

BUSINESS PLAN



View from Northeast property line facing Southwest

**CALIFORNIA
SPLASH**
2500 STANLEY BOULEVARD
PLEASANTON, CA

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Date

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I. Executive Summary

Introduction

California Splash, LLC. (**California Splash**) will establish a quality water park in Pleasanton, CA, to serve the Tri-Valley area as well as the customers of East Bay Regional Park. Named the **California Splash Water Park**, the park is designed to create a quality water experience for families and customers of all ages. The location serves the entire Bay Area and will concentrate on providing a pro-active water experience for families, individuals, corporations, businesses, schools and special interest groups. **California Splash** will offer its customers an attractive, economical and fun-filled facility for their entertainment and enjoyment.

The forerunner to the **California Splash Water Park** is the Rapids Waterslides, which brings more than twenty years of water slide management experience into the business. Established in 1980 as a provider of water slide entertainment, the Rapids Water Slides continues to be a popular aquatic attraction. It currently generates revenue by selling one-half hour, one-hour, half day and full day tickets. A major expansion is required to revitalize revenue generation and slide interest for the facility.

California Splash will develop and modify the existing Rapids Waterslides facility to provide a full day of water entertainment. The water park will provide both passive entertainment (lounging and floating) while the pro-active more aerobic customer will receive an exhilarating experience from climbing the hills that service the waterslides and swimming in the pools.

The **California Splash Water Park** will be located on ten acres with an additional nine acres dedicated for parking. The area will be completely fenced and have a single-entry admission for all as the primary revenue source. Customers will not be allowed to bring their own food or drink into the park but will have access to a variety of food and drink concessions at a fair price.

California Splash has engaged leading experts to help plan and develop the park. The Company California Splash engaged William Haralson, a respected water park development firm, to complete a feasibility study to determine the economic viability of the project in 2002. Haralson issued an update to that report in the first quarter of 2005. Management has reviewed and studied the closest competitors and has visited parks throughout the United States. Senior management has been a member of the World Water Park Association for 25 years and has attended all of their conventions to learn about the latest product technology, water safety training, marketing and operational issues.

In its first year, the Company believes it will attract 925 daily weekday customers and 3,035 daily weekend customers. This, along with private parties, will generate revenue of \$4.019 million in 2006. By 2010, **California Splash** plans on achieving \$5.0 million in

revenues and \$1.75 million of operating income. Management believes these projections are conservative based on a recent 2005 Haralson report that suggests park attendance could be 12,000 visits higher representing an increase in revenues of \$200,000.

The Market Opportunity

The **California Splash Water Park** is in a unique position to capture market share within Alameda and Contra Costa Counties. The **California Splash Water Park** will be the only outdoor water park in Alameda County, and is thirty minutes from the existing park in Concord and one hour from Raging Waters in San Jose. There are no other recreational facilities in Alameda County or the Tri-Valley area, other than East Bay Regional Park system, that offer a full day of recreation and entertainment. There are no water parks within a 25 mile radius.

The water park will fulfill the family recreational and entertainment needs for a full day at a reasonable price. Within the targeted 25 mile radius, the population numbers more than 2.9 million people.

In addition to the recreational and entertainment value of the park, **California Splash** will also provide new jobs in Pleasanton as well as youth activities and programs for its' residents. Furthermore, management believes that there is a resurgence of the pro-active health conscious water park customer.

Business Model

California Splash targets prospective customers within a 25 mile radius of Pleasanton, CA. The Water Park will be attractive to families, young adults, businesses, schools and other groups. **California Splash** will charge a flat admission fee based on the height of the individuals ranging from \$5.95 to \$23.95. Infants will be free. Free food tokens will be provided with some ticket packages and season passes will also be available.

The Company will lease land for the water park from the East Bay Regional Park. A fifteen year lease with a ten year option has been negotiated and secured. If the park is sold, the new owners would have the right to assume

the lease and extend it up to 25 years from the original date.

The Company will market through a variety of methods. These include newspaper advertising, radio, direct mail referral, brochures, gift passes, Internet and web site and more.



Slow Continuous River

Services and Products

California Splash will provide a variety of water park activities. These include:

- Lounging areas
- Lazy River Ride
- Children’s Pool
- Inner Tube Floating
- Wave Pool
- Hill Climbing
- Waterslides
- A variety of foods and drinks
- Picnic areas
- Volleyball sand courts
- Horseshoe courts



Growth Opportunity

The Company believes that it can attain significant growth over the next few years. California Splash projects that it can grow 2007 revenues 7% over 2006 revenues. In succeeding years, growth rates will range from 4% to 7% annually. Growth will come as the water park executes its marketing programs and builds awareness within the surrounding area. California Splash will build a large customer base in its first year that will serve as a solid foundation for future growth.

Financial Projections

California Splash’s financial projections show that the Company can utilize the requested funding to support its’ growth efforts. The Company projects a steady growth with significant net income over the next five years as its’ business plan is implemented.

Five Year Projections					
	2006	2007	2008	2009	2010
Revenues	\$4,019,000	\$4,300,000	\$4,475,000	\$4,800,000	\$5,000,000
COGS	\$205,754	\$342,284	\$294,949	\$311,541	\$331,824
Gross Profit	\$3,813,246	\$3,957,716	\$4,180,051	\$4,488,459	\$4,668,176
Total Expenses	\$2,178,877	\$2,435,071	\$2,558,655	\$2,768,817	\$2,917,006
Operating Income	\$1,634,369	\$1,522,645	\$1,621,396	\$1,719,642	\$1,751,170
	41%	35%	36%	36%	35%
Net Income	\$470,256	\$411,679	\$479,803	\$548,412	\$578,780
	12%	10%	11%	11%	12%
Change in Cash	\$1,089,114	\$753,705	\$780,128	\$871,088	\$917,491
Revenue Growth		107%	104%	107%	104%
CapEx as % Revenue	0.3%	0.0%	0.0%	0.0%	0.0%

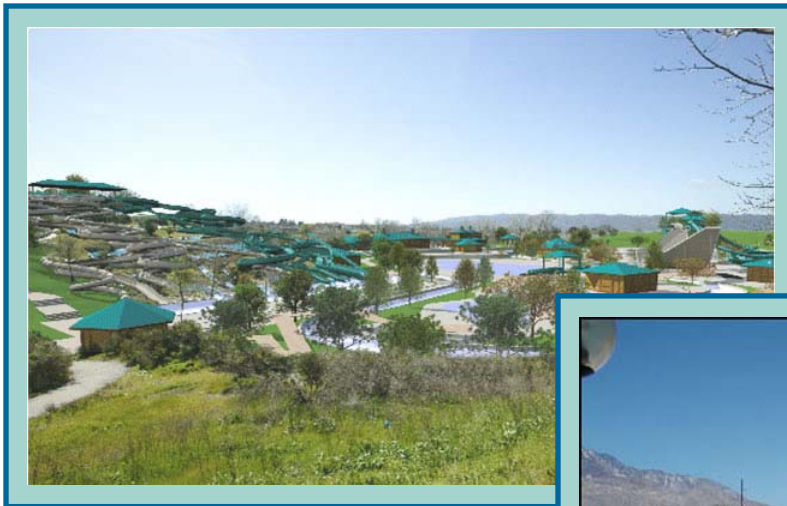
Financial Needs and Use of Funds

The Company is seeking a \$4.5 million bank loan to execute this business plan. **California Splash** intends to use these funds to develop and build out the water park. Remaining funds will be used for sales, marketing and staffing expense.

Ownership of the Company is providing \$6,048,000 in capital. The loan to value (LTV) ratio on the bank loan is 42.85%. The loan will be amortized over twenty years. However, the ownership intends to retire the loan in ten years. The loan will provide for additional voluntary principal payments of up to 5% of the original loan amount annually.

Investor Return Strategy

The loan will be repaid on a monthly basis out of operating profits from the business. The pro forma projections indicate that the business will have sufficient excess cash flow to cover the amortization of the loan.



Full rendered view from Shadow Cliffs' entrance.

Full page pictures are shown in the Appendix



II. The Enterprise

Mission Statement

To provide East Bay Regional Park patrons a quality, family-oriented water park while giving the residents of Pleasanton a safe, enjoyable entertainment facility that exemplifies pride in ownership and pride in facility.

Business Objectives

California Splash will be a profitable and growing business. To accomplish this, the Company will:

- Secure a fifteen year lease with a ten year option with the East Bay Regional Park (*completed*)
- Support the East Bay Regional Parks' application for site approval for the water park, six acres of new parking and two acres dedicated for bicycle motocross (BMX) usage (already constructed)
- Secure the permits necessary to complete the development of a 10.77 acre water park at Shadow Cliffs East Bay Regional Park, Pleasanton, California. (Grading for the site was initiated in March 2005. Start of construction is scheduled for September 2005)
- Retain consultants for **California Splash Water Park** in the following areas:
 - Feasibility Study (*William F. Haralson*)
 - Ride engineering and manufacturing (*Doug Heke, White Water West Industries*)
 - Park Operational Management Consultants (*Kent Lemasters, Amusement Aquatic Management Group and Lee Hovis, World Water Park Association*)
 - Builder (*Tom Makowski, Aquatic Pools and Construction and Site Manager, John Bannert*)
 - Property Management (*Heritage Investments, Glenn E. Kierstead*)
 - Hydraulic design and engineering (*William Smoot, North Beach Engineering and Rick Angrisani, Permco Engineering*)
- Initiate marketing plans to facilitate an advertising program prior to opening Memorial Day Weekend 2006. The development of an overall radio, TV, and direct mail program will be completed in the first quarter of 2006.
- Regulate growth of the company in such a manner to not exceed cash flow
- Establish a working relationship with the California Splash Board of Directors with operational and property management consultants to include Heritage Investments.

- Hire staff to handle day-to-day activities at the water park including a general manager, maintenance supervisor, marketing director and the necessary lifeguards.
- Establish a Pleasanton Advisory Committee to maintain good relations with the residents and the City.
- Participate in and promote the nationally recognized Community of Character program and its tenets.

Upon opening the water park, the Company in its first year will:

- Attract 925 daily weekday customers
- Attract 3,305 daily weekend customers
- Build a staff of six full-time professional employees and up to 150 part-time employees
- Grow 2006 revenues to \$4.019 million

In succeeding years, **California Splash** will:

- Grow the annual number of customers each year
- Develop a reputation that will exceed competitors in every area
- Achieve excellent customer loyalty by placing strong emphasis in the areas of outstanding service and support
- Maintain an experienced and professionally trained staff of full-time and part-time
- Attain \$5.0 million in annual sales in 2010

Organization

1. Legal Structure

California Splash, LLC is an LLC Corporation organized in the state of California. The LLC will be privately capitalized for \$6,048,000. The primary investor in this LLC is Glenn Kierstead, who will be providing approximately 20% of the funds required from funds managed by the Kierstead family. Funds will also be available from partnerships of which Glenn Kierstead is the General Partner and investment advisor for reinvestment of profits and excess capital funds.

A Board of Directors will be chosen based on their financial capabilities, professional experience and a strong understanding of business and property management.

2. Location

The Company will operate out of the California Splash Water park facilities at 2800 Stanley Blvd., Pleasanton, CA 94566. The business office will be at 6541 Regional Street Suite A, Dublin, Ca 94568.

3. Intellectual Property

California Splash intends on maintaining a website at www.californiasplash.com to market its services. No other proprietary intellectual property is owned at this time.

Historical Background

The Rapids Water Slides within the Shadows Cliff Regional Park is well established as a provider of water slide entertainment. The Rapids Water Slides was established in 1980 and continues to be a popular aquatic attraction. The current method of generating revenue is the sale of one-half hour, one-hour, half day and full day tickets.

The current water slide is located on a fenced-in area of approximately two acres with picnic and meadow acreage of seven acres. The total area maintained by The Rapids Water Slides is approximately nine acres expanding to ten acres. Currently, park customers can use any of the grounds outside of the fenced area dedicated to paying customers of The Rapids Water Slides. The Concessionaire has the responsibility of providing restrooms, clean picnic areas, volleyball sand courts and horseshoe pits to the public without compensation. The public can use the entire facility, with the exception of The Rapids without income to the company.

The Rapids Water Slides has been successful. However, a major expansion is required to revitalize revenue generation and slide interest for the facility. The competition in the area is Raging Waters of San Jose, Waterworld USA of Concord, California, and Oakwood Lake Water Park in Manteca, California. The Manteca Water Park closed its operations after the 2004 season. The Rapids Water Slides gate revenues have steadily decreased since the inception of the Concord facility. Results of the closure of the Manteca Water Park is not included in the financial representations, however **California Splash** attendance and gross income should increase as a result of this closure.

Much work has been done in preparation for launching this business. **California Splash** has developed a substantial amount of research related to the viability, need, demand, operational difficulties and opportunities for this type of business.

Business areas assessed include, but are not limited to:

- Need
- Competition
- Economics
- Client demographics
- Start-up & Operational costs
- Availability of qualified personnel
- Facilities

Start-up Analysis

The Company anticipates an initial capital requirement of \$10.5 million to begin operations. The funds are required to develop and build out the water park, launch the company's business expansion, purchase equipment and hardware, hire key personnel and fund working capital requirements. (Any additions in funding required will be in the form of short-term loans from the Partners or the Kierstead family.)

The Company balance sheet prior to this investment and immediately after start-up is shown in the table on the following page. Upon investment, California Splash will spend \$10.5 million on equipment and facilities. Cash on hand after these expenditures will be \$48,000. (See table). The Company also expects pre-season revenues from Annual Pass sales (approximately \$140,000).

