

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Application of)	
Ozark Shores Water Company, North)	
Suburban Public Utility Company)	
and Camden County Public Water)	
Supply District Number Four for)	
an order authorizing the Sale,)	File No.WM-2015-0231
Transfer and Assignment of Water)	
Assets to Camden County Public Water)	
Supply District Number Four and in)	
connection therewith certain other)	
related transactions.)	

**RESPONSE TO STAFF RECOMMENDATION AND
MOTION FOR EXPEDITED TREATMENT**

Come now Ozark Shores Water Company (“Ozark Shores” or “Company”), North Suburban Public Utility Company (“North Suburban”) and Camden County Public Water Supply District Number Four (the “District”) (sometimes collectively referred to as “Applicants”) and submit this response to Staff’s Recommendation as directed by the Commission and moves for expedited treatment of the application.

RESPONSE TO STAFF RECOMMENDATION

I. Staff’s Recommendation

At page 2 of its recommendation filed May 5, 2015, the Commission Staff identifies essentially three items which Staff claims have not been resolved in its investigation:

- The agreed purchase price for Ozark Shore’s system is more than twice the value of its rate base;

- Relationships exist between Ozark Shores, [North] Suburban and [the District] such that Staff doubts that this is an arm's length transaction;
- The very large acquisition premium is likely to cause customers' rates to increase significantly.

These items are further explained in a memorandum annexed to Staff's Recommendation.

The price the parties have agreed on for purchase of Ozark Shores' assets and the manner in which that price was negotiated are not factors which justify delay in approving the Application in this matter.¹ Staff's recommendation should be rejected by the Commission and the application should be approved with dispatch.

II. Commission Jurisdiction and Authority

At the outset, the nature of this action, the relationship of the parties and the Commission's jurisdiction should be underscored. As set out in the application, Ozark Shores is a "water" corporation as that term is defined in Section 386.020 RSMo. 2000² and constitutes a public utility subject to the jurisdiction of the Commission. The District on the other hand is a public water supply district organized under the provisions of Chapter 247 and an independent political subdivision of the State of Missouri. Staff's recommendation depends in part on the false predicate that the Commission may: 1) superimpose its will on that of the District's board of directors; and in general, 2) materially intrude upon the authority, judgment and discretion of another legislatively created body politic which is not subject to the jurisdiction, control or regulation of the Commission.

Section 393.190 provides, in pertinent part:

¹ See Section IV of this response for a detailed explanation of how the price was established and the factors which influenced the District to agree to that price.

² Statutory citations herein are to RSMo 2000 or its current supplement.

No gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do.

As the Commission has explained and determined in previous cases involving a public utility's bulk sale of its assets, Section 393.190 does not set forth a standard for the Commission's approval of the proposed transfer. The standard has been fashioned by the appellate courts however. The standard for the Commission's approval of an asset transfer is whether the transaction is not detrimental to the public interest. *State ex rel. City of St. Louis v. Public Service Commission of Missouri*, 73 S.W.2d 393, 400 (Mo. banc 1934). This standard is reflected further in the Commission's rules, which require an applicant for such authority to state in its application "[t]he reason the proposed sale of the assets is not detrimental to the public interest." "The Commission may not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest." *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. 1980).

As Staff seems to recognize in the recommendation, its investigation is directed at determining whether the proposed transaction would be detrimental to the public interest, a burden the Staff must shoulder.

III. Extent of Discovery

Staff served a total of eight data requests on the Applicants between April 10 and April 15, 2015. There are no unanswered data requests outstanding. The Applicants responded to Staff's data requests on April 16, 2015 two weeks before their respective due dates. In its recommendation Staff complains that it lacks certain pieces of information which in turn caused

its unfavorable conclusions. As noted in subsequent sections of this response, Staff did not ask for the information it claims it needs although it had time to do so. Applicants should not be penalized for Staff's failure to meaningfully use the discovery rules of the Commission.

IV. The Price for Ozark Shores' System

The Staff questions a price twice the amount of Ozark Shores' rate base. It labels the amount paid above the company's rate base as "acquisition premium." Staff did not ask how the price for Ozark Shores' system was agreed upon. Staff has assumed without substantial evidence of any kind that the parties are not sufficiently independent for this transaction to be "at arm's length."³ The assumption insults the District's leadership and any shred of it should be stricken from the Staff's recommendation and memorandum.

A. Boone Partners Engagement Report

As part of the due diligence required by Missouri state and other auditing standards, the District retained Boone Partners, LLC of St. Louis Missouri, an independent third party consultant, to provide an Engagement Report ("the BP Report") with respect to the reasonableness of acquiring the assets, obligations, and customer base of Ozark Shores for an estimated \$5,200,000, subject to final negotiation, agreement among parties and documentation. Although the BP Report was submitted under confidential protections, in District obedience to the Missouri Open Meetings and Records Law (the Sunshine Law) it is now public record and is attached to this response as Appendix 1.

As noted in the BP Report, Boone Partners determined that \$5,200,000 was a reasonable price for the Ozark Shores assets, obligations and customer base. The BP Report additionally concluded that the free cash flow of the business would cover the associated debt service of the

³ See discussion in Section VI, *infra*.

transaction (although the actual purchase price of the assets is \$5,252,781 the District negotiated to retain \$52,781 for system upgrades and/or repairs). Therefore, the District anticipates with some confidence that the rates charged to existing Ozark Shores customers will not be increased as a result of the transaction. In addition, every dollar spent by the District after it acquires the Ozark Shores assets will be recovered only dollar for dollar with no investor return or income tax component which will significantly reduce pressure on rates and the need for rate increases whether for infrastructure (rate base) improvements or increases in operating costs.

B. Amount of Purchase Price Above Ozark Shore's Rate Base

Staff's criticism of the rate base multiple is unfounded. First, the Applicants repeat what was asserted in the District's Motion for Reconsideration of Extension Order. The components of Ozark Shores' rate base items are meaningless to the proposed transaction due to the District's status as a political subdivision. As a political subdivision, the District's rates contain no component for investor return on rate base. Accordingly, there is no "premium" to recoup.

Data from Lake Region Water & Sewer Company's last rate case is illustrative at this juncture. Staff's Weighted Rate of Return including Income Taxes was 8.09% per Staff's true up workpapers in File No. WR-2013-0461. A condition precedent to closing the Ozark Shores asset sale is the District's acquisition of tax exempt financing at a rate not to exceed 4.25% for a thirty year period.⁴ Per website www.fmsbonds.com a comparable bond rate this week is 3.5%, up from 3.4% last week. Simple math indicates that a cost of capital for the District that is less than half that of a regulated utility allows the District to make the proposed investment without detriment to the customers. Staff estimates the Ozark Shores rate base to be \$2,571,024. After adding the purchase price of the building (\$165,000) for comparison purposes the rate base

⁴ At page 4 of its memorandum, Staff questioned whether an election was held to approve the asset purchase and debt financing. Staff did not explore this question with a data request. The District is not required to hold an election for the asset purchase or for approval of its financing plan for the purchase.

becomes \$2,736,024 and the regulated return required would be \$221,071 (\$2,736,024 X 8.09%) while the District's comparative interest cost would be \$187,775.

Furthermore the percent of the "acquisition premium" in this transaction to which Staff objects is approximately 100% yet it is lower than some Staff has recommended in other cases. For example, in File No. WO-2013-0517⁵ Staff recommended and the Commission approved an acquisition premium of 131% and the entire transaction was approved in slightly more than two months.

