

Public Water Supply District No. 2 of St. Charles County

100 Water Drive • P.O. Box 967
O'Fallon, MO 63366
Phone 636-561-3737

April 21, 2003

Exhibit No. 1
Case No(s) WJM-2004-0122
Date 4-12-03 Rptr AF

*Kenn
FYI
Thanks
Gary*

Mr. Gary L. Smith, President
Warren County Water and Sewer Company
8 Melody Lane
Troy, Missouri 63379

Dear Mr. Smith:

Thank you for your March 21, 2003 Request for Proposal offering Warren County Water & Sewer Company for sale and for your time last week. Please accept this letter as an offer on behalf of Public Water Supply District No. 2 of St. Charles County, Missouri (the "District") to purchase the assets (the "Assets") of Warren County Water & Sewer Company (the "Company"). This offer supercedes and replaces any previous offer that may have been submitted by, or on behalf of, the District to purchase all or any part of the Assets.

The District will pay to the Company a purchase price of Two Hundred Twenty Five Thousand Nine Hundred and Seventy-Five Dollars (\$225,975.00) to acquire the Assets of Warren County Water & Sewer Company.

Upon payment of the Purchase Price the Company shall deliver the Assets to the District by instruments of transfer acceptable to the District transferring good and merchantable title to the Assets to the District free and clear of any and all encumbrances not specifically accepted in writing by the District. The Assets shall include, but not be limited to, all fixtures, equipment, real estate, easements, inventory, accounts receivable, cash, plans, maps, licenses, and all other tangible and intangible assets of the Company. Prior to the closing date the list of Assets to be conveyed to the District shall be provided to the District and shall be subject to the District's acceptance in its sole and absolute discretion.

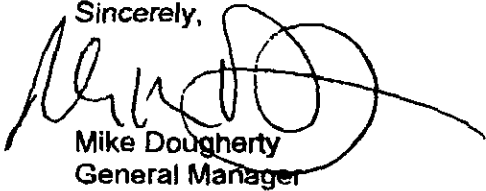
This offer is contingent upon, and specifically subject to, the occurrence of the following:

- Company transferring good and merchantable title to the Assets to the District on the date of closing free and clear of any and all encumbrances not specifically accepted in writing by the District.
- Company providing Corporate Resolution authorizing the sale of the Assets.
- Company providing a Certificate of Good Standing from the Missouri Secretary of State.
- Company providing to the District a current, up-to-date customer list 60 days prior to closing.
- The District's review of the Company's financial data for the last 2 years & current year to date.
- Copies and satisfactory review of any and all agreements, contracts, leases, etc. that the Company has with other persons, businesses, entities.
- The District's review of MDNR, EPA and PSC records as they relate to the Company and its operation of the Assets and System.
- The District's receipt of a satisfactory environmental assessment of the real estate owned by the Company.
- The Company providing to the District full and complete disclosure of any legal matters and litigation the Company is involved in or has been involved in the past 15 years which pertains to the Assets or the System.

- Execution by the Company and the District of an agreement to acquire the Assets in form acceptable to the Company and the District. The agreement shall contain such additional terms as the Company and the District may agree upon.
- Mutually agreed upon closing date.
- Approval by the District's Board of Directors of the District of the agreement.
- Approval of the Missouri Public Service Commission, Circuit Court of Warren County, Missouri, the Missouri Department of Natural Resources, U.S. Environmental Protection Agency, and any other entities whose approval may be required.

This offer shall be automatically withdrawn and thereafter null and void unless accepted in writing by the Company addressed to the District no later than April 25, 2003. This offer shall not be binding upon the District until execution of an agreement by the Company and the District as set forth above.

Sincerely,



Mike Dougherty
General Manager

Cc: Board of Directors
Mark Plontek
Tim Geraghty

281-2858

Public Water Supply District No. 2 of St. Charles County

100 Water Drive • P.O. Box 967
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May 7, 2003

Mr. Gary L. Smith, President
Warren County Water and Sewer Company
#8 Melody Lane
Troy, Missouri 63379

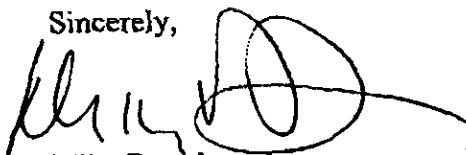
Dear Mr. Smith:

The Board of Directors has authorized me to submit a new bid to acquire the assets (the "Assets") of the Warren County Water & Sewer Company (the "Company"). All terms and conditions of my letter to you dated April 21, 2003 are incorporated herein by reference and remain in effect except in regard to the purchase price. The Water District is hereby increasing its offer to the amount of Three Hundred Thousand Dollars (\$300,000.00) to acquire the assets of the Company.

The Board of Directors believes it is in the best interests of the customers of the Company, the customers of the Water District, and the general public that the assets of the Company be in public ownership with the Water District. As a public entity the Water District is not motivated to make a profit but its sole object is to serve the public interest. As a result the Board of Directors is committed to doing what is reasonably necessary in order to make this acquisition a reality.

I look forward to hearing from you at your earliest opportunity with your acceptance of this offer. If you have any questions please feel free to give me or Tim Geraghty, P.E., Manager of Engineering and Operations for the Water District, a call.

Sincerely,



Mike Dougherty
General Manager

Cc: Board of Directors
Mark C. Piontek, Esq.
Tim Geraghty
Paul S. Deford, Esq.