

SEWERAGE SYSTEM AGREEMENT

THIS AGREEMENT, dated as of the 11th day of December, 2008 (regardless of when signed by the parties hereto), by and between The Metropolitan St. Louis Sewer District (herein referred to as the "District"), a body corporate and politic duly organized, and existing under the laws of the State of Missouri (herein referred to as the "State"), and the City of Arnold, Missouri, a Third Class City of the State of Missouri (herein referred to as the "Municipality"). Upon the permanent and continuous diversion of the Municipality's flow to the Project Facility this Agreement shall supercede the existing Agreement dated March 3, 1982.

WITNESSETH:

WHEREAS, pursuant to and in accordance with the provisions of Article VI, Section 30, of the Constitution of the State of Missouri, The Metropolitan St. Louis Sewer District was created and the Charter (herein referred to as the "Plan" as amended on November 7, 2000) of the District was adopted on February 9, 1954; and

WHEREAS, Section 3.020(7) of said Plan of the District empowers the District: "To contract with municipalities, districts, other public agencies, individuals, or private corporations, or any of them whether within or without the District, for the construction, use, or maintenance of common or joint sewers, drains, outlets, or disposal plants, or for the performance of any service required by the District"; and

WHEREAS, Section 3.020(8) of said Plan of the District empowers the District: "To contract with, and there under to permit municipalities, districts, other public agencies, individuals, or private corporations, or any of them whether within or without the District, to connect with and use the facilities of the District. The rates for such service and connections shall be such

as may be agreed upon between the contracting parties”; and

WHEREAS, the District, pursuant to its authorities and powers aforesaid, is the lead applicant for Federal and State water pollution control grant and loan assistance in the Lower Meramec River Basin comprising nine (9) major watersheds in St. Louis County, Missouri and four (4) major watersheds in Jefferson County, Missouri and, concomitantly therewith, has developed a regional sewerage system facility plan for the entire Lower Meramec River Basin, watershed known as the “201 Plan” and the “208 Plan”; and

WHEREAS, Section 3.020(9) of said Plan of the District empowers the District: “To enter into and perform contracts, whether long-term or short-term, with any establishment, whether within or without the District, for the provision and operation by the District of sewerage facilities to abate or reduce the pollution of waters caused by discharges of wastes by such establishment, and the payment periodically by such establishment to the District of amounts at least sufficient to compensate the District for the cost of providing (including payment of principal and interest charges, if any) and operating and maintaining the sewerage facilities serving such establishment”; and

WHEREAS, Section 3.020(10) of said Plan of the District empowers the District: “To enter into negotiations with the Federal Government and the State of Missouri and other states and political subdivisions thereof, or the agencies of any of them, and apply for and obtain from any of them, any and all assistance and grants-in-aid that may be available”; and

WHEREAS, the District is duly authorized pursuant to said Plan to undertake by contract the planning, financing, construction, maintenance, and operation of a regional system of trunk sewers and wastewater treatment plant or plants; and

WHEREAS, pursuant to Sections 70.210, 70.220, and 250.010-250.250 of the Revised Statutes of the State of Missouri, the Municipality has the power to take any and all actions

required to construct, maintain or acquire by agreement wastewater treatment or wastewater treatment systems and to pay for the same, in whole or in part, out of the revenues of the Municipality or by the collection of charges for such services; and

WHEREAS, the Municipality is authorized to pay a reasonable charge for wastewater treatment and disposal service to the District, based upon the volume discharged by the Municipality into the District's Project Facility, such charge to provide sufficient revenues for Operation and Maintenance Costs and for Capital Costs necessary to make alterations, additions, or improvements and for Local Project Costs related to that portion of the Project Facility reasonably attributable and allocable to the Municipality in accordance with generally accepted engineering principles; and

WHEREAS, the District herein agrees to obtain all governmental approvals required by law for the engineering, construction, acquisition, ownership, operation and maintenance of the Project Facility by the District;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS MUTUALLY AGREED AS FOLLOWS:

I. DEFINITION OF TERMS

All terms which are defined herein shall have the same meanings for all purposes of this Agreement, as amended and supplemented, and of any instrument or document appertaining hereto (except where the context by clear implication otherwise requires).

A. Billing Period shall, mean the period for which the prior three-months of service was received.

B. BOD₅ (Biochemical Oxygen Demand) shall, mean the quantity of oxygen utilized in five (5) days in the biochemical oxidation of carbonaceous and nitrogenous compounds and

certain inorganic materials in water or wastewater as determined by Standard Methods and expressed in milligrams per liter.

C. Capital Costs shall mean the cost of capital replacements, alterations, additions and improvements related to the Project Facility, but not including Project Costs or costs related to increasing the capacity of the Project Facility and/or making improvements to provide service to Other Users.

D. Chemical Oxygen Demand (COD) shall mean the quantity of oxygen utilized in the chemical oxidation of organic and oxidizable inorganic matter in water or wastewater as determined by Standard Methods and expressed in milligrams per liter.

E. Connection Point(s) shall mean the physical point at which the Municipality's Collection System will be connected to the Project Facility, defined as the center of the structure. The Connection Point shall denote the division of the District and the Project Facility, from the Municipality and its Collection System, said Connection Point also being the point, which divides all responsibility for construction and maintenance between the parties. Actual responsibility will be determined where the collection system pipe connects to the structure as built. The Connection Point shall be located at the following sites:

1. Connection Point A: A connection point located in a tract of land conveyed to "St. Louis County" as recorded in deed book 8042, page 323, of St. Louis County records, the location of which is more particularly described as follows:
Commencing at the intersection of the East right-of-way line of a 20 foot wide private road as shown on "Appel's Subdivision On The Meramec" a subdivision recorded in plat book 12, page 113 of St. Louis County records, and the North right-of-way line of Telegraph Road; thence in a Northerly direction along said East right-of-way line a distance of 933 feet more or less to the Northwest corner of a tract of land conveyed to "St. Louis County" as recorded in deed book 8042, page 323, of St. Louis County records; thence leaving said East right-of-way, Northeasterly along the Northwesterly line of said "St. Louis County" tract a distance of 386 feet more or less to a point on said Northwesterly line; thence leaving said Northwesterly line, in a Southeasterly direction perpendicular to said Northwesterly line a distance of 214 feet more or less to the Connection Point.