Balance Sheet Prior To and After Investment		
	Prior to Investment	After Investment
Assets		
Current Assets		
Cash	\$0	\$48,000
Accounts Receivable	\$0	\$0
Inventory	\$0	\$0
Other Current Assets	\$0	\$0
Total Current Assets	\$0	\$48,000
Fixed Assets		
Equipment & Facilities	\$0	\$10,500,000
Accumulated Depreciation	\$0	\$0
Total Fixed Assets	\$0	\$10,500,000
Intangibles		
Intangibles	\$0	\$0
Accumulated Depreciation	\$0	\$0
Total Intangible Assets	\$0	\$0
Total Assets	\$0	\$10,548,000
Liabilities and Equity		
Current Liabilities		
Accounts Payable	\$0	\$0
Loan Payable	\$0	\$0
Other Current Liabilities	\$0	\$0
Total Current Liabilities	\$0	\$0
Long Term Liabilities		
Bank Note	\$0	\$4,500,000
Total Long Term Liabilities	\$0	\$4,500,000
Total Liabilities	\$0	\$4,500,000
Shareholder Equity		
Preferred Stock	\$0	\$6,048,000
Common Stock	\$0	\$0
Additional Paid in Capital	\$0	\$0
Retained Earnings	\$0	\$0
Current Year Income (Loss)	\$0	\$0
Total Shareholder Equity	\$0	\$6,048,000
Total Liabilities and Equity	\$0	\$10,548,000

III. The Business Concept and Need

Market Need

The water park industry continues to grow in the U.S. as more and more persons seek out new and exciting ways to spend their leisure time. Twenty-five years ago, few could have envisioned the extent to which the water park industry has expanded. While the overall amusement park industry is growing, the water park sector is growing even faster.

There is a strong consumer demand for the types of attractions and entertainment choices water parks provide. During the summer 2003 season, more than 72 million people visited water parks in the U.S. The average attendance growth per year is over 3%. **California Splash's** water park is located in an area with high potential demand and little overlap of other water park facilities.

Consequently, there is clearly a market opportunity for **California Splash** to become a primary entertainment destination. It is ideally situated to attract customers from a large area.

Products and Services

California Splash's uniqueness will be obtained by following a 19th century California Gold Rush Era theme. Slides and attractions will be named for the people, places, and industry made famous during the mid 1800's. Educational "points of interest" placards will be placed throughout the park explaining the history of the people, places, and events of California's "golden age". In the Country Store customers will also find additional information on the Gold Rush Era.

Attractions

Wave Pool

- Square Footage: 24,097
- Gallons: 587,000
- 230 foot fan with bench and fountain
- Diamond pattern waves-most popular nationwide

Slow River

- Square Footage: 12,725
- Gallons: 330,000
- Float along and enjoy the sun- great for adults
- Whitewater extension around Birthday Island

Activity Pool

- Square Footage: 14,214
- Gallons: 106,000
- Spray Zone
- 3 waterslides
- Activity Structure including a dumping bucket

Water Cannons

Kiddy Pool

- Square Footage: 6,575
- Gallons: 50,000
- Spray Zone
- 3 frog slides
- Intended for young children

Corporate Pool

- Square Footage: 1,900
- Gallons: 57,000
- Can be used for private parties
- Ideal for water polo

Splash Pool

- Square footage: 6,400
- Gallons: 144,000

4 existing waterslides

- to be refinished and brought to like-new condition
- 2 have corkscrews
- 2 have tunnels
- each has a 50 foot drop over a 500 foot run

4 new waterslides

- all 4 slides are laid directly on top of the existing slides
- 2 are enclosed – having a drop of 63 feet over a 402 foot run
- 2 are open and have a drop of 63 feet over a 525 foot run
- all eight slides exit at the same level into one Splash Pool

Food Menu

Grill Items

- Hot Dogs
- Hamburgers
- Cheeseburgers
- Grilled Fish Sandwiches
- Grilled Chicken Sandwiches

- Veggie Burger
- Hamburger Combo
- Chicken Combo

Snack Items

- Soft Pretzels
- Churros
- Funnel Cakes
- Funnel Cakes w/ Strawberry
- Ice Cream
- Candy
- Chips
- Regular Nachos
- Deluxe Nachos
- French Fries
- Dip Dots

Salad/Sandwich Items

- Caesar Salad
- Turkey Sandwich
- Chicken Caesar Salad
- Tuna Sandwich

Beverages/Kids menu

- Fountain Soda
- Bottled Water
- Bottled Drinks
- Specialty Coffee Drinks
- Juice
- Strawberry Smoothie
- Kids Hot Dog/ Kids PBJ/ Kids Nuggets

Pricing

The pricing for **California Splash Water Park** will be less than its competition. Competition pricing is currently at \$25.99 for adults and \$19.99 for children. **California Splash** pricing will be based on a height requirement to avoid issues concerning proof of age. All patrons participating in the use of any water attractions, with the exception of infants, will be required to wear a valid wristband ticket.

Regular admission (all juniors and adults, including \$2.00 food token)	\$23.95
Children under 42 inches with a \$2 food token	\$17.95
Children under 30 inches	\$ 5.95
Infants	FREE
Yearly multiple admissions (20 visits)	\$79.95

Special pricing will be offered to Pleasanton residents pending City of Pleasanton approval. Residents showing proof of residency will receive a \$2 discount on park admission. The \$2.00 food token was recommended by Profitable Foods to increase food service revenues for the first year only.

Site Attractions and Facility Improvement Plans

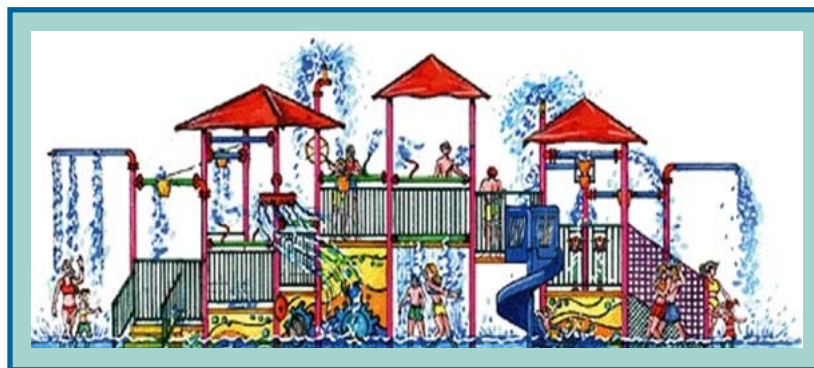
The [California Splash](#) site plan improvements and attractions are outlined and described below:

- Remodel and expansion of existing change rooms, food concession, ticket booth, and employee break area, storage and restroom areas to be used as a mechanical equipment room, employee break room, and a first aid station.
- Total renovation of the existing four water slides to include a new gel coat and new colors for the slides. The coating process will provide a slide surface superior to the original manufactured condition. They will literally be “better than new”.
- Removal of existing end ponds
- The creation of a new single pool for existing and future slides that will allow the customer to walk out of the slides from a 48 inch depth to 0 inch minimal steps.
- Two new mechanical buildings will be erected to house circulation pumps, filtration, chlorination systems and equipment storage.
- 14,500 square foot Activity pool with proactive play structure. The structure will contain a large water dump bucket, spray zone, small fiberglass slides and ramps, water on-off valves and water cannons.
- Children’s Pond with a bubble jet zone, six-foot high animated frog slides, rain drop water fountain and a large fountain in the center for sitting and observation. This area will allow limited access for parents with small children only. Building seven will house “family” restrooms and separate restrooms for children and their supervising adult. Building seven also includes a beverage concession and pool filtration.
- 12,257 square foot slow river ride, approximately 14’ wide and 1000’ long with 235’ dedicated to “rapid and turbulent wave action.” An “island” created by the path of the river will be used for private birthday parties.
- The park will have four bridges spanning the Slow River Ride to allow access into the other attractions at the park.
- The entrance of the park has been relocated to the south side of the area leased by California Splash. As you are coming through the main entrance there will be ticket booths provided. The main concession building will house the food concessions, ticket sales and the administration offices. Adjacent to the entrance there will be a change

room and restrooms available to California Splash patrons. There will be viewing areas created using concrete decks and picnic areas with umbrellas to provide a location looking down from the concession area to the main portion of the water park.

- Directly west of the entrance will be an 8,000 square foot party and picnic area that will include shade structures, large existing shade trees and deck areas to view the water park and provide food service tables within that area.
- Directly east of the entrance will be a 19,000 square foot private picnic area with a private pool, BBQ pad, food service equipment station, picnic tables and shade structures.
- Wave Pool - 24,500 square foot at maximum, 4.5-foot depth.
- Secondary 1,864 square foot concession stands with restrooms.
- Four new waterslides will be added to the existing slide hill. These slides will vary in length from 437 feet to over 500 feet long. Two of the new slides will be inner tube slide rides and two of the rides will be body slides (no mats required.) Each slide will have its own degree of excitement.

Pictures and Drawings



Main activity pool will include a play structure with a "Gold Mine" theme similar to the structure shown above.

Shadow Cliffs Park

The **California Splash Water Park** is located within the Shadow Cliffs Regional Park. Shadow Cliffs, formerly a gravel quarry, was donated to the Park District by Kaiser Industries, and its assessed value of \$250,000 was used to obtain a matching grant for development of the park from the U.S. Bureau of Outdoor Recreation.

With this start, the Park District has developed a 296-acre park including an 80-acre lake and a four-flume waterslide, with ample parking and picnic grounds. There are facilities for the disabled. It is a haven for swimming and fishing and is only a mile from downtown Pleasanton on Stanley Boulevard.

The swimming beach has a bathhouse and refreshment stand, open on weekends in spring and fall, and daily during summer months. Lifeguards are on duty only during the summer months, but swimming is allowed throughout the year in the designated area, at the swimmer's own risk.

Trout and catfish are planted frequently at Shadow Cliffs' lake, often for fishing derbies, and anglers can also try for bluegill and black bass.



Digital photo rendering of building placement within the park. Back side of park entrance, main concession and restrooms shown in background.

General Store and secondary concession shown in foreground.

The yellow areas marked are for the new site and the blue areas marked are for additional parking

Full page pictures are shown in the Appendix



IV. The Market

Industry Overview

Amusement parks date as far back as medieval Europe. Springing up on the outskirts of major European cities, pleasure gardens began to take roots. These lavish gardens were the forerunners of what we now call amusement and theme parks. North of Copenhagen, Bakken Park, opened in 1583, still remains making it the oldest operating amusement park in the world.

It wasn't until the 1800's that the bulk of the industry's focus shifted to America. Weekend "ridership" by the trolley companies was stimulated by picnic facilities, dance halls, games, rides and restaurants that waited at the end of the line typically located near the shore, lake or riversides. These parks were immediately successful and soon they could be seen all across in the U. S.

During the World's Fair in 1893 the Ferris Wheel was introduced along with the concept of amusement entertainment and midway rides, concessions and games. Amusement parks as we know them today were not built until 1895 when Coney Island resort in New York was opened. Unlike trolley parks, Paul Boyton's Water Chutes and amusement parks charged admission to park-goers that wanted to see the facility and use the park's rides. For the next three decades the amusement park industry flourished; Coney Island remained the most elaborate. The increase in park participation provided greater and more intense thrill rides and shows aimed at pleasing the crowds. By 1919 the United States was operating more than 1,500 amusement parks.

It wasn't until the dawn of television and suburban growth in the 1950's that a heavy toll was felt by the industry. Amusement and water parks have become increasingly popular since the 1950's. Some of the world's largest and most concentrated water parks are in the U.S.; currently standing at over a thousand parks with dozens more opening every year. Less than a decade ago water parks offered little more than a few faux logs sliding down a chute or a twisty slide, but today we see innovative ideas entering the picture.¹

Parks continue to keep little slides, pools and sprinklers to occupy toddlers and those who are generally timid, but across the country, attractions are being added to the line up for the less timid. Disguised as water rides these new roller coasters are created by machines throwing out waves of blasting water from pipes at the rate of up to 100,000 gallons a minute. Serpentine tubes rides suck their victims down a dark shoot through white-water rapids.

As mentioned above, since the 1950's water parks have become increasingly popular. Currently Noah's Ark Water Park, located in the town of Wisconsin Dells, Wisconsin, is America's largest with over 40 water slides and dozens of other various attractions

making it one of the country's most popular tourist destination. Other notable parks in the U.S. include:

- Raging Waters in San Dimas, California and San Jose, California
- Water World in Federal Heights, Colorado (in the Denver metropolitan area)
- Water Mania in Kissimmee, Florida
- Schlitterbahns, located in New Braunfels, Texas, and South Padre Island, Texas
- Wet 'n Wild, located in Orlando, Florida; Las Vegas, Nevada; and Greensboro, North Carolina. Owned by Universal Studios.
- Blizzard Beach and Typhoon Lagoon, located at the Walt Disney World Resort near Orlando, Florida
- Valleyfair in Shakopee, Minnesota - not wholly a water park, but includes a water park (Whitewater Country) and several of its most prominent rides are water rides, including a log flume ride

In 2005 the “theme” and water parks are considered an international favorite offering amusement rides, concessions of exotic food creations, and a host of other innovative and unique ways to entice and persuade customers to enter through their gates. Rides have reached heights only dreamed of by thrill seekers of the past. As a result of the recent changes in the industry and according to the 2004 Hotel Waterpark Resort Industry Report, water park resorts are undergoing rapid advancement as a result of these changes in the industry.

