



**Water and Wastewater Proposal  
to the City of Ironton  
July 25, 2022**



**MISSOURI  
AMERICAN WATER**

**WE KEEP LIFE FLOWING®**

## EXECUTIVE SUMMARY

### Purchase Price

Missouri American Water is offering to purchase the City of Ironton's water and wastewater systems for a total price of \$3.7 million. This offer will remain in effect until June 1, 2023.

<b>Purchase Price</b>	<b>\$3.7 million</b>
<b>+ System Investment</b>	<b>+ \$8.4 million</b>
<b>TOTAL VALUE</b>	<b>\$12.1 million</b>

### Net Proceeds

After the City of Ironton pays off an estimated \$1.5 million in system debt, it is anticipated the City would have \$2.2 million in net proceeds.

### System Investment

Missouri American Water has also committed to investing \$8.4 million over the next 10 years to upgrade Ironton's water and wastewater systems, including replacing or rehabilitating water mains and sewers. Missouri American Water would also assume all future maintenance and all post-closing liabilities associated with the water and wastewater systems. All necessary capital, operations, and maintenance needs that arise with the water and wastewater systems will be budgeted and delivered.

### Proposed Rates

Missouri American Water proposes placing Ironton customers on our existing rates at the time of closing. All proposed rates are contingent on approval by the Missouri Public Service Commission (MoPSC). Missouri American Water rates can change over time through the Rate Review process and through the Water and Sewer Infrastructure Rate Adjustment.

### Management and Employment

We are committed to providing exceptional, locally based service to the City of Ironton with support from our team of experts throughout the state so Ironton will never face a water or wastewater issue alone.



### Regulatory Compliance

Missouri American Water would be responsible for any capital investments, operations, and maintenance needed to achieve compliance with all state and federal laws and regulations.

### Customer Service

Customers are at the center of everything we do. We consistently rank in the top quartile of independent customer service surveys when compared to other utilities. J.D. Power ranked Missouri American Water 2<sup>nd</sup> highest in the Midwest for overall customer satisfaction in their 2020 Water Utility Residential Customer Satisfaction Study<sup>SM</sup>.

## PROPOSAL

### Purchase Price

Missouri American Water is pleased to make an offer to the City of Ironton to purchase its water and wastewater systems for \$3.7 million and become the community's trusted water and wastewater service provider.

Missouri American proposes that the City of Ironton would receive cash in exchange for the water and wastewater system assets. Thereafter Missouri American would own, operate, and maintain the systems – all with regulatory oversight from the MoPSC. The cash offer is not dependent on financing.

The purchase offer is subject to the execution of a definitive Purchase Agreement (PA) and the following conditions:

- Acceptance by the City of the purchase price and proposed rates contained within the offer.
- Approval by the MoPSC of the terms and conditions of the PA, including proposed customer rates, purchase price, and rate base.
- Execution of a definitive PA, which would contain such representations, warranties, covenants, conditions and indemnities as are usual and customary in transactions similar to others entered into by Missouri American Water in connection with other acquisitions, including with respect to: the conveyance of all right, title and interest in and to the assets free and clear of all encumbrances; the acknowledgment that Missouri American Water would not assume any liabilities in connection with the transaction other than those that may be specifically identified in the PA.
- The City shall retain all assets associated with the water and wastewater systems, including any cash, reserves, and accounts receivable existing at closing of the transaction, other than the water and wastewater assets explicitly being sold as part of the system sale, including associated real estate.
- Resolution of any potential issues arising from the prior receipt of grant funding on terms and conditions acceptable to Missouri American Water.
- Transfer of Missouri Department of Natural Resources (DNR) permits for the water and wastewater systems, or negotiation of a new DNR permit, with terms and conditions acceptable to Missouri American Water and DNR.
- Proceeds from the sale will be used to repay all debt obligations associated with the water and wastewater systems being sold.



The offers contained herein will remain in effect until June 1, 2023.