Acquisition premiums are simply a part of transferring ownership of utility assets. According to the data found on Exhibit 2 of the BP Report, the average rate base multiple in utility asset sales is 2.40X which is significantly higher than the 1.96 rate base multiple proposed in the current transaction. With the Commission's approval the owners of Ozark Shores sold a similar operation, The Meadows Water Company, in Case No. WO-2007-0424 to the City of Willard. *The rate base multiple in that transaction was 3.6X.* Clearly the rate base multiple for the Ozark Shores' asset sale to the District is not extraordinary or unreasonable based upon like transactions where a higher multiple was approved by the Commission.

V. Notice to Customers and Public Hearing

Staff asserts that it was not advised whether District customers were notified of the transaction. Staff did not submit a data request asking for this information. The joint application filed by the parties was based on the Commission rules and notice to the District customers was not a required element of the application. These details notwithstanding, yes, the District customers were notified of the proposed transaction. The press release attached as Exhibit 1 was sent to local area papers, radio and television stations as well as directly to The

⁵ *In the Matter of the Joint Application of Missouri-American Water Company and Tri States Utility, Inc. for Authority for Missouri-American Water Company to Acquire Certain Assets of Tri States Utility, Inc. and, in Connection Therewith, Certain Other Related Transactions.*

Village of Four Seasons and the Four Seasons Property Owners Association on March 25, 2015. The press release was published on March 31, 2015 by The Lake Sun Leader, a newspaper in general circulation in the area. Mr. John Summers was interviewed by KRMS radio station on March 26, 2015 and KRMS posted a narrative and excerpt of the interview to its website the same day. On April 8, 2015, the Commission directed its Public Information Office to make its Order Directing Notice And Setting Time For Filing available to the members of the General Assembly representing the residents of Camden County and Miller County, and to the news media serving those residents. Much like the Commission's meetings and rules related thereto, the District's meetings are open to the public and the District includes an agenda item in each meeting for public comments.

Staff has asked for local public hearings. Applicants understand that the Commission has authority to hold local public hearings on this matter. However Applicants dispute that one is necessary. To repeat, the District's meetings are open meetings requiring notice to be posted at least twenty four (24) hours in advance. The District is governed by a board of directors duly elected by the residents of Horseshoe Bend and a portion of Shawnee Bend. Four of the five current directors are customers of Ozark Shores. All are current residents and registered voters on Horseshoe Bend. This transaction was discussed in numerous open meetings before the Board unanimously voted to proceed. The District's office is open daily Monday through Friday and the phone is monitored 24 hours per day.

There has been no shortage of notice of this transaction to affected customers and opportunities for those customers to be heard.

VI. Dr. Vernon Stump and Mr. Roger Sallee

At page 3 of its annexed memorandum, Staff describes the history of stock ownership, operations and higher management of Ozark Shores and the District; details which Staff has known for many years and has understood to be the root of the high quality of service rendered by the these entities. At this hour though, the Staff claims these details tarnish the *bona fides* of the transaction. Staff suggests there is some “intense interrelationship between the ownership of Ozark Shores and Board of Directors of [the District],” which until now was welcomed by the Staff given the degree of consolidation and expense reduction it generated, but which now “create[s] the appearance of a conflict of interest.”⁶ Staff goes on to advise that it “is still investigating how the former business partners⁷ arranged for an acquisition premium of more than 100% or \$2.6 million.”

The BP Report illustrates the process by which the purchase price was professionally and independently evaluated. In preceding sections of this response, an “acquisition premium” of 100% has been shown to be within a range approved with celerity by this Commission. With respect to the District management and Mr. Sallee’s participation, Mr. Sallee has been a duly elected board member of the District since 2002. He must face re-election every three years. The voters of the District have had ample opportunity to replace Mr. Sallee during these subsequent 13 years of his tenure on the board. Admittedly, while Mr. Sallee served on the Board, just as his constituents intended, the BP Report and the transactions which are the subject of the current application were discussed at length, in open meetings, and ultimately unanimously approved by a five member board of directors.

⁶ Staff has no evidence that any director of the District has engaged in any disloyalty to that entity. It cites no statutory authority for its claim of conflict of interest.

⁷ Dr. Stump and Mr. Sallee were both minority shareholders of Ozark Shores at one time.

VII. Miscellaneous

Staff's memorandum refers to a Missouri Department of Natural Resources (DNR) report issued in 2012. Staff has failed to comment on this report during the nearly 3 years it has been aware of it and that failure is a sign of its overall importance to this matter. The lead ban issue has been in the DNR reports to Lake Region Water & Sewer Company and Staff did not raise those reports as an issue in either of Lake Region's previous two rate cases.

A portion of Ozark Shores' response to Staff Data Request 6 was:

The Company purchases only lead-free fittings for its parts inventory. The Company does include a section on Lead and Copper in its Consumer Confidence Report. The Company does not have authority to pass or enforce ordinances and it has not yet revised its user agreement. The Company is unsure whether it has the legal authority to inspect a customer's plumbing however each meter installed in the system has a check valve preventing any water from flowing back into the public system from the customer's side.

At the next DNR inspection it may be determined whether the language included in the Company's Consumer Confidence Report will meet DNR's requirements.

The DNR report presents no issue that justifies delay in approving the authority applied for in this case.

MOTION TO EXPEDITE

No Company or District customer has sought intervention in this case. Interest rates are trending upward at a steady pace. The Applicants urge immediate approval of this application so that the debt to finance the transaction can be obtained at the lowest possible interest rate. Delay may entail acquisition of debt at a higher interest rate which would have a direct impact upon the future rates charged to both the District's current customers and its proposed customers. Swift approval of this application is in the public interest.

CONCLUSION

Over the years the owner(s) of Ozark Shores have received numerous inquiries from private parties interested in acquiring the Company through either a stock transaction or a purchase of assets. Had such overtures been accepted, each would have resulted in absentee ownership and regulated rates containing a component for both a return on investment as well as an income tax component. Each would also have resulted in an “acquisition premium”.

The District strongly believes that the customers and future customers residing within the District boundaries will be better served by their elected board of directors, who are also residents, voters and customers of the District, rather than by an entity owned by individuals residing in other states or regions who are unfamiliar with Camden County and the Lake area.

Based upon the above and foregoing, Applicants respectfully request the Commission to reject Staff’s Recommendation filed May 5, 2015, deny the request for a local public hearing and approve the instant application on an expedited basis.

Respectfully submitted,

/s/ Mark W. Comley

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ATTORNEYS FOR OZARK SHORES WATER COMPANY
AND NORTH SUBURBAN PUBLIC UTILITY COMPANY

/s/ Robert W. Pohl

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573-365-3350
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ATTORNEYS FOR THE DISTRICT

TOGETHER, THE JOINT APPLICANTS

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this 7th day of May, 2015, to General Counsel's Office at staffcounsel@psc.mo.gov; and Office of Public Counsel at opcservice@ded.mo.gov.

/s/ Mark W. Comley

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Application of)
Ozark Shores Water Company, North)
Suburban Public Utility Company)
and Camden County Public Water)
Supply District Number Four for)
an order authorizing the Sale,)
Transfer and Assignment of Water)
Assets to Camden County Public Water)
Supply District Number Four and in)
connection therewith certain other)
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File No. WM-2015-0231

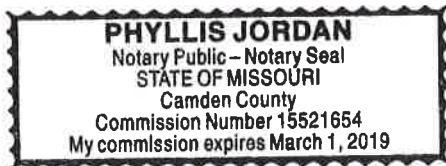
AFFIDAVIT OF JOSHUA D. DUNCAN

STATE OF MISSOURI)
) ss
COUNTY OF CAMDEN)

I, Joshua D. Duncan, first being duly sworn upon oath, depose and state that I am the General Manager for Public Water Supply District Number Four of Camden County; that I have read the above and foregoing Response to Staff Recommendation and Motion for Expedited Treatment (Applicants' Response) and know the contents thereof; that the assertions of fact contained in Applicants' Response are true in substance and in fact, except to those matters stated upon understanding, information and belief, and as to those, I believe the same to be true.


