

CAMDEN COUNTY WATER SUPPLY DISTRICT #4

Presentation to the Board of Directors

Potential Acquisition of Ozark Shores

Stann Financial LLC

May 13th, 2008

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Potential District Acquisition of Ozark Shores

Assignment

- Public Water Supply District Number Four (the District) has engaged Stann Financial LLC (Stann Financial) to
 - Determine the acquisition value of Ozark Shores Water Company (Ozark Shores)
 - Determine the value of the offer from the owners of Ozark Shores
 - Discuss changes to the offer to improve it from the District's perspective
- In a second stage, the District may engage Stann Financial to
 - Negotiate financial terms of a transaction to improve the terms from the District's perspective
 - Issue an opinion from a financial point of view as to the fairness of the final terms of a transaction
- In completing its work, Stann Financial has
 - Held discussions with the General Manager of the District and Ozark Shores
 - Held discussions with the owners and officers of Ozark Shores
 - Held discussions with the President and Vice President of the District
 - Reviewed the historical and budgeted financial statements of the District
 - Reviewed the historical financial statements of Ozark Shores
 - Conducted analysis of historical and projected cash flows available to the owners of Ozark Shores based on the sale offer dated October 22, 2007 to the District
 - Determined the present value of future cash flows to owners of Ozark Shores, assuming continued ownership
 - Reviewed and analyzed financial and transaction information about acquisitions of water utilities
 - Reviewed and analyzed market data regarding publicly traded investor-owned water utilities

Potential District Acquisition of Ozark Shores

Description of Ozark Shores

- Ozark Shores has been well managed with the coming of Mr. Vern Stump as an owner in 1992 and continuing with the professional management of Mr. John Summers
- It represents a relatively affluent area of the Lake of the Ozarks region
- Strong customer growth is the favorable investment characteristic of Ozark Shores
 - Since 1992 the number of Ozark Shores customers has grown at 5% per annum
 - Even on a larger base, customer growth was 5% for 2002-2006
 - With the nation-wide housing over-saturation, Ozark Shores growth is likely to slow in the immediate future
- Ozark Shores has returned significant cash to its owners annually, in part due to “availability fees” for vacant lots, which are revenues that are unregulated by the Missouri Public Service Commission
- When capital expenditures increased to serve the needs of Horseshoe Bend area water customers, the Ozark Shores sponsored the formation of the District
- Ownership take from Ozark Shores has averaged
 - \$428,000 for 2005-2007
 - Working capital consumed during this period averaged \$35,000 per year
 - Adjusting for working capital consumed, ownership take averaged \$393,000

Potential District Acquisition of Ozark Shores

Description of the Water Utility Market

- Districts and municipalities dominate the water and waste water markets in the United States
- Districts and municipalities seek to acquire investor-owned water utilities through
 - Condemnations and
 - Negotiated transactions
- Districts and municipalities generally value properties based on their cost of debt, in our judgment
- Investor-owned water utilities account for less than 20% of the water business in the United States
- From trading at 10-14 times earnings during most of the 1990s, investor owned utilities now command multiples of around 25 times earnings,
 - Since they are perceived to be a play on a future shortage of water, and
 - Since there are so few stocks available
- Aqua America and a few smaller investor-owned utilities grow through acquisition
 - They bring large company expertise to troubled water and waste water companies
 - They rarely pay up to make an acquisition and they resist making divestitures to municipals or districts

Potential District Acquisition of Ozark Shores

Ozark Shores Acquisition Value

- Stann Financial valued Ozark Shores based on the following methods
- Ozark Shores value based on cash flows available to ownership is \$5.1 to \$6.1 million
 - Discounting future cash flows at interest rates of 6 ½ -8 ½ %, based on
 - Equity rates of return of 9-10%
 - Debt rates of return of 5-6%, and
 - Weighting each equally
 - Assuming a rate increase in 2010 of 10-15%, with decreasing cash flows thereafter
- Ozark Shores acquisition value based on comparable acquisition transactions is \$5.6 to \$6.4 million
 - Based on free cash flow of \$415,000
 - Using multiples of 13 ½ to 15 ½ from the following transactions (see appendix G for information provided by North Suburban Public Utilities, Co.)
 - Central Kansas 13 ½
 - Dominguez 13.8
 - Ozark Shores initial investment 15.4
- Ozark Shores acquisition value based on publicly traded companies is \$2.8 to \$7.3 million, or with a mid-point value of \$5.4 million based on price/earnings
- Ozark Shores narrow acquisition value range is \$5.1 to \$6.4 million

Potential District Acquisition of Ozark Shores Water

Value of the October 22, 2007 Offer to Sell

- The sale offer from Ozark Shores currently consists of
 - \$3.0 million to pay off the debt and taxes associated with the utility
 - Payment to Ozark Shores of \$250,000 per year increased with the CPI
 - The \$250,000, although discussed in the context of “availability fees” with District directors, is fixed
 - Ozark Shores’ ownership has further refined the offer to be a lease of wells that it would retain for 30 years, then ultimately give to the District
- Ozark Shores owners and officers provided their own analysis of the transaction \$17.3 million in future value (see Appendix G), which was not useful since it was not a present value analysis—i.e. **what it is worth today**
- Accepting their offer, we valued the offer to sell in the range of \$6 ½ to \$7 ½ million,
 - Assuming the \$250,000 per annum payment is a year-end payment and subordinated to other debt of the District
 - Assuming expected inflation of 2.6 percent, based on the difference between the yield of U.S. Government I-Bonds and Treasury issues of the same maturity
 - With market interest rates in a range of 6 ½ - 8 ½ %, based on the following interest rates
 - Subordinated debt of utilities yielding 6 ½ - 7 ½ % based on publicly traded subordinated debt of energy utilities
 - Adjusted upward slightly on the high end of the range for the net of two factors
 - The illiquid nature of the investment in the annuity
 - Offset by the higher value of a water utility issue of the District ability to raise rates at will

