

9/15/03

Envirowater, LLC
Sewer Operations Schedules/Assumptions

Envirowater Company, LLC

Set of Business Assumptions (Riverbluff Sewer Operations)

- 1 Flat monthly rate per connection
- 2 3,00 residents per connection - Total of 800 connections through Phases 1, 2, and 3
- 3 Cost of \$337,000 for sewer aspect of project (\$182,000 owner investment, \$155,000 in long term debt)
- 4 Population - 2,400
- 5 Number of connections increase at projected numbers per year
- 6 Flat charge of \$25 per month
- 7 Connection Fees of \$400/connection have been factored into revenue
- 8 Proposed contract operation of facilities by Masterston and Associates

Envirowater Company, LLC

Riverbluff Subdivision (Sewer Operations)

Line No.	Projected Sewer Financial Summary Through 2019											
	\$155K @ 4.0% 15 year, 2,600 Population, Flat Rate											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Connections	Connections	Connections	Connections	Connections	Connections	Connections	Connections	Connections	Connections	Connections	
1	50	75	100	109	112	115	74	63	55	25	22	
2	50	125	225	334	446	561	635	698	753	778	800	
3	Proposed Rates											
4	\$ 400.00 connection Fee											
5	\$ 25.00 per month											
6	\$ 25.00 minimum											
7	120,125 Annual Usage/customer											
8	10,010 Average Monthly Usage											
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YEAR	SEWER FLOW GALLONS	SEWER REVENUE RESIDENTIAL	SEWER CONNECTION FEES	SEWER EXPENSES	NET GAIN/LOSS	Debt Service	Capital Improvements	Operations Cost	Depreciation	Total Expenses
2004	6,006,250	\$ 15,000	\$ 20,000	see balance sheet	\$ 25,515	\$ 9,135	\$ 28,000	\$ 65,250	\$ 15,800	\$ 118,185
2005	15,015,625	\$ 37,500	\$ 30,000	see balance sheet	\$ 49,879	\$ 9,135	\$ 28,000	\$ 71,775	\$ 20,000	\$ 128,910
2006	27,028,125	\$ 67,500	\$ 40,000	see balance sheet	\$ 65,979	\$ 9,135	\$ 45,000	\$ 73,928	\$ 20,000	\$ 148,063
2007	40,121,750	\$ 100,200	\$ 43,600	see balance sheet	\$ 58,890	\$ 15,000	\$ 45,000	\$ 76,146	\$ 25,000	\$ 161,146
2008	53,608,184	\$ 133,881	\$ 44,908	118,185	\$ 57,052	\$ 15,000	\$ 65,000	\$ 78,430	\$ 25,000	\$ 183,430
2009	67,364,346	\$ 168,236	\$ 45,806	128,910	\$ 50,129	\$ 15,000	\$ 65,000	\$ 80,783	\$ 30,000	\$ 190,783
2010	76,253,596	\$ 190,436	\$ 29,600	148,063	\$ 36,265	\$ 15,000	\$ 70,000	\$ 83,207	\$ 30,000	\$ 193,207
2011	83,821,471	\$ 209,336	\$ 25,200	161,146	\$ 28,303	\$ 15,000	\$ 70,000	\$ 85,703	\$ 30,000	\$ 200,703
2012	90,428,346	\$ 225,836	\$ 22,000	183,430	\$ 24,202	\$ 15,000	\$ 70,000	\$ 88,274	\$ 30,000	\$ 213,274
2013	90,428,346	\$ 233,336	\$ 10,000	190,783	\$ 20,020	\$ 15,000	\$ 70,000	\$ 90,922	\$ 30,000	\$ 218,650
2014	90,428,346	\$ 233,336	\$ 8,800	197,071	\$ 15,753	\$ 25,000	\$ 70,000	\$ 96,460	\$ 30,000	\$ 221,460
2015	90,428,346	\$ 233,336	\$	201,012		\$	\$	\$ 99,353	\$	\$
2016	90,428,346	\$ 233,336	\$	205,033		\$	\$	\$	\$	\$
2017	90,428,346	\$ 233,336	\$	209,133		\$	\$	\$	\$	\$
2018	90,428,346	\$ 233,336	\$	213,316		\$	\$	\$	\$	\$
2019	90,428,346	\$ 233,336	\$	217,582		\$	\$	\$	\$	\$
TOTALS	1,082,646,117	\$ 2,781,273	\$ 319,914	2,366,873		\$ 227,405	\$ 761,000	\$ 345,800		\$ 224,353

Financial Projections Worksheet

BALANCE SHEET

Envirowater Company

	12/2003	1	2	3	4	5	6	7	8	9	10	11	12/2004	12/2005	12/2006
Cash	0	26,873	23,657	20,240	18,108	16,827	16,245	17,813	19,132	19,055	18,933	18,706	18,470	22,302	54,340
Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment & Fixtures	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000
Leasehold Improvements	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Accum Depr (Neg)	0	(1,189)	(2,378)	(3,567)	(4,756)	(5,944)	(7,133)	(8,322)	(9,511)	(10,700)	(11,889)	(13,078)	(14,267)	(28,533)	(42,800)
Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Amort (Neg)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Cur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	337,000	362,684	358,279	353,673	350,353	347,882	346,112	346,491	346,620	345,355	344,044	342,629	341,203	330,769	348,540
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ST Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Curr Portion of LT Debt	8,091	8,114	8,136	8,159	8,182	8,205	8,228	8,251	8,274	8,297	8,320	8,343	8,366	8,651	8,945
Accrued Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Liabilities	146,909	146,222	145,534	144,843	144,151	143,457	142,761	142,062	141,362	140,660	139,956	139,250	138,542	129,891	120,946
TOTAL LIABILITIES	155,000	154,336	153,670	153,003	152,333	151,662	150,988	150,313	149,636	148,957	148,276	147,593	146,909	138,542	129,891
Paid-in Capital	182,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000
Retained Earnings	0	(3,652)	(7,391)	(11,329)	(13,980)	(15,779)	(16,877)	(15,822)	(15,016)	(15,602)	(16,232)	(16,965)	(17,706)	(19,774)	6,649
EQUITY	182,000	208,348	204,609	200,671	198,020	196,221	195,123	196,178	196,984	196,398	195,768	195,035	194,294	192,226	218,649
TOTAL LIAB & EQUITY	337,000	362,684	358,279	353,673	350,353	347,882	346,112	346,491	346,620	345,355	344,044	342,629	341,203	330,769	348,540