Joshua D. Duncan

Subscribed and sworn to before me, a Notary Public, on this 7th day of May, 2015.




Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

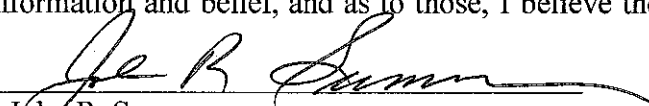
In the Matter of Ozark Shores Water)
Company, North Suburban Public)
Utility Company and Camden County)
Public Water Supply District Number)
Four for an order authorizing the Sale,)
Transfer and Assignment of Water)
Assets to Camden County Public)
Water Supply District Number Four)
and in connection therewith certain)
other related transactions.)

File No. WM-2013-0461

AFFADAVIT OF JOHN R. SUMMERS

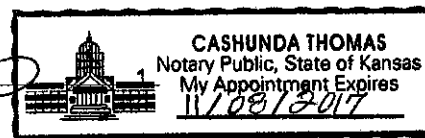
STATE OF KANSAS)
) ss
CITY OF MERRIAM)

I, John R. Summers, first being duly sworn upon oath, depose and state that I am retained by Ozark Shores Water Company as a consultant; that I have read the above and foregoing Response to Staff Recommendation and Motion for Expedited Treatment (Applicants' Response) and know the contents thereof; that the assertions of fact contained in Applicants' Response are true in substance and in fact, except to those matters stated upon understanding, information and belief, and as to those, I believe the same to be true.


John R. Summers

Subscribed and sworn before me this 7th day of May, 2015.


Notary Public



ENGAGEMENT REPORT

Prepared for

CAMDEN COUNTY PWSD #4

DECEMBER 2014

PRIVILEGED AND CONFIDENTIAL

Prepared By

Boone Partners, LLC
1734 Clarkson Road Suite 279
St. Louis, MO 63017

REPORT OF INDEPENDENT CONSULTANT

T Randell Thompson
Vice President
Camden County PWSD #4

Boone Partners, LLC (“*Boone Partners*”) has been asked and engaged by Camden County PWSD #4 (“*CCPWSD*”) to provide an Engagement Report (the “*Report*”) with respect to the reasonableness of acquiring the assets, obligations, and customer base of Ozark Shores Water Company (“*OSWC*”) for an estimated \$5,200,000 (the “*Offer*”), subject to final negotiation, agreement among parties and documentation.

Scope of Work

The scope of the engagement was limited to the examination of financial statements of CCPWSD and the OSWC provided by CCPWSD, providing information to CCPWSD on differing valuation methods based on historic and current conditions and reviewing different financing assumptions based on current market conditions and interest rates.

In order to determine the reasonableness of this acquisition price we reviewed and studied the OSWC’s assets, revenues, expenses, cash flows, and projections over the last several years, reviewed financial and valuation models, looked at comparable transactions (where available), reviewed potential financing structures available to CCPWSD, performed an on-site visit to the District and Water Company area, conducted phone conversations and held an in-person meeting with representatives of CCPWSD.

Our work consisted of an examination of market value indication models and methodologies including current assessment data of cost, revenue and income, current water company sale listings (where available) and comparable private or public water company acquisition information (where available). This data was analyzed in order to arrive at an estimated range of values to determine the reasonableness of the Offer.

The information provided in this Report serves as the basis for our findings, observations and opinion. It is intended to be used solely by the Board for information purposes and solely for the purpose of determining the reasonableness of the acquisition price currently being negotiated. Boone Partners’ written consent must be obtained prior to any other use. The content of this Report may not be disclosed to unrelated third parties (other than independent auditors or the extent disclosure is required by law, an order of a court or governmental or regulatory agency) without our prior written consent. The conclusions reached represent the considered opinion of Boone Partners based solely on information provided by CCPWSD (the “*Documents*”).

CCPWSD's Responsibility

CCPWSD is responsible for the accuracy and completeness of the information provided and contained in the Documents including the responsibility for internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This Report is not intended (i) to be an audit of the accuracy, completeness or validity of the Documents, (ii) to express an opinion on the internal controls or existing auditing programs of CCPWSD or OSWC or (iii) to express a legal opinion on the validity or enforceability of the acquisition. We have not audited, reviewed, or compiled the information in the Documents and, accordingly, we express no audit opinion or any other form of assurance on this information.

Boone Partners' Responsibility

Our responsibility is limited to providing an opinion on reasonableness of the proposed acquisition price and a comparison of two hypothetical debt service structures related to funding the proposed acquisition. Boone Partners is not acting in an advisory capacity nor does it owe a fiduciary duty to CCPWSD, OSWC, their owners or outside advisors. Findings, observations, and opinions herein are valid as of the date of this Report and we have no obligation to update this Report for information that comes to our attention at a later date.

Assertions and opinions expressed constitute judgments as of the Report date and, along with other information provided, are subject to change without notice. This Report is for informational purposes only and is not recommending an action to either CCPWSD, OSWC, their owners or outside advisors. Notwithstanding the assertions and opinions herein, no representation, guarantee or warranty, express or implied is made as to the achievability of the results contemplated by the proposed acquisition price and potential financial structures that are the focus of this examination. Differences between actual and expected results may be material; and achievement of the desired results is dependent on actions, plans, and assumptions of CCPWSD, OSWC, their owners or outside advisors. Conclusions reached herein are based on the assumption that the current level of management expertise and effectiveness will continue to be maintained, and that the character and integrity of the enterprise through any future change of control would not be materially or significantly changed.

Findings and Observations

The following findings and observations serve to establish a reasonable and adequate basis for arriving at an estimated range of values which were then compared to the Offer. It is understood CCPWSD desires to acquire OSWC assets and its operations for a reasonable price and that CCPWSD believes a combination of the current market and operations of both entities under a commonly owned Water System is in the best interests of both entities and their customers. We concur with this assessment based on our examination of the two entities financial information, meetings and conversations with CCPWSD personnel and Board Members and from touring the area and learning of the system integration already in place.

Our understanding is that under the proposed acquisition terms CCPWSD would acquire all the assets, liabilities, operations and customer base of OSWC for an estimated, to be negotiated and

finalized one-time payment of \$5,200,000. This acquisition would be subject to the approval of the Missouri Public Services Commission which is not expected to be unreasonably withheld. Upon closure of the sale and acquisition, OSWC would no longer directly or indirectly own any of the outstanding equity or assets of the OSWC system. Those would be transferred to CCPWSD under a Sale and Purchase Agreement.

We examined the Documents to determine the value of OSWC, the reasonableness of the proposed acquisition price and the viability of CCPWSD financing and funding the acquisition of OSWC.

