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# Attachment 1

**AMENDED AND RESTATED**  
**AGREEMENT FOR SALE OF UTILITY SYSTEM**

**THIS AMENDED AND RESTATED AGREEMENT** (“*Agreement*”), is made and entered into this 1<sup>st</sup> day of September 2022 (the “*Effective Date*”), by and among CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its assigns (“*Buyer*”), Kathleen M. Baker, successor trustee (the “*Trustee*”) of the Baker Living Trust dated September 24, 1993 (the “*Trust*”) and CYPRESS RIDGE SEWER CO. a California corporation (“*Cypress Ridge*” and together with the Trust, the “*Sellers*”, and with the Buyer, collectively the “*Parties*”).

**WHEREAS**, Sellers have developed and operate, as a regulated sewer corporation, sewer facilities in the area more particularly described and depicted in the documents attached hereto as **EXHIBIT A**, situated in San Luis Obispo County, California (hereinafter the “*System*”); and

**WHEREAS**, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the Transaction (as defined below); and

**WHEREAS**, Cypress Ridge is a corporation organized and existing under the constitution and the laws of the State of California, with all the requisite power necessary to enter into the Transaction, and the Trustee has all the requisite power necessary to cause the Trust to enter into the Transaction; and

**WHEREAS**, Sellers desire to sell, and Buyer desires to purchase, all the assets, both real and personal, connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (the “*Transaction*”); and

**WHEREAS**, Buyer and Cypress Ridge entered into an Agreement for Sale of Utility System, dated as of 16 August 2022 (the “*Prior Agreement*”), which Prior Agreement the Parties now wish to amend and restate in its entirety as of the Effective Date to add the Trust as a Seller and a Party; and

**WHEREAS**, the Parties have reached an understanding with respect to the sale by Sellers and the purchase by Buyer of all of the Property (as hereinafter defined) of the System.

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

1. **SALE OF PROPERTY**. For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, including but not limited to the independent consideration of Buyer expending funds to review the feasibility of this purchase, Sellers agree to provide Buyer with the rights set forth in Section 8 herein and elsewhere, and Sellers agree to sell to Buyer, and Buyer agrees to purchase from Sellers, all of the following described property (the “*Property*”):

A. The land, improvements thereon, easements, rights of way, permits, and leases, and other real property interests owned by Sellers and used or useful for operation of a sewer system in the System area depicted on **EXHIBIT A** and/or generally described in **EXHIBIT B**, attached hereto, located in San Luis Obispo County, California;

B. All of Sellers’ sewer service facilities, including but not limited to: all sewer lines, pipes, lagoon(s), treatment plant(s), pump/lift station(s), tanks, meters, valves, manholes, and any other appurtenances of the sewer system, and all machinery, equipment, supplies and other tangible items owned by Sellers and used in connection with the sewer system;

C. Any additional tools, devices, vehicles, mobile work equipment, furniture, fixtures, machinery, supplies and other tangible items, if any, located in San Luis Obispo County, California, owned by Sellers and used or held for use in connection with the System as described in **EXHIBIT C**, attached hereto;

D. All of Sellers' rights, title and interest in and to, and their respective obligations (if any) from and after the Closing under, those agreements set out and described in **EXHIBIT D**, attached hereto;

E. All of Sellers' rights, title and interest in and to, and their respective obligations (if any) from and after the Closing under, any and all warranties, bonds or other financial assurances or guaranties, pertaining to, allocable to or arising out of the provision of sewer service and/or the System;

F. All of Sellers' inventory, merchandise, and supplies pertaining to sewer service; and

G. All assets owned by Sellers and not described above which are located in San Luis Obispo County, California, and used or useful to operate the System, expressly excepting therefrom, and from any other assets described in the paragraphs above of this Section, any and all cash, cash equivalents and banking deposits in existence prior to the Closing, any and all accounts receivable accrued prior to the Closing, and any customer deposits held by Sellers.