Potential District Acquisition of Ozark Shores Water

Factors Affecting Fairness from a Financial Viewpoint

- Background: similarity to a reverse 13-e-3 “Going Private” transaction
 - Fairness opinion protects the District Board
 - Terms should be improved and negotiated independently no matter what value calculations show
- Can future payments to Ozark Shores’ owners be subordinated to debt issued to fund the transaction?
 - If so, it enhances the financing of the fixed portion of the consideration paid—proposed to be \$3.0 million
 - Cash flow coverage would improve relative to not having a subordinated feature
 - May lower the cost of the debt financing
 - Initially given by Mr. Bob Schwermann, then perhaps withdrawn
- What impact does the acquisition have on rates? They would be lower than if Lake Ozark or Osage Beach were the acquirer, unless the service territory became part of the City of Osage Beach

	<u>Ozark Shores</u>	<u>Osage Beach</u>		<u>Lake Ozark</u>	
		<u>In City</u>	<u>Outside</u>	<u>In City</u>	<u>Outside</u>
Monthly Water Rates¹	\$18.56 ²	\$17.14	\$64.97	\$35.23	\$52.85

¹ Based on 5000 gallons monthly usage, considered to be average household usage.

² Includes \$3.70 surcharge from the District.

Potential District Acquisition of Ozark Shores Water

Factors Affecting Fairness from a Financial Viewpoint (continued)

- What are the benefits of having access to Mr. Stump and Mr. Schwermann's water industry expertise?
 - Considerable, but unquantifiable
 - Perhaps include consulting as part of the sale agreement
- Why does Ozark Shores wish to sell now? Perhaps capital spending needs will reduce free cash flow.

Potential District Acquisition of Ozark Shores Water

Potential Changes to the Offer

- From the viewpoint of enhancing the financing for the cash portion of the sale, it would be helpful for the lease payments to be subordinated to senior debt
- The annuity portion of the sale proceeds does not tie into to the historical amount of the “availability fees” and efforts should be made to reduce the size of the annuity to numbers more consistent with history
- Alternatively, the lease payments can be made to tie into actual collection of the availability fees, although Ozark Shores current owners would want to control and increase availability fees in opposition to the District’s interest
- The \$3 million cash portion of the offer may be reduced

Exhibit A

Ozark Shores Ownership Cash Flows

Year	Ownership Cash Flows			Change in Current Assets less Current Liabilities			
	Bank Loan	Contract Services	Total	Current Assets	Current Liabilities	Net Working Capital	Year to Year Change
2003	201,786.00	249,191.37	450,977.37	236,511.45	156,998.56	79,512.89	
2004	199,080.00	182,000.00	381,080.00	186,232.98	176,765.00	9,467.98	(70,044.91)
2005	199,080.00	258,437.85	457,517.85	134,541.15	268,355.81	(133,814.66)	(143,282.64)
2006	203,266.59	242,119.20	445,385.79	193,496.14	346,476.74	(152,980.60)	(19,165.94)
2007	216,240.00	164,000.00	380,240.00	203,446.59	298,587.31	(95,140.72)	57,839.88
Total	1,019,452.59	1,095,748.42	2,115,201.01				

Exhibit B

Ozark Shores

Forecasted Income Statement
For Year Ended December 31,

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenue										
Total Revenue	951,164	961,091	1,056,594	1,068,075	1,079,556	1,091,037	1,102,517	1,113,998	1,125,479	1,136,959
Expenses										
Total Expenses	993,703	1,004,003	1,034,003	1,045,163	1,056,592	1,068,299	1,080,294	1,092,588	1,105,193	1,118,121
Net Income	(42,539)	(42,912)	22,591	22,912	22,964	22,738	22,223	21,410	20,285	18,838
Net Income Before Dep, Amort	27,781	27,408	92,911	93,232	93,284	93,058	92,543	91,730	90,605	89,158
NI Before D, A & Mgmt Fees	517,969	517,596	583,099	583,420	583,472	583,246	582,731	581,918	580,793	579,346
Less Yearly Capital Needs and Adjusted Management Fee	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Free Cash Flow	429,969	429,596	495,099	495,420	495,472	495,246	494,731	493,918	492,793	491,346
PV of Future Cashes Flows at a Discount Rate of:										
	6.50%	\$6,119,040								
	7.00%	\$5,821,249								
	7.50%	\$5,546,152								
	8.00%	\$5,291,607								
	8.50%	\$5,055,705								

Ozark Shores

Forecasted Income Statement
For Year Ended December 31,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Revenue										
Total Revenue	1,148,440	1,159,921	1,171,401	1,182,882	1,194,363	1,205,843	1,217,324	1,228,805	1,240,285	1,251,766
Expenses										
Total Expenses	1,131,383	1,144,993	1,158,963	1,173,308	1,188,042	1,203,180	1,218,738	1,234,732	1,251,179	1,268,097
Net Income	17,057	14,928	12,438	9,574	6,320	2,663	(1,414)	(5,927)	(10,893)	(16,331)
Net Income Before Dep, Amort	87,377	85,248	82,758	79,894	76,640	72,983	68,906	64,393	59,427	53,989
NI Before D, A & Mgmt Fees	577,565	575,436	572,946	570,082	566,828	563,171	559,094	554,581	549,615	544,177
Less Yearly Capital Needs and Adjusted Management Fee	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Free Cash Flow	489,565	487,436	484,946	482,082	478,828	475,171	471,094	466,581	461,615	456,177
PV of Future Cashes Flows at a Discount Rate of:										
6.50%	\$6,119,040									
7.00%	\$5,821,249									
7.50%	\$5,546,152									
8.00%	\$5,291,607									
8.50%	\$5,055,705									