We found:

- CCPWSD has outstanding Certificates of Participation issued in 2006 in the amount of \$3,000,000, which have an outstanding balance of \$2,955,000 as of the date of this Report. An additional principal reduction of \$35,000 is due on January 1, 2015 which should leave an outstanding balance of \$2,920,000 plus any accrued interest as of the closing of the acquisition should it occur during the 2015 calendar year. The Certificates of Participation are subject to optional redemption and payment, in whole or part, at anytime, at the District's option, after January 1, 2013. This would potentially allow for an acquisition financing to include take-out of the COPs through a possible refunding plus new money issue to be used as a funding source for the acquisition of OSWC based on the then current market conditions, financial structure and capacity of the CCPWSD and investor interest at the time of execution. Our observation is that this appears to be a viable funding structure for the acquisition.
- This most likely funding plan for the acquisition of OSWC would be through a long-term bond or COP issue. Missouri Bond Counsel would need to be employed to determine that using a tax-exempt issue for this purpose meets both Federal and State standards for tax exemption. We expect this will be the case based on our experience and knowledge but feel it necessary to seek the opinion of qualified bond counsel. A 30-year fully amortizing issue of either revenue bonds or certificates of participation appears to be an efficient way to finance the acquisition. Financing rates should be attractive given the current low rate environment and we believe there would be interest among Missouri financial institutions to acquire and invest in this offering. A direct placement could reduce third party legal and underwriting/placement agent costs, given direct negotiation with the buyers and anticipated interest rates based on rates previously provided to the CCPWSD. However, we suggest and recommend that CCPWSD consult with qualified Underwriters/Placement Agents to obtain indicative interest rates by maturity and to determine the optimal structure for financing and funding the acquisition. We believe the issue could be executed alone or as part of a refinance of the outstanding COPs cited above. An issue of approximately \$8,600,000 (which would include the refinance of the outstanding COPs) appears be needed based on our calculations. Our observation is that the annual debt service may be reduced using a serial bond structure and/or lower interest rates and that an issue can be structured to optimize the "OSWC portions" contribution to the total debt service required. The additional revenue from the OSWC operations should mitigate and offset the increased debt service burden. (See Exhibits 3, 4A, 4B, 5 and 6). CCPWSD should seek

Underwriter/Placement Agent assistance in evaluating various debt structures to determine an appropriate Plan of Finance.

- Per the compilation report of Miller, Bales & Cunningham, P.C. of July 18, 2014 for the year ended 12/31/2013, OSWC had Total Assets of \$3,222,375 net of depreciation; Total Liabilities of \$387,768 of which all are Current Liabilities; Contributions in Aid of Construction (CIAC) of \$359,749 and Total Equity of \$2,474,858. Income from Operations was \$775,437 with a Gross Profit of \$599,656. Operating Expenses were \$753,581 and Net Income after adjustments and taxes was (\$139,980). For the 11 months thru November 30, 2014, not compiled nor audited by an accounting firm, Total Assets were \$3,141,080; Total Liabilities were \$377,623, all of which were Current Liabilities; CIAC of \$462,058 and Total Equity of \$2,301,399. We have used the Year-to-Date, January 2014-November 2014 Income Statement provided and have projected a full year estimate based on the 11 months provided. We have also made adjustments to determine an estimated Free Cash Flow (Cash Available for Debt Service) for 2014. Finally, we have projected forward to provide an estimated 2015 Free Cash Flow Cash Available for Debt Service). (See Exhibit 1).
- The Federal Asset report date 12/31/2013 for OSWC shows Property, Plant and Equipment Cost at \$4,342,377 depreciated to \$3,256,849. Additionally, per discussions with a Board member, Utility Consultant and a Letter from Newman, Comley & Ruth, P.C. dated January 26, 2009, OSWC has consistently charged and received Availability Fees that have been included in their Financial Statements but not in their Annual Report to the Missouri PSC since 2006 and this fee has been viewed by the Missouri PSC as non-tariffed. While the collection of these fees is difficult to enforce, they have been consistently paid. We expect that they will continue to be paid, however, we view this as a decreasing revenue source over the coming years. Therefore, the 2013 Water and/or Sewer Annual Report “Small Company” to the Missouri Public Service Commission does not include Availability Fees, which in the unaudited statement provided thru 11/30/2014 is \$181,484. We have included this amount, adjusted and estimated for 12 months, in our Free Cash Flow analysis.
- Contingent Liabilities and Other Adjustments: OSWC has a lease for a building housing their offices with North Suburban Public Utility Company, Inc. (“NSPUC”) dated 12/1/2010 and ending November 30, 2020. NSPUC owns 100% of the OSWC stock and is viewed by us as an affiliated company.
- As of this Report, the only major Capital Expenditure of OSWC is the need to clean and re-paint the Carol Road Water Tower. Dustin Keilbey, Coating Consultant of Midwest Coating Consultants, Inc. has prepared an estimate of approximately \$80,000, dated June 2014. This needs to be completed in the near future or a complete stripping and repaint, costing excess of \$250,000 will need to be done on this Water Tower.
- Our research suggested that Water Companies are typically purchased for the income they will produce overtime. This is slightly different in that the acquisition is being made by a regulated water utility that has on-going operations already somewhat integrated with the target. This is not a case of a larger private water company or a publicly traded

water company purchasing an unrelated asset. OSWC and CCPWSD have a long history of cooperation and shared services. That being the case and with the belief that CCPWSD is the natural buyer of OSWC, it still makes sense to determine if the Offer is reasonable based on what a third party purchaser would pay for the asset and operations. We have used the Income Approach using Price/Free Cash Flow, Price/Gross Revenue, Price/Book Value, Price/Customer Count and Price/Rate Base in our calculations. We have done this based on a comparison of current private Water Company acquisitions (See Exhibits that follow).

Opinion

Our analysis supported a range of values between \$3,684,855 and \$5,969,067 based on Comparable transactions and using Price/Free Cash Flow, Price/Book Value and Price/Rate Base (using the Rate Base provided). Therefore, we believe that an acquisition price of \$5,200,000 is a reasonable offer price for the assets, obligations, and customer base of OSWC.