Financial Projections Worksheet

INCOME STATEMENT Envirowater Company

	1	2	3	4	5	6	7	8	9	10	11	12	2004	2005	2006
SALES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIRECT COST OF SALES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS MARGIN	0	0	0	0	0	0	0	0	0	0	0	0	35,000	67,550	107,405
EXPENSES:															
Chemicals	0	0	0	90	90	90	90	90	90	100	180	180	1,000	2,000	2,000
Auto & Travel	85	85	85	85	85	85	85	85	80	80	80	80	1,000	1,500	1,500
Contract Services	500	500	500	500	500	500	500	750	750	750	750	750	7,250	7,250	10,875
Materials, Supplies	100	100	100	100	200	200	200	200	200	200	250	250	3,000	4,000	4,000
Insurance	25	25	25	50	100	100	100	100	100	125	125	125	1,000	1,500	1,500
Equipment Rental	25	25	25	50	100	175	175	175	175	175	175	175	2,000	2,000	3,000
Legal / Accounting	150	150	150	150	200	200	300	300	300	300	300	300	3,000	3,999	4,999
Licenses & Permits	200	200	200	200	200	200	200	200	200	200	200	200	2,400	2,400	3,000
Office Expense/ Post	200	200	200	200	200	200	200	200	200	200	200	200	500	500	500
Operating Supplies	25	25	25	25	50	50	50	50	50	50	50	50	1,800	1,800	1,800
Rent	100	100	100	100	100	100	100	200	200	200	200	200	350	788	791
Repairs & Maintenance	25	25	25	25	25	25	25	25	25	25	25	25	3,000	3,276	3,604
Utilities/Telephone	200	200	200	200	200	200	300	300	300	300	300	300	1,000	2,000	2,000
Monitoring/Sampling	0	90	90	90	90	90	90	90	90	90	180	180	2,070	12,420	17,512
Capital Improvements	170	170	170	170	170	170	170	170	170	180	180	180	0	0	0
Payroll	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Tax	0	0	0	0	0	0	0	0	0	0	0	0	2,000	2,000	2,000
Salaries (Owners)	0	0	200	200	200	200	200	200	200	200	200	200	33,370	50,558	62,206
OPERATING EXPENSES	(2,030)	(2,120)	(2,320)	(1,035)	(185)	515	2,635	2,935	3,185	3,180	3,330	3,340	1,630	16,992	45,198
EBITDA	433	431	429	427	425	423	422	420	418	416	414	412	5,069	4,794	4,509
Interest	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	14,267	14,267	14,267
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EARNINGS BEFORE TAX	(3,652)	(3,740)	(3,938)	(2,651)	(1,799)	(1,097)	1,055	806	(587)	(630)	(733)	(741)	(17,706)	(2,068)	26,423

Financial Projections Worksheet

Start Mo

CASH FLOW STATEMENT *Envirowater Company*

	1	2	3	4	5	6	7	8	9	10	11	12	2004	2005	2006
BEGINNING CASH	0	26,873	23,657	20,240	18,108	16,827	16,245	17,813	19,132	19,055	18,933	18,706	0	18,470	22,302

OPERATIONS:

EARNINGS BEFORE TAX	(3,652)	(3,740)	(3,938)	(2,651)	(1,799)	(1,097)	1,055	806	(587)	(630)	(733)	(741)	(17,706)	(2,068)	26,423
Plus:															
Depreciation & Amortization	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	14,267	14,267	14,267
Decl(Inc) Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decl(Inc) Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Incl(Dec) Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Incl(Dec) Accrued Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C/F FROM OPERATIONS	(2,463)	(2,551)	(2,749)	(1,462)	(610)	92	2,243	1,995	602	559	456	448	(3,439)	12,199	40,689

INVESTING:

Decl(Inc) Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decl(Inc) Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decl(Inc) Other Non-Cur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C/F FROM INVESTING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FINANCING:

Incl(Dec) ST Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Incl(Dec) LT Debt	(664)	(666)	(668)	(670)	(671)	(673)	(675)	(677)	(679)	(681)	(683)	(685)	(8,091)	(8,366)	(8,651)
Paid-in Capital Additions	30,000	0	0	0	0	0	0	0	0	0	0	0	30,000	0	0
C/F FROM FINANCING	29,336	(666)	(668)	(670)	(671)	(673)	(675)	(677)	(679)	(681)	(683)	(685)	21,909	(8,366)	(8,651)

