

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

FEB 13 2018

Missouri Public
Service Commission

DERALD MORGAN, RICK AND CINDY)
GRAVER, WILLIAM AND GLORIA PHIPPS,)
and DAVID LOTT,)

Complainants,)

v.)

File No. WC-2017-0037

CARL RICHARD MILLS,)
CARRIAGE OAKS ESTATES,)
DISTINCTIVE DESIGNS, and)
CARING AMERICANS TRUST)
FOUNDATION, INC. (f/k/a Caring)
Americans Foundation, Inc.), CARRIAGE)
OAKS NOT-FOR-PROFIT WATER AND)
SEWER CORPORATION)

Respondents.)

Respondents' Exhibits
for
2/6/2018 Hearing

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Exhibit No.:
Issue: Transfer of Water and Sewer Systems
Witness: Carl Richard Mills
Sponsoring Party: Respondents
Type of Exhibit: Rebuttal Testimony
Case No.: WC-2017-0345
Date Prepared: January 10, 2018

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REBUTTAL TESTIMONY OF CARL RICHARD MILLS ON BEHALF OF
RESPONDENTS

Springfield, Missouri
January 10, 2018

Exhibit No. 24
Date 2/6/18 Reporter ML
File No. WC-2017-0037



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3 **REBUTTAL TESTIMONY OF CARL RICHARD MILLS**
4

5 *Introductions and Witness Qualifications*

6 **Q: Please state your name.**

7 My name is Carl Richard Mills.

8 **Q: Please provide a summary of your professional experience.**

9 I am the former owner and founder of Chicago Fluid Power Corporation, a company which
10 specialized in designing actuators and other power fluid mechanisms for municipal projects,
11 nuclear and non-nuclear power stations, refineries, defense projects, offshore oil and gas, and
12 dams, water control, and wastewater projects all across the world. Prior to starting my company,
13 I served in the military and taught fluid power mechanics. In 1990, I sold my company and
14 eventually moved back to the Ozarks to retire.

15 **Q: Where do you currently reside?**

16 I current reside at 209 Falling Leaf Court, Branson West, MO 65737

17 **Q: How long have you resided there?**

18 I have resided at my current address since 1999.

19 **Q: What is your relationship to the Respondents in this case?**

20 I am the President of Carriage Oaks Estates Homeowners Association. Distinctive Designs is a
21 fictitious name used by my company Mills Properties Group, Ltd., which is the Developer of
22 Carriage Oaks Estates. I am also the founder and president of Caring Americans Trust
23 Foundation, Inc. and Carriage Oaks Not-for-Profit Water and Sewer Corporation.

24 **Q: Please provide a brief background and general overview of the function of Carriage**
25 **Oaks Estates.**

1 Carriage Oaks Estates is a residential subdivision located in Stone County, Missouri.

2 **Q: Please provide a brief background and general overview of the function of Caring**
3 **Americans Trust Foundation, Inc.**

4 Caring Americans Trust Foundation, Inc. (formerly known as a Caring Americans Foundation,
5 Inc.), is a Missouri Nonprofit Corporation. I founded Caring Americans Trust Foundation, Inc.
6 on September 11, 2012 with the overall goal of supporting other charitable organizations and
7 events which are targeted at helping those less fortunate.

8 **Q: Please provide a brief background and general overview of the function of Carriage**
9 **Oaks Not-For-Profit Water and Sewer Corporation.**

10 Carriage Oaks Not-for-Profit Water and Sewer Corporation is a Missouri Nonprofit Water and
11 Sewer Corporation formed under Sections 393.825 and 393.954 *RSMo* on January 18, 2017.

12 **Q: Do you know the Complainants in this case?**

13 Yes.

14 **Q: How do you know them?**

15 The Complainants are homeowners in Carriage Oaks Estates.

16 *Carriage Oaks Estates*

17 **Q: When was Carriage Oaks Estates established?**

18 Carriage Oaks Estates was established in 2001.

19 **Q: How many total lots are in Carriage Oaks Estates?**

20 When all three phases of development are complete, there will be approximately 53 lots.

21 **Q: How many of those lots have been developed?**

22 Seven lots are currently developed.

23 **Q: Is Carriage Oaks Estates subject to any Easements, Covenants, and Restrictions?**

1 Yes, each lot in Carriage Oaks Estates is subject to those certain Easements, Covenants and
2 Restrictions filed with the Stone County Recorder of Deeds on June 1, 2001.

3 **Q: How is Carriage Oaks Estates managed?**

4 Carriage Oaks Estates is managed by Carriage Oaks Estates Homeowners Association, a
5 Missouri nonprofit corporation.

6 **Q: Please describe the structure of Carriage Oaks Estates Homeowners Association,
7 including membership and voting rights, if applicable.**

8 Pursuant to the Bylaws and Articles of Incorporation of Carriage Oaks Estates Homeowners,
9 each person or entity who owns a lot in Carriage Oaks Estates shall be a member of the
10 Association. Membership is divided into two classes: Class A Membership and Class B
11 Membership. Class A Members is composed of all lot owners (except the Developer/Owner) and
12 is entitled to one vote per lot. Class B Membership is limited to the Developer and its assigns
13 and is entitled to ten votes per lot. Because I, as the Developer, still own the majority of the lots,
14 I hold the majority of the votes. As the remaining lots are sold, my voting power will also
15 subside.

16 *Water and Sewer Systems*

17 **Q: Does Carriage Oaks Estate have its own water and sewer facility?**

18 Yes, Carriage Oaks Estates has its own water and sewer facility.

19 **Q: Who currently owns the water and sewer facilities?**

20 The water and sewer facilities are currently owned by Carriage Oaks Not-for-Profit Water and
21 Sewer Corporation.

22 **Q: How long has Carriage Oaks Not-For-Profit owned the water and sewer facilities?**

1 The water and sewer facilities were transferred to Carriage Oaks Not-for-Profit on January 27,
2 2017.

3 **Q: Who owned the water and sewer facilities prior to Carriage Oaks Not-For-Profit?**

4 The water and sewer facilities were originally owned by my trust. In 2016, both the water and
5 sewer facilities were transferred to Caring Americans Trust Foundation, Inc.