### Net Proceeds for the City of Ironton

After the City of Ironton repays \$1.5 million debt obligations associated with the water and wastewater systems being sold, the City is expected to have \$2.2 million in net proceeds.



## System Investment

Carefully planning and investing in the water and wastewater systems we own and operate is important for maintaining safety and reliability, both now and for future generations. In 2022, Missouri American Water will invest \$400 million to upgrade our water and wastewater systems throughout the state. These investments included replacing aging water mains, lining wastewater pipes, replacing meters and fire hydrants, and upgrading water and wastewater treatment plants and equipment.

Missouri American Water has committed to investing \$8.4 million over the next 10 years to maintain and upgrade the Ironton's water and wastewater systems, including replacing

or rehabilitating water mains and sewers.

Missouri American Water would also assume all future maintenance and liabilities associated with the water and wastewater systems. This includes the replacement of pipes, pumps, and treatment plant parts as they reach the end of their useful life.

## Proposed Rates

### At Closing

Missouri American Water proposes placing Ironton customers on our existing rates at the time of closing. All proposed and future rates are contingent on approval by the Missouri Public Service Commission (MoPSC), and independent state commission.

### Future Rates

Missouri American Water rates can change over time through the rate review process and through the Water and Sewer Infrastructure Rate Adjustment. Under a rate review, the Company goes through an 11-month review process that includes an audit of our operations and investments and opportunities for public comment. At the end of this process the MoPSC may approve new customer rates.



Rates may also be adjusted between rate reviews through the Water and Sewer Infrastructure Rate Adjustment (WSIRA), which helps accelerate the replacement of aging pipes, pumps, and other critical components of water and wastewater systems. The MoPSC reviews eligible investment projects every six months, and small adjustments are made to customer bills to help pay for completed improvements.

Unlike public entities that often subsidize the cost of providing service, Missouri American Water rates reflect the true cost of providing reliable, high-quality water and wastewater service.

One of the factors that impacts rates across regulated utilities is the size and scale of the utility. Missouri American Water is the largest regulated water and wastewater utility in the state and has consolidated rates across many communities, which has allowed our customer rates to increase more gradually over time than they would if each community stood alone when paying for needed investments.

## Management and Employment

We are committed to providing exceptional service to the City of Ironton, which starts with locally based employees.

Our employees have access to career advancement opportunities and participate in ongoing training classes that improve operational expertise, enhance safety, and develop leadership skills. We also offer a variety of employee benefit options including health insurance, dental insurance, vision insurance, prescription drug insurance, tuition reimbursement, 401(k) retirement savings plan, discounted employee stock purchase plan, life insurance, and pet insurance.



Missouri American Water employees also benefit from the operational experience and expertise of our team of approximately 700 professionals throughout the state that currently operates and maintains 39 water systems and 74 wastewater systems. The City of Ironton is in close proximity to our existing operations in Arnold, providing nearby assistance in the event of an emergency.

We also have access to additional resources and opportunities through our parent company American Water, which employs more than 6,400 dedicated professionals in 24 states.

## Regulatory Compliance

Missouri American Water is proud to consistently meet or surpass federal and state regulations for drinking water and wastewater treatment. To do this, we closely monitor and test water every step of the way. Each year we perform more than one million water quality tests across the state.

We work closely with the U.S. Environmental Protection Agency and the Missouri Department of Natural Resources, and our team of scientists and water quality experts are at the forefront of research and compliance with ever-increasing health and environmental regulations.



Our commitment to exceptional water quality is recognized in Missouri and across the country. Missouri American Water's six largest surface water treatment plants are recognized by the Partnership for Safe Water, a water quality distinction achieved by less than 1% of all water utilities. Our parent company American Water has received more than 150 water quality awards.

For more information on annual water quality reports, visit [www.missouriamwater.com](http://www.missouriamwater.com) and click the Water Quality tab.

