

# NEW APPLICATION



0000017825

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

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2005 APR 29 P 4: 59

ORIGINAL

AZ CORP COMMISSION  
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Arizona Corporation Commission  
DOCKETED

APR 29 2005

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WS-01303A-05-0315

IN THE MATTER OF THE APPLICATION OF ARIZONA AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR AN EXTENSION OF, AND DELETION FROM, ITS SERVICE AREA UNDER ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER UTILITY SERVICES IN ITS MOHAVE SEWER DISTRICT.

Docket No. S-01303A-05-\_\_\_\_\_

**Adjustment - Certificate of Convenience and Necessity**

## APPLICATION OF ARIZONA AMERICAN WATER COMPANY

1 Under Ariz. Rev. Stat. § 40-281 and A.A.C. R14-2-402(C), Arizona American Water  
2 Company, through its Mohave Sewer District ("Arizona-American"), submits this application to  
3 the Arizona Corporation Commission for an extension of its certificated service territory to  
4 provide public utility sewer service to several additional areas in Mohave County, Arizona.  
5 Arizona-American also seeks to delete a small parcel from this certificated service territory.

6 Arizona-American provides the following information in support of this application.  
7

### 8 I. INTRODUCTION

9 To accommodate growth in areas near its existing service territory, Arizona-American  
10 asks that several small parcels be added to its existing certificate of convenience and necessity  
11 for sewer service in Mohave County, Arizona. Some of these parcels are contiguous to Arizona-  
12 American's existing certificated service area and are already receiving service. Arizona-  
13 American also asks the Commission to approve the removal of a small parcel from its existing

1 certificate of convenience and necessity for sewer service that will be instead be served by the  
2 Fort Mojave Tribal Utility Authority.

3  
4 **2. COMPANY INFORMATION.**

5 Arizona-American is an Arizona corporation engaged in the business of providing water  
6 and wastewater utility service to customers in its various water and wastewater districts located  
7 in portions of Maricopa, Mohave, and Santa Cruz counties in Arizona under authority granted by  
8 the Commission. Arizona American is a wholly-owned subsidiary of American Water Works,  
9 Inc. Arizona-American's ultimate parent is RWE AG.

10  
11 **3. COMPANY'S CONTACT INFORMATION.**

12 3.1. Management

13 Fred Schneider, Engineering Director  
14 19820 N. 7<sup>th</sup> Street  
15 Suite 201  
16 Phoenix, AZ 80024  
17 (623) 445-2446

18  
19 3.2. Certified Operator

20 Brian Biesemeyer, Arizona Network General Manager  
21 15626 N. Del Webb Blvd.  
22 Sun City, AZ 85351  
23 (623) 815-3125  
24

25 3.3. Attorney

26 Craig Marks  
27 19820 N. 7<sup>th</sup> Street  
28 Suite 201  
29 Phoenix, AZ 80024  
30 (623) 445-2442  
31

32 **4. CERTIFICATE OF GOOD STANDING.**

33 Arizona-American's Certificate of Good Standing is already on file with the Arizona  
34 Corporation Commission. No Corporate Resolution is required for this application.

35  
36 **5. FINANCIAL INFORMATION**

1 Arizona-American's balance sheet and income statement are on file with the Commission  
2 as part of its Annual Report.

3  
4 **6. EXHIBIT LIST**

5 Arizona-American's filing includes the following Exhibits:

<b>Exhibit A</b>	Service Area Map
<b>Exhibit B</b>	Parcel B Information
<b>Exhibit C</b>	Parcel C Information
<b>Exhibit D</b>	Parcel D Information
<b>Exhibit E</b>	Parcel E Information
<b>Exhibit F</b>	Parcel F Information
<b>Exhibit G</b>	Parcel G Information
<b>Exhibit H</b>	Parcel H Information
<b>Exhibit I</b>	Parcel I Information
<b>Exhibit J</b>	Parcel J Information
<b>Exhibit K</b>	Parcel K Information
<b>Exhibit L</b>	Parcel L Information
<b>Exhibit M</b>	Capital Expenditures
<b>Exhibit N</b>	Form of Public Notice
<b>Exhibit O</b>	Mohave County Franchise
<b>Exhibit P</b>	ADEQ Letter
<b>Exhibit Q</b>	AAW/Fort Mohave TUA Agreement
<b>Exhibit R</b>	Parcel to be Deleted

6  
7 **7. PARCEL INFORMATION**

8 7.1. **General Map.** A map is attached as Exhibit A that shows Arizona-American's  
9 existing service territory, together with the proposed additional areas and deleted area.

1 7.2. **Parcel B.** Parcel B is a subdivision known as Sun Valley, contiguous to Arizona-  
2 American's existing service territory. At build-out, this subdivision will consist of  
3 approximately 36 homes on 17 acres. A legal description and map are attached as  
4 Exhibit B.

5 7.3. **Parcel C.** Parcel C consists of Arizona-American's sewer main right of way on a  
6 portion of Joy Lane and continuing down Tableau Road from Joy Lane to Pinon Road,  
7 together with one home already being provided sewer service. A legal description and  
8 map are attached as Exhibit C.

9 7.4. **Parcel D.** Parcel D consists of Arizona-American's sewer main right of way on  
10 Calle Del Media from Joy Lane north to Hammer Lane. No homes are presently being  
11 served in this area. A legal description and map are attached as Exhibit D.

12 7.5. **Parcel E.** Parcel E consists of Arizona-American's sewer main right of way on  
13 Calle Del Media from Hammer Land north to El Rodeo, together with one home already  
14 being provided sewer service. A legal description and map are attached as Exhibit E.

15 7.6. **Parcel F.** Parcel F consists of Arizona-American's sewer main right of way on El  
16 Rodeo Road from Calle Del Media east to Mountain View Road, together with four  
17 homes already being provided sewer service. A legal description and map are attached  
18 as Exhibit F.

