seller are necessary with respect thereto and no additional consents or approvals other than those provided for herein are required. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms. Seller will take, and cause to be taken, all corporate or other action that is necessary for Seller to complete the transactions to be completed by Seller pursuant to this Agreement.

4.03. **Litigation Matters.** Except as set forth on Schedule 4.03 there is no action, claim, demand, special assessments, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry, or investigation of any nature, civil, criminal, regulatory, or otherwise, in law or in equity, pending or, to the Knowledge of Seller, Threatened against the Assets, Facility or Utility or against or relating to the transactions contemplated by this Agreement, the Real Property and there is not, to the Knowledge of the Seller, any basis for the same.

4.04. **Financial Statements.** The financial statements delivered by Seller to Purchaser pursuant to Section 3.05(vii) hereof have been prepared in accordance with GAAP and, to the Knowledge of Seller, properly and accurately reflect the revenues earned and costs incurred in the operation of the Facility in respect of the periods covered by such financial statements.

4.05. **All Assets and Real Property.** The Assets and Real Property, when considered together, include all assets, rights, properties, real property, Easements and contracts used in the conduct of the business of the Facility and Utility in the manner it was conducted in the 60 day period prior to the Effective Date (normal wear and tear and replacements in the normal course of business excepted), including the service to all Utility customers, in substantially the same manner and service levels as provided by the Facility and Utility.

4.06. **Environmental Matters.**

(a) Except as specifically disclosed to Purchaser by Seller in Schedule 4.04 hereto, no citations, fines, or penalties have been asserted against the Facility under any Environmental Law or by any regulatory authority having jurisdiction in the state in which the Facility operates.

4.07. Other than as set out in Schedule 4.04, Seller has not received notice (verbal or written) of nor is it aware of any person making allegations that all or any part of the Assets, the Real Property, the Utility, the Facility or the operation, use of ownership

thereof, is in violation of any applicable Environmental Law **Disclaimer**. EXCEPT FOR THE REPRESENTATIONS OF SELLER SET FORTH HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY MATERIALS, DATA OR INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY. EXCEPT FOR THE REPRESENTATIONS OF SELLER SET FORTH HEREIN PURCHASER ACKNOWLEDGES AND AGREES THAT ALL MATERIALS, DATA AND INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY ARE PROVIDED TO PURCHASER AS A CONVENIENCE ONLY AND THAT ANY RELIANCE ON OR USE OF SUCH MATERIALS, DATA OR INFORMATION BY PURCHASER SHALL BE AT THE SOLE RISK OF PURCHASER.

#### ARTICLE 5 PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser represents and warrants to Seller that the following is true, correct and complete as of the date of this Agreement and will be true, correct and complete through and as of the Closing:

5.01. **Organization and Standing of Purchaser.** The Purchaser is a limited liability company (as the case may be) duly organized, validly existing, and in good standing under the laws of the state of Missouri, with corporate power to own property and carry on its business as it is now being conducted.

5.02. **Authority Relative to this Agreement.** The Purchaser has full power and authority to execute, deliver and perform this Agreement (including execution, delivery and performance of the operative documents) and to consummate the Transactions contemplated herein, subject to the conditions to Closing set forth in this Agreement. The execution and delivery by the Purchaser of this Agreement and the operative documents, and the consummation of the transactions, have been duly and validly authorized by the Board of Directors of such Purchaser and the shareholders of such Purchaser in accordance with Applicable Law, and no other proceedings on the part of such Purchaser are necessary with respect thereto. This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of such Purchaser enforceable against such Purchaser in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles (regardless of whether enforcement is considered in a proceeding at law or in equity). The Purchaser will take, and cause to be taken, all action that is necessary for such Purchaser to complete the Transaction(s) to be completed by it pursuant to this Agreement.

ARTICLE 6  
COVENANTS

6.01. **Pre-Closing Covenants of Seller.** Seller covenants with Purchaser that from and after the Effective Date of this Agreement until the Closing Date, Seller will:

(a) **Business Operations.** Operate the Utility and conduct its activities in substantial compliance with all applicable laws, and in the normal course of business and not introduce any material new method of management, operation, or accounting.