## Customer Service

Customers are at the center of everything we do. We consistently rank in the top quartile of independent customer service surveys when compared to other utilities. J.D. Power ranked Missouri American Water 2<sup>nd</sup> highest in the Midwest for overall customer satisfaction in their 2020 Water Utility Residential Customer Satisfaction Study<sup>SM</sup>.

What does great customer service look like? It's our employees working hard every day to provide safe, clean, and reliable water service to our customers. Our water quality experts treat our water and wastewater to meet or surpass all state and federal standards, and our engineering and operation teams carefully plan and invest in our water and wastewater systems as they age to maintain service and reliability.



Missouri American Water also provides convenient online options for reporting emergencies, checking usage, making a service request, paying bills, and learning about wise water use. Additionally, we have U.S.-based customer service centers available anytime for emergencies, from 7 a.m. to 7 p.m. for non-emergency customer assistance. We also offer an alert system that notifies customers via text or phone in the event of a service emergency.

In short, providing good water and wastewater service goes beyond providing clean, safe, and reliable water. We strive to provide exceptional service every day to each customer.



## PROPOSED TIMELINE

Below is a suggested and estimated timeline for moving forward with our partnership proposal. Closing is contingent on approval from the Public Service Commission.

Proposed Timeline	
November 2021	Council Approval
	Sign letter of intent
August 2022	Council vote to put on ballot
Sept. - Oct. 2022	Voter outreach and education
November 2022	Public vote
December 2022	Sign contract
March 2023	Public Service Commission filing
October 2023	Public Service Commission decision
December 2023	Closing date

## NEXT STEPS

If our offer is accepted, the City Council would need to place the sale of the water and wastewater systems on the ballot for simple majority voter approval. The Council must vote to place the question on the ballot by the appropriate certification deadline. Typical ballot measure language is below for reference:

***Sale of the City of Ironton's Water and Wastewater Systems***

*Shall the city of Ironton, Missouri, be authorized to sell its water and wastewater systems to Missouri American Water for the sum of \$3,700,000 (3.7 million Dollars)?*

## RECOMMENDATIONS FROM CURRENT COMMUNITIES



“When we began working with Missouri American Water on a plan to sell our sewer collection system, it was a top priority for our city. It represented a critical step in our work to improve our City’s financial picture and maintain reliable sewer service for our residents. I want to commend Missouri American Water for the outstanding planning and leadership that got us to our goal.”

**RONALD COUNTS**  
**MAYOR**  
**CITY OF ARNOLD**



“We have a great working relationship with Missouri American Water. We’ve always had outstanding service, but it goes beyond that. As the mayor of Jefferson City, I know exactly who to call if we have any issues, any questions, and I know that our city staff feels the same way.”

**CARRIE TERGIN**  
**MAYOR**  
**CITY OF JEFFERSON**

“Selling our water and sewer assets to Missouri American Water has given our community the ability to focus our priorities on roads, parks, stormwater, and the pursuit of economic development opportunities. We weren’t experts at water and sewer, but Missouri American Water is. They have the knowledge, capital resources and expertise so we’ll have reliable water and sewer service for years to come. Most importantly, they are committed to doing the right thing for their customers and the community.”



**MATT NOLKER**  
**CITY ADMINISTRATOR**  
**CITY OF LAWSON**



“Water is obviously a critical tool for fighting fires, and Missouri American Water does a great job maintaining and investing in their system, so water is there when we need it the most. They also go above and beyond to support local fire districts. Not only do they have an annual fire fighter grant program that provides funding for training and equipment, but they also donated some land to us to help fulfill our need for advanced rescue training. We couldn’t ask for a better community partner.”

**CARY SPIEGEL**  
**FIRE CHIEF**  
**MONARCH FIRE PROTECTION DISTRICT**

## WHO WE ARE

Missouri American Water is proud to provide clean, safe, reliable, and affordable water and/or wastewater service to approximately 1.5 million Missourians in 30 counties throughout the state.