BOONE PARTNERS, LLC

St. Louis, Missouri

December 26, 2014

Exhibit 1: OZARK SHORES WATER COMPANY FREE CASH FLOWS

	2011		2012		2013		2014E		2015P	
Income										
Total 461.00 • Metered Water Revenue	615,254	74%	645,497	75%	569,693	73%	623,157	75%	623,968	75%
470.00 • Late Charges	10,208	1%	9,530	1%	9,865	1%	6,671	1%	8,320	1%
Total 471.00 • Water Connection Revenue							3,535	0%		
475.00 • Availability Revenue	192,347	23%	192,172	22%	183,435	24%	197,982	24%	199,670	24%
477.00 • Depreciation - CIAC	8,929	1%	9,104	1%	9,205	1%		0%		
480.00 • Other Water Revenue	1,464	0%	4,919	1%	3,240	0%	612	0%		
480.20 • Gain (Loss) on sale of Assets	-	0%	-	0%	1,243	0%		0%		
Total Income	828,203	100%	861,222	100%	776,680	100%	831,957	100%	831,957	100%
Expense										
614.00 • Utilities	4,498	1%	4,008	0%	5,216	1%	5,373	1%	4,944	1%
Total 615.00 • Purchased Power	86,850	10%	85,830	10%	50,333	6%	85,392	10%	74,073	9%
616.00 • Purchased Water	18,788	2%	17,546	2%	67,767	9%	50,212	6%	46,584	6%
617.00 • Telephone	6,921	1%	6,779	1%	7,021	1%	7,688	1%	7,252	1%
618.00 • Chemicals	7,157	1%	2,398	0%	6,210	1%	3,781	0%	4,250	1%
620.00 • Material & Supplies	8,586	1%	4,859	1%	7,687	1%	3,290	0%	5,406	1%
620.10 • Safety Supplies	423	0%	838	0%	93	0%	1,166	0%	691	0%
620.50 • Office Expenses	7,566	1%	9,237	1%	9,078	1%	3,181	0%	7,276	1%
621.00 • Billing Expenses	9,558	1%	8,047	1%	11,245	1%	12,008	1%	10,609	1%
622.00 • Computer	182	0%	1,912	0%	360	0%	1,220	0%	1,151	0%
623.00 • Dues & Subscriptions	1,036	0%	960	0%	643	0%	648	0%	755	0%
624.00 • Bank Charges	3,023	0%	6,983	1%	6,386	1%	5,130	1%	6,239	1%
627.00 • Travel & Entertainment	472	0%	2,903	0%	520	0%	979	0%	1,447	0%
629.00 • Management Fees (debt service)	208,494	25%	114,925	13%	146,088	19%	153,143	18%	140,216	17%
Total 630.00 • Contract Services	176,453	21%	174,432	20%	195,408	25%	185,163	22%	187,661	23%
638.00 • Management Fees (availability)	206,920	25%	198,000	23%	193,000	25%	222,545	27%	206,851	25%
639.00 • Outside Services	3,059	0%	997	0%	4,070	1%	3,214	0%	2,845	0%
641.00 • Rental of Building/Real Prop	13,200	2%	13,200	2%	12,100	2%	14,400	2%	13,371	2%
Total 642.00 • Rental of Equipment	18,000	2%	18,000	2%	18,300	2%	19,145	2%	18,712	2%
Total 645.00 • Maintenance and Operation	40,864	5%	15,353	2%	43,821	6%	8,902	1%	23,557	3%
Total 650.00 • Transportation Expense	15,273	2%	11,584	1%	17,243	2%	17,594	2%	15,752	2%
655.00 • Insurance - General Liability	10,404	1%	10,757	1%	11,272	1%	11,818	1%	11,428	1%
656.00 • Insurance - Other	4,722	1%	5,479	1%	7,451	1%	3,797	0%	5,691	1%
665.00 • Regulatory Commission Expenses	3,174	0%	4,254	0%	4,262	1%	5,213	1%	4,629	1%
Total 667.00 • Taxes	(1,524)	0%	6,804	1%	9,692	1%	9,885	1%	8,947	1%
668.00 • Reconciliation Discrepancies	-	0%	0	0%	4	0%	41	0%	15	0%
669.00 • Contributions	100	0%	465	0%	795	0%	491	0%	597	0%
670.00 • Bad Debts	4,513	1%	3,836	0%	6,188	1%	2,887	0%	4,407	1%
671.00 • Depreciation Expenses	83,451	10%	84,512	10%	85,347	11%	78,276	9%	83,779	10%
672.00 • Amortization Expenses	718	0%	718	0%	718	0%	718	0%	727	0%
675.00 • Miscellaneous Expense	530	0%	-	0%	1,045	0%	237	0%	452	0%
Total Expense	943,411	114%	815,616	95%	929,361	120%	917,536	110%	900,314	108%
Net Ordinary Income	(115,208)		45,606		(152,682)		(85,579)		(68,357)	
477.00 • Depreciation - CIAC	(8,929)		(9,104)		(9,205)		-		-	
629.00 • Management Fees (debt service)	208,494		114,925		146,088		153,143		140,216	
632.00 • Cont Serv - Accounting	8,300		8,425		8,800		-		-	
638.00 • Management Fees (availability)	206,920		198,000		193,000		222,545		206,851	
665.00 • Regulatory Commission Expenses	3,174		4,254		4,262		5,213		4,629	
667.10 • Income Taxes	(10,607)		-		-		-		-	
667.20 • Real Estate Tax	9,014		9,210		9,492		-		-	
671.00 • Depreciation Expenses	83,451		84,512		85,347		78,276		83,779	
672.00 • Amortization Expenses	718		718		718		718		727	
CAPEX Per PSC Annual Report	(56,347)		(15,933)		(24,969)		(20,000)		(20,000)	
Net Addition to Cash Flow	444,188		395,008		413,532		439,895		416,202	
Cash Available for Debt Service/Reserves	328,980		440,614		260,850		354,316		347,845	

- Based on information provided by CCPSWD
- 2014 estimates based on 2014 YTD run rates
- 2015 projection based on 2014 revenue and three-year average expenses as a percent of 2014 revenue
- CAPEX for 2014 and 2015 set at \$20,000/year

Exhibit 2: IMPLIED WATER UTILITY MULTIPLES FOR OSWC

<u>Free Cash Flow A</u>		<u>Multiple</u>	<u>Estimated Price</u>
\$354,316 (Est. 2014)	Low	8.24	\$2,919,562
	High	15.51	\$5,495,439
	Average	10.40	\$3,684,885

<u>Free Cash Flow B</u>		<u>Discount Rate</u>	<u>Estimated Price</u>
\$347,845 (Proj. 2015)	Low	7%	\$4,969,214
	High	5%	\$6,956,900
	Average	6%	\$5,797,417

<u>Book Value</u>		<u>Multiple</u>	<u>Estimated Price</u>
\$2,763,457 (Est. 2014)	Low	1.63	\$4,504,435
	High	2.88	\$7,958,756
	Average	2.16	\$5,969,067

<u>Rate Base</u>		<u>Multiple</u>	<u>Estimated Price</u>
\$2,469,384	Low	1.20x	\$2,963,261
	High	3.59x	\$8,865,089
	Average	2.40x	\$5,914,175

<u>Gross Revenue</u>		<u>Multiple</u>	<u>Estimated Price</u>
\$ 831,957 (Est. 2014)	Low	1.96	\$1,630,635
	High	6.45	\$5,366,123
	Average	3.62	\$3,011,684

<u>Customer Count</u>		<u>\$/Customer</u>	<u>Estimated Price</u>
2013 - 1,856	Low	\$2,826	\$ 5,245,056
	High	\$5,317	\$ 9,868,352
	Average	\$4,072	\$ 7,557,632
2014 - 1,890 (Est.)	Low	\$2,826	\$ 5,341,140
	High	\$5,317	\$10,049,130
	Average	\$4,072	\$ 7,696,080
2015 - 1,904 (Est.)	Low	\$2,826	\$ 5,380,704
	High	\$5,317	\$10,123,568
	Average	\$4,072	\$ 7,753,088

Exhibit 3: SOURCES AND USES OF FUNDS

Based on July 2014 Board Report – Underwriters Indicative Rates and Model Provided

	Original	Revised
<u>Sources</u>		
Certificate	\$ 5,815,000.00	\$ 8,600,000.00
OID		
Bond Reserve		
Issuer Cash	\$ 73,640.00	\$ 73,640.00
Accrued Interest		
Total Sources	\$ 5,888,640.00	\$ 8,673,640.00
<u>Uses</u>		
Outstanding Debt Prin	\$ 2,920,000.00	\$ 2,920,000.00
Accrued Interest	\$ 73,640.00	\$ 73,640.00
Construction Fund	\$ 2,500,000.00	\$ 5,200,000.00
Deposit to Bond Fund		
Underwriter's Discount	1.89% \$ 109,920.00	\$ 162,564.40
Insurance Premium	0.50% \$ 29,075.00	\$ 43,000.00
Costs of Issuance	4.00% \$ 232,600.00	\$ 232,600.00
Rounding Amount	\$ 23,405.00	\$ 41,835.60
Total Uses	\$ 5,888,640.00	\$ 8,673,640.00