The aquatics components are changing, the accommodations are changing and, perhaps most significantly, the geographic locations are changing. Jeff Coy, a water park consultant, made this comment:

“This sector of the industry has experienced rapid growth in the last several years.”

Since 2002 the number of water park resorts have grown; from 48 to 76 in the U.S. The above report says 80 more are in the planning stages. Water parks aren't just getting more numerous, they are growing in size as well. Due to global warming trends we are beginning to see water parks in climates not traditionally considered in this market.³

There doesn't appear to be agreement on which water park was the first, but everyone does agree on the “Father of the Waterpark”. George Millay is well known as the creative genius behind SeaWorld which opened in 1964, taking the idea of sea-life parks to new levels. The amusement park industry felt his impact in 1977 when he changed it forever by opening the gates to “Wet 'n Wild” in Orlando, Fla. Biographer Tim O'Brien writes:

“Millay is a man who turned water into gold—a modern-day Poseidon with the creativity, stamina and smarts to conceive recreational opportunities centered on the sea and oceans.”

Millay was honored in 2004 by the World Waterpark Association with a Lifetime Achievement Award, the first ever given by the Association. He was also presented with an official proclamation naming him “Father of the Waterpark.” Soon after “Wet and Wild” opened its gates other parks did the same. In 1981, as the industry became more focused, the World Waterpark Association was formed. Back then huge, concrete slide structures were the norm. The organization incorporated, among other remarkable innovations, the wave pool from Europe, the speed slide from the Asia-Pacific region and the leisure river to create what is now known as the water park industry. We are witnessing an astounding number of water parks being built around the world today.

Water parks come in a variety of shapes and sizes; some have only a few water park features such as a waterslide or a leisure river. Others, such as city-owned facilities can easily compete with today’s largest parks. Indoor water parks are being added to hotels and resorts across the country at an impressive rate. The water park trend is being felt in other industries such as campgrounds, cruise ships and ski resorts.⁴

Below are some fun facts about water parks according to the World Waterpark Association:

- Number of water parks in North America: More than 1,000
- Estimated attendance at North American water parks during the Summer 2003 season: 70-72 million
- Number of water parks throughout the rest of the world: About 600
- Average attendance growth per year (North America over last 5 years): 3%
- First “official” water park created: Wet ‘N Wild, Orlando, Fla., 1977, by George Millay (creator and founder of Sea World)
- First U.S. indoor water park: Polynesian Resort Hotel & Suites, Wisconsin Dells, Wis., 1989
- First U.S. wave pool: Point Mallard Park, Decatur, Ala., 1970
- Longest indoor leisure river in the U.S.: Zambezi River, Kalahari Resort, Wisconsin Dells, Wis.
- Largest wave pool in the U.S.: Typhoon Lagoon, Orlando, Fla., at 115 feet wide by about 395 feet long, it is the largest in terms of bather capacity, annual visitors, water volume and wave height.
- Largest wave pool in the world: Dino Beach Waterpark, Shanghai, China, at 181 feet wide by 360 feet long.
- Largest indoor water park in the United States under one roof: Kalahari Resort, Wisconsin Dells, Wis. (125,000 square feet)
- Largest indoor water park square footage at one resort in the United States: Wilderness Hotel, Wisconsin Dells, Wis. (three water parks at one resort totaling 161,000 square feet).

- Largest indoor water park in North America: World Waterpark, West Edmonton Mall, Edmonton, Alberta, Canada (5 acres)
- Largest indoor water park in the world: Ocean Dome, Miyazaki City, Japan (322,752 square feet—about the length of three football fields)
- Largest outdoor water park in the United States: Noah’s Ark Waterpark, Wisconsin Dells, Wis. (70 acres)
- “The Waterpark Capital of the World” (largest concentration of water parks in one area): Wisconsin Dells, Wis. (18 indoor waterparks and 3 outdoor water parks within 18 square miles, with more than 200 waterslides)
- Fastest-growing segments of the water park industry in North America: Indoor water park resorts and municipally owned/city owned water parks
- Fastest-growing regions of the world: Eastern Europe and Far East/Pacific Rim

Popular Top Ten List:

Best Waterparks in U.S. (According to the Travel Channel, 2004)

1. Schlitterbahn Waterpark, New Braunfels, Texas
2. Blizzard Beach at Walt Disney World, Lake Buena Vista, Fla.
3. Raging Waters, San Dimas, Calif.
4. Water Country U.S.A., Williamsburg, Va.
5. Splish Splash, River Head, N.Y.
6. Knott’s Soak City, Palm Springs, Calif.
7. Water World (Hyland Hills), Federal Heights, Colo.
8. Six Flags White Water, Marietta, Ga.
9. Wet ‘n Wild, Las Vegas
10. Noah’s Ark, Wisconsin Dells, Wis.

U.S. Waterparks with the Highest Attendance (According to Amusement Business Magazine)

1. Typhoon Lagoon (1,840,000), Walt Disney World, Lake Buena Vista, Fla.
2. Blizzard Beach (1,710,000), Walt Disney World, Lake Buena Vista, Fla.
3. Wet ‘n Wild (1,340,000), Orlando, Fla.
4. Schlitterbahn (940,000), New Braunfels, Texas
5. Raging Waters (650,000), San Dimas, Calif.
6. Water Country USA (640,000), Williamsburg, Va.
7. (tie) Wet ‘n Wild (580,000), Las Vegas
7. (tie) Adventure Island (580,000), Tampa, Fla.
9. Noah’s Ark (480,000), Wisconsin Dells, Wis.
10. (tie) Six Flags Hurricane Harbor (470,000), Arlington, Texas
10. (tie) Wet ‘n Wild Emerald Pointe (470,000), Greensboro, N.C.
12. Six Flags White Water (430,000), Marietta, Ga.

13. Six Flags Hurricane Harbor (400,000), Jackson, N.J.
14. Soak City at Cedar Point (370,000), Sandusky, Ohio
15. Hyland Hills Water World (340,000), Federal Heights, Colo. ⁵

Market Trends

The definition of a water park is an amusement park that features water play areas. These attractions come in the form of water slides, spray grounds (water playgrounds), lazy rivers, splash pads, or other recreational bathing environments. In more current states of development water parks may also be equipped with different styles of body boarding or an artificial surfing environment such as a wave pool.

One new trend in the water park industry is technology invented by a Hungarian that combines the fun of skiing with the adventures of getting wet. An effort to span all four seasons is being seen as more and more water parks are emerging from spas and getting closer to mountain resorts. A concentration of winter sports is currently being mixed with summertime water rides bringing the whole amusement and leisure time industry through a stage of evolution. Many hybrid segments can be seen in amusement and water parks across the U.S. and around the globe. ²

Oddly enough one trend seen in water park construction today shows a growing importance on the park's overall appearance over ride selection. More thought is being put into park planning. Most park owners feel it's not just a matter of how much "stuff" can be crammed into a specific space. Research shows a better, more inviting environment encourages people to stay longer. A park's success depends on the length of time customers stay at the facility; the longer they stay the more they spend. Scott Hunsaker of aquatics firm Counsilman/Hunsaker in St. Louis had this to say:

"Before the '90s, we saw people putting all their money in the water stuff, you know, the structures and the play features, the slides and things like that. You have visual separation, very good design, layout; I think one of the trends that we're seeing is a great deal more attention being given to the detail of how the owner or patron is going to feel using the aquatic center as opposed to, 'We get a bigger spray feature; we've got a bigger this.' We've maxed out on the bigger—well, within reason."

Water parks just look like fun and they prove the old Field of Dreams' adage: "If you build it, they will come." Today's water parks are stunning in appearance and visually pleasing to the senses. Hunsaker continued with this statement:

"I believe recreation is a perishable commodity. If you're going to be a positive cash-flow facility, you have to continually reinvest. You can't just build it and expect it to last 30 years."

A water parks' attendance will stay high if people stay interested in the facility. Today,

one common denominator remains steady among all water park facility owners . . . Recreation is King!⁶

The market trend clearly indicates a growing need for the types of products that **California Splash** provides. It suggests that the Company should have excellent growth prospects.

Target Market

California Splash will target the following types of persons and market segments as customers:

1. Family unit weekend with head of household
2. Family unit without head of household (weekdays)
3. Adults ages 19-40
4. Older youth ages 11-18 years coming to the park individually or in groups
5. School class parties for upper elementary grades through senior high school grades.
6. Business and corporate groups
7. Churches and special interest groups
8. After 6:30 P.M. market for special parties. (The database for this group has not yet been established.)
9. The “after work” patrons who use the park between the hours of 4:00 P.M. and 8:00 P.M.

The Company targets these types of customers within a 25 mile radius of the park.

Customer Buying Decisions

California Splash has identified the following factors that can be used to favorably predispose potential customers to select the Company’s products:

- Location
- Cleanliness
- Variety of fun attractions
- Good tasting food
- Competitive pricing
- Ease of parking
- Excellent customer service
- Excellent referrals

The Company believes it is well positioned to take advantage of these key factors to help assure its success.

Business Opportunities

Market Size

California Splash is focused on attracting customers within a defined radius of Pleasanton, California. This area supports a large target population of potential customers.

California Splash Water Park's market is within a twenty-five mile radius of the site location. Marketing efforts will target this twenty-five mile radius.

Market Size	
Radius	Population
0-5 miles	124,500
5-10 miles	99,900
10-15 miles	599,900
15-25 miles	2,076,100
Total	2,900,400

based on 2002 Haralson report

A more recent revision (2005) of the Haralson Feasibility Study shows an increase in population to over 3,000,000.

Competition

The California Splash Water Park does not have any competition within a twenty-five mile radius of the water park site although the 25-mile radius will overlap the same radius of both Raging Waters in San Jose and Waterworld USA in Concord, California. A distance analysis is shown in the following table.



Small children's activity pool will include small frog figures similar to those shown above.

Full page pictures are shown in the Appendix

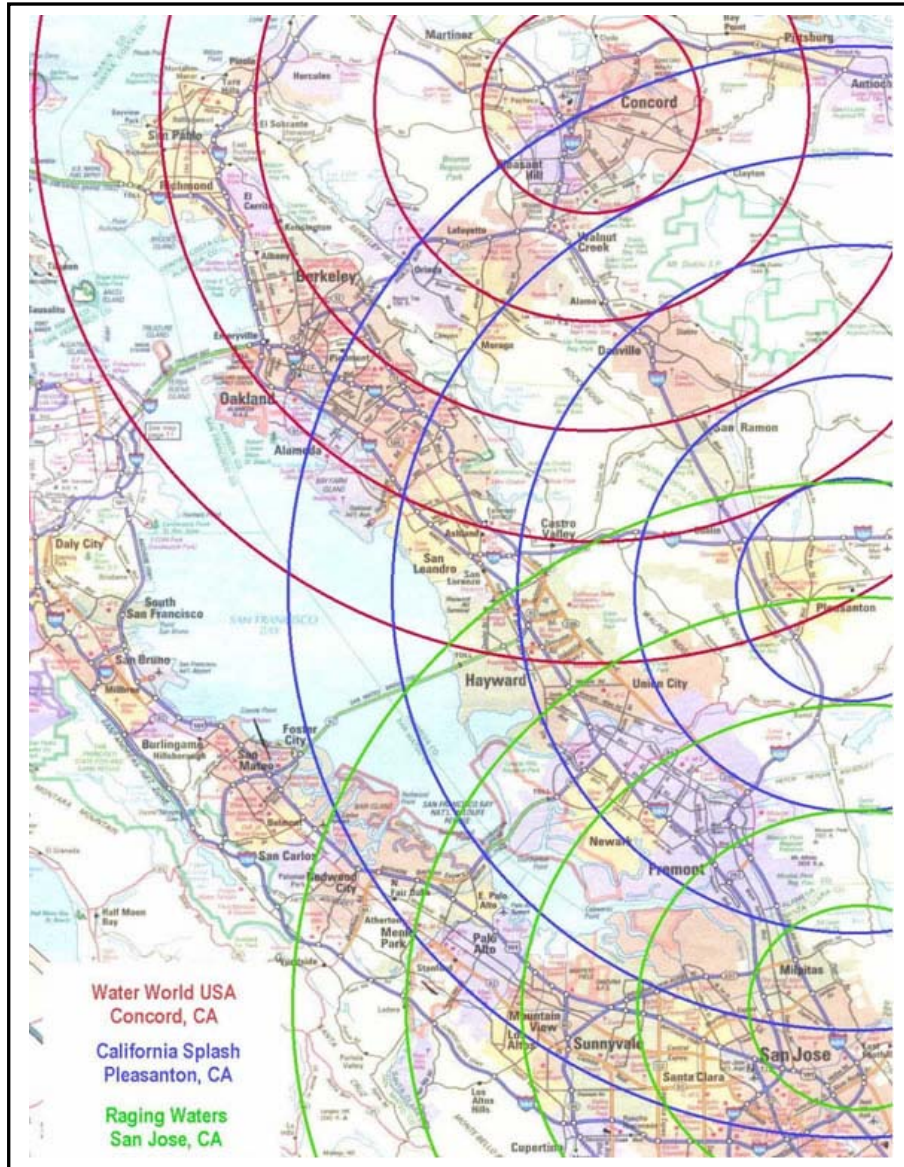
Market Area Distance Analysis				
	California Splash Pleasanton, CA	Waterworld USA Concord, CA	Raging Waters San Jose, CA	
	Distance From City Center	Distance From City Center	Distance From City Center	Population (1,000's)
Alameda	25 miles	20 miles	+	80
Alamo	17 miles	10 miles	+	17
Antioch	22 miles	15 miles	+	91
Berkeley	25 miles	15 miles	+	103
Blackhawk	13 miles	15 miles	+	10
Brentwood	25 miles	25 miles	+	23
Castro Valley	12.5 miles	20 miles	25 miles	67
Concord	24 miles	-0-	+	128
Danville	14 miles	12 miles	+	43
Dublin	5 miles	21 miles	22 miles	36
Foster City	25 miles	+	25 miles	30
Fremont	13 miles	+	12 miles	208
Hayward	15 miles	+	24 miles	145
Lafayette	22 miles	9 miles	+	24
Livermore	5 miles	+	25 miles	78
Menlo Park	25 miles	+	20 miles	31
Milpitas				65
Newark	15 miles	+	12 miles	44
Oakland	25 miles	20 miles	+	400
Orinda	23 miles	11 miles	+	18
Palo Alto	23 miles	+	17 miles	59
Pittsburgh	23 miles	12 miles	+	57
Pleasant Hill	24 miles	3 miles	+	33
Pleasanton	-0-	25 miles	-0-	68
San Jose				959
San Leandro	18 miles	21 miles	+	106
San Lorenzo	16 miles	22 miles	+	22
San Mateo	25 miles	+	+	92
San Ramon	11 miles	18 miles	+	49
Sunnyvale	23 miles	+	23 miles	133
Tracy	24.5 miles	+	+	78
Union City	12 miles	+	18 miles	68
Walnut Creek	20 miles	9 miles	+	64

Cities outside the 25- mile radius for each water park are demoted by (+). Population updated by contacting each city in October of 2004.

