

IN THE CIRCUIT COURT  
FOR THE COUNTY OF CAMDEN  
STATE OF MISSOURI

CAMDEN COUNTY PUBLIC WATER )  
SUPPLY DISTRICT NO. 4, )  
RONALD MASSIE, GAYLE )  
REPETTO, HARRELL DRYDEN, )  
ROGER SALLEE and RANDY )  
THOMPSON, )

Board of Directors, )

vs. )

Cause No. 07CM-CC00013

JUDITH NELSON, CURTIS MORGAN, )  
DONALD BROHM, ROBERT WHITTEN, )  
NANCY CASON, M.R. BECKER, )  
and JAMES D. CAVEN, )

Voter/Landowner )  
Petitioners. )

September 12, 2007

Sunrise Beach, Missouri

DEPOSITION OF ROBERT P. SCHWERMANN,

a witness, sworn, and examined on the 12th day of  
September 2007, between the hours of 8:00 a.m. and  
6:00 p.m. of that day at the law offices of Gregory D.  
Williams, 16533 North State Highway 5, in the City of  
Sunrise Beach, County of Camden, State of Missouri,  
before

JENNIFER JOHNSON

Certified Court Reporter No. 1041

CAPITAL CITY COURT REPORTING

JEFFERSON CITY \*\* THE LAKE \*\* COLUMBIA

573-761-4350 \* 573-365-5226 \* 573-445-4142

within and for the State of Missouri, in the  
above-entitled cause, on the part of the City of Sunrise  
Beach, taken pursuant to notice.

CAPITAL CITY COURT REPORTING

COLUMBIA 573-445-4142 JEFF CITY 573-761-4350 The LAKE 573-365-5226

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A P P E A R A N C E S

FOR THE CITY OF LAKE OZARK:

GERARD "JAY" HARMS

Attorney at Law

INGLISH & MONACO

401 Cliffside Center

Lake Ozark, Missouri 65049

Telephone: 573-634-2522

E-mail: jharms@inglishmonaco.com

FOR THE CITY OF SUNRISE BEACH:

GREGORY D. WILLIAMS

Attorney at Law

LAW OFFICE OF GREGORY D. WILLIAMS

16533 North State Highway 5

Sunrise Beach, Missouri 65079

Telephone: 573-374-8761

E-mail: gregwms@charterinternet.com

FOR THE CAMDEN COUNTY PWSD NO. 4:

LARRY R. MARSHALL

Attorney at Law

3500 Hedgewood Court

Columbia, Missouri 65203

Telephone: 573-446-8726

E-mail: lrmarshall@centurytel.net

ALSO PRESENT: John Summers.

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SIGNATURE INSTRUCTIONS:

Signature Waived.

EXHIBIT INSTRUCTIONS:

None Marked.

I N D E X

Direct Examination by Mr. Williams	3
Cross-Examination by Mr. Harms	53

CERTIFIED QUESTIONS

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1 ROBERT P. SCHWERMANN, having first been duly sworn,  
2 testified as follows:

3 DIRECT EXAMINATION BY MR. WILLIAMS:

4 Q. State your full legal name for the record,  
5 please.

6 A. Robert P. Schwermann, S-c-h-w-e-r-m-a-n-n. My  
7 office address is 10777 Barkley, B-a-r-k-l-e-y,  
8 Suite 210, Overland Park, Kansas 66211.

9 Q. Mr. Schwermann, where do you reside?

10 A. In Olathe, Kansas.

11 Q. Okay. Do you have a residence at the Lake of the  
12 Ozarks?

13 A. No.

14 Q. Okay. You're familiar with an entity known as  
15 the Camden County Public Water Supply District No. 4; is  
16 that correct?

17 A. Correct.

18 Q. What is your affiliation with that entity?

19 A. I'm the Water District's financial advisor.

20 Q. And how long have you held that position?

21 A. I think we signed the contract around 2003.  
22 Somewhere in that area.

23 Q. Okay. Now, what are your duties as financial  
24 advisor for the Water District?

25 A. Basically, when they have a need for bond issue

1 funds or lease funds, several different avenues to  
2 arrange, you know, financing. We're responsible for  
3 developing the official statement, for developing the  
4 potential purchases and the securities, to working with  
5 the bond counsels to try to develop the best set of  
6 possible covenants that we can get, you know, for an  
7 underwriting.

8 If a bond election were necessary, we handle the  
9 materials for writing up the literature to pass a bond  
10 election, to appear before various, you know, public  
11 bodies and things like that. Generally, just taking an  
12 entity from the time they feel they need funds to the  
13 actual point of somebody writing them a check, you know,  
14 to receive those funds.

15 MR. MARSHALL: Greg, could I interrupt here just  
16 a minute, just to ask him a question?

17 MR. WILLIAMS: Uh-huh.

18 MR. MARSHALL: I don't want this on the record,  
19 obviously. Mr. Schwermann, just so there is not any  
20 misunderstanding --

21 MR. WILLIAMS: He does want it on the record.

22 MR. MARSHALL: I do want it on the record.

23 So that there's no misunderstanding with either  
24 Mr. Williams or Mr. Harms, we met, I guess, one of the  
25 two days we were in trial -- in court, that's where I

1 first met you; is that correct?

2 THE WITNESS: Yes.

3 MR. MARSHALL: And on Monday of this week I  
4 called you; is that correct?

5 THE WITNESS: Correct.

6 MR. MARSHALL: And at that time, did I advise you  
7 that I represent the Public Water Supply Direct No. 4?

8 THE WITNESS: Correct.

9 MR. MARSHALL: And that I did not represent you  
10 personally?

11 THE WITNESS: Correct.

12 MR. MARSHALL: And did I advise you that if you  
13 chose to have an attorney of your choice, you could have  
14 one here today if you made that decision; is that right?

15 THE WITNESS: That's correct.

16 MR. MARSHALL: And you have voluntarily agreed to  
17 come here today and appear without counsel; is that  
18 correct?

19 THE WITNESS: That is correct.

20 MR. MARSHALL: Okay.

21 MR. WILLIAMS: Is that all, Larry?

22 MR. MARSHALL: Yup. That's it.

23 MR. WILLIAMS: All right. Thank you.

24 MR. MARSHALL: I just wanted to clarify that so  
25 you two would understand. I didn't get a chance to tell

1 you beforehand.

2 BY MR. WILLIAMS:

3 Q. Mr. Schwermann, in light of some of the questions  
4 Mr. Marshall asked you, let me back up a little bit and  
5 cover some bases here. My name is Gregory Williams. I  
6 represent the City of Sunrise Beach with respect to a  
7 lawsuit pending, in which the Camden County Water Supply  
8 District No. 4 has requested to annex some territory.

9 **A. Correct.**

10 Q. Also in the room with us here is Jay Harms. He  
11 represents the City of Lake Ozark also in that  
12 litigation. And, of course, Mr. Summers is an employee  
13 of the Water District as well.

14 Have you had your deposition taken before?

15 **A. Many, many, many years ago.**

16 Q. Okay.

17 **A. More than I'd like to say.**

18 Q. All right. Generally, the purpose of a  
19 deposition is to find out information which is relevant  
20 to issues in a lawsuit.

21 **A. Okay.**

22 Q. I will be asking you a series of questions, as we  
23 have started down that path.

24 **A. Uh-huh.**

25 Q. It's important that you wait for me to finish the

1 question and then begin your answer, and I, likewise,  
2 will wait to allow you to answer before I start the next  
3 question, in order that our court reporter here is able  
4 to make a clear transcript of what's transpired, so we  
5 don't talk over each other, so to speak. Is that  
6 agreeable with you?

7 **A. Correct. Sure.**

8 Q. And the questions I'm going to ask are designed  
9 to find out information that's relevant. If at any time  
10 a question is not clear to you, what information I'm  
11 asking for, or if you're confused or uncertain, would  
12 you please just ask me to repeat or rephrase the  
13 question, so you do understand what I'm asking you?

14 **A. Yes.**

15 Q. So that if you answer a question, we can agree  
16 then that before you started your answer, you understood  
17 what was being asked of you, okay?

18 **A. Okay.**

19 Q. All right. Now, it is important also that we  
20 speak in a somewhat formal manner, in the sense that we  
21 say yes and no, as opposed to uh-huh or huh-uh, because  
22 the way that the court reporter types that down may or  
23 may not mean what you intended later. Is that agreeable  
24 with you?

25 **A. Yes.**



1 Q. All right. Very good, sir. Now, on the last  
2 series of questions I asked you, you used the word "we"  
3 repeatedly, as opposed to you as financial advisor to  
4 the District.

5 A. Uh-huh.

6 Q. Who is we?

7 A. That's probably a misnomer. I mean, I --

8 Q. Okay.

9 A. I guess when I say we, I just think in terms of  
10 Ranson & Company, but I am the only person that  
11 officially advises the Water District.

12 Q. Okay. You have a company that you're affiliated  
13 with called Ranson Financial Corp; is that correct?

14 A. That is true. Yes.

15 Q. And is that -- is there anyone involved in that  
16 company other than you?

17 A. Yes. I am -- there's four principle partners.  
18 I'm 25 percent. My son is 25 percent; that's William  
19 Brian Schwermann. A gentleman named Jack Ranson,  
20 where the name Ranson Financial Corp comes from, has  
21 25 percent. And another gentleman by the name of  
22 John Haus, who does a lot of analytical work for us on  
23 refunding bond issues and things like that, has  
24 25 percent.

25 Q. Okay. So the business of Ranson Financial

1 Corporation would be?

2 A. Financial advisory to cities, water districts,  
3 entities at issue, you know, public purpose, municipal  
4 debt.

5 Q. Okay. Does that company also underwrite those  
6 offerings?

7 A. No.

8 Q. Okay.

9 A. No. We do no underwriting.

10 Q. Do you have existing relationships with  
11 underwriting companies?

12 A. Only in the sense that when we have a bond issue,  
13 we will contact -- and it depends upon the  
14 municipality's direction to us on how they want to sell  
15 the bonds. There's two ways. One is, you can do a  
16 negotiated issue. The other way, you can do a public  
17 sale.