19 7.7. **Parcel G.** Parcel G is a new subdivision known as Patriot Estates. This  
20 subdivision will consist of approximately 119 homes on 30 acres. Exhibit G is attached  
21 and contains a legal description, a map, and an executed line extension agreement.

22 7.8. **Parcel H.** Parcel H is a new subdivision known as Desert Lakes, Tract A. This  
23 subdivision will consist of approximately 36 homes on 12 acres. Exhibit H is attached  
24 and contains a legal description, a map, and an executed line extension agreement.

25 7.9. **Parcel I.** Parcel I is a new subdivision known as Desert Lakes, Tract B. This  
26 subdivision will consist of approximately 40 homes on 12 acres. Exhibit I is attached  
27 and contains a legal description, and a map. This parcel is also subject to the executed  
28 line extension agreement included with Exhibit I.

29 7.10. **Parcel J.** Parcel J is a new subdivision known as Desert Lakes, Tract C. This  
30 subdivision will consist of approximately 42 homes on 12 acres. Exhibit J is attached  
31 and contains a legal description, map, and executed line extension agreement.

1 7.11. **Parcel K.** Parcel J is a new subdivision known as Everglades Estates. This  
2 subdivision will consist of approximately 150 homes on 48 acres. Exhibit K is attached  
3 and contains a legal description and a map. The parties are currently completing a line  
4 extension agreement, which will be filed by May 31, 2005.

5 7.12. **Parcel L.** Parcel L is a new subdivision known as Twin Palms. This subdivision  
6 will consist of approximately 150 homes on 26 acres. Exhibit L is attached and contains  
7 a legal description and a map. The parties are currently completing a line extension  
8 agreement, which will be filed by May 31, 2005.

9  
10 **8. CUSTOMER INFORMATION**

Customer Projections (additions)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Residential	77	140	115	68	0
Commercial	None	None	None	None	None
Industrial	None	None	None	None	None
Irrigation	None	None	None	None	None
Other: Right of way	None	None	None	None	None

Revenue and Expense Projections

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue	38,034	69,153	56,804	33,589	-
Operating Expense	26,940	48,982	40,235	23,791	-

11  
12  
13 **9. CONSTRUCTION INFORMATION**

14 Arizona-American expects that any required construction will be financed through hook-  
15 up fees and developer advances and contributions. Arizona American does not expect that it will  
16 need to finance any significant facilities specifically to serve these customers.

17 To serve the needs of new customers in its existing certificate service area, Arizona-  
18 American already plans to expand the Wishing Well Wastewater Treatment Plant. The amount  
19 budgeted in 2006 for this expansion is \$146,880 and in 2007, \$2,598,960. Attached as Exhibit  
20 M is a sheet providing support for these figures. By adding new customers in the expansion  
21 areas, the cost of the plant expansion will be spread across more customers.

1 **10. PUBLIC NOTICE**

2 A form of public notice is attached as Exhibit N. There are over 100 property owners in  
3 the expansion areas, so Arizona-American will publish this notice in a general-circulation  
4 newspaper in the Bullhead City area. Page two of Exhibit N is a form of the letter Arizona-  
5 American proposes to send to Camp Mohave Elementary School, its sole customer in the area  
6 Arizona-American wishes to have deleted from its certificated service area.  
7

8 **11. PERMITS**

9 A copy of Arizona-American's Mohave County franchise is attached as Exhibit O. No  
10 other permits are necessary to serve the requested area.  
11

12 **12. RATES PROPOSED TO BE CHARGED.**

13 Arizona-American will apply the authorized rates and charges under its Mohave Sewer  
14 District tariff, on file with the Commission.  
15

16 **13. PUBLIC INTEREST**

17 Many of the homes in the area are already on septic systems. New homes will also have  
18 to be connected to septic systems if Arizona-American cannot provide sewer service to them.  
19 Attached as Exhibit P is a letter from the Arizona Department of Environmental Quality  
20 ("ADEQ") that supports "disposing of effluent in any regional plant approved by the Arizona  
21 Corporation Commission ... rather than on site." Arizona-American will construct that regional  
22 plant. Approving the expansion will support ADEQ's policy, which is intended to prevent  
23 contamination of public drinking water wells by septic systems.  
24

25 **14. TRANSFER TO FORT MOHAVE TRIBAL UTILITIES AUTHORITY**

26 Attached as Exhibit Q is a copy of an executed letter agreement between Arizona-  
27 American and the Fort Mojave Tribal Utilities Authority ("FMTUA"). Subject to Commission  
28 approval, the agreement provides for the transfer of the parcel described on Exhibit R to  
29 FMTUA, along with the sale of the associated pipeline for a sale price of \$10,000. Approval of  
30 this transfer is in the public interest for three reasons:

31 14.1. Arizona-American's only retail customer in this parcel is the Camp Mohave

1 Elementary School. Since the school became its customer, Arizona-American has been  
2 transporting wastewater from this customer through a portion of its Calle Del Media line  
3 to the FMTUA for treatment. FMTUA has provided notice to Arizona-American that it  
4 no longer wishes to provide treatment service for Arizona-American.

5 14.2. For Arizona-American to provide wastewater treatment for the Camp Mohave  
6 Elementary School, it would have to invest over \$100,000 to construct a lift station and  
7 associated facilities. If FMTUA serves the school, Arizona-American will no longer  
8 need the right of way described in Exhibit R, or the associated sewer main.

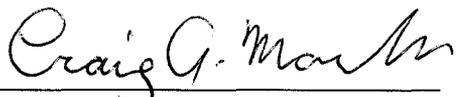
9 14.3. FMTUA will have to make no new investments to serve Camp Mohave  
10 Elementary School and is ready, willing, and able to provide such sewer service.

