

**FILED<sup>3</sup>**

NOV 20 2013

**Missouri Public  
Service Commission**

Exhibit No.

Issues: *Building Rent Expense, Land,  
Administration & General,  
Salary/Management Fees,  
Payroll and Income Taxes,  
Sludge Hauling, Vehicle Logs,  
Office Supplies and Non-Billing  
(Mailing of Annual Consumer  
Confidence Report), Customer  
Service and Business Operations*

Witness: Dennis Kallash

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: Lincoln County Sewer &  
Water, LLC

Case No. SR-2013-0321

**Missouri Public Service Commission**

**Surrebuttal Testimony**

of

**Dennis Kallash**

**On Behalf of**

**Lincoln County Sewer & Water, LLC**

October 24, 2013

1

LCSW Exhibit No. 4  
Date 11-05-13 Reporter KF  
File No. SR-2013-0321  
WR-2013-0322

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SURREBUTTAL TESTIMONY  
OF  
DENNIS KALLASH  
LINCOLN COUNTY SEWER & WATER, LLC  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION

WITNESS INTRODUCTION

1

2 **Q. PLEASE STATE YOUR NAME.**

3 A. My name is Dennis Kallash.

4

5 **Q. ARE YOU THE SAME DENNIS KALLASH THAT PREVIOUSLY FILED**  
6 **REBUTTAL TESTIMONY IN THIS CASE?**

7 A. Yes, I am.

8

9

PURPOSE

10 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

11 A. I will respond to the Rebuttal Testimony of Missouri Public Service Commission  
12 Staff (Staff) witnesses Lisa M. Ferguson and Tammy Vieth, as it relates to certain  
13 aspects of LCSW's operations. I will also respond to certain issues raised in the  
14 Rebuttal Testimony of Office of the Public Counsel (Public Counsel) witnesses  
15 William Addo and Ted Robertson.

16

17 **Q. WILL OTHER SURREBUTTAL TESTIMONY BE FILED ON BEHALF OF**  
18 **LINCOLN COUNTY SEWER & WATER, LLC (LCSW)?**

1 A. Yes. Surrebuttal testimony will also be filed by Dale W. Johansen.

2

3

**BUILDING RENT EXPENSE**

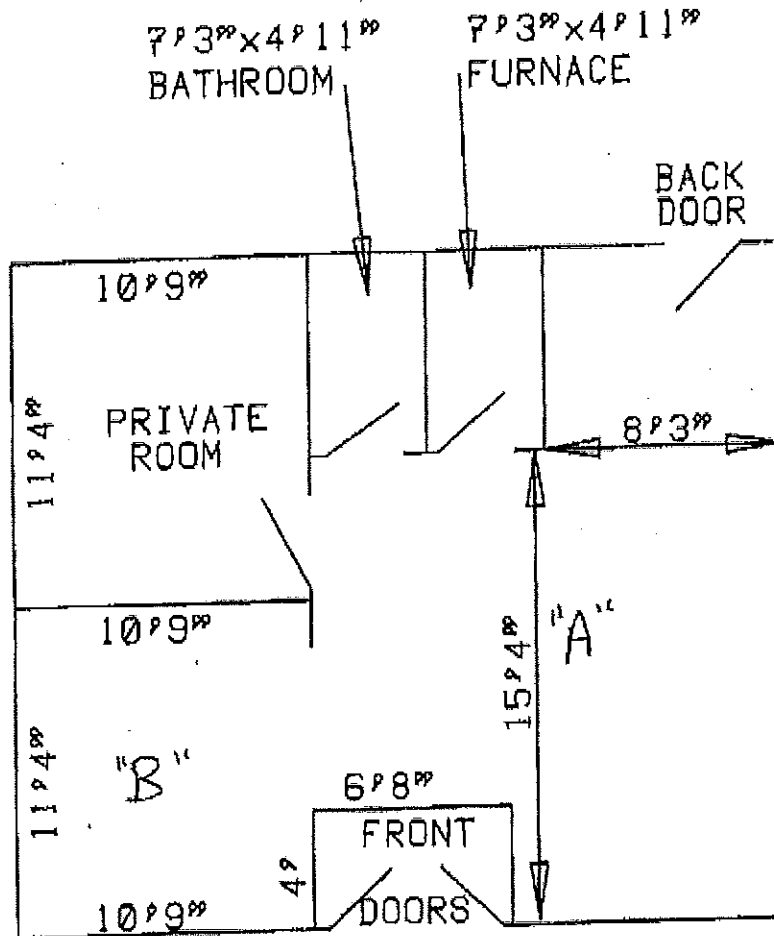
4 **Q. STAFF WITNESS FERGUSON STATES THAT DURING A VISIT TO**  
5 **THE LCSW OFFICE ON JANUARY 18, 2013, IT APPEARED CERTAIN**  
6 **ROOMS OF THE PROPERTY WERE NOT BEING USED FOR THE**  
7 **UTILITY BUSINESS (REBUTTAL, P. 5). WERE ALL THE ROOMS**  
8 **BEING USED AT THE TIME OF THE REFERENCED VISIT?**

9 A. No. At that time, I was maintaining all the records at my Fitch &  
10 Associates office. However, the property was being utilized then and  
11 continues to be utilized now for the LCSW operations.