18 If we do a public sale, then we're responsible,  
19 like I sort of indicated before, to help write the  
20 documents that are all distributed to any number of  
21 underwriters. It might be 10. It might be 200, you  
22 know. In -- in a negotiated sale, we generally are  
23 responsible for contacting who we believe are the most  
24 logical underwriters for that particular type of issue,  
25 and this may be anywhere from three to four.

1           Typically not a real huge amount. But the ones  
2 that we feel can do the best job of selling that  
3 security, who can give us what we believe are the best  
4 interest rates and the best terms. And a lot of times,  
5 terms are very important and it's one of the things that  
6 many cities sort of ignore. They look at, here's the  
7 interest rate, oh, that's our best deal. It might be.  
8 It might not be. Your ability to issue additional debt,  
9 the covenants, things like that are very important in a  
10 bond issue.

11       Q. All right. How old are you, sir?

12       A. Sixty-six.

13       Q. All right. And how long have you been in the  
14 financial advisory and bond business?

15       A. Since '64.

16       Q. Okay. Now, Mr. Schwermann, do you have any  
17 existing business relationships with Roger Sallee, other  
18 than in his position as president of Public Water Supply  
19 District No. 4 of Camden County?

20       A. Yes.

21       Q. And what is that business relationship?

22       A. It's a former business relationship.

23       Q. Okay.

24       A. Other than him being president of the Water  
25 District Board. I probably have to take you back to

1 when I became an original owner of Ozark Shores Water  
2 Company, which was -- and I've got some dates. I want  
3 to make sure that I don't misrepresent a date. I  
4 purchased my particular shares in Ozark Shores in 1999.

5 It is my understanding that when the Ozark Shores  
6 Water Company was originally formed, which I think was  
7 in 1992 -- and it was formed to purchase the water  
8 company from the Four Seasons Group. In 1992 there  
9 where the Greenstreets, which was the Green family,  
10 owned, I think, 65 percent. That's when they purchased  
11 from the Four Seasons Group.

12 The Green family owned 65 percent. Vern Stump  
13 owned 25 percent, who is my, you know, associate in  
14 other water companies. Then there were four other  
15 gentlemen that owned very minor participations. A John  
16 Dunn, a Jim Swearingen, a Jack Baker and a Roger Sallee.

17 MR. MARSHALL: I'm -- just so it's clear, I'm  
18 going to object to the answer he's given, because it's  
19 not a direct response to your question about his  
20 relationship with Roger Sallee.

21 MR. WILLIAMS: Okay. Well, I think it is, but  
22 we'll ask another question.

23 MR. MARSHALL: I understand.

24 BY MR. WILLIAMS:

25 Q. If I understand what you've laid out for us,

1 Mr. Sallee owned stock in Ozark Shores from 1992 at  
2 least up until the time that you acquired stock in the  
3 company; is that correct?

4 A. When -- when we purchased the company, we  
5 purchased all the stock except for the four gentlemen  
6 who owned very minor portions. It accumulated to about  
7 ten percent.

8 Q. And those four, did that include Mr. Sallee?

9 A. Yes. Yes.

10 Q. Okay.

11 A. I don't know the exact split-up. It was about  
12 ten percent. I assume each had two-and-a-half percent.

13 Q. Okay.

14 A. Very minor portions.

15 Q. So when you bought Ozark Shores, Mr. Sallee  
16 continued to own stock in the company?

17 A. Yes. Yes. Until 2001.

18 Q. Okay.

19 A. We bought out Mr. Dunn and Mr. Swearingen in  
20 2000. We bought out Mr. Baker and Mr. Sallee in 2001.

21 Q. All right. And is there any other business  
22 relationship that you have with Mr. Sallee at this  
23 point?

24 A. Mr. Sallee owned the building that Ozark Shores  
25 officed out of when -- when we purchased the company,

1 and also when we purchased his stock. And shortly after  
2 that we purchased the building from him.

3 Q. Okay.

4 A. And he has a note that he and his wife carry back  
5 on the building. That is to expire in about eight  
6 months, and we'll probably go get a bank loan and just  
7 carry that from that point on.

8 He also rents -- in the building that we have, he  
9 also rents a very small portion of space in the back  
10 that he pays, like, \$200 to store parts and things for  
11 his water cars, whatever they are.

12 Q. Okay. Any other business relationships with  
13 Mr. Sallee?

14 A. No business relationships of any kind. No  
15 understandings, no -- no entanglements, no stock  
16 ownership somewhere else in some other state. We have  
17 zero relationship. Other than he's president of the  
18 board in the Water District.

19 Q. Now, with respect to Randy Thompson, you're  
20 familiar with him as well; is that correct?

21 A. Yes.

22 Q. Do you have business relationships with him?

23 A. No.

24 Q. And with respect to Dr. Ronald Massie, do you  
25 have any business relationships with him --

1       **A. No.**

2       Q. -- other than through the Water District?

3       **A. Or any other board member.**

4       Q. Okay. So that would include Harrell Dryden and  
5 Gayle Repetto also?

6       **A. Correct.**

7       Q. All right. Now, Mr. Summers, who is listed as  
8 the manager of the Water District, do you have any  
9 business relationships with him?

10       **A. No. No. We own no properties jointly or**  
11 **anything like that.**

12       Q. Okay. With respect to -- is he employed by any  
13 corporations in which you are a shareholder?

14       **A. We own a small water utility. I think it has**  
15 **65 or 100 customers, which is a remnant of a utility --**  
16 **large utility that we owned up in the Chicago area, and**  
17 **John runs that for us.**

18       Q. And what water company is that?

19       **A. Can I ask John the official name of that company?**  
20 **John?**

21       MR. SUMMERS: Is that okay?

22       MR. WILLIAMS: Absolutely.

23       MR. SUMMERS: The official name is Northern  
24 Illinois Investment Group. We call it the Fairhaven  
25 Water Subdivision.

1 THE WITNESS: Yeah. That's what I was going to  
2 say. It's a very small subdivision up by a town called  
3 Barrington in Chicago.

4 MR. WILLIAMS: Okay.

5 MR. HARMS: Fairhaven Water District.

6 MR. SUMMERS: We call it Fairhaven Water Company.  
7 We just use the name of the subdivision.

8 MR. HARMS: This is in northern Illinois.

9 BY MR. WILLIAMS:

10 Q. All right. Any other companies that you're  
11 involved with that employ Mr. Summers?

12 A. No.

13 Q. All right. Have you ever employed Mr. Summers  
14 through any of your corporations, other than the one  
15 you've testified to?

16 A. No.

17 Q. All right. Also listed in the minutes of the  
18 Water District is David Crable (phonetic spelling) as  
19 the district engineer.

20 A. Correct.

21 Q. Are you familiar with Mr. Crable?

22 A. Yes.

23 Q. Do you have any business relationships with him,  
24 other than through his water district?

25 A. No.



1 Q. Have you ever had any?

2 A. No. I don't believe Mr. Crable's ever been an  
3 engineer over one of my projects.

4 Q. Okay. And then it lists as a representative of  
5 Ozark Shores Water Company Vernon Stump?

6 A. Yes.

7 Q. Do you have any business relationships with  
8 Mr. Stump?

9 A. Yes, I do.

10 Q. And what would those be?

11 A. We've been partners in a number of water  
12 companies that we've owned over the years. Like I  
13 mentioned, we had one up in Chicago that we sold to the  
14 City of Glenview. We were partners in a company that  
15 served the City of Great Bend, Kansas -- the water  
16 system in Great Bend, Kansas. We own -- and by we, I  
17 guess I should say his wife and I, rather than Vern,  
18 because I think Vern -- and I don't know why his wife  
19 owns the stock rather than Vern. Maybe estate purposes.  
20 I don't know. I don't know. But -- so when I say  
21 Vern -- when it comes to ownership, I think I'm  
22 referring to his wife Sally more than it is Vern.

23 Q. Would it be accurate to say that your business  
24 interactions are with Mr. Stump, although the ownership  
25 may be in the name of Ms. Stump?

1       **A. Yes.**

2       Q. All right.

3       **A. Yes.**

4       Q. Okay. What other entities do -- you were making  
5 us a list there?

6           THE WITNESS: I'm trying to think. John, can you  
7 think of anything else we've owned together?

8           MR. SUMMERS: Go through those again.

9           THE WITNESS: We owned the Great Bend system, it  
10 also, as a company, because we bought it from another  
11 private utility -- Beacon Electric Company. It owned  
12 four little tiny towns also, which since we owned Great  
13 Bend, it just came in the package. Clearwater -- I just  
14 don't remember. There were little tiny towns. Malvane  
15 (phonetic spelling).

16 BY MR. WILLIAMS:

17       Q. Well, you speak of these as though they were in  
18 the past. I take it --

19       **A. They are in the past.**

20       Q. -- you no longer own those?

21       **A. Yes, we have sold those.**

22       Q. Do you have any current investments with  
23 Mr. Stump or his wife?

24       **A. The three water companies we have right here.**

25       Q. Okay.

1       **A.   Ozark Shores --**

2       Q.   And those would be what?

3       **A.   Sorry.   I almost talked over you.**

4       Q.   She'll throw something at you if it gets too bad.

5       **A.   Ozark Shores, Lake Region and the Meadows.**

6       Q.   Okay.   And how long have you and Mr. Stump owned  
7   an interest in Ozark Shores Water Company?

8       **A.   Since 1999.**

9           MR. MARSHALL:   Let me object to the form of the  
10   question, because I think he said the ownership was in  
11   Sally Stump, rather than Vern Stump.

12   BY MR. WILLIAMS:

13       Q.   How long have you and the Stumps owned an  
14   interest in this company?

15       **A.   Since 1999.**

16       Q.   And then with respect to Lake Region Water and  
17   Sewer Company, how long have you and Mr. and Ms. Stump  
18   had an interest in that entity?

19       **A.   2004.**

20       Q.   And then you mentioned another company called the  
21   Meadows Water Company?

22       **A.   Right.**

23       Q.   And that is a utility company that operates in  
24   the vicinity of Springfield, Missouri?

25       **A.   Yes.   Yes.**

1 Q. And how long have you and Mr. and Ms. Stump had  
2 an interest in that company?

3 A. I think we bought -- I'm not specific on that  
4 date, but it would have been '99 or 2000. Somewhere in  
5 that range. We've owned it five or six years, wouldn't  
6 you say, John?