(b) **Maintenance of Assets and Properties.** Maintain all Assets in a similar or better operating condition and repair as at the date hereof, except for ordinary depreciation, wear, and tear.

(c) **Absence of Liens.** Not sell, pledge, lease, mortgage, encumber, dispose of, or agree to do any of these acts regarding any of the Assets, other than sale or disposition in the normal course of business.

(d) **Maintain Insurance.** Keep in force all existing policies of insurance, or comparable replacement policies of insurance, covering the Assets. It is agreed that Seller shall be entitled to cancel all such insurance on the first business day following Closing.

(e) **Performance of Obligations.** Perform all of Seller's obligations and not make any material amendment to such obligations under all agreements relating to or affecting the Assets.

(f) **Notification of Litigation.** Promptly notify Purchaser in writing of any outstanding or Threatened claims, legal, administrative, or other Proceeding, or Orders against or involving Seller that could adversely affect the Transactions contemplated by this Agreement.

(g) **Cooperate in Publicity.** Coordinate any publicity regarding the Transactions with Purchaser. In this regard, it is agreed that the announcement to the general public of the consummation of the Transactions contemplated by this Agreement will be made at 8:00 a.m. on the next business day following Closing at a meeting of Seller's officers and employees and Purchaser's representatives.

(h) **Operating Agreements.** Not modify, amend, cancel, or terminate any of the Operating Agreements for which Purchaser has notified Seller in writing during the Inspection Period that Purchaser desire to assume (provided that Seller shall not be obligated to renew any Operating Agreements that expire in accordance with their terms). Prior to the Closing, Seller shall cancel (or modify to exclude or eliminate the Assets and Utility therefrom) all Operating Agreements which Purchaser have not agreed to assume. Seller's Operating Agreements are attached hereto as Schedule 6.01.

(i) **Preservation of Business.** Use its best efforts to preserve the Facility intact, to keep available to Purchaser the services of the present employees of Seller (provided that Purchaser is not obligated to hire any employees of Seller), and to preserve

for Purchaser the goodwill of the suppliers, customers and others having business relations with Seller.

(j) **Negotiation of Service Agreement.** Use its best and good faith efforts to negotiate the terms of a service agreement with Purchaser in accordance with the principles set out in Schedule 7.06 hereto (the “Service Agreement”) on or before the expiration of the Inspection Period (provided that the Inspection Period may be extended by mutual consent of Purchaser and Seller to provide sufficient time to complete such negotiations).

(k) **Submission for Approvals.** Submit the necessary applications and supporting documents seeking regulatory approval of the transaction contemplated herein and shall, both before and following the Closing, supply any additional information which may be requested by the regulators in regards thereto.

#### 6.02. **Commission Approval**

(a) The Parties will cooperate in preparing and filing an application to the Commission as they deem necessary or appropriate, designed to obtain Commission approval of the transactions contemplated by this Agreement (the “Commission Approval”) and will use Reasonable Efforts to secure Commission Approval as soon as practicable after the Effective Date. The Parties intend to utilize their own separate counsel for the preparation and processing of the application for Commission Approval, and will each bear their own Transaction Expenses for all matters up to the Effective Date and all matters related to the Closing unless specifically provided otherwise by this Agreement. The Parties will also each bear their own Transaction Expenses for any unique matters not equally affecting the Parties during the Commission Approval process. Neither Party will take any action designed to unreasonably delay the final resolution of the case by the Commission; however, either Party may make objections to discovery based on recognized bases.

(b) As part of the Commission Approval process, Seller anticipates that it will be required to provide written notice of the Commission Approval case to its customers. Seller intends to cooperate with regulatory officials with the intention of minimizing the expenses involved in providing such notice and shall make preparations to include such a notice during its normal billing process.

#### 6.03. **Pre-Closing Covenants of Purchaser**

(a) **Purchaser’s Determination as to Operating Agreements.** Purchaser will notify Seller in writing prior to the expiration of the Inspection Period of those Operating Agreements which Purchaser will accept and assume at the Closing Date.