6 **Q: What prompted these transfers of ownership?**

7 The original transfer from my trust to Caring Americans was merely for estate planning
8 purposes. I am a 77 year old widower. Upon my demise, I wanted to ensure there was an entity
9 in place which would properly care for and maintain the wastewater and sewer systems. Caring
10 Americans seemed like the perfect entity to hold such facilities. In addition to receiving all of my
11 lots in Carriage Oaks Estates upon my death, Caring Americans also has a board member who
12 has received special certification and training from the Missouri Department of Natural
13 Resources on the operation of wastewater facilities. The transfer from Caring Americans to
14 Carriage Oaks Not-for-Profit was at the suggestion of the PSC staff in an effort to accommodate
15 the Complainants.

16 **Q: Who currently manages the water and sewer facilities?**

17 The water and sewer facilities are currently managed by Carriage Oaks Not-For-Profit.

18 **Q: Who previously managed the water and sewer facilities?**

19 Distinctive Designs previously managed the water and sewer facilities.

20 **Q: Does Carriage Oaks Not-For-Profit Water and Sewer Corporation charge a fee for the**
21 **management and maintenance of the water and sewer facilities?**

1 Yes, Carriage Oaks Not-For-Profit charges a flat fee of \$6,450 per year for its management and
2 maintenance of the water and sewer facility; \$4,200 of such fee is for the management of the
3 water and sewer facility and \$2,250 is for the maintenance of the water and sewer facility.

4 **Q: Did Distinctive Designs charge a fee for the management and maintenance of the water
5 and sewer facilities?**

6 Yes, Distinctive Designs began charging a flat fee of \$6,450 per year for the management and
7 maintenance of the water and sewer facilities beginning in in 2014.

8 **Q: How did Distinctive Designs and Carriage Oaks Not-for-Profit Water and Sewer
9 Corporation calculate the fee for management and maintenance?**

10 Prior to charging for their services in 2014, Distinctive Designs met with local competitor White
11 River Valley (predecessor to Ozarks Clean Water) to determine what they would charge for their
12 water and maintenance services. White River Valley quoted Distinctive Designs a total of \$75
13 per hour for maintenance and \$4,704 for management of the water and sewer system. Distinctive
14 Designs based their quote for services on the quote from White River Valley.

15 **Q: What prompted Distinctive Designs to begin billing for management and maintenance
16 in 2014?**

17 Prior to 2014, Distinctive Designs had provided the management and maintenance to the
18 homeowners at no cost. The only expenses homeowners were charged were for the
19 reimbursement of chemicals and testing related to the water and sewer facilities. In 2014, I
20 expended \$40,000 to upgrade the water and sewer systems at the verbal promise of homeowners
21 to pay for such upgrades. Despite such promise, after the upgrades were already installed, the
22 homeowners proclaimed that they refused to pay for the upgrades. After such enormous out of

1 pocket expense, I determined that it would no longer be financially feasible for me to "donate"
2 my time and effort in managing and maintaining the water and sewer systems.

3 **Q: How are the fees for management and maintenance charged?**

4 Each year Distinctive Designs (and subsequently Carriage Oaks Not-For-Profit for the year of
5 2017) invoice Carriage Oaks Homeowners Association for their yearly fee. Carriage Oaks
6 Homeowners Association subsequently passes the cost onto the homeowners in their yearly
7 assessment.

8 **Q: Did Caring Americans (or any previous owners) operate the water and sewer facilities
9 for a gain?**

10 No, Caring Americans nor any previous owner never profited from the water and sewer facilities.
11 In fact, Caring Americans nor any of the previous owners never received any payments for such
12 services directly from the Complainants as all invoices were sent directly from Distinctive
13 Designs to Carriage Oaks Homeowners Association. Additionally, even if one were to take all
14 of the Respondents in totality, the operation of the water and sewer facilities were never
15 profitable and the amount of additional expenditures (including the \$40,000 upgrade) far exceeds
16 any revenue received from the homeowners.

17 *Carriage Oaks Not-For-Profit Water and Sewer Corporation*

18 **Q: Who serves on the Board of Directors of Carriage Oaks Not-for-Profit?**

19 The Board of Directors of Carriage Oaks Not-for-Profit is composed of myself, Dr. Marian
20 Stewart, Joseph R. Mills, Robert Sykes, and Donald B. Mills. All of the members of the Board
21 of Directors own property within Carriage Oaks Estates.

22 **Q: Has Carriage Oaks Not-for-Profit adopted a set of Bylaws?**

23 Yes.

1 **Q: Have these Bylaws been adopted by the Board of Directors of Carriage Oaks Not-for-**
2 **Profit?**

3 Yes.

4 **Q: Is the document attached hereto as Exhibit A a true and accurate depiction of the**
5 **Bylaws approved by the Board of Directors of Carriage Oaks Not-for-Profit?**

6 Yes.

7 **Q: Pursuant to the Bylaws, who are the members of Carriage Oaks Not-for-Profit?**

8 Under Article II, Section 3 of the Bylaws, membership is limited to property owners and
9 customers located within the specific geographic area served by Carriage Oaks Not-for-Profit.

10 **Q: What is the Geographic Service Area of Carriage Oaks Not-for-Profit?**

11 Pursuant to Exhibit A of the Bylaws, the Geographic Service Area is narrowly tailored to reflect
12 only Carriage Oaks Estates. Therefore, Carriage Oaks Not-for-Profit only has the authority to
13 provide services to Carriage Oaks Estates.

