19 Morning Arbor Place
The Woodlands, TX 77381

January 10, 2006

Mr Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219

06-00005

Re Petition of Cartwright Creek Utility Company, a Division of Sheaffer International, L.L.C to amend its Certificate of Convenience & Necessity in order to provide service to the Burrus Ridge Development in Robertson County, Tennessee

Dear Chairman Jones:

Enclosed you will find the original and four (4) hard copies along with a CD in PDF format of the above-referenced Petition of Cartwright Creek Utility Company and a check for $25 00 for the filing fee

Sincerely,

William H. Novak

William H Novak
Regulatory Agent for
Cartwright Creek Utility Company

Enclosures

Cc Bob Cochrane
Bruce Meyer
William H Novak
Russell Perkins, Esq.

WHN CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

January 10, 2006

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Tennessee Regulatory Authority
460 James Robertson Parkway
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Sincerely,

William H. Novak
Regulatory Agent for
Cartwright Creek Utility Company

Enclosures

Cc: Bob Cochrane
Bruce Meyer
William H. Novak
Russell Perkins, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF CARTWRIGHT CREEK UTILITY COMPANY, A DIVISION OF SHEAFFER INTERNATIONAL, L.L.C. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY IN ORDER TO PROVIDE SERVICE TO THE BURRUS RIDGE DEVELOPMENT IN ROBERTSON COUNTY, TENNESSEE	**)**	**DOCKET NO. 05-_____**

PETITION

Pursuant to T.C.A. Section 65-4-201 and the Rules of the Tennessee Regulatory Authority ("TRA" or "Authority"), Cartwright Creek Utility Company ("Cartwright Creek" or the "Company") respectfully requests that the TRA amend its Certificate of Convenience and Necessity in order to allow it to provide service to the Burrus Ridge Development ("Burrus Ridge") in Robertson County, Tennessee.

The full name and address of the principal place of business of the Company are:

Cartwright Creek Utility Company
800 Roosevelt Road, Suite B214
Glen Ellyn, IL 60137

All correspondence and communication with respect to this Petition should be sent to the following:

Bruce Meyer
Cartwright Creek Utility Company
1565 Thompson's Station Road North
Thompson's Station, TN 37179
Telephone: 615-261-8600

William H. Novak
WHN Consulting
19 Morning Arbor Place
The Woodlands, TX 77381
Telephone: 713-298-1760
Facsimile: 615-301-3962

The proposed service area includes approximately 700 units planned for the Burrus Ridge Development and golf course community. A map of the proposed service area is included in **Exhibit A** to this Petition. Cartwright Creek is proposing to provide wastewater service at the request of the developer as shown on **Exhibit B**. As shown on **Exhibit C**, the City of White House, Tennessee will not extend their wastewater service lines to areas outside of the city, and Robertson County will not provide wastewater services.

The proposed wastewater system will be used to treat and reclaim approximately 217,100 gallons per day of wastewater from the development. The wastewater system will be entirely constructed and paid for by the developer and then deeded to Cartwright Creek for ownership, maintenance and operation, however no contracts have been signed at this time. Cartwright Creek will not be investing any capital in the proposed system.

Cartwright Creek has applied to the Tennessee Department of Environment & Conservation, Division of Water Pollution Control for a State Operation Permit as shown on **Exhibit D**, but has not received a final permit number at this time.

In further support of its Petition, the Company has attached the prefiled testimony of Robert Ian Cochrane as **Exhibit E** to this Petition.

WHEREFORE, Cartwright Creek prays:

1. That Notice be issued and a hearing be set regarding the Petition;

2. That the Authority approve Cartwright Creek's requested amendment to its Certificate of Convenience & Necessity allowing it to provide wastewater service to the Burrus Ridge Development.

Respectfully submitted,

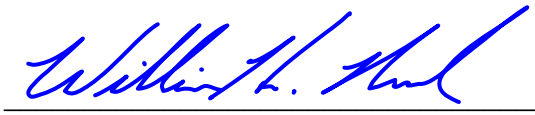
By:_____
William H. Novak
WHN Consulting

Regulatory Agent for Cartwright Creek Utility Company

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of January 2006, a true and correct copy of the foregoing Petition was served on the persons below by placing same in the U.S. mail, postage pre-paid:

Russell Perkins
Consumer Advocate and Protection Division
Office of the Attorney General
P.O. Box 20207
Nashville, Tennessee 37202



William H. Novak
WHN Consulting

CARTWRIGHT CREEK UTILITY COMPANY

Exhibit A
Service Area Maps

City of White House
AREA NOT INCLUDED
PROPOSED
SHEAFFER SYSTEM
LOCATION
INTERSTATE 65
ZONE C
PROPOSED
BURRUS RIDGE
DEVELOPMENT
ZONE A
ZONE C
ZONE A4
UNIT OF
DETAILED
STUDY
RM 10
RM 9
ZONE A
ZONE A4
ZONE C
UNIT OF
DETAILED
STUDY
ZONE C