**FOR ILLUSTRATIVE PURPOSES ONLY
NOT MEANT TO REPRESENT A PLAN OF FINANCE**

Exhibit 4A: DEBT SERVICE ILLUSTRATION – SCENARIO A

Based on July 2014 Board Report – Underwriters Indicative Rates

Refunding and New Money – Increasing Debt Service

Year	Date	Principal	Rate	Interest	Debt Service
2015	1-Jan-16	-	0.300	146,118.66	146,118.66
2016	1-Jul-16			146,118.66	146,118.66
2016	1-Jan-17	-	0.500	146,118.66	146,118.66
2017	1-Jul-17			146,118.66	146,118.66
2017	1-Jan-18	-	0.750	146,118.66	146,118.66
2018	1-Jul-18			146,118.66	146,118.66
2018	1-Jan-19	44,368.01	1.050	146,118.66	190,486.67
2019	1-Jul-19			145,885.73	145,885.73
2019	1-Jan-20	73,946.69	1.400	145,885.73	219,832.42
2020	1-Jul-20			145,368.10	145,368.10
2020	1-Jan-21	103,525.37	1.800	145,368.10	248,893.47
2021	1-Jul-21			144,436.37	144,436.37
2021	1-Jan-22	133,104.04	2.100	144,436.37	277,540.41
2022	1-Jul-22			143,038.78	143,038.78
2022	1-Jan-23	162,682.72	2.400	143,038.78	305,721.50
2023	1-Jul-23			141,086.59	141,086.59
2023	1-Jan-24	192,261.39	2.600	141,086.59	333,347.98
2024	1-Jul-24			138,587.19	138,587.19
2024	1-Jan-25	221,840.07	2.750	138,587.19	360,427.26
2025	1-Jul-25			135,536.89	135,536.89
2025	1-Jan-26	251,418.74	2.900	135,536.89	386,955.63
2026	1-Jul-26			131,891.32	131,891.32
2026	1-Jan-27	288,392.09	3.000	131,891.32	420,283.40
2027	1-Jul-27			127,565.43	127,565.43
2027	1-Jan-28	295,786.76	3.100	127,565.43	423,352.19
2028	1-Jul-28			122,980.74	122,980.74
2028	1-Jan-29	303,181.43	3.200	122,980.74	426,162.17
2029	1-Jul-29			118,129.84	118,129.84
2029	1-Jan-30	310,576.10	3.250	118,129.84	428,705.93
2030	1-Jul-30			113,082.98	113,082.98
2030	1-Jan-31	325,365.43	3.300	113,082.98	438,448.41
2031	1-Jul-31			107,714.45	107,714.45
2031	1-Jan-32	332,760.10	3.375	107,714.45	440,474.55
2032	1-Jul-32			102,099.12	102,099.12
2032	1-Jan-33	340,154.77	3.450	102,099.12	442,253.89
2033	1-Jul-33			96,231.45	96,231.45
2033	1-Jan-34	354,944.11	3.500	96,231.45	451,175.56
2034	1-Jul-34			90,019.93	90,019.93
2034	1-Jan-35	369,733.45	3.550	90,019.93	459,753.37
2035	1-Jul-35	-	-	83,457.16	83,457.16
2035	1-Jan-36	384,522.79	3.600	83,457.16	467,979.94
2036	1-Jul-36	-	-	76,535.75	76,535.75
2036	1-Jan-37	391,917.45	3.625	76,535.75	468,453.20
2037	1-Jul-37			69,432.24	69,432.24
2037	1-Jan-38	406,706.79	3.650	69,432.24	476,139.04
2038	1-Jul-38			62,009.85	62,009.85
2038	1-Jan-39	421,496.13	3.700	62,009.85	483,505.98
2039	1-Jul-39			54,212.17	54,212.17
2039	1-Jan-40	436,285.47	3.750	54,212.17	490,497.64
2040	1-Jul-40			46,031.81	46,031.81
2040	1-Jan-41	458,469.48	3.750	46,031.81	504,501.29
2041	1-Jul-41			37,435.51	37,435.51
2041	1-Jan-42	473,258.81	3.750	37,435.51	510,694.33
2042	1-Jul-42			28,561.91	28,561.91
2042	1-Jan-43	488,048.15	3.750	28,561.91	516,610.06
2043	1-Jul-43			19,411.01	19,411.01
2043	1-Jan-44	510,232.16	3.750	19,411.01	529,643.16
2044	1-Jul-44			9,844.15	9,844.15
2044	1-Jan-45	525,021.50	3.750	9,844.15	534,865.65

Exhibit 4B: DEBT SERVICE ILLUSTRATION – SCENARIO B

Based on July 2014 Board Report – Underwriters Indicative Rates

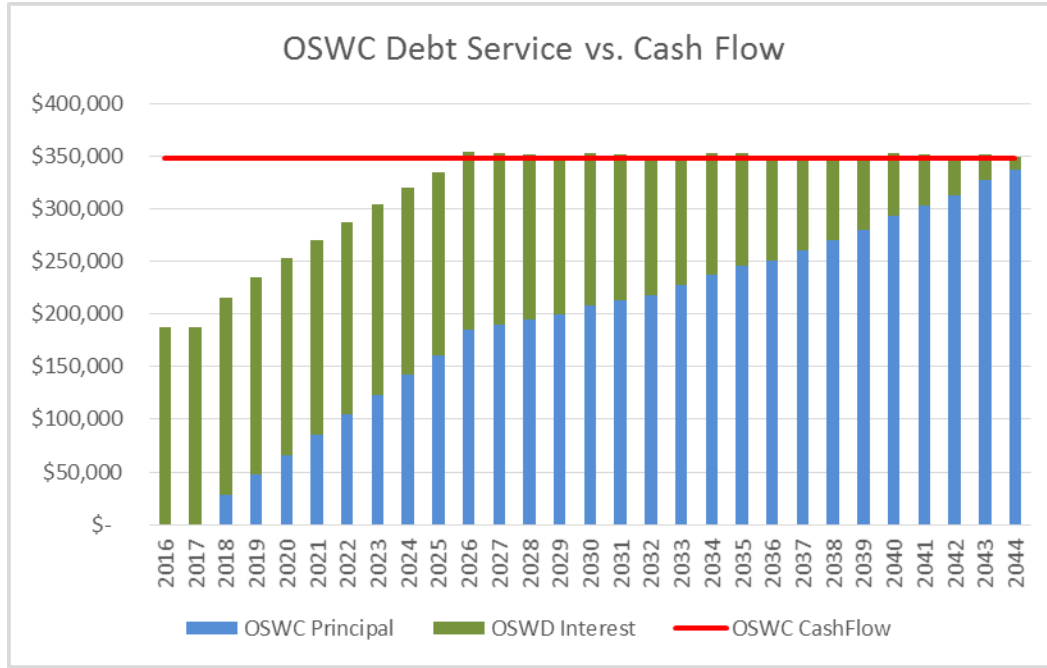
Refunding and New Money – Level Debt Service