2. Connection Point B: A connection point located in Lot 4 of "Anna T. Harris Subdivision" a subdivision recorded in plat book 3, page 30 of Jefferson County records, the location of which is more particularly described as follows:

Commencing at the Northwest corner of a tract of land conveyed to Glenn W. Ford as recorded in deed book 501, page 839, of Jefferson County records, said corner lying on the Easterly right-of-way line of Fannie Road (15' wide) and the Southerly line of Lot 4 of "Anna T. Harris Subdivision" a subdivision recorded in plat book 3, page 30 of Jefferson County records; thence Northwesterly along the Southerly line of said Lot 4, a distance of 15 feet more or less to the Southwest corner of said Lot 4 lying on the common right-of-way of "Burlington & Northern" Railroad (varied width) and Fannie Road (15' wide); thence Northeasterly along the West line of said Lot 4 also being the Easterly right-of-way of said "Burlington & Northern" Railroad, a distance of 239 feet more or less to a point on said West line and Easterly right-of-way; thence leaving said West line and Easterly right-of-way, in a Southeasterly direction perpendicular to said West line, a distance of 190 feet more or less to the Connection Point.

F. Design Allotted Share of Peak Flow shall mean the maximum instantaneous allowable rate of flow that may be discharged by the Municipality to the Project Facility; the maximum rate of flow from the Municipality that will be handled by the District without special or penalty charge. The peak flow of the Municipality shall not be based on the design peak flow of the Project Facility, peak flows from various areas not being additive.

G. Design Allotted Share of Average Flow shall mean the maximum annual average daily allowable flow that may be discharged by the Municipality to the Project Facility; the Municipality's annual average daily flow for which the Project Facility is designed; the maximum annual average daily flow from the Municipality that will be handled by the District, except as otherwise provided herein.

H. Design Allotted Share of BOD₅ and Total Suspended Solids (TSS) Loads shall mean the Municipality's allowable BOD₅ and Total Suspended Solids Loads that may be discharged over a period of twenty-four (24) hours based upon the average for thirty (30) consecutive days; the Municipality's share of the total design BOD₅ and Total Suspended Solids for which facilities are designed in order to meet effluent criteria; the maximum BOD₅ and Total Suspended Solids for twenty-four (24) hours average for thirty (30) consecutive days from the

Municipality that will be handled by the District without special or penalty charge except as otherwise provided herein.

I. Executive Director shall mean the Executive Director for The Metropolitan St. Louis Sewer District as provided in Section 6.010 of the Plan of the District, or his designee or other duly authorized representative.

J. Industrial Connection Sewer shall mean that portion of sewer line required to carry the sewage of any industrial or commercial establishment from the last point of sewage entry on the premises to the Municipality's Collection System or to carry the discharge from any industrial pretreatment facility to the Municipality's Collection System.

K. Industrial Waste shall mean the water-borne wastes, including contaminated cooling water, from industrial processes, as distinct from sanitary wastewater.

L. Industrial User shall mean any person who discharges into the District's wastewater system from any source regulated under Section 307(b), (c), or (d) of the Clean Water Act or from any source listed in Division A, B, C, D, E, or I of the Standard Industrial Classification Manual or from any solid waste disposal operation such as, but not limited to landfills, recycling facilities, solid or hazardous waste handling or disposal facilities, and centralized wastewater treatment facilities (CWT's).

M. Load shall mean the quantity of wastewater characteristics such as BOD₅, TSS, or other constituents.

N. Local Project Cost shall mean that part of the Project Cost that is not paid for by either State or Federal funding.

O. Management Fee shall mean a fee equal to ten percent (10%) of the Operation and Maintenance Costs plus Capital Costs paid to the District to recover administrative and general overhead costs.

P. Municipality's Collection System shall mean those facilities for the collection and transmission of wastewater owned and operated by the Municipality prior to interconnection with the Project Facility, including future additions and improvements thereto, and those facilities constructed by the Municipality in order to effect the interconnection with the Project Facility.

Q. National Pollutant Discharge Elimination System (NPDES) Permit shall mean a permit issued under the National Pollutant Discharge Elimination System pursuant to Section 402 of the Clean Water Act for a discharge into the waters of the State.

R. Normal Wastewater shall mean wastewater that, prior to any treatment, contains not more than 300 milligrams per liter of suspended solids and has a BOD₅ not greater than 300 milligrams per liter, and a COD not greater than 600 milligrams.

S. Operation and Maintenance Costs shall mean the cost of operation, maintenance and administration directly related to the Project Facility. Such costs shall include, but not limited to: personnel costs, laboratory analysis, equipment costs, materials and supplies, operating costs for buildings and plants (utilities, maintenance of grounds, etc.) and administrative and general expenditures (telephone, copier costs, office supplies, etc.) and all other costs necessary for operation and maintenance of the Project Facility.

T. Other User shall mean any person, firm, corporation, or other entity, whether municipal or otherwise, discharging sewage to the Project Facility by use of facilities other than the Municipality's Collection System.

U. Peak Flow shall mean the maximum instantaneous rate of flow that is discharged by a User to the Project Facility.

V. Person shall mean not only a natural person, corporation, or other legal entity, but also two or more natural persons, corporations, or other legal entities acting jointly as a firm,

partnership, unincorporated association, joint venture, or otherwise.

W. Pretreatment shall mean the reduction or elimination of pollutants or the alteration of the nature of pollutant properties in wastewater to a more acceptable state prior to discharge to the District's wastewater system.

X. Pretreatment Regulations or Pretreatment Standards shall mean all applicable Federal rules and regulations implementing Section 307 of the Federal Water Pollution Control Act, as well as any non-conflicting State or local standards. In cases of conflicting standards or regulations, the more stringent thereof shall be applied.