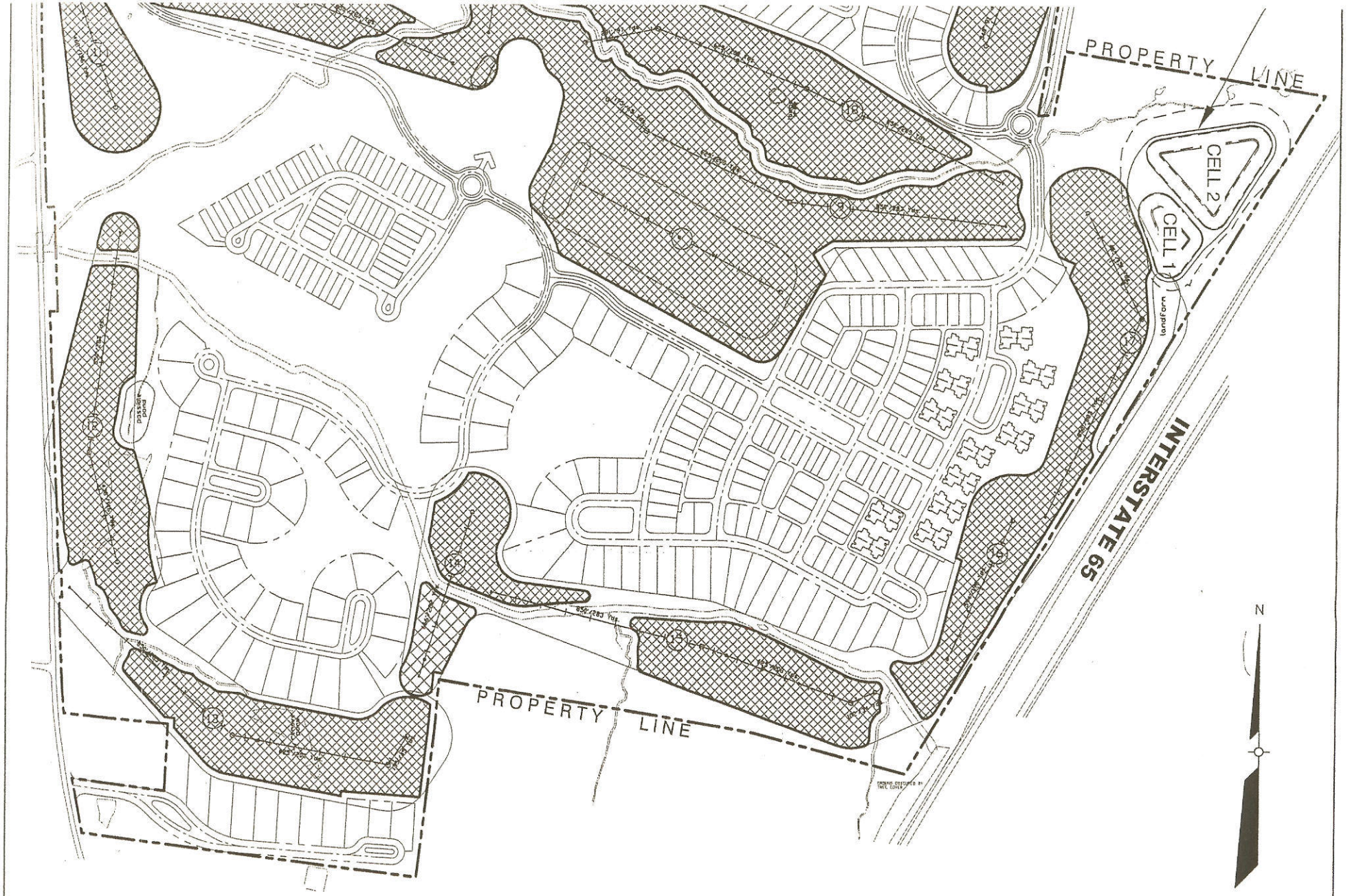


FIGURE 7

DRAWING NO.

SHEET NO

FILENAME Burrusfigs.dwg

PROJECT NO BURRUS RIDGE

DATE OCTOBER 2005

BURRUS RIDGE
SHEAFFER SYSTEM
ROBERTSON COUNTY, TENNESSEE

PROPOSED IRRIGATION LAYOUT

PREPARED FOR
HELLMANN REAL ESTATE, LLC
8301 GLIDEWELL ROAD
CROSS PLAINS, TENNESSEE 37049

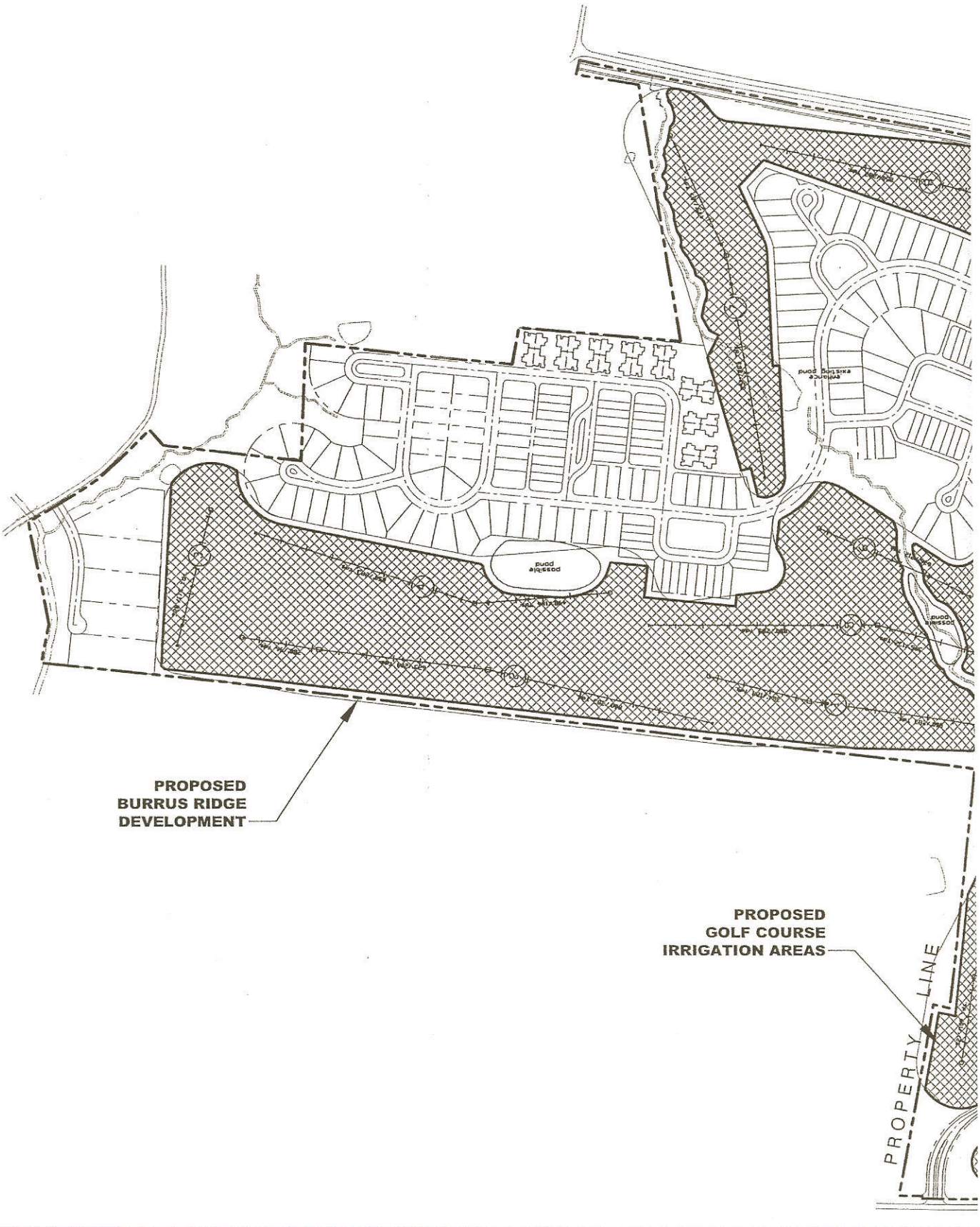
PREPARED BY
SHEAFFER INTERNATIONAL, L.L.C.
800 ROOSEVELT ROAD BLDG. B SUITE 214
GLEN ELLYN, ILLINOIS 60137

Sheaffer INTERNATIONAL, L.L.C.

SHEAFFER INTL, L.L.C.
GLEN ELLYN, ILLINOIS

DRN
DES
CHK
APP

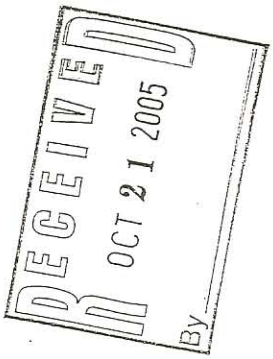
NO	REVISIONS	DRN	CHK	DATE


PROPOSED
SHEAFFER SYSTEM
LOCATION
PROPOSED
BURRUS RIDGE
DEVELOPMENT
PROPOSED
GOLF COURSE
IRRIGATION AREAS
PROPERTY LINE

CARTWRIGHT CREEK UTILITY COMPANY

Exhibit B
Developer Request for Service

Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049



October 18, 2005

Cartwright Creek L.L.C.
800 Roosevelt Road, Suite 214B
Glen Ellyn, IL 60137

Subject: Request for Service from Cartwright Creek

Dear Sirs:

We are requesting that the Cartwright Creek Utility District (Cartwright Creek) provide wastewater service to approximately 700 units planned for the Burrus Ridge Development and golf course community. As you know, we are moving forward with the permitting, design, and construction of a Sheaffer Reclamation and Reuse System to serve this development. At the completion of the construction, the system will be deeded to Cartwright Creek for ownership, maintenance, and operation. The specifics of this transfer of ownership and long-term operation will be covered in a future agreement with Cartwright Creek.