7 MR. SUMMERS: Uh-huh. Yes.

8 MR. WILLIAMS: Okay.

9 MR. MARSHALL: Sorry. You're not under oath and  
10 you're not on this transcript, so you don't have to  
11 answer to her.

12 MR. WILLIAMS: We appreciate your effort to  
13 assist Mr. Schwermann in getting his answers correct.

14 THE WITNESS: That's all I'm interested in, is  
15 that the answers be correct.

16 BY MR. WILLIAMS:

17 Q. Now, tell me about the business dealings between  
18 Lake Region Water and Sewer Company, Ozark Shores Water  
19 Company, the Meadows Water Company and the Public Water  
20 Supply District No. 4 that you -- as you understand  
21 them, please.

22 A. When you say dealings, I assume you mean business  
23 relationships --

24 Q. Yes.

25 A. -- which is all we would have.

1 Q. Uh-huh.

2 A. The Water District, what I would call, operates  
3 those facilities for us. They provide the people,  
4 equipment, you know, just whatever's necessary to  
5 operate those facilities for us.

6 Q. Okay. And you're talking about all three of the  
7 water companies?

8 A. Correct.

9 Q. So your understanding is that Camden County  
10 Public Water Supply District No. 4 is the operator of  
11 the water and sewer systems owned by the three utility  
12 companies that you and the Stumps own; is that a  
13 correct --

14 A. Correct.

15 Q. -- statement?

16 A. That is correct.

17 Q. All right. And how long has the Water District  
18 operated those companies?

19 A. I think since about 2002.

20 Q. Okay. Were you involved in setting up that  
21 operating arrangement?

22 A. It was actually suggested by Mr. Summers that --  
23 the Water District is small, and it would be beneficial  
24 for everyone if the Water District could benefit from  
25 the knowledge that our employees have, the capabilities

1 of, you know, our personnel, the staff, the benefits  
2 that would accrued to the employees are better than what  
3 have, because they could come under the State's law  
4 program and stuff like that.

5 MR. MARSHALL: Well, I'm going to object, because  
6 again, it's not responsive to the question. And I know  
7 you're going to follow it up, but the question was --  
8 his answer is far beyond the question you asked him.

9 MR. WILLIAMS: I think his answer is directly on  
10 point to the question asked, but I'll be happy to ask  
11 another one.

12 BY MR. WILLIAMS:

13 Q. Now, Mr. Schwermann, you've indicated that the  
14 suggestion came from Mr. Summers; is that correct?

15 A. Yes.

16 Q. Who was Mr. Summers employed by at the time that  
17 this business arrangement was created?

18 A. The Water District.

19 Q. Okay. Had he ever been employed by any of your  
20 water and sewer utility companies?

21 A. No.

22 Q. All right. And at the time that this arrangement  
23 with the District was created, who was in charge of  
24 operating your water utility companies?

25 A. Vern and I.

1 Q. Okay. You mean Vern Stump?

2 A. Vern Stump and I, yes.

3 Q. All right. Did you have any employees of those  
4 companies at that time?

5 A. Yes. The companies had people who were operating  
6 the companies.

7 Q. Okay. And who was active in the management of  
8 those employees?

9 A. I'm trying to think when I purchased it. Roger  
10 might have been the manager.

11 Q. You're referring to Roger Sallee?

12 A. Yes. Yes.

13 Q. Okay. So he would have been the person who  
14 generally supervised the employees of the utility  
15 companies?

16 A. Yes.

17 Q. All right. So the employees of your utility  
18 companies at some point then became employees of the  
19 District; is that how that worked?

20 A. Yes. But my times must be off, because when  
21 we -- I'll think about this. When I purchased my shares  
22 of the stock, I think Roger no longer was operating very  
23 long after that.

24 Q. Okay.

25 A. I mean, he quit, you know, because we purchased

1 his stock. So -- so there must have been someone --  
2 would that have been Carl Ake? Okay. That -- missed a  
3 spot in there. When Roger -- when we bought Roger's  
4 stock, I think he quit being the manager. Then we had a  
5 gentleman named Carl Ake who was managing up until the  
6 Water District started operating the system.

7 MR. MARSHALL: How do you spell Mr. Ake's last  
8 name?

9 THE WITNESS: I think it's A-c-k-e.

10 MR. SUMMERS: I believe it's just A-k-e.

11 THE WITNESS: A-k-e.

12 BY MR. WILLIAMS:

13 Q. All right. And how long did that gentleman  
14 operate the entity before you turned over the operation  
15 to the District?

16 A. I'm not positive. I guess a couple of years.

17 Q. Okay. Now, Mr. Schwermann, as financial advisor  
18 of the District, are you familiar, generally, with the  
19 geographic boundaries that it's authorized to operate  
20 in?

21 A. Yes.

22 Q. And you would agree with me that that -- at the  
23 present time it's limited to an area on Horseshoe  
24 Bend --

25 A. Sure.



1 Q. -- at the Lake of the Ozarks?

2 A. Correct.

3 Q. You would also agree with me that your water and  
4 sewer systems with the Meadows Water Company are not  
5 located within the geographic boundaries of the  
6 District; isn't that right?

7 A. Correct.

8 Q. And that a substantial portion of the facilities  
9 of Lake Region Water and Sewer Company are not located  
10 within the boundaries of the District either; is that  
11 correct?

12 A. Correct.

13 Q. Are all of the facilities of Ozark Shores Water  
14 Company located within the boundaries of the District?

15 A. I believe so.

16 Q. Okay. Do you have any business relationship with  
17 Bob Pole or the firm of Pole & Pole or their predecessor  
18 Holman, Hansen & Colville, other than as legal counsel  
19 to the District?

20 A. No.

21 Q. Okay. Now, this management arrangement, I  
22 presume before that time, your utility companies either  
23 jointly or severally each had employees that were  
24 employed by them; is that correct?

25 A. Yes.

1 Q. And which way was it? Did you have a group of  
2 employees that served all of the companies or did you  
3 have separate employees in each company?

4 A. When we purchased Ozark Shores, it had its set of  
5 employees.

6 Q. Okay.

7 A. When we purchased Lake -- Meadows, it had some  
8 employees.

9 Q. Okay.

10 A. We then, since the Meadows was such a small  
11 company, disbanded those employees and operated the  
12 Meadows system from our Ozark Shores system.

13 Q. Okay.

14 A. And in 2004 when we purchased the Lake Region  
15 system, the Water District was operating our systems at  
16 that time, so they became the operator just for default  
17 of that system, and there were, I don't know, two or  
18 three employees that came along with it.

19 Q. Okay. So the employees that -- you testified you  
20 entered into this agreement with the District.

21 A. Uh-huh.

22 Q. Did the employees that Ozark Shores had at that  
23 time then become employees of the District?

24 A. Yes.

25 Q. All right. Now, the District has provided some

1 contracts indicating that your various utility companies  
2 make payments to it on an annual basis for the  
3 employees --

4 **A. Correct.**

5 Q. -- reimbursement; is that correct?

6 **A. Correct.**

7 Q. Or maybe it's a monthly basis.

8 How was -- were those amounts determined?

9 **A. I think they just essentially came from what our**  
10 **labor costs were when the Water District assumed**  
11 **ownership of the companies -- not ownership, but**  
12 **operation of the companies.**

13 Q. Okay. So you continued to pay the same amount,  
14 you just paid it to the District --

15 **A. Yes.**

16 Q. -- instead of paying it to the employees?

17 **A. Correct.**

18 Q. All right. What else changed when this contract  
19 arrangement was entered into between the utility  
20 companies and the District, anything?

21 **A. I'm not sure I understand what you mean by**  
22 **change.**

23 Q. Well, obviously there was a change where your  
24 employees became the District's employees.

25 **A. Right.**

1 Q. Were there any other arrangements entered into at  
2 that time between the District and your utility  
3 companies?

4 A. I'm trying to think what we would have done.  
5 They purchased some of our equipment, and that's all  
6 that I know. I know of nothing else.

7 Q. Okay. So there was some equipment that was also  
8 transferred?

9 A. Yes.

10 Q. What, by equipment generally, are you referring  
11 to?

12 A. Backhoe, trailer, truck, maybe some hand tools.

13 Q. Okay. Who does the utility billing for your  
14 public utilities?

15 A. The District.

16 Q. All right. So did you also transfer, I suppose,  
17 the employees who actually worked in the office?

18 A. Yes. Everyone was transferred.

19 Q. Okay. And then any billings, software or record  
20 keeping systems, stuff like -- things of that nature,  
21 were those also transferred?

22 A. Yes.

23 Q. Okay. So at the present time do your public  
24 utility companies have any employees?

25 A. No.

1 Q. Is there anyone on payroll for any of those  
2 companies?

3 A. No.

4 Q. Okay. So the District does all your billing --

5 A. Yes.

6 Q. -- for all of these water companies?

7 A. Well, wait a minute. I take that back. We do  
8 pay John some for helping -- or managing separate from  
9 the water companies a little 65 or 100 subdivision, you  
10 know, up in Chicago.

11 MR. MARSHALL: Okay. Mr. Schwermann, be sure and  
12 speak up so the reporter can hear you and don't -- and  
13 you just shook your head a minute ago. She's not going  
14 to get a head shake on the transcript very well.

15 BY MR. WILLIAMS:

16 Q. All right. So when these contracts that the  
17 District has provided state that the utility company  
18 will reimburse the District each month or a portion of  
19 the employees' wages, in fact the District receives all  
20 of the money; is that correct?

21 A. Yes. Yes.

22 Q. So it deducts out those expenses and gives you  
23 the rest; is that correct?

24 MR. MARSHALL: By you, who do you mean?

25 MR. WILLIAMS: The utility companies. I'm sorry.

1 THE WITNESS: Say that again.

2 BY MR. WILLIAMS:

3 Q. Now, the District receives the money.

4 A. Right.

5 Q. It would deduct out the wages and so forth,  
6 expenses that it's supposed to collect from the utility  
7 companies, and then it gives the rest of the money to  
8 the utility companies?

9 A. To the various utilities, yes.

10 Q. Okay. Now, the lawsuit that's at issue in this  
11 matter involves an area of Camdenton County known  
12 generally as Shawnee Bend. You're familiar with that?