Y. Project Facility shall mean the facilities for the transmission, storage, treatment, recycling, and reclamation of industrial and domestic wastewater, to be constructed in accordance with Section III of this Agreement, and includes any device, facility, structure, equipment or works owned or used by the District, for the purpose of the transmission, storage, treatment, recycling, or reclamation of industrial and domestic wastes, or necessary to recycle or reuse water at the most economical cost over the estimated life of the system, including outfall sewers, pumping, power, and other equipment, and their appurtenances, extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable, recycled supply such, as standby treatment units and clear well facilities; and any works, including easement access rights and property acquisition, that will be an integral part of the treatment process or are used for ultimate disposal of residues resulting from such treatment as described in Attachment A..

Z. Project Cost shall mean all reasonable and necessary costs and expenses incurred by the District in designing, financing, and constructing the Project Facility, including but not limited to: costs and expenses for obtaining necessary permits, licenses, approvals and grants for design and construction; architects', contractors', and engineers' fees; the cost of labor, material,

supplies, and services actually used in design and construction; fees for legal and consulting services; land and easement acquisition costs (except as provided in Section III with respect to the acquisition of certain easements necessary for the Municipality to construct portions of its Collection System in St. Louis County); debt service; interest on bonds or other obligations issued by the District to finance the Project Cost.

AA. Sanitary Wastewater shall mean wastewater emanating from the sanitary conveniences, including toilet, bath, laundry, lavatory, and/or kitchen sink of residential and non-residential sources, as distinct from industrial waste.

BB. Service Charge shall mean the Operation and Maintenance Costs plus the Capital Costs and Management Fee.

CC. Sewage is used interchangeably with, and shall have the same meaning as, the term "Wastewater."

DD. Standard Industrial Classification Manual (SIC Manual) shall mean the latest edition of said publication by the Executive Office of the President, Office of Management and Budget.

EE. Storm Water Inflow shall mean any flow occurring during or immediately following any form of natural precipitation and resulting there from and entering the sanitary sewers of the Municipality's Collection System.

FF. Total Suspended Solids (TSS) shall mean all matter in water, wastewater, or other liquids; that is retained on a filter as determined by Standard Methods and expressed in milligrams per liter. Total Suspended Solids is also known as Nonfilterable Residue (NFR).

GG. 201 PLAN shall mean the document entitled "Final 201 Facility Plan, Lower Meramec River Basin" by The Metropolitan St. Louis Sewer District dated September, 1979, and approved by the Division of Environmental Quality of the Missouri Department of Natural Resources on February 27, 1980, together with the associated Environmental Impact Statement

(EPA-907/9-79-004) (EPA-7-MO-St. Louis, St. Louis County-WWTP-79), approved by the Environmental Protection Agency on July 11, 1979.

HH. 208 PLAN shall mean the document entitled "St. Louis, Missouri Water Quality Management Plan - Areawide Waste Treatment Management Study (208)" by the East-West Gateway Coordinating Council dated May, 1978, as approved by the Missouri Clean Water Commission on February 23, 1979, certified by the State of Missouri on May 10, 1979, and by the United States Environmental Protection Agency on December 27, 1979.

II. User shall mean any person who discharges, or causes the discharge of wastewater into the District's wastewater system or who discharges or causes the discharge of storm water or any NDPEs permit regulated effluent or any other waste into the District's storm water system or any person served by the District's system.

JJ. Waste shall mean any material other than unpolluted water that is accidentally or purposely discarded into the District's system.

KK. Wastewater shall mean the water-borne wastes, industrial waste and/or sanitary wastewater as defined herein, emanating from residential and non-residential sources together with such groundwater, surface water, or storm water as cannot be avoided.

II. GENERAL PROVISIONS

A. Securing of Grants

The District and the Municipality agree that they shall cooperate in securing grants to make any necessary improvements to the Municipality's Collection System. The District shall assist the Municipality in securing any State and Federal grants for which the Municipality is eligible.

B. Ordinances

Both parties agree to enact ordinances authorizing all actions necessary and proper for the

execution of this Agreement.

C. Authorized Entry

Any duly authorized employee of the District bearing proper credentials and identification shall be permitted access to such premises within the Municipality as may be necessary for the purpose of inspection and observation, measurement, sampling and testing, in accordance with the provisions of this Agreement.

D. Enforcement of Regulations

The Municipality agrees to conform with and enforce all minimum standards, ordinances, rules, regulations and requirements of the District and all applicable State and Federal laws, rules, and regulations concerning wastewater discharges, including pretreatment regulations, standards and prohibitions, monitoring, and reporting within the Municipality's Collection System.

Wastewater emptied into the District's Project Facility from the Municipality's Collection System shall be in conformity with the current ordinances and current regulations pertaining to sewers or sewage within the District and/or in accordance with all State and Federal laws, rules, and regulations, whichever is the most restrictive. Wastewater not in conformity with such rules and regulations shall not be permitted to flow through the sewers of the Municipality into the Project Facility.

E. Amendments - Federal and State Regulations

The Municipality and the District agree to abide by any changes in this Agreement made necessary in order to comply with any revisions or amendments to State or Federal laws, rules, or regulations.

F. Successors

Subject to the terms and conditions of this Agreement, wherever the District or the

Municipality, as the case may be, is referred to herein, such provision shall be deemed to include the successors of the District or the Municipality, as the case may be, whether so expressed or not. Subject to the terms and conditions of the Agreement, all of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the District or the Municipality contained herein shall bind and shall inure to the benefit of such successors and shall bind and shall inure to the benefit of any officer, board, district, commission, authority, agent, or other instrumentality to whom or to which there shall be transferred by or in accordance with law any powers, duties or functions of the District or the Municipality, respectively, or of its successor, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements, or other provisions hereof.

G. Design Review

The District shall have the right to review, for informational purposes and without charge to the Municipality the designs, specifications, and criteria for additions or modifications to any portion of the Municipality's Collection System connected directly or indirectly to the Project Facility; provided, however, that nothing in this paragraph or this Agreement shall be construed as giving the District a right of approval or disapproval of such additions or modifications.

