Bay Crisis Clean Water Investment

Proxima Nova Tomales Bay SPV

$10M	1.82x	17.9%
Infrastructure Investment	Year 1 DSCR (Base Case)	Cash-on-Cash Return (Base Case)

Confidential Investment Materials | December 2025

A Documented Infrastructure Crisis

The Marshall Community Wastewater System is in regulatory failure, threatening public health and the local economy. Data from the San Francisco Bay Regional Water Quality Control Board confirms ongoing, critical violations.

Marshall System FOG (Fats, Oils, Grease) Violations			
Date	**FOG Level**	**Permit Limit**	**Exceedance**
Aug 2024	1,100 ppm	100 ppm	**11x Limit (Critical Violation)**
Sep 2024	340 ppm	100 ppm	**3.4x Limit (Violation)**
Oct 2024	280 ppm	100 ppm	**2.8x Limit (Violation)**
Nov 2024	195 ppm	100 ppm	**2.0x Limit (Violation)**

Key Takeaway: The existing public infrastructure was not designed for current **commercial loads and is failing catastrophically.**

Infrastructure Failure Blocks Critical Housing

37-YEAR WAITLIST

The North Marshall community has been waiting for sewer connections since the 1987 East Shore Community Plan.

West Marin's acute housing shortage is directly exacerbated by this multi-decade infrastructure paralysis. New housing, from affordable units to single-family homes, cannot be built without a viable wastewater solution.

127

DISPLACED RESIDENTS

A nearby wastewater system failure left 127 people without permanent housing solutions.

Regulatory Tailwind

This project directly addresses priorities in the **Marin County 2026 Legislative Platform**, which calls for supporting "new affordable and accessible housing construction" and using "surplus publicly owned lands... to create affordable housing," both of which are currently impossible.

A Stranded Market with No Viable Alternatives

This is structural demand, not speculative market creation. Property owners face mounting regulatory pressure with no escape route.

[X] Municipal Sewer Connection

Blocked by a 37-year waitlist and system overload.

[X] New Septic Systems

Blocked by regulatory prohibitions in most of the service area.

