

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Investigation of )  
Howison Heights Inc.'s Ability to Provide ) Docket No. 13-HHIW-460-GIV  
Sufficient and Efficient Service )

**STAFF'S MOTION TO REVOKE CERTIFICATE EFFECTIVE UPON THE FILING OF  
NOTICE BY RURAL WATER DISTRICT NO. 2, OTTAWA COUNTY**

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively) hereby moves the Commission to revoke the Certificate of Convenience (Certificate) granted to Howison Heights, Inc. (Howison), effective upon the filing of a Notice by Rural Water District No. 2, Ottawa County (RWD #2) that the Water System Purchase and Customer Transfer Agreement (Purchase Agreement)<sup>1</sup> terms have all been fulfilled other than Conditions 7.2(d) and 7.3(d)<sup>2</sup> pertaining to cancellation of Howison's Certificate. In support thereof, Staff states the following:

**Background**

1. On September 26, 2005, in Docket No. 05-HHIW-277-COC, Howison was granted a Certificate of Convenience to operate as a water public utility in certain portions of

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<sup>1</sup>See Exhibit 1

<sup>2</sup>7.2(d) provides: Conditions Precedent to the Obligations of Howison. All of the obligations of Howison under this Agreement are subject to the satisfaction at, or prior to, Closing of each and every one of the following conditions precedent, any of which may be waived in writing by Howison in its sole discretion... (d) An Order shall be issued by the Kansas Corporation Commission authorizing Howison to abandon water service to all Customers being transferred to the District. 7.3(d) provides: Conditions Precedent to the Obligations of the District. All of the obligations of the District under this Agreement are subject to the satisfaction at or prior to Closing of each and every one of the following conditions precedent, any of which may be waived in writing by the District in its sole discretion (d) Certificate of Abandonment. An Order shall have been issued by the Kansas Corporation Commission: i) authorizing Howison to abandon water service to all Customers being transferred to the District; and ii) cancelling or terminating Howison's Certificate of Convenience allowing it to serve the Customers. Both conditions are contained in the Water Purchase and Customer Transfer Agreement, attached hereto as Exhibit 1.

Saline County, Kansas.<sup>3</sup> Initial rates for service were also approved.<sup>4</sup> Howison's service territory was enlarged on June 14, 2006, in Docket No. 06-HHIW-1263-COC.

2. On April 29, 2011, in Docket No. 11-HHIW-742-RTS, Howison filed an Application to increase its rates. On July 5, 2011, the rate Application was withdrawn.

3. On November 22, 2011, in Docket No. 12-HHIW-382-RTS, Howison filed another Application to increase its rates. Staff filed a Report and Recommendation (R&R) on February 8, 2012, regarding the Application.<sup>5</sup> Staff's R&R recommended the Commission grant a rate increase.<sup>6</sup> Additionally, Staff requested that the Commission order Howison to correct numerous business practice deficiencies discovered during Staff's audit of Howison's finances.<sup>7</sup>

Several deficiencies of note included:

- a. The lack of a succession plan in the event the sole owner and operator of the company retires.
- b. The lack of a plan in the event Howison had to file for bankruptcy.
- c. The commingling of funds between Howison Heights, Inc. and Tim Howison making it difficult to discern business expenses and revenues from personal expenses and revenues.
- d. The lack of documentation to support infrastructure and operating expenses.
- e. The lack of property insurance.
- f. The lack of proper recordkeeping practices.<sup>8</sup>

4. On February 9, 2012, CURB filed an R&R recommending the Commission deny Howison's Application due to lack of sufficient evidence and also noted numerous business practice deficiencies.<sup>9</sup> CURB noted that Howison failed to pay its taxes, did not possess liability

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<sup>3</sup>Order and Certificate, Docket No. 05-HHIW-277-COC (Sept. 26, 2005). Certificates of convenience are granted pursuant to K.S.A. 66-131.

<sup>4</sup>See Id. at 5.

<sup>5</sup>Notice of Filing of Staff's Report and Recommendation, Docket No. 12-HHIW-382-RTS (Feb. 8, 2012).

<sup>6</sup>Id. at 13.

<sup>7</sup>Id. at 13-16.

<sup>8</sup>Id. at 13-16.

<sup>9</sup>Notice of Filing of CURB Report and Recommendation, Docket No. 12-HHIW-382-RTS (Feb. 9, 2012).

insurance, carried excessive debt, commingled funds, had excessive water loss, and did not pay its Clean Water Drinking Fee.<sup>10</sup>

5. On August 8, 2012, Howison filed a Motion to Withdraw its Application, indicating that it was renegotiating its loan agreement with Central National Bank (CNB), which if successful, would allow Howison to sell the utility system.<sup>11</sup>

6. On August 22, 2012, the Commission granted Howison's Motion to Withdraw with additional stipulations. Howison was ordered to report on the status of the renegotiations of its loan agreement and keep the Commission apprised of Howison's ability to sell the utility system in a compliance docket.<sup>12</sup>

7. In Docket No. 13-HHIW-224-CPL, Howison made five monthly filings regarding its renegotiations and ability to sell the utility system.<sup>13</sup> In its fourth filing, Howison informed the Commission that Howison was unsuccessful in moving forward with the sale of its utility business and was in fact being sued by Central National Bank in Saline County District Court, Case No. 12CV444.<sup>14</sup>

8. This information prompted Staff to file a Motion in the immediate docket to open an investigation into Howison's ability to provide sufficient and efficient service to its customers.<sup>15</sup>

9. Numerous service deficiencies and financial problems have been identified by Staff and CURB throughout the proceedings, and numerous Commission orders attempting to correct and/or penalize for such deficiencies have been entered. To Staff's knowledge, most

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<sup>10</sup>Id. at 9-12.

<sup>11</sup>Motion to Withdraw Application, Docket No. 12-HHIW-382-RTS (Aug. 8, 2012).

<sup>12</sup>Order Granting Motion to Withdraw Application, Docket No. 12-HHIW-382-RTS (Aug. 22, 2012); Amended Order Granting Motion to Withdraw Application, Docket No. 12-HHIW-382-RTS (Aug. 30, 2012).

<sup>13</sup>Docket No. 13-HHIW-224-CPL.

<sup>14</sup>Letter to Executive Director, Docket No. 13-HHIW-224-CPL (Jan. 7, 2013).

<sup>15</sup>Motion to Initiate Investigation (Jan. 14, 2013).

have gone unanswered or ignored. At this point, Staff is convinced that it no longer promotes the public convenience for Howison to operate as a public utility in the State of Kansas.

### **Outstanding Concerns with Respect to Howison Heights, Inc.**

10. There are numerous concerns with respect to Howison. These include but are not limited to the following:

- a. Howison owes over \$600,000 to Central National Bank (CNB) and the Bennington State Bank (Bennington). Both banks have been granted judgment in their favor by the Saline County District Court. The two banks have enforceable liens and could file for a sheriff's sale at any time.<sup>16</sup>
- b. Howison filed for Chapter 11 Bankruptcy on July 24, 2013.<sup>17</sup> Howison never produced a reorganization plan. The U.S. Trustee moved for dismissal of Howison's case due to failure to submit monthly operating reports.<sup>18</sup> The court granted the motion and the case was dismissed on June 30, 2014.<sup>19</sup>
- c. Howison has provided no evidence of a long term plan for resolving its financial and operational issues.<sup>20</sup>
- d. Howison has provided no evidence of a succession plan in the event of the sole owner and operator's death or retirement.<sup>21</sup>
- e. Howison has failed to establish proper business and financial records for its expenses and assets.<sup>22</sup>
- f. Howison has had boil water advisories issued by the Kansas Department of Health and Environment (KDHE) at least five times in the last four years. On one occasion, the boil water advisory lasted over a month.<sup>23</sup>
- g. Howison agreed to file monthly compliance reports by the 15<sup>th</sup> of every month,<sup>24</sup> such reports have been sporadic and Howison has not filed a report since June 25, 2015.

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<sup>16</sup>Journal Entry of Judgment, Central National Bank v. Howison Heights, Inc., 12 CV 444 (Saline County KS Dist. Ct.) (Sept. 16, 2015).

<sup>17</sup>Voluntary Petition, In re Howison Heights, Inc., Case No. 13-11906 (Bankr. D. Kan.) (July 24, 2013).

<sup>18</sup>Motion to Convert or Dismiss, In re Howison Heights, Inc., Case No. 13-11906 (Bankr. D. Kan.) (May 20, 2014).

<sup>19</sup>Agreed Order Granting United States Trustee's Motion to Dismiss, In re Howison Heights, Inc., Case No. 13-11906 (Bankr. D. Kan.) (June 30, 2014).

<sup>20</sup>Notice of Filing of Staff's Report and Recommendation; Motion for Expedited Commission Order, p. 3-4 (Mar. 30, 2015).

<sup>21</sup>Id. at 4.