14 **Q: Are individuals who do not own land inside Carriage Oaks Estates entitled to be a**
15 **member of Carriage Oaks Not-for-Profit?**

16 No.

17 **Q: Have Complainants' ever previously voiced their concern about being a member of**
18 **Carriage Oaks Not-for-Profit?**

19 When Carriage Oaks Not-for-Profit was first created, Complainants never voiced their objection
20 to being a member. In fact, it wasn't until a filing with the PSC in November 2017, nearly 11
21 months after Carriage Oaks Not-for-Profit was formed, that I first became aware of the
22 Complainants' objections to being a member in such organization.

1 **Q: Pursuant to the Bylaws, please describe the voting procedure for Carriage Oaks Not-**
2 **For-Profit members?**

3 Pursuant to Section 2, each owner of property that is or will receive water or sewer services from
4 Carriage Oaks Not-for-Profit is entitled to one membership interest and one vote. Members may
5 have more than one membership and interest. As such, the system is laid out in such a manner to
6 allow for one vote per lot.

7 **Q: Please explain the intent behind structuring the voting in such a manner.**

8 The system is set out to allow voting to be equivocal to the ownership structure of the lots in
9 Carriage Oaks Estates. As is only equitable, individuals owning more lots have more votes.
10 Because I, as the developer, currently own the majority of the lots, I have a majority of the votes.
11 As the remainders of my lots are sold, my voting power will diminish accordingly. This concept
12 is not unique to Carriage Oaks Estates Not-For-Profit and is in fact modeled after a similar Not-
13 for-Profit Water and Sewer Corporation in Missouri.

14 **Q: Were these Bylaws of Carriage Oaks NFP previously submitted to Missouri Department**
15 **of Natural Resources in compliance with Section 393.825 and 393.900 RSMO?**

16 Yes.

17 **Q: Is the document attached hereto as Exhibit B a true and accurate depiction of the letter**
18 **you received from the Missouri Department of Natural Resources?**

19 Yes.

20 **Q: What does the letter set forth in Exhibit B state about the Missouri Department of**
21 **Natural Resources' review of the Bylaws?**

22 In sum, this letter states that the Articles of Incorporation and Bylaws of Carriage Oaks Not-for-
23 Profit are both in compliance with all statutory requirements.

1 *Relationship with Complainants*

2 **Q: What attempts, if any, have you made to listen to and accommodate the Complainants'**
3 **demands and request?**

4 I have made multiple attempts to listen to the concerns and demands of the Complainants, but
5 have been met with no success. Most recently, in August 2017 at the annual Carriage Oaks
6 Homeowners Association meeting, the Complainants stated that all they wanted was for an
7 independent third party to manage and maintain the water and sewer systems. After such
8 meeting, I immediately sought a quote for management and maintenance from Ozarks Clean
9 Water and passed this quote along all homeowners of Carriage Oaks Estates, including the
10 Complainants. Not a single homeowner voted in favor of transferring the management and
11 maintenance of the water and sewer system to Ozarks Clean Water, despite their previous
12 demand.

13 **Q: Have the Complainants ever made any allegations about the Respondents provision of**
14 **water and sewer services, such as high fees or poor quality?**

15 No, Complainants have never alleged, neither verbally or through the filings with the PSC, that
16 the prices charged by an entity under my control are too expensive or that the quantity of
17 services and/or water quality are poor. Complainants only allegation is that they fear that I could
18 be abusive. Complainants have only cited one instance of alleged abuse, which actually related
19 to a homeowner's failure to follow the developer's rules and regulations and was not related to
20 the administration of water and sewer services.

21 **Q: Is there anything else that you want to Public Service Commission to know about this**
22 **matter that may not have been previously set forth in the testimony or prior filings?**

1 This dispute has torn our subdivision apart, destroying what use to be a peaceful, friendly
2 neighborhood and has ended many friendships. This dispute has prevented new homeowners
3 from building. I pray that the PSC will put an end to this madness and provide fair and equitable
4 relief to the Respondents by dismissing this claim.

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Americans Foundation, Inc.), CARRIAGE
OAKS NOT-FOR-PROFIT WATER AND
SEWER CORPORATION

Respondents.

AFFIDAVIT OF CARL RICHARD MILLS

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

Carl Richard Mills, being first duly sworn on his oath, states as follows:

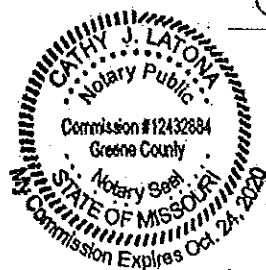
1. My name is Carl Richard Mills. I am a Respondent in the above-reference matter. I am over 18 years of age and competent to give testimony.
2. Attached hereto and made a part of for all purposes is my Rebuttal Testimony on behalf of Respondents consisting of 10 pages, Exhibit(s) A & B, all of which have been prepared in written form for introduction into evidence in the above reference docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Carl Richard Mills

Subscribed and sworn to me this 10th day of January, 2018.

Notary Public

My commission expires:
10-24-2020



CARRIAGE OAKS NOT-FOR-PROFIT WATER AND SEWER CORPORATION

Bylaws

Article I: Name and Office

Section 1. Name. The name of the corporation shall be Carriage Oaks Not- For-Profit Water and Sewer Corporation (the "*Corporation*").

Section 2. Principal and Registered Office. The principal office of the Corporation in the state of Missouri shall be located at 209 Falling Leaf Ct, Branson West, MO 65737. The registered office of the Corporation shall be the same as the principal office.

Article II: Members

Section 1. Members. The Corporation shall have members (each a "*Member*", collectively the "*Members*"). Members shall be comprised to include each person or entity owning property that is or will receive water and sewer services and is located within the geographic area to be served by the Corporation's water and sewer systems.

Section 2. Membership Interest. Each owner of property that is or will receive a water and or sewer service connection within the geographic area to be served by the Corporation's water and sewer system shall be entitled to one membership interest (a "*Membership Interest*") and one vote for the election of Directors (as defined herein). A Member may have more than one Membership Interest.

Section 3. Membership Restrictions. Members shall be limited to the property owners and customers located within the specific geographic area designated to be served by the Corporation. In the case of a Member that is a corporation, its agent, officer, or designee shall represent the customer as Member. In the case of multiple owners, only one owner may vote and votes may not be divided into fractional interests.