(b) **Assist Seeking Approvals.** Purchaser shall provide such assistance and documentation as may be requested by the Seller, acting reasonably, to assist in securing all requisite approvals.

6.04. **Purchaser's Inspection.** Purchaser shall have a period of thirty (30) calendar days from the Effective Date, which period may be extended in accordance with Article 3 hereof (the "Inspection Period") , during which to conduct due diligence and conduct such feasibility studies, including Phase I environmental studies, as Purchaser may deem appropriate in an effort to determine whether or not to proceed with the Closing of the Transactions contemplated by this Agreement. Purchaser shall indemnify and hold Seller harmless from and against any and all claims, liabilities, and damages arising as a direct result of Purchaser's presence on the Real Property or the conduct of such studies except to the extent due to the negligence or misunderstanding of Seller and the foregoing indemnity shall expressly survive the closing or earlier termination of this Agreement.

In the event Purchaser determines in its sole and absolute discretion that it does not wish to proceed with Closing, Purchaser may terminate this Agreement pursuant to Section 10.11(a) by giving written notice of its intention to not proceed to Seller on or prior to the expiration of the Inspection Period, in which event this Agreement shall automatically terminate. If Purchaser terminates this Agreement prior to the expiration of the Inspection Period, Purchaser shall have no liability under this Agreement as a result of such termination except as herein provided. Purchaser agrees that, having had the opportunity to inspect the Assets for defects and having had the right to terminate this Agreement in the event any defects are found, Purchaser will accept at Closing the Assets in an "as is, where is" condition, and Purchaser acknowledges that, other than as may be expressly set out herein, Seller is not making any representations or warranties with respect to the physical condition of the Assets.

6.05. **Investigation of Utility and Properties.** Seller agrees to allow and cooperate with Purchaser to make or cause to be made such investigation of the Assets and of their financial and legal condition as appropriate or advisable to familiarize itself therewith. Seller agrees to furnish Purchaser and Purchaser's employees, officers, agents, investment bankers, accountants, counsel and other representatives with all business records, financial records, operating information, and other data and information concerning the Assets and commitments of Seller with respect to the Assets as Purchaser shall from time to time reasonably request and will afford Purchaser and Purchaser's employees, officers, accountants, attorneys, agents, investment bankers and other authorized representatives access to review such documents and their books and records regarding the Assets and will be given opportunity to ask questions of, and receive answers from, representatives of Seller with respect to such matters.

6.06. **Additional Agreements; No Solicitation.** Seller covenants and agrees that, until the sooner of the Closing or the termination of this Agreement, Seller will deal exclusively with the Purchaser with respect to the sale of the Assets, and Seller will not permit any of its respective Affiliates, agents or representatives (including investment bankers, attorneys and accountants) to, directly or indirectly (a) solicit, initiate, review, accept, engage in discussions or encourage submission of proposals or offers by, or (b) furnish any information with respect to, or otherwise cooperate in any way with, or participate in any discussions or negotiations with, any

Person (other than Purchaser and their agents) with respect to any proposal regarding the acquisition or purchase of all or a material portion of the Assets.

6.07. **Further Assurances.** Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all commercially reasonable efforts to do all things necessary, proper or advisable under Applicable Laws and regulations to consummate and make effective the Transactions contemplated by this Agreement, including the obtaining of all Consents and Orders by any Governmental Body or other Person required in connection therewith and initiating or defending any legal action that is necessary or appropriate to permit the Transactions to be consummated. At any time after the Closing Date, if any further action is necessary, proper or advisable to carry out the purposes of this Agreement, then, as soon as is reasonably practicable, each party to this Agreement shall take, or cause its proper officers to take, such action. Each party hereto further agrees to cooperate fully with the other party after the consummation of the Transactions for the purpose of providing Purchaser with the information and access to information necessary to ensure Purchaser has reasonable ability to successfully transition into ownership of the Assets. No party to this Agreement shall knowingly take or cause to be taken any action that would cause the representations or warranties expressed herein to be untrue or incorrect on the Closing Date.