<sup>22</sup>Id. at 5-6.

<sup>23</sup>Dates of the Boil Water Advisory issuances: October 10, 2013 - November 15, 2013

([http://www.kdheks.gov/news/web\\_archives/2013/10102013.htm](http://www.kdheks.gov/news/web_archives/2013/10102013.htm)); June 5, 2014 – June 18, 2014

([http://www.kdheks.gov/news/web\\_archives/2014/06182014.htm](http://www.kdheks.gov/news/web_archives/2014/06182014.htm)); October 1, 2015 – October 20, 2015

([http://www.kdheks.gov/news/web\\_archives/2015/10202015.htm](http://www.kdheks.gov/news/web_archives/2015/10202015.htm)); February 18, 2016 – February 23, 2016

([http://www.kdheks.gov/news/web\\_archives/2016/02232016.htm](http://www.kdheks.gov/news/web_archives/2016/02232016.htm)); June 20, 2016 – July 5, 2016

([http://www.kdheks.gov/news/web\\_archives/2016/07052016.htm](http://www.kdheks.gov/news/web_archives/2016/07052016.htm)).

<sup>24</sup>Response to Staff's Motion for Commission Order; Notice of Filing of Report and Recommendation (Aug. 15, 2014).

- h. Howison was ordered by the Commission on April 28, 2015, to contract with a qualified bookkeeper to perform all record-keeping and accounting activities of HHI, complete system improvements identified by Earles Engineering, and issue refunds of \$1,000 per month to its customers until full compliance with all outstanding Commission requirements have been met.<sup>25</sup> Howison did not comply with any directive, claiming any excess revenues were used to pay legal fees regarding a potential sale of the water system to RWD #2.<sup>26</sup>

### **Proposed Water System Purchase and Customer Transfer Agreement by Ottawa Rural Water District #2**

11. Since being apprised of a potential sale between Howison and RWD #2, Staff has been in communication with CNB, Bennington, RWD #2, and Howison's counsel. Staff has also filed numerous Status Reports in the docket.

12. As indicated by Staff's Status Reports filed in the docket, all parties have come to terms with respect to the sale of Howison's water system. The Purchase Agreement is attached as Exhibit 1. The Purchase Agreement was originally executed on June 30, 2016. The Purchase Agreement has subsequently been amended three times changing the closing date from August 15, 2016, to October 14, 2016, to January 13, 2017, and finally to February 27, 2017. Staff understands that the closing date was amended due to the length of time necessary for RWD #2 to solicit proposals from an engineering firm, and for such firm to complete the physical interconnection between RWD #2 and Howison's water utility facilities.

13. The terms of the Purchase Agreement require that for the obligations under the contract to be binding, the Commission must authorize Howison to abandon service and terminate its Certificate.<sup>27</sup>

14. Given the numerous outstanding financial and operational concerns with respect to Howison, Staff believes it is in the best interest of Howison's current customers to revoke

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<sup>25</sup>Order Granting Staff's Motion, p. 3-5 (Apr. 28, 2015).

<sup>26</sup>Status Report (July 16, 2015).

<sup>27</sup>See Purchase Agreement 7.2(d), 7.3(d).

Howison's Certificate. To ensure a seamless transition of service, Staff recommends that such revocation occur upon a Notice filing made by RWD #2 in this docket indicating that the Purchase Agreement terms have been fulfilled in all respects, other than the requirements referenced in 7.2(d) and 7.3(d) of the Purchase Agreement.<sup>28</sup> This will allow the Purchase Agreement to become binding and effective on the same day that Howison's Certificate is revoked.

15. Staff does recognize that in the event of Certificate revocation, for current Howison customers that wish to continue to receive water service, RWD #2 will be the only water district authorized to provide water service in that area. In the event the Commission revokes Howison's Certificate, any customer that wishes to continue to receive water service from a water utility will be required to take it from RWD #2.

16. Howison should no longer operate as a public utility in the State of Kansas. RWD #2's purchase of the system will ensure continuity of service for the majority of Howison's current customers and provide them an improved level service. Howison's Certificate should be revoked in order to allow for such transaction to occur.

**WHEREFORE**, Staff respectfully moves the Commission to issue an order revoking Howison's Certificate, effective upon a Notice filing made by RWD #2 indicating that the terms

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<sup>28</sup>The terms that must be fulfilled for the Purchase Agreement to become binding include the following:

1. Howison is to sign a Bill of Sale. (Section 1.1 and Section 8 of the Agreement)
2. Howison is to sign an Assignment of Easements. (Section 1.1 and Section 8)
3. Howison is to transfer all Customer records to RWD #2. (Section 1.1)
4. RWD #2 is to pay \$15,000 to the Bennington State Bank. (Section 1.3)
5. An Order is to have been issued by the KCC that: a) authorizes Howison to abandon water service to all Customers being transferred to RWD #2; and b) cancels or terminates Howison's Certificate of Convenience allowing it to serve the Customers. (Section 7.3 (d))
6. Howison is to deliver \$2,000 in cash, to RWD #2. (Section 7.3 (j))
7. Customer meters are to be read immediately prior to Closing. (Section 8)



of the Purchase Agreement have been fulfilled in all respects, other than Conditions 7.2(d) and 7.3(d).

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael Neeley", is written over a horizontal line.

Michael R. Neeley, #25027  
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For Commission Staff

STATE OF KANSAS            )  
  ) ss.  
COUNTY OF SHAWNEE    )

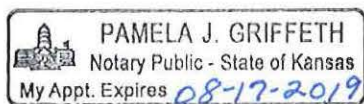
**VERIFICATION**

Michael Neeley, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Staff's Motion to Revoke Certificate Effective Upon the Filing of Notice by Rural Water District No. 2, Ottawa County* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Michael Neeley # 25027  
Kansas Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 9th day of February, 2017.

  
Notary Public

My Appointment Expires: August 17, 2019



**WATER SYSTEM PURCHASE AND  
CUSTOMER TRANSFER AGREEMENT**

THIS WATER SYSTEM PURCHASE AND CUSTOMER TRANSFER AGREEMENT (hereinafter "Agreement") is entered into as of the 30th day of June, 2016, between Howison Heights, Inc., a Kansas for-profit corporation, hereinafter referred to as "Howison", and Rural Water District No. 2, Ottawa County, Kansas, hereinafter referred to as "the District".

**WITNESSETH:**

WHEREAS, the District was organized and established under the provisions of the Rural Water District Act, K.S.A. 82a-612, et seq., as a quasi-municipal corporation for the purpose of constructing and operating a water distribution system serving water users; and

WHEREAS, Howison is a duly formed Kansas for-profit corporation; and

WHEREAS, Howison currently serves 74 water customers, (hereinafter "Customers") with potable water, pursuant to a Certificate of Convenience, (hereinafter "Certificate"), granted to Howison by the Kansas Corporation Commission, (hereinafter "the KCC"); and

WHEREAS, the Customers are listed on Exhibit A to this Agreement; and

WHEREAS, the water supply system through which Howison supplies water to the Customers, (hereinafter, "the System"), includes all pipelines, meters, valves, hydrants and, except as otherwise expressly set forth herein, all other physical facilities and equipment used to deliver water service to such Customers in Howison's service territory as that territory, (hereinafter "Territory") is defined by the KCC; and

WHEREAS, the primary components of the System are described in Exhibit B, attached to this Agreement; and

WHEREAS, a map of the System is contained in Exhibit C, attached to this Agreement; and

WHEREAS, the easements, (hereinafter "Easements"), necessary and useful for the operation of the System and which are owned by Howison, are described in Exhibit D, attached to this Agreement; and

WHEREAS, Howison wishes to sell the System, the Easements, and the right to serve the Customers, and all Customer records, to the District and the District wishes to purchase the same from Howison; and

WHEREAS, by duly-authorized Resolution passed and adopted on the 15th day of June, 2016 by the Board of Directors of Howison, the transfer of the System and the Easements in accordance with the provisions of this Agreement and the other terms of this Agreement were

approved, the execution of this Agreement was approved and such Resolution was signed by the President, and attested by the Secretary; and

WHEREAS, by duly-authorized Resolution passed and adopted on the 14<sup>th</sup> day of April, 2016 by the Board of Directors of the District, the purchase of the System and Easements in accordance with the provisions of this Agreement and the other terms of this Agreement were approved, the execution of this Agreement was approved and such Resolution was signed by the Chairman, and attested by the Secretary; and

WHEREAS, the parties wish to set forth their Agreement as to the above-named matters.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the parties agree as follows:

## **ARTICLE 1 PURCHASE AND SALE OF ASSETS**

1.1 Transfer of Assets to the District. At the Closing, as defined in Article 8, below, Howison will: a) transfer all its right, title and interest in the System to the District; b) transfer the Easements to the District; c) grant the District the right to provide water service to the Customers; and d) transfer all Customer records to the District; all amounts due for water service to Howison Water System customers. All tangible items and rights set forth above in this Section 1.1 shall collectively be referred to as the "Assets". As part of the above transfers and grants, Howison shall, except as expressly set forth otherwise herein, assign to the District, to the extent they are assignable, the Easements. Such assignment shall be made pursuant to an Assignment document substantially identical to that attached hereto as Exhibit F to this Agreement. In addition, Howison shall execute a Bill of Sale evidencing its transfer of the System to the District. Such Bill of Sale shall be substantially identical to that attached hereto as Exhibit E. Notwithstanding the foregoing, however, Howison will not transfer to the District, the following: i) any well sites used by Howison in conjunction with supplying water to the Customers; ii) any mineral deeds owned by Howison; iii) any water rights owned by Howison; and iv) an uninstalled standpipe that is owned by Howison.