12

13 **Q. PLEASE DESCRIBE THE OFFICE SPACE.**

14 A. The structure is built on a crawl space and has no basement. There is  
15 parking available for both the Company and visitors on the property. The  
16 following is a diagram of the space that is available:



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**Q. HOW IS THIS SPACE BEING UTILIZED?**

A. LCSW uses the identified space as follows:

- "A" – This is the space immediately adjacent to the front door. It is used as the reception area for the facility. It has a couch, table and chair.
- "B" – This space is used for the display of plat maps and utility maps associated with the utility's certificated territory, a six foot table and all the work orders associated with inspection, shut offs and closing dates.
- "Furnace" – This room houses the furnace for the facility.

1 - "Private room" – This room contains the telephone and answering machine  
2 for the utility. It is used to provide space for private appointments with  
3 customers and completion of application for service, as it is the only room  
4 (other than the bathroom and furnace room) that has a door and can be  
5 separated from the reception area. There is also a table and a couple of  
6 chairs to be used in the referenced meetings.

7

8 **Q. PUBLIC COUNSEL WITNESS ADDO SUGGESTS THAT LCSW IS NOT**  
9 **UTILIZING THE ROOM IDENTIFIED AS ROOM "B" (REBUTTAL, P. 8). WHAT**  
10 **IS THE STATUS OF THAT ROOM?**

11 A. As stated above, we use that room to display plat maps of the two subdivisions  
12 that include the Company's water and sewer facilities. Three walls contain the  
13 maps associated with Rockport and two walls contain the maps associated with  
14 Bennington. Meters are also stored in this room. We also maintain pictures of  
15 the valves and other items found in the system. The information is particularly  
16 helpful when we are visited by contractors and others seeking to tie into the  
17 LCSW systems. For this purpose, we also have a table that is used during these  
18 discussions.

19

20 **Q. ARE THERE ANY OTHER FEATURES OF THIS PROPERTY THAT**  
21 **MAKES IT PARTICULARLY APPROPRIATE FOR USE AS THE LCSW**  
22 **OFFICE?**

1 A. The location of this property is particularly convenient for the Bennington  
2 subdivision. In fact, you can see the Bennington subdivision from the  
3 property. It is also laid out such that all visitors can easily get in and out of  
4 the parking lot and offices.

5

6 **Q. ARE THERE OTHER ACTIVITIES AT THIS PROPERTY?**

7 A. Yes. The drop box for customer payments is also located at this property.

8

9 **Q. IS THE DROP BOX COMMONLY USED BY CUSTOMERS?**

10 A. Yes. We receive approximately one-third of the monthly payments  
11 through the drop box.

12

13 **Q. STAFF WITNESS FERGUSON STATED THAT THAT OFFICE SPACE**  
14 **IS OWNED BY THE KALLASH REVOCABLE INTERVIVOS TRUST**  
15 **(REBUTTAL, P. 6). IS THIS ACCURATE?**

16 A. There is a deed to the Kallash Revocable Intervivos Trust on file with the  
17 Lincoln County Recorder of Deeds. However, in 2009, I executed a  
18 Contract for Deed with Mike Lordo. That Contract for Deed granted Mr.  
19 Lordo possession of the real estate along with other indices of property  
20 ownership. Mr. Lordo has the ability to do with the property whatever he  
21 desires. A copy of the Contract for Deed is attached hereto as **Schedule**  
22 **DK-1S**. The lease LCSW currently has on the property was negotiated  
23 with Mr. Lordo.

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**Q. MS. FERGUSON FURTHER STATES THAT IT COMMON FOR SMALL WATER AND SEWER COMPANIES TO OPERATE OUT OF THE OWNERS' HOME (REBUTTAL, P. 6). DO YOU THINK THIS IS PRACTICAL FOR LCSW?**

A. No. We have many customers that prefer to drop off, rather than mail, their payments. We also have customers that come to the office to initiate service, fill out applications and to discuss questions about billing and other matters. These are activities that would not be appropriate to be conducted from one's home. Such visits would also be made very difficult by the location of my home. I live far out in the country and a mile long drive-way to the house. That drive-way includes a bridge, which is about 10 feet above a creek. The bridge has no railings. This is not an appropriate location for conducting utility business.

**Q. STAFF WITNESS FERGUSON REFERENCES YOUR BELIEF THAT THE RENT FOR 202 SUNSWEPT IS REASONABLE (REBUTTAL, P. 6). WHY DO YOU BELIEVE THAT THE RENT IS REASONABLE?**

A. Previously, when I had control over this property, the property was rented to a third party business (a hairdresser/salon) for \$1,200.00 per month. Because of that experience, I believe the \$950 per month reflected in the current lease was, and is, a discount from the market value of the property.



1

2 **Q. STAFF WITNESS FERGUSON STATES THAT SHE BELIEVES THAT**  
3 **THERE WAS A 200 SQUARE FOOT OFFICE SPACE AVAILABLE IN**  
4 **TROY FOR \$500 A MONTH, PLUS \$75 IN UTILITIES (REBUTTAL, P.**  
5 **7). ARE YOU FAMILIAR WITH ANY SUCH PROPERTY?**

6 **A.** No. I am not familiar with any such property being available at the time  
7 LCSW leased the 202 Sunswept property. However, even if I were, such  
8 a property would not necessary be a better fit than 202 Sunswept. Ms.  
9 Ferguson says this was a unit among four office units that shared certain  
10 facilities. I would be surprised if any such unit would provide for the  
11 convenient drop box location, parking and ease of access for customers  
12 that are present at 202 Sunswept.