Our history dates back more than a century to our first water system in St. Joseph, established in 1879. Today we are the largest publicly traded water services provider in Missouri, headquartered in St. Louis County with operations throughout the state.

Our team of nearly 700 employees efficiently operates and maintains 39 water systems and 74 wastewater systems, including 7,300 miles of pipe and 44,000 fire hydrants. The experience and expertise of our employees allows us to provide exceptional service and reliability to our customers.

Water and wastewater is all we do. We deliver approximately 200 million gallons of high-quality drinking water every day to more than 465,000 customers statewide. Our systems utilize both groundwater and surface water sources and range in size from fewer than 500 customers to 350,000 customers. We also treat wastewater for thousands of homes and businesses, with systems ranging in size from two customers to 7,000 customers. We operate a variety of wastewater treatment facilities, including extended aeration plants, sand filter plants, and lagoons.



Missouri American Water is a wholly owned subsidiary of American Water (NYSE: AWK), the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. The company employs 6,400 dedicated professionals who provide regulated and market-based drinking water, wastewater, and other related services to an estimated 14 million people in 24 states. Being part of a larger company provides many benefits, including greater purchasing power, economies of scale, technical expertise, and shared services.

## **LEADERSHIP TEAM**

One of the greatest assets at Missouri American Water is our team of highly skilled employees who provide quality service to our customers. Our team consists of many professionals dedicated to customer service, production, maintenance, water quality and engineering, along with many other departments working together to keep the water flowing. The team below leads Missouri American Water's efforts and works closely with communities to provide pragmatic solutions to address both the immediate and long-term needs of water and wastewater systems.



### **RICH SVINDLAND, PRESIDENT**

Rich Svindland became President of Missouri American Water in 2021. He is a professional engineer with more than 30 years of experience in the water and wastewater industry, and previously served as president of California American Water and Hawaii American Water. Rich received his bachelor's degree in Civil Engineering from Georgia Tech and a master's degree in Civil Engineering from the University of Kentucky.



### **JEFF KAISER, P.E., VICE PRESIDENT, OPERATIONS**

Jeff Kaiser became Vice President of Operations in 2021 after serving as Director of Engineering since 2019. He joined American Water in 2008 as Director of Engineering for Illinois American Water and Iowa American Water, and in 2018 became Director of State Procurement for American Water. Mr. Kaiser holds a Bachelor of Science in Civil Engineering from Washington University in St. Louis and is a registered professional engineer (P.E.) in the state of Missouri.



### **TIM LUFT, VICE PRESIDENT, LEGAL & CORPORATE SECRETARY**

Tim Luft joined Missouri American Water in 2012 as Vice President Legal and Corporate Secretary. He is responsible for the company's legal function, including administrative agency and regulatory work, transactional matters, and general corporate issues. He is licensed to practice law in Missouri, Illinois, and Tennessee. He holds a JD from St. Louis University and a bachelor's in business administration from the University of Missouri-Columbia.



### **REBECCA LOSLI, P.E., VICE PRESIDENT OF ENGINEERING & BUSINESS DEVELOPMENT**

Rebecca Losli became Vice-President of Engineering & Business Development of Missouri American Water in 2022. She is a Professional Engineer with more than 18 years of experience in the water and wastewater industry and previously served as the Director of Engineering for Missouri American Water. She brings a wealth of experience from both the public and private sectors. She has master's degrees in environmental engineering and business administration from Washington University, a bachelor's degree in civil engineering from Washington University, and a bachelor's degree in physics and mathematics from Samford University.



**TIM GANZ, DIRECTOR OF WATER QUALITY AND ENVIRONMENTAL COMPLIANCE**

Tim Ganz joined Missouri American Water in 2003. He oversees environmental compliance for the company’s water and wastewater systems, directing environmental policy and stewardship programs. Tim is a Certified Hazardous Materials Manager, holds a Missouri “A” Drinking Water Treatment license, a “D” wastewater treatment license, and has degrees from the University of Missouri, Saint Louis University, and Maryville University in St. Louis.