At Closing, the transfer of the Assets shall not include any transfer of "Retained Liabilities". Retained Liabilities shall mean all liabilities and obligations arising out of or related to Howison's ownership of the Assets and/or the operation of the System prior to Closing, including, without limitation: (i) those liabilities and obligations arising out of or relating to the ownership, use, construction maintenance or operation of the Assets; (ii) any litigation matters, actions, complaints or claims arising from Howison's ownership of the Assets and/or operation of the System; (iii) any employees of Howison or liabilities and obligations related to employee benefit or welfare plan liabilities and obligations for employees of Howison, including, without limitation, all pension, retirement, severance, health, vacation or other benefit liabilities and obligations; (iv) any state, Federal, or local tax liabilities or obligations; and (v) all Environmental Claims, known or unknown, arising from Howison's ownership of the Assets and/or the operation of the System. Environmental Claims means any and all administrative, regulatory, or judicial actions, suits, demands, demand letters, directives, claims, liens or notices

of noncompliance or violation by an person or entity alleging potential liability to pay removal, response, remediation or cleanup costs, damages or penalties, (including, without limitation, potential liability for investigating costs, clean-up costs, governmental or other response costs, property damage or personal injuries).

At Closing, the transfer of the Assets shall also not include: (i) any water rights issued to Howison by any governmental entity, including, but not limited to, the Kansas Department of Agriculture, Division of Water Resources; and (ii) any interests in any water wells owned and/or operated by Howison. Further, the District shall have no duty or obligation to maintain or plug any such wells or to attend to such wells in any other manner.

The parties recognize that platted easements are not for the exclusive use of the District and that such easements may be used by other utilities. After Closing, Howison shall not provide retail water services to customers on an individual basis or otherwise compete with the District within the territory of the District.

During the time period between the signing of this Agreement and Closing, the District will install water lines and connections that will connect the District's water supply system to the System. In addition, the District will, after the signing of this Agreement, install pressure reducing valves as necessary to reduce the pressure of water entering the System from the District's water supply system to a pressure that is consistent with the pressure of the water in the System.

1.2 Purchase Price. The total purchase price to be paid by the District for the Assets is (\$0.00) and other good and valuable consideration as set forth herein.

1.3. Acquisition Cost. The District shall pay Fifteen Thousand Dollars (\$15,000.00) in cash, payable to the Bennington State Bank, for the acquisition of the assets. Such amount will be used by said Bank for the payment of taxes only. Such amount will not be used to pay Howison Heights, Inc. or Timothy Howison.

## **ARTICLE 2**

### **WARRANTIES AND REPRESENTATIONS OF HOWISON**

A. Howison warrants and represents to the District that:

2.1 Organization and Standing. Howison is a for-profit corporation duly organized and validly existing under the laws of the State of Kansas, and has all rights, powers, and authority to enter into this Agreement and to consummate the transactions contemplated by it and to sell, transfer and convey the Assets and System.

2.2 Authorization of Agreement. Howison's execution, delivery, and performance of this Agreement and the consummation of transactions under it have been authorized by Howison's Board of Directors and constitutes Howison's legal, valid, and binding obligations enforceable against Howison in accordance with its terms.

2.3 No Violation or Conflict. The execution, delivery and performance of this Agreement and the consummation of transactions under it, (i) do not and will not violate or conflict with any law, regulation, writ, order or decree of any court, governmental or regulatory authority or agency (the violation of which would interfere with Howison's ability to consummate the transactions under this Agreement in any material respect), and (ii) do not and will not result in a material breach or default or require any consent or create any lien, charge, or encumbrance upon any of Howison's property, except for those agreements for which consent shall have been obtained prior to Closing.

2.4 Title of Assets. Howison has the right to sell, convey, assign and transfer such Assets to the District. All Assets sold by Howison to the District are located within easements owned by Howison, in Howison right of way, on Howison owned property, or under leases authorizing Howison to locate its facilities at such location. Howison shall obtain releases of any encumbrances on the Assets sold to the District and shall deliver these releases to the District at Closing.

2.5 Environmental Matters. (a) Howison is in compliance with all applicable environmental laws, rules, orders and regulations.

(b) Howison has not received any Environmental Claim from any person or governmental entity that alleges that Howison is not in compliance with applicable environmental laws.

(c) Howison has not used any waste disposal site, or otherwise disposed of, transported, or arranged for the transportation of, any hazardous materials to any place or location, in violation of any environmental laws.

(d) Howison has not caused any release of any hazardous materials at any place or property, including but not limited to, properties owned, leased or occupied by Howison or any predecessor of Howison, nor has it transported or arranged for the transportation of any hazardous materials to any place or property where a release has occurred or allegedly has occurred.

(e) There are no underground storage tanks or surface impoundments at, on, under or within any of the real property owned, leased or occupied by Howison.

2.6 Taxes. All taxes and assessments pertaining to the Assets based on or measured by the ownership of property for all taxable periods prior to the taxable period in which this Agreement is executed have been properly paid, or will be paid at or immediately following closing. Unless otherwise waived or waived in part by the District, Howison is responsible for all taxes related to the ownership and operation of the Assets through Closing, and the District is responsible for all taxes related to the ownership and operation of the Assets after Closing.

2.7 Litigation. There is no action, suit, proceeding, claim or investigation by any person, entity, administrative agency or governmental authority pending or, to the knowledge of Howison,

threatened, against Howison that impedes or is likely to impede Howison's ability to consummate the transaction contemplated by this Agreement.

2.8 Compliance with Laws. The Assets have been owned and operated by Howison in compliance with all laws, rules and regulations of all governmental authorities having jurisdiction thereof and Howison has not received any written notice by any such entities that Howison is in violation of any such laws, rules or regulations, except those issued by the Kansas Corporation Commission ("KCC") and the Kansas Department of Health and Environment ("KDHE"). The District shall have no obligation to pay any fines, fees or penalties assessed and payable by Howison to the KCC and/or KDHE.

2.9 Brokers. No broker or finder has been engaged by Howison in connection with the sale of the Assets.

### **ARTICLE 3 WARRANTIES AND REPRESENTATIONS OF THE DISTRICT**

A. The District warrants and represents to Howison that:

3.1 Organization and Standing. The District is a quasi-municipal corporation duly formed under the provisions of the Rural Water District Act, K.S.A. 82a-612, et seq.

3.2 Authorization of Agreement. The District has the power to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance of the District's obligations hereunder have been duly authorized and no other proceedings on the part of the District are necessary to authorize such execution, delivery and performance. This Agreement has been duly executed by the District and constitutes the valid and binding obligation of the District enforceable against the District in accordance with its terms.

3.3 Brokers. No broker or finder has been engaged by the District in connection with the purchase of the Assets.

### **ARTICLE 4 COVENANTS OF HOWISON**

Prior to Closing:

4.1 Best Efforts. Howison shall use best efforts to consummate the sale of Assets pursuant to this Agreement.

4.2 Conduct of Business. Except with the prior written consent of the District, Howison, shall, prior to the date of Closing, continue to operate the Assets in the ordinary course of business.

4.3 Acquisitions and Dispositions of Assets. Except with the prior written consent of the District, Howison shall not make deletions from the Assets other than in the ordinary course of business.

4.4 Indebtedness. Howison shall not encumber any Assets sold pursuant to this Agreement.

4.5 Due Diligence. Howison shall cooperate with the District and shall cause its representatives, employees, attorneys, accountants, and agents to cooperate with the District's due diligence activities. Howison shall, upon reasonable prior notice, give the District and the District's representatives' reasonable access during normal business hours to the Assets and all records, agreements and commitments relating to the Assets and furnish the District or such representatives during such period, all such information concerning the Assets as the District may reasonably request, including copies of all necessary records, agreements and books of account. Howison agrees to indemnify, defend and hold the District, its officers, directors, employees, agents, representatives, heirs, successors and assigns harmless from and against any and all liability, claims, and causes of action for personal injury, death or property damage occurring during the District's due diligence investigation of the Assets and Business except when such injury, death or damage is caused by the District's gross negligence.