The 2005 Haralson Feasibility Study revision shows an increase in population. (See 2005 Haralson Feasibility Study)

Lake Oakwood Water Park closing adds 78,648 from Tracy to our 25 mile radius population (not included in the Haralson Feasibility Study). This addition will potentially increase our gross income.

Radius Map of Market Area Overlap



Market Share

The market share for each of the water parks will be dependent upon the effectiveness of the marketing plans and customer databases. Raging Waters in San Jose and Waterworld USA Concord both have a customer base for water park sales. **California Splash** has a customer base through the Rapids Waterslide complex and a limited database from the same facility. The advantage for the first three years will favor our competition. **California Splash** intends to level the playing field with an aggressive \$380,000 advertising and promotion budget.

Comparative Performance of Competitors versus California Splash Projections				
	Year	Estimated Attendance	Estimated Per Capita	Actual Gross Sales
Raging Waters, San Jose				
	1998	260,000	\$20.00	\$5,200,000
	1999	213,000	\$20.00	\$4,300,000
	2000	260,000	\$21.00	\$5,500,000
	2001	237,000	\$20.18	\$4,877,034
	2002	252,486	\$20.34	\$5,135,569
	2003	247,000	\$20.44	\$5,050,887
Waterworld USA, Concord				
	2000	230,000	\$20.00	\$4,600,000
	2001	233,135	\$20.16	\$4,700,000
	2002	220,587	\$20.19	\$4,453,655
	2003	208,045	\$20.20	\$4,202,505
	2004	220,345	\$20.40	\$4,495,033
California Splash - PROJECTIONS				
	2006	176,970	\$22.72	\$4,019,000
	2007	211,710	\$21.21	\$4,791,000
	2008	215,867	\$20.73	\$5,306,000
	2009	219,374	\$21.89	\$5,605,000
	2010	223,358	\$22.46	\$5,919,000

Competitive Advantage and Differentiation

California Splash Water Park differentiates itself from its competition by providing the most up-to-date water rides in the San Francisco Bay area. All competing water parks within a 25- mile radius of the Pleasanton location are now using technology that is over twelve years old

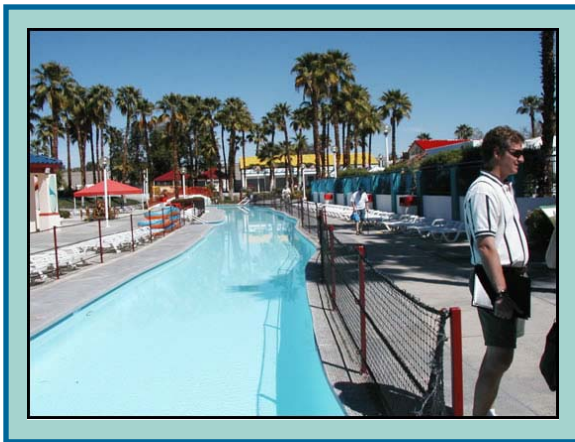
The Company’s uniqueness will be obtained by focusing on a special theme for the park, the 19th Century California Gold Rush Era, and by placing an emphasis on local history. Slides and attractions will be named for the people, places and industry made famous during the mid 1800’s. Educational “points of interest” placards will be placed throughout the park explaining the history of the people, places and events of California’s “Golden Age”.

California Splash will also differentiate itself from other parks by providing attractions suitable for all ages and abilities. Special attention has been taken in the design of the park to provide age-appropriate attractions and a safe, wholesome family environment.

Barriers to Entry

The primary barrier to any other company in Alameda County is controlled by four factors:

1. Cost of land
2. Location proximity of available land to the market area
3. General community support for the water park.
4. Permit process that includes environmental impact, traffic and sound studies that could become a three to five year process from the time the site is identified. The likelihood of an additional water park locating in an area that is already covered marketing wise is remote at best.



Slow Continuous River

Full page pictures are shown in the Appendix



V. Growth Strategy

Strategic Initiatives

California Splash has developed the following strategic initiatives to achieve its growth goals:

- Provide the finest water park in the Bay Area incorporating the newest and most unique water attractions available for Park District customers of all ages.
- Obtain and maintain for the first five years \$4,000,000 - \$5,000,000 in gross sales without sacrificing profitability and remaining consistent with the availability of working capital.
- Become the standard for operational excellence within the water park industry.
- Provide California Splash LLC partners with a cash flow of 12% or above.

The Company believes it can reasonably achieve these goals with the proper financing.

Brand Strategy

Building a strong Company brand will require a coordination of many factors. Initially, the Company will focus on several core elements that will help build and strengthen the backbone of the California Splash brand:

Wholesome Family Entertainment

The name California Splash will be synonymous with wholesome family fun and entertainment.

Cleanliness

California Splash will live up to the highest standards of cleanliness throughout its facilities.

Gold Rush Theme

The Company will become known for providing California Gold Rush educational themed events and activities for parents and children.

Quality Attractions

California Splash will be known for the latest in water attractions.

Marketing Strategy

A marketing program will be designed to create the maximum penetration to reach our market as previously described. [California Splash](#) will retain Kent Lemasters of Amusement Aquatic Management Group to design the marketing plan and strategies that will ensure the [California Splash Water Park](#) is economically successful.

Mr. Lemasters has developed an initial list of strategies as shown below. This list will be modified and revised as the business develops.

Alameda County Fair

[California Splash Water Park](#) will initiate their marketing plan beginning with the Alameda County Fair on June 24, 2005. The [California Splash](#) Fair display will include a continuous ten minute tape on slide features and pool attractions. Enlarged digital photos of the water park will be displayed on the side walls. There will be a drawing each day for all day passes for each day the fair is open. Thousands of people attend the Alameda County Fair. This venue will provide an excellent opportunity for name exposure and pre-opening sales. The objective of the booth is to provide pre-opening season pass sales, to book private parties, brand recognition and promotion of corporate and private events.

Pre-Opening Radio Spots

Introduce radio marketing with multiple 10 second spots. “[California Splash Water Park](#) coming to Pleasanton in 2006”

Web Presence

The California web site is now open and will be expanded as additional marketing strategies are completed.

Advertising Brochures and Literature

In April of 2006, Grand Flow Publishing will be given the contract to prepare the advertising brochures and literature for the [California Splash Water Park](#).

Marketing Manager

The Marketing Manager will assume his responsibilities in January 2006, and will coordinate all marketing and sales activities that will include a booth at Stoneridge Mall in 2005 and the booth display at the Alameda County Fair in 2006.

Expanded Radio and Television Advertising

[California Splash](#) will directly contract with the local radio and television stations. Beginning in April of 2006, the media advertising will begin with a series of short ten second spots announcing “[California Splash](#) is coming in the summer of 2006”. Beginning in May of 2006, the radio spots will expand to 20 seconds and the television spots will expand to 30 seconds with pictures and animation. The remainder of the California Splash media advertising will be directed by Kent Lemasters and Lee Hovis, Heritage Investments and the California Splash marketing manager.

Display Literature

In May of 2006, a concerted effort will be made to supply all of the hotels, motels, and restaurants in the area with display literature and plastic brochure holders to promote our product.

Direct Mail Database

Prior to opening in 2006, Heritage Investments, the Marketing Director, and Kent Lemasters will review the target market and set up the mailing database. We are able to procure mailing lists that can target households that have children from age 5 to 17.

Newspaper Advertising

Newspaper advertising will begin in May of 2006 offering two for one admission coupons for the 2006 season. These coupons will also be included in mailings from coupon distributors such as Val-Pak.

Telemarketing Program

California Splash will initiate a telemarketing program that will target the promotions toward corporations, churches, and youth groups. The telemarketing team will emphasize selling weekend corporate outings with 60 or more participants. Special group rates will be offered along with a catering package for the companies. **California Splash** has three group areas that can service as few as 20 people or as many as 1,000.

Birthday Package

California Splash has designed a birthday package that will be priced to a specific age group target market. The birthday groups will have a full agenda of games, prizes and water park activities. The birthday packages will be targeted for children in a 15 mile radius of the water park with ages of 5 to 15.

Youth Groups

The marketing director will be responsible for promoting the water park to church youth and any organized youth groups.

Community of Character Summer Training

California Splash will offer a unique summer program for children between the ages of 14 and 16 that will teach the Community of Character tenets adopted by the City of Pleasanton. This will be a two week program that will emphasize CPR, first aid, Community of Character values and water safety/lifeguard instruction. Participants will have the opportunity to work at all of the safety attendant positions in the water park. Participants that complete the two week program receive a certificate of completion for first aid, CPR and the necessary training to qualify as a certified life guard. Participants in the summer training will be evaluated by **California Splash** management for a substitute position in 2006 and full employment for 2007.

Marketing Program For 2007

The marketing program for 2007 will begin as soon as the 2006 season is over. All of our 2006 group customers will be given the first chance for the prime dates in July and

August of 2007. The marketing program goals for 2006 will be reviewed and analyzed by the marketing team. The marketing strategy will be improved and modified after Kent Lemasters, Lee Hovis, and the new Marketing Director are in place beginning March 2006.

Sales Strategy

California Splash Water Park will research all of The Rapids Waterslide records to create a database of potential water park users.

The Marketing Director for **California Splash Water Park** will work with Kent Lemasters and Lee Hovis to develop the parks' marketing plan and strategies. Glenn Kierstead of Heritage Investments will contribute his direct mail marketing experience to the overall marketing plan. He will assist this position in generating the mailings and the database required by the Marketing Director.

Amusement Aquatic Management Group will provide details of the sales methods and programs as part of their consulting agreement.

Operational Plan

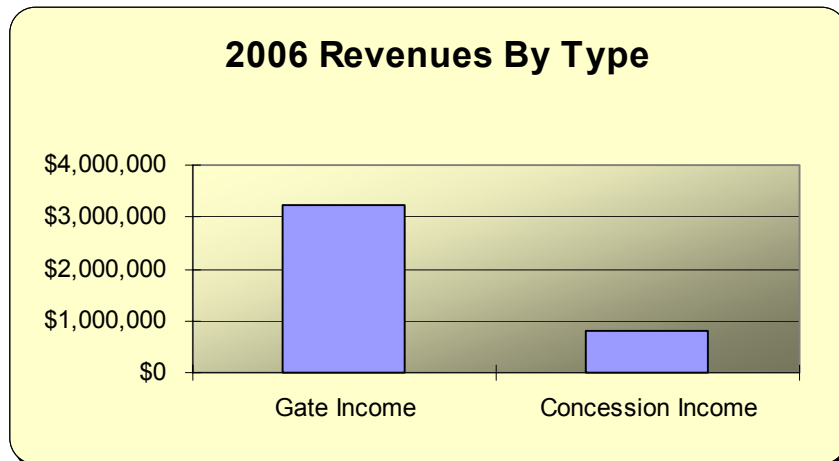
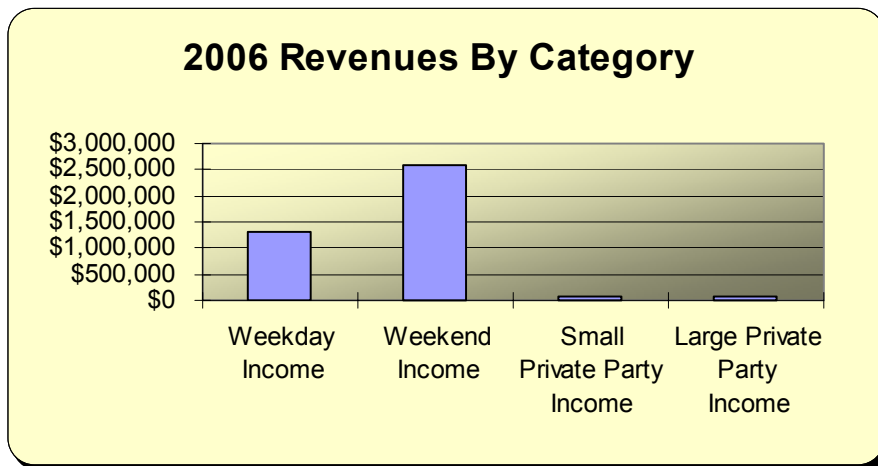
The operational plans for **California Splash Water Park** will be completed by Amusement Aquatic Management Group, Lee Hovis of World Water Park Association, and Heritage Investments for onsite operations and Heritage Investments for property management and accounting. The operational plans will address the following issues:

- Gate entrance and exit controls
- Ticket sales
- Cashier training and responsibility
- Cash controls
 - Management Personnel
 - Select General Manager
 - Select Marketing Director
 - Select Maintenance Supervisor
 - Select Clerical Staffing
 - Select Food Sales and Catering Director
- Non-Management personnel selection
 - Ticket Cashiers
 - Park Team Leaders
 - Park Lifeguards
 - Shallow Water Life Guards
 - Ride Attendants
 - Food Service Cashiers
 - Food Service Workers

- Maintenance Support Personnel
- Janitorial Crew
- Site Security (During season, evening, and off season)
- Flex Personnel to cover breaks and absences

Sales Forecast First Year

The Company believes it can achieve significant sales in the next twelve months by reaching its customer targets. In 2006, California Splash expects to have secured revenues of \$4.019 million. This is shown in the following graphs.