Ozark Shores

Forecasted Income Statement
For Year Ended December 31,

	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Revenue										
Total Revenue	1,263,247	1,274,727	1,286,208	1,297,689	1,309,169	1,320,650	1,332,131	1,343,611	1,355,092	1,366,573
Expenses										
Total Expenses	1,285,504	1,303,420	1,321,865	1,340,860	1,360,427	1,380,589	1,401,370	1,422,794	1,444,888	1,467,679
Net Income	(22,257)	(28,693)	(35,657)	(43,171)	(51,258)	(59,939)	(69,239)	(79,183)	(89,796)	(101,106)
Net Income Before Dep, Amort	48,063	41,627	34,663	27,149	19,062	10,381	1,081	(8,863)	(19,476)	(30,786)
NI Before D, A & Mgmt Fees	538,251	531,815	524,851	517,337	509,250	500,569	491,269	481,326	470,712	459,402
Less Yearly Capital Needs and Adjusted Management Fee	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Free Cash Flow	450,251	443,815	436,851	429,337	421,250	412,569	403,269	393,326	382,712	371,402
PV of Future Cashes Flows at a Discount Rate of:										

6.50%	\$6,119,040
7.00%	\$5,821,249
7.50%	\$5,546,152
8.00%	\$5,291,607
8.50%	\$5,055,705

Exhibit C

Water Company Acquisitions

	Ozark Shores Initial Investment* 1999	Central Kansas 1998	Meadows 2007	Cal. Water Purchase of Dominguez 2000
Free Cash Flow	\$ 295,000	\$ 565,137	\$ 108,712	\$ 4,650,000
Price	\$ 4,541,667	\$ 7,613,424	\$ 1,832,583	\$ 64,066,000
Price/Free Cash Flow	15.4	13.5	16.9	13.8

*Ozark Shores

1999

60% Purchased at:	\$ 2,014,000
Equivalent 100% Value:	\$ 3,356,667
Plus Debt Retired:	\$ 1,185,000
Total Price Paid	<u>\$ 4,541,667</u>
(Rough) Cash Flow:	\$ 295,000
Price/Cash Flow	15.4

Ozark Shores
Income Statement
For Year Ended December 31,

	2005	2006	2007	3 Year Average
Income				
Revenue-Water-Residential	422,266.94	464,872.80	554,651.23	480,596.99
Revenue-Water-Commercial	178,947.01	126,719.62	69,456.11	125,040.91
Late Charges	6,755.68	8,142.00	10,590.27	8,495.98
New Services	0.00	0.00	31,091.73	10,363.91
Deprecation - CIAC	5,930.64	6,701.34	0.00	4,210.66
Other Income (Other Income)	3,831.12	3,525.46	1,110.59	2,822.39
Availability Charges (Availability Charges)	190,994.38	283,912.77	213,286.86	229,398.00
Rental Income	13,386.00	13,512.00	13,512.00	13,470.00
Interest Income	0.00	0.00	0.00	0.00
Meadows Meter Read Support	0.00	0.00	0.00	0.00
Total Income	822,111.77	907,385.99	893,698.79	874,398.85
Gross Profit	822,111.77	907,385.99	893,698.79	874,398.85
Expense				
Depreciation Expenses	73,916.00	76,060.00	67,200.00	72,392.00
Amortization Expenses	717.96	717.96	717.96	717.96
Taxes Other than Income	3,681.84	94.13	219.89	1,331.95
Income Taxes	1,035.03	941.96	1,200.00	1,059.00
Real Estate Tax	8,689.41	8,906.46	9,284.94	8,960.27
Consulting Services	0.00	0.00	0.00	0.00
Utilities	4,219.29	4,129.04	4,013.57	4,120.63
Purchased Power				
Power for Well 1	30,993.62	37,985.26	37,492.03	35,490.30
Power for Well 2	6,373.25	6,271.75	7,410.05	6,685.02
Power for Well 3	2,245.80	5,058.86	7,240.93	4,848.53
Power for Well 4	23,354.75	22,511.30	24,490.03	23,452.03
Power for Booster Station	763.40	373.65	210.57	449.21
Power for Storage Tank	306.18	203.93	229.45	246.52
Power for Pressure Tank	99.63	84.04	0.00	61.22
Power for Carol Road Tower	655.17	629.58	462.14	582.30
Power for Carol Rd Booster	1,140.97	1,294.14	2,614.35	1,683.15
Purchased Power - Other	0.00	251.27	1,939.64	730.30
Total Purchased Power	65,932.77	74,663.78	82,089.19	74,228.58