## **ARTICLE 5 COVENANTS OF THE DISTRICT**

5.1 Best Efforts. The District shall use best efforts to consummate the sale of the Assets pursuant to this Agreement, provided, however, that if the District determines, in its sole judgment, following the completion of due diligence, that it no longer desires to purchase the Assets, then the District shall have no obligation to purchase the Assets from Howison. The District shall give Howison written notice that it no longer desires to purchase the Assets. The District shall bear its own costs of conducting due diligence.

## **ARTICLE 6 OBLIGATIONS FOLLOWING CLOSING**

6.1 Howison's Obligations. Howison agrees to indemnify, defend and hold harmless the District, and its directors, officers, employees, patrons, representatives and agents from and against any and all claims, damages, losses, liabilities, expenses, investigative costs, remediation costs, lawsuits, deficiencies, interest, penalties, attorney's fees and all amounts paid in defense or settlement of the foregoing (hereinafter collectively referred to as "Claims"), which may be imposed upon or incurred by the District, by any other party or parties (including governmental entities), arising directly or indirectly out of or relating to (i) matters asserted by Howison to be true in its representations and warranties which are subsequently determined to be untrue, in whole or in part, or (ii) Howison's negligence or willful misconduct with respect to the Assets arising prior to Closing.

6.2 District's Obligations. The District agrees to indemnify, defend and hold harmless Howison, its employees and representatives from and against any and all claims, which may be imposed upon or incurred by Howison, by any other party or parties (including governmental entities), arising directly or indirectly out of or relating to (i) matters asserted by the District to be true in



its representations and warranties which are subsequently determined to be untrue, in whole or in part, or (ii) the District's negligence or willful misconduct with respect to the Assets

6.3 Environmental Considerations. (A) Howison shall remain liable for and indemnify and hold the District harmless from and against all Environmental Claims arising out of (i) environmental laws, regulations, or interpretations now extant, (ii) future environmental laws or, (iii) amendments, modifications or interpretations of extant environmental laws now pending or that may hereafter arise with respect to the Assets and agrees to pay, perform and discharge, as and when due and payable, all costs and expenses (including attorney fees and Court costs) relating to such Environmental Claims, provided that Howison shall only be responsible for such liability if such Environmental Claim arises as a result of the actions of Howison in its ownership or operation of the Assets prior to the Closing.

(B) The District shall indemnify and hold Howison harmless from and against all Environmental Claims arising out of (i) environmental laws, regulations, or interpretations now extant, (ii) future environmental laws or (iii) amendments, modifications or interpretations of extant environmental laws now pending or that may hereafter arise with respect to the Assets and agrees to pay, perform and discharge, as and when due and payable, all costs and expenses (including attorney fees and Court costs) relating to such Environmental Claims which are solely caused by the actions of the District in its operation of the Assets following Closing.

## **ARTICLE 7 CONDITIONS**

7.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions, unless waived in writing by each of the parties hereto:

(a) No statute, rule, regulation, order, decree, temporary restraining order or injunction shall have been enacted, entered, promulgated or enforced by a governmental authority and shall be in effect which prohibits or materially restricts the consummation of the transactions contemplated by this Agreement.

(b) No suit, action or other proceeding by a third party (including any governmental authority) seeking to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement, or seeking substantial damages in connection therewith, shall be pending before any governmental authority or arbitrator.

(c) Any applicable waiting period under applicable law with respect to the transactions contemplated by this Agreement shall have expired or been terminated and all other material authorizations, consents, approvals, or clearances of any governmental authority necessary for the consummation of the transactions contemplated by this Agreement (other than those customarily obtained after Closing), shall have been obtained.

7.2 Conditions Precedent to the Obligations of Howison. All of the obligations of Howison under this Agreement are subject to the satisfaction at, or prior to, Closing of each and every one of the

following conditions precedent, any of which may be waived in writing by Howison in its sole discretion:

(a) Each of the representations of the District contained herein shall be true and correct in all material respects on and as of Closing with the same force and effect as though made on and as of such date.

(b) The District shall, in all material respects, have performed and complied with all agreements, covenants, and obligations required under this Agreement to be performed or complied with by it prior to or at the Closing.

(c) [RESERVED]

(d) An Order shall be issued by the Kansas Corporation Commission authorizing Howison to abandon water service to all Customers being transferred to the District.

7.3 Conditions Precedent to the Obligations of the District. All of the obligations of the District under this Agreement are subject to the satisfaction at or prior to Closing of each and every one of the following conditions precedent, any of which may be waived in writing by the District in its sole discretion:

(a) Representations. Each of the representations of Howison contained herein shall be true and correct in all material respects on and as of Closing with the same force and effect as though made on and as of such date.

(b) Performance. Howison shall, in all material respects, have performed and complied with all agreements, covenants, and obligations required under this Agreement to be performed or complied with by it prior to or at Closing, and all conditions to be fulfilled by persons or entities other than parties to this Agreement shall have been so fulfilled.

(c) Regulatory Approvals. Receipt of approval from all regulatory authorities of the transactions contemplated by this Agreement shall have been obtained.

(d) Certificate of Abandonment. An Order shall have been issued by the Kansas Corporation Commission: i) authorizing Howison to abandon water service to all Customers being transferred to the District; and ii) cancelling or terminating Howison's Certificate of Convenience allowing it to serve the Customers.

(e) Delivery of Assets. The Assets shall be free and clear of all material liens, claims, security interests, charges, or encumbrances, including, but not limited to those that may be claimed by or attributable to the Bennington State Bank and Central National Bank. Further, those two banks shall have approved the terms of this Agreement in writing.

(f) Approval of Loan. Approval of a loan in favor of the District for the purposes set forth in this Agreement, by the Kansas Department of Health and Environment in an amount of not less than one hundred twenty five thousand dollars (\$125,000.00) through the State Revolving Loan Fund, subject to 30% principal debt forgiveness.

(g) Attachment of Land and Subscription by Customers. All of the land to be served by the District has been attached to the territory of the District as provided by law and there has been subscription by at least seventy-five percent (75%) of the Customers to water service by the District, upon terms approved by the District.

(h) Regulatory Violations. The District shall have satisfied itself that it will not be responsible for any obligations or liabilities that the KCC, KDHE or any other governmental entity may have imposed on Howison prior to Closing.

(i) Condition of Assets. The District shall have approved the condition of the Assets prior to Closing.

(j) Payment to Be Applied to Taxes. Howison shall deliver Two Thousand Dollars (\$2,000.00) in cash, payable to the District, to be applied toward personal property tax obligations assessed on the assets.

7.3 Further Assurances. Howison and the District shall deliver any and all other instruments or documents required to be delivered pursuant to, or necessary or proper in order to give effect to, all of the terms and provisions of this Agreement.

## **ARTICLE 8 CLOSING**

8.1 Closing. The transfers and deliveries to be made pursuant to this Agreement, (the "Closing"), shall be at the city/county building in Salina, Kansas, on August 15, 2016 or such other date as is mutually agreed to by the parties. At Closing, subject to all the terms, conditions and provisions of this Agreement, (i) Seller shall execute an Assignment document substantively identical to that attached to this Agreement as Exhibit F; and (ii) Seller shall execute a Bill of Sale substantively identical to that attached to this Agreement as Exhibit E. In addition, at Closing, there shall be a reconciliation of accounts. Pursuant to such reconciliation, Customer meters will be read immediately prior to Closing. Based on the readings obtained, the District may bill the Customers and retain all amounts paid by the Customers for water service provided by Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District.

## **ARTICLE 9 SURVIVAL**

9.1 Survival of the District's Representations, Covenants, Agreements and Obligations. The representations, covenants, agreements, and obligations of the District contained in this Agreement shall survive Closing; provided, however, Howison's claims related to District's breach of such representations, covenants, agreements, or obligations shall be made within twelve months of the Closing Date except with respect to Article 6.3, which obligations shall survive in perpetuity.

9.2 Survival of Howison's Representations and Covenants, Agreements and Obligations.

The representations, covenants, agreements and obligations of Howison contained in this Agreement shall survive Closing; provided, however, District's claims related to Howison's breach of such representations, covenants, agreements, or obligations shall be made within twelve months of Closing except with respect to Articles 2.5 and 6.3, which covenants and obligations shall survive in perpetuity.

**ARTICLE 10  
MISCELLANEOUS**

10.1 Entire Agreement. This Agreement constitutes the entire agreement between Howison and the District with respect to the subject matter hereof and supersedes any other agreements, understandings, negotiations, and discussions. The Agreement may be amended or modified only by written instrument executed by both Howison and the District.

10.2 Assignment; No Third-Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Notwithstanding the foregoing, the District's interests under this Agreement may be assigned as collateral to any other entities which provide it with funds for financing the construction, extension, repair or maintenance of its supply systems or administrative facilities. Nothing in this Agreement shall confer upon any person or entity not a party to this Agreement, or the legal representatives of such person or entity, any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement.