6.08. **Agreement Regarding Brokers.** Each party agrees that it will pay or dispute, and hold the other party harmless from, any claims of brokers or others for finder's or brokerage fees asserted as a result of representations by such party to such brokers or others, regardless of whether the existence of such brokers or others are disclosed herein.

6.09. **Notice.** Seller shall promptly give notice to Purchaser upon becoming aware of the occurrence or failure to occur, or of any event that would cause or constitute, any of its representations or warranties being or becoming untrue or any of its covenants being breached or a materially adverse event likely to effect the Assets.

6.10. **Payment of Liabilities.** Prior to the Closing, Seller shall promptly pay or otherwise satisfy all valid claims, liabilities and obligations relating to the Assets or the Utility incurred through to or arising out of events preceding the Closing Date other than those Liabilities attributable to Purchaser in the calculation of pro-rata costs and expenses pursuant to Section 2.04 hereof. Seller agrees to indemnify and hold Purchaser harmless of and from any and all claims, Liabilities, and obligations relating to the Assets or the Utility based on events preceding the date of Closing. Similarly, purchaser agrees to indemnify and hold Seller harmless of and from any and all claims, Liabilities, and obligations relating to the Assets or the Utility based on events occurring subsequent to the date of Closing.

#### ARTICLE 7 CONDITIONS TO PURCHASER'S OBLIGATION TO CLOSE

The obligation of Purchaser to Close under this Agreement is subject to each of the following conditions (any one of which may, at the option of Purchaser, be waived by Purchaser

in writing at anytime) being satisfied on the Closing Date, or such earlier date as the context may require.

7.01. **Representations and Warranties.** Each of the representations and warranties of Seller in this Agreement, the disclosures contained in the exhibits to this Agreement, and all other information delivered under this Agreement shall be true in all material respects at and as of the Closing Date as though each representation, warranty, and disclosure were made and delivered at and as of the Closing Date.

7.02. **Compliance With Conditions.** Seller shall use reasonable commercial efforts to comply with and perform all conditions in this Article 7 that are required to be performed and complied with by Seller before or coincident with the Closing.

7.03. **No Proceedings or Violations.** No Proceeding, legal or administrative, by any Governmental Body or Person relating to any of the Transactions contemplated by this Agreement shall be Threatened or commenced and no violation of Applicable Law shall have occurred with respect to the Utility, the Assets or the Facility that, in the discretion of Purchaser and Purchaser's counsel, both acting reasonably, would likely prohibit or materially impair Purchaser from Closing this Transaction.

7.04. **Change of Commitment.** There shall be no change in the matters reflected in the Title Commitment, and there shall not exist any encumbrance or title defect affecting the subject Property not described in the Title Commitment except for the Permitted Exceptions.

7.05. **Change of Survey Matters.** There shall be no changes in the matters reflected in the Survey, and there shall not exist any Easement, right-of-way, encroachment, waterway, pond, flood plain, conflict or protrusion with respect to any of the Real Property not shown on the Survey.

7.06. **Receipt of all Approvals** Purchaser shall have received in a form acceptable to Purchaser in its sole discretion all approvals necessary or desirable to effect the complete transfer of the Assets including but not limited to i) approval of its board of directors respecting the form and content of the definitive Transaction Closing documentation ii) Commission Approval that is final and unappealable having satisfied all waiting periods.

## ARTICLE 8 CONDITIONS TO SELLER'S OBLIGATION TO CLOSE

The obligation of Seller to Close under this Agreement is subject to each of the following conditions (any one of which, at the option of Seller, may be waived in writing by Seller at any time) being satisfied on the Closing Date.

8.01. **Corporate Action.** All corporate and stockholder action necessary to consummate the transactions contemplated in this Agreement shall be properly taken by Purchaser.

8.02. **Compliance With Conditions.** Purchaser shall use reasonable commercial efforts to comply with and perform all Conditions in this Agreement that are required to be performed and complied with by Purchaser before or coincident with the Closing.

8.03 **No Proceedings or Violations.** No Proceeding, legal or administrative, by any Governmental Body or Person relating to any of the Transactions contemplated by this Agreement shall be Threatened or commenced and no violation of Applicable Law shall have occurred with respect to the Utility, the Assets or the Facility that, in the discretion of Seller and its counsel, both acting reasonably, would prohibit or materially impair Seller from Closing the Transactions.