2. **CONVEYANCES OF REAL ESTATE.** The real estate to be conveyed by Sellers will include all facilities described herein and all interest of Sellers in any sewer and other utility easements. The real estate will be conveyed by general grant deed, in a form reasonably satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form reasonably satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an ALTA Standard Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price issued by a company authorized to issue title insurance in the state of California, which policy shall insure the owner's title to be marketable. After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Sellers, in writing, of any objections thereto. 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 Sellers, then Sellers shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Sellers elect not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.** Sellers and Buyer shall act diligently and cooperate with each other, at Buyer's sole cost and expense, to obtain any regulatory approvals required from the California Public Utilities Commission ("PUC") and any other regulatory agency in the state of California, as determined by Buyer in its sole discretion, and to obtain transfer of Sellers' permits, if any. Buyer shall submit its application to the PUC for approval of the Transaction not more than one hundred twenty (120) calendar days after the Effective Date, and shall use best efforts to obtain the required regulatory approvals with respect to the contemplated Transaction.

4. **PURCHASE PRICE.** Buyer agrees to pay to Sellers at the Closing, an aggregate of **Three Hundred Eighty-Five Thousand Seven Hundred Ninety Dollars (\$385,790.00)** for purchase of the Property ("Purchase Price"). Sellers shall prepare, on Form 8594, a reasonable and supportable allocation of the Purchase Price among the assets described in Section 1, in accordance with Internal Revenue Code section 1060 and the Treasury regulations thereunder (and any similar provisions of state or local law, as appropriate), which allocation shall be binding on the Parties.

On the Effective Date, in consideration for the right to close on the Transaction without a set closing date, the Buyer shall pay to Sellers a good faith deposit in the aggregate amount of Fifty Thousand Dollars (\$50,000) (the "Good Faith Deposit"). If the Closing (as defined below) occurs on or before the Outside Date (as defined below), the Good Faith Deposit shall be applied toward the Purchase Price. If the Closing has not occurred on or before the Outside Date for any reason whatsoever other than fraud, the negligence or willful misconduct of Sellers, or a breach of this Agreement by Sellers, the Good Faith Deposit shall become the sole property of Sellers and shall not be applied toward the Purchase Price even if the Closing subsequently occurs.

5. **CLOSING.** The Closing of the sale shall take place via the electronic exchange of documents (or the extent required by the title company, the exchange of original, wet ink documents via overnight mail) no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Sellers' Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "*Closing*"). At the Closing, Sellers 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 Property to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Sellers the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Sellers 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 Property to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Property. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Property shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Sellers at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Sellers shall pay for all attorneys' fees incurred by Sellers.

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

If the Closing has not occurred by the second (2<sup>nd</sup>) anniversary of the Effective Date (the "*Outside Date*"), Sellers and Buyer agree to meet and confer to determine a reasonable path to Closing on mutually acceptable terms. However, Sellers shall have no right to terminate this Agreement if they do not close the Transaction by the Outside Date unless the Buyer fails to act in a reasonable and diligent manner to obtain the required approvals set forth in Section 3 herein or if Buyer has breached another provision of this Agreement which gives rise to an independent right of termination by Sellers.

On or about August 16, 2019, Cypress Ridge submitted an advice letter ("*Advice Letter 34*") requesting PUC approval of, e.g., recovery and amortization of \$164,111.59 from Cypress Ridge's legal and regulatory services costs memorandum account (the "*LRCMA*"). Following the Closing, if Advice Letter 34 is finally approved by the PUC (and following the expiration of any period permitted for appeal and subject to any stay during appeal), Buyer shall remit to Cypress Ridge, on a quarterly basis, all monies actually received by Buyer after the Closing in respect of the LRCMA. All costs and expenses for obtaining PUC approval of Advice Letter 34 shall be borne by Sellers.

On or about April 14, 2022, Cypress Ridge submitted an advice letter ("*Advice Letter 39*"), requesting PUC approval for, e.g., a sur-credit to be issued to 391 customers in the aggregate amount of \$108,238. Cypress Ridge will pay to Buyer, on a quarterly basis, all sur-credits incurred by Buyer from and after Closing in connection with Advice Letter 39.