Sincerely,

C.B.Hellmann, Jr.
President

Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049

October 18, 2005

Tennessee Department of Environment and Conservation
Division of Water Pollution Control
6th Floor, L&C Annex
401 Church Street
Nashville, TN 37243-1534

Re: Burrus Ridge Development
State Operating Permit Application
Golf Course Use of Reclaimed Water

Burrus Ridge Residential Golf Community, LLC will be the owner and operators of the golf course on the Burrus Ridge development in Robertson County. It is our understanding that the Sheaffer Wastewater Reclamation and Reuse System will be used to treat and reclaim approximately 217,100 gallons/day of municipal wastewater from the development on the property.

This letter confirms that the golf course will accept and reuse all of the reclaimed water for golf course irrigation. The reclaimed water will supplement the required irrigation water, which is estimated to be 600,000 gallons/day during peak summer demand periods.

The quality and use of this reclaimed water will be as further described in the Engineering Report, dated October 18, 2005, prepared by Sheaffer International, L.L.C.

Sincerely

C.B. Hellmann, Jr.
President

CARTWRIGHT CREEK UTILITY COMPANY

Exhibit C
Service Refusal by Current Wastewater Providers

CITY OF WHITE HOUSE

BILLY S. HOBBS MUNICIPAL CENTER
105 COLLEGE STREET
WHITE HOUSE, TENNESSEE 37188
www.cityofwhitehouse.com
(615) 672-4350
FAX (615) 672-2939

October 27, 2005

Mr. Chip Hellman
Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, TN 37049

Subject: Sewer Service to Burrus Ridge Development, Robertson County

Dear Mr. Hellman,

The City of White House will not provide sewer service to the Burrus Ridge Development located in Robertson County. At this time, the City of White House will not extend sewer service outside the city limits.

If you have any question concerning this matter, please call my office at 615-672-4350, x. 105.

Sincerely,

Angie Carrier

Angie Carrier
City Administrator
City of White House

cc: Mayor John Decker
Bill Crusenberry, Wastewater Director

Robertson County Tennessee
HOWARD R. BRADLEY
County Executive
108 County Courthouse
SPRINGFIELD, TENNESSEE 37172
(615) 384-2476
FAX (615) 384-0617

November 15, 2005

Mr. Chip Hellman
Burrus Ridge Golf Community, LLC
8301 Glidewell Road
Cross Plains, Tennessee 37049

Dear Mr. Hellman:

Robertson County does not desire to provide wastewater services for the area mentioned in an e-mail received on November 11, 2005. We provide no sewer services to any area of Robertson County.

Sincerely,

Howard R. Bradley
County Executive

HRB/wlg

xc: Bruce Meyer

CARTWRIGHT CREEK UTILITY COMPANY

Exhibit D
TDEC Permit Application

Tennessee Department of Environment and Conservation
Division of Water Pollution Control
401 Church Street, 6th Floor L & C Annex
Nashville, TN 37243-1534
(615) 532-0625

APPLICATION FOR A STATE OPERATION PERMIT (SOP)

Type of application: ☒ New Permit ☐ Permit Reissuance ☐ Permit Modification

Permittee Identification: (Name of city, town, industry, corporation, individual, etc., applying, according to the provisions of Tennessee Code Annotated Section 69-3-108 and Regulations of the Tennessee Water Quality Control Board.)

Permittee Name (applicant):	**Cartwright Creek**
Permittee Address:	**800 Roosevelt Road, Suite B-214** **Glen Ellyn, IL 60137**

Official Contact: **Bruce Meyer**	Title or Position: **Engineer**		
Mailing Address: **1565 Thompson's Station Road North**	City: Thompson's Station	State: **TN**	Zip: **37179**
Phone number(s): **615-261-8600**	E-mail: **bmeyer@sheafferinternational.com**		

Optional Contact: **Bob Cochrane**	Title or Position: **Chief Financial Officer**		
Address: **800 Roosevelt Road, Suite B-214**	City: **Glen Ellyn**	State: **IL**	Zip: **60137**
Phone number(s): **630-446-4080**	E-mail: **rcochrane@sheafferinternational.com**		

Application Certification (must be signed in accordance with the requirements of Rule 1200-4-5-.05)

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Name and title; print or type	Signature	Date
Robert I. Cochrane, Chief Financial Officer	Robert I. Cochrane	10/20/2005

(continued)

Permit Number: SOP-_____

Facility Identification:		Existing Permit No.	
Facility Name:	**Burrus Ridge Sheaffer System**	County:	**Robertson**
Facility Address or Location:	**Webster Road and Interstate 65, White House, TN (Robertson County)**	Latitude:	**036,26'57"**
		Longitude:	**086,42'30"**

Name and distance to nearest receiving waters: **Sulphur Fork Creek, 1.4 miles from treatment site**

If any other State or Federal Water/Wastewater Permits have been obtained for this site, list their permit numbers:
None

Name of company or governmental entity that will operate the permitted system: **Cartwright Creek, LLC**

Operator address: **800 Roosevelt Road, Suite B-214, Glen Ellyn, IL 60137**

Has the owner/operator filed for a Certificate of Convenience & Necessity (CCN), or an amended CCN, with the Tennessee Regulatory Authority (TRA) (may be required for collection systems and land application treatment systems)? ☐ Yes ☒ No ☐ N/A

If the applicant listed above does not yet own the facility/site or if the applicant will not be the operator, explain how and when the ownership will be transferred or describe the contractual arrangement and renewal terms of the contract for operations.
See attached request for service. The developer will build the site and then transfer ownership to Cartwright Creek at the end of constuction.

Complete the following information explaining the entity type, number of design units, and daily design wastewater flow:

Entity Type	Number of Design Units		Flow (gpd)
☐ City, town or county	No. of connections:		
☒ Subdivision	No. of homes: **670 EDUs***	Avg. No. bedrooms per home: *	**217,100**
☐ School	No. of students:	Size of cafeteria(s): No. of showers:	
☐ Apartment	No. of units:	No. units with Washer/Dryer hookups: No. units without W/D hookups:	
☐ Commercial Business	No. of employees:	Type of business:	
☐ Industry	No. of employees:	Product(s) manufactured:	
☐ Resort	No. of units:		
☐ Camp	No. of hookups:		
☐ RV Park	No. of hookups:	No. of dump stations:	
☐ Car Wash	No. of bays:		
☐ Other			

Describe the type and frequency of activities that result in wastewater generation.
***See Table 1 of attached Engineering Report for more details.**

(continued)

Permit Number: SOP-_____

Engineering Report (required for collection systems and/or land application treatment systems):	☐ N/A
☒ Prepared in accordance with Rule 1200-4-2-.03 and Section 1.2 of the Tennessee Design Criteria (see website for more information)	
☒ Attached, or	
☐ Previously submitted and entitled: Approved? ☐ Yes. Date: ☐ No	

Wastewater Collection System:	☒ N/A
System type (i.e., gravity, low pressure, vacuum, combination, etc.):	
System Description:	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	
In the event of a system failure describe means of operator notification:	
List the **emergency** contact(s) (name/phone):	
For low-pressure systems, who is responsible for maintenance of grinder pumps and septic tanks (list all contact information)?	
Approximate length of sewer (excluding private service lateral):	
Number/hp of pump stations: / Number/hp of grinder pumps /	
Number/volume of low pressure pump tanks / Number/volume septic tanks /	
Attach a schematic of the collection system. ☐ Attached	
If you are tying in to another system complete the following section, listing tie-in points to public sewer system and their location (attach additional sheets as necessary):	

Tie-in Point	Latitude (xx.xxxx°)	Longitude (xx.xxxx°)

Land Application Treatment System:	☐ N/A
Type of Land Application Treatment System: ☐ Drip ☒ Spray ☐ Other, explain:	
Type of treatment facility preceding land application (recirculating media filters, lagoons, other, etc.): **Sheaffer System - deep, aerated lagoons, ultraviolet disinfection, filtration.**	
Attach a treatment schematic. ☒ Attached	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.): **Storage capacity provided (56 days).**	
For land application, list: ☒ Proposed acreage involved: ☒ Inches/week to be applied: **0.5**	
Describe how access to the treatment area will be restricted if wastewater disinfection is not proposed: **Not Applicable**	

Attach required additional Engineering Report Information (see website for more information)

☒ Topographic map (1:24,000 scale presented at a six inch by six inch minimum size) showing the location of the project including GPS coordinates, latitude and longitude in decimal degrees should also be included.