Section 4. Geographic Service Area. The Geographic Service Area served by the Corporation is identified and attached hereto as Exhibit "A."

Section 5. Members' Rights. The Members shall have the right to vote for the election of Directors and to amend these bylaws or the articles of incorporation of the Corporation and shall have such other rights as required by Chapter 393.825 to 393.861 and Chapter 393.900 to 393.945 RSMo. Members may also be entitled to dividends or proceeds in liquidation. The Members shall have no authority, acting alone, to govern or bind the Corporation to any transaction and shall not be liable for the debts or obligations of the Corporation. A Member's rights shall not be transferable. Membership in the Corporation shall cease when a Member is no longer a user or potential user of the services of the Corporation. New members shall be added as they become users and/or property owners within the geographic area served by the Corporation.



Section 6. Meetings. The annual meeting of the Members shall be held on the second Saturday of each February at 2:00pm or such other time as the Directors may agree (the "*Annual Meeting*"). Special meetings of the Members may be called by any three Directors, by not less than Members holding ten percent (10%) of the total Membership Interest, or by the President ("*Special Meeting*"; together with Annual Meetings, "*Meeting*"). A Meeting shall be held at such location as is specified by the Directors. Members holding two percent (2%) of the total Membership Interest shall constitute a quorum for the transaction of the Corporation business at a Meeting. Written or printed notice stating the time and place of any Meeting, and in the case of a Special Meeting, the purpose or purposes for which the Meeting is called, shall be given to each Member either personally or by mail, not less than ten (10) nor more than twenty-five (25) days before the date of the Special Meeting.

Section 7. Proxies. A Member may grant a proxy with respect to any matter for vote at any particular Meeting. A valid proxy must be signed and dated by the Member and shall be valid for one (1) month from the date of signature or until revoked in writing by notice sent to the Secretary of the Corporation. All proxies must be filed with the Secretary of the Corporation at or prior to the Meeting and shall be retained by the Secretary. Proxies may be mailed to the Secretary or principal office of the Corporation prior to the Meeting and may appoint a particular person or the President of the Corporation as proxy for all purposes and matters to come before the Meeting. Proxies may be limited or specific.

ARTICLE III: Board of Directors

Section 1. General Powers. The property and business of the Corporation shall be managed under the direction of the Board of Directors of the Corporation ("*Directors*"). This shall include, but not be limited to, all matters necessary for the acquisition, construction and operation of wastewater and well water facilities and connections in the designated service area, including the establishment of such area and the setting of rates and the like in connection therewith, or the entering of contracts with other corporations, municipalities, individuals, or other business entities to provide any services needed by the Corporation, including but not limited to management or operation services.

Section 2. Number. The number of Directors shall be not less than five (5) nor more than eleven (11). There shall be five (5) initial Directors, the names of whom are listed in the articles of incorporation. The future number shall be designated from time to time by resolution adopted at any Meeting.

Section 3. Term of Office. The Directors shall serve for a period of three (3) years. The Directors shall serve on staggered terms so that approximately one third of the Directors shall be elected at each Annual Meeting to serve for three years. At the first Meeting, one (1) Director shall be elected for a one (1) year term, two (2) Directors shall be elected for a two (2) year term and two (2) shall be elected for a three (3) year term.

Section 4. Election. Directors shall be elected by the Members at each Annual Meeting to fill those positions of the Directors scheduled to expire. A slate of candidate Member(s) for each Director position shall be submitted by the Directors and nominations shall be accepted from the

floor at the Annual Meeting. Any Member may serve as a Director, including any corporation, partnership, limited liability Corporation, or other business entity provided such entity shall designate a representative to cast all votes and discharge other board member obligations. Those candidate Member(s) receiving the most votes (plurality) shall fill the open positions. There is no limit to the number of terms a Director may serve, nor shall there be any restriction upon being reelected.

Section 5. Removal. Any Director may be removed from office with or without cause by the affirmative vote of three-fourths of the Members present at any Meeting called for such purpose. A Director may be removed for cause by a majority vote of the Directors. The term "cause" shall include the conviction of any felony or any fraud, theft, embezzlement or intentional harm directed at the Corporation.

Section 6. Filling - Vacancies. In the case of any vacancy in Directors through death, resignation, disqualification, removal or other cause, the remaining Directors, by affirmative vote of the majority thereof, may elect a successor to hold office for the unexpired portion of the term of the Director whose place shall be vacant, and until the election of his successor, or until he shall be removed, prior thereto, by an affirmative vote of at least three fourths of the Directors.

Section 7. Annual Meetings. The annual meeting of the Directors shall be held immediately following the Annual Meeting of the Members ("*Director's Annual Meeting*").

Section 8. Regular Meetings. Regular meetings of the Directors may be held without notice at such time and place as shall from time to time be determined by resolution of the Board ("*Director's Regular Meeting*"), provided that notice of every resolution of the Directors fixing or changing the time or place for the holding of the Director's Regular Meeting shall be mailed to each Director at least ten (10) days before the first meeting held pursuant thereto. Any business may be transacted at the Director's Regular Meeting.

Section 9. Special Meetings. Special meetings of the Directors shall be held whenever called by any Director ("*Director's Special Meetings*"; together with Director's Annual Meetings, Director's Regular Meetings, "*Director's Meetings*"). The Secretary shall give notice of each Director's Special Meeting by mailing the same at least ten (10) days prior to the meeting or by telegraphing the same at least five (5) days before the meeting, to each Director; but such notice may be waived by any Director. Director's Special Meetings shall specify an agenda and no other business may be taken up at a Director's Special Meeting unless all Directors present at the meeting consent to taking up such item. Immediately following the Director's Special Meeting, any items taken up which were not on the agenda must be specifically communicated to all Directors who were absent. Any Director absent shall have two (2) days from the receipt of such notice to file an objection, and if such objection is filed, then such action shall be held in abeyance pending a Director's Special Meeting specifically called for the reconsideration of such item. The Secretary, upon receipt of any such objection, shall call such Director's Special Meeting by not less than five (5) days written notice to all Directors specifying the matter to be reconsidered. Notwithstanding the foregoing, any action to (a) amend the articles of incorporation; (b) amend these bylaws; or (c) remove a Director, may not be taken up at a Director's Meetings or Meetings unless specifically set forth in the agenda and notice of the

meeting. The provisions of this paragraph may, as with any other matter pertaining to notice herein, be waived by the unanimous written consent of all Directors.