13

14 **Q. PUBLIC COUNSEL WITNESS ADDO STATES THAT A REVIEW OF**  
15 **TROY RENTALS "REVEALED AN AVERAGE RENTAL RATE OF 78¢**  
16 **PER SQUARE FOOT PER MONTH" (REBUTTAL, P. 5). IS THIS A**  
17 **USEFUL WAY TO REVIEW AND SET OFFICE RENTAL EXPENSE?**

18 **A.** Not unless you are comparing spaces of similar size and condition.  
19 Generally, per square foot rents will be greater, the smaller the area being  
20 leased. This can be seen from Mr. Addo's own testimony. He indicates  
21 that the 202 Sunswept space is being rented for an equivalent of \$1.46  
22 per square foot per month, and that the Staff's suggestion of a 200 square  
23 foot space would rent for \$2.50 per square foot per month. The 202



1 Q. WHAT DO YOU BELIEVE TO BE THE VALUE OF THE REAL ESTATE  
2 THAT HAS BEEN CONVEYED?

3 A. The Bennington real estate conveyed to LCSW was worth \$20,000 and  
4 the Rockport real estate conveyed to LCSW was worth \$38,000.

5  
6 Q. ON WHAT DO YOU BASE THIS OPINION?

7 A. My knowledge of the market. I have been an active participant in the  
8 Lincoln County real estate market for approximately 34 years. More  
9 particularly, I know that lots in the Bennington subdivision have sold for  
10 approximately \$33,000 - \$45,000. Lots in the Rockport subdivision have  
11 sold for approximately \$31,500 - \$45,000.

12

13 **ADMINISTRATION & GENERAL SALARY/MANAGEMENT FEES**

14 Q. STAFF WITNESS FERGUSON DISCUSSES THE STAFF POSITION IN  
15 REGARD TO FEES ASSOCIATED WITH THE OPERATION OF THE  
16 LCSW WATER AND SEWER SYSTEMS (REBUTTAL, PP. 18-20) AND  
17 DESCRIBES THE DUTIES PERFORMED BY YOURSELF AND YOUR  
18 SPOUSE. HOW WOULD YOU DESCRIBE YOUR DUTIES?

19 A. I perform duties on a daily and monthly basis such as responding to service-  
20 related customer calls, performing the required water sampling, performing  
21 inspections of new customer connections, monitoring the operation of the sewer  
22 and water systems, reading the water meters, ordering field supplies, installing  
23 water meters, and being the Company's contact person for dealings with the

1 Commission and the Department of Natural Resources (DNR). I also check the  
2 wells and record master meter readings; negotiate contracts and meet with  
3 contractors; spot check the condition of meters and meter pits; periodically check  
4 the operation of the sewage treatment plants; prepare the handheld meter  
5 reading device for meter readings; review monthly reports produced by the billing  
6 program, with particular attention paid to meter exception reports; contact  
7 customers if the billing program reports indicate unusual usage patterns; handle  
8 sewage treatment plant problems due to electric service outages; spray water  
9 and sewer facility grounds for weed/grass control; assist the contract operator on  
10 plant repairs; clean the sewage treatment plant clarifiers as requested by the  
11 contract operator; participate in weekly phone conferences with the contract  
12 operator, monthly meetings with the contract operator; submit monitoring and  
13 sampling reports to the DNR; and accompanying PSC and DNR personnel on  
14 system inspections.

15  
16 **Q. WHAT DUTIES ARE PERFORMED BY YOUR SPOUSE?**

17 **A.** My wife performs functions for the utility on a daily and monthly basis to include  
18 items such as producing customer bills, picking up and depositing customer  
19 payments, answering customer calls, monitoring the Company's answering  
20 machine, meeting with new applicants; general bookkeeping, purchasing office  
21 supplies and dealing with title companies on property transfers. She also  
22 responds to customer inquiries regarding billings; posts accounts receivable;  
23 monitors accounts payable; prepares the billing program for meter readings;

1 reviews monthly reports produced by the billing program, with particular attention  
2 paid to meter exception reports; reads meters; prepares documents for tax  
3 accountant; and prepares the sales tax report for the Missouri Department of  
4 Revenue.

5  
6 **Q. STAFF WITNESS FERGUSON INDICATES THAT THE TIME SHEET**  
7 **INFORMATION YOU PROVIDED TO STAFF WAS NOT USEABLE TO**  
8 **DETERMINE THE TIME YOU SPENT ON YOUR ACTIVITIES**  
9 **(REBUTTAL, PP. 18-19). WHAT INFORMATION DID YOU PROVIDE**  
10 **FOR THIS PURPOSE?**

11 A. I maintained a spiral notebook in which I recorded notes of my activities,  
12 along with times and mileage, for those tasks beyond the regular  
13 operation checks and visits I must make to the water and sewer systems.  
14 An example of one of the pages from that notebook is attached as  
15 **Schedule DK-4S.**

16  
17 **Q. HAVE YOU HAD SOME FRUSTRATION IN DETERMINING WHAT TIME**  
18 **SHEET INFORMATION WILL BE SUFFICIENT FOR THE STAFF**  
19 **PURPOSES?**

20 A. Yes. I have much frustration in this regard. I have had Auditing section  
21 staff tell me my methods were not sufficient, while Water & Sewer  
22 Department Staff have indicated the same methods are fine. It is difficult

1 for me to know what is or isn't sufficient for the Commission's purposes  
2 given the mixed messages.  
3

4 **Q. WILL YOU USE THIS SAME METHOD ON A GOING-FORWARD**  
5 **BASIS?**

6 A. No. I have begun to record references to my LCSW activities on my  
7 personal smart phone calendar. These entries can then be printed out  
8 and maintained in the LCSW offices.  
9