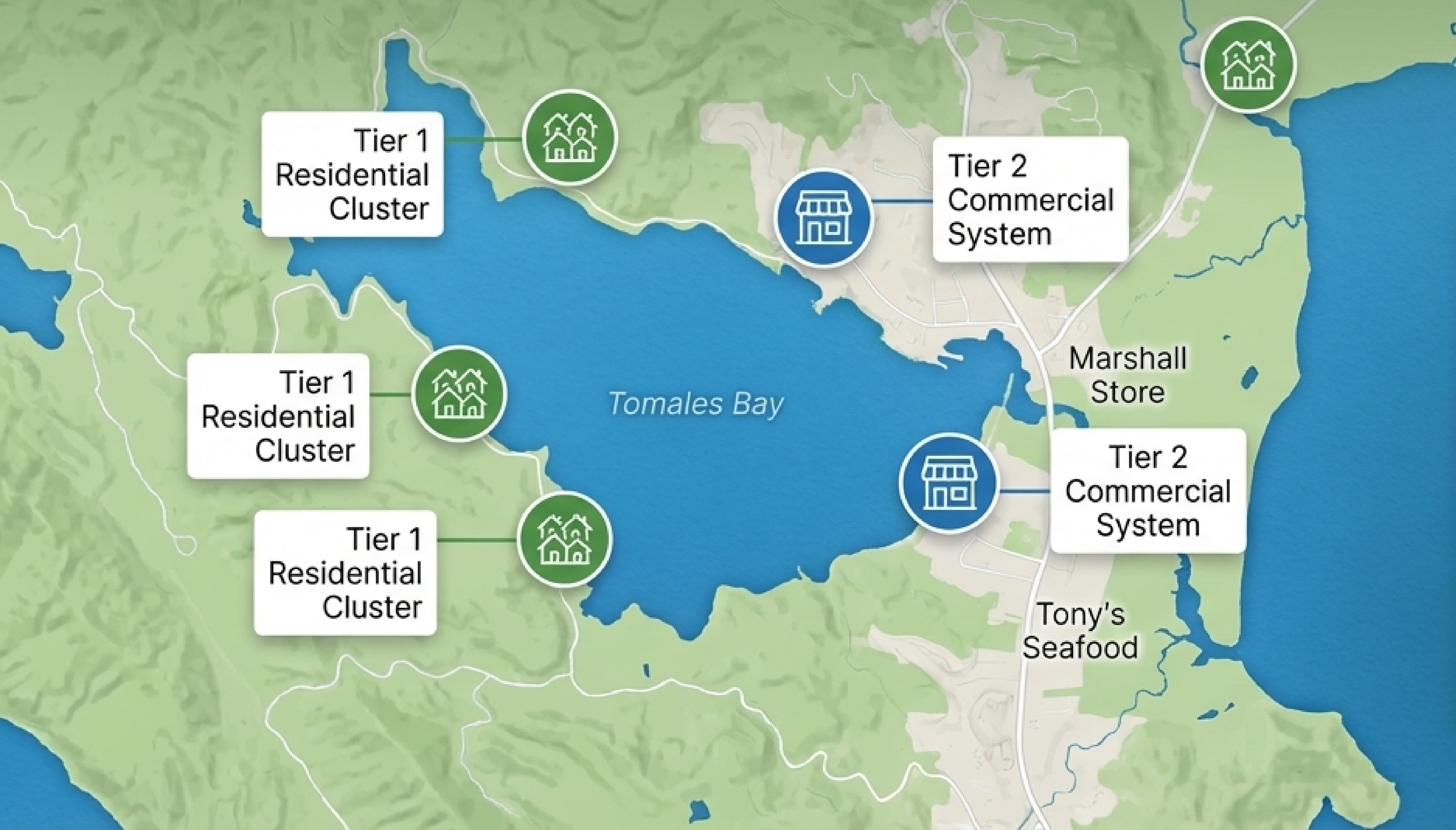
[X] Wastewater Trucking

Financially unsustainable. Commercial operators like Marshall Store pay over $200,000 annually.

[✓] Kaimana Private Utility

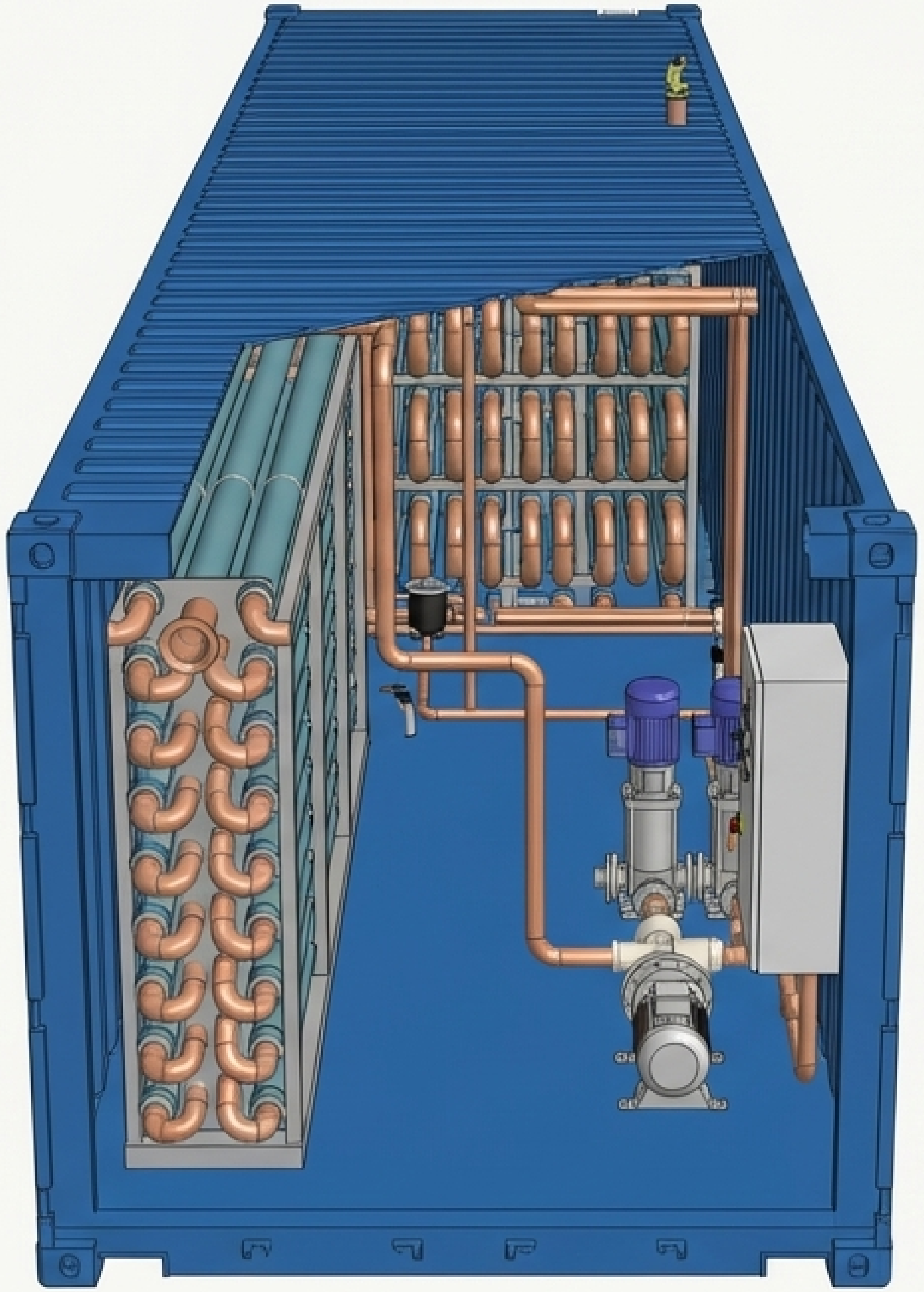
The only financially and regulatorily viable solution.