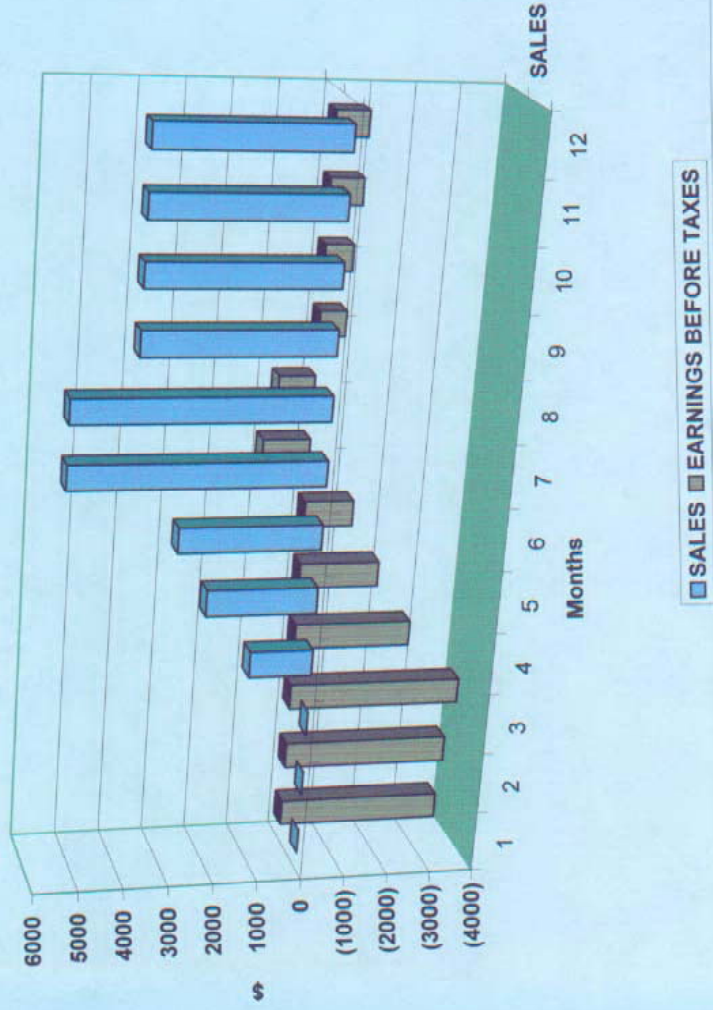
TOTAL CASH FLOW

	26,873	(3,217)	(3,417)	(2,132)	(1,282)	(582)	1,568	1,318	(77)	(122)	(227)	(237)	18,470	3,832	32,038
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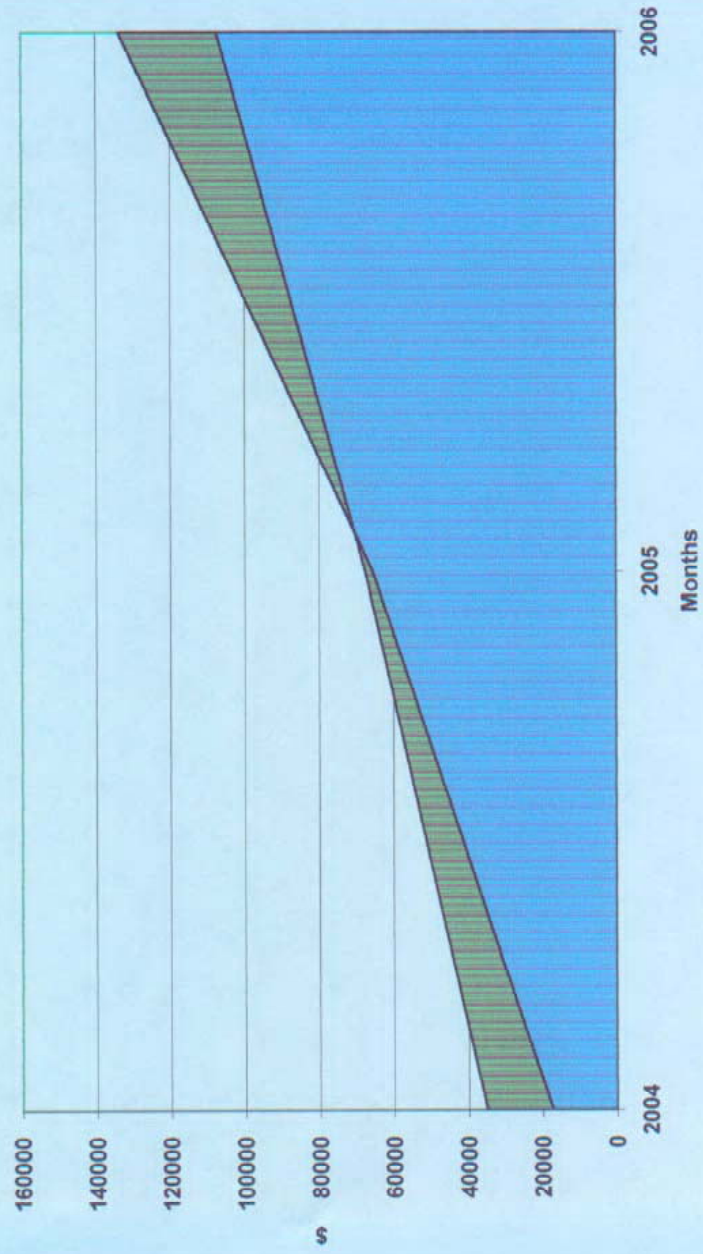
ENDING CASH

	26,873	23,657	20,240	18,108	16,827	16,245	17,813	19,132	19,055	18,933	18,706	18,470	18,470	22,302	54,340
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MONTHLY SALES