H. Plans and Specifications Relating to Industrial Wastewater Treatment

Plans, specifications, and any other pertinent information relating to treatment or pretreatment facilities, holding tanks, control and neutralization equipment or other facilities to be utilized in the treatment or control of Industrial Wastewater discharged to the Municipality's Collection System shall be submitted for review to the District and no construction of such facilities shall be commenced until said plans, specifications, and information are approved by the District, which approval shall not be unreasonably withheld if the plans, specifications, and information submitted shall comply with the published standards of the District.

I. Inspection and Testing

The Municipality shall, with respect to property owned by it or under its control, allow the District Industrial Waste Testing personnel and such personnel from the State or Federal agencies, upon the presentation of proper credentials:

- (1) To enter premises where an effluent source is located or in which any records are required to be kept under the terms of this Agreement; and
- (2) At reasonable times to have access to or copy any records required by this Agreement, State or Federal laws, or regulations to be kept by the Municipality, and
- (3) To inspect, repair or adjust any monitoring equipment or monitoring method required by the terms of this Agreement; and
- (4) To sample any User of the Collection System for pollutants and wastewater flow.

The Municipality shall, when requested under reasonable circumstances, assist District personnel in making such investigations of property and inquiry of persons discharging sewage into the Municipality's Collection System within the boundaries or jurisdiction of the Municipality.

J. Reports and Records

Persons discharging sewage to the Collection System of the Municipality shall make all reports required by Municipal ordinances, rules or regulations directly to the Municipality. The Municipality shall require within its boundaries or jurisdiction that all such reports be made to it and shall cause copies of all such reports to be sent to the District, upon request by the District.

The Municipality agrees to furnish and make available to the District any and all Municipal records, information, plans, and other data necessary for the District's establishment, operation, and maintenance of the Project Facility, and for the establishment of the sums to be paid by the Municipality to the District pursuant to Section IV of this Agreement.

The District agrees to provide an accounting of Project Costs to the Municipality as various portions of the Project Facility are scheduled and programmed, and continuing until the

Project Facility is completed. The accounting shall itemize and explain all costs to be included in the Project Cost, the basis for annual amortization, and the cost of the Municipality's attributable and allocable share thereof.

The District shall maintain separate accounting of Operation and Maintenance Costs and Capital Costs related to the Project Facility. The District agrees to furnish upon request to the Municipality, at intervals not to exceed twelve months starting with commencement of service and thereafter coinciding with the District's fiscal year, such accounting records and all other information, plans and data of the District which the District has utilized in determining Operation and Maintenance Costs and Capital Costs related to the Project Facility and in calculating the Municipality's attributable and allocable share thereof.

III. CONSTRUCTION OF PROJECT FACILITY AND CONNECTION TO COLLECTION SYSTEM

A. Location of Facility

The District agrees to design, construct, and operate the Project Facility as soon as is reasonably practical and to obtain all necessary governmental approvals for the design, engineering, construction, acquisition, ownership, operation, and maintenance of the Project Facility. The Project Facility shall be located at the following site:

A tract of land as described as the MSD Meramec Treatment Plant, Boundary Adjustment Plat recorded in Plat Book 352, Pages 594 – 595 in St. Louis County, Missouri.

The District may expand the Project Facility from time to time beyond the Municipality's Design Allotted Share as the District deems necessary, without cost to the Municipality. The District may connect Other Users to the Project Facility, provided that the District meets the obligation to the Municipality to provide the Design Allotted Share set forth herein and provided the District does not reduce the quantity of treatment provided to the Municipality at any time.

Should the Municipality require additional capacity beyond its Design Allotted Share and should such additional capacity require construction beyond that contemplated herein, the parties shall attempt to reach a mutually satisfactory agreement on a method of financing construction for such additional capacity and, the District agrees that it shall provide the additional capacity if the Municipality agrees to bear the entire cost, if any.

B. Connection to Project Facility

The Municipality hereby agrees that it will connect the Municipality's Collection System to the Project Facility by constructing a gravity sewer to the Connection Point(s). The date of connection was November 8, 2007.

The Municipality shall pay all costs relating to the construction of the gravity sewer pipes connecting the Collection System to the Project Facility at the Connection Point(s), and the cost of physical connection(s).

IV. TREATMENT DESIGN ALLOTTED SHARE

The District hereby agrees to design and construct the Project Facility to provide the following Design Allotted Share capacity of the Project Facility to the Municipality:

- | | | |
|-----|--|--------|
| (1) | Design Share for User's Average
Annual Flow in 1,000 gallon units per
operating day: | 4,500 |
| (2) | Design Share for User's Peak Flow in
1,000 gallon units per twenty-four (24)
hour day: | 18,000 |

V. FINANCING THE PROJECT FACILITY

A. Financing the Project Facility

The Local Project Cost for the Project Facility (which shall include the cost of land and

easement acquisition) shall be borne equitably by the Municipality and all Other Users. The Municipality's proportionate share of the Local Project Cost for the Project Facility shall be calculated in accordance with Attachment A. The Municipality shall be excluded from the cost of constructing facilities necessary to connect any Other User to the Project Facility.

The Municipality shall pay to the District its proportionate share of each phase of the Local Project Cost for the Project Facility in equal quarterly installments with annual interest over a period of twenty-five (25) years, billing and payments shall commence January 2008. The annual interest shall be that rate of interest which is the average rate of interest paid on municipal revenue sewerage bonds, rated "AA" or its equivalent, on a regularly established market for such bonds, as of the date the District first advances funds for the construction of the Project Facility. The Municipality and the District have agreed to a rate of 4.35% per annum based on the October 2003 start of construction of the phase I work as defined in Attachment A. The rate of interest charged for future phases will be determined as described above.

B. Financing Change Order Numbers 8, 11, 13 and 16

The total amount of change order numbers 8, 11, 13, and 16, associated with the Lower Meramec River System Improvements project (95066), Telegraph Road Drop Shaft, billed to the Municipality was \$842,161.72. Of this total, the Municipality paid \$662,161.72 to MSD on October 8, 2008. Both parties agree that the difference of \$180,000.00 will be resolved pursuant to Section XIV of this agreement. This Sewerage System Agreement supersedes the Intergovernmental Cooperation Agreement executed on May 23, 2005.