The Solution: A Decentralized Network for Tomales Bay



Our decentralized architecture provides resilient, targeted service to stranded communities, bypassing the failed centralized model.

Total initial service area: 200 residential units and 2 key commercial accounts.



Kaimana Technology: Engineered to Succeed

Proven, modular technology designed to solve the exact problem the Marshall system couldn't: high-strength commercial waste.

1. Biological FOG Pretreatment

A proprietary bioreactor digests fats, oils, and grease *before* they can cause system failure. This is the critical innovation.

2. Activated Sludge Treatment

Conventional biological treatment achieves secondary standards and enhanced nitrogen removal.

3. Tertiary Filtration & Disinfection

Final polishing produces California Title 22 recycled water, a valuable asset.

Output:
Clean, reusable water for on-site irrigation and fire protection storage.

A Two-Tier Service Model for a Two-Tier Market

TIER 1: RESIDENTIAL	TIER 2: COMMERCIAL
Customer Profile: Residential clusters (10-50 homes)	**Customer Profile:** Restaurants, food processors
FOG Profile: 50-100 ppm (Standard)	**FOG Profile:** 100-1,100+ ppm (High-Strength)
System Cost: $1,200,000 per cluster	**System Cost:** $1,800,000 per installation
Monthly Rate: $600 / unit	**Monthly Rate:** $7,500 / account
Customer Value Proposition: Eliminates the need for $30K-$50K individual septic replacements and unlocks property use.	**Customer Value Proposition:** Saves over $160,000 per year compared to emergency wastewater trucking.

Financial Foundation: Capital Structure & Use of Funds

Capital Stack

Senior Debt: $7,000,000 (70%)