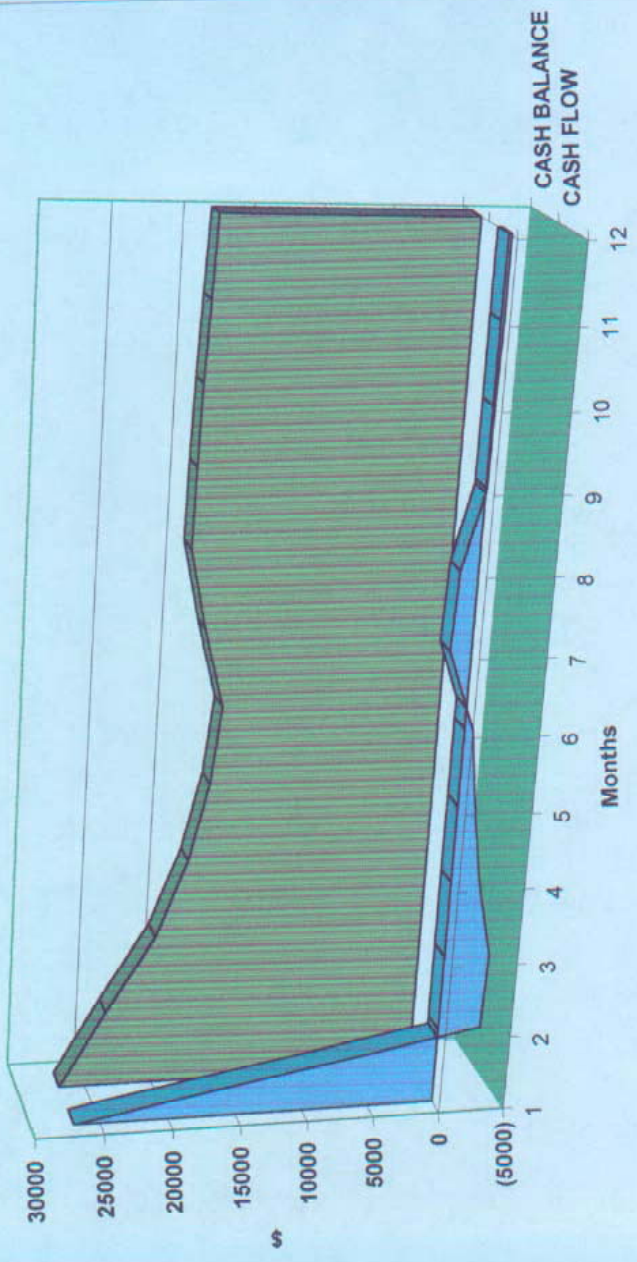


ANNUAL SALES



■ SALES ■ EARNINGS BEFORE TAXES

CASH



■ CASH FLOW ■ CASH BALANCE

Section VI. Conclusion

LK Properties, a land development company based in St. Charles County, Missouri, is finalizing plans for the development of an 800-home subdivision to be built in three phases. LK Properties is an experienced land developer with a long history in the St. Louis area. Over the past 30 years, LK Properties has successfully developed over 20,000 lots for builders that offer a wide variety of home styles.

The new development, named Riverbluff, (also known as the Wehde Farm or Wehde Tract) is located near the northwest corner of the intersection of State Highway 79 and Missouri Route C, near the Village of Old Monroe in Lincoln County, Missouri. During its due diligence process for Riverbluff, LK Properties explored a number of options regarding the provision of water and sewer services for new residents and determined the most reliable, economical, and cost-feasible method to provide these services was to institute a publicly owned water system and privately owned sewer utility. LK Properties approached Envirowater Company, LLC about investing, owning, and operating the wastewater utility system.

Envirowater Company, LLC is a recently created Missouri corporation formed as a utility management company to oversee the provision and operation of the sewer functions for the Riverbluff Subdivision near the Village of Old Monroe, Missouri.

The decision by each party to invest and construct a privately-owned, sewer system is a reflection of a trend in the land development field of offering privatized utility system ownership, operation, and maintenance.

Phase One of the Riverbluff development involves 160 lots and has been pre-sold to The Jones Company prior to development. The Jones Company will offer a variety of homes in all price ranges to meet diverse lifestyle needs starting with entry-level homes in the low \$100,000's.

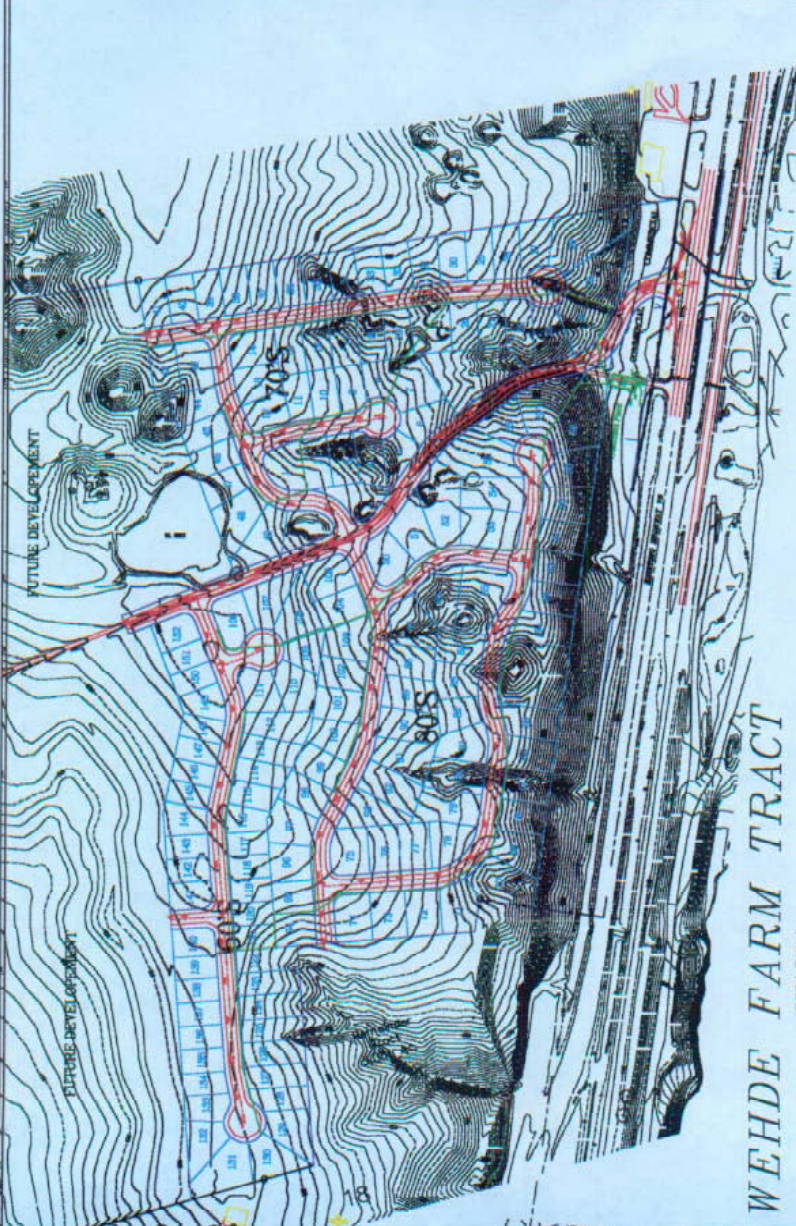
The Phase One build out plan for Riverbluff is anticipated to take four years. Development of Phase Two of the development will proceed upon evaluating the success of Phase One. However, based upon the strength of St. Charles and Lincoln County's homebuilding market, the likely success of this development is strong.