Ozark Shores
Income Statement
For Year Ended December 31,

	2005	2006	2007	3 Year Average
Telephone	9,844.77	4,645.04	7,909.18	7,466.33
Chlorine	2,951.28	5,042.09	2,973.30	3,655.56
Material & Supplies	4,117.76	1,572.19	2,719.82	2,803.26
Safety Supplies	1,337.19	945.33	215.64	832.72
Uniforms and Clothing	0.00	694.20	0.00	231.40
Tools	1,493.69	1,733.42	501.40	1,242.84
Postage and Billing Expenses	6,411.68	8,237.60	8,898.46	7,849.25
Computer	1,439.39	1,579.98	2,054.87	1,691.41
Office Supplies	12,691.39	3,750.93	2,376.12	6,272.81
Dues & Subscriptions	618.85	603.55	122.95	448.45
Bank Charges	1,256.07	1,088.96	943.70	1,096.24
Management Fees (bank loan)	199,080.00	203,266.59	223,240.00	208,528.86
Contract Services				
Cont Serv- Engineering	0.00	615.00	0.00	205.00
Cont Serv - Accounting	12,830.00	12,770.00	13,000.00	12,866.67
Cont Serv - Legal	1,790.77	350.00	1,562.82	1,234.53
Cont Serv - Management (Avail)	258,437.85	242,119.20	157,000.00	219,185.68
Cont Serv- Water Testing	0.00	1,348.83	1,775.00	1,041.28
Cont Serv - Cleaning	0.00	2,910.00	3,090.00	2,000.00
Cont Serv - PWSD#4 Labor	152,417.31	143,738.71	167,863.43	154,673.15
Cont Serv - Other	800.00	951.48	0.00	583.83
Total Contract Services	426,275.93	404,803.22	344,291.25	391,790.13
Travel	0.00	0.00	0.00	0.00
Outside Services	735.20	5,722.85	724.00	2,394.02
Rental of Building/Real Prop				
Rental Interest on Bldg.	6,354.63	10,790.04	11,234.20	9,459.62
Rental of Building/Real Prop - Other	11,833.41	7,398.00	6,953.84	8,728.42
Total Rental of Building/Real Prop	18,188.04	18,188.04	18,188.04	18,188.04
Rental of Equipment				
Equipment Rental - PWSD#4	18,954.00	18,000.00	18,000.00	18,318.00
Total Rental of Equipment	18,954.00	18,000.00	18,000.00	18,318.00
Maintenance and Operation				
Well Repair	4,428.08	1,426.23	3,844.60	3,232.97
Hydrant Repair	0.00	0.00	0.00	0.00
Meter Repair	181.12	0.00	20.39	67.17
Service Repairs	163.07	2,309.31	1,965.03	1,479.14
Main Repair	3,183.02	22,849.58	12,052.75	12,695.12
Building Maintenance	9,215.10	709.78	806.44	3,577.11
Boring Expenses	939.24	0.00	4,945.00	1,961.41
Maintenance and Operation - Other	0.00	0.00	16.13	5.38
Total Maintenance and Operation	18,109.63	27,294.90	23,650.34	23,018.29
Transportation Expense				
Fuel	12,059.67	11,436.22	11,893.98	11,796.62
Transportation Expense - Other	0.00	31.25	35.00	22.08

Ozark Shores
Income Statement
For Year Ended December 31,

	2005	2006	2007	3 Year Average
Total Transportation Expense	12,059.67	11,467.47	11,928.98	11,818.71
Leased Vehicle	6,564.00	6,167.39	7,165.56	6,632.32
Veh. Repair and Maintenance	0.00	0.00	0.00	0.00
Training & Licenses	0.00	0.00	0.00	0.00
Travel & Entertainment	202.75	327.16	39.50	189.80
Insurance - General Liability	11,152.89	11,924.36	13,107.46	12,061.57
Insurance - Work Comp	0.00	0.00	0.00	0.00
Insurance - Other	5,971.50	3,182.00	3,889.33	4,347.61
Advertising	0.00	0.00	0.00	0.00
Regulatory Commission Expenses (PSC Assessments)	0.00	3,300.00	4,717.12	2,672.37
Contributions	2,250.00	2,000.00	2,800.00	2,350.00
Bad Debts	1,212.10	3,143.25	3,431.10	2,595.48
Miscellaneous Expense	0.00	795.02	1,202.69	665.90
Customer Refund	1,087.48	0.00	145.08	410.85
Uncategorized Expenses	542.16	0.00	49.11	197.09
Total Expense	922,739.72	914,988.87	870,010.55	902,579.71
Net Ordinary Income	(100,627.95)	(7,602.88)	23,688.24	(28,180.86)
Net Income Before Dep, Amort	(25,993.99)	69,175.08	91,606.20	44,929.10
Net Income before Depreciation, Amortization and Management Fees	431,523.86	514,560.87	471,846.20	472,643.64
Less Yearly Capital Needs and Adjusted Management Fee				58,000.00
Free Cash Flow				414,643.64
Free Cash Flow Available for Distribution				414,643.64

Range of Multiples Given Previous NSPUC Transactions	Value of Ozark Shores at Various Multiples
13.5	\$ 5,597,689
14.0	\$ 5,805,011
14.5	\$ 6,012,333
15.0	\$ 6,219,655
15.5	\$ 6,426,976

Water Company Acquisitions by Investor-owned Utilities

Date	Acquiror	Target	Customer Count	Enterprise Value (1) (\$ in Thou.)	Per-customer Value
May-00	California Water (2)	Dominguez	39,916	\$ 64,066	\$ 1,605
Jul-04	Southwest Water	Monarch	21,000	\$ 66,000	\$ 3,143
Oct-05	Southwest Water	Midway Water	370	\$ 700	\$ 1,892
May-05	York Water	Mannheim Township	2,075	\$ 2,100	\$ 1,012
Jul-05	York Water	Spring Grove (3)	21	\$ 973	\$ 46,333
2006	Southwest Water	Austin, TX Property	244	\$ 1,400	\$ 5,738
May-07	Southwest Water	San Antonio, TX	2,600	\$ 6,700	\$ 2,577
Yearly	Aqua America	Numerous acquisitions, values disguised			
Jan-08	City of Fort Wayne	Aqua Am. Indiana North Sys.	9200	Not disclosed	
	Camden County Public Water Supply District #4	Ozark Shores	1,775	\$ 5,000,000	\$ 2,816.90
			1,775	\$ 5,500,000	\$ 3,098.59
			1,775	\$ 6,000,000	\$ 3,380.28

(1) Value paid for equity plus debt assumed.