Section 10. Quorum. One-half (1/2) of the total number of Directors shall constitute a quorum for the transaction of business at all Director's Meetings, but, if at any Director's Meeting less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present at any Director's Meeting at which there is a quorum shall be the act of the Directors, except as may be otherwise specifically provided by law or by the articles of incorporation or by these bylaws.

Section 11. Meetings of Directors. If all of the Directors entitled to vote shall meet at any place, either within or outside the State of Missouri, and consent to the holding of a Director's Meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 12. Action without Meeting by Written Consents. Any action required to be taken at a Director's Meeting may be taken without a meeting when consents in writing setting forth the action so taken shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consents shall have the same force and effect as the unanimous vote of the Directors at a Director's Meeting duly held. The Secretary shall file such consents with the minutes of the meetings of the Directors.

Section 13. Conference Call. Any Director may request to participate in a Director's Meeting by conference call or other means of communication whereby each Director can hear the others. Each Director so participating shall be considered present at the meeting.

Section 14. Required Vote. Except as otherwise set forth herein, affirmative vote of a majority of the Directors present shall be necessary for the passage of any resolution. A unanimous vote of all Directors shall be required however for the passage of any resolution regarding:

- (a) Rate increases or decreases;
- (b) Sale of any item of property valued in excess of \$10,000.00;
- (c) The entry into any contract which cannot be performed within one (1) year or which requires the expenditure by the Corporation of in excess of \$10,000.00.

Section 15. Compensation of Directors. Directors shall not receive any payment for their services as such.

ARTICLE IV: Officers

Section 1. Election. The officers of the Corporation shall be a President, a Secretary, and a Treasurer, and/or one or more Vice Presidents and/or one or more assistants to the foregoing officers as the Directors from time to time may consider necessary for the proper conduct of the business of the Corporation (the "Officers"). The Officers shall be elected annually by the

Directors at its Annual Director's Meeting except where a longer term is expressly provided in an employment contract duly authorized and approved by the Directors.

Section 2. Limitations. The President and Vice President shall be a Director and the other Officers may, but need not be, Directors. Any two or more of the above Officers, except those of President and Secretary, may be held by the same person, but no Officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law or by these bylaws to be executed, acknowledged or verified by any two or more Officers.

Section 3. Compensation. The compensation or salary paid to all Officers shall be fixed by resolution adopted by the Directors.

Section 4. Removal. Except where otherwise expressly provided in a contract duly authorized by the Directors, all Officers shall be subject to removal at any time by the affirmative vote of a majority of the whole Directors, and all Officers, agents, and employees shall hold office at the discretion of the Directors or of the Officers appointing them.

Section 5. Vacancies. In the event that any Officer other than an Officer required by law, shall not be filled by the Directors, or, once filled, subsequently becomes vacant, then such Officer and all references thereto in these bylaws shall be deemed inoperative unless and until such Officer is appointed in accordance with the provisions of these bylaws.

Section 6. Powers and Duties of the President. The president of the Corporation ("*President*") shall be the chief executive officer of the Corporation and shall have general charge and control of all its business affairs and properties. He or she shall preside at all Meetings. The President may sign and execute all authorized bonds, contracts or other obligations in the name of the Corporation. He or she shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation. The President shall be ex officio member of all the standing committees. He or she shall do and perform such other duties as may, from time to time, be assigned to him or her by the Directors. Notwithstanding anything contained herein to the contrary, unless it is previously approved by resolution of the Directors or set forth as a specific item in an annual budget approved by the Directors, neither the President, nor any other Officer, may sign any document or contract, which binds the Corporation nor enter into any contract binding the Corporation to do one or more of the following:

- (a) Purchase or lease any real estate;
- (b) Enter into any agreement which is not cancelable on 30 days or less notice and which obligates the Corporation to pay more than \$1,000 per month, excluding phone and any and all utilities;
- (c) Requires the Corporation to pay more than \$8,000 cumulatively or \$2,000 at any one time, except for inventory and service supply agreements which otherwise meet the requirements of paragraph (b) above;

- (d) Purchase any capital asset costing more than \$ 5,000;
- (e) Pledges or encumbers any of the Corporation's assets;
- (f) Binds the Corporation to any employment agreement not terminable at will;
- (g) Cancels or terminates any agreement, prior to the scheduled termination, which falls within the above classifications or which was specifically authorized and directed to be entered into by Directors at such agreement's inception;
- (h) Institutes or directs the filing of any lawsuit.

Section 7. Powers and Duties of the Vice President. The Directors may, but need not appoint one or more vice presidents ("*Vice President*"). Each Vice President (unless otherwise provided by resolution of the Directors) may sign and execute all authorized bonds, contracts, or other obligations in the name of the Corporation. Each Vice President shall have such other powers and shall perform such other duties as may be assigned to him by the Directors or by the President. In case of the absence or disability of the President, the duties of that office shall be performed by the Vice President, and if there are more than one, then the Executive Vice President and such successors in authority as may be set forth in the resolution appointing him or her. The taking of any action by any such Vice President in the place of the President shall be conclusive evidence of the absence or disability of the President.