11 14.4. The agreement also clarifies service responsibilities for future areas outside  
12 Arizona-American's existing certificated service territory. This will avoid future  
13 disputes between FMTUA and Arizona-American.  
14

15 **15. REQUEST FOR APPROVAL.**

16 As set forth in this application, Arizona-American requests authority to extend its  
17 existing certificate of convenience and necessity to provide public utility sewer service in the  
18 areas described on Exhibits B-L and to remove a small parcel described on Exhibit R from its  
19 existing certificate of convenience and necessity for sewer service that will be instead be served  
20 by the Fort Mohave Tribal Utility Authority.  
21

22 DATED, April 29, 2005.  
23

24 By   
25 Craig A. Marks  
26 19820 N. 7<sup>th</sup> Street  
27 Suite 201  
28 Phoenix, AZ 85024  
29 Attorney for Arizona-American Water Company

1 **Original** and 13 copies filed on  
2 April 29, 2005, with:

3  
4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8  
9 **Copies** of the foregoing mailed on  
10 April 29, 2005, to:

11  
12 Legal Division  
13 Arizona Corporation Commission  
14 1200 West Washington  
15 Phoenix, Arizona 85007

16  
17 Utilities Division  
18 Arizona Corporation Commission  
19 1200 West Washington  
20 Phoenix, Arizona 85007

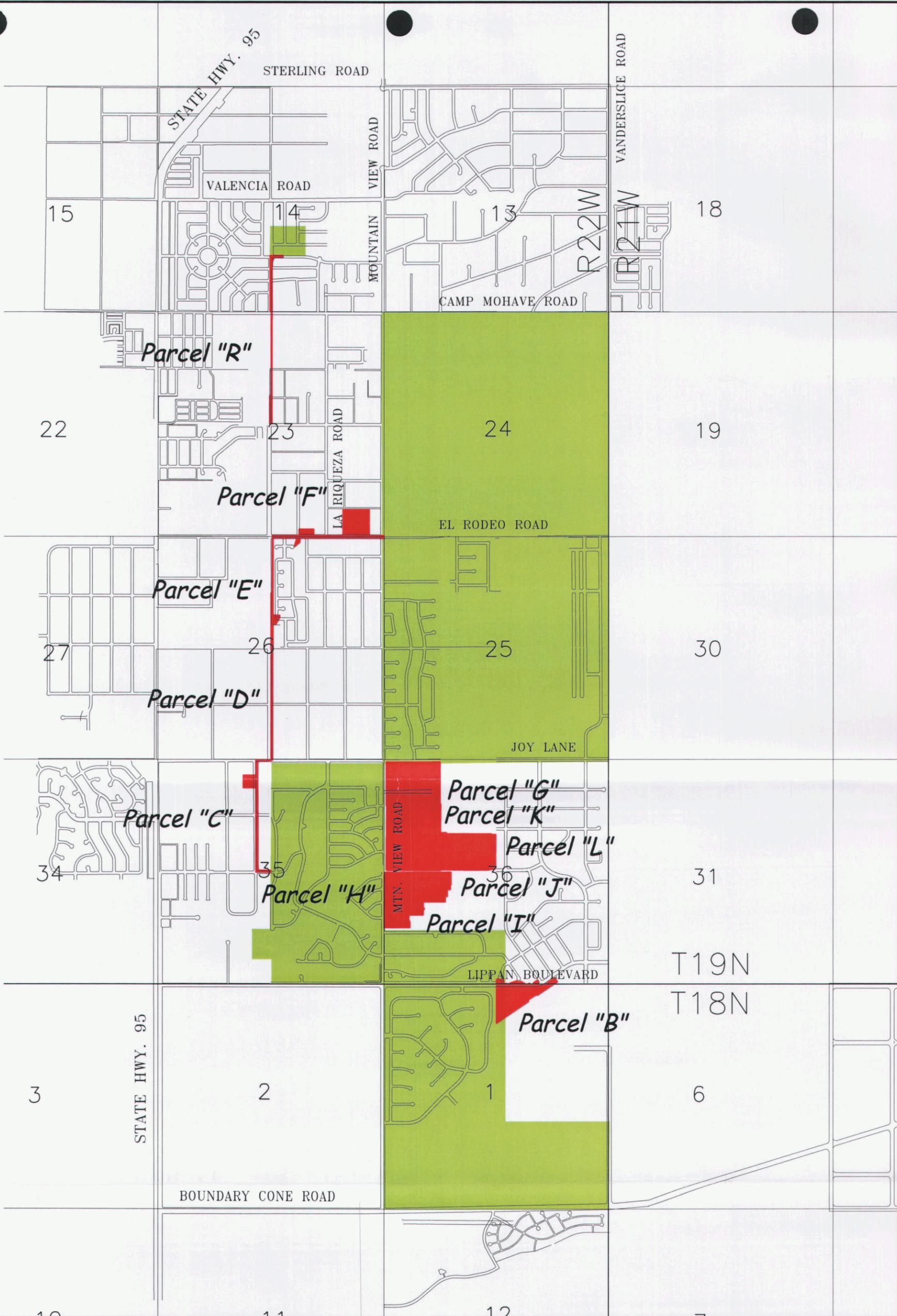
21  
22 Lyn Farmer  
23 Chief Hearing Officer  
24 Arizona Corporation Commission  
25 1200 West Washington  
26 Phoenix, Arizona 85007

27  
28  
29 By: Melissa A. Bunn  
30

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L	Parcel L
M	Capital Expenditures
N	Form of Public Notice
O	Mohave County Franchise
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**A**



Proposed Certificate of Convenience and Necessity Expansion  
for Wastewater Service by Arizona American Water



N.T.S.