☒ Scaled layout of facility showing the following: lots, buildings, etc. being served, the wastewater collection system routes, the pretreatment system location, the proposed land application area(s), roads, property boundaries, and sensitive areas such as streams, lakes, springs, wells, wellhead protection areas, sinkholes and wetlands.

☐ Soils information for the proposed land disposal area in the form of an extra high intensity soils map (50 foot grid stake). The soils information should include soil depth (borings to a minimum of 4 feet or refusal) and soil profile description for each soil mapped.

☒ Topographic map of the area where the wastewater is to be land applied with no greater than two-foot contours presented at a minimum size of six inches by six inches.

☒ Describe alternative application methods based on the following priority rating: (1) connection to a municipal/public sewer system, (2) connection to a conventional subsurface disposal system as regulated by the Division of Groundwater Protection, and/or (3) land application.

(continued)

Permit Number: SOP-_____

Pump and Haul:	☒ N/A
Reason system cannot be served by public sewer:	
Distance to the nearest manhole where public sewer service is available:	
When sewer service will be available:	
Volume of holding tank: gal.	
Tennessee licensed septage hauler (attach copy of agreement):	
Facility accepting the septage (attach copy of acceptance letter):	
Latitude and Longitude (in decimal degrees) of approved manhole for discharge of septage:	
Describe methods to prevent and respond to any bypass of treatment or discharges (i.e., power failures, equipment failures, heavy rains, etc.):	

Holding Ponds (for non-domestic wastewater only):	☒ N/A
Pond use: ☐ Recirculation ☐ Sedimentation ☐ Cooling ☐ Other (describe):	
Describe pond use and operation:	
If the pond(s) are existing pond(s), what was the previous use?	
Have you prepared a plan to dispose of rainfall in excess of evaporation? ☐ Yes ☐ No	
If so, describe disposal plan:	
Is the pond ever dewatered? ☐ Yes ☐ No	
If so, describe the purpose for dewatering and procedures for disposal of wastewater and/or sludge:	
Is(are) the pond(s) aerated? ☐ Yes ☐ No	
Volume of pond(s): gal. Dimensions:	
Is the pond lined (Note if this is a new pond system it must be lined for SOP coverage. Otherwise, you must apply for an Underground Injection Control permit.)? ☐ Yes ☐ No	
Describe the liner material (if soil liner is used give the compaction specifications):	
Is there an emergency overflow structure? ☐ Yes ☐ No	
If so, provide a design drawing of structure.	
Are monitoring wells or lysimeters installed near or around the pond(s)? ☐ Yes ☐ No	
If so, provide location information and describe monitoring protocols (attach additional sheets as necessary):	

(continued)

Permit Number: SOP-_____

Mobile Wash Operations:	☒ N/A
☐ Individual Operator	☐ Fleet Operation Operator
Indicate the type of equipment, vehicle, or structure to be washed during normal operations (check all that apply):	
☐ Cars	☐ Parking Lot(s): sq. ft.
☐ Trucks	☐ Windows: sq. ft.
☐ Trailers (Interior washing of dump-trailers, or tanks, is prohibited.)	☐ Structures (describe):
☐ Other (describe):	
Wash operations take place at (check all that apply):	
☐ Car sales lot(s)	☐ Public parking lot(s)
☐ Private industry lot(s)	☐ Private property(ies)
☐ County(ies), list:	☐ Statewide
Wash equipment description:	
☐ Truck mounted	☐ Trailer mounted
☐ Rinse tank size(s) (gal.):	☐ Mixed tanks size(s) (gal.):
☐ Collection tank size(s) (gal.):	Number of tanks per vehicle:
Pressure washer: psi (rated) gpm (rated)	Pressure washer: ☐ gas powered ☐ electric
Vacuum system manufacturer/model:	Vacuum system capacity: inches Hg
Describe any other method or system used to contain and collect wastewater:	
List the public sewer system where you are permitted or have written permission to discharge waste wash water (include a copy of the permit or permission letter):	
Are chemicals pre-mixed, prior to arriving at wash location? ☐ Yes ☐ No	
Describe all soaps, detergents, or other chemicals used in the wash operation (attach additional sheets as necessary):	

Chemical name:	Manufacturer:	Primary CAS No. or Product No.

OFFICIAL STATE USE ONLY

Received Date	Permit Number	Field Office	Reviewer
	SOP		

CARTWRIGHT CREEK UTILITY COMPANY

Exhibit E
Company Testimony

Before The
Tennessee Regulatory Authority
Of The
State of Tennessee

in re:

Petition of Cartwright Creek Utility Company,
a Division of Sheaffer International, L.L.C.
to amend its Certificate of Convenience & Necessity
in order to provide service to the Burrus Ridge Development
in Robertson County, Tennessee

Testimony of
Robert Ian Cochrane

Q. Would you state your name for the record, please?

A. My name is Robert Ian Cochrane.

Q. By whom are you employed, Mr. Cochrane, and what is your position?

A. I am the Vice-President of Finance for Sheaffer International, L.L.C.

Q. How long have you been employed by Sheaffer International, L.L.C.?

A. Since October of 1999.

Q. Please describe the duties that you perform at Sheaffer International, L.L.C.

A. I direct and oversee all accounting and finance functions, including the accounting, budget, accounts payable, purchasing, personnel, payroll, and cash management areas. I maintain principal banking, insurance, employee benefit, and investment relationships. I negotiate terms for credit enhancement instruments and coordinate the issuance of tax-exempt revenue bonds through state conduit agencies financing wastewater treatment projects. I also negotiate the terms of customer contracts and related agreements. In addition, I currently serve as the treasurer for the Community Counseling Center of Fox Valley, a mental health and substance abuse rehabilitation agency in west suburban Chicago.

Q. What is your educational background, and what degrees and licenses do you hold?

A. I received a BS degree in accounting from Bradley University, and I received my MBA from Lake Forest Graduate School of Management in Illinois. The University of Illinois issued my CPA certificate in 1981. I participate in continuing professional education as required by my profession. In addition, I have been a financial officer at both Roosevelt University and National-Louis University. Finally, I am a member of the Illinois CPA Society.

Q. Mr. Cochrane, what is the purpose of your testimony in this case?

A. The purpose of my testimony is to present information to the TRA on managerial, financial, and technical capability of Cartwright Creek in its application for an amendment to its CCN that will allow it to provide wastewater service to the Burrus Ridge development in Robertson County, Tennessee.