6. **SELLERS' REPRESENTATIONS AND WARRANTIES.**

The Sellers, jointly and severally, represent and warrant as follows, all such representations and warranties, other than subsection B. below which shall survive in perpetuity, shall survive for a period of three (3) years following the Closing:

A. **Organization and Standing of Cypress Ridge.** Cypress Ridge is a corporation, organized and existing under the constitution and laws of the State of California in good standing with the California Secretary of State. Sellers have all the requisite power and authority to sell the Property pursuant to the terms of this Agreement.

B. **Liabilities.** All liabilities or obligations of Sellers, whether accrued, absolute, contingent or otherwise pertaining to or arising out of the Property prior to the Closing are liabilities and obligations of the Sellers and shall remain the obligations of Sellers after the date of the Closing.

C. **Absence of Certain Changes.** After Buyer's inspection and acceptance of the Property, there shall not be:

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

ii. Any damage, destruction or loss, whether or not covered by insurance, that materially and adversely affects the Property.

D. **Title to Properties.** Within twenty (20) days prior to the Closing and with Buyer's assistance, Sellers shall have obtained the legal right to transfer all of the Property. To Sellers' actual knowledge, unless Sellers have disclosed any information in writing to the Buyer to the contrary, Sellers own the Property 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 Property to be sold hereunder.

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

Within twenty (20) days prior to the Closing and with Buyer's assistance, Sellers agree to have identified any and all interests in land (including easements or license agreements) they have obtained in connection with the operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the San Luis Obispo County Recorder's Office where such easements are recorded. The cost of such identification and any related search shall be paid by the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Sellers lack an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Sellers lack a valid easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Sellers 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 reasonable 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 Sellers from any of their respective duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.** The Property, as described at Section 1 of this Agreement, constitutes all of the assets presently owned by the Sellers pertaining to the System. To Sellers' actual knowledge, the System is being conducted, and as of the date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes. Sellers agree that, from the Effective Date until either the termination of this Agreement or the Closing, Sellers will not file any notices, requests,

compliance documents, pleadings, or any other documents with any governmental or quasi-governmental authority that has jurisdiction over Sellers in the operation, regulation or oversight of the System without first providing at least ten (10) days prior notice to the Buyer for review and comment on such filing.

F. **Litigation.** There is no litigation or proceeding pending, or to the actual knowledge of Sellers threatened, against or relating to Sellers, the Property, or the System, nor do Sellers know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Sellers, the Property, or the System, except as set forth on **SCHEDULE 1** or otherwise disclosed to Buyer.

G. **No Violation or Breach.** The performance of this Agreement by Sellers, 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, all such representations and warranties, other than subsection B. below which shall survive in perpetuity, shall survive for a period of three (3) years following the Closing:

A. **Organization and Standing of Buyer.** Buyer is a corporation organized, existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Property which is to be sold pursuant to the terms of this Agreement.

B. **Liabilities.** Except to the extent set forth in Section 6(b), all liabilities or obligations pertaining to or arising out of the Property or the System after the Closing, whether accrued, absolute, contingent or otherwise, are liabilities and obligations of the Buyer.

C. **Authority.** The execution and delivery of this Agreement by Buyer and the purchase of the Property 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.

D. **Funds.** Buyer has (and at Closing will have) sufficient immediately available unrestricted funds to pay when due the Purchase Price and to otherwise satisfy its financial obligations hereunder on and after the Closing.

E. **Independent Investigation.** Buyer hereby acknowledges and agrees that Sellers have not made and are not making any representations or warranties whatsoever, express or implied, regarding the subject matter of this Agreement, except as provided in this Agreement. Buyer further acknowledges and agrees that Buyer is not relying and has not relied on any representations or warranties whatsoever, express or implied, regarding the subject matter of this Agreement, except for the representations and warranties in this Agreement. Buyer has conducted an independent investigation of the System and the Property and, in making its determination to proceed with the contemplated Transaction, has relied solely on the results of such investigation through the Effective Date, and on the representations and warranties of Sellers set forth in this Agreement. Except for the representations and warranties expressly set forth in Section 6, the sale of the Property and the System is made on an "AS-IS" basis as of the Closing.