ARTICLE 9  
PARTIES' OBLIGATIONS AT THE CLOSING

9.01. **Seller's Obligations at the Closing.** At the Closing, Seller shall execute, if appropriate, and shall deliver to Purchaser:

(a) The Easement in a form acceptable to Purchaser, sufficient to enable Purchaser to use all Real Property and Lines as described in Section 2.01(b)(the "Easement");

(b) Bills of Sale and Assignments including an assignment of all other easements and right of ways held by Seller relating to the Facility or the Utility, all in a form acceptable to Purchaser sufficient to convey to Purchaser all rights, title, and interest in and to all of the Assets being sold to Purchaser under the terms of this Agreement (the "Bill of Sale"), duly executed by Seller;

(c) An Assignment and Assumption Agreement in form acceptable to Purchaser, assigning only the Operating Agreements which Purchaser has agreed to assume at Closing (the "Assignment and Assumption");

(d) The Title Policy, in the form specified in Section 3.04 hereof;

(e) A certification signed by Seller containing the following: (i) Seller's U.S. Taxpayer Identification Number; (ii) the address(es) of Seller; and (iii) a statement that Seller is not a foreign person within the meaning of Sections 1445 and 7701 of the IRC (i.e., Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and applicable regulations);

(f) All of Seller's Records and other documentation in the possession of Seller relating to or necessary to operate and to use all Assets being sold to Purchaser in this Agreement;

(g) Evidence of Seller's authorization to consummate the transactions contemplated hereby by means of a Board of Directors resolution;

(h) Such other documents as are reasonably required to consummate the transactions contemplated hereby.

9.02. **Purchaser's Obligations at Closing.** At the Closing, Purchaser shall: (a) deliver the Purchase Pricenet of Earnest Money in immediately available funds to the Title Company; and (b) execute and/or deliver, as appropriate, to Seller against delivery of the items specified in Section 9.01, above:

- (a) the Bill of Sale duly executed by Purchaser;
- (b) the Assignment and Assumption;
- (c) Evidence of the Purchaser's authorization to consummate the transactions contemplated hereby;
- (d) Such other documents as are reasonably required to consummate the transactions contemplated hereby.

9.03. **Payment of Expenses.** Seller shall pay at or prior to Closing all sums owed to suppliers, vendors, contractors and any other third parties pertaining to the Utility and the Assets which were incurred or relate to events prior to the Closing, including all amounts owing under the Operating Agreements other than amounts calculated in accordance with Section 2.04 hereof. Liability between Seller and Purchaser for real estate ad valorem taxes, charges and assessments, utility charges and other operating expenses pertaining to the Facility shall be prorated at the Closing in accordance with Section 2.04 thereof, effective as of the Closing Date, based upon actual days involved. All other income and ordinary operating expenses for or pertaining to the Facility, including, but not limited to, public Utility charges, and all other normal operating charges of the Facility, shall be prorated at Closing effective as of the Closing Date and calculated in accordance with Section 2.04 hereof. All maintenance and service contract expenses (whether or not service is continued by Purchaser) and Utility charges shall be determined to the date of the Closing and shall be the liability of Seller. In connection with the proration of real property taxes and assessments, in the event that actual figures for the year of Closing are unavailable on the Closing Date, an estimated proration shall be made utilizing figures from the preceding year, with said proration to be adjusted in immediately available funds between the parties, based on actual taxes and assessments for the year of Closing, at the time such actual taxes and assessments are determined and available.

9.04. **Transaction Expenses.** Seller shall be responsible for the payment of all items herein agreed to be paid by Seller, including, without limitation, the payment of (i) the title insurance premiums with regard to the Title Policy, and (ii) fifty percent (50%) of all escrow fees. Purchaser shall be responsible for the payment of all items herein agreed to be paid by Purchaser, including without limitation, the payment of (i) all costs and expenses related to Purchaser's due diligence, inspections and investigations pursuant hereto, (ii) all recording fees, and (iii) fifty percent (50%) of all escrow fees. Each party shall pay its own Transaction Expenses. The obligation of each party to pay its own Transaction Expenses will be subject to any rights of such party arising from a breach of this Agreement by another party.