Interest by other builders in the remaining phases of development has grown as information spreads of The Jones Company commitment to Phase One. Demand for this type of developed property is anticipated to grow as available large parcels of land become more scarce in the area.

With demand for quality water growing rapidly and supply dwindling economic value can be anticipated via private ownership of sewer utility companies. This is true for Riverbluff where proposed day-to-day service operations of the sewer utility will be performed by Masterson and Associates. As evidenced by the initial financial projections enclosed in this document, it appears sound that Envirowater Company will be able to oversee the provision of quality sewer utility services in a profitable manner, including repayment of debt for the sewer systems equipment element of the project. This is particularly true as the subdivision builds out.

Based upon the above findings, proceeding with the proposed business operations appears to be prudent.

WEHDE SUBDIVISION CITY OF SAN ANTONIO, TEXAS CITY ENGINEER'S PLAN	CHASELL ENGINEERING P.O. BOX 128 KNOX, MISSOURI 64651 (816) 882-7881	CHASELL ENGINEERING P.O. BOX 128 KNOX, MISSOURI 64651 (816) 882-7881	<p>GRAPHIC SCALE 1" = 100'</p>
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WEHDE FARM TRACT
 PHASE 1
 PRELIMINARY PLAN
 152 LOTS

WEHDE FARM TRACT

PHASE I

SANITARY SEWER PLANS



<p>DATE: 11/11/03 DRAWN BY: J. W. CRISWELL CHECKED BY: J. W. CRISWELL APPROVED BY: J. W. CRISWELL TITLE: SANITARY SEWER PLAN</p>		<p>CRISWELL ENGINEERING P.O. BOX 128 TROY, MISSOURI 63379 (636) 262-7961</p>	<p>WEHDE SUBDIVISION CITY OF OLD MONROE, MISSOURI SANITARY SEWER PLAN</p> <p>KAPLAN DEVELOPMENT, INC. (636)-946-6971</p>
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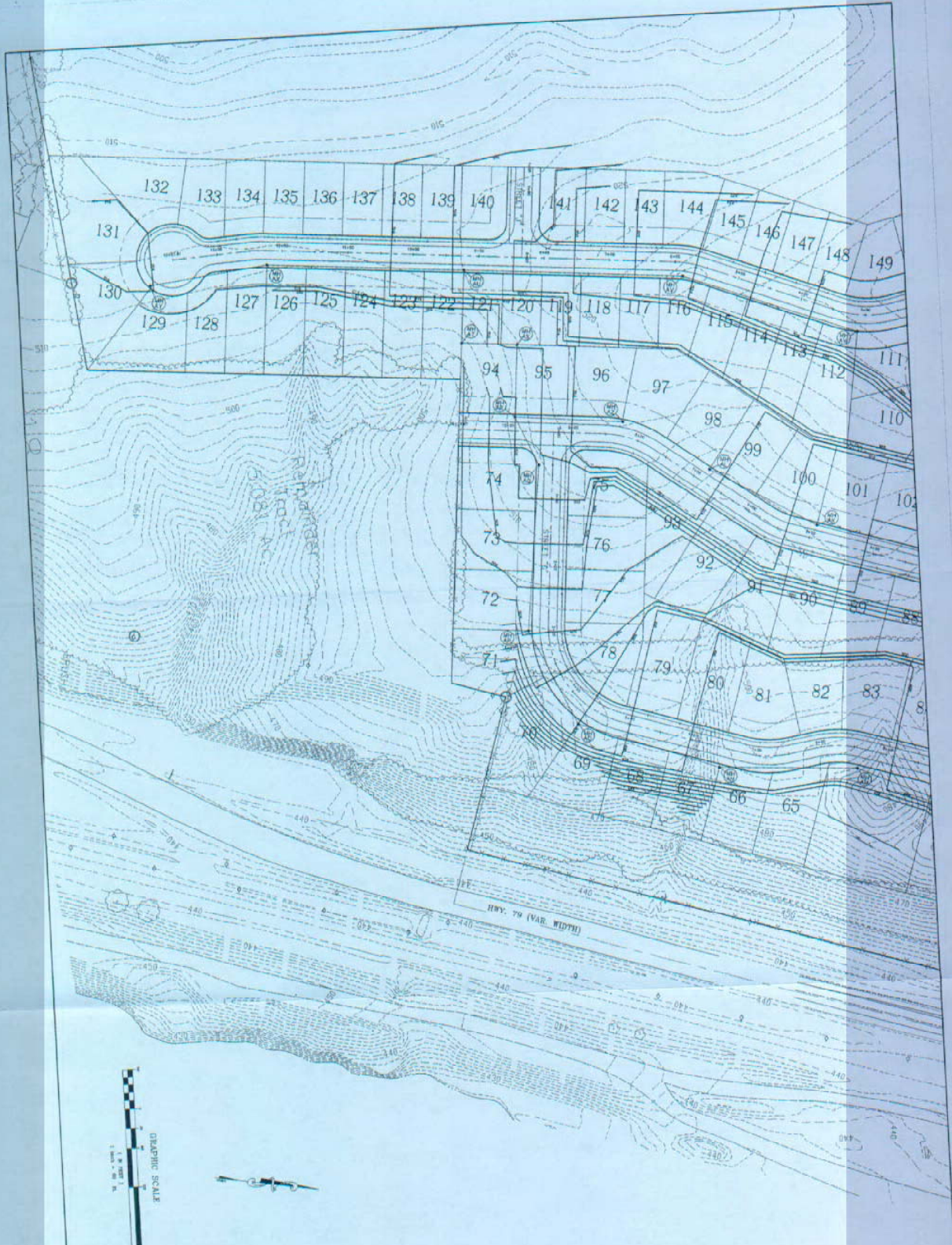
1
 2
 3
 SHEET