10.3 Waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly so provided.

10.4 Severability. The invalidity of any one or more of the words, phrases, sentences, clauses, sections, punctuation marks, or subsections contained in this Agreement shall not affect the enforceability of the remaining portions of the Agreement or any part hereof, all of which are inserted conditionally on their being valid in law and, in the event that any one or more of the words, phrases, sentences, clauses, sections, or subsections contained in this Agreement shall be declared invalid by any regulatory agency or in court proceedings, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, section or sections, or subsection or subsections, had not been inserted.

10.5 Fees and Expenses. Except as otherwise expressly provided in this Agreement, all legal, accounting and other fees, costs and expenses of a party hereto incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, costs or expenses.

10.6 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made if delivered personally or sent by overnight courier or sent by facsimile (with evidence of confirmation of receipt) to the parties at the following addresses: To the District at PO Box 3551, Salina, Kansas 67402-3551 (Fax No. 785-823-2093); To Howison at P.O. Box 2523, Salina, Kansas 67402 (Fax No. 785-827-0391).

10.7 Section Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provisions of the Agreement.

10.8 Counterparts. This Agreement may be executed in any number of counterparts and by the several parties hereto in separate counterparts, each of which shall be deemed to be one and the same instrument.

10.9 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Kansas.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Agreement as of the day and year first above written.

Howison Heights, Inc.  
By: Dean Thompson  
Tom Howison  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County, Kansas

By: Michael Hine  
Chairman

Attest:

Dustin Riehl

Secretary

**APPROVED**

This Agreement is approved on behalf of the Bennington State Bank this  
22nd day of June, 2016.

By:   
Ronald L. Weis

Title: Senior Vice President

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the foregoing Agreement and agrees to release its liens on the Assets, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: \_\_\_\_\_

Title: \_\_\_\_\_



Secretary

**APPROVED**

This Agreement is approved on behalf of the Bennington State Bank this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the foregoing Agreement and agrees to release its liens on the Assets, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

CENTRAL NATIONAL BANK

By: Donald G. Reinsch  
DONALD G. REINSCH

Title: Executive Vice President

## Exhibit A

### Water System Purchase and Customer Transfer Agreement List of Customers

	Customer Name	Address	Phone Number
1	Josh & Amber Armstrong	5650 Wyatt Earps Draw Salina, Kansas 67401	
2	David Bieberly	532 - B East Shipton Road Salina, Kansas 67401	(785) 827-9241
3	Richard & Vicky Bruner	221 East Shipton Rd Salina, Kansas 67401	(785) 825-8969
4	Bob Butts	P.O. Box 1115 Salina, Kansas 67402-1155	
5	Blain & Beverly Cleveland	4277 North Sandy Ave Salina, Kansas 67401	(785) 825-5242
6	Ron & Dianna Coad	4400 North Sandy Ave Salina, Kansas 67401	(785) 827-7824
7	Michael Crank	421 East Shipton Road Salina, Kansas 67401	(785) 827-4275
8	Chuck Donmyer	1171 Annie Oakleys Pl Salina, Kansas 67401	
9	Curt & Cynthia Engel	444 East Country Hgts Salina, Kansas 67401	(785) 823-6283
10	Bobby George	532 East Shipton Road Salina, Kansas 67401	(785) 827-4837
11	Gary & Diane Gibson	4377 North Sandy Ave Salina, Kansas 67401	
12	John Goertzen	787 Annie Oakleys Pl Salina, Kansas 67401	(785) 452-1234
13	Chad Gourley	698 Doc Holiday Pass Salina, Kansas 67401	(785) 643-7740
14	John Guerrero	4216 North Sandy Ave Salina, Kansas 67401	(785) 826-0669 (785) 452-1145
15	Jacque Hanscom	636-D East Shipton Rd Salina, Kansas 67401	(785) 820-6158
16	Henderson	4326 North Turner Lane Salina, Kansas 67401	
17	Tim & Tressa Heyde	636 - B East Shipton Road Salina, Kansas 67401	(785) 577-0792 (785) 309-3705
18	Richard Hicks	372 East Shipton Road Salina, Kansas 67401	(785) 827-7754
19	Mike Hodges	636 - F East Shipton Road Salina, Kansas 67401	(785) 823-5087

20	Robert & JoAnn Hull	636 - A East Shipton Road Salina, Kansas 67401	(785) 825-1888
21	Michael & Kelley Hulteen	4409 North Wasserman Salina, Kansas 67401	(785) 823-2671
22	Phil Hurd	4489 North Wasserman Salina, Kansas 67401	(785) 825-5682
23	Mike Immenschuh	5696 Wyatt Earps Draw Salina, Kansas 67401	(785) 827-2093 (785) 452-1039
24	Jordan	4485 North Sandy Ave Salina, Kansas 67401	
25	Wayne & Toni Jueneman	5529 North Streckfus Trail Salina, Kansas 67401	(785) 650-2098
26	Kennedy	5000 W Streckfus Trail Salina, Kansas 67401	
27	Mike & Meaghan Kilgore	P.O. Box 132 Bennington, Kansas 67422	(785) 577-4209
28	Joe King	636 - G East Shipton Road Salina, Kansas 67401	(785) 823-2802
29	Lynn & Peggy Kleiber	4276 North Turner Ln. Salina, Kansas 67401	(785) 820-0351
30	Shane & Beth Komarek	4368 North Sandy Ave Salina, Kansas 67401	(785) 827-0139
31	Jesse & Breanna Levin	469 East Shipton Road Salina, Kansas 67401	(785) 452-5223 (785) 452-2426
32	Rhonda Ley	800 E. Doc Holiday Pass Salina, Kansas 67401	(785) 201-2425
33	Jim & Valerie Linenberger	4395 North Sandy Ave Salina, Kansas 67401	(785) 827-2273
34	Randy & Susan Madden	691 East Doc Holiday Pass Salina, Kansas 67401	(785) 452-0454 (785) 820-6821
35	Alan Martin	633 East Shipton Road Salina, Kansas 67401	(785) 823-7480
36	Tim & April Mayorga	5595 Wyatt Earps Draw Salina, Kansas 67401	
37	Derek McKellips	4215 North Sandy Ave Salina, Kansas 67401	(785) 825-1573
38	Randal & Pat Miller	4563 North Wasserman Salina, Kansas 67401	(785) 452-9571
39	Darin & Cindy Monroe	4382 Turner Ln. Salina, Kansas 67401	(785) 827-4698
40	Greg Myers	4333 North Sandy Ave Salina, Kansas 67401	(785) 342-9015
41	Doug & Heidi Newcomer	4280 North Sandy Ave Salina, Kansas 67401	
42	Terry & Mary Lou Odle	4415 North Sandy Ave Salina, Kansas 67401	(785) 825-2894

43	Morgan & Janella Pearl	4448 North Sandy Ave Salina, Kansas 67401	(785) 452-5078
44	Doug Pahls	1624 Dover Cr. Salina, Kansas 67401	(785) 827-1624
45	David & Beth Prendergast	5715 North Streckfus Trail Salina, Kansas 67401	(785) 452-9258 (785) 452-8656
46	Shannon & Lisa Peters	768 Wild Bills Bluff Salina, Kansas 67401	(785) 493-5114
47	Jodi & Jan Pfannenstiel	740 Doc Holiday Pass Salina, Kansas 67401	(785) 493-0567
48	John Rupright	4737 North Wasserman Salina, Kansas 67401	(785) 825-2461 (785) 825-8861
49	Francis Ryan	4660 North Wasserman Salina, Kansas 67401	(785) 827-4551 (785) 826-3475
50	Gerald & Joyce Schumacher	5560 North Streckfus Trail Salina, Kansas 67401	(785) 827-4396
51	Merrilee Severino	537 East Shipton Rd Salina, Kansas 67401	
52	Kevin & Joleta Shamburg	4340 North Shandy Ave Salina, Kansas 67401	(785) 827-7362
53	Marie Simpson	636 East Shipton Road Salina, Kansas 67401	(785) 823-3319
54	Claude Sokol	695 Annie Oakleys Salina, Kansas 67401	(785) 342-2952
55	Sandy & James Spani	5501 N. Streckfus Trail Salina, Kansas 67401	
56	Clay & Francis Staton	636 - C East Shipton Road Salina, Kansas 67401	(785) 825-6493
57	Kirk Stover	4412 North Turner Ln. Salina, Kansas 67401	(785) 825-4308
58	Dale & Karmel Swindler	4441 North Wasserman Salina, Kansas 67401	(785) 827-1983
59	James & Linda Trahan	4301 North Sandy Ave Salina, Kansas 67401	(785) 427-2295
60	C Henry & Karla Walker	4441 North Sandy Ave Salina, Kansas 67401	(785) 827-1126
61	Ken & Pamela Wasserman	4876 North Wasserman Salina, Kansas 67401	(785) 825-5879 (785) 827-3646
62	David & Sue Watson	825 Wild Bills Bluff Salina, Kansas 67401	(785) 820-0381
63	Larry & Jennifer Watts	4561 North Wasserman Salina, Kansas 67401	(785) 823-2510
64	Brian Weary	4763 North Bowen Drive Salina, Kansas 67401	(785) 238-4368
65	Richard & Arleen Westbrook	4464 North Sandy Ave Salina, Kansas 67401	(785) 827-8887