Section 8. Secretary. The Directors shall appoint a secretary of the Corporation (the "*Secretary*"). The Secretary shall give, or cause to be given, notice of all meetings of the Directors and all other notices required by law or by these bylaws, and in case of his or her absence or refusal or neglect to do so, any such notice may be given by any person thereunto directed by the President, or by the Directors upon whose written request the meeting is called as provided in these bylaws. The Secretary shall record all the proceedings of the meetings of the Directors in books provided for that purpose, and he or she shall perform such other duties as may be assigned to him or her by the Directors or the President. In general, the Secretary shall perform all the duties generally incident to the office of Secretary, subject to the control of the Directors and the President.

Section 9. Treasurer. The Directors shall appoint a treasurer of the Corporation (the "*Treasurer*"). The Treasurer shall have custody of all the funds and securities of the Corporation, and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He or she shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depository or depositories as may be designated by the Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Directors, taking proper account for such disbursements. He or she shall render to the President and the Directors, whenever either of them so requests, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall give the Corporation a bond, if required by the Directors, in a sum, and with one or more sureties, satisfactory to the Directors, for the faithful performance of the duties of the office and for the

restoration to the Corporation in case of his or her death, resignation, retirement or removal from office of all books, papers, vouchers, moneys, and other properties of whatever kind in his or her possession or control as belong to the Corporation. The Treasurer shall perform all the duties generally incident to the office of the Treasurer, subject to the control of the Directors and the President.

ARTICLE V: Bank Accounts, Loans and Reimbursements

Section 1. Bank Accounts. Such Officers as from time to time shall be designated by the Directors shall have authority to deposit any funds of the Corporation in such banks or trust companies as shall from time to time be designated by the Directors and such Officers as from time to time shall be authorized by the Directors may withdraw any or all of the funds of the Corporation so deposited in any such bank or trust Corporation, upon checks, drafts or other instruments or orders for the payment of money, drawn against the account or in the name or behalf of this Corporation, and made or signed by such Officers or agents; and each bank or trust Corporation with which funds of the Corporation are so deposited is authorized to accept, honor, cash and pay, without limit as to amount, all checks, drafts or other instruments or orders for the payment of money, when drawn, made or signed by Officers so designated by the Directors until written notice of the revocation of the authority of such Officers by the Directors shall have been received by such bank or trust Corporation. There shall from time to time be certified to the banks or trust companies in which funds of the Corporation are deposited, the signature of the Officers or agents of the Corporation so authorized to draw against the same. In the event that the Directors shall fail to designate the persons by whom checks, drafts and other instruments or orders for the payment of money shall be signed, as hereinabove provided in this Section, all of such checks, drafts and other instruments or orders for the payment of money shall be signed by the President or a Vice President and countersigned by the Secretary or Treasurer of the Corporation. In the event such offices are held by the same person, only one signature shall be required.

Section 2. Loans. Such Officers or agents of this Corporation as from time to time shall be designated by resolution of the Directors shall have authority to effect loans, advances or other forms of credit at any time or times for the Corporation from such banks, trust companies, institutions, corporations, firms or persons as the Directors, shall from time to time designate, and as security for the repayment of such loans, advances, or other forms of credit to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interest of any kind in or to stocks or bonds, certificates of such rights or interests, deposits, accounts, documents covering merchandise, bills and accounts receivable and other commercial paper and evidences of debt at any time held by the Corporation; and for such loans, advances or other forms of credit to make, execute and deliver one or more notes, acceptances or written obligations of the Corporation on such terms, and with such provisions as to the security or sale or disposition thereof as such Officers or agents shall deem proper; and also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the Corporation, and to that end to endorse, transfer and deliver the same. There shall from time to time be certified to each bank, trust Corporation, institution, corporation, firm or person so designated the signatures of the

Officers or agents so authorized; and each such bank, trust Corporation, institution, corporation, firm or person is authorized to rely upon such certification until written notice of the revocation by the Directors of the authority of such Officers or agents shall be delivered to such bank, trust Corporation, institution, corporation, firm or person.

Section 3. Reimbursements. Any payments made to an Officer or other employee of the Corporation, such as salary, commission, interest or rent, or entertainment expense incurred by him, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such Officer or other employee of the Corporation to the full extent of such disallowance. It shall be the duty of the Directors, to enforce payment of each such amount disallowed. In lieu of payment by the Officer or other employee, subject to the determination of the Directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the Corporation has been recovered.

ARTICLE VI. Indemnification

Section 1. Directors and Officers. The Corporation shall indemnify and advance expenses to a Director or Officer of the Corporation in connection with a proceeding to the fullest extent permitted by and in accordance with Section 351.355 of the General Business Corporations Act of Missouri, as may be amended from time to time (the "Act").

Section 2. Indemnification of Employees and Agents. With respect to an employee or agent, other than a Director or Officer, of the Corporation, the Corporation may, as determined by the Directors of the Corporation, indemnify and advance expenses to such employee or agent in connection with a proceeding to the extent permitted by the Act.

Section 3. Insurance. The Corporation may purchase officers and directors liability insurance, general liability insurance, and such other surety and indemnity plans for itself and its Directors, and Officers as from time to time approved by resolution of the Directors. .

ARTICLE VII. Miscellaneous Provisions

Section 1. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December.

Section 2. Notices. Whenever, under the provisions of these bylaws, notice is required to be given to any Director, Officer or Member it shall not be construed to mean personal notice, but such notice shall be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to each Member, Officer or Director at such address as last appears on the books of the Corporation, and such notice shall be deemed to be given at the time the same be thus mailed. Any Member, Director or Officer may waive any notice required to be given under these bylaws.

Section 3. Amendment of By Laws. Any amendment of these bylaws shall first be approved by the Directors, and once approved shall be submitted to the Members for approval. Approval of such change shall require a vote of two thirds majority of those Members present in person or by

proxy at any Meeting called for such purpose. This shall include by the same process the authority to amend, alter or repeal the articles of incorporation and/or these by Laws or any provision thereof, and from time to time by the same process to make additions to these bylaws.