MOHAVE DISTRICT  
EXISTING WASTEWATER CC&N



PROPOSED CC&N  
WASTEWATER EXPANSION



**B**

**LEGAL DESCRIPTION**  
**PARCEL B**  
**ARIZONA-AMERICAN WATER COMPANY - CC&N**

That portion of the Northeast Quarter of Section 1, Township 18 North, Range 22 West and a portion of the Southwest Quarter of Section 36, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona more particularly described as follows;

Commencing at the Northeast corner of said Section 1, thence South  $89^{\circ}58'16''$  West along the North line of said Northeast Quarter 1272.30 feet to a point on the Northwesterly line of Parcel H as shown on the Final Plat of Sun Valley Tract 4064-A recorded on February 27, 1992 at Fee No. 92-10124, records of Mohave County Recorder, said point being the Point of Beginning;

Thence South  $56^{\circ}05'50''$  West 468.52 feet;

Thence South  $80^{\circ}12'26''$  West 61.20 feet;

Thence South  $56^{\circ}05'50''$  West 200.00 feet;

Thence South  $33^{\circ}54'10''$  East 35.00 feet;

Thence South  $56^{\circ}05'50''$  West 938.16 feet to a point on the East line of Los Lagos Tract 4096-A as shown on the Final Plat of same recorded on August 27, 1991 at Fee No. 91-45903, records of Mohave County Recorder;

Thence North  $00^{\circ}00'03''$  East along said East line 936.33 feet;

Thence North  $00^{\circ}10'03''$  East 126.26 feet;

Thence South  $89^{\circ}59'35''$  East 184.61 feet;

Thence South  $00^{\circ}00'25''$  West 95.33 feet;

Thence South  $83^{\circ}51'20''$  East 137.45 feet;

Thence North  $04^{\circ}55'08''$  West 19.03 feet;

Thence North  $72^{\circ}29'31''$  East 181.34 feet to a non-tangent curve, concave Northerly and having a radius of 45.00 feet; a radial to said curve bears North  $72^{\circ}29'31''$  East;

Thence Southeasterly along said curve through a central angle of  $133^{\circ}04'14''$  an arc distance of 104.51 feet to a non-tangent line;

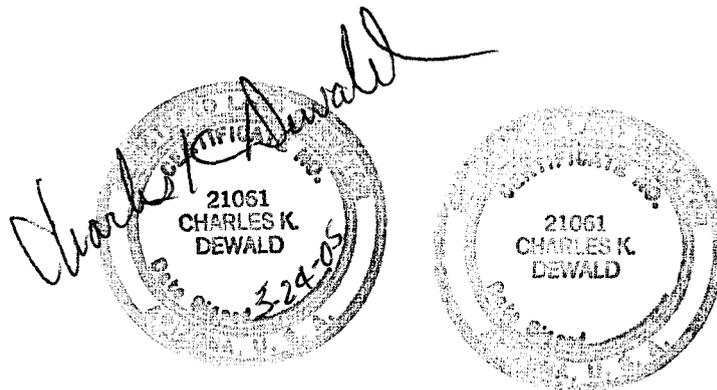
Thence South 60°34'43" East 165.47 feet;  
Thence North 66°01'29" East 81.65 feet;  
Thence South 33°50'00" East 40.26 feet;  
Thence South 89°58'16" East 72.26 feet;  
Thence North 33°50'00" West 42.47 feet;  
Thence North 56°07'14" East 125.16 feet;

Thence South 33°52'46" East 79.67 feet to a tangent curve concave to the West having a radius of 20.00 feet;

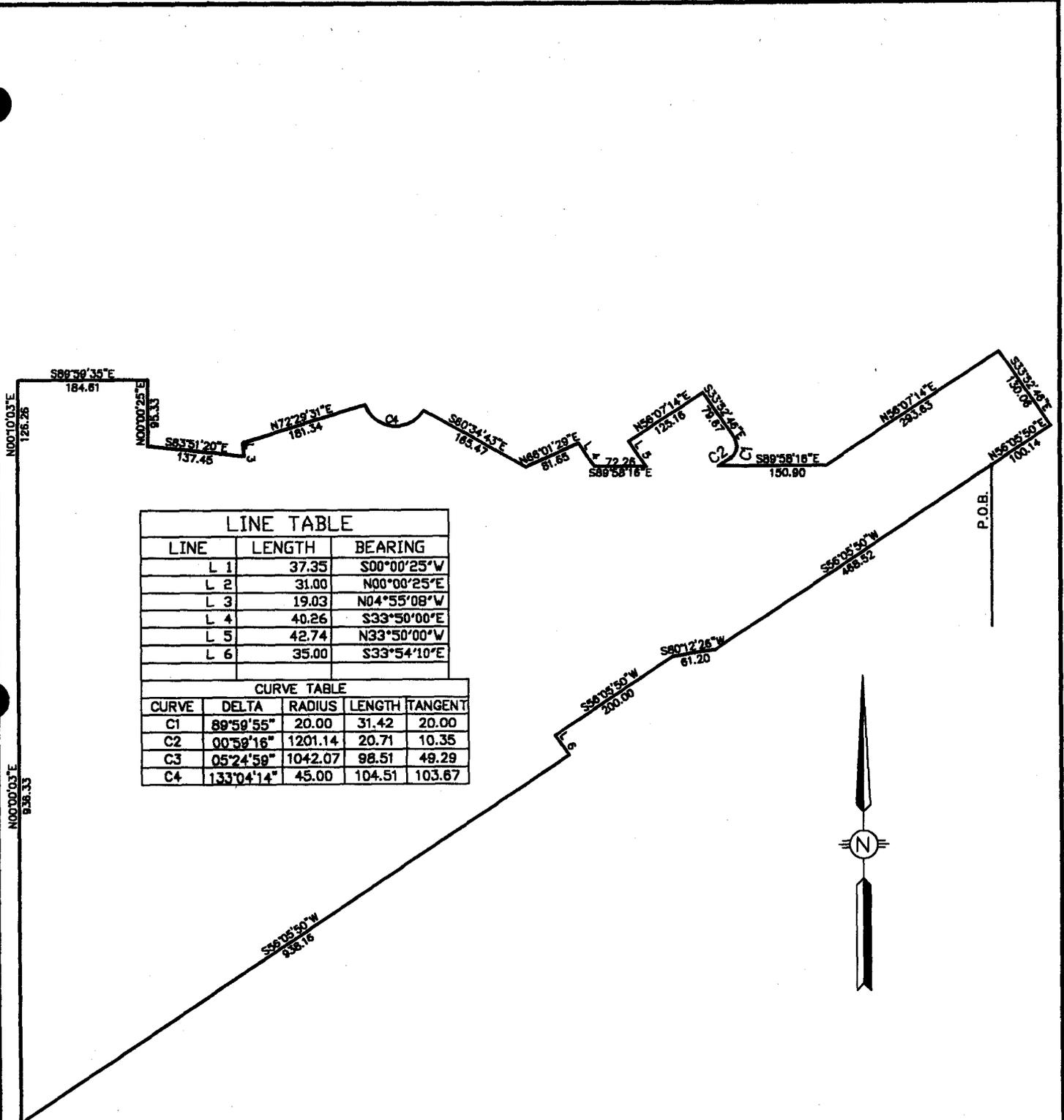
Thence Southerly along said curve through a central angle of 89°59'55" an arc distance of 31.42 feet to a point of compound curvature of a curve having a radius of 1201.14 feet; thence Westerly along said curve through a central angle of 00°59'16" an arc distance of 20.71 feet to a non-tangent line;