66	Lloyd Wood	5249 N. Streckfus Trail Salina, Kansas 67401	(785) 819-5323
67	James & Ginger Wooten	4257 North Sandy Ave Salina, Kansas 67401	(785) 823-3983
<b>Howison Customers – Purchased Water Rights, but not hooked into system</b>			
68	Elva & Cheryl Abernathy (Lot 37)	72 Alpine Ridge Ln Bennington, Kansas 67522	
69	John & Marvis Bruckner, et ux (Lot 38)	944 Twin Oaks Dr. Salina, Kansas 67401	
70	Daniel & Dana Compton (Lot 14)	14721 E. Sundance St. Wichita, Kansas 67230	
71	Jim & Kristi Copus (Lot 34)	1734 Cottonwood Dr. Bennington, Kansas 67422	
72	Kenneth Kennedy (Lot 20)	1204 Martin Salina, Kansas 67401	
73	Cesar & Olga Lizath-Aguayo (Lot 4)	129 W. Ellsworth Salina, Kansas 67401	
74	Randall D. Olson (Lot 17)	2066 Lodgepole Dr. Erie, Colorado 80516	

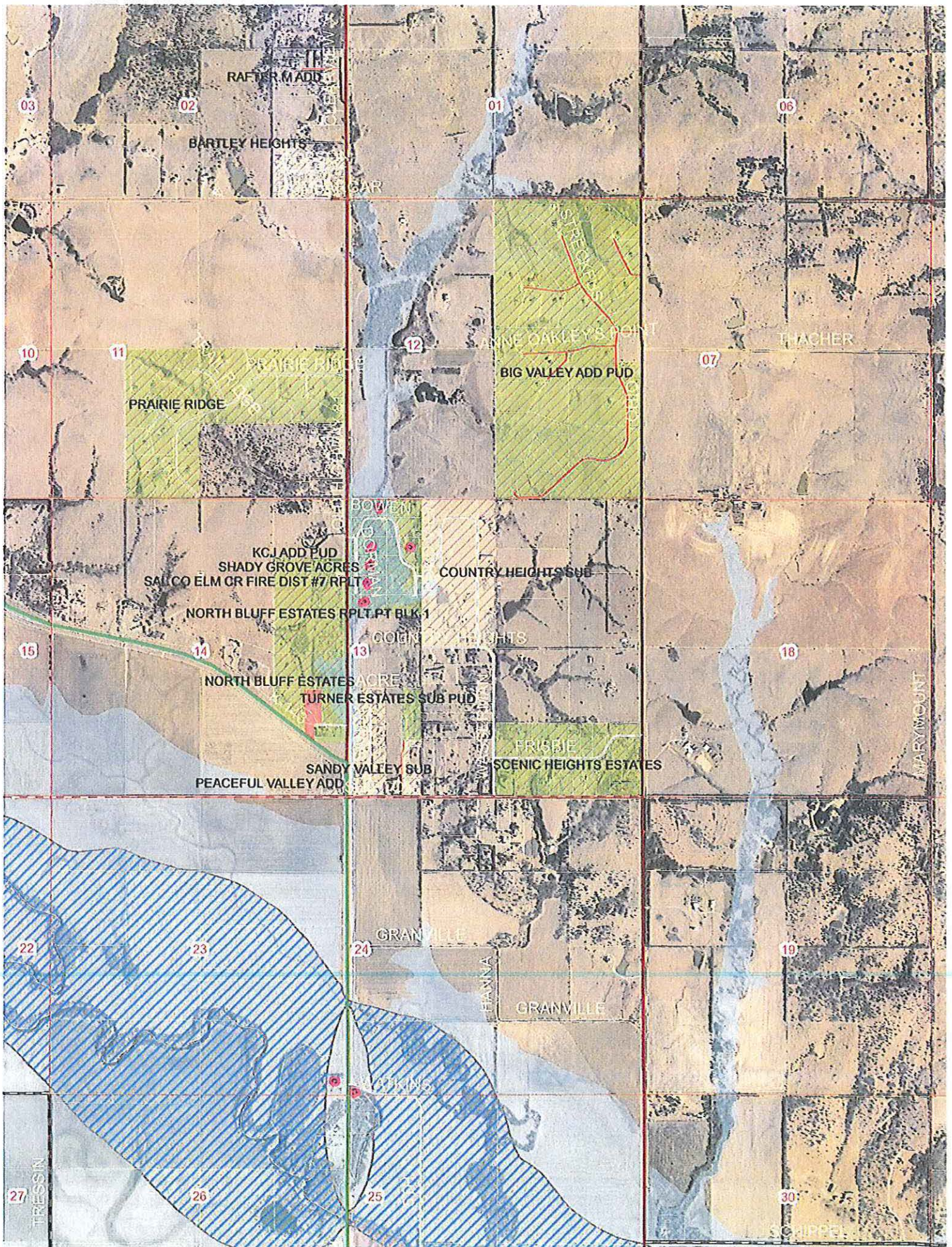
**Exhibit B**  
**Primary Components of the “System”**

All waterlines, fittings, meters, meter boxes, valves, and other equipment used in the distribution and delivery of potable water to Howison water customers. This description does not include the approximately 3,300 feet of supply lines that run north and south from Howison’s well house to the two well heads that are located to the north and south of Howison’s well house.



**Exhibit C**  
**Map of the “System”**







**Exhibit D**  
**Description of “Easements”**  
**(i.e., easements and rights of way necessary to operate the “System”)**

The portion of the following “Easement Agreement” as is necessary for the District’s rural water district’s purposes:

1. “Easement Agreement” between Ed J. Streckfus and Viola Streckfus, husband and wife, party of the first part and Howison Heights, Inc., party of the second part filed April 9, 1998 at book 168, pages 539-40, in the records of the Saline County, Kansas Register of Deeds.

Exhibit E  
Bill of Sale

Know All Men by These Presents, that Howison Heights, Inc., a Kansas for-profit corporation, hereinafter referred to as "Howison", in consideration of the sum of one dollar (\$1.00) and other good and valuable consideration, to it paid by Rural Water District No. 2, Ottawa County, Kansas, hereinafter referred to as "the District", the receipt of which is hereby acknowledged, has bargained and sold, and by these presents does grant, assign, and transfer, unto the District, the following described goods, chattels, and personal property to wit:

All items defined as being part of the "System" in the Agreement dated \_\_\_\_\_, 20\_\_\_\_, entered into by Howison and the District.

To have and to hold the same unto the District, and its successors and assigns, from and after the date set forth below.

Howison covenants and agrees to and with the District, to warrant and defend the sale of the above-stated goods, chattels, and personal property unto the District, its successors and assigns, against all lawful claims.

20/2 In witness whereof, I have hereunto set my hand this 20 day of June

HOWISON HEIGHTS, INC

Attest: Jim Howison Secretary By: Jim Howison President

EXHIBIT F  
ASSIGNMENT OF EASEMENTS AND RIGHT-OF-WAY INTERESTS

Know All Men by These Presents, that Howison Heights, Inc., a Kansas for-profit corporation, in consideration of the sum of one dollar (\$1.00) and other good and valuable consideration, to it paid by Rural Water District No. 2, Ottawa County, Kansas, (hereinafter "the District") the receipt of which is hereby acknowledged, does hereby assign and transfer to the District, so much of its right, title and interest in certain easements and rights-of-way interests which are described on Schedule I, hereto as are necessary for the District's rural water district purposes.

To have and to hold the same unto the District, and its successors and assigns, from and after the date set forth below.

In witness whereof, I have hereunto set my hand this 20 day of JUNE, 2016

HOWISON HEIGHTS, INC.

Attest:

Jim Howison  
Secretary

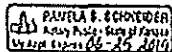
By:

Jim Howison  
President

STATE OF KANSAS )  
COUNTY OF Saline ) ss:

BE IT REMEMBERED, that on this 20<sup>th</sup> day of June, 2016, before me, the undersigned, a notary public in and for the county and state aforesaid, came Jim Howison, President of Howison Heights, Inc., a Kansas for-profit corporation and Jim Howison, Secretary of said corporation, who are personally known to me to be the same persons who executed the within instrument of writing on behalf of said corporation, and such persons duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.