(2) We are intimately familiar with the details of this transaction.

(3) There was at least one industrial customer that may distort value per customer.

Exhibit D

Investor-owned Water Industry Comparison

as of May 8, 2008

<u>Company Name</u>	<u>Symbol</u>	<u>Stock Market Value</u>	<u>Price</u>	<u>Dividend Yield</u>	<u>P/E</u>	<u>P/B</u>	<u>Long-Term Debt as % of Capital</u>
American Water Works*	AWK	3,400	\$ 21.25				
American States Water	AWR	582	\$ 33.78	2.9%	21	2.1	48.6%
Aqua America	WTR	2,290	\$ 17.20	2.9%	24	2.4	55.4%
Artesian Resources "A"	ARTNA	136	\$ 18.60	3.8%	21	1.6	59.8%
California Water Services Group	CWT	733	\$ 35.45	3.3%	25	2.0	42.6%
Connecticut Water Service	CTWS	208	\$ 24.94	3.5%	24	2.2	44.4%
Consolidated Water	CWCO	313	\$ 21.59	1.2%	28	2.8	18.0%
Middlesex Water	MSEX	246	\$ 18.75	3.7%	22	1.8	49.5%
Pennichuk Group	PNNW	93	\$ 21.99	3.0%	26	2.0	51.7%
SJW Corp.	SJW	553	\$ 30.10	2.1%	28	2.3	41.8%
Southwest Water	SWWC	271	\$ 11.07	2.2%	27	1.9	43.6%
York Water	YORW	172	\$ 15.28	3.2%	27	2.6	48.3%
	Median	292	\$ 21.42	3.0%	25	2.1	48.3%

P/E=Price/Earnings

P/B=Price/Book

*came public a few weeks ago, not seasoned enough to use

Pro Forma Income Calculations as if a Public Company

Pro forma pre-tax income assuming public company capitalization At Various Interest Rates*			
	<u>4%</u>	<u>5%</u>	<u>6%</u>
Net Income before Deprecation, Amortization and Management Fees	\$ 472,644	\$ 472,644	\$ 472,644
Depreciation and Amortization	73,110	73,110	73,110
Interest expense	49,682	62,102	74,523
Pro forma pre-tax income	<u>349,852</u>	<u>337,431</u>	<u>325,011</u>
Taxes at 35%	122,448	118,101	113,754
Net income	<u><u>\$ 227,404</u></u>	<u><u>\$ 219,330</u></u>	<u><u>\$ 211,257</u></u>

Capitalization based on 48.3% debt:

Debt	\$ 1,242,049
Equity	\$ 1,329,481

*We estimate that Ozark Shores would be a prime rate borrower

Implied Values Based on Public Companies*

Value based on dividend yield:

Assuming: 48.3% debt (similar to publicly traded companies),
taxes at 35% and all net income is paid out \$ 7,311,010

Value based on P/E

After tax adjusting earnings assuming 48.3% debt
(similar to publicly traded companies) \$ 5,432,812

Value based on P/B

Assuming 48.3% debt \$ 2,779,303

***Capitalization based on 48.3% debt:**

Debt	\$	1,242,049
Equity	\$	1,329,481

Exhibit E

Value of the Offer

Offer:

\$250,000 payment per year for 30 year adjusted annually by the increase in the CPI*

\$3,000,000 Cash

PV of Total Offer

Discount Rate		Increase in CPI*		
		1.6%	2.6%	3.6%
6.50%	\$	6,860,197	\$ 7,317,070	\$ 7,854,983
7.00%	\$	6,650,491	\$ 7,069,708	\$ 7,562,066
7.50%	\$	6,458,095	\$ 6,843,374	\$ 7,294,751
8.00%	\$	6,281,281	\$ 6,635,932	\$ 7,050,392
8.50%	\$	6,118,515	\$ 6,445,486	\$ 6,826,647

*The difference in yield between a I-Bond maturing in 2032 and a regular Treasury bond maturing in 2032 is 2.6% (4% minus 1.4%)