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 PUC and any other required regulatory agency shall have, if necessary, authorized or approved the sale, transfer or disposition of the Property to Buyer from Sellers, 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. All 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 Transaction contemplated herein, Buyer may terminate this Agreement by providing written notice to Sellers at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.** Sellers' representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.** Sellers shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Sellers prior to or at the Closing; including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the date of the Closing, to include PUC assessments.

D. **Feasibility.** Completion of Buyer's examination, testing and inspection of the Property, the securing of any and all licenses, permits or governmental approvals Buyer reasonably deems necessary for Buyer's proposed uses of the Property, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period from the Effective Date to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "*Inspection Period*." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Sellers that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Sellers to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Property; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Property by Buyer in the manner currently conducted by Sellers.

E. **No Casualty.** The Property shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Sellers.

9. **CONDITIONS PRECEDENT FOR SELLERS TO CLOSE.** All obligations of Sellers under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.** The PUC and any other required regulatory agency shall have, if necessary, authorized or approved the sale, transfer or disposition of the Property to Buyer from Sellers, the proposed financing, and any schedule of compliance for proposed utility improvement projects for regulatory compliance deemed necessary by Sellers, each in form and substance (including without limitation with respect to the terms and conditions contained in such approval) acceptable to Sellers in Sellers' sole and absolute discretion. All 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 Transaction contemplated herein, Sellers may terminate this Agreement by providing written notice to Buyer at Sellers' sole and absolute discretion.

B. **Representations and Warranties True at Closing.** Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.** Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

D. **Sellers' Right to Terminate.** If Sellers determine, in their sole and absolute discretion, that any of the aforementioned conditions have not been met, Sellers shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Buyer.

10. **INDEMNIFICATION BY SELLERS.** Sellers shall, and hereby do agree, jointly and severally, to indemnify and hold harmless Buyer, from the Closing until the third (3<sup>rd</sup>) anniversary of the Closing, against and in respect of:

A. All liabilities or obligations of Sellers, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the Transaction entered into, or any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency to the extent resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Sellers 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 to the extent arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

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

Sellers shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Sellers 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 Sellers contained in this section relates.

11. **INDEMNIFICATION BY BUYER.** Buyer shall, and hereby does agree to indemnify and hold harmless Sellers, from the Closing until the third (3<sup>rd</sup>) anniversary of the Closing, against and in respect of:

A. All liabilities or obligations of Buyer, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the Transaction entered into, or any state of facts existing, after the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 7 hereof;

B. Any claim, damage or deficiency to the extent resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Buyer under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Sellers under this Agreement; notwithstanding the foregoing, the Buyer shall have no obligation to provide an indemnity hereunder to any claim that arises out of Buyer's failure or refusal to close on the purchase of the Property;

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

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

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



12. **LIMITATIONS ON LIABILITY.** In no event shall the aggregate liability of Sellers for any claim or liability pursuant to Section 10 exceed the Purchase Price. Furthermore, in no event will Buyer make any claim for indemnity pursuant to Section 10 until Buyer has incurred damages of no less than Twenty-Five Thousand Dollars (\$25,000).

13. **FEES AND COMMISSIONS.** Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the Transaction 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 Transaction hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

14. **HAZARD INSURANCE & CASUALTY LOSS.** Sellers shall maintain current hazard insurance in force on the Property until the Closing. The risk of loss to the Property shall pass to Buyer upon delivery of possession of the Property to Buyer. If an event of casualty occurs to the Property prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Property or the Buyer may terminate this Agreement. Buyer shall notify Sellers as to which option it elects within five (5) days prior to the Closing.

15. **BENEFIT.** All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Sellers, their respective successors and assigns, and the successors and assigns of Buyer.

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

17. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

18. **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.

19. **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.

20. **SUCCESSION AND ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Sellers by providing written notice to the Sellers of such assignment. Other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Sellers, said approval not to be unreasonably withheld.

21. **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.