C. Charge for Late Payments

Any monies owed that remain unpaid pursuant to a payment schedule or due date as indicated in this agreement shall bear interest, equal to one and one-half percent (1 ½ %) per month or 18% annum, until such time as the balance is paid in full.

VI. RATES FOR SERVICE BY THE DISTRICT

A. Service Charges for the Project Facility.

The Municipality shall pay to the District a service charge for treatment and disposal of wastewater delivered to the Project Facility. The District shall bill the Municipality such service charge at the end of each billing period and the Municipality shall make payment to the District within thirty (30) days of the billing. The service charge shall commence upon permanent and continuous diversion of the flows from the Municipality's Collection System to the Project Facility.

The service charge to be billed to the Municipality and all Other Users shall be based on Operation and Maintenance Costs, the Capital Costs and a Management Fee equal to ten per cent (10%) of the Operation and Maintenance Costs and Capital Costs.

The Municipality's Operation and Maintenance Costs for the billing period shall be calculated as the proportional share of the Municipality's total metered sewage volume delivered to the Project Facility during the billing period to the total metered volume delivered to the Project Facility by the Municipality and all other Users.

The Municipality's Capital Costs shall be based on their share of the actual cost incurred during the previous year by the District for expenditures over and above those included in the Operations and Maintenance Costs. Payments shall be made in equal installments based on the billing period over the course of the next year.

To facilitate billing, the District agrees that it shall maintain accounting records relating to the Operation and Maintenance Costs and Capital Costs attributable to the Project Facility, separate and apart from accounting records relating to any other District facility. Such records shall be audited annually by a certified public accountant and shall be available for inspection by elected or administrative officials of the Municipality at reasonable times.

B. Special Service Charges

Costs incurred by the District in assisting in the location and elimination of prohibited discharges within the Municipality's Collection System shall be borne by the Municipality. Any costs incurred by the District will be billed to the Municipality.

C. State or Federal Fees

The Municipality shall be responsible for its share of cost incurred by the District as assessed by the state and/or federal regulators.

D. Charge for Late Payments

Any charges billed that remain unpaid by the due date indicated on the bill rendered shall bear interest, equal to one and one-half percent (1 ½ %) per month or 18% annum, until such time as the balance is paid in full.

VII. COLLECTION SYSTEM AND CONNECTIONS

A. Responsibility for Collection System

The Municipality shall retain the responsibility for construction, operation, maintenance, and ownership of facilities comprising its Collection System and future additions thereto and shall retain all contractual and managerial obligations associated with such Collection system facilities, subject to the rights of the District as expressly set out in this Agreement. The Municipality agrees to maintain in good repair its sewers connected to the Project Facility and to reduce infiltration/inflow to levels that are consistent with existing and any future District requirements.

B. Other User's Right to Connect

The Municipality agrees to allow any Other User within its watershed to connect to the Municipality's Collection System, provided that the Municipality's Collection System has sufficient reserve capacity to carry the total flow and the total flow does not exceed their Design

Allotted Flows.

C. Municipality's Collection System and Control of Connections

Sewer connections to the Municipality's Collection System that are Municipal or Sanitary and Improvement Districts under the jurisdiction of the Municipality shall be controlled by the Municipality. Current records will be maintained by the Municipality and made available to the District upon request by the Executive Director or duly authorized representative. New connections shall be limited to wastewater only and the number of connections authorized within the Municipality's Collection System shall be the sole responsibility of the Municipality and its duly authorized representatives.

D. Storm Water Connections Prohibited

The municipality shall not make or permit to be made any storm water connections which will contribute directly or indirectly into the Municipality's Collection System, this includes but is not limited to storm water run-off from surface drains; ditches; streams; storm sewers; roof, area-way or foundation drains; or any other source. The Municipality shall work as expeditiously as possible to eliminate all existing storm water connections to the Municipality's Collection System. After the date of this Agreement, construction specifications for all sewers constructed in the Municipality's collection System shall provide that infiltration of ground water shall not exceed 200 gallons per inch diameter per mile in 24 hours.

VIII. INDUSTRIAL WASTE CONTROL

The Municipality shall enact and enforce ordinances embodying the following standards within the Collection System jurisdiction of the Municipality.

A. Prohibited Discharges

No person shall discharge or convey, or permit or allow to be discharged or conveyed to the Municipality's Collection System any wastewater containing pollutants of such character or

quantity that will:

- (1) not be susceptible to treatment or interfere with the process or efficiency of the Project Facility treatment system; or
- (2) constitute a hazard to human or animal life, or to the stream or water course receiving the Project Facility effluent; or
- (3) violate pretreatment regulations or standards; or
- (4) cause the Project Facility to violate its NPDES permit or applicable receiving water standards.

B. Toxic Substances

Any toxic substances in amount exceeding standards promulgated by the Administrator of the United States Environmental Protection Agency pursuant to Section 307(a) of the Federal Water Pollution Control Act, and chemical elements or compounds, phenols or other taste or odor production substances, or any other substances which are not susceptible to treatment or which may interfere with the biological processes or efficiency of the Project Facility's treatment system, or that will pass through the system, shall not be discharged.

C. Excessive Discharge Rate

Wastewater at a flow rate or containing such concentrations or quantities of pollutants that exceed for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration, quantities or flow during normal operations and which would cause a treatment process upset and subsequent loss of treatment efficiency shall not be allowed.

D. Pretreatment Facilities Operation

If pretreatment or control of waste flows is required, such facilities shall be maintained in good working order and be operated as efficiently as possible by the person discharging such

waste at his own cost and expense, subject to the requirements of all applicable rules, regulations, codes, ordinances, and laws.

E. Hazardous Wastes

It is agreed and understood that the parties to this Agreement are, or may be subject to Section 311 of the Federal Water Pollution Control Act, as it applies to oil and hazardous wastes, and to any applicable State law or legislation, under the authority preserved by Section 510 of the Federal Water Pollution Control Act.

F. Enforcement of Regulations

The Municipality agrees to conform with and enforce all ordinances, rules, regulations and requirements of the District pertaining to the collection and disposal of Industrial Wastewater; and both parties agree to conform with all applicable State and Federal laws, rules and regulations.