10 **Q. BASED UPON YOUR RECORDS AND YOUR EXPERIENCE, HOW**  
11 **MUCH TIME DO YOU SPEND ON LCSW ACTIVITIES ON A MONTHLY**  
12 **AND ANNUAL BASIS?**

13 A. LCSW witness Johansen has included 57 hours a month in his  
14 calculations, or 684 hours a year. This would be a minimum amount of  
15 time I will spend on LCSW activities in a month. I believe it is almost  
16 always greater than this. For example, I check the well pumps and record  
17 readings from 13-15 times a month. Each of these trips is a 20 mile round  
18 trip and takes an hour and a half. I also inspect and perform maintenance  
19 at the treatment plants every other day. This is also a 20 mile round trip  
20 and takes approximately two and one-half hours. Just completing these  
21 operations duties takes 57 hours per month before meter reading, billing,  
22 inspection of connections and the many other tasks must be performed. .  
23

PAYROLL AND INCOME TAXES

1  
2 **Q. STAFF WITNESS FERGUSON STATES THAT THE STAFF PROVIDES**  
3 **NO PAYROLL EXPENSE BECAUSE THE COMPANY HAS MADE A**  
4 **MANAGEMENT DECISION TO FLOW TAXES THROUGH TO THE**  
5 **INDIVIDUAL MEMBERS (REBUTTAL, P. 20). SHE ALSO INDICATES**  
6 **THAT BECAUSE LCSW HAS NO DIRECT TAX LIABILITY, THERE**  
7 **SHOULD BE NO CONSIDERATION FOR INCOME TAXES (REBUTTAL,**  
8 **P. 24). ARE THERE STILL TAXES PAID ASSOCIATED WITH THE**  
9 **LCSW OPERATIONS?**

10 **A. Yes.**

11  
12 **Q. HOW DO THOSE TAXES GET PAID?**

13 **A. Instead of treating myself and my spouse as "employees," we allow any**  
14 **gains to flow through to our individual tax returns where they are taxed at**  
15 **an individual/joint tax rate. Thus, there are state and federal taxes paid on**  
16 **any gain derived from the utility operations. However, as pointed out**  
17 **above, Staff also takes the position that there should be no income taxes**  
18 **factored into LCSW's rate because the entity does not file its own tax**  
19 **return. Thus, LCSW gets no consideration for taxes that are incurred as a**  
20 **result of the Company's operations.**

21  
22 **Q. WHAT DOES THIS STAFF APPROACH SUGGEST TO YOU IN**  
23 **REGARD TO FUTURE OPERATIONS OF THE COMPANY?**

1 A. Staff's approach provides incentive for LCSW to operate in a less efficient  
2 manner. LCSW's current structure minimizes the taxes associated with  
3 LCSW's operations. However, because LCSW receives no recognition of  
4 the taxes paid in its rates, it would be better off if it treated myself and my  
5 spouse as employees, paid the payroll taxes associated with our salaries  
6 and have those payroll taxes reflected in rates. This would be less  
7 efficient and cost-effective for our customers, but a reasonable response,  
8 from an owners' perspective, to the Staff approach.  
9

10 **SLUDGE HAULING**

11 **Q. STAFF WITNESS FERGUSON STATES THAT WHILE LCSW ASSERTS**  
12 **THAT IT PAYS \$0.14 PER GALLON FOR SLUDGE HAULING, THE**  
13 **AMOUNT IS NOT CONSISTENTLY APPLIED (REBUTTAL, P. 20).**  
14 **PLEASE DESCRIBE HOW SLUDGE HAULING CHARGES ARE**  
15 **CALCULATED?**

16 A. We believe the \$0.14 per gallon pumped from the clarifiers is consistently  
17 applied. There have been a few times where there was pumping from the  
18 ground that would have been treated differently. However, those events  
19 are not anticipated in the future.  
20

21 **Q. HOW DID YOU DETERMINE THE RATE TO BE PAID FOR SLUDGE**  
22 **HAULING?**



1 A. When I reviewed third party rates many years ago, the lowest rate I was  
2 quoted was \$0.15 per gallon pumped. I chose an amount that was less.  
3 Since then, third party rates have risen to \$0.17 per gallon pumped, while  
4 the rate I use has remained the same.

5

6

**VEHICLE LOGS**

7 **Q. STAFF WITNESS FERGUSON SUGGESTS THAT LCSW KEEPS NO**  
8 **VEHICLE LOGS AND “NO DOCUMENTATION EXISTS AS TO THE**  
9 **AMOUNT OF TRAVEL BEING CONDUCTED BY LCSW” (REBUTTAL,**  
10 **22). DO YOU AGREE WITH THIS ALLEGATION?**

11 A. No. I do keep records for vehicle use associated with LCSW activities.

12

13 **Q. WHAT RECORDS DO YOU KEEP?**

14 A. I utilize the same notebook referenced previously in the Administration &  
15 General Salary/Management Fees section of this testimony, combined  
16 with the well logs.

17

18 **Q. HOW CAN MILEAGE BE DETERMINED UTILIZING THESE RECORDS?**

19 A. For the standard trips I must make in regard to the daily operation of the  
20 systems (i.e. to check the well pumps and record meter readings and to  
21 check on the treatment plants), there is a consistent and never changing  
22 distance that can be applied to derive mileage. Other trips are noted  
23 specifically in my notebook.