Pamela F. Schneider  
NOTARY PUBLIC

ASSIGNMENT OF EASEMENTS, RIGHT-OF-WAY AND REAL PROPERTY INTERESTS

Know All Men by These Presents, that Howison Heights, Inc., a Kansas for-profit corporation, in consideration of the sum of one dollar (\$1.00) and other good and valuable consideration, to it paid by Rural Water District No. 2, Ottawa County, Kansas, (hereinafter "the District") the receipt of which is hereby acknowledged, does hereby assign and transfer to the District, all of its right, title and interest in certain easements, rights-of-way and other real property interests which are described on Schedule 1, hereto.

To have and to hold the same unto the District, and its successors and assigns, from and after the date set forth below.

In witness whereof, I have hereunto set my hand this 20 day of June, 2016

HOWISON HEIGHTS, INC.

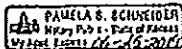
Attest: Jim Howison  
Secretary

By: Jim Howison  
President

STATE OF KANSAS }  
COUNTY OF Saline } ss:

DO IT REMEMBERED, that on this 20<sup>th</sup> day of June, 2016, before me, the undersigned, a Notary public in and for the county and state aforesaid, came Jim Howison, President of Howison Heights, Inc., a Kansas for-profit corporation and Jim Howison, Secretary of said corporation, who are personally known to me to be the same persons who executed the within instrument of writing on behalf of said corporation, and such persons duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.



Pamela S. Schneider  
NOTARY PUBLIC



**SCHEDULE 1 TO ASSIGNMENT OF EASEMENTS AND RIGHT-OF-WAY  
INTERESTS**

1. "Easement Agreement" between Ed J. Streckfus and Viola Streckfus, husband and wife, party of the first part and Howison Heights, Inc., party of the second part filed April 9, 1998 at book 168, pages 539-40, in the records of the Saline County, Kansas Register of Deeds.

**ADDENDUM TO WATER SYSTEM PURCHASE AND  
CUSTOMER TRANSFER AGREEMENT**

THIS ADDENDUM TO WATER SYSTEM PURCHASE AND CUSTOMER TRANSFER AGREEMENT (hereinafter "Addendum") is entered into as of the 28<sup>th</sup> day of July, 2016, between Howison Heights, Inc., a Kansas for-profit corporation, hereinafter referred to as "Howison", and Rural Water District No. 2, Ottawa County, Kansas, hereinafter referred to as "the District".

**WITNESSETH:**

WHEREAS, the District and Howison entered into an agreement, (hereinafter "Agreement") dated June 30, 2016 entitled Water System Purchase and Customer Transfer Agreement; and

WHEREAS, Section 8.1 of the Agreement stated that the Closing pursuant to the Agreement would be "on August 15, 2016 or such other date as is mutually agreed to by the parties"; and

WHEREAS, the District and Howison have determined that they wish to change the Closing date to October 14, 2016 or such other date as is mutually agreed to by the District and Howison; and

WHEREAS, the District and Howison wish to amend the Agreement to reflect the change in Closing date discussed above; and

WHEREAS, the District and Howison wish to leave all other provisions of the Agreement unchanged.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the parties agree as follows:

1. Amendment of Section 8.1 of Agreement. Section 8.1 of the Agreement is hereby amended to read as follows:

"8.1 Closing. The transfers and deliveries to be made pursuant to this Agreement, (the "Closing"), shall be at the city/county building in Salina, Kansas, on October 14, 2016 or such other date as is mutually agreed to by the parties. At Closing, subject to all the terms, conditions and provisions of this Agreement, (i) Seller shall execute an Assignment document substantively identical to that attached to this Agreement as Exhibit F; and (ii) Seller shall execute a Bill of Sale substantively identical to that attached to this Agreement as Exhibit E. In addition, at Closing, there shall be a reconciliation of accounts. Pursuant to such reconciliation, Customer meters will be read immediately prior to Closing. Based on the readings obtained, the District may bill the Customers and retain all amounts paid by the Customers for water service provided by

Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Agreement not changed by Section 1 of this Addendum shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Addendum as of the day and year first above written.

Howison Heights, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: \_\_\_\_\_

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**APPROVED**

This Addendum is approved on behalf of the Bennington State Bank this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Agreement not changed by Section 1 of this Addendum shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Addendum as of the day and year first above written.

Howison Heights, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: Michael H. Hines  
Chairman

Attest:

Dante R. Hines  
Secretary

**APPROVED**

This Addendum is approved on behalf of the Bennington State Bank this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Agreement not changed by Section 1 of this Addendum shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Addendum as of the day and year first above written.

Howison Heights, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

APPROVED

This Addendum is approved on behalf of the Bennington State Bank this  
14<sup>th</sup> day of July, 2016.

By: 

Title: SVP

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement and Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement or this Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement and Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement or this Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: Loren Barten  
Loren Barten

Title: SPECIAL ASSETS OFFICER

KANSAS CORPORATION COMMISSION

**NOTICE OF BUSINESS MEETING**  
**Thursday, February 9, 2017 10:00 am**

Commission's Office  
1500 SW Arrowhead Road  
Topeka, Kansas  
First Floor Hearing Room

**With video conferencing link to:**  
Commission's Conservation Division  
266 N. Main St. Ste. 220  
Wichita, Kansas

The Commission will conduct a Business Meeting, at the time and location stated above, for the reason(s) listed below:

1. **Consent Agenda Items** (proposed orders dealing with routine, procedural, administrative, or uncontested matters)  
<http://estar.kcc.ks.gov/estar/portal/kcc/page/ConsentAgenda/portal.aspx>

2. **Noticed Item(s)**

- A. **Docket No. 14-GIMT-118-CPL**  
*In the Matter of the Quality of Service Report Filings for Local Exchange Carriers.*  
*17-0395 - Order Assessing Penalty Upon CenturyLink*

Presenter:	MICHAEL DUENES
Assistant General Counsel:	MICHAEL DUENES
Litigation:	MICHAEL NEELEY
Staff:	RUTH MOSES, PAULA ARTZER

The above link is final upon posting of this notice on the KCC web site at:

<http://kcc.ks.gov/commissionmeetings/>

**Note:** Agendas may be altered up to and even during Business Meetings. The Commission may, at the meeting, decide to take up items in addition to those listed above. For any of the foregoing items, other staff may be called as the Commission deems necessary.

A Commission meeting is not a hearing; the public, parties to a docket and their counsel are welcome to attend but should not expect to address the Commission.

Commission meetings are not transcribed, recorded or broadcast. Public participation in a Commission meeting by telephone is not permitted.

**Weather/Holidays:** In the event State of Kansas offices in Topeka are closed due to inclement weather or for a holiday, the Business Meeting will be cancelled without further notice.

**Executive Session:** If the Commission conducts an Executive Session, it will be held pursuant to K.S.A. 2015 Supp. 75-4319.

Any individual with a disability may request accommodation in order to participate in Commission meetings. Please make requests for accommodation in advance of the meeting by contacting the KCC Public Affairs Office at 1-800-662-0027 or [public.affairs@kcc.ks.gov](mailto:public.affairs@kcc.ks.gov).



**SECOND ADDENDUM TO WATER SYSTEM PURCHASE AND  
CUSTOMER TRANSFER AGREEMENT**

THIS SECOND ADDENDUM TO WATER SYSTEM PURCHASE AND CUSTOMER TRANSFER AGREEMENT (hereinafter "Second Addendum") is entered into as of the 2nd day of October, 2016, between Howison Heights, Inc., a Kansas for-profit corporation, hereinafter referred to as "Howison", and Rural Water District No. 2, Ottawa County, Kansas, hereinafter referred to as "the District".

**WITNESSETH:**

WHEREAS, the District and Howison entered into an agreement, (hereinafter "Agreement"), dated June 30, 2016, entitled Water System Purchase and Customer Transfer Agreement; and

WHEREAS, Section 8.1 of the Agreement stated that the Closing pursuant to the Agreement would be "on August 15, 2016 or such other date as is mutually agreed to by the parties"; and

WHEREAS, the District and Howison determined that they wished to change the Closing date to October 14, 2016 or such other date as was mutually agreed to by the District and Howison; and

WHEREAS, as a result, the parties entered into an Addendum To Water System Purchase and Customer Transfer Agreement, (hereinafter "Addendum"), dated July 28, 2016, which changed the Closing date from August 15, 2016 to October 14, 2016 or such other date as was mutually agreed to by the parties; and

WHEREAS, since signing the Addendum, the District and Howison have again determined that they wish to change the Closing date, this time from October 14, 2016 to January 13, 2017, and that they wish to amend the Agreement to reflect this change in Closing date; and

WHEREAS, the District and Howison wish to cancel the provisions of the Addendum and leave all other provisions of the Agreement unchanged.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the parties agree as follows:

1. Amendment of Section 8.1 of Agreement. Section 8.1 of the Agreement is hereby amended to read as follows:

"8.1 Closing. The transfers and deliveries to be made pursuant to this Agreement, (the "Closing"), shall be at the city/county building in Salina, Kansas, on January 13, 2017 or such other date as is mutually agreed to by the parties. At Closing, subject to all the terms, conditions and provisions of this Agreement, (i) Seller shall execute an

Assignment document substantively identical to that attached to this Agreement as Exhibit F; and (ii) Seller shall execute a Bill of Sale substantively identical to that attached to this Agreement as Exhibit E. In addition, at Closing, there shall be a reconciliation of accounts. Pursuant to such reconciliation, Customer meters will be read immediately prior to Closing. Based on the readings obtained, the District may bill the Customers and retain all amounts paid by the Customers for water service provided by Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Cancellation of Addendum; Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Addendum are hereby cancelled and that all provisions of the Agreement not changed by Section 1 of this Second Addendum shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Second Addendum as of the day and year first above written.