Q. Mr. Cochrane, please describe the <u>managerial</u> capabilities of Cartwright Creek.

A. Cartwright Creek, through the expertise of its principal, Sheaffer International, has the managerial capability to provide wastewater utility services. The Sheaffer System technology was developed by our company chairman, John R. (Jack) Sheaffer, Ph.D. in the 1960s and 1970s. Dr. Sheaffer developed the conceptual framework for the technology while teaching at the University of Chicago and serving as Science Advisor to the Secretary of the United States Army. While serving the latter role, Dr. Sheaffer helped to write the Federal Clean Water Act, which states that our rivers and streams are no longer to be considered part of the wastewater treatment process.

When it became apparent that the "zero-discharge" goal of the Clean Water Act was not going to be met by the government, Dr. Sheaffer retired from public service. He dedicated his life to showing people that a properly designed and operated zero-discharge system would not only benefit the environment, but also save money. He developed the "Sheaffer System" as the means to accomplish this goal. The first Sheaffer System was the landmark Muskegon, Michigan system. The Muskegon system, which is still in operation today, was a 40 MGD project and was hailed by US EPA as a textbook example of a system complying with the Clean Water Act. In subsequent years, Dr. Sheaffer used his technology to conceptualize, design and construct hundreds of successful Sheaffer Systems for municipalities and residential and commercial developments.

In the mid-90's it became apparent that customers were looking for companies to provide service beyond design engineering. Therefore, Sheaffer International, L.L.C. was formed in 1996 to design, build, own, operate, and maintain ("BOOM") Sheaffer Systems. Sheaffer International has completed over one hundred projects for municipalities, developers, industries, and commercial clients, for wastewater treatment and reclamation systems. These projects all feature the technology originally developed by Dr. Sheaffer, which has been refined through its use in the numerous projects over three decades.

Sheaffer has assembled a talented and experienced team of professionals to implement the Sheaffer technology and manage company operations, beginning with Dr. Sheaffer himself. Dr. Sheaffer has served as the Chairman of Sheaffer International since forming the company in 1996. As company Chairman, Dr. Sheaffer plays an active role in the formulation and implementation of major projects. His problem solving skills are as legendary as his capability for fresh, insightful thinking. He has had a long and distinguished career as a champion of reclamation and reuse, as I have already described. Dr. Sheaffer also currently serves as the Chairman of the Environmental Commission of DuPage County, Illinois. He is a member of the National Review Committee on Floodplain Management in the United States, and the National Association of State Floodplain Managers gives a "John R. Sheaffer" Award each year for excellence in flood proofing, in his honor. Dr. Sheaffer is also the author or co-author of 10 books and more than 50 technical articles on wastewater management, irrigation, flood proofing, and fresh water resources.

In addition to Dr. Sheaffer, the Sheaffer team includes the following staff of engineers, planners and designers, operators, and support personnel, and a core group of leaders.

- **Michael Stahelin** leads the Sheaffer team as President of Sheaffer International. Mr. Stahelin is also a majority owner of the Company. In addition to serving as Sheaffer's President, Michael serves as President of Stahelin Properties, a full service real estate firm which owns more than 1,150,000 square feet of office and commercial real estate in Cook and DuPage Counties in Illinois.
- **James Gasper** Mr. Gaspar joined the engineering team at Sheaffer International in 2004, with extensive experience in product and business management and engineering and engineering management. At Sheaffer International, Mr. Gaspar is responsible for developing detailed design packages for small municipal wastewater treatment plants and potable water supply systems. He oversees model development and supervises designers and junior engineers. Mr. Gaspar has also contributed to the development of the sales process for a new waste activated sludge digestor product and continues to work closely on the development of the product. Earlier in his career, Mr. Gaspar served as the Product Manager at Safety-Kleen Corporation, where he developed two successful new lines of business from concept to commercialization: Fluid Management Services and Metalworking Fluid Management Services, which was a $1 million business in its first year. Mr. Gaspar's previous work also includes marketing, business development, management and technical expertise with a proven record of leading strategic change. His diverse background includes solid engineering and marketing experience. Mr. Gaspar earned his B.S. in Chemical Engineering from Purdue University and attended Milwaukee School of Engineering for his M.B.A.
- **Bruce Meyer**, P.E. serves as Sheaffer's Chief Engineer and is Sheaffer's resident engineer in the State of Tennessee. Bruce oversees the operations

of Sheaffer's first Tennessee system, located in the Town of Thompson's Station, and is overseeing the construction of a 500,000 gallon regional system currently under construction in Thompson's Station which will serve anticipated growth within the town. Mr. Meyer is an environmental engineer with over 25 years of experience. He graduated from the Illinois Institute of Technology with his M.S. degree and received his B.S. degree from the University of Illinois at Chicago. He is a licensed Professional Engineer. Mr. Meyer's experience includes the design, construction, and operation of environmental treatment systems for wastewater, hazardous waste, air pollution control and recycling/reuse. He has project management experience in a wide range of settings from small, individual facilities with single customers, to complex industrial settings, such as integrated iron and steel facilities, with multiple customers and requirements. He has held a wide range of positions in the environmental field from project engineer and project manager in a consulting role to facility engineer manager and operations manager as an employee of the owning/operating company.

- **Scott Davis** is acting Vice President of Sales for Sheaffer International. Mr. Davis is a retired senior executive with 32 years experience in the Director of Techology Group for North and South Americans which he managed P&L objectives for a $50 million business with 200 employees. He graduated from the University of Wisconsin with a Bachelor of Arts in Business and graduate work with Motorola University in conjuction. Most recently Mr. Davis has been the Business Manager at McMaster Investments and Operations Manager for an alternative fuels manufacturing company.

Finally, I serve as Sheaffer's Vice President of Finance, as I have already described to you. In addition, we have obtained knowledge of the Tennessee regulatory requirements for utilities through the retention of Mr. William H. Novak of WHN Consulting as a utility consultant for regulatory matters.

The Sheaffer System is compatible with a "smart growth" program, preserving open green space for reclaimed water. The Sheaffer International staff is experienced at working with developers, city engineers, and planners to integrate the system to meet the goals of the Robertson County community and the State of Tennessee.

Q. Mr. Cochrane, please describe the <u>financial</u> capabilities of Cartwright Creek.

A. For the most recent period, Cartwright Creek's financial information is as follows. Financial Statements are provided as Attachment 1.

- **Total Assets.** As of 10/31/05, Cartwright Creek, LLC has total assets of $206,459. The developer at Burrus Ridge is expected to transfer the title to Sheaffer International of the land for the treatment system and irrigation for the Burrus Ridge System.
- **Net Worth.** As of October 31, 2005, Cartwright Creek's balance sheet reflects negative net worth of $296,755.42. This negative net worth position reflects the current age of the donated facility and a history of recent operating losses. Sheaffer believes that this negative net worth understates the true value of the existing treatment facility and thus does not reflect significant goodwill.
- **Net Income.** Through October 31, 2005, Cartwright Creek reported an operating loss of $33,151.75. This amount reflects significant one-time repairs to the plant of $45,000. Sheaffer believes that these repairs represented a significant deferral of previous maintenance to the facility. Repair expenses are expected to decrease in 2006 and 2007. In addition,

excess flows above design capacity have pushed sludge handling expenses to $55,922 during the first nine months of the year. Sheaffer International has developed a propriety technology which it intends to install at the Grasslands facility. Sheaffer is currently awaiting authorization for TDEC to implement this technology within the state. This technology is expected to eliminate all waste hauling expenses, although $15,000 in additional electrical expense will be incurred as a result of its implementation. These changes can be expected to eliminate the recurring operating losses which have produced the current negative net worth. In 2005, Sheaffer's engineering staff developed a plan to correct the current infiltration and inflow problem which restricts Cartwright Creek's ability to extend service to several potential developments which are currently under consideration by area developers. Sheaffer's preliminary review indicates that a modest investment of $150,000 should produce sufficient additional capacity to recapture this investment through prepaid tap-fees from the Smith Brothers or any developer whom expressed interest in any available capacity. A modest expansion of the approximate 500 current customers of the Grassland facility will generate operating surpluses and fund the establishment of renewal and replacement reserves at the current rate tariff. In addition, Sheaffer's engineering staff is investigating other plant modifications aimed at improving the effectiveness of the current treatment processes so that additional taps can be added.