ARTICLE 10  
GENERAL PROVISIONS

10.01. **Survival of Representations, Warranties, and Covenants.** The representations, warranties, covenants, and agreements of the parties contained in this Agreement or contained in any writing delivered pursuant to this Agreement shall survive the Closing for a period of twelve (12) months.

10.02. **Notices.** All notices, demands, or other communications of any type (herein collectively referred to as "Notices") given by the Seller to the Purchaser or by the Purchaser to the Seller, whether required by this Agreement or in any way related to the transaction contracted for herein, shall be void and of no effect unless given in accordance with the provisions of this Section 10.02. All Notices shall be in writing and delivered to the person to whom the notice is directed, either (a) by telephonic facsimile or scanned communication, (b) by United States Mail, as a registered or certified item, return receipt requested or (c) nationally recognized overnight or local courier service. Any of the Notices may be delivered by the parties hereto or by their respective attorneys. Any notice delivered by telephonic facsimile communication or scan shall be deemed effective after being transmitted to the applicable telephone facsimile numbers set forth below or email address set forth below (provided with respect to the scan that the receipt is acknowledged). Notices delivered by overnight or local courier shall be effective upon receipt. Notices delivered by registered or certified mail shall be deemed effective two (2) days after being deposited in a post office or other depository under the care or custody of the United States Postal Service, enclosed in a wrapper with proper postage affixed, with return receipt requested, or on the date of refusal to accept delivery of the notice, and addressed as follows:

If to Seller:                   KMB Utility Corporation and or Ms. Ann Rudy  
  Attn: Ms. Ann Rudy  
  5108 Dulin Creek Road  
  House Springs, MO 63052  
  Telephone: (636) 671-3310  
  Facsimile: (636) 671-0580  
  Email: apiffel@att.net

With copy to:                   Leland B. Curtis, Esq.  
  Curtis, Heinz, Garrett & O'Keefe, P.C.  
  130 S. Bemiston Ave. , Suite 200  
  Clayton, Missouri 63105  
  Telephone: (314) 725-8788  
  Facsimile: (314) 725-8789  
  Email: lcurtis@lawfirmemail.com

If to Purchaser: c/o Algonquin Water Resources of Missouri LLC  
dba Liberty Water  
Attn: David Pasieka  
2845 Bristol Circle  
Oakville, Ontario Canada L6H 7H7  
Telephone: (905) 465 4500  
Facsimile: (905) 465 4540  
Email: david.pasieka@libertywater.com

With copy to: Intentionally left Blank

Either party hereto may change the address for notice specified above by giving the other party five (5) days advance written notice of such change of address.

10.03. **Assignment of Agreement.** This Agreement shall be binding on and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. This Agreement may be assigned by the Purchaser to one or more of its respective affiliates however any such assignment shall in no way diminish the continuing obligation of the Purchaser in respect of all obligations and undertakings set out in this Agreement.

10.04. **Governing Law.** This Agreement shall be construed and governed by the laws of the State of Missouri.

10.05. **Amendments; Waiver.** This Agreement may be amended only in writing by the mutual consent of all of the parties, evidenced by all necessary and proper corporate authority. No waiver of any provision of this Agreement shall arise from any action or inaction of any party, except an instrument in writing expressly waiving the provision executed by the party entitled to the benefit of the provision.

10.06. **Entire Agreement.** This Agreement, together with any documents and exhibits given or delivered pursuant to this Agreement, constitutes the entire agreement between the parties to this Agreement. No party shall be bound by any communications between them on the subject matter of this Agreement unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the date of this Agreement, and (c) is agreed to by all parties to this Agreement.

10.07. **Sales and Transfer Taxes.** Purchaser shall be responsible for and pay all sales, transfer, deed, duties, stamp and other similar taxes and transfer and recording fees applicable to the Transactions contemplated by this Agreement.