13 A. Yes.

14 Q. Would you speak up just a little louder?

15 A. Yes.

16 Q. She's also tape recording in case she can't tell  
17 what it was she typed later, so . . .

18 A. Okay. Just holler at me.

19 Q. Did you participate in preparing the boundaries  
20 of that annexation area?

21 A. No.

22 Q. Okay. Do you know how it was determined what  
23 area would be included in the proposed annexation area?

24 A. John Summers and Mr. Crable pretty much put  
25 together the boundaries with the Water District.

1 Q. Now, can you tell me whether or not the  
2 annexation area matches the certificated service area of  
3 Lake Region Water and Sewer Company on the Shawnee Bend  
4 peninsula?

5 **A. I do not believe it does. It's not an overlay.**

6 Q. All right. What is left out?

7 **A. Can I ask John?**

8 Q. "I don't know" is an answer, and maybe we will  
9 ask John, but --

10 MR. MARSHALL: No. I'd rather you -- I will  
11 object if you answer, John. I would just ask you --  
12 whatever you know, Mr. Schwermann.

13 THE WITNESS: I don't know. A fair amount is  
14 left out, but I don't know how much.

15 BY MR. WILLIAMS:

16 Q. Okay. My understanding is that Lake Region  
17 operates a water line to a condominium project called  
18 Majestic Point; is that your understanding?

19 **A. Correct.**

20 Q. And that that area is included in Lake Region's  
21 certificated service area; is that correct?

22 **A. If you say it is, I'll believe you. I don't know**  
23 **where the boundaries are.**

24 Q. Okay. You don't have a personal knowledge of  
25 that?

1       **A. I don't have a personal knowledge of the**  
2 **boundaries.**

3       Q. Okay. All right. Do you know why portions of  
4 Lake Region's service area were left out of the District  
5 annexation proposal?

6       **A. I think they were not needed to serve the purpose**  
7 **of providing hydrants to the area that wanted it.**

8       Q. Okay. Is there a reason why hydrants cannot be  
9 provided by Lake Region Water and Sewer Company?

10      **A. We will not pay for them.**

11      Q. Okay. Why?

12      **A. Well, previous owners -- there were four of them.**  
13 **None of them would provide the hydrants. They're**  
14 **expensive and we're just not going to go through that**  
15 **cost.**

16      Q. At the time you acquired Lake Region Water and  
17 Sewer Company, were there any plans in place for  
18 providing hydrants in the Porta Cima and Villages  
19 developments?

20      **A. I had heard, and this is all hearsay, that the**  
21 **previous owner Fritz had talked to them about some**  
22 **hydrants, but I know nothing about it.**

23      Q. Okay. Now, the gentleman you referred to, would  
24 that be Fritz Ritter?

25      **A. Yes.**



1 Q. And he was, in fact, the manager of Lake Region  
2 Water and Sewer at the time you acquired the company?

3 A. Yes.

4 Q. And how long was he employed by the company after  
5 you acquired it?

6 A. Very shortly.

7 Q. Okay. He was terminated very shortly afterwards?

8 A. Yes. Yes. Yes.

9 Q. Did you ever meet with him to discuss what was in  
10 progress at the time you acquired the company?

11 A. No.

12 Q. Did you have any meetings with him at all?

13 A. I am not involved in that portion of it. It  
14 would have been Vern that met with him, and I don't know  
15 what they may have met with and talked -- we were buying  
16 the company. Vern might have asked him things about  
17 future construction, but I was not involved in those and  
18 I don't know any particulars about them.

19 Q. Was your involvement largely in providing the  
20 finance --

21 A. Yes.

22 Q. -- for the transaction?

23 A. Yes.

24 Q. All right. Is there anyone other than  
25 Mr. and Ms. Stump and yourself who owned Lake Region

1 Water and Sewer Company stock?

2 A. Yes. It's complicated. Lake Region is owned --  
3 50 percent is the simple part by Sallee.

4 Q. Okay.

5 A. The other 50 percent is owned by RPS Properties  
6 LP, which is my family limited partnership.

7 Q. Is there anyone not a family member of yours who  
8 owns part of RPS Properties?

9 A. No. No. It's just between me and my children.

10 Q. Okay.

11 A. And my wife.

12 Q. Good thing to add into the transcript. She might  
13 want to read it later.

14 A. She might read this. Yes.

15 Q. All right. So is that somewhat of an estate  
16 planning vehicle for you?

17 A. It is an estate planning vehicle.

18 Q. Okay. And are you the general partner --

19 A. Yes.

20 Q. -- of RPS Properties?

21 A. My wife and I.

22 Q. If you will -- I know these are easy questions,  
23 but please wait for me to finish asking.

24 A. I got you. Okay.

25 Well, wait a minute. My son said that the

1 general partner, which is called Schwermann Properties,  
2 its members are I, Brian my son, Susan my daughter, and  
3 my wife Ann.

4 Q. Okay.

5 A. Those are the general partners.

6 Q. Okay. Now, you're familiar with something that's  
7 called an availability fee --

8 A. Yes.

9 Q. -- that's set out in the declaration of  
10 restrictions for the various Four Season developments?

11 A. Yes.

12 Q. Tell us what that is.

13 A. I'm not sure I totally know what their purpose  
14 is. I know they're there. I know we purchased them.  
15 But legally what their purposes are, I'm not totally  
16 sure.

17 Q. Okay. Well, give us your best understanding of  
18 what those availability fees purpose is.

19 A. In Ozark Shores they go into the gross revenue of  
20 the company. There is just -- the Public Service  
21 Commission has used them in calculation of rates, so  
22 it's just -- so there it sort of doesn't matter. It  
23 goes right into the company.

24 Q. And how much is the monthly availability fee for  
25 Ozark Shores?

1       **A. I don't know.**

2       **Q. Okay.**

3       **A. I don't know.**

4       **Q. And so Ozark Shores receives those funds?**

5       **A. Yes.**

6       **Q. And it uses them as part of its business**  
7 **operation?**

8       **A. Yes.**

9       **Q. Okay. And I presume from your answer that**  
10 **there's something different going on with respect to**  
11 **Lake Region?**

12       **A. Correct. When we purchased Lake Region, the**  
13 **utility itself was purchased totally separate from the**  
14 **availability fees. There's no legal tie or connection**  
15 **between the entities.**

16       **Q. And how -- why do you believe that to be true?**

17       **A. 'Cause that's the way it was set up. It's the**  
18 **way it was when we purchased it. That's the way the**  
19 **former owners had it legally structured, to the best of**  
20 **my knowledge.**

21       **Q. Okay. Well, let me ask you this question: Who**  
22 **owns the water and sewer systems in the service area**  
23 **that Lake Region provides service in?**

24       **A. That's the -- Lake Region, that's the one that's**  
25 **50 percent RPS Properties and 50 percent Sallee.**

1 Q. Well, let me ask you the question this way: Does  
2 Lake Region Water and Sewer Company own the water and  
3 sewer systems, the corporate entity Lake Region?

4 **A. Yes.**

5 Q. Okay. So the physical water well, the wastewater  
6 treatment plant, the collection sewers, the water  
7 distribution line are all owned by Lake Region Water and  
8 Sewer Company?

9 **A. That is correct.**

10 Q. Okay. And then RPS and Sally Stump own the stock  
11 of Lake Region; is that how that works?

12 **A. That is correct.**

13 Q. Okay. Now, what's your understanding of where  
14 the obligation to pay the availability fee arises on  
15 property owners in the Four Seasons development?

16 **A. I don't know the answer to that.**

17 Q. Okay. Have you ever seen any documents as to how  
18 those are created or why people have to pay them?

19 **A. No.**

20 Q. You would generally assume they're not just  
21 voluntarily sending you money, would you?

22 **A. It's my understanding that they were legally**  
23 **created by Four Seasons and that flowed through whoever**  
24 **they next sold through, and we assumed whatever legal**  
25 **basis there were for them.**

1 Q. Okay.

2 A. I'm sure our attorneys, when we purchased it,  
3 reviewed those documents to say that you can assume  
4 these funds will be coming. But have I reviewed the  
5 documents? No, I have not reviewed the documents.

6 Q. Okay. Let me hand you what's previously been  
7 admitted in evidence in this case as Exhibit H, which is  
8 the third amended and restrained declaration of  
9 restricted covenants --

10 A. Okay.

11 Q. -- imposed by Four Seasons. And I won't get  
12 specific as to which entity of Four Seasons, but the  
13 development company, on their various subdivisions.

14 A. Okay.

15 Q. Have you ever examined that sort of document?

16 A. No.

17 Q. All right. In this document I have marked a  
18 paragraph that pertains to water system and sewage  
19 treatment system. Do you see that marked at the  
20 document (indicating)?

21 A. Yes. With the yellow?

22 Q. Yes.

23 A. Yes.

24 Q. To me it seems to say that it imposes an  
25 obligation on lot owners to pay the owner of the water

1 works system within the Four Seasons development an  
2 availability fee. You want to take a moment to read  
3 that and see if you agree with me that that's what it  
4 says?

5 MR. MARSHALL: I'll object to the form of the  
6 question. It's asking for a legal conclusion, No. 1.  
7 And No. 2, the document speaks for itself.

8 THE WITNESS: Yeah, I'm not an attorney. I will  
9 assume you are correct.

10 BY MR. WILLIAMS:

11 Q. Okay. Well, what it says specifically is that  
12 each lot owner is to pay to the owner of the water works  
13 system an availability fee. Okay. And then it goes on  
14 in the next page and says that the owner of the water  
15 works system will be a privately owned public utility  
16 authorized by a certificate of public convenience and  
17 necessity issued by the State of Missouri Public Service  
18 Commission to operate the water works system. Do you  
19 see where it says that?

20 A. Yes. Yes.

21 Q. Now, you would agree with me that the owner of  
22 the water works system which has a certificate of  
23 convenience and necessity issued by the Public Service  
24 Commission is Lake Region Water and Sewer Company, would  
25 you not?

1       **A. Correct.**

2       Q. So the availability fees provided for in this  
3 document would be paid to Lake Region Water and Sewer  
4 Company, would they not?