Thence South 89°58'16" East 150.90 feet;  
Thence North 56°07'14" East 293.63 feet;  
Thence South 33°52'46" East 130.06 feet;  
Thence South 56°05'50" West 100.14 feet to the Point of Beginning.

Containing a Computed area of 16.64 Acres, plus or minus.



Revised March 24, 2005  
June 16, 2003  
TEI J.N. 434142-B

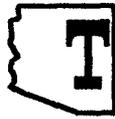


LINE TABLE		
LINE	LENGTH	BEARING
L 1	37.35	S00°00'25\"W
L 2	31.00	N00°00'25\"E
L 3	19.03	N04°55'08\"W
L 4	40.26	S33°50'00\"E
L 5	42.74	N33°50'00\"W
L 6	35.00	S33°54'10\"E

CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	TANGENT
C1	89°59'55\"	20.00	31.42	20.00
C2	00°59'16\"	1201.14	20.71	10.35
C3	05°24'59\"	1042.07	98.51	48.29
C4	133°04'14\"	45.00	104.51	103.67



PARCEL B  
 SKETCH TO ACCOMPANY LEGAL DESCRIPTION



**TERRITORIAL ENGINEERS, INC.**

1810 RIVERVIEW DRIVE, SUITE 7,  
 BULLHEAD CITY, ARIZONA 86442  
 (520) 758-7800 FAX 758-5858  
 TEJ J.N.000000

SEWER SYSTEM LINE EXTENSION  
AND CAPACITY AGREEMENT

This Agreement made this 3<sup>rd</sup> day of June,  
1996, by and between SORENSON UTILITY CO. (hereinafter  
referred to as "Utility"), an Arizona corporation, and McCormick  
GP  
Properties, the Developer of Sun Valley , Tract 4064-B  
(hereinafter referred to as "Developer").

WHEREAS, Utility is providing public utility sewer  
service in the vicinity of Bullhead City, Arizona, pursuant  
to a Certificate of Convenience and Necessity granted to it  
by the Arizona Corporation Commission and pursuant to a  
franchise granted to it by the County of Mohave, and

WHEREAS, Developer proposes to contract 36  
subdivision lots within the Sun Valley , TRACT 4064-B  
as shown in Exhibit "A" attached hereto, and has constructed  
the on site sewer facilities necessary for sewer service, and

WHEREAS, Developer desires Utility to provide sewer to  
its Development, and

WHEREAS, to help meet the needs of Developer, Utility  
must undertake certain improvements to its sewer system,

WHEREAS, Utility is willing to provide sewer utility  
service to the subdivision.

Now THEREFORE, in consideration of the mutual covenants  
herein contained the parties hereby agree as follows:

1. Developer has<sup>or will</sup> construct and will advance to utility, on site sewer lines and appurtenances as set forth in Exhibit "B", entitled "Sewer Improvement Plans for Tract 4064-B" incorporated herein by reference. Plans for such construction have been provided to Utility and Utility shall, subject to approval of plans, inspection and testing, accept said facilities as an advance in aid of construction in order to provide service to the development. The cost of constructing the facilities shown in Exhibit "B" is set forth, as Exhibit "C", attached hereto, in the amount of \$

2. In addition, Developer shall advance to Utility, the sum of Forty One Thousand Nine Hundred Forty Dollars & 00/00 \_\_\_\_\_ (\$41,940.00 ) representing the estimated cost of off-tract sewer system capacity to be constructed so that service may be provided to Developer. The parties hereto agree that the items set forth to Developer. The parties hereto agree that the items set forth in Exhibit "D", and the amount set forth in this paragraph represents a reasonable estimate for construction required by virtue of Developer requiring service to its system. At such time construction is completed and the actual cost thereof determined, the amount advanced will be adjusted by payment from Utility to Developer or by Developer to Utility so that the amount advanced is equal to the actual cost of construction. In no event will Developer be responsible for payments of Utility for amounts in excess of One Hundred Ten Percent (110%) of the estimated cost of construction.

3. Utility shall make refunds annually to Developer on or before March 31, for the preceding January 1 through December 31 period. The amount to be refunded shall be ten percent (10%) of the sewer revenues (excluding all gross receipts and sales taxes, and all District, Municipal, County, State or Federally imposed regulatory assessments) received from service to the development. Refunds shall be payable for a period of ten (10) years from the date of this Agreement, but in no event shall the refunds paid to Developer exceed the amount advanced by Developer. No interest will be paid by Utility on amounts advanced by Developer.