Terms: 6.5% fixed, 20-year amortization

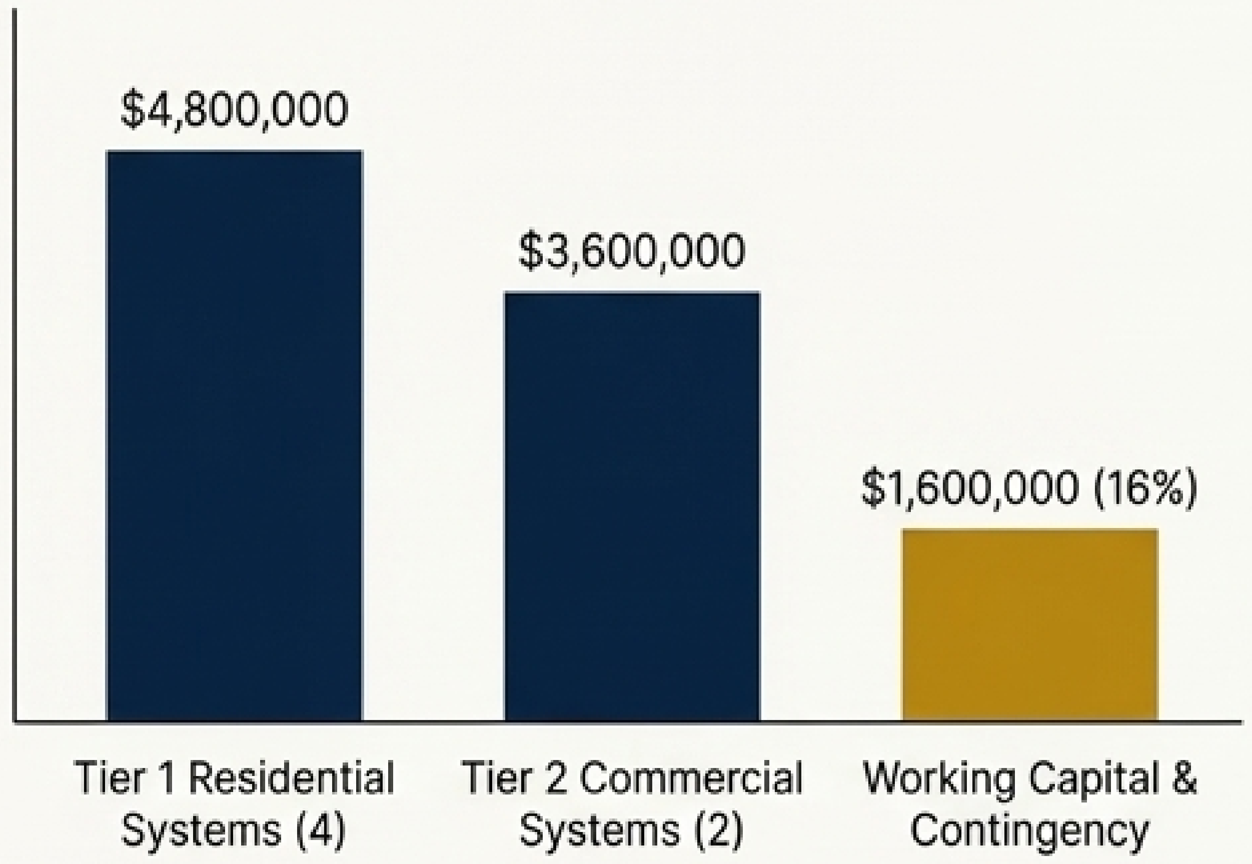
Equity: $3,000,000 (30%)

Terms: 8% preferred return, 80/20 profit split

Total Capital: $10,000,000

Annual Debt Service: $626,281

Use of Funds



Total Deployment: $10,000,000

Modeling Resilience: Pricing & Adoption Sensitivity

DSCR Sensitivity Matrix

Adoption Rate

Monthly Rate	50%	60%	70%	75%	85%	92%
$450/mo	0.87x	1.02x	1.17x	1.24x	1.39x	1.50x
$500/mo	0.97x	1.13x	1.30x	1.39x	1.56x	1.67x
$550/mo	1.06x	1.25x	1.44x	1.53x	1.72x	1.85x
$600/mo	1.16x	1.36x	1.57x	Base Case 1.67x	1.88x	Current Plan 2.03x
$650/mo	1.25x	1.48x	1.71x	1.82x	2.04x	2.20x

Significant Margin of Safety

At our target rate of $600/month, the project meets its 1.25x debt service covenant at just **55% adoption** (110 units).

The Investment Landscape: Six Scenarios at a Glance

We have modeled a comprehensive range of outcomes to understand performance under pressure. Our recommended presentation is the disciplined Base Case.

Scenario	Rate	Y1 Adopt	Y1 DSCR	Y1 CoC	10-Yr Cum. CF
Stress Case	$600	50%	0.87x	-2.6%	($1.2M)
Conservative	$600	60%	1.10x	2.1%	$0.2M
Base Case	**$600**	**75%**	**1.44x**	**9.2%**	**$1.4M**
Current Plan	$600	92%	1.83x	17.2%	$1.7M
Premium Pricing	$650	75%	1.57x	12.0%	$2.4M
Discount Strategy	$550	85%	1.52x	10.8%	$0.8M

The Base Case: Our Disciplined Projection

Residential Rate: $600/month | Adoption Trajectory: 75% → 92% over 3 years

Year	Adoption %	Revenue	OpEx	NOI	Debt Service	Cash Flow	DSCR	Cumulative CF
Y1	75%	$1354K	$451K	$902K	$626K	$276K	1.44x	($2724K)
Y2	85%	$1536K	$480K	$1056K	$626K	$430K	1.69x	($2294K)
Y3	92%	$1676K	$505K	$1171K	$626K	$545K	1.87x	($1750K)
Y4	92%	$1705K	$520K	$1185K	$626K	$559K	1.89x	($1191K)
Y5	92%	$1735K	$536K	$1199K	$626K	$573K	1.91x	($619K)
Y6	92%	$1544K	$552K	$992K	$626K	$366K	1.58x	($253K)
Y7	92%	$1575K	$569K	$1007K	$626K	$380K	1.61x	$128K
Y8	92%	$1607K	$586K	$1021K	$626K	$395K	1.63x	$522K
Y9	92%	$1639K	$603K	$1036K	$626K	$409K	1.65x	$932K
Y10	92%	$1672K	$621K	$1050K	$626K	$424K	1.68x	$1356K