Exhibit F

Ozark Shores Water Company

Balance Sheet
As of December 31,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Current Assets</i>					
Cash	70,548.21	75,331.30	(1,167.48)	63,349.27	43,498.18
Accounts Receivable	1,250.80	0.00	3,000.00	4,493.20	820.00
Other Current Assets					
OSWC Billing	10,495.88	12,629.60	12,452.29	15,878.28	65,529.12
A/R Unbilled Revenue	52,358.67	48,852.25	51,732.31	43,862.78	6,109.28
A/R NSPUC	22,912.99	0.00	0.00	0.00	0.00
A/R Meadows Water Co	33,752.26	0.00	0.00	0.00	688.21
A/R LRWS	0.00	1,508.61	1,601.37	0.00	0.00
A/R PWSD#4	5,700.96	388.68	0.00	0.00	0.00
Roger Sallee	0.00	458.64	458.64	0.00	139.87
Vernon Stump	4,461.46	8,243.82	8,243.82	8,243.82	8,243.82
Northern Illinois Inv Group	5,998.00	5,998.00	5,998.00	5,998.00	5,998.00
OSWC Availability Acct.	0.00	0.00	0.00	0.00	250.30
Inventory	21,260.64	26,376.60	47,838.78	49,229.73	71,434.14
Prepayments	7,771.58	6,445.48	4,383.42	2,441.06	735.67
Total Other Current Assets	164,712.44	110,901.68	132,708.63	125,653.67	159,128.41
Total Current Assets	236,511.45	186,232.98	134,541.15	193,496.14	203,446.59
<i>Fixed Assets</i>					
Utility Plant	172,789.71	172,789.71	172,789.71	172,789.71	172,789.71
Startup Costs-OSWC	28,717.20	28,717.20	28,717.20	28,717.20	28,717.20
CIP HH	7,752.47	0.00	0.00	0.00	0.00
CIP HWY 54/KK	16,704.58	0.00	0.00	0.00	0.00
CIP	50.00	0.00	0.00	0.00	0.00
CIP Evergreen	426.15	0.00	0.00	0.00	0.00
Cornett Branch Ext	0.00	0.00	0.00	0.00	776.93
Susan Road Ext	0.00	0.00	0.00	0.00	5,388.27
ACC Depreciation/Utility Plan	(558,720.31)	(630,356.31)	(704,272.31)	(780,332.31)	(847,532.31)
ACC Amortization	(42,428.25)	(43,146.21)	(43,864.17)	(44,582.13)	(45,300.09)
System Study	34,112.12	34,112.12	34,112.12	34,112.12	34,112.12
Source of Supply/Land & Right	21,275.64	21,275.64	21,275.64	21,275.64	21,275.64
Trans & Dist/Land & Rights	500.00	500.00	500.00	500.00	500.00
TreatmntPint/Struc&Imp	49,388.36	49,388.36	49,388.36	49,388.36	49,388.36
SourceSupply/Wells	808,628.60	808,628.60	808,628.60	808,628.60	808,628.60
EquipRep/Wells	65,822.13	71,256.16	113,578.68	124,505.46	124,505.46
Seasons Ridge	75,112.87	75,112.87	75,112.87	75,112.87	75,112.87
PumpPlant/ElecPumpEquip	75,829.32	75,829.32	75,829.32	75,829.32	75,829.32
TreatmntPlant/Equip	18,279.60	18,279.60	18,279.60	18,279.60	18,279.60
Trans & Dist/Mains	1,346,572.63	1,390,350.99	1,434,197.70	1,468,383.56	1,468,383.56
Trans & Dist/Services	152,562.01	208,447.00	273,267.71	332,078.90	359,680.04
Trans & Dist/Met/Install	244,014.93	247,361.71	247,361.71	260,513.93	260,513.93
Trans & Dist/Hydrants	316.51	316.51	316.51	316.51	316.51
PumpPlant/OthPumpEquip	521.07	521.07	521.07	521.07	521.07
Furn & Fixt	5,788.03	5,788.03	5,788.03	5,788.03	5,788.03
GenPint/OffFurn&Equip	32,391.47	32,391.47	32,391.47	32,391.47	32,391.47
GenPint/OperEquip	1,109.27	1,767.71	1,767.71	3,351.34	3,351.34
GenPint/CommunEquip	2,233.20	2,233.20	2,233.20	2,233.20	2,233.20
GenPint/MiscEquip	1,168.62	1,168.62	1,586.59	1,586.59	1,586.59
Trans&Dist/Stdndpip/Tower	201,024.88	201,024.88	201,024.88	201,024.88	201,024.88
New Serv Dev. Fees	14,873.53	14,873.53	14,873.53	14,873.53	14,873.53
Meters/New Serv	127,522.45	127,522.45	127,522.45	127,522.45	127,522.45
Total Fixed Assets	2,904,338.79	2,916,154.23	2,992,928.18	3,034,809.90	3,000,658.28

Ozark Shores Water Company
 Balance Sheet
 As of December 31,

	2003	2004	2005	2006	2007
<u>Total Assets</u>	<u>3,140,850.24</u>	<u>3,102,387.21</u>	<u>3,127,469.33</u>	<u>3,228,306.04</u>	<u>3,204,104.87</u>
<u>Current Liabilities</u>					
Accounts Payable	106,631.43	136,342.57	212,885.81	84,942.89	251,919.04
Customer Refunds	0.00	698.65	758.50	277.03	198.90
Customer Meter Dep	5,820.00	8,170.00	11,835.00	6,885.00	6,965.00
User Tax Accrued	257.15	287.22	439.72	429.92	0.00
Sales Tax Accrued	6,900.69	1,830.04	1,800.36	959.73	365.12
Advances for Construction	16,075.00	13,375.00	12,025.00	11,125.00	11,125.00
Due to OSWC Avail Acct	0.00	0.00	0.00	0.00	(1,957.00)
A/P - PWSD#4 (non-surcharge)	21,314.29	0.00	(309.10)	158,396.55	1,510.63
Due to NSPUC	0.00	16,061.52	28,920.52	83,460.62	28,460.62
<u>Total Current Liabilities</u>	<u>156,998.56</u>	<u>176,765.00</u>	<u>268,355.81</u>	<u>346,476.74</u>	<u>298,587.31</u>
<u>Total Liabilities</u>	<u>156,998.56</u>	<u>176,765.00</u>	<u>268,355.81</u>	<u>346,476.74</u>	<u>298,587.31</u>
<u>Equity</u>					
Paid In Capital	3,149,100.00	3,149,100.00	3,149,100.00	3,149,100.00	3,149,100.00
Common Stock	900.00	900.00	900.00	900.00	900.00
Contrib In Aid of Const	245,727.00	276,507.00	316,557.00	353,577.00	353,577.00
Accum Deprec-CIAC	(25,422.17)	(30,644.71)	(36,575.35)	(43,276.69)	(43,276.69)
Retained Earnings	(308,064.45)	(308,063.87)	(308,063.97)	(308,063.97)	(308,063.95)
Retained Earnings	(186,641.75)	(78,388.70)	(162,176.21)	(262,804.16)	(270,407.04)
Net Income	108,253.05	(83,787.51)	(100,627.95)	(7,602.88)	23,688.24
<u>Total Equity</u>	<u>2,983,851.68</u>	<u>2,925,622.21</u>	<u>2,859,113.52</u>	<u>2,881,829.30</u>	<u>2,905,517.56</u>
<u>Total Liabilities and Equity</u>	<u>3,140,850.24</u>	<u>3,102,387.21</u>	<u>3,127,469.33</u>	<u>3,228,306.04</u>	<u>3,204,104.87</u>