1

2 **Q. WERE YOUR MILEAGE RECORDS PROVIDED TO THE STAFF?**

3 A. Yes.

4

5 **Q. DID LCSW WITNESS JOHANSEN USE YOUR RECORDS TO  
6 DETERMINE HIS RECOMMENDATIONS FOR VEHICLE EXPENSE?**

7 A. Yes.

8

9 **OFFICE SUPPLIES AND NON-BILLING**  
10 **(MAILING OF ANNUAL CONSUMER CONFIDENCE REPORT)**

11

12 **Q. STAFF WITNESS FERGUSON COMPUTES EXPENSES ASSOCIATED  
13 WITH THE MAILING OF LCSW'S CONSUMER CONFIDENCE REPORT  
14 BASED ON HER POSITION THAT "THE CONSUMER CONFIDENCE  
15 REPORT SHOULD BE MAILED ALONG WITH MONTHLY CUSTOMER  
16 BILLING SO AS NOT TO INCUR EXTRA POSTAGE COSTS"  
17 (REBUTTAL, PP. 27-28). DOES LCSW MAIL THE CONSUMER  
18 CONFIDENCE REPORT SEPARATE FROM ITS BILLS?**

19 A. Yes.

20

21 **Q. WHY DOES LCSW MAIL THE REPORT SEPARATELY?**

22 A. LCSW is not able to include the report in the regular billing envelope.  
23 Further, the report is not always received in conjunction with the  
24 Company's billing cycle. LCSW prefers to get this information to the

1 customers as soon a possible and to make sure it does so within the time  
2 allowed by the Department of Natural Resources.

3  
4 **CUSTOMER SERVICE AND BUSINESS OPERATIONS**

5 **Q. STAFF WITNESS TAMMY VIETH PROVIDES FIVE**  
6 **RECOMEMNDATIONS CONCERNING THE COMPANY'S**  
7 **OPERATIONS IN HER REBUTTAL TESTIMONY (REBUTTAL, PP. 3-4).**  
8 **HAVE YOU REVIEWED THOSE ITEMS?**

9 **A. Yes.**

10  
11 **Q. MS. VIETH FUTHER STATES THAT AFTER COMMUICATIONS WITH**  
12 **COMPANY PERSONNEL, "IT IS STAFF'S BELIEF THE COMPANY**  
13 **INTENDS TO IMPLEMENT THE RECOMMENDATIONS" (REBUTTAL,**  
14 **P. 4). IS THAT AN ACCURATE STATEMENT?**

15 **A. Yes, with one clarification. LCSW has implemented these**  
16 **recommendations and, with only one exception, has been following these**  
17 **recommendations for some time.**

18  
19 **Q. WHAT IS THE EXCEPTION?**

20 **A. Item 5 references that LCSW shall develop and distribute to current and**  
21 **future customers certain written information. LCSW worked with Staff to**  
22 **develop this brochure and had it available. However, it did not always**

1 understand Staff's desire that the brochure be mailed to then current  
2 customers. LCSW has since completed this mailing.

3  
4 **FINANCIAL RECORDS**

5 **Q. PUBLIC COUNSEL WITNESS TED ROBERTSON MAKES A**  
6 **STATEMENT THAT HIS REVIEW "INDICATED THAT THE OWNERS**  
7 **OF THE UTILITIES ARE INTERMINGLING FINANCIAL ACTIVITIES**  
8 **THAT ARE OF A PERSONAL NATURE WITH THOSE OF THE**  
9 **REGULATED UTILITIES" (REBUTTAL, P. 4). HAVE YOU**  
10 **INTERMINGLED PERSONAL FINANCES WITH THOSE OF LCSW?**

11 A. I have not. LCSW has one checking account in the name of the limited  
12 liability company. All bank statements concerning this checking account  
13 have been provided to Staff and the Public Counsel. It is easy enough to  
14 see that all revenues are deposited into the LCSW checking account and  
15 to see what expenditures are made from that checking account. The  
16 expenditures that have been made are legitimate items associated with  
17 the operation of the water and sewer utilities.

18  
19 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

20 A. Yes, it does.  
21

AFFIDAVIT

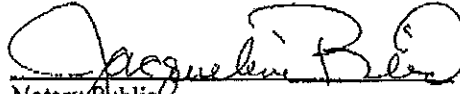
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STATE OF MISSOURI     )  
                                  )  
COUNTY OF Lincoln    )     ss

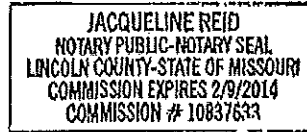
I, Dennis Kallash, state that I am a Member of Lincoln County Sewer & Water, LLC and, that the answers to the questions posed in the attached Surrebuttal Testimony are true to the best of my knowledge, information and belief.

  
\_\_\_\_\_

Subscribed and sworn to before me this 23 day of October, 2013.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 02/02/2014



\_\_\_\_\_  
(SEAL)

CONTRACT FOR DEED

This Contract for Deed made and entered into this <sup>1<sup>st</sup></sup> day of <sup>JAN</sup> 20, <sup>2009</sup> by and between DENNIS KAYASH hereinafter referred to as SELLER, and MIKE L. RAO, hereinafter referred to as BUYER.

WHEREAS, SELLER, is the owner of a certain tract of real property and improvements thereon, being situated in Lincoln County, Missouri, and being more particularly described as follows: LOT #1 SUNSWEPT VILLAGE  
(~~SEE SCHEDULE "A" ATTACHED~~) Plat Book 11 PAGE 20

WHEREAS, SELLER desires to sell their interest in the above described property to BUYER and BUYER desires to purchase same.

WHEREAS, said property is presently encumbered by the following indebtedness: DEED OF TRUST @ PBTC

NOW THEREFORE, SELLER agrees to sell and BUYER agrees to buy the above described property and improvements for the sum of ONE hundred fifty three thousand on the terms and conditions hereinafter set forth:

1. SALE PRICE: BUYER agrees to pay the sum of ONE hundred fifty three thousand NO/100 DOLLARS (\$153000.00) for said property and improvements located thereon. BUYER shall have the right of partial or full prepayment at any time without penalty.