CRISWELL ENGINEERING
 1663 NORTH MAIN STREET
 O'FALLON, MISSOURI 63366
 (636) 240-4031

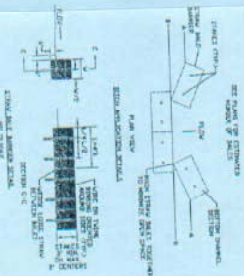
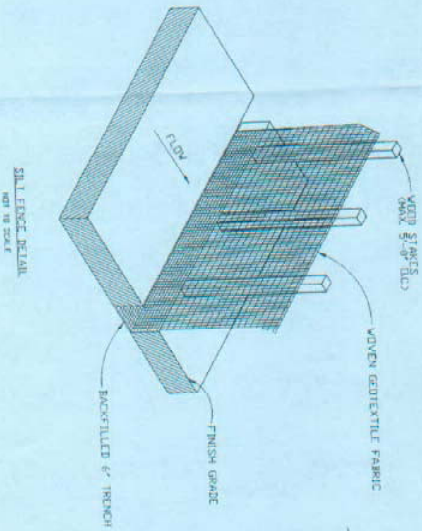
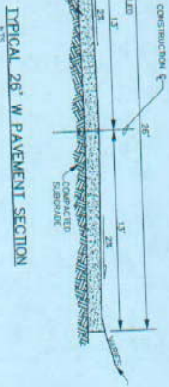
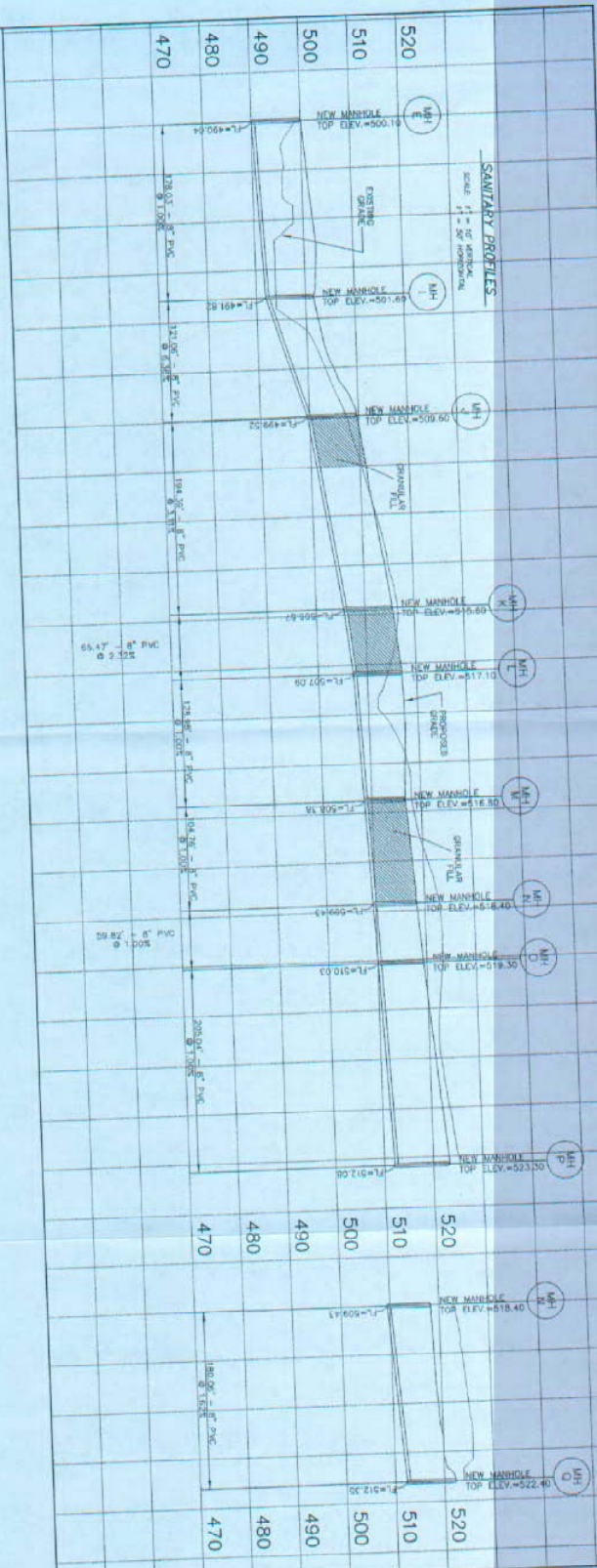
CRISWELL
ENGINEERING