22. **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, 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.  
1630 Des Peres Road, Suite 140  
St. Louis, MO 63131  
Facsimile: (314) 238-7201

With a copy (which shall not constitute notice) to:

James A. Beckemeier  
Beckemeier LeMoine Law  
13421 Manchester Rd., Suite 103  
Saint Louis, Missouri 63131  
Phone: (314) 965-2277  
Facsimile: (314) 965-0127  
E-mail: [jim@bl-stl.com](mailto:jim@bl-stl.com)

If to Sellers:

Kathleen Baker, President  
Cypress Ridge Sewer Co.  
P.O. Box 745  
Grover Beach, CA 93483  
Phone: (805) 481-1854  
Email: [cypressridgewwtp@gmail.com](mailto:cypressridgewwtp@gmail.com)

With a copy (which shall not constitute notice) to:

Josh Lawler  
Zuber Lawler LLP  
350 South Grand Avenue, 32<sup>nd</sup> Floor  
Los Angeles, CA 90071  
Phone: (213) 596-5624  
Email: [jlawler@zuberlawler.com](mailto:jlawler@zuberlawler.com)

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

23. **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 Sellers. 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.

24. **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.

25. **EXPENSES**. Buyer and Sellers shall each bear their own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

26. **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.

27. **INCORPORATION OF EXHIBITS**. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

28. **DEFAULT; ATTORNEY’S FEES**. If any Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys’ fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys’ fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

29. **AUTHORITY TO EXECUTE**. Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

30. **CONFIDENTIALITY**. Buyer and Sellers shall keep confidential this Agreement, this Transaction, and all information learned in the course of this Transaction, except to the extent disclosure is required by law, applicable regulation or court order or to enable third parties to advise or assist Buyer to conduct its due diligence or either party to close this Transaction.

*[Signature page follows]*


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

**SELLERS:**

CYPRESS RIDGE SEWER CO.


By:   
Kathleen Baker, President

THE BAKER LIVING TRUST DATED SEPTEMBER 24, 1993

By:   
Kathleen M. Baker, successor trustee

**BUYER:**

CENTRAL STATES WATER RESOURCES, INC.

By:   
[Josiah Cox \(Sep 6, 2022 10:37 CDT\)](#)  
Josiah Cox, President

**EXHIBIT A**

**Service Area Description**

**[SERVICE AREA MAP & LEGAL DESCRIPTION TO BE FINALIZED PRIOR TO CLOSING]**

**EXHIBIT B**

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases  
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by  
survey and title commitments, which shall be inserted prior to the Closing).

**[TO BE FINALIZED PRIOR TO CLOSING]**

The following described lots, tracts or parcels of land, lying, being and situate in the County of San Luis Obispo State of California:

All interests in land used or useful in operation of the Sewer System that services the area set forth on **EXHIBIT A**, including but not limited to easements, rights of way and permits, and including the real property described in Commitment File No. [FILE NUMBER], issued by [TITLE COMPANY], as agent for [UNDERWRITER].

**EXHIBIT C**

Personal Property and Equipment

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

**[TO BE FINALIZED PRIOR TO CLOSING]**

All Property set forth herein shall be transferred to Buyer free and clear of all liens, pledges, leases, options, rights of first refusal, conditional sales agreements or any other such encumbrances.

All personal property comprising the Sewer System that services the area set forth on **EXHIBIT A**, including but not limited to, the sewer lines, pipes, lagoon(s), treatment plant(s), pump/lift station(s), tanks, meters, valves, and any other appurtenances of the Sewer System, and all machinery, equipment, supplies and other tangible items used in connection with the Sewer System.

Additional Personal Property

**EXHIBIT D**

Rights Via Agreements, Contracts, Misc.

**[TO BE FINALIZED PRIOR TO CLOSING]**



**SCHEDULE 1**

Disclosure Schedule

LRCMA Advice Letter 34

Tax Sur-Credit Advice Letter 39

2021 CPI Advice Letter 40






# A\_R APA for Cypress Ridge.Final(2186246.3)

Final Audit Report

2022-09-06

Created:	2022-09-06
By:	Kimberly Faulkner (kfaulkner@cswrgroup.com)
Status:	Signed
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