2. MANNER OF PAYMENT:

a. BUYER agrees to pay the sum of one hundred NO/100 DOLLARS (\$100.00), at the time of the execution of this Contract for Deed.

b. BUYER agrees to pay the balance of \$152900 AND NO/100 DOLLARS, in monthly payments of when Buyers Condo sells AND \_\_\_\_\_/100 (\$\_\_\_\_\_). The term of said payments shall be for a period of 25 years and 0 months and the unpaid balance shall bear interest at the rate of \_\_\_\_\_ (%) per annum. The first payment shall be due on \_\_\_\_\_, and a like amount on the same day of each month thereafter until said principal amount and interest are paid in full. Payments shall be \_\_\_\_\_ mailed \_\_\_\_\_ to \_\_\_\_\_

5. EXECUTION OF DEED: At the time of closing of this Contract for Deed, SELLER agrees to execute a General Warranty Deed conveying all their right, title and interest in said property to BUYER; said General Warranty Deed shall be held in escrow by MEYER TITLE COMPANY, who shall be instructed to record said General Warranty Deed in the office of the Recorder of Deeds for Lincoln County, Missouri, upon compliance with the terms hereinabove set out of this Contract for Deed and upon full payment of the purchase price

BUYER also agrees to execute a Quit Claim Deed to SELLER, which shall likewise be held in escrow by MEYER TITLE COMPANY. In the event that BUYER fully complies with the terms of this Contract for Deed, MEYER TITLE COMPANY shall, if instructed, destroy said Quit Claim Deed. In the event that BUYER fails to perform under the terms of this Contract for Deed and is declared to be in default and said property and improvements are returned to SELLER, said Deed shall be duly recorded by MEYER TITLE COMPANY upon receipt of a written affidavit from the SELLER and the BUYER. In consideration of MEYER TITLE COMPANY, performing its duties as Escrow Agent under the terms of this Contract for Deed, SELLER and BUYER for themselves, their heirs, successors and assigns hereby agree to indemnify and hold harmless said Escrow Agent from any loss or claim made as a result of its performance under the terms of this Contract for Deed.

6. INSURANCE: BUYER agrees to maintain casualty and property damage insurance in an amount not less than NINETY THOUSAND AND NO/100 DOLLARS (\$ 90,000.00), and further agrees to name \_\_\_\_\_ as first loss payee.

BUYER agrees to provide proof of the above referenced insurance upon request of SELLER.

7. TAXES AND ASSESSMENTS: It is agreed by and between the parties that the Real Estate Taxes and any assessments, on said property, for the year 2008 shall be paid by BUYER.

BUYER agrees to show proof of payment of the above referenced taxes and assessments upon request by SELLER. In the event that BUYER fails to make such payments when due, the SELLER may, at their option, elect to declare this Contract for Deed null and void.

8. LATE PAYMENT CHARGES & DEFAULT IN PAYMENT: Payments shall be made by BUYER on the \_\_\_\_\_ day of each month. If default be made in the payment of any monthly installment including taxes and insurance when due, SELLER at their option, may notify BUYER of such default in payment. In the event that SELLER exercises their option to notify BUYER of such default in payment, BUYER shall have a period of five (5) days from the receipt of said notice to make payment and cure said default. However, any payment made after the 10th day of the month shall carry a five percent (5%) penalty. If BUYER fails to cure said default, SELLER, may at their option, declare this Contract for Deed null and void. If said Contract for Deed is declared null and void, BUYER may cure such default only by paying the full amount due and owing to SELLER under the terms of this Contract for Deed.

A failure on the part of the SELLER, at times, to exercise their option to declare this Contract for Deed null and void, shall not constitute a waiver of their right to exercise it later.

9. OTHER ACTS OF DEFAULT ON THE PART OF BUYER: During the term of this Contract for Deed, the following shall constitute events of default on the part of BUYER:

- a. BUYER'S failure to comply with any other obligations, covenants, or conditions imposed on BUYER by this agreement at any time set forth herein, except that SELLER agrees that they shall not exercise any right or remedy hereunder because of any default by BUYER, unless SELLER shall have first given written notice of such default within fifteen (15) calendar days thereafter, excepting therefrom the provisions governing notice set out in Paragraph 8.
- b. BUYER'S assignment for the benefit of creditors, or his adjudication as bankrupt, or his filing or a bill in equity or otherwise initiating proceedings for the appointment of a receiver or his assets, or filing a petition or otherwise initiating any proceedings in any court for a composition of his creditors or for relief in any manner from the payment of its debts when due under any State or Federal laws, or the institution of any proceedings in bankruptcy or for the appointment of a receiver by any creditor of BUYER under any State and Federal law which proceeding is not dismissed within sixty (60) calendar days.



In the event of default on the part of BUYER, this Contract for Deed shall, at the option of SELLER, cease and terminate, and SELLER shall retain any payments made on this Contract for Deed in satisfaction and in liquidation of the damages suffered by SELLER. SELLER shall have the right to re-enter the premises and take possession thereof. SELLER shall notify the escrow agent by written affidavit, with a copy of said affidavit to BUYER, of such uncured default. SELLER shall be entitled to exercise any other remedy available to it at law or equity.