5       **A. No.**

6       Q. Why not?

7       **A. We've been told by our attorneys they do not have**  
8 **to be.**

9       Q. Okay. And who are they paid to then?

10       **A. They go to Sally and I, and a portion still goes**  
11 **to the Four Seasons Group.**

12       Q. Okay. Tell me how that works then, as far as the  
13 portions to the Four Seasons Group.

14       **A. When we were purchasing the Lake Region Water and**  
15 **Sewer Company, it was in a lawsuit I guess with the**  
16 **owner -- the Waldo Morris.**

17       Q. Okay.

18       **A. He lives out of Iowa. And they had a big legal**  
19 **dispute as to who owned portions of those availability**  
20 **fees.**

21       Q. All right.

22       **A. And what it was all about -- you know, I'm not a**  
23 **lawyer. It was their dispute. But when we purchased**  
24 **the system, the dispute -- well, we just purchased the**  
25 **stock, so the suit came to us then. And we read the**



1 case and it looked like Four Seasons had a strong case.  
2 So we just negotiated a settlement with them and they  
3 retained a large portion of the availability fees,  
4 because it looked like they would win the case, to us.

5 Q. All right. And what was it that they were  
6 requesting in that case that you believe they had a  
7 strong suit --

8 A. That's --

9 Q. -- to your understanding.

10 A. Yeah. That's legal judgment and I don't want to  
11 put words in their mouth.

12 Q. Well, can you give me your understanding of it  
13 then?

14 A. It was the way the original contract was worded  
15 between the sale of Four Seasons to, I believe, the  
16 gentleman named Slate, who purchased it then. And it  
17 was my understanding there were certain amounts of  
18 properties that were built out and there were certain  
19 amounts that weren't, and maybe not alignments, but I  
20 don't know. And that the availability fee Four Seasons  
21 thought was sold to that area that was built out, but  
22 they didn't go with this other area and -- and I read  
23 it. If you went to court, I don't know where you would  
24 wind up. It was just one of those things that language  
25 wasn't to me specific enough to say which guy would win.

1 Q. Okay. So what percentage of the availability  
2 fees is retained by the Four Seasons Group?

3 **A. That is under a very strict confidentiality**  
4 **agreement that I cannot reveal.**

5 Q. Okay. Is that subject to a court order?

6 **A. I'm not an attorney. I don't know.**

7 Q. Okay. Well, you've testified that there's a  
8 confidentiality agreement. I'm trying to determine  
9 where that comes from.

10 **A. It's just an agreement between us.**

11 Q. Now, that would be a written agreement --

12 **A. Yes.**

13 Q. -- between you and Four Seasons?

14 **A. Yes.**

15 Q. Now, you do understand you were ordered by the  
16 Court to appear and give your deposition here today?

17 **A. Yes.**

18 Q. And so I'm going to ask you again to tell me what  
19 the percentage received -- retained by the Four Seasons  
20 Group is. And if you do not answer that question, then  
21 I'll have to go back to the Court and ask them to  
22 specifically order you to answer that question. That is  
23 a process that we call certifying a question. And the  
24 Judge then will make a ruling as to whether or not you  
25 are required to answer that.

1       **A. I will decline, because I'll probably be sued.**

2       Q. Okay.

3       **A. Unless a court orders me to say so.**

4           MR. WILLIAMS: Let's certify that question then,  
5 if you would, please.

6 BY MR. WILLIAMS:

7       Q. Now, can you tell me what portion of those  
8 availability fees are retained by your company,  
9 RPS Properties?

10       **A. Well, if I say the portion, I'm saying -- again,**  
11 **I'm violating the confidentiality agreement. So they're**  
12 **one and the same.**

13       Q. Are you refusing then to answer that question?

14       **A. Yes. Yes.**

15           MR. WILLIAMS: All right. Let's certify that  
16 question as well.

17 BY MR. WILLIAMS:

18       Q. Now, Mr. Schwermann, can you tell us the total  
19 amount of money that you receive from these availability  
20 fees?

21       **A. I don't know. It goes into these companies, and**  
22 **I don't know the amounts.**

23       Q. Okay. I believe Mr. Summers testified it was in  
24 the vicinity of \$400,000 a year. Is that consistent  
25 with your understanding?

1       **A. If John said that, I will go along with that**  
2       **number.**

3       Q. All right. All right. You wouldn't disagree  
4       with him?

5       **A. No. Nor agree.**

6       Q. Okay.

7       **A. I'll just take it as what it is.**

8       Q. Would he be the person with the best knowledge of  
9       that?

10       **A. Yes. Yes, he would.**

11       Q. All right. Now, is there an entity called Lake  
12       Availability Water and Sewer something, to your  
13       knowledge?

14       **A. What?**

15       Q. Is there a separate legal entity that these  
16       availability fees are paid to?

17       **A. Yes. And that may be it. I'm not familiar with**  
18       **the name, but that may be the entity it goes to.**

19       Q. So they're not paid to Lake Region Water and  
20       Sewer Company?

21       **A. No.**

22       Q. And they're not paid to RPS partnership; is that  
23       correct?

24       **A. Let me ask John.**

25       THE WITNESS: John, where do the payments go to?

1 MR. SUMMERS: Lake Utility.

2 THE WITNESS: Lake Utility. Okay.

3 BY MR. WILLIAMS:

4 Q. Okay. Now, let's go back again then to the fire  
5 hydrant issue. What is there about these fire hydrants  
6 that makes it impractical or impossible for the utility  
7 company -- and by that I mean Lake Region Water and  
8 Sewer Company, to pay for them?

9 A. Just don't want to do it.

10 Q. Okay. Is there anything other than your  
11 company's desire not to do it that makes it impossible  
12 for it to be done?

13 A. I don't know.

14 Q. Is that no, to your knowledge?

15 A. No, to my knowledge.

16 Q. All right. So it's simply a matter you don't  
17 want to?

18 A. Don't want to.

19 Q. Okay. Lake Region Water and Sewer Company does  
20 own a water system; is that correct?

21 A. That's correct.

22 Q. And the water lines in that system are of a size  
23 that would enable it to install fire hydrants on those  
24 lines; is that correct?

25 A. That, I don't know for sure.

1 Q. Okay. It has large elevated water tanks?

2 A. Yes.

3 Q. And those tanks are capable of supplying fire  
4 flows?

5 A. I don't know that.

6 Q. Okay. So other than desire not to do this, is  
7 there anything to your knowledge that would prohibit the  
8 utility company from providing fire hydrants within the  
9 Porta Cima or Villages developments?

10 A. No.

11 Q. All right. And is there a particular reason why  
12 you do not want to provide that service to customers in  
13 the area?

14 A. I don't want to spend the money.

15 Q. Okay. And you do receive money from the  
16 availability fees; is that correct?

17 A. Yes.

18 Q. All right.

19 A. Or -- or trust and things like that. When you  
20 say me, I'm not the direct owner of the stock. You  
21 know, it's RPS Properties and things like that. So when  
22 you say me, you have to be referring to who owns the  
23 actual stock.

24 Q. And the lot owners in these developments, or at  
25 least in the Porta Cima development, pay this

1 availability fee; is that correct?

2 **A. I believe that's true.**

3 Q. And you and others get that money?

4 **A. Others. It may filter down to me in some fashion**  
5 **through dividends or something. But, yes, in a**  
6 **practical sense I'd say that's true.**

7 Q. Okay. So what do the lot owners get out of the  
8 availability fee?

9 **A. I don't know.**

10 Q. Do they, to your knowledge, get anything at all?

11 **A. I don't know.**

12 Q. Well, do you know of anything they do get?

13 **A. I don't know.**

14 Q. Well, that's a yes or no question.

15 **A. Okay. No.**

16 Q. Does that mean no, you don't know of anything  
17 they get?

18 **A. No, I don't know.**

19 Q. Okay. Let's take a little break. I might be  
20 about done.

21 **A. Okay.**

22 **(A BREAK WAS TAKEN.)**

23 BY MR. WILLIAMS:

24 Q. All right. One more line of questions and I  
25 think we'll be done.

1       A. I need to correct one little thing.

2       Q. All right.

3       A. I was just talking that Sally and I own half of  
4 both of these companies, and actually North Suburban,  
5 you know, that owns the Ozark Shores and the Meadows. I  
6 own 51.76 percent and she owns 48.24. Why it's split up  
7 like that, I have no idea. I have no idea.

8       Q. Okay.

9       A. Evidently somewhere along the line there was some  
10 stock to buy and I had the money and Vern didn't or  
11 something like that. I don't know. There's no reason  
12 for it, though. I mean, there's no --

13      Q. All right.

14      A. That I know of, there's no practical reason for  
15 it. It just happens to be.

16      Q. All right. Mr. Schwermann, let's go back again  
17 to fire hydrants and the District.

18      A. Okay.

19      Q. Your testimony in this case has been that  
20 homeowners approached Mr. Summers about obtaining fire  
21 hydrants through Lake Region Water and Sewer for the  
22 Porta Cima subdivision. You're aware of that request by  
23 them?

24      A. I think that's true.

25      Q. Okay.



1       **A. I'm not involved in the operations a lot, so**  
2       **I'll -- I would assume that's true.**

3       Q. Well, at some point it was brought to your  
4       attention that folks out there wanted fire hydrants, I  
5       take it?

6       **A. Yes. Yes.**

7       Q. And who brought that to your attention?

8       **A. I would imagine it would have been probably John**  
9       **or our conversation in the Water District meeting, you**  
10      **know, that the fire hydrants were wanted out there.**

11      Q. And at some point were you asked to give advice  
12      as to how to obtain the necessary funding to install  
13      those fire hydrants?

14      **A. I don't believe they ever asked me that question.**

15      Q. Okay. Have you been involved at all in the  
16      development of the proposal to annex Shawnee Bend into  
17      the Water District and raise financing to install fire  
18      hydrants?

19      **A. Only in a very generalized fashion. I mean, I've**  
20      **not -- from what I understood, they tried a lot of**  
21      **avenues. And I don't know what all of those avenues are**  
22      **other than when I was at the court hearing when we**  
23      **were -- when was it, last Tuesday?**

24      Q. Okay.

25      **A. Whenever it was. That the lady said that they**

1 had talked to the developer before and he said he  
2 wouldn't do it, and that they thought about an NID. And  
3 I don't know why that didn't work. I don't know what  
4 they did on that. Just things like that. But I've  
5 never given them specific, you know, information on how  
6 to fund a fire hydrant.