10.08. **Confidentiality.** Purchaser and Seller agree that they will not disclose or in any way furnish any information relating to the amount of the Purchase Price and the terms and conditions of payment thereof to any other Person or entity, nor shall they authorize, permit or in any way aid in such disclosure, except (i) in response to legal process not initiated by, on behalf

of, or on advice of the party from which the information is sought or persons or attorneys acting on behalf of said party, or (ii) to the extent disclosure is required for tax purposes, or (iii) to the extent disclosure is required to be made in financial statements or to a court or other governmental entity or stock exchange, or (iv) to individuals or entities providing legal, accounting, tax or financial advice to a party, or (v) to financing sources, potential or otherwise, or (vi) to the extent reasonably necessary to (a) enforce any of the agreements and covenants contained in this Agreement or (b) enforce or enjoy any other rights or remedies.

**10.09. Risk of Loss.** Risk of all loss, destruction, or damage to the Assets, or any portion thereof, from any and all causes whatsoever until the Closing shall be borne by Seller. In the event that, prior to closing any portion of the Assets are damaged by fire or other casualty, or all or any portion of the Assets is condemned or taken by eminent domain by any competent authority for any public or quasi-public use or purpose, or preliminary steps in such condemnation for eminent domain proceedings shall have been taken before the Closing Date, Seller shall give immediate notice thereof to Purchaser. In such event, Purchaser, at its option, may either (i) terminate this Agreement by written notice to Seller within ten (10) days after Purchaser has received the notice referred to above or at the Closing, whichever occurs first; or (ii) proceed to complete Closing as provided herein with abatement of the Purchase Price only to the extent that any insurance proceeds are paid or payable to any third parties other than Seller or Purchaser, and Seller shall assign to Purchaser at Closing all of the rights and interests of Seller in and to any insurance proceeds or condemnation awards which may be paid or payable to Seller on account of any such occurrence; provided, however, that Seller shall pay to Purchaser in cash at Closing a sum equal to any amounts which are deductible under any existing insurance policies applicable to such occurrence.

**10.10. Employees of Seller.** Seller acknowledges that Purchaser is under no legal obligation to employ any personnel presently employed by Seller at the Facility and that Purchaser shall not assume any obligation of Seller to such employees, including, without limitation, any COBRA obligations. Purchaser may offer employment to such persons currently employed by Seller with respect to the Utility (Facility) as Purchaser in its sole discretion shall determine. Purchaser shall have the absolute right to establish all terms and conditions of employment, including wages, benefits and benefit plans, for any employees of Seller to whom it chooses to make an offer of employment to be employed by Purchaser. All such offers of employment shall be on the terms and conditions established by Purchaser and shall be contingent upon employment commencing with Purchaser. Seller agrees not to discourage any such individuals who are offered employment by Purchaser from accepting employment with Purchaser.

**10.11. Termination.** This Agreement may be terminated:

(a) By notice given prior to or at the Closing, by Purchaser if any of the conditions in Article 7 have not been satisfied as of the Outside Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Purchaser to comply with its obligations under this Agreement) and Purchaser has not waived such condition on or before the Outside Date;

(b) By notice given prior to or at the Closing, by Seller, if any of the conditions in Article 8 has not been satisfied as of the Outside Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Seller to comply with Seller's obligations under this Agreement) and Seller has not waived such condition on or before the Outside Date;

(c) By mutual consent of Purchaser and Seller;

(d) By Purchaser in its sole and absolute discretion by providing written notice to Seller given before the close of the Inspection Period of its intention to not proceed;

Each party's right of termination under this Section 10.11 is the exclusive remedy for the matters set out in 10.11 and the exercise of a right of termination will be considered an election of remedies. If this Agreement is terminated pursuant to Section 10.11, all further obligations of the parties under this Agreement will terminate, except that the obligations in Section 6.03 is this the correct reference and 9.04 hereof will survive;

10.12. **Remedies.** Notwithstanding Section 10.11, in the event that Seller fails to timely comply with all conditions, covenants and obligations of Seller hereunder, such failure shall be an event of default and Purchaser shall have the option (i) to terminate this Agreement by providing written notice thereof to Seller and Seller shall promptly return the Earnest Money to Purchaser and Seller may sue for actual damages; ; (ii) to waive any defect or requirement and close this Agreement; or (iii) to sue Seller for specific performance. .