4. a. ~~Developer shall deposit with Utility upon execution of this agreement the estimated income taxes resulting from the Utility's acceptance of the sewer facilities in Exhibit "B" and the payment as stated in paragraph 2 above, and in the amounts of \_\_\_\_\_ and \$16,776.00 respectively.~~

*W/A*  
*AN*

*Deleted  
jm*

b. Utility shall compute the income taxes associated with all advances and contributions made by Developer during such tax year. For such purpose, taxable income shall be calculated for Utility excluding, however, the effect of any loss carry overs, depreciation expense and general business credits, including, without limitation, investment tax credits. Subject to the foregoing exclusion, the computation of the income taxes associated with Developer's advances and contributions shall be made as

follows:

(i) Utility's actual income taxes shall be calculated, including all advances and contributions received by Utility during the tax year.

(ii) Utility's income taxes shall be separately calculated without including any advances and contributions received by Utility during the tax year.

(iii) Utility income taxes computed under subparagraph (b) (ii), above, shall be subtracted from Utility actual income taxes computed under subparagraph (b) (i), above. The result shall be the total income taxes to be paid from all estimated income taxes received by Utility from all developers and customers.

(iv) Developer shall be allocated his pro rata share of the total income taxes computed under subparagraph (b) (iii), above, based upon the ratio of Developer's advances and contributions during the tax year to all advances and contributions received by Utility during such tax year from all developers and customers.

The foregoing computation shall be provided to Developer in writing and shall be certified by Utility's tax accountants. In the event the amount computed under subparagraph (b) (iv), above, is less than the balance of the Tax Account at the time of the payment of income taxes, Utility shall promptly refund the balance of the Tax Account to Developer. In the event the amount computed under subparagraph (b) (iv), above, is greater than the balance of

the Tax Account at the time of payment of income taxes, Utility shall notify Developer who shall promptly pay the shortage to Utility.

In the event that the applicable provisions of the Internal Revenue Code and/or Arizona law are amended, modified or interpreted so as to materially alter Utility's income tax liability associated with advances and contributions, this paragraph shall be amended by agreement of parties so as to conform with such amendment, modification or interpretation.

5. Utility will provide sewer utility service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon action by the Commission.

6. Developer understands and agrees that all waste water delivered to treatment plant becomes the property of the Utility with all rights, title and interest thereto.

7. Developer agrees that it shall not make any connection to the sewer system without prior inspection and approval of the Developer's facilities by Developer.

8. Developer shall grant to Utility any easements reasonably required by Utility for facilities contemplated in this Agreement.

9. Developer shall repair or cause to be repaired promptly, at no cost to Utility, all damages to any part of Utility's facilities caused any construction performed by or

for Developer in

10. This Agreement contains the full agreement of parties and any modification hereof shall be made in writing.

11. Notices hereunder shall be sent prepaid to Utility at:  
Sorenson Utility Co.  
P.O. Box 8858  
Ft. Mohave, Arizona 86427 (602) 768-1800

and Developer at: **McCormick Properties**  
P.O. Box 22628  
Bullhead City, AZ 86439  
(602) 763-2867

12. This agreement shall be binding upon an inure to the benefit of the parties hereto, and their respective successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Utility, and any attempted assignment without such consent shall be void and of no effect.

13. This Agreement shall be subject to such approvals of regulatory agencies as may be required under the laws of the State of Arizona.

Date: 11/25/96

McCormick Properties, GP

Date: 6/3/96

Sorenson Utility Co., Inc.

By:

John L. McCormick, III  
Managing Partner

By:

Angelo Rinaldi  
President

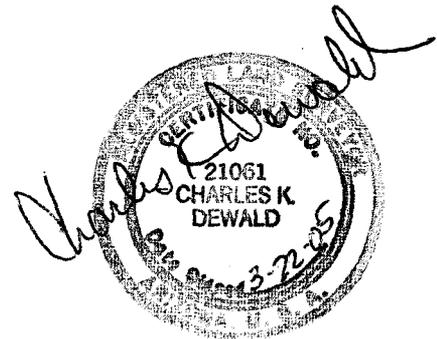
**LEGAL DESCRIPTION**  
**ARIZONA AMERICAN WATER COMPANY-CC&N**  
**BOUNDARY-PARCLE C**