10. MAINTENANCE, REPAIRS AND ALTERATIONS: BUYER agrees to maintain the property which is the subject of this Contract for Deed in good condition at all times and to keep the premises neat and orderly and free of filth, rubbish and junk. BUYER agrees to make any and all repairs necessary to maintain said property in good condition and to pay for all materials and labor when due.

It is further agreed that BUYER will make no major alterations to the building located on said property or equipment or permanent fixture change without written permission from SELLER. All alterations and additions to the premises shall become a part of said premises.

11. INDEMNIFICATION OF SELLER: BUYER covenants and agrees to protect, exonerate, defend, indemnify, and save SELLER harmless from and against any and all costs or liabilities which on or after the date hereof may arise out of SELLER'S ownership of the premises, and from and against any and all loss, damage, cost and expense or liability based on personal injury, death, loss, or damage to property suffered or incurred by any person, firm, corporation (including the parties hereto) and arising out of or attributable to the presence, condition, use, operation, or maintenance of the premises except when due to the willful misconduct of SELLER.

12. DISCLOSURE AND RELEASE: SELLER and BUYER agree and understand that this Contract for Deed will be made public record. Further, that only upon full payment by BUYER will the General Warranty Deed conveying title to said property be properly recorded.

SELLER and BUYER have read and fully understand the terms and conditions of this Contract for Deed and agree to release and hold harmless any and all parties that participated in the preparation of this Contract for Deed, for any loss which SELLER or BUYER may sustain as a result of a breach of this Contract for Deed or for any matters arising therefrom.

13. CLOSING: The closing under this Contract for Deed shall take place on or before when BUYER SELLS HIS 11/20/01. Possession shall be given on CONDO A LAKE OF OZARK

Handwritten scribble and initials in the top left corner.

closing date of CONTRACT

14. NOTICES: All notices, demands, requests and other communication required or permitted to be given hereunder shall be in writing and shall be sent U.S. Mail, postage prepaid (registered or certified, return receipt requested) and shall be deemed given on the day of mailing, irrespective of whether received by addressee, and shall be sent to the parties at the following addresses:

MIKE 9222 Clayton Rd LAUG 63124  
DEANIS 360 E Cherry St TRUK MO 63379

This Contract for Deed may only be altered or amended, in writing by all parties hereto. This Contract shall not be assignable by the BUYER unless agreed upon in writing by SELLER.

15. ATTORNEY'S FEES: In the event that either SELLER or BUYER should breach any of the terms of this Contract for Deed and it becomes necessary for the injured party to initiate litigation to enforce said Contract for Deed or to pursue any other remedies at law or in equity to protect said injured parties' rights, and should said injured party prevail against the party committing said breach of Contract for Deed, then the said party committing such breach agrees to pay any and all attorney's fees incurred by said injured party.

16. FAILURE TO VACATE: BUYER agrees that; if BUYER holds over possession of this property after default in the Contract for Deed, BUYERS shall become tenants on a month to month basis and rental per month shall be the same as the payments recited herein.

All terms and provisions of this Contract for Deed shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, successors and assigns of the SELLER and BUYER.

It is especially understood and agreed by and between both parties to this Contract for Deed that time, wherever mentioned or referred to in this Contract for Deed, is of the essence of this Contract for Deed.

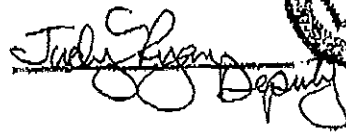

IN WITNESS WHEREOF, the parties hereunto subscribe their names on the 15 OF NOV, 2008. 2009

[Signature]  
SELLER

[Signature]  
BUYER

2012003247  
Book 2241 Page 749

State of Missouri, County of Lincoln  
Recorded in Book 2241 Page(s): 749 - 749  
04/10/2012 9:00AM Fees \$27.00  
DOTTIE D. GRENSHAW, RECORDER OF DEEDS

### QUIT CLAIM DEED

THIS INDENTURE, made on the 15<sup>th</sup> day of February, 2012, by and between

**Bennington Homeowners Association, a/k/a Bennington, Inc.**

of the County of Lincoln in the State of Missouri, Grantor, and

**Lincoln County Sewer & Water, LLC**

of the County of Lincoln in the State of Missouri, Grantee, whose address is:  
109A Community Bank Plaza  
Troy, MO 63379

WITNESSETH; that the said Grantor, in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION to them paid by the said Grantee, the receipt of which is hereby acknowledged, does by these presents Release, Remise and Forever Quit Claim unto said Grantee, their heirs, successors and assigns, the following described Lots, Tracts, or Parcels of land, lying, being and situate in the County of Lincoln and State of Missouri, to-wit:

The Sewage Treatment Plant and Lot, all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of Bennington Plat 1 as Recorded in Plat Book 13, Page 31, also all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of Bennington Plat 2 as Recorded in Plat Book 13, Page 195 Lincoln County Records.

TO HAVE AND TO HOLD the same, with all rights, immunities, privileges and appurtenances thereto belonging, unto the said Grantee and their successors, heirs and assigns FOREVER, so that neither the said Grantor nor their heirs, or any other person or persons from or in their name or behalf, shall or will hereafter claim or demand any right of title to the aforesaid premises, or any part thereof, but they and every one of them shall, by these presents, be excluded and forever barred.

IN WITNESS WHEREOF, the said Grantor has hereunto set their hands the day and year first above written.

Schedule DK-2S

Bennington Homeowners Association,  
a/k/a Bennington, Inc.