VI. Management and Personnel

Management

The Company's management team is well balanced in talents and experience and is supported by a highly qualified Board of Advisors.

Management will be separated into the following categories:

1. Operational and onsite management will be supervised by Lee Hovis and Kent Lemasters. It will include the following duties:
 - Assist in development of business plan
 - Development of marketing strategy and plan
 - Development of operating strategy and plan
 - Development of operating budget
 - Management of staff recruitment
 - Interviewing, hiring and placement
 - Staff training
 - Development of policies and procedures
 - Implementation of marketing plan
 - Park opening and start up plan events and actual operations
 - Monitoring and controlling of budgets
 - Cash control systems
 - Work with security surveillance by closed circuit TV
2. Heritage Investments will provide asset management and property management for [California Splash, LLC](#), which will be responsible for the following duties:
 - Payroll
 - Accounts Payable
 - Providing tax information to the Accountant
 - Coordinating with operational management regarding safety, insurance issues, and staffing
 - Act as a liaison between Aquatic Amusement Management Group and the [California Splash](#) Board of Directors

Key personnel are as follows

CEO: Mr. Glenn Kierstead

Glenn Kierstead began his career as a Real Estate Salesman for Forgrave Realty in Lansing, Michigan, from 1960 to 1961. After graduating from

Michigan State University, Glenn joined the Air Force where he was a Captain Navigator from 1961 to 1967. After his stint in the service, he became a pilot for World Airways out of Oakland, California until 1969. At that time, he became a real estate salesman for Lange Hilde Realtors located in Dublin, California where he worked for two years.

From 1971 to 1974, Glenn was an Owner/Broker with Heritage Real Estate in Dublin specializing in new home sales and home loans. Then in 1974, he became the Owner/Broker of Heritage Investments where he dealt in commercial sales and lending syndication of investment properties. Heritage Investments currently has twenty-one partnerships under portfolio management. Heritage Investments has purchased properties and businesses that have shown excellent returns for investors (details available upon request).

Glenn has been the President and Chief Operating Officer of First Priority Financial from 1991 to 2001. Since that time, Glenn has been devoting his effort full time to the [California Splash Water Park](#).

Glenn is a California Licensed Real Estate Broker, and is an Alternate Board Member for First Priority Financial and First Priority Mortgage. His educational achievements include the following:

Degree in Business Administration from Michigan State University

- ◇ Completion of Taxation and Exchange Course; Marvin Star, U.C.
- ◇ Completion of Problem Solving Course; Robert. M. Steele
- ◇ Completion of Syndication Course; Fred Crane, D.R.E. credits, 45 hours
- ◇ Completion of Big Money Syndication Course; Chet Allen
- ◇ Completion of Advanced Tax Planning Course; Bob Consadine
- ◇ Completion of Continuing Education Real Estate Update Course Fred Crane, D.R.E. credits 45 hours

Additional management positions will be hired as funding is completed.

Several key contractors and consultants are working with the Company. They include:

- Mr. Lee Michael Hovis
- Mr. Kent Lemasters
- Mr. John Bannert
- Mr. Tony Allegretti
- Mr. Thomas Makowski

Their resumes are shown in the Appendix.

Board of Directors

Ms. Lynn Surber

Lynn Surber received a B.S. in Managerial Economics from the University of California at Davis in 1986. She further received her M.B.A in Finance in 1989 from California State University in Hayward.

Lynn worked as an Audit and Senior Tax Accountant for Deloitte and Touche in San Francisco from 1988 to 1991. She has been with First Priority Financial from 1994 where she continues to serve as a mortgage loan specialist and top producer. Additionally, Lynn has been a Real Estate Developer and Property Manager since 1996 wherein she has rehabilitated and managed residential income properties and purchased, remodeled and sold single-family residences for a profit.

Directors' Responsibilities

[California Splash Water Park](#) will be evaluated by their Board of Directors. They will be responsible for recommendations to the operational director, the property management company and the investors in the [California Splash Water Park](#). The recommendations of the board will follow the outline below:

- Review income expense with the park recommendations to maximize the net income.
- Review operational procedures that include safety, staffing, training, and new revenue sources.
- Review the marketing plan recommendations and assist the operational managers in selecting their target income and an overview of what they would recommend to increase the number of admissions to the park.
- Ticket pricing.
- Concessions with comments on quality of food, pricing of food sales, selection of menu and any additions or deletions to the food concession menu.
- Review locker income and equipment sales and make recommendations on how to improve net income food concessions.
- Review the country store operations, gross income, sale items, and make recommendations to add or delete sale items that are carried by the general store.
- Review all cash control, computer programs, and reporting procedures.
- Review [California Splash](#) physical plant and make recommendations for improvements and additional attractions.

- Review insurance and safety issues with the park to include evaluation of each park component with regard to the number of injuries or incidents with the park operations.
- Maintenance review will include all maintenance performed on the facility plus the additional supplies used from the maintenance department.
- Review the park components and make recommendations on additional attractions that would be beneficial to the increase in park gross revenues. Any attractions added to the park will be coordinated with the marketing arm of the water park in order to optimize advertising potential.
- Review the security communications and general park appearance. Board of Directors will review all financial data at the end of the year.
- The financial evaluation will review all aspects of the water park and make recommendations for expenditure; decrease in expense and increase in revenue plus the potential for selling the property should be reviewed every year.
- The sale of the Water Park will be determined by the Board of Directors and approved by the partners of [California Splash LLC](#).

Personnel Plan

The Company plans on maintaining the following positions over the next several years:

		Staff				
		2006	2007	2008	2009	2010
Full Time						
	Manager	1	1	1	1	1
	Group Sales Manager	1	1	1	1	1
	Group Sales Assistant Manager	1	1	1	1	1
	Food and Cantering Manager	1	1	1	1	1
	Secretary Support Supervisor	1	1	1	1	1
	Maintenance Supervisor	1	1	1	1	1
Seasonal Help						
	Attractions Weekday	47	47	47	47	47
	Attractions Weekend	48	48	48	48	48
	Concessions Weekday	28	28	28	28	28
	Concessions Weekend	28	28	28	28	30
Total		157	157	157	157	159

The average staffing level will be 54 people per day and may be less depending upon weather, temperature and other conditions.

Administration and Property Management

The administration of the **California Splash** Business Plan will be the responsibility of the **California Splash LLC** Board of Directors. The Board will retain the services of Kent Lemasters of Amusement Aquatic Management who will be responsible for all operations of the **California Splash Water Park**. Operational responsibilities include the following:

- Complete park set up and pre-opening completion
- Develop a marketing strategy plan
- Develop an operating and strategy plan
- Confirm the operating budget for both feasibility study and in-house plans
- Management and staffing recruitment including the hiring of a General Manager, a Marketing Director, a Maintenance Supervisor, and Concession Manager
- Interviewing, hiring and placement of staff
- Staff training
- Policy and procedure development and operational manual
- Implementation of the marketing plan
- Park opening and start up, plan events, and actual operation
- Monitoring and controlling of the budget and expenses
- Review of staff effectiveness
- Day-to-day, 24 hour managing, operating, and supervision
- Coordinating with Heritage Investments for the purchasing of ticketing equipment, tickets, cash control procedures, cash deposit procedures, and selecting the point of sale cash register and accounting system for the concession cash registers.

The Board will retain the services of Glenn Kierstead with Heritage Investments, who will be responsible for all property management of the **California Splash Water Park**. The management contract will be for a period of five years and is irrevocable. Property management responsibilities include the following:

- Providing support for the implementation of operational duties in coordination with Kent Lemasters of Amusement Aquatic Management
- Accounting of all income and expenses
- Bills payable
- Payroll
- Provide a complete accounting function and cash control for **California Splash Water Park**
- Provide tax information for the accountant, review, and provide LLC with tax returns ready to sign
- Assist Lemasters and the Head of Marketing with the overall advertising program and general promotions

The Board will meet in December of 2005. The first meeting will occur as soon as the full Board has been selected. The Board will meet three times in 2006. The first meeting will be in April 2006, the second meeting will be the second Thursday in July, and the third meeting will be the third Thursday in October. The meetings in 2005 will concentrate on finalizing the contracts with the East Bay Regional Park and the building contracts with the builder, Tom Makowski. The meeting in April 2006 will concentrate on the Park opening schedule, the start-up procedures, review of the marketing programs, and opening day promotions. The meeting in July will review the income progress for the water park. The October scheduled meeting will be the review of 2006 income, expenses and operating income and a general review of the 2006 season. Special meetings can be scheduled for the Board of Directors by notification from operational management or property management and/or the approval of two board members.

VII. Risk Factors

Distinguishing the Company to Customers

The Company generates its revenues from selling water park entertainment to customers. The Company must be able to reach its customers in an economical fashion and prove itself as a reliable vendor.

Mitigation Strategy:

Execute marketing programs. Participate in community events. Maximize sales activities.

Attracting and Retaining Qualified Staff

California Splash must be able to attract qualified professionals to its staff. This is critical to the growth and reputation of the business. It will be imperative that the Company develops loyalty among its employees in order to reduce turnover.

Mitigation Strategy:

Provide excellent working conditions. Provide competitive pay. Implement an industry competitive benefit plan. Provide an enjoyable work environment and give incentives. Compensate employees fairly and timely. Implement employee recognition programs.

Retaining a Loyal Customer Base

California Splash must be certain that it continues to garner rave customer reviews.

Mitigation Strategy:

Exceed customer expectations to assure referrals. Gain endorsements from customers.

No Barriers to Entry

Competitors could try and enter the market. However, as explained earlier, this is unlikely.

Mitigation Strategy:

Execute to business plan. Provide best entertainment value.

VIII. Financial Projections

Research for **California Splash Water Park** was completed by Glenn Kierstead and Heritage Investments based on twenty-four years of experience in the water slide and water park industry.

Verification of revenues and income that could be expected is based upon actual income figures from Raging Waters in San Jose and Waterworld USA in Concord, California. The expected income was derived from both the feasibility study and a weighted average of the Waterworld USA Concord facility, which is the closest in size and demographics to the California Splash facility. Full demographics are in the William Haralson Feasibility Study, available for review by request.