WERDE SUBDIVISION
 LINCOLN COUNTY, MISSOURI
 GRADING PLAN

KAPLAN DEVELOPMENT, INC.
 (636)-946-6971



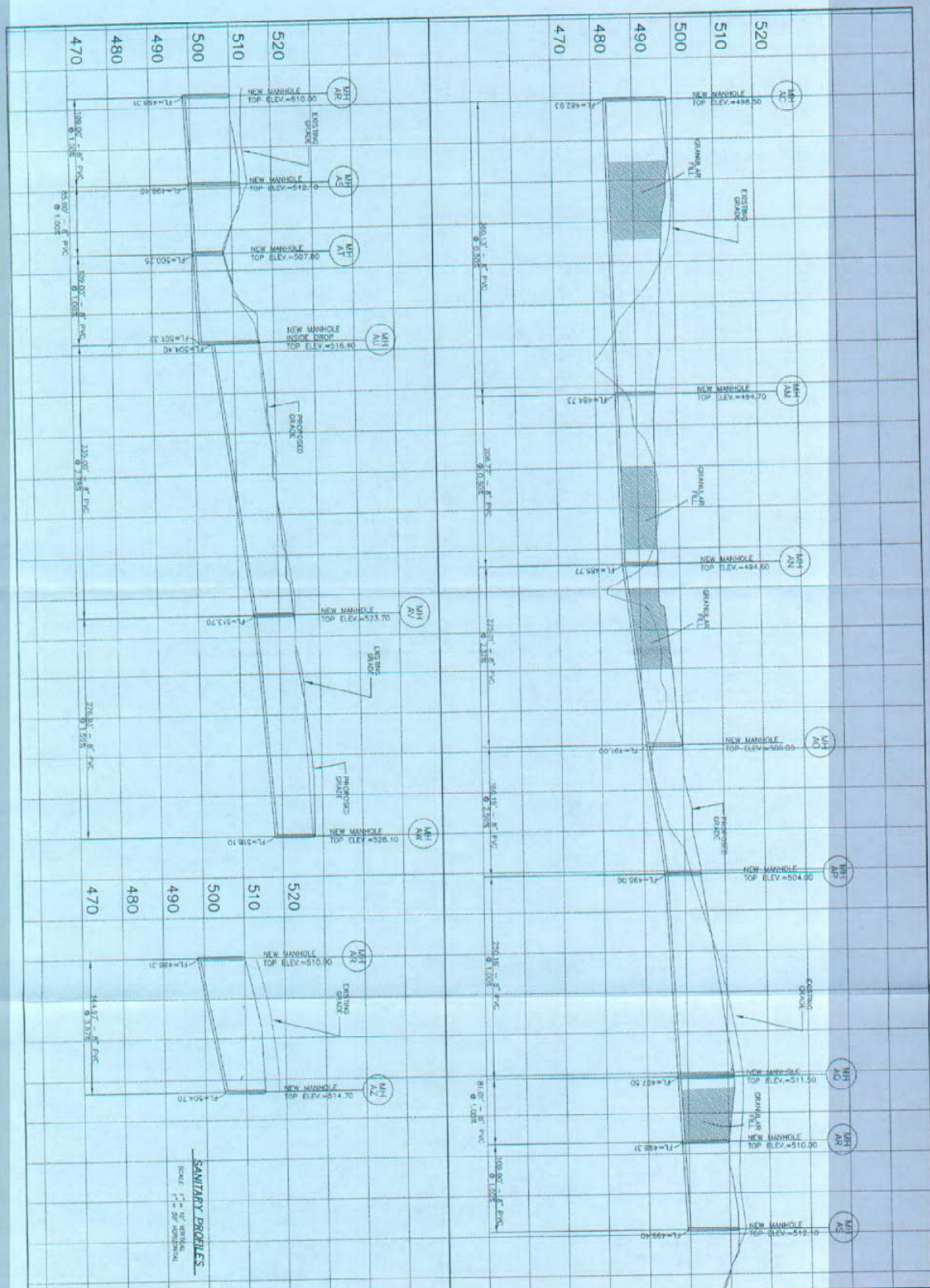
<p>DATE: _____</p> <p>SCALE: _____</p> <p>BY: _____</p> <p>CHECKED: _____</p> <p>APPROVED: _____</p>	<p>CASSELL ENGINEERS</p>	<p>CRISWELL ENGINEERING 1663 NORTH MAIN STREET O'FALLON, MISSOURI 63366 (636) 240-4031</p>	<p>WEHDE SUBDIVISION LINCOLN COUNTY, MISSOURI GRADING PLAN</p> <p>KAPLAN DEVELOPMENT, INC. (636)-946-6971</p>
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REVISIONS
 NO. 1
 DATE
 DESCRIPTION
 5