As shown in the pro forma found in Attachment 2, the financial projections for the new Burrus Ridge plant demonstrate the long-term viability and sustainable nature of this new service area. The financial projections reflect modest sales of the existing homes. The developer has agreed to hold Cartwright Creek financially harmless until all the lots are sold. Utilizing the existing Cartwright

Creek rate tariff, Sheaffer proposes to fund a reserve of $16,264 per year when all the homes are served. The Burrus Ridge Sheaffer System requires few mechanical components (grinder pumps/comminutor, compressed air blowers, filter, disinfection unit, and irrigation pumps). Accordingly, the proposed reserve should generate sufficient reserves to replace any equipment items which fail. Also, Sheaffer is proposing to expand the existing business insurance program to cover the full replacement cost of the system and expand Sheaffer's general liability coverage to assure that no reasonable unfunded insurance claims would jeopardize the viability of the system. The latter includes an expansion of Sheaffer's existing professional, umbrella, boiler and machinery, business interruption and extra-expense coverage, and pollution insurance coverage currently underwritten though CNA Insurance. Sheaffer, through its business insurance program, can assure regulators that sufficient resources will be available to cover losses from catastrophic events and acts of god.

In addition, Sheaffer intends to contract with qualified licensed general and sewer contractors to build the facility. Payment and performance bonds are included in Sheaffer's design specifications. However, Sheaffer personnel will provide construction oversight to assure that the facility is constructed in accordance with plans and specifications.

Sheaffer International LLC's professional liability program provides additional protections to which Cartwright Creek's customers have recourse in the event of a system failure due to design negligence or other errors or omission. In addition to the direct financial resources of tap and monthly treatment fees, Sheaffer International owns and operates two other wastewater treatment facilitates serving municipalities and large companies under long-term take or pay contracts with minimum payments in excess of $60,000,000. These long-term contracts with guaranteed minimum payments represent a significant asset that is not reflected in

the financial statements of Sheaffer International and provide a source of cash liquidity as well as a significant asset base which could be leveraged to support the operations of the Cartwright Creek system.

The operating surpluses of the Burrus Ridge facility, although modest, are sufficient in nature to cover the direct expenses of the facility. Sheaffer International, LLC is able to assure its ability to provide cost-effective operational services to the facility during the start-up phase because of its existing five-year contract with the nearby Town of Thompson's Station. This town has contracted with Sheaffer to provide on-site management services to two Sheaffer Systems. The first system became operational in October 2005 and a second system is nearing completion and will become operating in Spring 2006.

Q. Mr. Cochrane, please describe further the other contracts that Sheaffer is a party to outside of Tennessee.

A. Sheaffer's SIL Clean Water, LLC project is a 1.9 million gallon per day Sheaffer System in Timberville, Virginia. The "North Fork" System, named for the nearby North Fork of the Shenandoah River, has treatment capacity for all the wastewater from the towns of Timberville and Broadway, Virginia, and large poultry processing plants owned by Cargill Turkey Products and Pilgrim's Pride, two of the largest food processing companies in the nation. The system enabled the two towns and two chicken processing plants to decommission their older wastewater treatment facilities and guarantee affordable wastewater treatment costs. The poultry facilities represent 75 percent of the current flow, so the North Fork facility receives wastewater organics and solid loads five (5) times more concentrated than a typical wastewater treatment facility would receive. The North Fork facility is owned and managed by Sheaffer International staff and has been operating for five years. The total annual contractual revenue exceeds $1, 700,000 per year with total remaining contractual customer commitments

exceeding $37,000,000. At the end of the twenty-five year contract, Sheaffer estimates that the economic value of the facility will exceed $15,000,000 as all debt will be repaid.

Cortland, Illinois is a small town of 2,000 on the western fridge of suburban Chicago. The town is sandwiched between suburban Chicago and the City of DeKalb (population 39,000). Due to the westward expansion of the Chicago suburbs, the Town anticipates growing. The Town was told that the DeKalb facility, which currently handles the Town's wastewater, cannot accommodate the anticipated additional flow. As a result, Sheaffer International has been selected to design a Sheaffer System that would incorporate the existing wastewater flow and flows from all new developments. The Town has signed a thirty-year $26,000,000 contract for Sheaffer to provide wastewater treatment services. The Cortland Sheaffer System will initially treat 250,000 gallons per day of existing flow and will be designed to be expandable to 750,000 gallons per day and ultimately to 1.5 million gallons per day. The reclaimed water from the Sheaffer System will be reused to irrigate nearby farms and accommodate open space, thus helping to preserve the community's rural heritage. Sheaffer International, LLC is working with area developers as well as the town to coordinate planning and ensure that both parties' goals are achieved. Construction is scheduled to begin within the next three months after a tax-exempt bond financing is complete. The Town has indicated an intent to purchase the facility from Sheaffer with Sheaffer operating the facility under a contract. Sheaffer estimates that during 2006, it will realize in excess of $4,000,000 in net proceed from this sale.

These contracts represent an existing resource stream that assures Sheaffer's future ability to provide the necessary resources to assure the operating viability of Cartwright Creek. In addition, these contracts assure that Sheaffer

International, LLC personnel will possess the necessary skills to manage the Cartwright Creek Utility.

Q. Mr. Cochrane, please describe the <u>technical</u> capabilities of Cartwright Creek.

A. The total number of homes being served by systems utilizing the reclamation and reuse concept, as developed by Dr. Sheaffer with Sheaffer International and his previous firm Sheaffer and Roland, exceeds 100,000 homes or commercial equivalents. We currently have contracts for active design projects that will serve over 37,000 additional homes or commercial developments equivalents. In addition, we have additional projects that we are currently working on that we anticipate will serve thousands more. The Sheaffer System is compatible with a "smart growth" program, preserving open green space for reclaimed water irrigation. Sheaffer International staff is experienced at working with developers, city engineers, regulatory staff, and planners to integrate the system to meet the goals of the Robertson County community and the State of Tennessee.

Sheaffer International has assembled an extremely experienced group of professional potable water and wastewater engineers, construction managers, financial, and operations staff. The depth of our staff member's experience includes:

- Design and construction experience in over twenty states and five countries.
- Multiple tax-exempt bond issuances.
- Design, construction and operation of Sheaffer Systems and may other types of conventional wastewater treatment systems and numerous water management, industrial waste treatment, remediation, and air pollution systems.

- Design and construction of wastewater and potable water systems for municipalities exceeding 30,000 people.
- Extended public accounting experience including audits of municipal entities and billing systems.
- Management of municipal engineering and maintenance budgeting and staff.
- Ongoing management of wastewater reclamation projects for residential developments that transition in ownership for a development company to a home builder, and are eventually turned over to a municipality for ownership and operation.
- Successful preparation and receipt of permits from federal, state, and local agencies for wastewater, water reuse, and watershed management facilities.
- Successful startup and ongoing management of an environmental business that grew from a two-person staff to over 300 people.

