

SANDBERG PHOENIX

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August 2, 2019

VIA EMAIL: jcox@cswrgroup.com
FACSIMILE: 314-238-7201
and CERTIFIED MAIL, RETURN
RECEIPT REQUESTED

Josiah Cox, President
Central States Water Resources, Inc.
500 Northwest Plaza Drive #500
St. Ann, MO 63074

RE: **NOTICE OF THE TERMINATION** of Amended and Restated Agreement for Sale of Utility System dated December 14, 2018 (the "**Agreement**"), Great Southern Bank, Reflections Subdivision Master Association, Inc., and Reflections Condominium Owners Association, Inc. (collectively "**Seller**"), and Central States Water Resources, Inc. ("**CSWR**") for the transfer of the water and sewer systems (the "**Property**") serving the Reflections subdivision development in Camden County, Missouri (the "**Development**"). All terms not defined herein shall have such meaning as set forth in the Agreement.

Dear Mr. Cox:

As you know, this firm represents Great Southern Bank and Reflections Subdivision Master Association, Inc. under the above Agreement. Based upon the vote of all three entities constituting the Seller, Seller hereby terminates the Agreement, pursuant to the right reserved in Section 5 thereof, because the Closing has not occurred by December 31, 2018 (nor during the period since then).

CSWR chose to submit the Agreement for approval by the Missouri Public Service Commission (the "**PSC**") in conjunction with its submission of approval for several other systems, with the knowledge that other parties were interested in providing service to those other systems; and CSWR chose to request an acquisition premium and amounts to be included in rate base above the \$1.00 price CSWR would have paid for the Property, all causing a delay in the prosecution of the proceeding before the PSC. Despite our requests for the proceeding to be bifurcated, to allow more expedient prosecution, CSWR refused to do so. Based on the issues CSWR has chosen to raise in the proceeding, the end date for the proceeding cannot be predicted. Such delay is not acceptable to the Seller, as time is of the essence to the Seller and to the condition of the Property.

Further, based upon the data request responses and the testimony filed to date in the PSC proceeding, it has become apparent that CSWR would not provide the least cost qualified service to the Development. Others would be in a position to provide lower cost service and more efficiently address the concerns listed by the seller's engineers who have, previously, reviewed the Property's condition. These factors provide basis for even more delay in the PSC proceeding, as parties seek to submit responsive testimony and, potentially, appeal any decision the PSC would finally render.

For all the foregoing reasons, the Seller entities have unanimously voted to terminate the Agreement pursuant to Section 5.

Should you have questions, please have your counsel direct them to the undersigned.

Very truly yours,



Sue A. Schultz

cc: James A. Beckemeier (via email and facsimile)
Jennifer L. Hernandez (via email)
Jessica Braden (via email)
Anthony Soukenik (via email)
Stanley Woodworth (via email)

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	500 Northwest Plaza Dr., #500
City, State, ZIP+4®	St. Ann, MO 63074
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

8/2/19
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