CRISWELL ENGINEERS
 1663 NORTH MAIN STREET
 O'FALLON, MISSOURI 63366
 (636) 240-4031

WEHDE SUBDIVISION
 LINCOLN COUNTY, MISSOURI
 SANITARY SEWER PLAN
 KAPLAN DEVELOPMENT, INC.
 (636)-946-6971



SANITARY PROFILES
 SCALE: 1" = 20' HORIZONTAL
 1" = 2' VERTICAL

DATE: 07/16/2013
 PROJECT NO.: 2012-001
 SHEET: 1

CRISWELL ENGINEERING
 1663 NORTH MAIN STREET
 O'FALLON, MISSOURI 63366
 (636) 240-4031

CRISWELL ENGINEERING

**WEHDE SUBDIVISION
 LINCOLN COUNTY, MISSOURI
 SANITARY SEWER PLAN**

KAPLAN DEVELOPMENT, INC.
 (636)-946-6971

KAPLAN DEVELOPMENT, INC.
LINCOLN COUNTY, MISSOURI
TREATMENT PLANT
REAR SUBDIVISION
(636)-946-6971

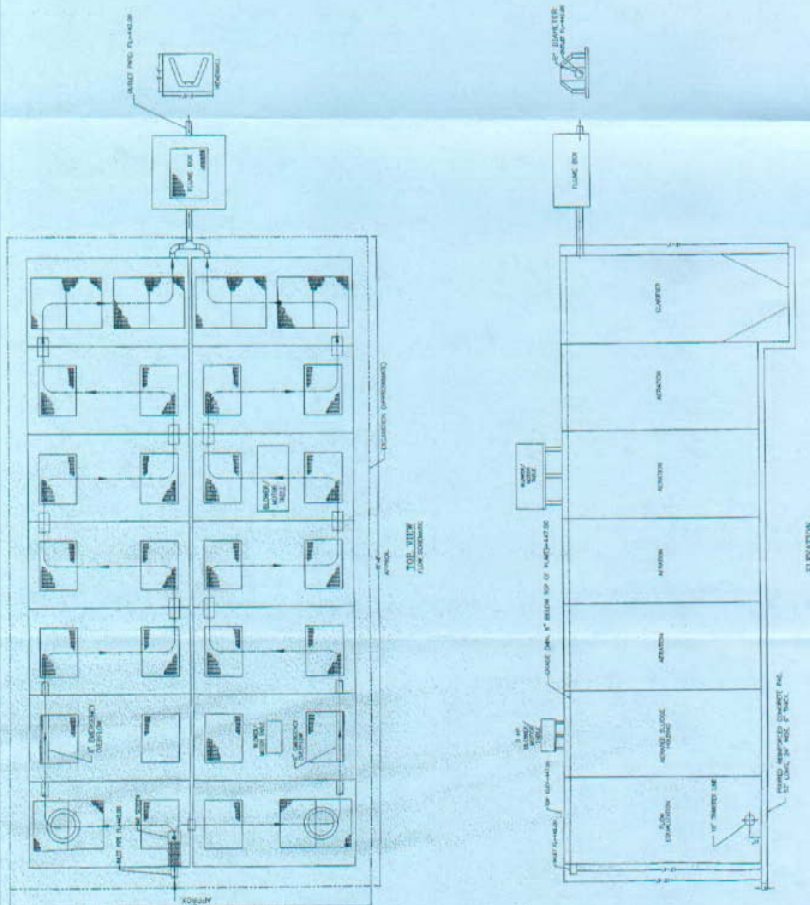
CRISWELL ENGINEERING
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TROY, MISSOURI 63379
(636) 262-7961



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DATE: _____
DRAWING NO.: _____
DATE REVISED: _____
PROJECT NO.: _____
SHEET 9

LAYOUT & ELEVATION
SEWAGE TREATMENT PLANT
DETAIL #1



REAR SUBDIVISION

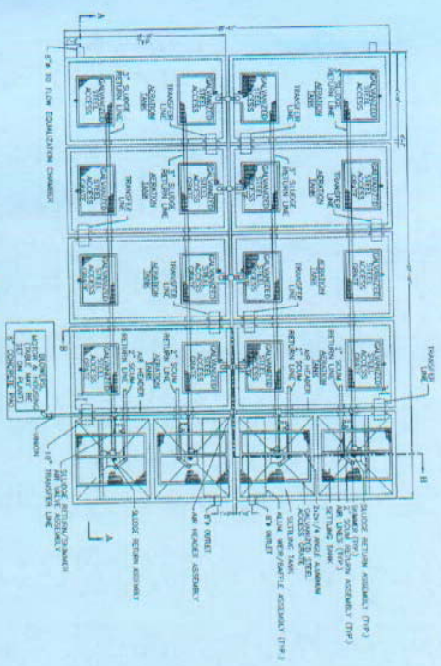
CRISWELL ENGINEERING



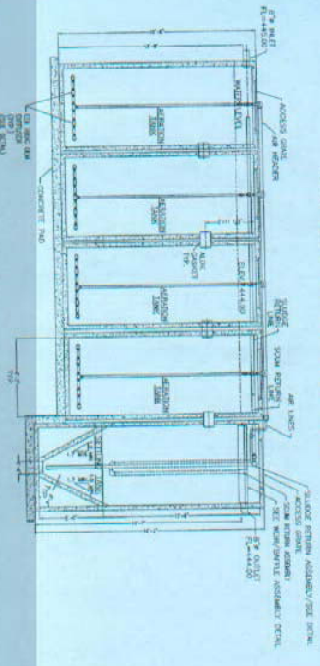
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DATE: _____
DRAWING NO.: _____
DATE REVISED: _____
PROJECT NO.: _____
SHEET 9

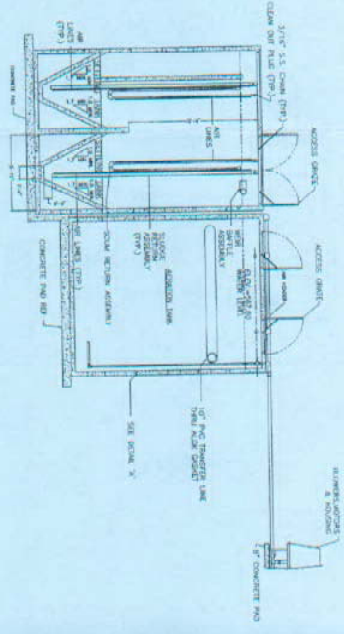
LAYOUT & ELEVATION
SEWAGE TREATMENT PLANT
DETAIL #1



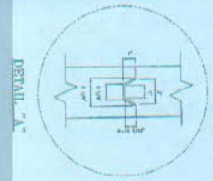
PLAN VIEW
 AERATION TANKS & CLARIFIERS ONLY
 SEE DETAILS #4 & #5 FOR FLOOR
 EQUIPMENTATION & SLUDGE HOLDING TANKS



ELEVATION A-A



ELEVATION B-B



DETAIL #4

- NOTES:
1. ALL TANKS SHALL BE CONCRETE WITH WALLS 20 IN. COMPRESSIVE STRENGTH.
 2. REINFORCEMENT OF TANKS IS SPECIFIED TO WITHSTAND FULL HYDRAULIC LOADS.
 3. SEE PLAN FOR SKIMMER BLOWER ASSEMBLY LOCATION.
 4. SEE PLAN FOR BLOWER ASSEMBLY LOCATION.
 5. CONCRETE SHALL BE 3000 PSI STRENGTH.
 6. ALL TANKS SHALL BE FINISHED WITH 1/2\"/>

CRISWELL ENGINEERING
 P.O. BOX 128
 TROY, MISSOURI 63379
 (636) 262-7961

WERDE SUBDIVISION
 LINCOLN COUNTY, MISSOURI
 TREATMENT PLANT
 KAPLAN DEVELOPMENT, INC.
 (636)-946-6971



DATE: 1/11/77
 SHEET: 10