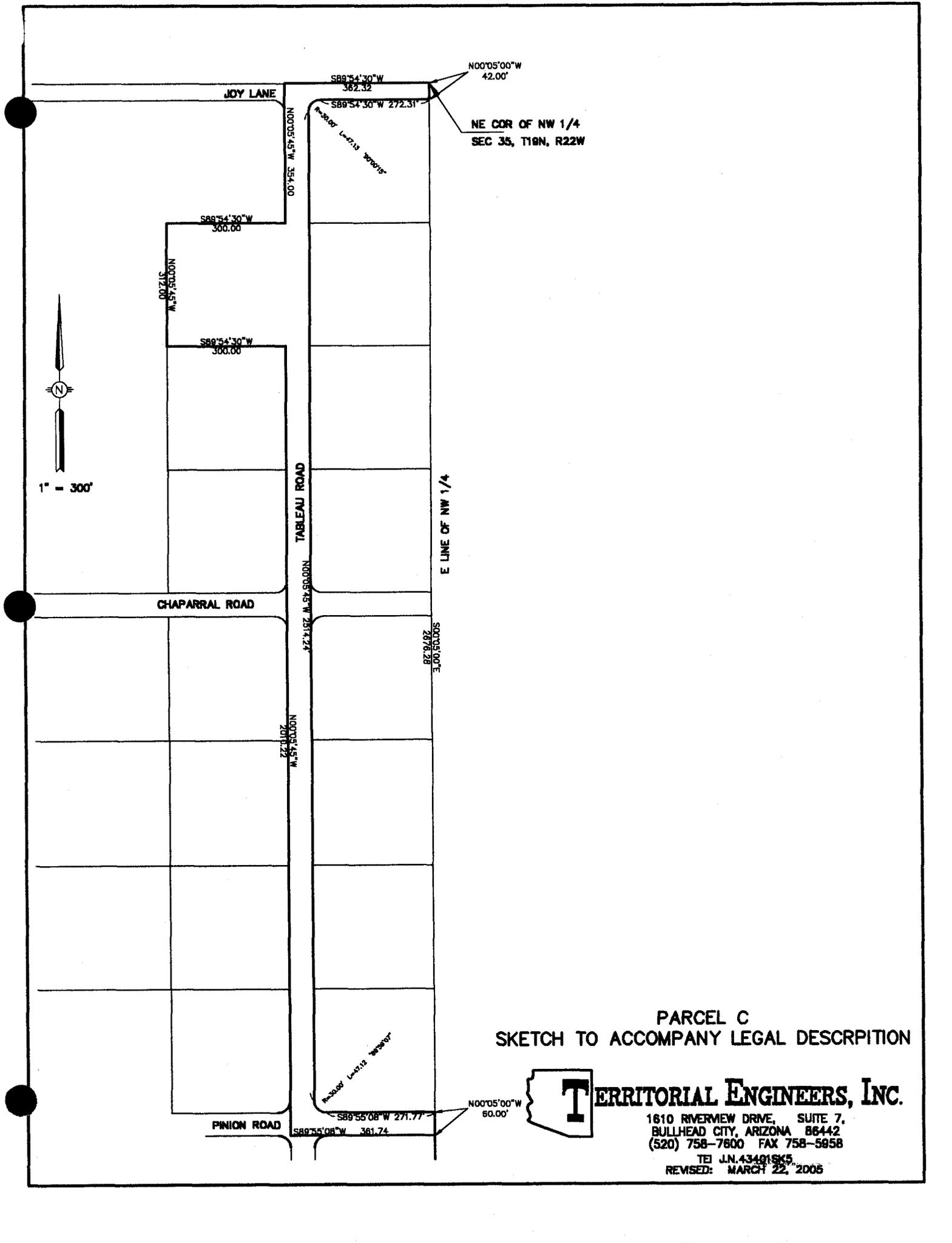
That portion of Mohave Mesa Acres Tract No. 1020 recorded on April 19, 1966 at Fee No 5412, records of Mohave County being located in Section 35, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Beginning at the Northeast corner of the Northwest Quarter of said Section 35;  
Thence South 00-05-00 East 2678.28 feet along the East line of said Northwest Quarter, said line also being the East line of said Mohave Mesa Acres Tract No 1020 to a point on the South right of way line of Pinion Road as shown on said tract and the Point of Beginning;  
Thence South 89-55-08 West 361.74 feet;  
Thence North 00-05-45 West 2010.22 feet;  
Thence South 89-54-30 West 300.00 feet;  
Thence North 00-05-45 West 312.00 feet;  
Thence North 89-54-30 East 300.00 feet;  
Thence North 00-05-45 West 354.00 feet;  
Thence North 89-54-30 East 362.32 feet to the Northeast corner of the Northwest Quarter of said Section 35;  
Thence South 00-05-00 East 42.00 feet;  
Thence South 89-54-30 West 272.31 feet to a tangent curve concave to the Southeast and having a radius of 30.00 feet;  
Thence Southwesterly along said curve through a central angle of 90-00-15 an arc distance of 47.13 feet to a point of tangency;  
Thence South 00-05-45 East 2514.24 feet to a tangent curve concave to the Northeast and having a radius of 30.00 feet;  
Thence Southeasterly along said curve through a central angle of 89-59-07 an arc distance of 47.12 feet to a point of tangency;  
Thence North 89-55-08 East 271.77 feet to a point on the East line of said Northwest Quarter;  
Thence South 00-05-00 East 60.00 feet to the Point of Beginning.

Containing a computed area of 6.55 Acres more or less.

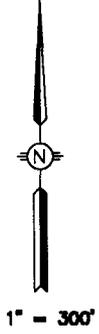
43414LEGR  
MARCH 22, 2005





N00°05'00"W  
42.00'

NE COR OF NW 1/4  
SEC 35, T19N, R22W



PARCEL C  
SKETCH TO ACCOMPANY LEGAL DESCRIPTION

**TERRITORIAL ENGINEERS, INC.**

1610 RIVERVIEW DRIVE, SUITE 7,  
BULLHEAD CITY, ARIZONA 86442  
(520) 758-7800 FAX 758-5958

TEI J.N.43491SK5  
REVISED: MARCH 22, 2005

**C**

**LEGAL DESCRIPTION**  
**ARIZONA AMERICAN WATER COMPANY-CC&N**  
**BOUNDARY-PARCLE C**

That portion of Mohave Mesa Acres Tract No. 1020 recorded on April 19, 1966 at Fee No 5412, records of Mohave County being located in Section 35, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Beginning at the Northeast corner of the Northwest Quarter of said Section 35;  
Thence South 00-05-00 East 2678.28 feet along the East line of said Northwest Quarter, said line also being the East line of said Mohave Mesa Acres Tract No 1020 to a point on the South right of way line of Pinion Road as shown on said tract and the Point of Beginning;

Thence South 89-55-08 West 361.74 feet;

Thence North 00-05-45 West 2010.22 feet;

Thence South 89-54-30 West 300.00 feet;

Thence North 00-05-45 West 312.00 feet;

Thence North 89-54-30 East 300.00 feet;

Thence North 00-05-45 West 354.00 feet;

Thence North 89-54-30 East 362.32 feet to the Northeast corner of the Northwest Quarter of said Section 35;

Thence South 00-05-00 East 42.00 feet;

Thence South 89-54-30 West 272.31 feet to a tangent curve concave to the Southeast and having a radius of 30.00 feet;

Thence Southwesterly along said curve through a central angle of 90-00-15 an arc distance of 47.13 feet to a point of tangency;