Sheaffer is proposing to build for Cartwright Creek a Sheaffer Modular Reclamation and Reuse System (SMRRS) to serve the Burrus Ridge Development. An SMRRS consists of two deep aerated reclamation cells with an anaerobic treatment zone, 36 days of aerobic treatment time and 56 days of excess storage capacity. The cells are lined to prevent the loss of water. The SMRRS operates without producing odors and minimizes the production of sludge, which is contained in the cells for 40 (or more) years. Following treatment and storage in the cells, the reclaimed water is filtered, disinfected, and pumped to the golf course for irrigation.

The SMRRS is a non-discharging system which meets the requirements of the Illinois EPA and the Tennessee Department of Environment and Conservation ("TDEC"). Numerous systems developed under the direction of the company's

Chairman, John R. Sheaffer, Ph.D, are already operating effectively in northeastern Illinois. The Illinois Pollution Control Board adopted policies in 2002 that require a full and fair consideration of non-discharging systems for any new or expanded discharge. Two additional systems have been permitted in Thompson's Station, Tennessee. The first of these is constructed and currently operating, the second is currently under construction.

The steps in the reclamation and reuse process are summarized below.

- **Step One: Maceration.** Maceration is another word for grinding. Incoming sanitary wastewater is passed through a comminutor to grind solids into small particles and maximize their surface area. This improves mixing and biodegradation. Comminutors are rugged, automatic units with bypass channels. Routine maintenance is limited to grinder motor servicing.
- **Step Two: Anaerobic and Aerobic Reclamation.** Macerated wastewater flows by gravity through a buried pipe from the comminutor to the base of Cell I. This prevents wastewater from direct exposure to the air, and delivers the wastewater directly to an anaerobic zone at the base of Cell I. Biodegradation occurs within this oxygen free zone (typically 2 to 4 feet deep). Organic solids break down into constituent chemicals and compounds. Air is introduced directly above this anaerobic zone to form a well-oxygenated column of water 12 to 20 feet deep. Air blowers installed at the top of the cell berm feed course bubble aerators. The odorous gases produced in the anaerobic zone are chemically transformed in the aerobic zone into non-odorous compounds. Treated wastewater at the top of Cell I is transferred through a manhole and allowed to flow by gravity to the base of Cell II, where the anaerobic/aerobic process is

repeated. The reclamation cells are sized to provide a prolonged treatment time of 36 days. This feature produces several benefits:

1. Long detention aerobic time breaks down difficult pollutants, such as fats, oil, and greases, without producing sludges.
2. Large cells can readily accommodate fluctuations in wastewater flow and loadings.
3. The large volumes in the anaerobic zone provide long-term storage capacity for solids that do not biodegrade over a long period of time.
4. Deep cells promote oxygen transfer efficiency.

- **Step Three: Storage.** Additional capacity is provided to in the cells to store water for up to 56 days. This capacity allows irrigation to be managed around inclement weather and other unfavorable site conditions.
- **Step Four: Effluent Polishing.** The reclaimed water is filtered and disinfected, and then pumped to a holding pond on the golf course.
- **Step Five: Reuse of Reclaimed Water.** Finally, the reclaimed water is irrigated to the golf course. Because the amount of reclaimed water is not sufficient to meet the irrigation needs of the entire golf course, the reclaimed water is mixed with other fresh water sources in the holding pond prior to irrigation.

Sheaffer has extensive experience in the planning, design, operation and management of SMRRS (approximately 100 in the last 25 years). This experience shows that a network of SMRRS can be managed to secure significant advantages to the Burrus Ridge development. These include:

- Flexibility in accommodating growth.
- Automatically attaining recreation, park and open space goals.

- The high quality of the reclaimed water makes it available for reuse for many purposes, including, but not limited to irrigation, industrial cooling, equipment washing, fountains and decorative ponds, and groundwater recharge.
- Long term permit compliance with no discharge vs. continual monitoring costs and expensive future capital improvements inherent in conventional systems to meet increasingly stringent discharge standards.
- Phased implementation of the sewerage system needed to serve the current population owing to the potential for staging the SMRRS facilities and irrigation areas in step with the sewerage system phasing.
- Support from environmental and conservation groups.
- Assurance of steady user fees in the future, making the SMRRS the least cost solution for existing as well as future residents and businesses.
- Potential for developer-provided SMRRS to existing area residents with failing septic systems in a cost-effective manner.

Q. Does this conclude your testimony?

A. Yes, it does.

Attachment 1: Historical Financial Statements

Cartwright Creek, LLC
Income Statement

	10 Months Ended October 31, 2005	
Income		
Residential revenues	$155,943.25	77.6%
Commercial revenues	44,353.90	22.1%
Other sewer revenues	615.23	0.3%
TOTAL Income	200,912.38	100.0%
Expenses		
Sludge removal expense	55,922.50	27.8%
Purchased power	18,940.26	9.4%
Chemicals	9,473.51	4.7%
Materials & supplies	18,040.99	9.0%
Engineering	470.00	0.2%
Plant Management	25,350.00	12.6%
Accounting	22,500.00	11.2%
Repairs & Maint to plant	45,475.61	22.6%
Legal fees	67.55	0.0%
Insurance expenses	453.39	0.2%
Postage	1,494.47	0.7%
Regulatory commission expense	707.98	0.4%
Bad debt expense	15.60	0.0%
Interest Exp - Smith Note	14,501.01	7.2%
Bank charges	1,183.50	0.6%
Miscellaneous expense	1,201.76	0.6%
TOTAL Expenses	215,798.13	107.4%
OPERATING PROFIT (LOSS)	(14,885.75)	-7.4%
Other Income & Expenses		
Depreciation	(22,005.00)	-11.0%
Taxes other than income	(8,435.00)	-4.2%
Interest & dividend income	3.67	0.0%
Other Income-Gain refinance	12,170.33	6.1%
TOTAL Other Income & Expenses	(18,266.00)	-9.1%
PROFIT(LOSS) BEFORE TAXES	(33,151.75)	-16.5%
NET PROFIT (LOSS)	($33,151.75)	-16.5%

Attachment 1: Historical Financial Statements

Cartwright Creek, LLC
Balance Sheet

October 2005

ASSETS

Current Assets:			
Fifth Third Bank - MMA		$1,177.20	
Pinnacle - Operating		(864.73)	
Customer accounts receivable		14,634.97	

TOTAL Current Assets			$14,947.44
Fixed Assets:			
Utility plant in service		956,947.02	
A/D & amort of utility plant		(765,911.00)	
Utility Plant in Service			
Structures & improvements	$25,757.36		
Collection sewers - gravity	219,974.97		
Flow measuring devices	5,413.91		
Flow measuring installations	7,160.00		
Receiving wells	95,903.29		
Pumping equipment	127,224.80		
Treatment & disposal equipment	409,085.06		
Plant sewers	11,157.71		
Outfall sewer lines	21,757.52		
Other plant & misc equipment	31,303.40		
Other tangible plant	2,209.00		
Utility plant in service offset	(956,947.02)		

TOTAL Utility plant in service offset		0.00	

TOTAL Fixed Assets			191,036.02
Other Assets:			
Misc current & accrued assets		475.80	