IX. INDUSTRIAL MONITORING AND REPORTING

To comply with regulatory requirements, all industries classified as existing or new sources by the United States Environmental Protection Agency, having either acceptable or unacceptable wastes, must file with the District all reports and analyses required by District ordinances, rules and pretreatment regulations of the flow and strength characteristics of their wastewater discharge in terms of BOD₅, suspended solids, grease, PH, categorical pretreatment standards and any other parameter required by the District or the United States Environmental Protection Agency or the Missouri Department of Natural Resources to comply with the General Pretreatment Regulations, Pretreatment Standard, NPDES Permits or sludge disposal regulations.

Industries regulated by the Pretreatment Regulations must file all required reports and submit self-monitoring reports semi-annually to the District during months selected by the District for reporting by regulated industrial subcategories. Reporting of information by

industries not regulated by Pretreatment Regulations will be done according to District ordinance. From time to time the District may require 24 hour flow proportion composite samples to be split and given to the District Industrial Waste Division Laboratory for verification. Such samples shall be representative of a normal average production day. Any additional costs for obtaining the additional samples or testing shall be paid for by the Industrial User involved.

Measuring, sampling and analysis of wastewater will be conducted in a manner that will reflect the amounts and characteristics of the wastes being discharged into the Project Facility, and in accordance with uniform procedures as specified in Standard Methods For The Examination Of Water And Wastewater, published jointly by the American Public Health Association, the American Water Works Association and Water Pollution Control Federation, or any other methods developed by and/or acceptable to the United States Environmental Protection Agency.

X. MEASUREMENT – SAMPLING AND TESTING

A. Facilities and Responsibility

The District will include in the Project Cost monies expended for the construction of measurement, sampling, and analysis facilities and equipment. The District will include in Operation and Maintenance Cost monies expended for the sampling and analysis of industrial, municipal, and other wastewaters considered necessary by the District.

B. Flow Recorder

To facilitate a fair and equitable charge being billed by the District, the Municipality agrees to the installation, at the Municipality's expense, of automatic flow recorders to be approved by and operated by the District in the Municipality's jurisdictional limits and immediately upstream of the Connection Point(s) and at such other locations as the parties hereto

may mutually agree upon in writing.

C. Independent Calibration

The parties hereto agree that within 60 days of execution of this agreement the automatic flow recorders will be calibrated by an independent calibration firm. A firm mutually agreed to by both parties will be hired, at MSD's expense, to perform annual calibration and provide a certification form to both parties. Both parties will be notified when the calibration will be performed.

D. Sampling Devices

To facilitate a fair and equitable measurement of normal wastewater loads being discharged into the District's collection system, the Municipality agrees to the installation, at the Municipality's expense, of automatic sampling devices to be approved by and operated by the District in the Municipality's jurisdictional limits and immediately upstream of the Connection Point(s) and at such other locations as the parties hereto may mutually agree upon in writing.

E. Reporting New Industries

The person or department authorized to issue building permits within the jurisdictional limits of the Municipality shall notify the District of any new industries locating within such jurisdictional limits as soon as such location is known to such person or department.

F. Admission to Property

Whenever it shall be necessary for the purposes of monitoring compliance with any applicable laws, rules, or regulations, or with the provisions of this Agreement, District personnel, upon the presentation of proper credentials, may enter upon any property or premises at reasonable times for the purpose of:

- (1) copying any records required to be kept under the provisions of this Agreement; and
- (2) inspecting any monitoring equipment or methods; and

(3) sampling any discharge of wastewater to the Municipality's Collection System.

District personnel may enter upon such property at any hour under emergency circumstances.

G. Protection from Accidental Discharge

Each Industrial User shall provide protection from accidental discharge of prohibited materials or other wastes regulated by District ordinances. Facilities to prevent accidental discharge of prohibited materials shall be provided and maintained at the Industrial User's own cost and expense. Detailed plans showing facilities and operating procedures to provide this protection shall be submitted to the District for review, and shall be approved by the District before construction of the facility. Review and approval of such plans and operating procedures shall not relieve the Industrial User from the responsibility to modify its facility as necessary to meet the requirements of District ordinances.

H. Reporting of Accidental Discharge

If, for any reason, an Industrial User does not comply with or will be unable to comply with any prohibition, limitation, or standard in District ordinances, the Industrial User responsible for such noncompliance shall immediately notify the District and the Municipality so that corrective action may be taken to protect the Project Facility. In addition, a written report addressed to the Executive Director of the District detailing the date, time, and cause of the accidental discharge, the quantity and characteristics of the discharge and the corrective action, if any, taken to prevent future discharges, shall be filed by the responsible Industrial User within five (5) days of the occurrence of the noncompliance.

I. Hold Harmless

The Municipality agrees that authorized personnel of the District may make such entry onto the lands of the Municipality as may be necessary to permit necessary measuring and sampling of wastes of the Municipality discharges into the Project Facility and for all other

necessary purposes in connection with the acquisition, construction, operation, repair, and maintenance of the Project Facility. The District agrees to hold Municipality harmless from any and all claims, including reasonable attorneys' fees and costs, made for property damage or bodily injury resulting from the action of the District's employees or agents occurring on the property of the Municipality and while acting in the course of District employment.

XI. DAMAGES TO THIRD PARTIES

The Connection Point(s) shall initially determine the division of responsibility between the Municipality and the District with respect to their liability for damages caused to third parties, such that the parties hereto shall be liable to third parties for blockages, backups, and other maintenance breakdowns occurring within their respective areas of responsibility.

XII. SEVERABILITY

If any term, covenant, or condition of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, or condition to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

XIII. ESCAPE CLAUSE

If found to be in the best interest of the public and the District, non-compliance with this agreement may be reason for termination of treatment of flows but not termination of any future financial obligations associated with phase 2 and 3 as defined in Attachment A.