7 Q. Okay. Has there been any request from the  
8 District that you participate or advise the District on  
9 how to finance the construction of fire hydrants on  
10 Shawnee Bend?

11 A. No. Because they have funds on hand that they  
12 could pay for their construction, if they elect to use  
13 those funds to do that.

14 Q. Okay. And where did those funds come from?

15 A. It was a bond issue they did.

16 Q. Okay. And what was the purpose of that bond  
17 issue?

18 A. It was to originally pay for the original  
19 construction of wells, towers, things like that. And  
20 whenever -- I can't say it was for every financial  
21 advisor. But when I do a bond issue, I try to advise  
22 them that it is cheaper if they think they're going to  
23 have some needs in the future, to include a few extra  
24 bond funds so that you don't come back in a year and say  
25 I want to \$150,000 or something like that in funds. So

1 I think we -- we funded an additional \$500,000 for  
2 potential future construction projects.

3 Q. All right. And what was the total amount of that  
4 bond issue?

5 A. Three million.

6 Q. I'm sorry?

7 A. Three million.

8 Q. Three million dollars. And I presume that you  
9 acted as financial advisor?

10 A. I acted as a financial advisor.

11 Q. And did you receive a fee in connection with  
12 that?

13 A. Yes, a two percent fee.

14 Q. Okay. Your fee was based on a percentage of the  
15 amount of the --

16 A. Yeah, two percent.

17 Q. If you will please --

18 A. I'm sorry.

19 Q. She is going to start throwing things here before  
20 too long.

21 MR. MARSHALL: Just throw them where they go.

22 BY MR. WILLIAMS:

23 Q. So you received a percentage of two percent of  
24 the total amount of the bond issue?

25 A. Correct.

1 Q. And what was the primary purpose or facility to  
2 be constructed with those bond funds?

3 A. Well, towers, some additional lines. I mean,  
4 that's basically what it was. We funded a bond reserve.  
5 We funded a bond reserve, a \$200,000 bond reserve.  
6 Obviously paid the insurance cost, and gave the  
7 additional construction fees.

8 Q. Now, were these facilities constructed within the  
9 area for which Ozark Shores Water Company holds a  
10 certificate of convenience and necessity from the  
11 Missouri Public Service Commission?

12 A. Were all of those -- excuse me.

13 Q. If you know the answer to the question, then  
14 answer it.

15 A. I don't. Not for sure.

16 MR. MARSHALL: I object otherwise.

17 BY MR. WILLIAMS:

18 Q. Were they built on Horseshoe Bend?

19 A. Yes. Yes, they were built on Horseshoe Bend.

20 Q. And were they water facilities?

21 A. Yes, they were water facilities.

22 Q. And what is the value today for rate making  
23 purposes, if you know, of the Ozark Shores Water System?

24 A. I don't know that number.

25 Q. Okay. Do you know how much its annual revenues

1 are?

2 **A. No.**

3 Q. Okay.

4 **A. I mean, this company --**

5 Q. If you know.

6 MR. MARSHALL: I object. It's not responsive.

7 THE WITNESS: Yeah.

8 BY MR. WILLIAMS:

9 Q. You may go ahead and answer the question.

10 MR. MARSHALL: He did.

11 THE WITNESS: I don't know.

12 MR. WILLIAMS: All right. I don't think I have  
13 any further questions. Jay?

14 MR. HARMS: I have just a couple.

15 CROSS-EXAMINATION BY MR. HARMS:

16 Q. Mr. Schwermann, I -- again, my name is Jay Harms  
17 and I represent the City of Lake Ozark in this matter.  
18 City of Lake Ozark --

19 **A. Yes.**

20 Q. -- has filed an exception to the proposed  
21 annexation?

22 **A. Yes.**

23 Q. I am digging through here trying to find -- we  
24 were talking just a minute ago about the \$3 million bond  
25 issue?

1       **A. Correct.**

2       Q. And that \$3 million bond issue was to pay for  
3 particular -- particular improvements and structures?

4       **A. Yes.**

5       Q. There is an agreement, and that's what I'm  
6 looking for real quick is, in the system operating  
7 agreement -- are you familiar with the system operating  
8 agreement between the Water District and Ozark Shores?

9       **A. Is that the labor?**

10      Q. No. There's a -- it's not the labor agreement.  
11 It's actually an operating agreement that was provided  
12 by counsel. Ms. Aldridge provided me a copy, and I  
13 apologize, I didn't think I would need it, so I didn't  
14 pull it out. It's the actual operating agreement  
15 whereby the Water District agrees to operate -- operate  
16 Ozark Shores. And there is particular requirements from  
17 the Water District to build particular structures.

18           MR. MARSHALL: Off the record.

19           (A BREAK WAS TAKEN.)

20           MR. HARMS: All right. Back on the record.

21      Thanks.

22      BY MR. HARMS:

23      Q. Mr. Schwermann, I'm going to hand you this system  
24 operating agreement. Have you seen this agreement  
25 before (indicating)?

1       **A. If I have, it would have been just like I'm doing**  
 2       **right now, just leafing through it.**

3       Q. Okay. All right. On the back of it, it's signed  
 4       by Vern Stump --

5       **A. Yes.**

6       Q. -- as president of Ozark Shores; is that correct?

7       **A. Yeah, but he's not president of Ozark Shores. I**  
 8       **am president of Ozark Shores.**

9       Q. Okay. Has he ever been president of Ozark  
 10       Shores?

11       **A. I think a long time ago.**

12       Q. Okay. What's the date on that document again?  
 13       It should be on the very first page of the top  
 14       paragraph.

15       **A. December 2, 2002.**

16       Q. 2002?

17       **A. No. He might have been president back in 2002,**  
 18       **because we've changed everything to me being president**  
 19       **sometime within the last few years. Just for**  
 20       **practicality, 'cause he was president of some. I was**  
 21       **president of some. It got confusing when it came time**  
 22       **to sign documents, and so we've -- where now I'm**  
 23       **president of everything and my son is secretary/**  
 24       **treasurer, and I'm close here if the papers needed to be**  
 25       **signed. You know, I can sign them for John and things**

1     **like that. So Vern might have been president back then.**

2         Q. Okay. So there's no reason to believe that this  
3 document was not validly entered?

4         **A. Oh, sure, I'd say it was.**

5         Q. Okay. We were talking a minute ago about the  
6 \$3 million bond issue. On the first page -- or starting  
7 at the bottom of the first page, there's various things  
8 that are required to be built by the Water District?

9         **A. Right.**

10        Q. Water towers, wells?

11        **A. Wells.**

12        Q. Things like that?

13        **A. Right.**

14        Q. Is that what that \$3 million bond issue went to  
15 pay for?

16        **A. Yes.**

17        Q. Okay. So that's where the bond issue came from?

18        **A. That's what its purpose was.**

19        Q. That's the purpose of it. Okay.

20        Do you know if those things were built?

21        **A. The Palisades was not. It was -- it was aligned**  
22 **that that was going to be built and it kept breaking at**  
23 **different times, and when we got through with, you know,**  
24 **things and it just wasn't needed, for some reason the**  
25 **line just was no longer working. So that's also**



1 probably where some of the money has come from that we  
2 have in reserve to do the other construction monies and  
3 things like that that we haven't spent.

4 Q. Okay. So this \$260,000 that's proposed for the  
5 fire hydrants, it could be --

6 A. It would almost be this.

7 Q. Pardon me?

8 A. It would almost be this.

9 Q. So basically it's there, it's excess funds in the  
10 Water District because the Palisades line was not built?

11 A. Yes. Right.

12 Q. Okay. Has there been any talk about any kind of  
13 action for breach of contract for not building that  
14 line?

15 A. No. We -- we told the District it was no longer  
16 needed, that the line -- for some reason the -- either  
17 the engineer Crable made adjustments in pressure valves  
18 or something somewhere in the District -- 'cause we used  
19 to just break a lot of lines. I mean, and I'm not  
20 familiar with this piece of road, but they say it's very  
21 difficult to work on. You know, straight down and stuff  
22 like this and there's the water line. And it quit  
23 breaking the lines, whether they made proper adjustments  
24 and -- and there was no point to spend the money if we  
25 didn't need it.

1 Q. Okay.

2 A. And so we told the District that we didn't think  
3 we needed -- or the line needed to be built.

4 Q. Okay. And this is a water line, not a sewer  
5 line?

6 A. It's a water line.

7 Q. Okay. Does Ozark Shores Water and Sewer provide  
8 any sewer services?

9 THE WITNESS: Excuse me, John?

10 MR. SUMMERS: No.

11 THE WITNESS: No. No, we don't supply any sewer  
12 services.

13 BY MR. HARMS:

14 Q. Okay.

15 A. I'm sorry. I just don't know some of these  
16 things.

17 Q. Okay. I think John needs to leave. And that's  
18 probably not a bad idea or at least -- we're trying to  
19 get to what you know more than what John knows. All  
20 right. We already know what John knows, or at least  
21 parts of it.

22 A. Okay.

23 Q. The -- how does -- I mean, is there an agreement  
24 between Palisades and Ozark Shores for the provision of  
25 water?

1       **A. Palisades is just sort of the terminology of a**  
2       **line name. I mean --**

3       Q. Okay.

4       **A. -- it's not a separate system or anything. It's**  
5       **just --**

6       Q. Well, it feeds a particular area?

7       **A. Yes.**

8       Q. And what's the area that it feeds?

9       **A. I don't know.**

10      Q. Okay.

11      **A. I don't know.**

12      Q. All right.

13      **A. I'm just familiar with the term Palisades. I**  
14      **remember that name.**

15      Q. Okay. All right. But you're not aware of any  
16      agreements to provide water to anybody off that line?

17      **A. No. No. No.**

18      Q. Okay. And this is just for my own background  
19      information. Did you have any input or any -- did you  
20      take any actions to help establish the Water District as  
21      a corporation?

22      **A. Only as a financial advisor, if they would have**  
23      **asked me, what did you do to form a water district or**  
24      **what are the benefits of it and stuff like that.**

25      Q. Okay. And who would have asked you to do that?

1       **A. I don't remember.**

2       Q. Okay.

3       **A. Somebody back then.**

4       Q. All right. Do you know who formed it? I mean,  
5 is that a --

6       **A. It would have been a group of people on Horseshoe**  
7 **Bend.**

8       Q. Okay. Let's jump over to Lake Region Water and  
9 Sewer real quick. Currently there is an agreement with  
10 the City of Lake Ozark. Are you familiar with the  
11 agreement with City of Lake Ozark to take the effluent  
12 from Lake Region Water and Sewer?