In the event that Purchaser fails to timely comply with all conditions, covenants and obligations Purchaser has hereunder, such failure shall be an event of default, and Seller's sole remedy shall be to terminate this Agreement pursuant to Section 10.11(f) and receive the Earnest Money. The Earnest Money is agreed upon by and between the Seller and Purchaser as liquidated damages due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof, and no other damages, rights or remedies shall in any case be collectible, enforceable or available to the Seller other than in this paragraph defined, and Seller shall accept the earnest money as Seller's total damages and relief.

10.13. Intentionally left Blank

## ARTICLE 11 POST CLOSING OBLIGATIONS

11.01. **Permit Transfers.** To the extent any Permits are non-transferable to Purchaser or can not be transferred in a timely manner prior to Closing, Seller shall, at the option of Purchaser, either (i) request cancellation of such Permit or (ii) continue to hold such Permit in trust on behalf of Purchaser, subject to the indemnification of Seller by Purchaser in respect thereof and Purchaser and Seller agree to cooperate and use commercially reasonable efforts to promptly effect the transfer of such Permits to the Purchaser.

11.02. **Indemnification of Purchaser.** Seller shall indemnify, defend and hold harmless the Purchaser and its representative officers, directors, successors and assigns from and against

any and all costs, expenses, losses, damages, fines, penalties or liabilities (including without limitation interest that may be imposed in respect thereof, court costs, reasonable attorneys' fees and accounting fees) actually incurred or arising out of, in respect to, in connection with, or arising from (i) any breach of any representation or warranty made by Seller and contained in this Agreement; or (ii) a breach by Seller of any covenant, restriction or agreement made by or applicable to Seller and contained in this Agreement. Notwithstanding the foregoing or anything to the contrary contained herein, it is understood and agreed that the representations and warranties set forth herein shall survive the Closing of this Agreement only for a period of one (1) year following the date of Closing, but not thereafter, and Seller shall have no liability of any kind whatsoever for any breach thereof except to the extent a claim is asserted against Seller within such one (1) year period. If any of the representations and warranties set forth herein are determined at anytime on or before the date of Closing to be untrue or unfulfilled, then Purchaser, as Purchaser's sole and exclusive remedy, may terminate this Agreement by providing written notice of such termination to Seller pursuant to Section 10.11

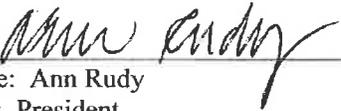
Signed on March 18, 2011.

SELLER:

PURCHASER:

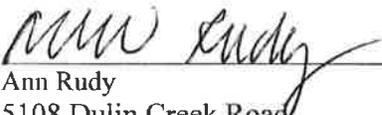
KMB UTILITY CORPORATION.

ALGONQUIN WATER RESOURCES OF  
MISSOURI, LLC. dba LIBERTY WATER

By:   
Name: Ann Rudy  
Title: President

By:   
Name: Ian E. Robertson  
Title: President  
2845 Bristol Circle  
Oakville, Ontario  
Canada L6H 7A7

SELLER:

  
Ann Rudy  
5108 Dulin Creek Road  
House Springs, MO 63052

**EXHIBIT A**  
**REAL PROPERTY**

**EXHIBIT B**  
**FIXED ASSETS**

**SCHEDULE 4.03**

**LITIGATION**

**[NONE]**

**SCHEDULE 4.04**

**ENVIRONMENTAL MATTERS**

**[NONE]**

**SCHEDULE 6.01**  
**OPERATING AGREEMENTS**

See attached Service Agreements:

- 1) Franklin County Lab, LLC dated 2/25/10
- 2) Strickland Engineering, LC dated 8/13/10

**SCHEDULE 7.06(B)**

**RATE BASE**

**THIS SCHEDULE IS BEING DELETED BECAUSE RATE BASES FOR BOTH WATER AND SEWER ARE INCORPORATED AT PARAGRAPH 2.04(b).**