XIV. DISPUTE RESOLUTION

Any dispute arising out of this Agreement will be resolved, on a confidential basis, by arbitration. To begin the process either party may deliver to the other party a written notice describing the dispute and the demand. The parties agree to meet within 30 days of the receipt of the demand and

in good faith and using commercially reasonable efforts try to resolve the dispute by negotiation. If 45 days after this meeting the dispute remains unresolved either party may start binding arbitration. A single arbitrator jointly selected by the parties shall conduct the arbitration. If the parties are unable to agree upon an arbitrator, they shall apply jointly to the Federal Mediation and Conciliation Service which shall furnish a list of at least five (5) arbitrators from which the parties shall select one by alternately striking off the others, the party seeking arbitration striking first. The decision of the arbitrator shall be final and binding upon the parties. The Arbitrator shall not have authority to alter, amend change or add to the provisions of this Agreement. Each party will pay the fees of its own attorneys, expenses of witnesses and all other expenses and costs in connection with the presentation of their case. The arbitration costs, including but not limited to, the arbitrator's fees, costs of records or transcripts and administrative fees will be borne equally by the parties. Neither arbitration under this section nor any legal action, regardless of its form, related to or arising out of this agreement may be brought more than two (2) years after the cause of action first accrued.

XV. SECTION HEADS

All section and paragraph headings are inserted for convenience only and will not affect the construction or interpretation of this Agreement.

XVI. EXECUTION OF COUNTERPARTS

This Agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together will constitute but one and the same Agreement, which will be sufficiently evidenced by any such original counterpart.

XVII. NOTICE

Any notice hereunder to the District shall be deemed to be properly served if delivered or mailed to the District at:

Executive Director
Metropolitan St. Louis Sewer District
2350 Market Street
St. Louis, Missouri 63103

Any notice hereunder to the Municipality shall be deemed to be properly served if

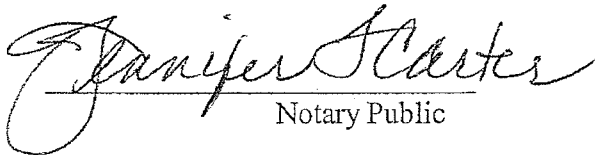
delivered or mailed to the Municipality at:

City Administrator
2101 Jeffco Blvd.
Arnold, Missouri 63010

STATE OF MISSOURI)
) SS.
CITY OF ST.-LOUIS)

On this 11th day of December, in the year 2008, before me, a Notary Public in and for said state, personally appeared Jeffrey Theerman, the Executive Director of The Metropolitan St. Louis Sewer District, known to me to be the person who executed the within Contract on behalf The Metropolitan St. Louis Sewer District, and acknowledged to me that he executed the same for the purposes therein stated.

In Testimony whereof, I have hereunto set my hand and affixed my official seal.



Notary Public



November 1, 2007
 LOWER MERAMEC RIVER SYSTEM IMPROVEMENTS (95066)
 UPDATED PRELIMINARY FLOW SHARE ESTIMATES

PARTICIPANT	EXISTING	PHASE I	PHASE II	PHASE III
Metropolitan St. Louis Sewer District Flow	1.50	12.20*	23.50	43.50
Arnold Flow	3.00	4.50	4.50	4.50
Total Average Daily Flows (mgd)	4.50	16.70*	28.00	48.00
Metropolitan St. Louis Sewer District Flow Ratio	33%	73%	84%	91%
Arnold Flow Ratio	67%	27%*	16%	9%

* Values forwarded to Arnold dated July 24, 2002.
 MSD current values are 10.50, 15.00, and 30% respectively.

DESIGN SERVICES	COSTS		WWTP		COLLECTION		WWTP		COLLECTION	
			SHARE PERCENT	PERCENT	COST SHARE	COST SHARE				
E-897 WWTP Design	\$6,835,322	R	9.00%				\$615,179			
E-898 Lift Station/Tunnel Design	\$3,665,940	F		6.00%					\$219,956	
Design Costs Subtotals	\$10,501,262	R					\$615,179		\$219,956	

CONSTRUCTION PROJECTS

95066E Site Preparation	\$1,292,400	R	9.00%						\$116,316
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95066D Site Preloading Phase I	\$9,661,144	F	9.00%		\$869,503		
95066M WWTP Outfall Sewer	\$6,963,006	F	9.00%		\$626,671		
95066S Wetlands Mitigation	\$222,692	F	9.00%		\$20,042		
95066A Wastewater Treatment Plant	\$82,460,523	R	9.00%		\$7,421,447		
95066K Electrical Supply (Sub, Primary & Secondary)	\$3,237,902	R	5.00%	4.00%	\$161,895	\$129,516	
95066P Site Preloading Phase II	\$2,386,516	E	9.00%		\$214,786		
95066J Natural Treatment Area (Grant)	\$2,668,002	E	9.00%		\$240,120		
95066F Educational/Recreational Facility (Grant)	\$3,416,957	E	9.00%		\$307,526		
95066H Site Restoration/Landscaping	\$201,600	E	9.00%		\$18,144		
95066B Baumgartner Tunnel	\$55,945,000	R		3.00%		\$1,678,350	
Arnold Drop Shaft	\$772,830	F	9.00%			\$69,555	
95066L Lift Station (Includes 95066L1)	\$32,567,051	R		9.00%		\$2,931,035	
95066N Baumgartner Lagoon Closure	\$3,910,000	R		0.00%		\$0	
95066R Mattese Creek Sewer	\$2,392,634	F		0.00%		\$0	
Construction Costs Subtotals	\$208,098,257	R			\$9,996,451	\$4,808,455	
CONSTRUCTION MANAGEMENT							
E-977 WWTP Construction Management (A1)	\$7,870,000	R	9.00%		\$708,300		
E-897 WWTP CM Services/Design (A-SDC)	\$3,170,678	R	9.00%		\$285,361		

E-985 Lift Station Construction Management (B1)	\$5,450,000	R		6.00%		\$327,000
E-898 Lift Station CM Services/Design (B-SDC)	\$1,514,860	F		6.00%		\$90,892
Construction Management Costs Subtotals	\$18,005,538	R			\$993,661	\$417,892