13       **A. Yes, I am.**

14       Q. Do you know approximately how much that effluent  
15 is pumped on a daily basis, pumping basis?

16       **A. I have no idea.**

17       Q. You don't know anything about volumes?

18       **A. No.**

19       Q. Does Lake Region have any water treatment plants  
20 of its own?

21       **A. Yes, I think Lake Region has a treatment plant.**

22       Q. Okay. And do you have any idea what the capacity  
23 of that treatment plant is?

24       **A. No. No.**

25       Q. Okay. You said Ozark Shores doesn't handle any

1 sewage?

2 **A. No.**

3 Q. They don't?

4 **A. No.**

5 Q. Okay. And they don't have any sewage treatment  
6 plants, or do you know if they own any sewage treatment  
7 plants?

8 **A. I'm going to say no, qualified I don't think they**  
9 **do.**

10 Q. Okay. Jumping back to the Water District. Have  
11 you helped the Water District develop any plans for  
12 future funding?

13 **A. No. This \$3 million -- unless if they build the**  
14 **fire hydrants.**

15 MR. MARSHALL: I'll object that it's not  
16 responsive to the question.

17 MR. HARMS: I think it is responsive. If you're  
18 going to answer --

19 MR. MARSHALL: He said if. He said if. He  
20 didn't say. You asked if he -- and look, let me make  
21 something clear, Jay. I don't care what he says,  
22 because I don't think what he says has anything to do  
23 with anything.

24 MR. HARMS: Okay.

25 MR. MARSHALL: But I'm just saying your question

1 was whether he provided any advice for any future. He  
2 didn't say yes. He said, Well, if they would come. And  
3 so that's what I'm objecting to.

4 THE WITNESS: The answer would be no.

5 BY MR. HARMS:

6 Q. Okay. So they have not -- you have not  
7 participated in any future plans?

8 A. No.

9 Q. Okay. And just to back up real quick, Greg -- I  
10 think Greg asked you about the plan for putting together  
11 the proposal for the fire plugs. And just for my own  
12 recollection, did you say that they -- that the Water  
13 District did not approach you to help develop a plan for  
14 the funding of the fire plugs?

15 A. I do not remember them asking me how to fund  
16 them.

17 Q. Okay.

18 A. I do not.

19 Q. Okay. Do you remember, was Lake Region Water and  
20 Sewer specifically asked to fund the fire plugs?

21 A. Probably.

22 Q. Okay. Do you -- and probably -- you probably  
23 don't know the answer to this next question. But do you  
24 remember who would have asked you?

25 A. No. No.

1 Q. Okay. All right. We were provided some  
2 documents just the other day on some of these things.  
3 And we -- there is contracts for equipment rental that  
4 were put together. And I think that Greg asked you  
5 about some of the equipment that was in there. You  
6 stated that there was a backhoe and trailer and some  
7 hand tools and things like that.

8 Do you have any idea what you're renting from the  
9 Water -- you, being Lake Region Water and Sewer, is  
10 renting from the Water District?

11 A. No.

12 Q. Okay. Do you know how much Lake Region Water and  
13 Sewer is paying to the Water District for those rentals?

14 A. No.

15 Q. Okay. And these were -- I think your testimony  
16 earlier was that it was actually equipment that was  
17 owned by Lake Region Water and Sewer that was sold to  
18 the Water District. And then is it leased back, is that  
19 your understanding of these equipment leases?

20 A. I think we are just billed for the amount of time  
21 that they are used for our purposes. When -- when  
22 something goes wrong in one of the areas of ours, John  
23 keeps time sheets and hourly sheets, and those equipment  
24 then are just allocated to, you know, us on an hourly  
25 basis or daily basis whenever we're used.

1 Q. Okay. I'm going to hand you -- and it's marked  
2 as Item No. 4, this was provided the other day. This is  
3 an agreement between -- I believe that's Ozark Shores  
4 (indicating).

5 MR. MARSHALL: That's the Lake Region.

6 MR. HARMS: Oh, that's Lake Region's?

7 MR. MARSHALL: Yeah.

8 BY MR. HARMS:

9 Q. Okay. Well, there's similar contracts between  
10 Ozark Shores and Lake Region, and it just shows that  
11 it's a \$1,500-a-month flat fee.

12 A. That could be. I don't -- I don't know.

13 Q. Okay.

14 A. I've got to admit, I am not that familiar with  
15 how the particulars really work.

16 Q. But you're the president of the Lake Region, and  
17 I believe that's your signature on it. Did you sign  
18 that as president or is that Roger Sallee (indicating)?

19 A. That's Roger Sallee.

20 Q. Okay. And John Summers is general manager?

21 A. That's right.

22 Q. Okay. I'm reading through the back. I can see  
23 it big, so --

24 A. You can have it back. I was just reading it  
25 'cause I wasn't sure what --



1 Q. Okay. All right. So you're not sure what the  
2 contract says?

3 A. No. No, I have --

4 Q. Okay. Do you know if there was any kind of board  
5 resolution to allow the general manager to execute this  
6 document on behalf of the Lake Region Water and Sewer?

7 A. I don't know if there was a resolution, but Vern  
8 and I have certainly given John authority to sign those  
9 kinds of documents.

10 Q. Okay.

11 A. It might have only been verbal, but we've given  
12 him that.

13 Q. Okay. And I'm going to hand you what was Item  
14 No. -- that was the Request No. 4.

15 MR. MARSHALL: Right. Right.

16 BY MR. HARMS:

17 Q. And as we look at this, this is the operating  
18 agreement for Lake Region Water and Sewer that was  
19 produced. Before we get in there, you might actually  
20 have your attorney or the attorney for Lake Region Water  
21 and Sewer make this agreement valid, because it actually  
22 expired the day before it was to become effective. If  
23 you look at the bottom, it expired on January 31, 2007  
24 and became effective on February 1st, 2007. So there  
25 appears to be a typo that you might want to have

1 somebody fix.

2 MR. SUMMERS: I know who that would be.

3 BY MR. HARMS:

4 Q. This is the contract that we talked about earlier  
5 as far as the -- as far as the monthly fee. There's  
6 \$17,900 paid from Lake Region Water to have the Water  
7 District operate its systems for it, or actually for the  
8 labor to operate Lake Region (indicating)?

9 A. Right.

10 Q. Do you have any idea how many hours are covered  
11 under this?

12 A. I have no idea.

13 Q. Okay. And this contract just appears to be a  
14 flat rate; is that correct?

15 A. There's a true-up provision at the end of the  
16 year. I understand that John keeps these records, and  
17 if this number is, I think, more than five percent one  
18 direction or the other, either party can ask for the  
19 reimbursement or the payments or whatever.

20 Q. Do you know if there's been any true-up on these?

21 A. I don't know.

22 Q. You don't know. Okay. Okay. And this is a  
23 one-year contract; is that correct?

24 A. Yes. Yes.

25 Q. And this is actually the most -- well, sort of

1 the most current?

2 **A. Yeah.**

3 Q. The most currently expired contract?

4 MR. MARSHALL: Let the record show that this  
5 counsel had nothing to do with drafting that contract.

6 MR. WILLIAMS: And will assess all blame,  
7 notwithstanding your lack of responsibility.

8 BY MR. HARMS:

9 Q. Okay. And one of the things I've been trying to  
10 gather at trial is who actually owns the system, and I  
11 think you covered that earlier. Lake Region Water owns  
12 the systems in its areas?

13 **A. Yes.**

14 Q. And then it's -- those systems are then operated  
15 by --

16 **A. The Water District.**

17 Q. -- the Water District?

18 **A. Correct.**

19 Q. Does Lake Region Water and Sewer own easements to  
20 have the water lines go in or are those in the name of  
21 another corporation?

22 **A. We hope we have enough easements, but you never**  
23 **have them all.**

24 Q. Okay. But -- but any easements you do have would  
25 be in Lake Region Water and Sewer?

1       **A. Yes.**

2       Q. Okay. And the water treatment plant you have,  
3 the real estate under it would also be --

4       **A. It's all Lake Region.**

5       Q. And the towers as well, the water towers?

6       **A. Yes.**

7       Q. Okay. We talked a little bit ago about the  
8 contract with City of Lake Ozark for the effluent. Do  
9 you take effluent in from any other areas or any other  
10 companies?

11       **A. I don't -- I don't believe so. But again --**  
12 **let's qualify that. I don't know, but I don't believe**  
13 **so.**

14       Q. Okay. All right. And we talked a minute ago  
15 about the Lake Region Water equipment rental agreement  
16 that was provided, and there's -- is it your  
17 understanding there's also one for Ozark Shores?

18       **A. Yes.**

19       Q. Ozark Shores rents equipment?

20       **A. Yes.**

21       Q. Okay. And I'm going to hand that to you, just  
22 to clear up the record on this. And it's also just  
23 a \$1,500-a-month flat fee?

24       **A. That's what this says.**

25       Q. All right. Is there -- was that also equipment

1 that was owned by Ozark Shores that was conveyed to the  
2 Water District?

3 **A. I'm sure it would have been.**

4 Q. Okay. You testified earlier that there -- you  
5 didn't actually testify. We were talking earlier about  
6 some of restrictions on water districts, who they can  
7 buy and what they can't buy and things like that.

8 **A. Yeah.**

9 Q. Is there anything to prohibit the Water District  
10 from purchasing Lake Region Water and Sewer or Ozark  
11 Shores --

12 **A. No.**

13 Q. -- to your knowledge?

14 **A. No.**

15 Q. Do you know if that's the plan?

16 **A. We've never formally discussed it with anybody,**  
17 **the Water District, you know.**

18 Q. Okay. Have you discussed it with your partners,  
19 with the Stumps?

20 **A. It would be something that if someone came along**  
21 **and made us a good offer, sure, we would sell.**

22 Q. Is that something that you've discussed with --

23 **A. Long range.**

24 Q. Long range?

25 **A. Long range.**

1 Q. Okay. That's another copy of the contract. And  
2 just for your information, the Ozark Shores contract for  
3 labor is also expired, so . . .