Year 1 DSCR
1.44x

Year 1 Cash-on-Cash
9.2%

Equity Payback
Year 7

10-Year Cumulative Cash Flow
$1.4 Million

The Upside Case: The Current Plan

Residential Rate: $600/month | Adoption: 92% from Year 1

Year	Adoption %	Revenue	OpEx	NOI	Debt Service	Cash Flow	DSCR	Cumulative CF
Y1	92%	$1620K	$476K	$1143K	$626K	$517K	1.83x	($2483K)
Y2	92%	$1648K	$491K	$1157K	$626K	$531K	1.85x	($1952K)
Y3	92%	$1676K	$505K	$1171K	$626K	$545K	1.87x	($1408K)
Y4	92%	$1705K	$520K	$1185K	$626K	$559K	1.89x	($849K)
Y5	92%	$1735K	$536K	$1199K	$626K	$573K	1.91x	($277K)
Y6	92%	$1544K	$552K	$992K	$626K	$366K	1.58x	$89K
Y7	92%	$1575K	$569K	$1007K	$626K	$380K	1.61x	$470K
Y8	92%	$1607K	$586K	$1021K	$626K	$395K	1.63x	$864K
Y9	92%	$1639K	$603K	$1036K	$626K	$409K	1.65x	$1274K
Y10	92%	$1672K	$621K	$1050K	$626K	$424K	1.68x	$1698K

Year 1 DSCR 1.83x

Year 1 Cash-on-Cash: 17.2%

Equity Payback: Year 6

10-Year Cumulative Cash Flow: $1.7 Million

Achievable if pre-commitment strategy and market momentum exceed our conservative projections.

Downside Protection: Modeling Stress & Conservative Scenarios

Our financial model demonstrates resilience, meeting or recovering to covenant levels even in conservative scenarios.

Stress Case (50% → 75% Adoption)

- **Summary:** A conservative downside test.
- **Y1 DSCR:** 0.87x (Breaches covenant but recovers to 1.23x in Y2).
- **Y1 Cash-on-Cash:** -2.6%
- **Key Takeaway:** The project demonstrates a path to recovery even with a significant initial adoption shortfall.

Conservative Case (60% → 85% Adoption)

- **Summary:** A prudent baseline scenario.
- **Y1 DSCR:** 1.10x (Below covenant but recovers to 1.46x in Y2).
- **Y1 Cash-on-Cash:** 2.1%
- **Key Takeaway:** Meets debt service obligations and provides positive returns, confirming project viability with a substantial margin for error relative to the Base Case.

Proactive Risk Analysis & Mitigation

Risk Factor	Probability	Mitigant
Adoption Shortfall	Low	No alternatives exist; regulatory pressure from County; multi-decade pent-up demand.
Construction Overrun	Medium	$1.6M (16%) contingency budget included in capital stack.
Commercial Anchor Loss	Very Low	Signed, long-term service agreements; no other viable service options for these businesses.
Technology Failure	Very Low	Proven system with 10+ year operational track record in demanding environments.

Pre-Commitment Strategy: Securing 60%+ of Year 1 Revenue Before Capital Deployment

- [x] Signed Service Agreements with Marshall Store and Tony's Seafood.
- [ ] Letters of Intent (LOIs) from representatives of 3-5 residential clusters (targeting 50+ units).
- [ ] Formal endorsement from the East Shore Planning Group.

The Tomales Bay Investment: An Inevitable Solution

1.

STRUCTURAL DEMAND

We are serving a captive market with a 37-year waitlist and no other viable options. This is a utility-like investment, not a speculative venture.

2.

ATTRACTIVE, RESILIENT RETURNS

The Base Case projects a 1.44x Y1 DSCR and 9.2% cash-on-cash return, with significant upside and modeled downside protection.

3.

MEASURABLE COMMUNITY IMPACT

This investment directly solves a documented public health crisis, enables critical housing development, and protects the Tomales Bay ecosystem.

Our strategy is clear: **Lead with the Base Case (75%); outperform to the Current Plan (92%).** We invite you to partner with us in deploying this necessary and profitable solution.

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