Howison Heights, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: \_\_\_\_\_

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

Assignment document substantively identical to that attached to this Agreement as Exhibit F; and (ii) Seller shall execute a Bill of Sale substantively identical to that attached to this Agreement as Exhibit E. In addition, at Closing, there shall be a reconciliation of accounts. Pursuant to such reconciliation, Customer meters will be read immediately prior to Closing. Based on the readings obtained, the District may bill the Customers and retain all amounts paid by the Customers for water service provided by Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Cancellation of Addendum: Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Addendum are hereby cancelled and that all provisions of the Agreement not changed by Section 1 of this Second Addendum shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Second Addendum as of the day and year first above written.

Howison Heights, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: Michael Kene  
Chairman

Attest:

Dustin A. Smith  
Secretary

**APPROVED**

This Second Addendum is approved on behalf of the Bennington State Bank  
this 4<sup>th</sup> day of October, 2016.

By: \_\_\_\_\_



Title: SVP

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Second Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement, Addendum and Second Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement, the Addendum or this Second Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED**

This Second Addendum is approved on behalf of the Bennington State Bank  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Second Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement, Addendum and Second Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement, the Addendum or this Second Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: Joan Barton

Title: SPECIAL ASSET OFFICER

**THIRD ADDENDUM TO WATER SYSTEM PURCHASE AND  
CUSTOMER TRANSFER AGREEMENT**

THIS THIRD ADDENDUM TO WATER SYSTEM PURCHASE AND CUSTOMER TRANSFER AGREEMENT (hereinafter "Third Addendum") is entered into as of the 27th day of December, 2016, between Howison Heights, Inc., a Kansas for-profit corporation, hereinafter referred to as "Howison", and Rural Water District No. 2, Ottawa County, Kansas, hereinafter referred to as "the District".

**WITNESSETH:**

WHEREAS, the District and Howison entered into an agreement, (hereinafter "Agreement"), dated June 30, 2016, entitled Water System Purchase and Customer Transfer Agreement; and

WHEREAS, Section 8.1 of the Agreement stated that the Closing pursuant to the Agreement would be "on August 15, 2016 or such other date as is mutually agreed to by the parties"; and

WHEREAS, the District and Howison later determined that they wished to change the Closing date to October 14, 2016 or such other date as was mutually agreed to by the District and Howison; and

WHEREAS, as a result, the parties entered into an Addendum To Water System Purchase and Customer Transfer Agreement, (hereinafter "Addendum"), dated July 28, 2016, which changed the Closing date from August 15, 2016 to October 14, 2016 or such other date as was mutually agreed to by the parties; and

WHEREAS, after signing the Addendum, the District and Howison later determined that they wished to change the Closing date, this time from October 14, 2016 to January 13, 2017, and that they wished to amend the Agreement to reflect this change in Closing date; and

WHEREAS, the District and Howison then entered into a Second Addendum to Water System Purchase and Customer Transfer Agreement, (hereinafter "Second Addendum"), dated October 2, 2016, that changed the Closing date from October 14, 2016 to January 23, 2017; and

WHEREAS, after signing the Second Addendum, the District and Howison have determined that they wish to change the Closing date, this time from January 13, 2017 to February 27, 2017, and that they wish to amend the Agreement to reflect this change in Closing date; and

WHEREAS, the District and Howison thus now wish to enter into this Third Addendum to Water System Purchase and Customer Transfer Agreement, (hereinafter

"Third Addendum") that will cancel the provisions of the Addendum and the Second Addendum and change the Closing date to February 27, 2017; and

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the parties agree as follows:

1. Amendment of Section 8.1 of Agreement. Section 8.1 of the Agreement is hereby amended to read as follows:

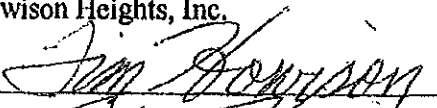
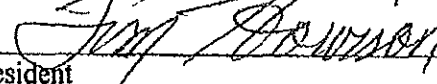
"8.1 Closing. The transfers and deliveries to be made pursuant to this Agreement, (the "Closing"), shall be at the city/county building in Salina, Kansas, on February 27, 2017 or such other date as is mutually agreed to by the parties. At Closing, subject to all the terms, conditions and provisions of this Agreement, (i) Seller shall execute an Assignment document substantively identical to that attached to this Agreement as Exhibit F; and (ii) Seller shall execute a Bill of Sale substantively identical to that attached to this Agreement as Exhibit E. In addition, at Closing, there shall be a reconciliation of accounts. Pursuant to such reconciliation, Customer meters will be read immediately prior to Closing. Based on the readings obtained, the District may bill the Customers and retain all amounts paid by the Customers for water service provided by Howison up to the date of Closing. After Closing, only Customers who have applied for water service from the District and who have been issued a benefit unit by the District shall become customers of the District."

2. Cancellation of Addenda; Remainder of Agreement Unchanged. The District and Howison agree that all provisions of the Addendum and the Second Addendum are hereby cancelled and that all provisions of the Agreement not changed by Section 1 of this Third Addendum shall remain unchanged and in full force and effect.

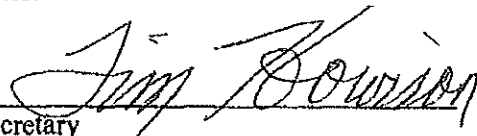
IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Third Addendum as of the day and year first above written.

Howison Heights, Inc.

By:

  
  
President

Attest:

  
Secretary

Rural Water District No. 2, Ottawa County,  
Kansas

By: Michael Hine  
Chairman

Attest:

Dust Nibb  
Secretary

**APPROVED**

This Third Addendum is approved on behalf of the Bennington State Bank  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Third Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement, Addendum, Second Addendum and Third Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement, the Addendum or this Second Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to*



Rural Water District No. 2, Ottawa County,  
Kansas

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**APPROVED**

This Third Addendum is approved on behalf of the Bennington State Bank  
this 3<sup>rd</sup> day of January, 2017.

By: 

Title: Senior Vice President

**APPROVED**

*Central National Bank consents to the proposed transaction contemplated by the Agreement and this Third Addendum and agrees to release its liens on the Assets, as defined in the Agreement, subject to the conditions that: (1) Howison Heights, Inc. shall reimburse Central National Bank, at closing, in an amount equal to Central National Bank's costs, expenses, and attorney fees related to the Agreement, Addendum, Second Addendum and Third Addendum; and (2) Howison Heights, Inc. and Timothy Howison, individually, shall not receive any financial payments or other compensation, at any time, in connection with the execution or consummation of the Agreement, the Addendum or this Second Addendum. Central National Bank's consent and agreement to release its liens is given on the express terms and condition that it shall in no way operate to*

*discharge or release any obligations, indebtedness, or judgments secured by the liens and owed by Howison Heights, Inc. or Timothy Howison, individually.*

By: Alan Barton

Title: Special Asset Officer

## CERTIFICATE OF SERVICE

13-HHIW-460-GIV

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff's Motion to Revoke Certificate Effective Upon the Filing of Notice by Rural Water District No. 2, Ottawa County was served by electronic service on this 9th day of February, 2017, to the following:

JAMES G. FLAHERTY, ATTORNEY  
ANDERSON & BYRD, L.L.P.  
216 S HICKORY  
PO BOX 17  
OTTAWA, KS 66067  
Fax: 785-242-1279  
jflaherty@andersonbyrd.com

THOMAS J. CONNORS, ATTORNEY AT LAW  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3116  
tj.connors@curb.kansas.gov

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DELLA SMITH  
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SHONDA SMITH  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
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TIMOTHY B. HOWISON, PRESIDENT  
HOWISON HEIGHTS, INC.  
PO BOX 2523  
SALINA, KS 67402-2523  
Fax: 785-825-6449  
timhowison.remax@yahoo.com

DUSTIN KIRK, DEPUTY GENERAL COUNSEL  
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quentin@stumbolaw.com

  
Pamela Griffeth  
Administrative Specialist