4 A. We have no laborers.

5 Q. Yeah, just to let you know that.

6 A. Let's see.

7 Q. It does the same thing. They -- somebody just  
8 changed the name on the top of it and it had exactly the  
9 same agreement in there. You testified a minute ago  
10 about the bond issue that you helped the Water District  
11 do for the \$3 million bond issue.

12 A. Correct.

13 Q. And you received two percent of that; is that  
14 correct?

15 A. Correct.

16 Q. There is an agreement, and actually we got two  
17 copies of it. I'm not sure why we got two copies of it,  
18 but you can have a copy and you can have a copy, because  
19 I've got two copies. It's a July 9th, 2004 -- or 2002,  
20 I don't remember. I just handed it to you, so I don't  
21 know.

22 MR. MARSHALL: 2002.

23 BY MR. HARMS:

24 Q. 2002. And that says that you're entitled to  
25 three percent of bond issues. Was there a separate

1 agreement for the \$3 million bond issue?

2 **A. No.**

3 MR. MARSHALL: This says not to exceed three  
4 (indicating).

5 BY MR. HARMS:

6 Q. That's what I'm saying, not to exceed  
7 three percent.

8 **A. We didn't feel it was enough time spent to exceed**  
9 **the two percent.**

10 Q. Okay. Did you have anything in writing between  
11 you and the Water District?

12 You just agreed?

13 **A. Yeah. That's the only document between the**  
14 **District and us.**

15 Q. Okay. And we're getting down to the end of the  
16 file, so . . .

17 MR. MARSHALL: Darn.

18 MR. HARMS: Huh?

19 MR. MARSHALL: I said darn.

20 BY MR. HARMS:

21 Q. And now I'm also looking at the contract for  
22 labor for the Meadows, which is also expired.

23 **A. Is it also 1,500?**

24 Q. No. It's actually only \$4,500 a month.

25 **A. Okay.**

1 Q. Or is it 45?

2 MR. SUMMERS: Yeah.

3 BY MR. HARMS:

4 Q. All right. Yeah. And is that the most recent  
5 one (indicating)?

6 Yeah, because that became effective February 1st  
7 and expired January 31st. Okay. So that's -- that  
8 actually went down from the previous years. Do you have  
9 any reason why?

10 A. No, I have no idea.

11 Q. You have no idea?

12 A. I have no idea.

13 Q. Have you seen any of these documents before  
14 (indicating)?

15 A. Very vaguely.

16 Q. So you might have just got a pile of stuff and --

17 A. Flipped through them.

18 Q. Okay.

19 A. I sign what John tells me to sign.

20 Q. Okay. All right. And I'm going to put you on  
21 the spot just a little bit, because you're here, just  
22 because I can. During the proceedings in this matter,  
23 Mr. Summers testified that he had actually considered  
24 having the water -- having Lake Region Water and Sewer  
25 install the fire plugs. There was some consideration of



1 Lake Region Water doing that and it was decided that you  
2 didn't want to, and that's been your testimony here  
3 today.

4 **A. Yes.**

5 Q. Was there any direction for John to make any  
6 determination like that or --

7 **A. No.**

8 Q. -- did John tell you -- did he help you make your  
9 determination or did you help him make his  
10 determination?

11 **A. We just said no.**

12 Q. Okay. So you and Sally --

13 **A. Quick.**

14 Q. Okay. All right. Okay. Has the Water  
15 District -- and I think we started down this and we kind  
16 of got into the objection a little bit, and I'm not sure  
17 if I just don't remember the answer or whether it was  
18 answered. Has the Water District asked you to help with  
19 any funding proposals or plans for funding with regard  
20 to water or sewer services?

21 **A. No.**

22 Q. Okay. Okay. And that's -- yeah.

23 MR. MARSHALL: I just want him to wait until you  
24 finish the question. That's why.

25 BY MR. HARMS:

1 Q. Okay. And like I said, I wanted to make sure  
2 that I had some idea of that.

3 A. Yes.

4 Q. Are you -- what type of funding can a water  
5 district get? I mean, if a water district wants to  
6 build something, what are the mechanisms allowed to them  
7 to --

8 A. It can vote a revenue bond. Our water district  
9 does not have general obligation powers. It was formed  
10 without the ability to issue general obligation debt.  
11 So with that is not an avenue to us. It can issue  
12 leases or what they call certificates of participation.  
13 Where it's an annual lease that today is very -- is  
14 recognized and accepted very equivalent to bonds.  
15 There's hardly any interest rate differential.

16 There are grants to certain low income areas, you  
17 know, if you have -- if you qualify for a loan, general,  
18 you know, medium income. The old Farmer's Home  
19 Administration, which is no longer Farmer's Home, but I  
20 believe they still fund some water district  
21 construction. Again, I think they limit pretty well to  
22 areas that sort of can't afford it anymore. It's hard  
23 to get regular money from them. And that's basically  
24 it. But that's sort of the same thing available to  
25 cities.

1 Q. Okay. Have you done any -- have you seen the  
2 proposed annex area in this (indicating)?

3 I think there was some testimony earlier that you  
4 didn't help set the boundaries. But are you --

5 **A. I've seen it, yes.**

6 Q. You've seen it. Okay. Are you familiar with  
7 that area at all?

8 **A. Vaguely, just very generalized.**

9 Q. Okay. But you haven't done any kind of studies  
10 to see which funding mechanism would be -- which funding  
11 mechanism would be the most appropriate or --

12 **A. No.**

13 MR. HARMS: Okay. Okay. Okay. I don't think I  
14 have any further questions.

15 MR. WILLIAMS: Mr. Schwermann, you have certain  
16 rights with respect to the transcript of this matter,  
17 although given the short time frame in which it must be  
18 prepared, you probably don't have as many rights as you  
19 otherwise would have. One of them is the right to have  
20 the court reporter present you with her certified copy  
21 of the transcript. That's called a right of  
22 presentment. Typically that is waived in depositions  
23 and the transcript is simply furnished.

24 In this instance, because we have court again on  
25 Friday, the court reporter is going to prepare a

1 transcript. You have the right to read and sign that  
2 transcript. I would ask that you waive it because of  
3 the short time frame involved, unless you want to read  
4 and sign it Friday morning at the courthouse.

5 MR. HARMS: The purpose is mainly in case you  
6 think she's made some mistakes in what you've said.  
7 That's the reason to read it and sign it.

8 THE WITNESS: I have no objection to waiving it.

9 (SIGNATURE WAIVED.)  
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## C E R T I F I C A T E

STATE OF MISSOURI       )  
                                  ) SS.  
COUNTY OF COLE       )


I, Jennifer Renee Johnson, Certified Court Reporter  
No. 1041, Capital City Court Reporting, 210 East High  
Street, Suite 110, Jefferson City, Missouri 65101, do  
hereby certify that pursuant to notice, there appeared  
before me,

ROBERT P. SCHWERMANN,

at the law offices of Gregory D. Williams, 16533 North  
State Highway 5, in the City of Sunrise Beach, County of  
Camden, State of Missouri, on the 12th day of  
September 2007, who was first duly sworn to testify to  
the whole truth of his knowledge concerning the matter  
in controversy aforesaid; that he was examined and his  
examination was then and there written in machine  
shorthand by me and afterwards typed under my  
supervision, and is fully and correctly set forth in the  
foregoing pages; and that the witness and all counsel  
waived the reading and signing of this deposition in my  
presence.

I further certify that I am neither attorney or counsel  
for, nor related to, nor employed by, any of the parties  
to this action in which this deposition is taken; and  
further, that I am not a relative or employee of any  
attorney or counsel employed by the parties hereto, or  
financially interested in this action.

Given at my office in the City of Jefferson, State of  
Missouri, this 13th day of September 2007.

  
\_\_\_\_\_  
Jennifer R. Johnson  
Certified Court Reporter No. 1041  
Notary Public within and  
for Cole County of Missouri

COURT MEMO  
IN THE CIRCUIT COURT OF CAMDEN COUNTY  
STATE OF MISSOURI

CAMDEN COUNTY PUBLIC WATER )  
SUPPLY DISTRICT NO. 4, )  
RONALD MASSIE, GAYLE )  
REPETTO, HARRELL DRYDEN, )  
ROGER SALLEE and RANDY )  
THOMPSON, )

Board of Directors, )

Cause No. 07CM-CC00013

vs. )

JUDITH NELSON, CURTIS MORGAN, )  
DONALD BROHM, ROBERT WHITTEN, )  
NANCY CASON, M.R. BECKER, )  
and JAMES D. CAVEN, )

Voter/Landowner )  
Petitioners. )

CERTIFICATE OF OFFICER & STATEMENT OF COSTS

Rule 57.03 (g) (2) (a) & Section 492.590 RSMo 1985

Transcript of Deposition of ROBERT P. SCHWERMANN  
September 12, 2007

Name & address of person or firm having custody of the  
original transcript: GREGORY D. WILLIAMS, 16533 North  
State Highway 5, Sunrise Beach, Missouri 65079:

TAXED IN FAVOR OF: The City Of Lake Ozark, represented  
by GERARD "JAY" HARMS: Copy of transcript,

Total.....\$ 148.50

TAXED IN FAVOR OF: The City Of Sunrise Beach,  
represented by GREGORY D. WILLIAMS: Attendance,  
original & copy of transcript,

Total.....\$ 580.00

TAXED IN FAVOR OF: The Camden County Public Water  
Supply District No. 4, represented by LARRY R. MARSHALL  
copy of transcript,

Total.....\$ 148.50

Upon delivery of transcript, the above charges had not  
yet been paid. It is anticipated that all charges will  
be paid in the normal course of business.

JENNIFER JOHNSON

Certified Court Reporter No. 1041

CAPITAL CITY COURT REPORTING

210 East High Street

Jefferson City, Missouri 65102

(573) 761-4350 or at the Lake (573) 365-5226

IN AFFIRMATION THEREOF, I have hereunto set my hand and  
seal on this 13th day of September 2007.



JENNIFER JOHNSON

Certified Court Reporter No. 1041

CAPITAL CITY COURT REPORTING

CAPITAL CITY COURT REPORTING

COLUMBIA 573-445-4142 JEFF CITY 573-761-4350 The LAKE 573-365-5226

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