Year	Date	Principal	Rate	Interest	Debt Service
2015	1-Jan-16	97,312.59	0.300	131,936.86	229,249.45
2016	1-Jul-16			131,936.86	131,936.86
2016	1-Jan-17	200,707.21	0.500	131,936.86	332,644.08
2017	1-Jul-17			131,936.86	131,936.86
2017	1-Jan-18	200,707.21	0.750	131,936.86	332,644.08
2018	1-Jul-18			131,936.86	131,936.86
2018	1-Jan-19	200,707.21	1.050	131,936.86	332,644.08
2019	1-Jul-19			130,883.15	130,883.15
2019	1-Jan-20	200,707.21	1.400	130,883.15	331,590.36
2020	1-Jul-20			129,478.20	129,478.20
2020	1-Jan-21	206,789.25	1.800	129,478.20	336,267.45
2021	1-Jul-21			127,617.10	127,617.10
2021	1-Jan-22	212,871.29	2.100	127,617.10	340,488.38
2022	1-Jul-22			125,381.95	125,381.95
2022	1-Jan-23	218,953.32	2.400	125,381.95	344,335.27
2023	1-Jul-23			122,754.51	122,754.51
2023	1-Jan-24	225,035.36	2.600	122,754.51	347,789.87
2024	1-Jul-24			119,829.05	119,829.05
2024	1-Jan-25	231,117.40	2.750	119,829.05	350,946.45
2025	1-Jul-25			116,651.18	116,651.18
2025	1-Jan-26	237,199.43	2.900	116,651.18	353,850.62
2026	1-Jul-26			113,211.79	113,211.79
2026	1-Jan-27	249,363.51	3.000	113,211.79	362,575.30
2027	1-Jul-27			109,471.34	109,471.34
2027	1-Jan-28	255,445.54	3.100	109,471.34	364,916.88
2028	1-Jul-28			105,511.93	105,511.93
2028	1-Jan-29	261,527.58	3.200	105,511.93	367,039.52
2029	1-Jul-29			101,327.49	101,327.49
2029	1-Jan-30	273,691.65	3.250	101,327.49	375,019.15
2030	1-Jul-30			96,880.00	96,880.00
2030	1-Jan-31	279,773.69	3.300	96,880.00	376,653.70
2031	1-Jul-31			92,263.74	92,263.74
2031	1-Jan-32	285,855.73	3.375	92,263.74	378,119.47
2032	1-Jul-32			87,439.92	87,439.92
2032	1-Jan-33	291,937.77	3.450	87,439.92	379,377.69
2033	1-Jul-33			82,404.00	82,404.00
2033	1-Jan-34	298,019.80	3.500	82,404.00	380,423.80
2034	1-Jul-34			77,188.65	77,188.65
2034	1-Jan-35	316,265.91	3.550	77,188.65	393,454.56
2035	1-Jul-35	-	-	71,574.93	71,574.93
2035	1-Jan-36	328,429.99	3.600	71,574.93	400,004.92
2036	1-Jul-36	-	-	65,663.19	65,663.19
2036	1-Jan-37	340,594.06	3.625	65,663.19	406,257.25
2037	1-Jul-37			59,489.92	59,489.92
2037	1-Jan-38	352,758.13	3.650	59,489.92	412,248.06
2038	1-Jul-38			53,052.09	53,052.09
2038	1-Jan-39	358,840.17	3.700	53,052.09	411,892.26
2039	1-Jul-39			46,413.54	46,413.54
2039	1-Jan-40	377,086.28	3.750	46,413.54	423,499.82
2040	1-Jul-40			39,343.18	39,343.18
2040	1-Jan-41	389,250.35	3.750	39,343.18	428,593.53
2041	1-Jul-41			32,044.73	32,044.73
2041	1-Jan-42	407,496.46	3.750	32,044.73	439,541.20
2042	1-Jul-42			24,404.17	24,404.17
2042	1-Jan-43	419,660.54	3.750	24,404.17	444,064.71
2043	1-Jul-43			16,535.54	16,535.54
2043	1-Jan-44	431,824.61	3.750	16,535.54	448,360.15
2044	1-Jul-44			8,438.83	8,438.83
2044	1-Jan-45	450,070.72	3.750	8,438.83	458,509.55

Exhibit 4B: DEBT SERVICE ILLUSTRATION – COMPARISON

Based on July 2014 Board Report – Underwriters Indicative Rates
Debt Service based on OSWC's portion of New Debt

SCENARIO A – INCREASING DEBT SERVICE



SCENARIO B – LEVEL DEBT SERVICE

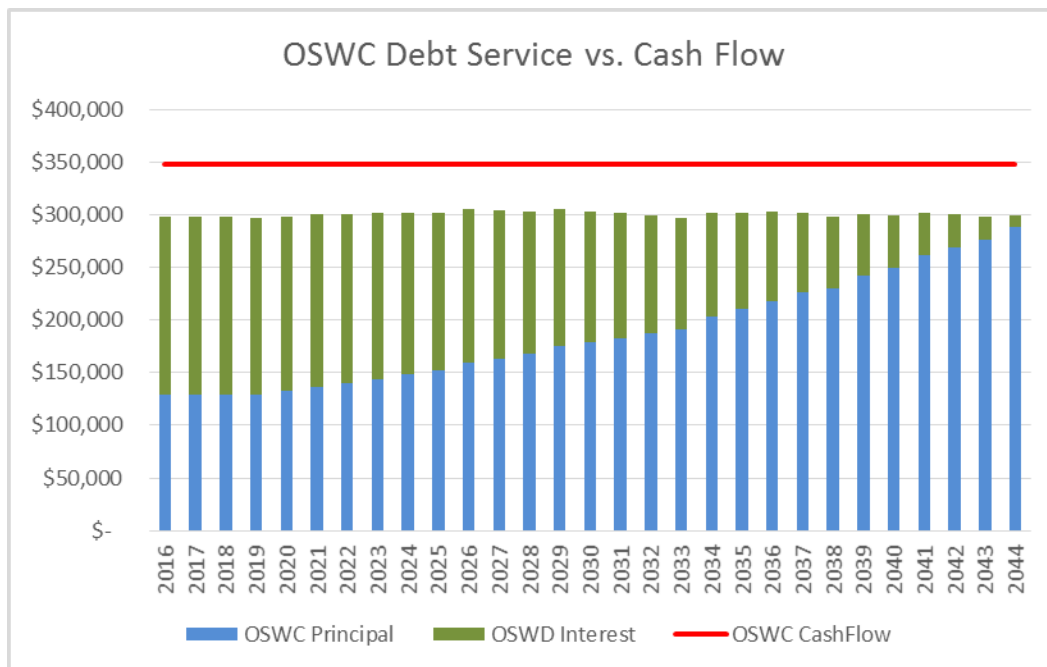
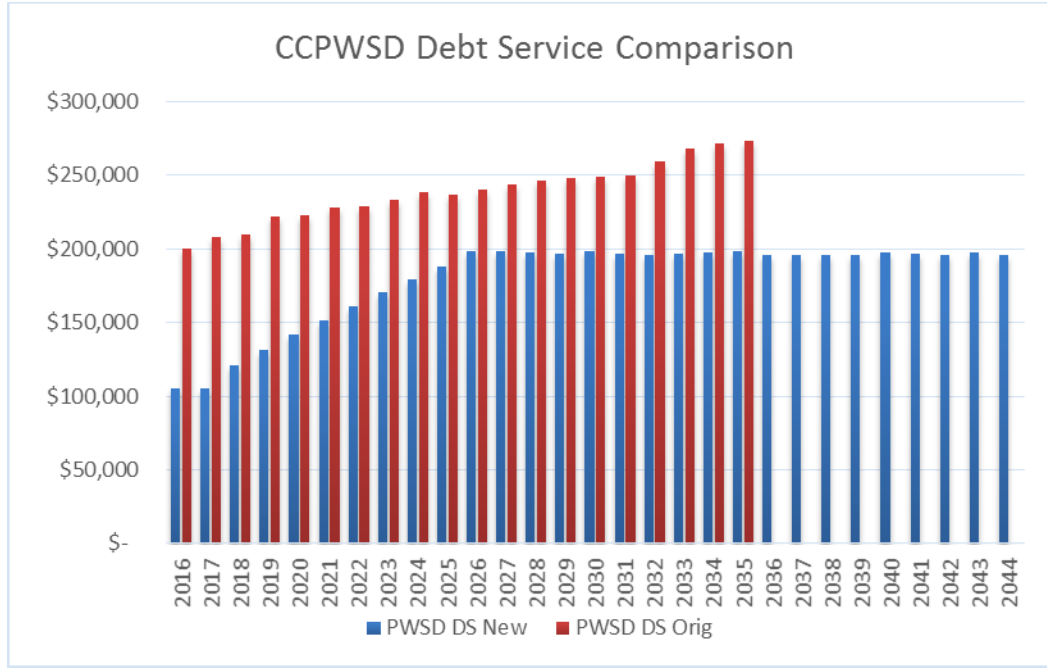