OTHER COSTS

Meramec Lagoon Cell No. 1 Closure	\$1,207,549	F		9.00%		\$108,679
Meramec Lagoon Cell No. 2 & 3 Aeration	\$243,880	F		9.00%		\$21,949
Montgomery Watson (Facility Plan Update)	\$430,000	F		9.00%		\$38,700
Earth Tech (Grant Application)	\$146,465	F		9.00%		\$13,182
Archaeological Research Center Phase I	\$3,985	F		9.00%		\$359
Archaeological Research Center Phase II & III	\$136,920	F		9.00%		\$12,323
Ameren Easement (Outfall Sewer)	\$60,000	F		9.00%		\$5,400
Menendez Property (Site Preparation Const. Access)	\$25,479	F		9.00%		\$2,293
Ameren Power Line Relocation (138 KVA)	\$388,440	F		9.00%		\$34,960
Tunnel Easements	\$203,225	R		3.00%		\$6,097
Meramec Lagoon Cell No. 2 & 3 Closure	\$3,500,000	E		9.00%		\$315,000
Permit Costs (Added April 27, 2004)	\$705,500	E		9.00%		\$63,495
SRF Finance Costs (Added April 27, 2004)	\$1,000,000	E		9.00%		\$90,000
Other Costs Subtotals	\$8,051,443	R			\$706,340	\$6,097

SUBTOTAL COSTS

	\$244,656,500	R		\$12,311,630	\$5,452,400
Federal Grant (Added April 27, 2004)	-\$11,584,300	E	9.00%	(\$1,042,587)	

ARNOLD'S COST SHARE PHASE I

		R		\$11,269,043	\$5,452,400
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FUTURE CONSTRUCTION COSTS

Estimated Future Const. Costs (Added April 27, 2004)	\$100,000,000	E	9.00%	\$9,000,000	
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ARNOLD'S TOTAL EST. COST SHARE

		R		\$20,269,043	\$5,452,400
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ARNOLD'S DIRECT COSTS

Intergovernmental Agreement May 23, 2005

Telegraph D. S. Revisions (Added March 9, 2006)	\$846,447	R		100.00%	\$846,447
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Notes:

F = Final Cost

E = Estimated Cost (Original)

R = Revised Estimated Cost

Costs do not include interest

**INTERGOVERNMENTAL COOPERATION AGREEMENT
BETWEEN THE METROPOLITAN ST. LOUIS SEWER DISTRICT AND
THE CITY OF ARNOLD**

This Agreement entered into this 23rd day of ~~March~~ ^{May}, 2005, by and between the Metropolitan St. Louis Sewer District, hereinafter referred to as "MSD", and City of Arnold, Missouri, hereinafter referred to as "Arnold".

WITNESSETH:

WHEREAS, MSD is constructing the Lower Meramec River System Improvements; and

WHEREAS, there exist an Agreement between MSD and Arnold regarding payment of the construction costs associated with constructing the Lower Meramec River System Improvements, see Sewerage System Agreement dated March 3, 1982 attached as Appendix A; and

WHEREAS, the Baumgartner Tunnel is part of the Lower Meramec River System Improvements; and

WHEREAS, in the Sewerage System Agreement dated March 3, 1982, MSD will provide Arnold one "Connection Point" to the "Project Facility" that is being defined herein and commonly referred to as the Arnold Drop Shaft (Connection Point) in the Baumgartner Tunnel (Project Facility) construction documents; and

WHEREAS, on July 8, 2004 Arnold verbally requested a second Connection Point into the Baumgartner Tunnel at the location commonly referred to as the Telegraph Road Drop Shaft; and

WHEREAS, both MSD and Arnold mutually agree that for MSD to provide Arnold with a second Connection Point that the existing Telegraph Road Drop Shaft would be redesigned and constructed; and

WHEREAS, Arnold contracted and fully compensated Jacobs Civil to redesign the Telegraph Road Drop Shaft; and

WHEREAS, MSD developed RFP No. 15 requesting Baumgartner Tunnel Joint Venture, the contractor, to provide a price to construct the redesigned Telegraph Road Drop Shaft to allow Arnold to convey wastewater into the Baumgartner Tunnel at a future date. See RFP No. 15 attached as Appendix B.

WHEREAS, MSD is in the process of negotiating a price for the additional work as described in RFP No. 15, MSD will allow Arnold to continue to be involved in those negotiations and will agree to a final price only if that price is acceptable to Arnold.

NOW, THEREFORE, in cooperation with one another the parties agree as follows:

1. MSD will pay the contractor for the construction of the redesigned Telegraph Road Drop Shaft per RFP No. 15.
2. Arnold agrees to reimburse MSD for the additional costs above the original design bid costs associated with construction of the redesigned Telegraph Road Drop Shaft as described in RFP No. 15.
3. In the event of additional change orders to the Telegraph Road Drop Shaft, Arnold agrees to allow MSD to negotiate pricing for the work to be done under the change order.
4. MSD agrees to keep Arnold informed regarding any additional cost share allocated to Arnold and to use their best efforts to negotiate reasonable pricing in accordance with standard construction practices.
5. Arnold agrees to reimburse MSD by paying equal monthly installments with annual interest over a period of twelve (12) months beginning within 60 days after the construction of the Telegraph Road Drop Shaft has been deemed 100% complete by MSD.
6. MSD will notify Arnold in writing approximately 45 days prior to 100% completion of the work.
7. MSD and Arnold mutually agree that the annual interest rate shall be as defined in the Sewerage System Agreement dated March 3, 1982 for the Permanent Regional Project Facility attached as Appendix A.
8. MSD and Arnold mutually agree that this Intergovernmental Cooperation Agreement is an agreement in addition to the Sewerage System Agreement dated March 3, 1982 attached as Appendix A.

METROPOLITAN ST. LOUIS SEWER DISTRICT


By: Jeff Theerman
Jeff Theerman, Executive Director BH

CITY OF ARNOLD

By: John Brazeal
John Brazeal

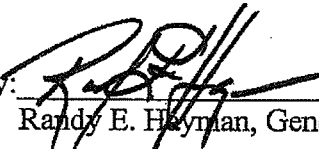
Seal

ATTEST:



Karl J. Tyminski
Secretary-Treasurer

Approved as to Form
Office of General Counsel:

By: 

Randy E. Hayman, General Counsel