**JODY CARLSON, SENIOR OPERATIONS MANAGER**

Jody Carlson joined Missouri American Water in 2015 and manages all operations in Northwest Missouri. Jody has more than 25 years of engineering experience gained from the private sector and state and municipal government. That experience has created excellent communication skills to assist customers and align employees on critical tasks. He holds a bachelor’s degree in Civil Engineering from the University of Missouri and is a licensed professional engineer (P.E.) in the state of Missouri.



**BRIAN EISENLOEFFEL, SENIOR DIRECTOR OF OPERATIONS**

Brian Eisenloeffel joined Missouri American Water in 2002 and today manages all water and wastewater operations in the St. Louis area. The St. Louis County water system serves approximately one million people and includes four treatment plants with a capacity of over 400MGD. Brian oversees the budgeting process, operations and maintenance, employee safety, and strategic planning for the system. He holds a bachelor’s degree in civil engineering from the University of Texas San Antonio and a DSIII water license.



**MATT BARNHART, SENIOR OPERATIONS MANAGER**

Matt Barnhart joined Missouri American Water in 2000 and manages all operations in Southwest Missouri, including systems in the Joplin, Warrensburg, and Branson areas. He started as a utility operator in Warrensburg and has served in a variety of leadership roles with increasing responsibility. He holds a Missouri Department of Natural Resources Class “C” water operator license, and a DSIII distribution license. He is a graduate of Crowder College.



**MATT HORAN, SENIOR OPERATIONS MANAGER**

Matt Horan joined Missouri American Water in 2005 and currently manages all operations in East Central Missouri, including the areas of Jefferson City, Mexico, and St. Charles. Matt oversees strategic planning, budgeting, operating efficiency projects, employee safety, and community involvement for each of these districts. He holds a bachelor’s degree in civil engineering from Southern Illinois University at Edwardsville.



**KEN FRANKLIN, MANAGER, GOVERNMENT AFFAIRS**

Ken Franklin joined Missouri American water in 2019, bringing more than two decades of knowledge and experience in government and politics to the company. He is responsible for managing key relationships with local governments, business and civic groups, and community organizations. Ken has a Master of Business Administration from Washington University in St. Louis and a Bachelor of Arts from Morehouse College in Atlanta, GA.



**NIKKI PACIFIC, MANAGER, BUSINESS DEVELOPMENT**

Nikki Pacific joined Missouri American water in 2020 as Manager of Economic Development, leading the company's efforts to provide water and wastewater solutions to communities throughout the state. She first joined American Water in 2002 and has worked in a variety of roles, including customer service, finance, and regulatory affairs. She has bachelor's in legal studies from Webster University and is working on a Master of Business Administration.



**CONCLUSION**

Missouri American Water appreciates the opportunity to present the City of Ironton with this proposal. We look forward to answering any questions you may have and further discussing how we can address your community's water and wastewater needs. We are confident that our 140 years of experience and exceptional service across the state.

**Confidentiality**

It is understood and intended that this Proposal constitutes a non-binding proposal and is not to be construed as commitment, representation or contract legally binding upon Missouri American or the City,

and no cause of action shall arise from this Proposal or be based thereon. Unless and until definitive agreements are entered into, neither Missouri American nor the City shall be under obligation to the other, irrespective of this Proposal and irrespective of any negotiation, agreements, or undertaking between, or action taken by, the parties with respect to this Proposal and/or the Transaction.

This Proposal is being delivered to you with the understanding that it and its contents will remain confidential and will be disclosed only to those executive officers and legal and financial advisors of the City who are directly involved in analyzing the transaction, and that neither this Proposal nor its contents will be disclosed publicly or directly or indirectly discussed with or disclosed to any other perspective purchaser unless such disclosure is required by applicable laws. The City and Missouri American Water will consult each other and use good-faith efforts to obtain review and approval by the other party prior to any public disclosure.

**Contact Information**

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