Expenses were derived from past business experience and by adjusting figures to reflect the increased expense for the water park expansion. The standard for the industry reflects an expense ratio of 65% of gross revenues and 35% income. Heritage Investments' analysis shown depicts a conservative lower income per capita and lower expense ratio based on economy of scale and a lower proprietary interest tax rate. The projected gross income shown in the Haralson Report depicts a higher per capita income than Heritage Investments chooses to represent in these investment projections. The attendance goals are very achievable. Field studies at the Concord Waterworld USA park show a much higher daily attendance than is represented in this report. **To be conservative, California Splash LLC has chosen to utilize lower, more conservative attendance, revenue and income projections.**

Assumptions

Revenue Projections

Revenue Assumptions					
	2006	2007	2008	2009	2010
Gate Income					
Weekday (60 days)	\$1,024,718	\$1,087,804	\$1,125,610	\$1,197,658	\$1,361,039
Weekend (37days)	\$2,054,462	\$2,209,293	\$2,272,686	\$2,358,386	\$2,386,092
Private Parties 60 days	\$66,060	\$70,679	\$73,555	\$78,897	\$82,184
Private Parties 37 days	\$70,005	\$74,900	\$77,948	\$83,609	\$87,093
Concession Income					
Weekday (60 days)	\$173,880	\$177,653	\$190,900	\$199,167	\$126,360
Weekend (37 days)	\$341,052	\$357,749	\$379,061	\$505,618	\$435,065
Cabana rental income days	\$37,800	\$37,800	\$37,800	\$37,800	\$37,800
Cabana rental income weekends	\$23,310	\$23,310	\$23,310	\$23,310	\$23,310
General Stores & Miscellaneous	\$31,757	\$55,215	\$60,091	\$71,205	\$46,080
General Stores & Miscellaneous	\$102,316	\$107,783	\$129,499	\$122,387	\$290,043
Locker & tube rental income (weekdays)	\$31,878	\$32,456	\$33,134	\$46,835	\$46,080
Locker & tube rental income (weekends)	\$61,762	\$65,358	\$71,406	\$75,128	\$78,854
TOTAL	\$4,019,000	\$4,300,000	\$4,475,000	\$4,800,000	\$5,000,000

Projected COGS

COGS Assumptions					
	2006	2007	2008	2009	2010
Cost of Food	\$154,480	\$267,090	\$170,988	\$191,235	\$199,577
Cost of Goods (General Store)	32,774	54,142	102,946	98,806	103,116
Cost of Water Park Rentals	\$18,500	\$21,052	\$21,015	\$21,500	\$29,131

Projected Expenses

a) Payroll

Payroll Expenses					
	2006	2007	2008	2009	2010
Payroll (waterpark)	\$548,000	\$628,000	\$643,000	\$678,000	\$725,000
Payroll Taxes (water park)	\$157,002	\$175,840	\$184,220	\$189,840	\$198,800
Payroll (concessions)	\$171,866	\$190,743	\$200,506	\$212,520	\$221,794
Payroll Taxes (concessions)	\$51,076	\$54,647	\$57,445	\$60,887	\$63,543
TOTAL	\$927,944	\$1,049,230	\$1,085,171	\$1,141,247	\$1,209,137

Payroll expenses may be less depending upon temperature, weather and other conditions

b) Expenses will average the following (next page):

Expenses					
	2006	2007	2008	2009	2010
WaterPark Expense					
Accounting	\$10,500	\$15,049	\$10,250	\$17,881	\$18,661
Advertising	\$380,000	\$390,000	\$410,000	\$443,000	\$470,000
Computer Support	\$3,000	\$3,210	\$3,340	\$3,576	\$3,732
Chemical Cost	\$90,000	\$115,082	\$120,048	\$137,348	\$138,070
Board of Director Fees	\$15,000	\$15,000	\$16,702	\$17,881	\$18,661
Convention Entertainment	\$5,000	\$5,350	\$5,567	\$5,960	\$6,220
EBRPD Lease Fees	\$65,570	\$95,500	\$124,000	\$161,000	\$195,000
Employee Uniforms	\$6,000	\$6,000	\$8,500	\$6,500	\$7,465
Landscape Maintenance	\$12,500	\$12,874	\$12,918	\$14,901	\$15,551
Landscape Replacement	\$3,000	\$3,210	\$3,340	\$3,576	\$3,733
Legal Fees	\$9,000	\$9,000	\$9,021	\$9,200	\$11,917
Insurance	\$230,000	\$230,000	\$232,692	\$247,418	\$248,818
Maintenance	\$5,000	\$16,049	\$16,702	\$15,000	\$18,661
Maintenance Supplies	\$5,000	\$16,049	\$16,702	\$15,000	\$18,661
Management Fee Contract	\$110,523	\$114,250	\$123,063	\$132,000	\$132,500
Management Fee Heritage	\$110,523	\$114,250	\$123,063	\$132,000	\$132,500
Payroll (waterpark)	\$548,000	\$628,000	\$643,000	\$678,000	\$725,000
Payroll Taxes (water park)	\$157,002	\$175,840	\$184,220	\$189,840	\$198,800
Replacement Repair Cost	\$14,000	\$14,978	\$14,000	\$16,721	\$17,417
Security (Day)	\$12,000	\$11,990	\$12,362	\$13,505	\$14,929
Security (Night)	\$10,000	\$15,059	\$15,840	\$17,081	\$18,661
Real Estate Taxes	\$35,000	\$50,000	\$50,000	\$50,000	\$55,000
Training	\$5,000	\$5,000	\$5,567	\$5,960	\$6,220
Utilities (Gas & Electric)	\$90,000	\$106,847	\$116,399	\$133,000	\$130,055
Utilities (Water)	\$19,000	\$20,000	\$22,269	\$23,842	\$24,000
Contingencies	\$5,317	\$1,094	\$1,139	\$5,220	\$1,437
Total Waterpark	\$1,955,935	\$2,189,681	\$2,300,704	\$2,495,410	\$2,631,669
Concession Expenses					
Payroll (concessions)	\$171,866	\$190,743	\$200,506	\$212,520	\$221,794
Payroll (taxes)	\$51,076	\$54,647	\$57,445	\$60,887	\$63,543
Total Concession	\$222,942	\$245,390	\$257,951	\$273,407	\$285,337
Total Expenses	\$2,178,877	\$2,435,071	\$2,558,655	\$2,768,817	\$2,917,006

Capital Expenditures

Capital expenditures for the next five years are shown below.

Capital Expenditures					
	2006	2007	2008	2009	2010
CapEx Expenses	\$10,500,000	\$250,000	\$250,000	\$250,000	\$250,000

Taxes

Income taxes are calculated at a combined state and federal rate of 40%.

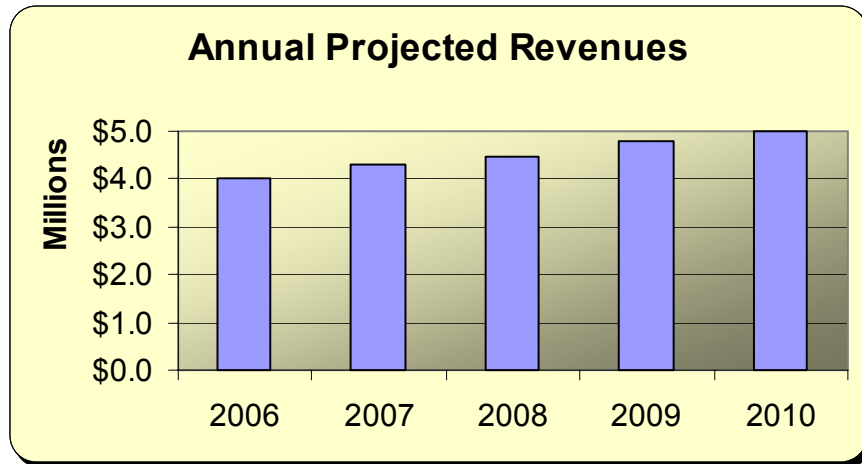
Cash Flow

- a) Receivables average 0 days

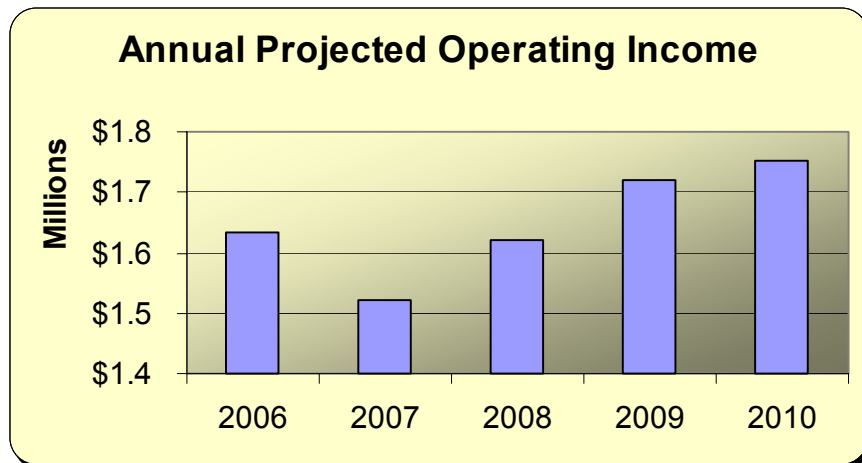
b) Payables average 30 days.

Profit and Loss

On an annualized basis, California Splash’s planned operations will result in a revenue stream of \$4.019 million in 2006 and \$5.0 million within five years. (See graph)



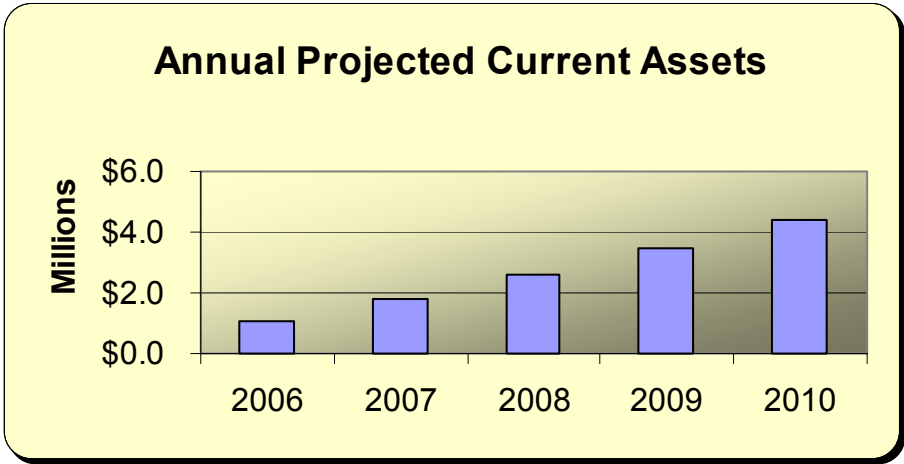
The Company believes it will be profitable on an annual basis. Profitability (operating income) grows to \$1.75 million in 2010.



A full set of P&L projections (annually for five years) is shown in the Appendix.

Balance Sheet

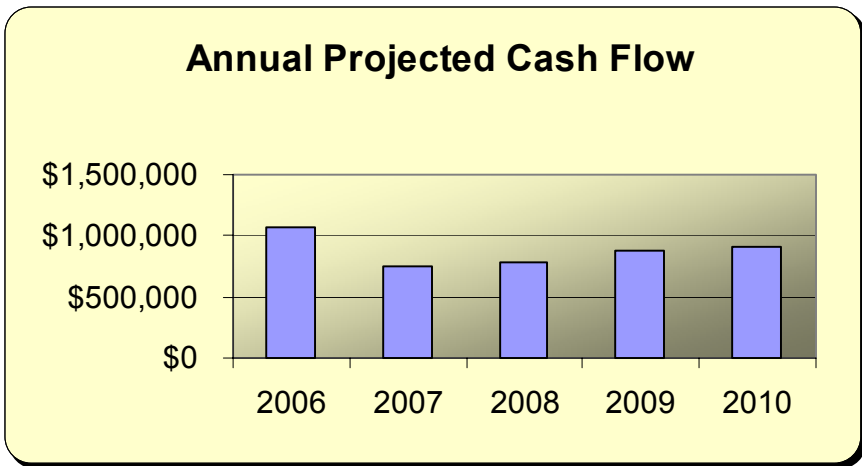
With the projected top line revenues, management of expenses and the expected financial investment the Company’s balance sheet remains strong. (See graph below)



Full balance sheet details (annually for five years) are shown in the Appendix.

Cash Flow

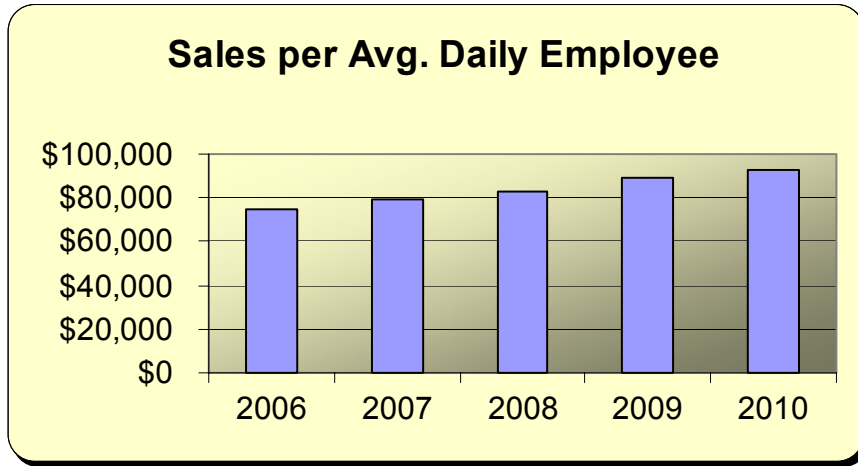
California Splash’s operations show adequate cash flow to support the business. The five-year cash flow projections are positive, as profitability remains strong. This is shown in the following graph.



Complete monthly cash flow statements for the next five years are shown in the Appendix.

Employee Productivity

The Company anticipates that it will increase employee productivity as measured by sales per employee as the business grows. This is shown in the following graph.



IX. Use of Proceeds

Capital Improvements

The cost estimates for development and capital improvements were made by Glenn Kierstead of Heritage Investments. Computations are based on best estimates for each line item on the cost statement. Calculations for each line include input from the builder, Tom Makowski of Aquatic Pool Construction, and our designer Amusement Leisure Worldwide. Some of the line item estimates are actual bid proposals. The author of this projection estimated on the high side to insure sufficient capital to complete the project. Our builder confirms that opinion.

At the date of this printing, approximately 80% of the line items have been estimated and supported by contracts contingent upon the completion of financing.

California Splash will spend \$10.5 million on development of the park area and building attractions. Details are shown below:

Capital Expenditures	
	2006
Buildings	\$1,183,802
Decks & Walkways	\$360,000
Electrical	\$733,050
Fees and Permits	\$569,856
Fencing	\$40,199
Fire Sprinklers and Lines	\$90,138
Grading and Paving	\$964,960
Labor	\$135,000
Landscaping	\$250,000
Plans and Engineering	\$351,700
Pools	\$2,988,118
Pre-development	\$800,000
Reserve for Contingencies	\$518,220
Retaining Walls	\$76,861
Sewer Lines	\$80,000
Shade Structures	\$136,821
Slides	\$1,003,875
Storm Water Systems	\$41,000
Support Structures	\$68,000
Technical Reports	\$8,400
Water Lines	\$100,000
Total	\$10,500,000

In succeeding years, **California Splash** will spend \$250,000 annually on capital items to maintain and improve the park.