TOTAL Other Assets			475.80

TOTAL ASSETS			$206,459.26
			=========

LIABILITIES

Current Liabilities:			
Accounts payable		$39,335.83	
Accrued Franchise Tax		468.00	
Accrued Ad Valorem Tax		3,069.00	
Accrued Gross Receipts tax		11,329.00	
Loan from Shareholders - Sheaffer		38,562.13	

TOTAL Current Liabilities			$92,763.96

Attachment 1: Historical Financial Statements

Long-Term Liabilities:		
Long Term debt - Reese/Steve Smith	409,450.72	
Note to Shareholder	1,000.00	
TOTAL Long-Term Liabilities		410,450.72
TOTAL LIABILITIES		503,214.68
CAPITAL		
Other contributed capital - tap fees	1,150,293.31	
Retained earnings (deficit)	(1,413,896.98)	
Year-to-Date Earnings	(33,151.75)	
TOTAL CAPITAL		(296,755.42)
TOTAL LIABILITIES & CAPITAL		$206,459.26

ATTACHMENT 2: BURRUS RIDGE PRO FORMA

Burrus Ridge							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Full Build Out Operating Scenario													
3/18/2004					Total Homes Occupied		50	150	250	350	450	550	600
					Homes Sold @ Burrus Ridge		50	100	100	100	100	100	50
Operating Revenue													
600 homes x	$ 34.82	(3-4 bedrooms) =		$5 Monthly		$60	$10,446	$41,784	$83,568	$125,352	$167,136	$208,920	$240,258
Developer Contractual Subsidy during Start Up Period							$40,000	$28,000	$8,000	$0	$0	$0	$0
Tap Fees	$ -	(3-4 bedrooms) =					$0	$0	$0	$0	$0	$0	$0
Total Revenues							$50,446	$69,784	$91,568	$125,352	$167,136	$208,920	$240,258
Cost of Operation													
Labor Operating Labor													
4 hours/day, 5 days/week =		0.5 Person											
Base	$50,000	$70,000				$35,000	$14,000	$21,000	$24,500	$28,000	$35,000	$35,000	$36,400
Power													
Blowers	45 Hp	33.75 Kw		0.07 /KWhr		$ 20,696	$4,139	$8,278	$12,417	$16,556	$20,696	$4,139	$8,278
Irr. Pump	15 Hp	11.25 Kw		0.07 /KWhr		$ 1,449	$290	$580	$869	$1,159	$1,449	$290	$580
Other	1 Hp	0.75 Kw		0.07 /KWhr		$ 460	$92	$184	$276	$368	$460	$92	$184
Hypochlorite (Commercial grade)													
10 mg/l feed rate		250 gallons/yr		$1 /gallon		$250	$0	$0	$125	$188	$250	$260	$270
Testing and Analytical													
Quarterly Testing (BOD, TSS, Ammonia)			4 x	500		$ 2,000	$250	$375	$1,000	$1,500	$2,000	$250	$375
Other Expenses													
Insurance						$ 7,000	$7,000	$7,280	$7,571	$7,874	$8,189	$8,517	$8,857
Vehicle		120 miles round trip 1 x day, 250 days, $0.45/mile				$ 13,500	$2,700	$5,400	$8,100	$10,800	$13,500	$2,700	$5,400
Mowing						$ 2,000	$2,000	$1,000	$2,000	$2,000	$2,000	$2,000	$2,000
Phone line for autodialer						$ 500	$500	$500	$500	$500	$500	$500	$500
1/2 cell phone and pager @$100/month						$ 600	$600	$600	$600	$600	$600	$600	$600
Surety Bonding						$ 15,000	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911
Misc. Supplies						$ 1,000	$200	$400	$600	$800	$1,000	$200	$400
Billing Allowance Paid to Cartwright Creek													
600 pumps		$4.67 /pump/yr		$2,802		$ 2,802	$117	$467	$934	$1,401	$1,868	$2,335	$2,685
Cartwright Creek Payment													
12% of revenue						$ -							
		Subtotal Annual Operating Costs				$ 102,256	$ 46,888	$ 61,514	$ 75,406	$ 88,137	$ 104,394	$ 74,272	$ 84,440
Net Operating Income Before Other Items						(102,196.40)	$ 3,558	$ 8,270	$ 16,162	$ 37,215	$ 62,742	$ 134,648	$ 155,818
Other Income Expense/Reserves for Replacement													
Depreciation							$0	$0	$0	$0	$0	$0	$0
Debt Service	Interest						-	-	-	-	-	-	-
Taxes							$0	$0	$0	$0	$0	$0	$0
Net Income After Taxes							$3,558	$8,270	$16,162	$37,215	$62,742	$134,648	$155,818
Statement of Cash Flows:													
Net Income After Taxes							$3,558	$8,270	$16,162	$37,215	$62,742	$134,648	$155,818
Less: Other Allowances													
Reserve Fund for Replacement and Unscheduled Maintenance													
Includes: Entire collection system except grinder pumps													
Blowers, irrigation pumps, hypo pump													
Electrical equipment and instrumentation													
Irrigation system, auto valves, nozzles													
600 homes		$36.00 /home/yr				$ 21,600	$900	$3,600	$7,200	$10,800	$14,400	$18,000	$20,700
Grinder PumpsMaintenance													
600 pumps		$40 /pump/yr		$24,000		$ 24,000	$1,000	$4,000	$8,000	$12,000	$16,000	$20,000	$23,000
		Subtotal Other Allowances				$ 45,600	$ 1,900	$ 7,600	$ 15,200	$ 22,800	$ 30,400	$ 38,000	$ 43,700
Add: Depreciation							$ -						
Less: Principal							-	-	-	-	-	-	-
		Total Change in Cash (net of reserves)				$ 147,856	$ 1,658	$ 670	$ 962	$ 14,415	$ 32,342	$ 96,648	$ 112,118
	Net Income After Taxes					$ (147,796)	$ 1,658	$ 2,329	$ 3,290	$ 17,705	$ 50,047	$ 146,696	$ 258,813
			Cash _ Burrus Ridge				$ 1,658	$ 3,987	$ 7,277	$ 24,983	$ 75,030	$ 221,725	$ 480,539
			Cash-Reserves _Burrus Ridge				$1,900	$9,500	$24,700	$47,500	$77,900	$115,900	$159,600
			Plant				$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000
			Land				$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
				Assets									
			Tax-Exempt Debt										
Unaddressed Issues			Equity - Contributed Plant				$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
Property taxes			Retained Earnings				$ 3,558	$ 13,487	$ 31,977	$ 72,483	$ 152,930	$ 337,625	$ 640,139

Assumptions

Operating Labor includes routine mainenance
Operating Labor includes unscheduled maintenance that can be accomplished w/hand tools
Primary and secondary irrigation areas maintained by Cartwright/Sheaffer
Primary and secondary irrigation areas planted with mowable grass
Remainder of green space maintained by others
Cartwright Creek Handles Billing and Collection

VERIFICATION

STATE OF ILLINOIS)

COUNTY OF DUPAGE)

I, Robert Ian Cochrane, being duly sworn state that I am authorized to make this verification on behalf of Sheaffer International, LLC; that I have read the foregoing testimony and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

Robert I. Cochrane

Sworn and subscribed before me this 9th day of January, 2006.

Patricia M. Poirier
Notary Public

"OFFICIAL SEAL"
Patricia M. Poirier
Notary Public, State of Illinois
My Commission Expires 01/14/07

My Commission Expires: 1/14/07