Dennis Kallash, President  
Dennis Kallash, President

ATTEST: Toni Kallash, Secretary  
Toni Kallash, Secretary

Dennis Kallash, Trustee  
Dennis Kallash, Trustee

Toni Kallash, Trustee  
Toni Kallash, Trustee

STATE OF MISSOURI )  
                              )SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash**, to me personally known, who, being by me duly sworn, did say that he is **President** of the Grantor corporation in the foregoing deed, and that said corporation has no corporate seal, and that the within deed was signed in behalf of said corporation by authority of its Board of Directors, and said **Dennis Kallash** acknowledged said deed to be the free act and deed of said corporation, and that he executed the same for the purposes therein stated.

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

(N.P. Seal)



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

J. Lance Jeans  
Notary Public

STATE OF MISSOURI )  
                              )SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash and Toni Kallash** to me personally known, who, being by me duly sworn, did say that they are **Trustees** of the Bennington Homeowners Association in the foregoing deed, and that said Dennis Kallash and Toni Kallash signed the within deed on behalf of said Association by authority of its Trustees of the Association, and said **Dennis Kallash and Toni Kallash** acknowledged said deed to be the free act and deed of said association, and that they executed the same for the purposes therein stated.

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

(N.P. Seal)



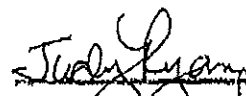

J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

J. Lance Jeans  
Notary Public

Schedule DK-2S

2012003248  
Book 2241 Page 750

State of Missouri, County of Lincoln  
Recorded in Book 2241, Page(s) 750 - 751  
04/10/2012 9:02AM Fees \$27.00  
DOTTIE D. CRENSHAW, RECORDER OF DEEDS

  
  
Deputy

**QUIT CLAIM DEED**

THIS INDENTURE, made on the 15<sup>th</sup> day of February, 2012, by and between

**Rockport Homeowners Association, a/k/a Rockport**

of the County of Lincoln in the State of Missouri, Grantor, and

**Lincoln County Sewer & Water, LLC**

of the County of Lincoln in the State of Missouri, Grantee, whose address is:  
109A Community Bank Plaza  
Troy, MO 63379

**WITNESSETH;** that the said Grantor, in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION to them paid by the said Grantee, the receipt of which is hereby acknowledged, does by these presents Release, Remise and Forever Quit Claim unto said Grantee, their heirs, successors and assigns, the following described Lots, Tracts, or Parcels of land, lying, being and situate in the County of Lincoln and State of Missouri, to-wit:

The Sewer Treatment Plant and Lot, all lines, pipes, and apparatus of the Sewer System, and Sewage Basements of Rockport Plat 1 as Recorded in Plat Book 14, Page 129, also all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of the First Addition to Rockport Plat 1 as Recorded in Plat Book 14, Page 216, and all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of the Second Addition to Rockport Plat 1 as Recorded in Plat Book 14, Page 240, Lincoln County Records.

**TO HAVE AND TO HOLD** the same, with all rights, immunities, privileges and appurtenances thereto belonging, unto the said Grantees and their successors, heirs and assigns **FOREVER**, so that neither the said Grantor nor their heirs, or any other person or persons from or in their name or behalf, shall or will hereafter claim or demand any right of title to the aforesaid premises, or any part thereof, but they and every one of them shall, by these presents, be excluded and forever barred.

**IN WITNESS WHEREOF**, the said Grantor has hereunto set their hands the day and year first above written.

Schedule DK-3S

Rockport Homeowners Association,  
a/k/a Rockport

Dennis Kallash  
Dennis Kallash, President

Attest: Toni Kallash, Sec  
Toni Kallash, Secretary

Dennis Kallash  
Dennis Kallash, Trustee

Toni Kallash  
Toni Kallash, Trustee

STATE OF MISSOURI )  
                          ) SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash**, to me personally known, who being by me duly sworn, did say that he is **President** of the Grantor corporation in the foregoing deed, and that said corporation has no corporate sea, and that the within deed was signed in behalf of said corporation by authority of its Board of Directors, and said **Dennis Kallash** acknowledged said deed to be the free act and deed of said corporation, and that he executed the same for the purposed therein stated.

IN TESTIMONY WHEREOF, I have herunto set my hand and affixed my official seal the day and year first above written.



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

J. Lance Jeans  
Notary Public

STATE OF MISSOURI )  
                          ) SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash and Toni Kallash**, to me personally known, who being by me duly sworn, did say that they are **Trustees** of the Rockport Homeowners Association in the foregoing deed, and that said Dennis Kallash and Toni Kallash signed the within deed on behalf of said Association by authority of its Trustees of the Association, and said **Dennis Kallash and Toni Kallash** acknowledged said deed to be the free act and deed of said association, and that they executed the same for the purposed therein stated.

IN TESTIMONY WHEREOF, I have herunto set my hand and affixed my official seal the day and year first above written.



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

J. Lance Jeans  
Notary Public

Schedule DK-3S

10-10-12

Met w/ Jim Flanagan w/ ESH, Mike & <sup>Permits</sup> ~~James~~ <sup>cost</sup>  
his son Chris at office - 8AM - 9:30AM  
+ at Site Visit. Ben & back well.  
& Ben leave 9:30 to 11:00  
Permits Requirements 21 miles

10-14-12

Fax ed ORIGIN Bill to <sup>ANST</sup> Jim

BUSCH START getting info from & CHASID &  
Stok 3:00 PM Left 5:30

2/5

10-15-12

Ran copies of Steak's July <sup>Perms</sup> & Back

Left 9:00 AM  
w/ Paul & Ash question  
MIDLAND CAMP 1.2

Aug & Sept 2012  
write letter sent to  
Tom Busch

MIDLAND @ 2:30 8:20