Staff Additions

As has been detailed earlier in this plan, the Company will be hiring professional staff to support operations and service customers. By the end of 2006, six permanent employees and approximately 150 part-time employees will be on staff and some of the funds will be used to cover hiring and employee start-up expenses.

Working Capital

Any remaining capital investment will be used for working capital to support sales, marketing, and administrative expenses. **California Splash** is expecting to sell 2,000 pre-opening seasonal passes at \$69.95 each which will result in working capital additions of more than \$135,000. After June 2006, the seasonal tickets will sell for \$79.95. Any other working capital needs will be in the form of short-term loans from outside sources, the partners of California Splash or the Kierstead Family.

X. Investor Return Strategy

California Splash is seeking a \$4.5 million loan to execute its business plan. The Company believes that the investor can achieve a fair return on this loan.

This plan is predicated on the assumption that the lender will receive monthly payments of both interest and principle against the loan. The loan is calculated at a 7.5% interest rate and amortized over twenty years although the Company anticipates paying the loan back earlier. Cash flow projections indicate that the Company will have sufficient operating flexibility and capability to meet monthly payments.

California Splash is also seeking a \$6.048 million equity investment. The Company believes that the investors can achieve a fair return on this investment.

Investor return should come through increased valuation of the Company as revenues grow, the balance sheet becomes stronger, and the Company attains a market leadership position. The Company believes that it could sell at some point in the future for \$13 million or more. Based on a \$13 million sales price and the cash balance of the business, the equity investors would achieve the following Compounded Annual growth rate (CAGR) on their investment.

Potential Investor Return	
If Sold	CAGR
Year 4	40%
Year 5	31%
Year 7	21%
Year 11	14%

The amount requested provides the Company with adequate cash reserve should revenue targets take longer to reach. Furthermore, management believes the business plan and pro forma presented here illustrate that this investment carries a reasonable level of risk to the investor.

XI. References

- ¹ 2005 “The Amusement Park History: A Very Brief History”, (National Amusement Park Historical Association) Article Found at:
<<http://www.napha.org/history.html>>
- ² 2005 “Waterpark: Evolution of Waterparks from Spas”, (Answers on Waterparks, 2005) Article Found at:
<<http://www.answers.com/topic/water-park>>
- ³ 2005 “Just Add Water: Waterpark Resorts are causing a Seismic Shakeup of Aquatics and Hotel Industries”, (By Gary Thill, 2005 Aquatics International) Article Found at:
<http://www.aquaticsintl.com/2005/waterparks/0504w_addwater.html>
- ⁴ 2005 “Facts about the Industry”, (Waterpark Facts, 2005) Article Found at:
<http://www.waterparks.org/waterpark_facts.asp>
- ⁵ 2005 “Waterpark Industry Fun Facts: General Stats”, (By Gina B. Kellogg, Director of Communications, World Waterpark Association, 2005) Article Found at:
<<http://www.waterparks.org/otherArticles/General1%20facts.pdf>>
- ⁶ 2005 “Waterparks, Waterparks, Everywhere”, (By Kyle Ryan, Recreation Management, September, 2005) Article Found at:
<<http://www.recmanagement.com/features.php?fid=200509fe01&ch=3>>

APPENDICES

APPENDICES

Pro Forma – 5 Year P & L

Profit and Loss Statement

	2006	2007	2008	2009	2010
	<i>Proj</i>	<i>Proj</i>	<i>Proj</i>	<i>Proj</i>	<i>Proj</i>
Revenues					
Gate Income	\$3,215,245	\$3,442,676	\$3,549,799	\$3,718,550	\$3,916,408
Concession Income	\$803,755	\$857,324	\$925,201	\$1,081,450	\$1,083,592
Total Revenues	\$4,019,000	\$4,300,000	\$4,475,000	\$4,800,000	\$5,000,000
Cost of Goods Sold					
Cost of Food	\$154,480	\$267,090	\$170,988	\$191,235	\$199,577
Cost of Goods (General Store)	\$32,774	\$54,142	\$102,946	\$98,806	\$103,116
Cost of Water Park Rentals	\$18,500	\$21,052	\$21,015	\$21,500	\$29,131
Total COGS	\$205,754	\$342,284	\$294,949	\$311,541	\$331,824
	5.1%	8.0%	6.6%	6.5%	6.6%
Gross Profit	\$3,813,246	\$3,957,716	\$4,180,051	\$4,488,459	\$4,668,176
	94.9%	92.0%	93.4%	93.5%	93.4%

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Pro Forma – 5 Year P & L

Expenses

WaterPark Expense					
Accounting	\$10,500	\$15,049	\$10,250	\$17,881	\$18,661
Advertising	\$380,000	\$390,000	\$410,000	\$443,000	\$470,000
Computer Support	\$3,000	\$3,210	\$3,340	\$3,576	\$3,732
Chemical Cost	\$90,000	\$115,082	\$120,048	\$137,348	\$138,070
Board of Director Fees	\$15,000	\$15,000	\$16,702	\$17,881	\$18,661
Convention Entertainment	\$5,000	\$5,350	\$5,567	\$5,960	\$6,220
EBRPD Lease Fees	\$65,570	\$95,500	\$124,000	\$161,000	\$195,000
Employee Uniforms	\$6,000	\$6,000	\$8,500	\$6,500	\$7,465
Landscape Maintenance	\$12,500	\$12,874	\$12,918	\$14,901	\$15,551
Landscape Replacement	\$3,000	\$3,210	\$3,340	\$3,576	\$3,733
Legal Fees	\$9,000	\$9,000	\$9,021	\$9,200	\$11,917
Insurance	\$230,000	\$230,000	\$232,692	\$247,418	\$248,818
Maintenance	\$5,000	\$16,049	\$16,702	\$15,000	\$18,661
Maintenance Supplies	\$5,000	\$16,049	\$16,702	\$15,000	\$18,661
Management Fee Contract	\$110,523	\$114,250	\$123,063	\$132,000	\$132,500
Management Fee Heritage	\$110,523	\$114,250	\$123,063	\$132,000	\$132,500
Payroll (waterpark)	\$548,000	\$628,000	\$643,000	\$678,000	\$725,000
Payroll Taxes (water park)	\$157,002	\$175,840	\$184,220	\$189,840	\$198,800
Replacement Repair Cost	\$14,000	\$14,978	\$14,000	\$16,721	\$17,417
Security (Day)	\$12,000	\$11,990	\$12,362	\$13,505	\$14,929
Security (Night)	\$10,000	\$15,059	\$15,840	\$17,081	\$18,661
Real Estate Taxes	\$35,000	\$50,000	\$50,000	\$50,000	\$55,000
Training	\$5,000	\$5,000	\$5,567	\$5,960	\$6,220
Utilities (Gas & Electric)	\$90,000	\$106,847	\$116,399	\$133,000	\$130,055
Utilities (Water)	\$19,000	\$20,000	\$22,269	\$23,842	\$24,000
Contingencies	\$5,317	\$1,094	\$1,139	\$5,220	\$1,437
Total Waterpark	\$1,955,935	\$2,189,681	\$2,300,704	\$2,495,410	\$2,631,669
Concession Expenses					
Payroll (concessions)	\$171,866	\$190,743	\$200,506	\$212,520	\$221,794
Payroll (taxes)	\$51,076	\$54,647	\$57,445	\$60,887	\$63,543
Total Concession	\$222,942	\$245,390	\$257,951	\$273,407	\$285,337
Total Expenses	\$2,178,877	\$2,435,071	\$2,558,655	\$2,768,817	\$2,917,006

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Pro Forma – 5 Year P & L

Operating Profit (loss)	\$1,634,369	\$1,522,645	\$1,621,396	\$1,719,642	\$1,751,170
	40.7%	35.4%	36.2%	35.8%	35.0%
Other Income/Expense					
Depreciation	(\$525,000)	(\$537,500)	(\$550,000)	(\$562,500)	(\$575,000)
Other Income/(Expense)	\$8,468	\$27,228	\$46,070	\$65,574	\$87,351
Loan Interest	(\$334,077)	(\$326,240)	(\$317,796)	(\$308,695)	(\$298,888)
Total Other	(\$850,609)	(\$836,513)	(\$821,725)	(\$805,621)	(\$786,537)
EBT	\$783,760	\$686,132	\$799,671	\$914,021	\$964,633
Taxes	\$313,504	\$274,453	\$319,868	\$365,608	\$385,853
Net Income	\$470,256	\$411,679	\$479,803	\$548,412	\$578,780
	11.7%	9.6%	10.7%	11.4%	11.6%

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Pro Forma – 5 Year Balance Sheet

Balance Sheet	2006 <i>Proj</i>	2007 <i>Proj</i>	2008 <i>Proj</i>	2009 <i>Proj</i>	2010 <i>Proj</i>
Assets					
Current Assets					
Cash	\$1,089,114	\$1,842,819	\$2,622,947	\$3,494,034	\$4,411,525
Accounts Receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$0	\$0
Undeposited Funds	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$1,089,114	\$1,842,819	\$2,622,947	\$3,494,034	\$4,411,525
Fixed Assets					
Equipment & Facilities	\$10,500,000	\$10,750,000	\$11,000,000	\$11,250,000	\$11,500,000
Accumulated Depreciation	(\$525,000)	(\$1,062,500)	(\$1,612,500)	(\$2,175,000)	(\$2,750,000)
Total Fixed Assets	\$9,975,000	\$9,687,500	\$9,387,500	\$9,075,000	\$8,750,000
Intangibles					
Intangibles	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
Total Other Assets	\$0	\$0	\$0	\$0	\$0
Total Assets	\$11,064,114	\$11,530,319	\$12,010,447	\$12,569,034	\$13,161,525

APPENDICES

Pro Forma – 5 Year Balance Sheet

Liabilities and Equity

Current Liabilities

Accounts Payable	\$198,719	\$430,166	\$667,966	\$924,662	\$1,195,398
Loan Payable	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0

Total Current Liabilities	\$198,719	\$430,166	\$667,966	\$924,662	\$1,195,398
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Long Term Liabilities

Bank Note	\$4,347,139	\$4,170,218	\$3,932,743	\$3,686,222	\$3,429,197
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Total Long Term Liabilities	\$4,347,139	\$4,170,218	\$3,932,743	\$3,686,222	\$3,429,197
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Total Liabilities	\$4,545,858	\$4,600,383	\$4,600,709	\$4,610,884	\$4,624,596
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Shareholder Equity

Preferred Stock	\$6,048,000	\$6,048,000	\$6,048,000	\$6,048,000	\$6,048,000
Common Stock	\$0	\$0	\$0	\$0	\$0
Additional Paid in Capital	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$0	\$470,256	\$881,935	\$1,361,738	\$1,910,150
Current Year Income (Loss)	\$470,256	\$411,679	\$479,803	\$548,412	\$578,780

Total Shareholder Equity	\$6,518,256	\$6,929,935	\$7,409,738	\$7,958,150	\$8,536,930
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Total Liabilities and Equity	\$11,064,114	\$11,530,319	\$12,010,447	\$12,569,034	\$13,161,525
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APPENDICES

Pro Forma – 5 Year Cash Flow

Cash Flow Analysis	2006 <i>Proj</i>	2007 <i>Proj</i>	2008 <i>Proj</i>	2009 <i>Proj</i>	2010 <i>Proj</i>
Cash from Operations					
Net Income	\$470,256	\$411,679	\$479,803	\$548,412	\$578,780
Accounts Receivable Increase	(\$4,019,000)	(\$4,300,000)	(\$4,475,000)	(\$4,800,000)	(\$5,000,000)
Accounts Receivable Paid	\$4,019,000	\$4,300,000	\$4,475,000	\$4,800,000	\$5,000,000
Change in Inventory	\$0	\$0	\$0	\$0	\$0
Accounts Payable Increase	\$2,384,631	\$2,777,355	\$2,853,604	\$3,080,358	\$3,248,830
Accounts Payable Paid	(\$2,185,912)	(\$2,545,909)	(\$2,615,804)	(\$2,823,662)	(\$2,978,094)
Add Back Note interest	\$334,077	\$326,240	\$317,796	\$308,695	\$298,888
Add Back Depreciation&Amorti	\$525,000	\$537,500	\$550,000	\$562,500	\$575,000
Total Cash from Operations	\$1,528,052	\$1,506,866	\$1,585,398	\$1,676,304	\$1,723,404
Cash from Investing					
Purchases of P&E	(\$10,500,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Purchases of Intangibles	\$0	\$0	\$0	\$0	\$0
Total Cash from Investing	(\$10,500,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

APPENDICES

Pro Forma – 5 Year Cash Flow

Cash from Financing					
Loan	\$0	\$0	\$0	\$0	\$0
Bank Note	\$4,064,980	(\$435,020)	(\$435,020)	(\$435,020)	(\$435,020)
Additional Equity Paid	(\$51,918)	(\$68,141)	(\$120,250)	(\$120,196)	(\$120,892)
Equity	\$6,048,000	\$0	\$0	\$0	\$0
Total Cash from Financing	\$10,061,062	(\$503,161)	(\$555,270)	(\$555,216)	(\$555,912)
Change in Cash	\$1,089,114	\$753,705	\$780,128	\$871,088	\$917,491
Opening Balance	\$0	\$1,089,114	\$1,842,819	\$2,622,947	\$3,494,034
Ending Cash Balance	\$1,089,114	\$1,842,819	\$2,622,947	\$3,494,034	\$4,411,525