Ozark Shores
Income Statement
For Year Ended December 31,

	2003	2004	2005	2006	2007
<u>Income</u>					
Revenue-Water-Residential	399,009.35	392,691.72	422,266.94	464,872.80	554,651.23
Revenue-Water-Commercial	147,159.74	140,490.35	178,947.01	126,719.62	69,456.11
Late Charges	5,936.36	6,113.79	6,755.68	8,142.00	10,590.27
New Services	0.00	0.00	0.00	0.00	31,091.73
Depreciation - CIAC	4,552.74	5,222.54	5,930.64	6,701.34	0.00
Other Income (Other Income)	4,837.65	14,666.85	3,831.12	3,525.46	1,110.59
Availability Charges (Availability Charges)	290,982.70	212,019.70	190,994.38	283,912.77	213,286.86
Rental Income	9,456.00	13,662.00	13,386.00	13,512.00	13,512.00
Interest Income	335.36	1,092.98	0.00	0.00	0.00
Meadows Meter Read Support	16,500.00	18,000.00	0.00	0.00	0.00
Total Income	878,769.90	803,959.93	822,111.77	907,385.99	893,698.79
 Gross Profit	 878,769.90	 803,959.93	 822,111.77	 907,385.99	 893,698.79
 <u>Expense</u>					
Depreciation Expenses	69,423.00	71,636.00	73,916.00	76,060.00	67,200.00
Amortization Expenses	717.96	717.96	717.96	717.96	717.96
Taxes Other than Income	2,995.95	4,688.82	3,681.84	94.13	219.89
Income Taxes	0.00	58.03	1,035.03	941.96	1,200.00
Real Estate Tax	8,620.14	7,377.22	8,689.41	8,906.46	9,284.94
Consulting Services	125,595.36	32,000.00	0.00	0.00	0.00
Utilities	3,227.46	4,393.13	4,219.29	4,129.04	4,013.57
Purchased Power					
Power for Well 1	16,728.95	23,141.37	30,993.62	37,985.26	37,492.03
Power for Well 2	4,025.16	3,769.08	6,373.25	6,271.75	7,410.05
Power for Well 3	12,101.19	3,722.73	2,245.80	5,058.86	7,240.93
Power for Well 4	20,216.24	21,645.02	23,354.75	22,511.30	24,490.03
Power for Booster Station	657.65	635.76	763.40	373.65	210.57
Power for Storage Tank	386.73	294.19	306.18	203.93	229.45
Power for Pressure Tank	470.89	338.29	99.63	84.04	0.00
Power for Carol Road Tower	399.26	323.84	655.17	629.58	462.14
Power for Carol Rd Booster	1,416.86	995.35	1,140.97	1,294.14	2,614.35
Purchased Power - Other	0.00	0.00	0.00	251.27	1,939.64
Total Purchased Power	56,402.93	54,865.63	65,932.77	74,663.78	82,089.19

Ozark Shores
Income Statement
For Year Ended December 31,

	2003	2004	2005	2006	2007
Telephone	11,101.12	10,582.30	9,844.77	4,645.04	7,909.18
Chlorine	1,176.71	2,557.55	2,951.28	5,042.09	2,973.30
Material & Supplies	88.43	945.23	4,117.76	1,572.19	2,719.82
Safety Supplies	642.70	814.15	1,337.19	945.33	215.64
Uniforms and Clothing	0.00	244.65	0.00	694.20	0.00
Tools	511.49	1,274.16	1,493.69	1,733.42	501.40
Postage and Billing Expenses	4,420.79	6,013.62	6,411.68	8,237.60	8,898.46
Computer	4,267.50	4,370.02	1,439.39	1,579.98	2,054.87
Office Supplies	6,711.87	5,761.84	12,691.39	3,750.93	2,376.12
Dues & Subscriptions	574.95	144.95	618.85	603.55	122.95
Bank Charges	2,976.90	1,677.59	1,256.07	1,088.96	943.70
Management Fees (bank loan)	43,769.36	199,080.04	199,080.00	203,266.59	223,240.00
Contract Services					
Cont Serv- Engineering	0.00	7,802.47	0.00	615.00	0.00
Cont Serv - Accounting	15,025.00	13,645.00	12,830.00	12,770.00	13,000.00
Cont Serv - Legal	1,161.65	1,551.17	1,790.77	350.00	1,562.82
Cont Serv - Management (Avail)	249,191.37	182,000.00	258,437.85	242,119.20	157,000.00
Cont Serv- Water Testing	0.00	0.00	0.00	1,348.83	1,775.00
Cont Serv - Cleaning	0.00	0.00	0.00	2,910.00	3,090.00
Cont Serv - PWSD#4 Labor	31,100.21	169,088.86	152,417.31	143,738.71	167,863.43
Cont Serv - Other	572.50	1,215.00	800.00	951.48	0.00
Total Contract Services	297,050.73	375,302.50	426,275.93	404,803.22	344,291.25
Travel	4,369.24	1,500.00	0.00	0.00	0.00
Outside Services	16,353.28	1,712.70	735.20	5,722.85	724.00
Rental of Building/Real Prop					
Rental Interest on Bldg.	18,000.00	0.00	6,354.63	10,790.04	11,234.20
Rental of Building/Real Prop - Other	2,398.60	17,691.13	11,833.41	7,398.00	6,953.84
Total Rental of Building/Real Prop	20,398.60	17,691.13	18,188.04	18,188.04	18,188.04