Exhibit A

SPH-2157841-2

Phase One Continued

COMMENCING AT THE NORTHEAST CORNER OF THE NW4 OF THE NE4 OF SAID SECTION 12, THENCE N 87°31'18" W ALONG THE NORTH LINE OF SAID NW4 OF THE NE4, 971.71 FEET, THENCE LEAVE SAID NORTH LINE S 02°28'42" W, 955.75 FEET TO A POINT ON THE EASTERLY R/W LINE OF MISSOURI STATE HIGHWAY "DD," THENCE S 14°19'35" E, 62.49 FEET, THENCE ALONG A CURVE LEFT, HAVING A RADIUS OF 538.69 FEET, A DISTANCE OF 348.65 FEET AN EXISTING REBAR ON THE WESTERLY R/W LINE OF A FIFTY (50.0) FOOT-WIDE STREET, THENCE N 38°45'18" W ALONG SAID R/W LINE 85.55 FEET, THENCE ALONG A CURVE RIGHT, HAVING A RADIUS OF 93.61 FEET, A DISTANCE OF 148.92 FEET, THENCE N 52°23'40" E, 10.00 FEET TO THE POINT OF BEGINNING AT A POINT ON THE CENTERLINE OF SAID ACCESS EASEMENT, THENCE N 37°36'20" W, 66.25 FEET TO THE END OF SAID EASEMENT ON THE SOUTH LINE OF THE ABOVE-DESCRIBED WELL LOT AT A POINT THAT IS N 75°40'25" E, 105.01 FEET OF SAID EAST R/W LINE OF M.S.H. "DD."

DESCRIPTION OPEN SPACE:

A PARCEL OF LAND SITUATED IN THE NE4 OF SECTION 12, TOWNSHIP 22 NORTH, RANGE 23 WEST, STONE COUNTY, MISSOURI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

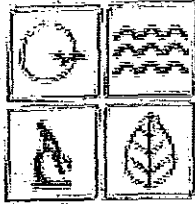
COMMENCING AT AN EXISTING STONE AT THE NORTHEAST CORNER OF THE NW4 OF THE NE4 OF SAID SECTION 12, THENCE N 87°31'18" W ALONG THE NORTH LINE OF NE4 OF SAID SECTION 12, 323.22 FEET, THENCE LEAVE SAID NORTH LINE S 00°00'00" W, 1038.06 FEET TO A SET REBAR, THENCE S 53°56'40" W, 186.34 FEET TO A SET REBAR, THENCE S 07°49'03" W, 198.48 FEET TO A SET REBAR, THENCE S 04°34'07" E, 272.32 FEET TO A SET REBAR ON THE CENTERLINE OF A FIFTY (50.0) FOOT-WIDE ROADWAY, THENCE S 40°46'08" W ALONG SAID CENTERLINE 100.00 FEET TO THE POINT OF BEGINNING, THENCE LEAVE SAID CENTERLINE N 49°13'52" W, 225.00 FEET, THENCE S 57°58'31" W, 193.18 FEET, THENCE S 14°19'35" E, 275.02 FEET TO A POINT ON THE CENTERLINE OF SAID ROADWAY, THENCE N 52°23'40" E, 250.86 FEET, THENCE ALONG A CURVE LEFT, HAVING A RADIUS OF 294.69 FEET, A DISTANCE OF 59.79 FEET, THENCE N 40°46'08" E, 36.80 FEET TO THE POINT OF BEGINNING, CONTAINING 1.5 ACRES, MORE OR LESS.

Phases Two and Three

DESCRIPTION:

A PARCEL OF LAND SITUATED IN THE NE4 OF SECTION 12, TOWNSHIP 22 NORTH, RANGE 23 WEST, STONE COUNTY, MISSOURI BEING A PART OF CARRIAGE OAKS ESTATES, PHASE II, AS PER THE RECORDED PLAT THEREOF FOUND IN BOOK 51, PAGE 97 STONE COUNTY RECORDER OF DEEDS OFFICE, AND ADJACENT LAND, ALL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NW4 OF THE NE4 OF SAID SECTION 12, THENCE S 87°31'18" E ALONG THE NORTH LINE OF SAID NW4 OF THE NE4, 986.78 FEET, THENCE LEAVE SAID NORTH LINE S 00°00'00" E, 1038.06 FEET TO THE POINT OF BEGINNING AT THE NORTHERN MOST CORNER OF LOT 8, CARRIAGE OAKS ESTATES PHASE ONE, AS PER THE RECORDED PLAT THEREOF FOUND IN BOOK 45, PAGE 62, STONE COUNTY RECORDER OF DEEDS OFFICE, SAID POINT BEING ON THE CENTERLINE OF TURNING LEAF TRAIL AS NOW LOCATED, THENCE S 44°58'20" E ALONG SAID CENTERLINE 404.89 FEET, THENCE CONTINUE ALONG CENTERLINE ALONG A CURVE RIGHT HAVING A CHORD BEARING AND DISTANCE OF S 34°30'21" E, 68.82 FEET, A RADIUS OF 188.78 FEET, A DISTANCE OF 69.21 FEET, THENCE S 24°00'11" E, 23.56 FEET, THENCE ALONG A CURVE RIGHT HAVING A CHORD BEARING AND DISTANCE OF S 10°45'57" E, 56.44 FEET, A RADIUS OF 123.25 FEET, A DISTANCE OF 56.95 FEET, THENCE S 02°28'18" W, 43.57 FEET, THENCE ALONG A CURVE RIGHT HAVING A CHORD BEARING AND DISTANCE OF S 12°09'46" W, 98.57 FEET, A RADIUS OF 292.77 FEET, A DISTANCE OF 99.04 FEET, THENCE S 21°50'31" W, 86.74 FEET TO THE INTERSECTION WITH THE CENTERLINE OF CARRIAGE OAKS DRIVE AS NOW LOCATED, THENCE S 51°46'52" W ALONG CENTERLINE OF CARRIAGE OAKS DRIVE, 351.30 FEET, THENCE CONTINUE ALONG CENTERLINE ALONG A CURVE LEFT HAVING A CHORD BEARING AND DISTANCE OF S 47°04'29" W, 99.67 FEET, A RADIUS OF 607.35 FEET, A DISTANCE OF 99.78 FEET, THENCE S 42°22'05" W, 190.77 FEET, THENCE ALONG A CURVE LEFT HAVING A CHORD BEARING AND DISTANCE OF S 33°15'24" W, 100.71 FEET, A RADIUS OF 318.00 FEET, A DISTANCE OF 101.14 FEET, THENCE S 24°08'42" W, 14.54 FEET, THENCE S 01°36'39" E, 60.96 FEET, S 40°50'19" W, 38.67 FEET TO A POINT ON THE NORTHERLY R/W LINE OF MISSOURI STATE HIGHWAY "DD", THENCE LEAVE CENTERLINE ALONG SAID R/W LINE ALONG A CURVE RIGHT HAVING A CHORD BEARING AND DISTANCE OF S 31°13'35" E, 92.22 FEET, A RADIUS OF 416.96 FEET, A DISTANCE OF 92.41 FEET, THENCE CONTINUE ALONG R/W LINE S 24°52'38" E, 91.53 FEET TO THE INTERSECTION WITH THE WESTERLY R/W LINE OF COUNTY ROAD "DD-20", THENCE LEAVE NORTHERLY R/W LINE N 65°26'00" E ALONG SAID WESTERLY R/W LINE 59.49 FEET, THENCE CONTINUE ALONG R/W LINE N 14°10'03" E, 195.13 FEET, THENCE N 14°40'43" E, 20.82 FEET, THENCE N 48°49'20" E, 542.48 FEET, THENCE N 57°24'40" E, 267.83 FEET, THENCE N 65°27'51" E, 311.70 FEET TO THE SOUTHERNMOST CORNER OF THE LOT 10A OF SAID CARRIAGE OAKS ESTATES PHASE II, THENCE LEAVE R/W LINE N 30°02'08" W, ALONG THE SOUTH LINE OF SAID LOT 10A, 172.23 FEET, THENCE N 59°57'52" E, 153.08 FEET, THENCE S 80°55'07" E, 148.72 FEET RETURNING TO THE WESTERLY R/W LINE OF SAID COUNTY ROAD "DD-20", THENCE N 19°01'42" E, 50.75 FEET TO THE INTERSECTION WITH THE NORTHERLY R/W LINE OF AN INTERSECTING FIFTY (50) FOOT-WIDE ROADWAY EASEMENT, THENCE LEAVE WESTERLY R/W LINE N 80°55'07" W ALONG SAID NORTHERLY R/W LINE, 51.69 FEET, THENCE LEAVE NORTHERLY R/W LINE N 11°43'24" E, 177.53 FEET, THENCE S 83°55'03" W, 120.26 FEET, THENCE N 20°16'22" W, 159.63 FEET, THENCE N 20°27'48" W, 114.66 FEET, THENCE N 42°48'40" W, 41.03 FEET, THENCE N 43°04'10" W, 165.81 FEET, THENCE N 43°10'01" W, 142.17 FEET, THENCE N 43°06'23" W, 465.20 FEET, THENCE S 47°00'15" W, 422.63 FEET, THENCE S 42°59'45" E, 255.00 FEET, THENCE S 48°01'58" W, 288.55 FEET, THENCE S 44°58'20" E, 94.71 FEET, THENCE N 53°56'26" E, 25.16 FEET TO THE POINT OF BEGINNING, CONTAINING 22.26 ACRES. MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EXISTING EASEMENTS AND RESTRICTIONS OF RECORD.



Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Fritz D. Emery, Governor

Carol S. Combs, Director

AUG 17 2017

Mr. Carl Mills, Director
Carriage Oaks Not-For-Profit Water and Sewer Corporation
309 Falling Leaf Court
Hansen West, MO 65737

Dear Mr. Mills:

The Articles of Incorporation and bylaws of Carriage Oaks Not-For-Profit Water and Sewer Corporation have been reviewed by the Missouri Department of Natural Resources General Counsel.

It has been determined that the Articles of Incorporation are consistent with the legal requirements of §393.835.2, RSMo. Additionally, the bylaws sufficiently demonstrate how the organization will be governed. Both documents are compliant with statutory requirements of §393.825 to §396.861, RSMo.

Please note that should the Carriage Oaks Not-for-Profit Water and Sewer Corporation choose to dissolve at a later date, dissolution requirements as outlined in §393.855, RSMo, shall be followed. Additionally, Carriage Oaks Not-For-Profit Water and Sewer Corporation shall notify the Department within 30 days of dissolution.

If you were adversely affected by this decision, you may be entitled to an appeal before the Administrative Hearing Commission (AHC) pursuant to 10 CSR 10-1.020 and Section 621.250, RSMo. To appeal, you must file a petition with the AHC within thirty days after the date this decision was mailed or the date it was delivered, whichever date was earlier. If any such petition is sent by registered mail or certified mail, it will be deemed filed on the date it is mailed; if it is sent by any method other than registered mail or certified mail, it will be deemed filed on the date it is received by the AHC. Contact information for the AHC is: Administrative Hearing Commission, United States Post Office Building, 3rd Floor, 131 West High Street, P.O. Box 1557, Jefferson City, Missouri 65102. Phone: 573-751-2422, Fax: 573-751-5018, and Website: www.ahc.mo.gov/ahc.

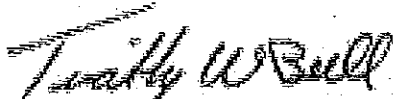


Mr. Carl Mills, Director
Page Two

If you have any questions regarding this permit, please do not hesitate to contact
Ms. Samantha Osmann at the Department of Natural Resources, Water Protection Program,
P.O. Box 176, Jefferson City, MO 65103-0176 or by phone at 573-526-2445.

Sincerely,

WATER PROTECTION PROGRAM



Timothy W. Bell
Operating Permits Section

TW:sm

c: Mr. Kevin Hess, Southwest Regional Office
Mr. James Merciel, Missouri Public Service Commission