Exhibit 5: CCPWSD DEBT SERVICE BEFORE AND AFTER

Based on July 2014 Board Report – Underwriters Indicative Rates
Debt Service based on CCPWSD's portion of New Debt

SCENARIO A – INCREASING DEBT SERVICE



SCENARIO B – LEVEL DEBT SERVICE

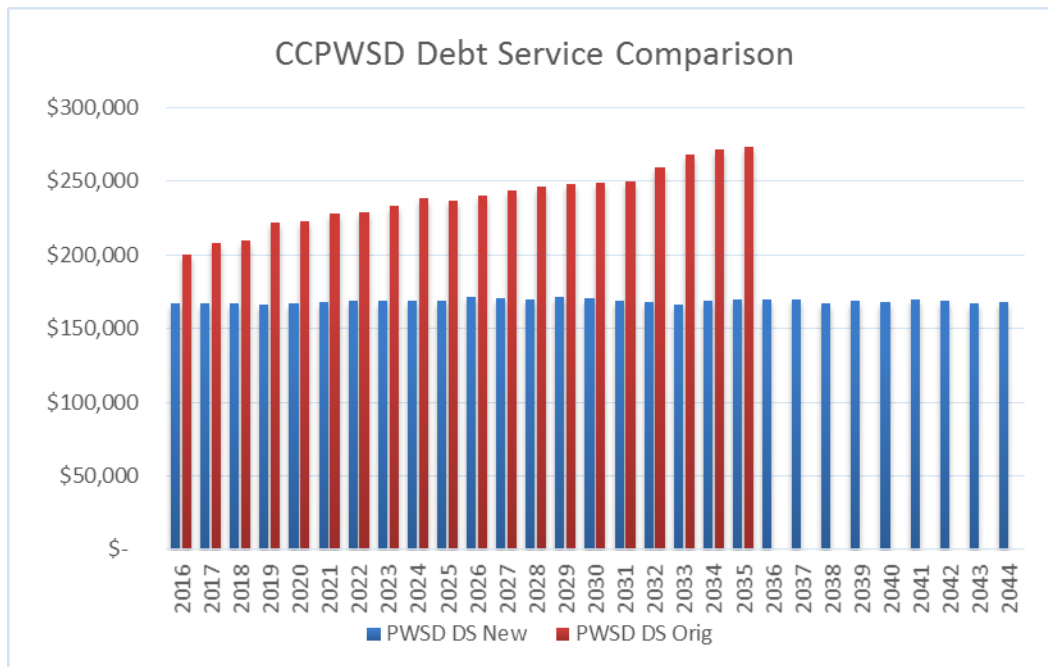


Exhibit 6: OSWC DEBT SERVICE COVERAGE

Based on July 2014 Board Report – Underwriters Indicative Rates

Debt Service based on OSWC's portion of New Debt and Level Debt Service

<u>Net Interest Cost</u>	<u>OWSC's Portion of Estimated Average Annual Payment</u>	<u>Debt Service Coverage ⁽¹⁾</u>
3.44%	\$300,429	1.15
3.75%	\$310,692	1.11
4.00%	\$318,710	1.08
4.25%	\$327,048	1.05
4.50%	\$335,066	1.03
5.50%	\$367,779	0.94

⁽¹⁾ Based on estimated 2015 projected cash flow

Exhibit 7: PUBLICLY TRADED WATER COMPANY COMPARATIVE DATA

<u>Company</u>	<u>Price/Cash Flow</u>	<u>Price/Book</u>	<u>Price/Sales</u>
American States Water	8.24	2.70	2.98
American Water Works	9.03	1.93	3.15
Aqua America	13.26	2.88	6.00
Artesian Resources	8.73	1.63	2.81
California Water Service	9.53	1.88	1.96
Connecticut Water Service	8.40	1.89	4.09
Middlesex Water Company	10.18	1.84	3.07
SJW Corp	10.67	1.86	2.09
York Water Co	15.51	2.81	6.45
Low	8.24	1.63	1.96
High	15.51	2.88	6.45
Average	10.39	2.16	3.62

As of December 19, 2014

Exhibit 8: COMPARISON OF RECENT WATER COMPANY SALES

<u>Purchaser</u>	<u>Acquired</u>	<u>Date</u>	<u>Implied Multiple</u>	
Liberty Utilities	Park Water Co.	Sept. 2014	9.6x	EBITDA
Avista Corp	Alaska Energy & Resources	Nov. 2013	1.5x	Rate Base
Missouri American	Tri States Utility	Aug. 2013	2.17x	Rate Base
City of Ft Wayne, IN	Aqua Indiana	July 2013	7.3x	EBITDA
Corix	Utilities, Inc.	Dec. 2012	13x	EBITDA
Liberty Energy Utilities	United Water Arkansas	July 2012	1.2x	Rate Base
Aqua America	Ohio American Water	May 2012	14x	EBITDA
Nashua, New Hampshire	Pennichuck Corp.	Jan. 2012	13.7x	EBITDA
Citizens Energy	Indianapolis Water	Aug. 2011	13.1x	EBITDA
Carlyle Infrastructure	Mountain Water Co (Sub of Park Water Co which was purchased)	2011	2.04x	Book
JP Morgan Asset Mgt.	Southwest Water Co.	Sept. 2010	18.5x	EBITDA
Lexington, MO	U.S. Water Company	June 2010	1.63x	Rate Base
Willard, MO	Meadows Water Co.	2007	3.59x	Rate Base

<u>Offer</u>	<u>To Be Acquired</u>	<u>Date</u>	<u>Bid</u>	
Missoula, MT	Mountain Water Co.	Nov. 2013	1.7x	Rate Base

PUBLIC WATER SUPPLY DISTRICT NUMBER FOUR OF CAMDEN COUNTY

P.O. Box 9 • Lake Ozark Mo 65049

Phone: (573) 365-6792 • Fax: (573) 365-6793

FOR IMMEDIATE RELEASE

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PUBLIC WATER SUPPLY DISTRICT NUMBER FOUR ANNOUNCES FILING OF APPLICATION TO APPROVE ACQUISITION OF ASSETS OF OZARK SHORES WATER COMPANY

FOUR SEASONS, MO - March 23, 2015 – Public Water Supply District Number Four of Camden County (the “District”) announced today the filing of a joint application with Ozark Shores Water Company (“Ozark Shores”) for approval from the Missouri Public Service Commission for the District to acquire the assets of Ozark Shores.

Roger Sallee, President of the Board for the District stated, “We believe the acquisition of the Ozark Shores assets will allow us to expand and improve services in this area. We expect this acquisition to be beneficial for all of the water customers on Horseshoe Bend.”

Randy Thompson, another District Board member added, “The District’s acquisition of Ozark Shores assets will help residents avoid costs associated with private ownership since the District is a non-profit entity.”

The District was formed in 2002 by the voters of Horseshoe Bend and provides both water and sewer service in the area.