Ozark Shores
Income Statement
For Year Ended December 31,

	2003	2004	2005	2006	2007
Rental of Equipment					
Equipment Rental - PWSD#4		18,000.00	18,954.00	18,000.00	18,000.00
Total Rental of Equipment	0.00	18,000.00	18,954.00	18,000.00	18,000.00
Maintenance and Operation					
Well Repair	2,731.47	12,248.88	4,428.08	1,426.23	3,844.60
Hydrant Repair	0.00	964.56	0.00	0.00	0.00
Meter Repair	936.98	1,342.77	181.12	0.00	20.39
Service Repairs	0.00	1,557.10	163.07	2,309.31	1,965.03
Main Repair	10,148.52	9,483.71	3,183.02	22,849.58	12,052.75
Building Maintenance	1,909.98	748.80	9,215.10	709.78	806.44
Boring Expenses	0.00	0.00	939.24	0.00	4,945.00
Maintenance and Operation - Other	0.00	0.00	0.00	0.00	16.13
Total Maintenance and Operation	15,726.95	26,345.82	18,109.63	27,294.90	23,650.34
Transportation Expense					
Fuel	5,218.64	3,825.96	12,059.67	11,436.22	11,893.98
Transportation Expense - Other	0.00	0.00	0.00	31.25	35.00
Total Transportation Expense	5,218.64	3,825.96	12,059.67	11,467.47	11,928.98
Leased Vehicle	6,017.00	6,564.00	6,564.00	6,167.39	7,165.56
Veh. Repair and Maintenance	1,884.64	103.15	0.00	0.00	0.00
Training & Licenses	389.00	163.00	0.00	0.00	0.00
Travel & Entertainment	460.58	81.93	202.75	327.16	39.50
Insurance - General Liability	11,406.38	11,487.91	11,152.89	11,924.36	13,107.46
Insurance - Work Comp	3,536.31	758.16	0.00	0.00	0.00
Insurance - Other	14,576.75	8,121.85	5,971.50	3,182.00	3,889.33
Advertising	20,412.00	342.00	0.00	0.00	0.00
Regulatory Commission Expenses (PSC Assessments)	0.00	0.00	0.00	3,300.00	4,717.12
Contributions	0.00	0.00	2,250.00	2,000.00	2,800.00
Bad Debts	2,057.54	4,205.58	1,212.10	3,143.25	3,431.10
Miscellaneous Expense	648.80	0.00	0.00	795.02	1,202.69
Customer Refund	0.00	1,425.83	1,087.48	0.00	145.08
Uncategorized Expenses	6,785.79	913.03	542.16	0.00	49.11
Total Expense	770,516.85	887,747.44	922,739.72	914,988.87	870,010.55
Net Ordinary Income	108,253.05	-83,787.51	-100,627.95	-7,602.88	23,688.24

Exhibit G

Comparisons of Water Company Sales
Occurring in Last Ten Years

	Sold 01/06/1999 Central Kansas 1998 TR	Sold 04/17/2008 Meadows Water 2007 TR	Ozark Shores Water 2006 TR
Ordinary Income / (Loss)	\$ (59,876.00)	\$ (47,116.00)	\$ (55,073.00)
Stockholder compensation	133,738.00	48,000.00	242,119.00
Depreciation/amortization (net of CIAC)	201,996.00	31,294.00	174,549.00
Debt service	289,279.00	76,534.00	203,267.00
Cash Available for Debt Service	565,137.00	108,712.00	564,862.00
Sale Price	6,064,895.00	1,532,579.00	7,920,738.00
Tax contribution (40% fed. + state rates)	1,548,529.20	300,004.00	
Total sale price	\$ 7,613,424.20	\$ 1,832,583.00	\$ 7,920,738.00
Total sale price / Cash Avail. for D/S	13.47	16.86	14.02
Net Water Assets	1,470,272.00	789,507.00	3,016,564.00
Net Water CIAC		(404,726.00)	(310,300.00)
Rate Base	\$ 1,470,272.00	\$ 384,781.00	\$ 2,706,264.00

Purchase Price Analysis Camden Co. PWSD#4 buying Ozark Shores

A. Price of System:

\$ 250,000 payment per year to OSWC for 30 years adjusted annually by the increase in the CPI (CPI has averaged 2 ½% for the last 10 years)
\$ 3,000,000 Cash at closing to pay off debt and taxes due on sale of assets (New Bond Issue)

B. Total 30 year dollar cost of above water system purchase price:

\$ 250,000 Per yr. compounded at 2 ½% CPI, 30 years	=	\$ 10,725,000	Total 30 yr. pmts
\$ 3,000,000 bond issue, 6% interest, 30 years	=	6,538,000	Total 30 yr. pmts
Total District payments for system	=	\$ 17,263,000	

C. What bond issue size would have a total 30 year debt service of \$ 17,263,000
\$ **7,920,738** prin. @ 6%, 30 yr. = \$ 575,433 yr. x 30 yr. = \$ 17,263,000

District is paying the equivalent of a \$ 7,920,738 bond issue