Resumes

LEE MICHAEL HOVIS

2581 East Clarene Court
Meridian, Idaho 83642
208-888-6850

WORK HISTORY

- 1999-Present* *General Manager, Roaring Springs Waterpark*
Responsible for management and operation of a 15-acre waterpark for BowDen Properties, LLC. Directed admissions, aquatics, budgeting, food service, maintenance, marketing, merchandising, operations and sales. Employed 10 full time staff members and over 350 seasonal employees.
- 1995-1999* *Director of Waterparks/Assistant General Manager, Adventure Landing*
Responsibilities include organizing and supervising admissions, aquatics, food service, maintenance, merchandising and Group Sales for a 10-acre Family Entertainment Center and Waterpark. Developed an on site waterpark expansion plan and assisted in other Adventure Landing waterpark development projects planned across the United States. Instrumentally involved during planning, construction, organizational development and training phases of the park.
- 1993-1995* *General Manager, Summer Waves Waterpark*
Responsible for management and operation of an 11-acre waterpark for the Jekyll Island State Park Authority. Directed admissions, aquatics, budgeting, food service, maintenance, merchandising, operations and sales. Employed 3 full time staff members and over 100 seasonal employees. Duties also included directing the Jekyll Island Miniature Golf facility and Island Christmas activities.
- 1992-1993* *General Manager, Niagara Splash Waterpark*
Directed all areas of operation for a 16-acre waterpark under a management contract. Employed 8 full time staff members and over 150 seasonal employees. Developed and implemented turnaround businesses plan for a defunct and abandoned waterpark. Supervised repairs to and clean up of the buildings, equipment and pools. Successfully met opening day requirements with less than 30 days to prepare the park and staff.
- 1991-1992* *Director of Operations/Assistant General Manager, Emerald Pointe Waterpark*
Responsible for the operation, maintenance and safety of a 40-acre waterpark. Trained and supervised over 100 employees. Assisted in the successful turnaround operation of a large waterpark. Implemented safety and design changes to attractions that decreased injuries and increased guest satisfaction and capacity.
- 1988-1991* *General Manager, Woodlake Swim and Racquet Club*
Responsible for the operation and maintenance of a 4 pool, 16-tennis court fitness complex. Directed supervision of 50 employees. Initiated a successful employee training and bonus incentive programs.
- 1988* *Regional Sales Manager, Water Country USA*
Directly responsible for advance ticket sales, consignments, groups sales, catering and promotions of a major waterpark. Territory included Southeastern Virginia and all of North Carolina.
- 1984-1988* *Operations Supervisor, Water Country USA*
Held various operation and retail positions. Extensively involved with all facets of operations. Directly responsible for supervision and training of over 100 seasonal employees.



Principal

Kent Lemasters - President/Chief Executive Officer

Mr. Lemasters has 25 plus years experience in the theme, amusement, waterpark and family entertainment business including 15 years as Vice President/General Manager of one of the most successful water amusement parks in the world, Raging Waters, San Dimas, (Los Angeles), CA, one of America's premier water theme parks. Under Mr. Lemasters' leadership, the park grew from a start up 300,000 attendance operation to a 50 acre park with annual attendance of over 700,000. Prior to Raging Waters, Mr. Lemasters was VP/GM at Calaway Park, Calgary, Alberta, a major regional amusement park and western Canada's 1st major theme park.

Mr. Lemasters began his career in the family entertainment theme park business as one of the first employees and management team member of the highly successful Silver Dollar City regional family theme park in Branson, MO. He was also on the start-up management team for Dollywood, a Silver Dollar City owned theme park project in Pigeon Forge, TN. He was Director of Marketing and Sales at both facilities and saw annual attendance grow to over 2.0 million annually during his leadership.

Mr. Lemasters has had bottom-line responsibilities in all areas of the park business including planning, financial, development, construction, operation and marketing of a variety of theme, amusement and water parks. He resigned his position in January, 2000 as Vice President of Ogden Entertainment, California Parks where he was responsible for overall management of Ogden's most recent California acquisitions, Raging Waters, San Dimas, CA and Castle Park, Riverside, CA a 30 ride amusement park and family entertainment center. Under Mr. Lemasters leadership, the parks grew to 1,200,000 attendance and 1000 employees.

John Bannert, Owner
J G B Construction
California Contractor's State License No. 856406

Education

General Education/Fire Science Las Positas College

Certified Courses

Construction Laws & Regulations	CSLS	Concord, CA
Construction Business & Management	CSLS	Concord, CA
Construction Estimating & Blueprints	CSLS	Concord, CA
Construction On site Management	CSLS	Concord, CA

Professional Membership

California Building Industry Association
National Association of Home Builders
General Building Contractors Association

Project Experience

Mr. Bannert's experience covers a wide range of construction and management duties on phases of residential and commercial projects.

Water Park


Rapids water slides/ Pleasanton, California – Maintaining equipment and repairs on pump piping, filter and slides.

Agriculture/Commercial

2,800 square foot barn, Knightsen, California: Permit approval and erection of including and piers, setting structural steel, roof and wall sheeting.

7,200 square foot barn and shop/Byron, California – Permitting and on site supervision of of building pad, digging of footings and beams, steel reinforcements, Mono pour of 300 c yards of concrete, erection of structural steel, roof and wall sheeting. Hands on: All trench and setting grades. Installation and connection of sewer, water and electrical.

Pier 1 Imports, Northern California – tenant improvements for all stores from Northern C to Fresno, California. Installation of all floor covering and trim work



Thomas J. Makowski
President of
Aquatic Pools and Construction, Inc.

Aquatic Pools and Construction, Inc. has been in business since 1989. Tom Makowski has been a licensed contractor in Pennsylvania since 1993. On the page below you will find a project list with managers that you can call for references.

Thomas J. Makowski, President of Aquatic Pools and Construction, Purchased Surf Side Water Park in 2003 in Auburn, AL. He also owns and started construction of Sparrow Pond Family Campground consisting of 230 acres in Erie County in 2003 and just opened 2005.

In 2004 Aquatic Pools completed one of the largest indoor water parks on the East Coast in Erie, PA for Scott's Enterprises, and recently completed a large family spa, with plans for a 100,000 square foot addition.

Plans have been completed for an indoor water park in Dundee Michigan next to Cabbalas Sport Outlet to start fall 2005/2006.

Tom is currently in negotiations with the City of Montgomery, AL to build and operate an outdoor water park on 23 acres.

Project Information

Hal Rogers Family Entertainment Center
City of Williamsburg, KY

Venture River Water Park
Eddyville, KY

Knights Action Water Park
Springfield, IL

Firewater Water Park
Amarillo, TX

Surf Side Water Park
Auburn, AL

Adventure Landing, Jacksonville, FL
Adventure Landing, Daytona Beach, FL

Great Waves
Mansfield, OH

YMCA
Peoria, IL

Tony Allegretti

Experience

Management, Customer Sales & Service and Administrative Support

- Supervision, Staff Scheduling and Human Resources
- Scheduled appointments, ordering and receiving supplies.
- Inside and Outside Sales.
- Kept general accounting, maintaining records regarding Accounts Payable and Accounts Receivable.
- Provided telephone support, greeting customers, suppliers and service providers.
- Trained new, part-time and/or intern employees and Sales Agents.
- Planned, coordinated and hosted special events to completion.

Employment History

General Manager; Rapids Waterslides/Shadowcliffs Regional Park 07/2004 to present
Accounts Manager; Special Events/a grande affair; Pinamar LLC, Livermore, CA
01/2003-07/2004

Operations Manager; Help with Anything/AJ Productions, Tracy, CA 04/1998-06/2003
Executive Administrative Assistant; IDES of California, Hayward, CA 03/1996-08/2001
Sales Agent; Insurance & Investments, IDES of California, Hayward, CA 05/1995-
08/2000

Carpenter/Foreman; R.A. Silva Construction Company, Soquel, CA 02/1986-04/1995
Games Manager; Santa Cruz Boardwalk/Canfield Concessions, Santa Cruz, CA
04/1983-02/1986

Key Strengths

- Directing & Supervising Staff
- Coordinating Projects/Events
- Training and Problem Solving
- Marketing and Advertising
- Customer Service
- Word Processing / Computer Skills (MSWord/Excel/Outlook/Powerpoint,Graphics)
- General Accounting ~ Accounts Payable and Receivable, Balance Sheets, Reconciliations

Summary

Managerial, Administrative and Sales Professional experienced working in a busy, fast paced environment, which demands strong organizational skills and the ability to work with individuals at all levels.

Education

Sales Training Workshops, CA State and National Fraternal Congress of America
California Department of Insurance; Life Agent License; 1995-2001
California Highway Patrol Academy, 1996
Business and Accounting Education, College of Sequoias, Visalia, CA; 08/1985-06/1986



View from Northeast property line facing Southwest

**CALIFORNIA
SPLASH**

2500 STANLEY BOULEVARD
PLEASANTON, CA







View from Northwest property line facing Southeast

**CALIFORNIA
SPLASH**
700 STANLEY BOULEVARD
CLARKSTON, CA

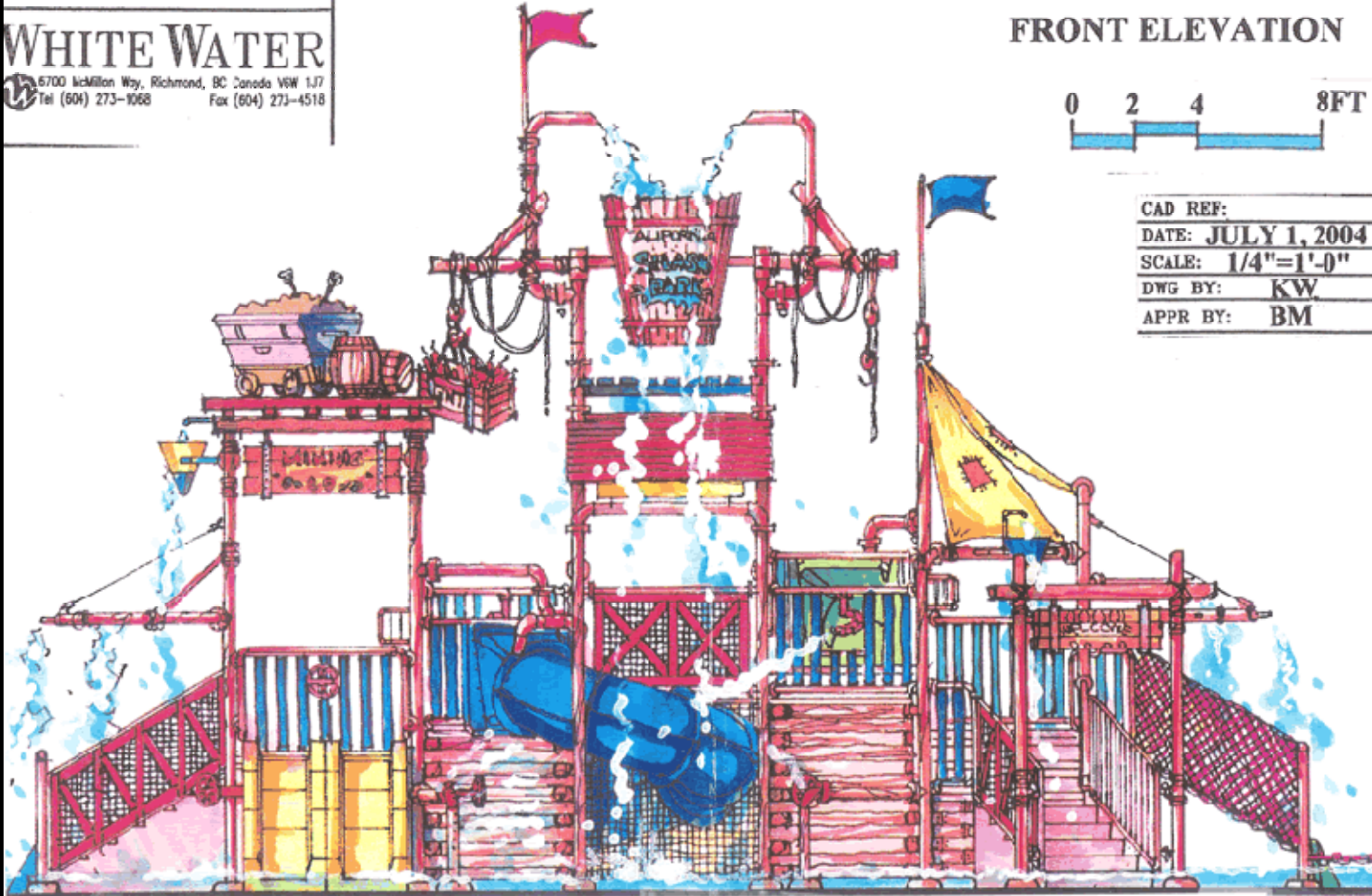
WHITE WATER

6700 McKillop Way, Richmond, BC Canada V6W 1J7
Tel (604) 273-1068 Fax (604) 273-4518

FRONT ELEVATION



CAD REF:
DATE: JULY 1, 2004
SCALE: 1/4"=1'-0"
DWG BY: KW
APPR BY: BM



**INTERACTIVE AQUAPLAY AP 550 WITH MINING THEME
CALIFORNIA SPLASH PARK, PLEASANTON, CALIFORNIA, USA**











View from North property line facing South