Thence South 00-05-45 East 2514.24 feet to a tangent curve concave to the Northeast and having a radius of 30.00 feet;

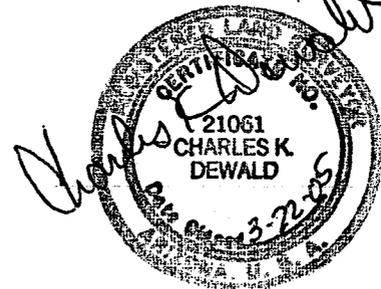
Thence Southeasterly along said curve through a central angle of 89-59-07 an arc distance of 47.12 feet to a point of tangency;

Thence North 89-55-08 East 271.77 feet to a point on the East line of said Northwest Quarter;

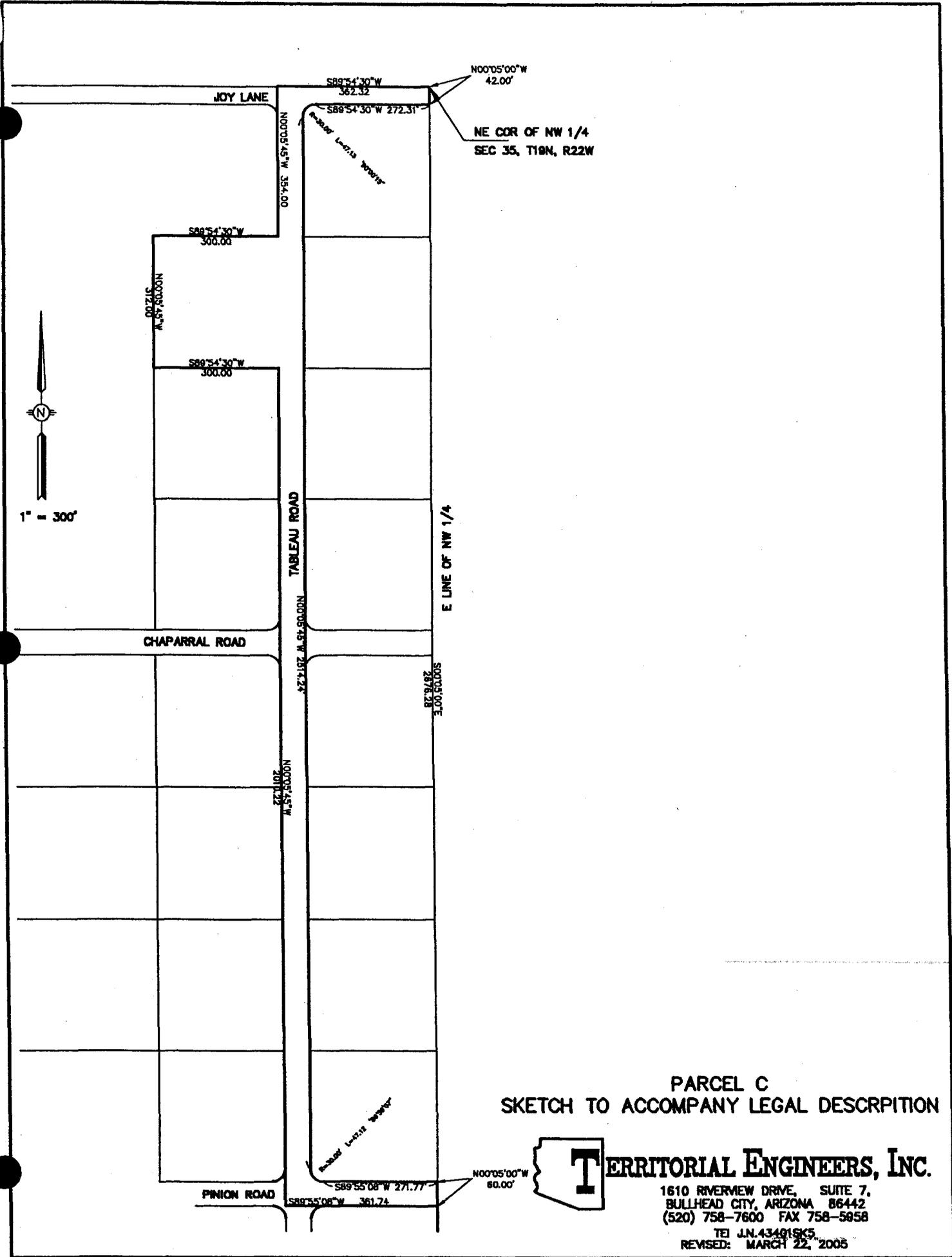
Thence South 00-05-00 East 60.00 feet to the Point of Beginning.

Containing a computed area of 6.55 Acres more or less.

43414LEGR  
MARCH 22, 2005



**T**ERRITORIAL ENGINEERS, INC.



PARCEL C  
 SKETCH TO ACCOMPANY LEGAL DESCRIPTION

**TERRITORIAL ENGINEERS, INC.**

1610 RIVERMEW DRIVE, SUITE 7,  
 BULLHEAD CITY, ARIZONA 86442  
 (520) 758-7600 FAX 758-5858

TEL J.N. 434915K5  
 REVISED: MARCH 22, 2005

**D**

**LEGAL DESCRIPTION**  
**PARCEL D**  
**ARIZONA-AMERICAN WATER COMPANY - CC&N**

That portion of the South Half of Section 26, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona being more particularly described as follows:

Beginning at the South Quarter section corner of said Section, thence South  $89^{\circ}58'40''$  West 25.00 feet;

Thence North  $00^{\circ}04'16''$  East parallel with and 25 feet West of the North-South midsection line 2623.87 feet;

Thence South  $89^{\circ}59'51''$  East 50.00 feet to a point on a line parallel with and 25 feet East of the North-South midsection line;

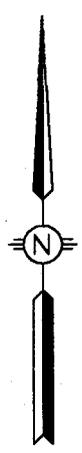
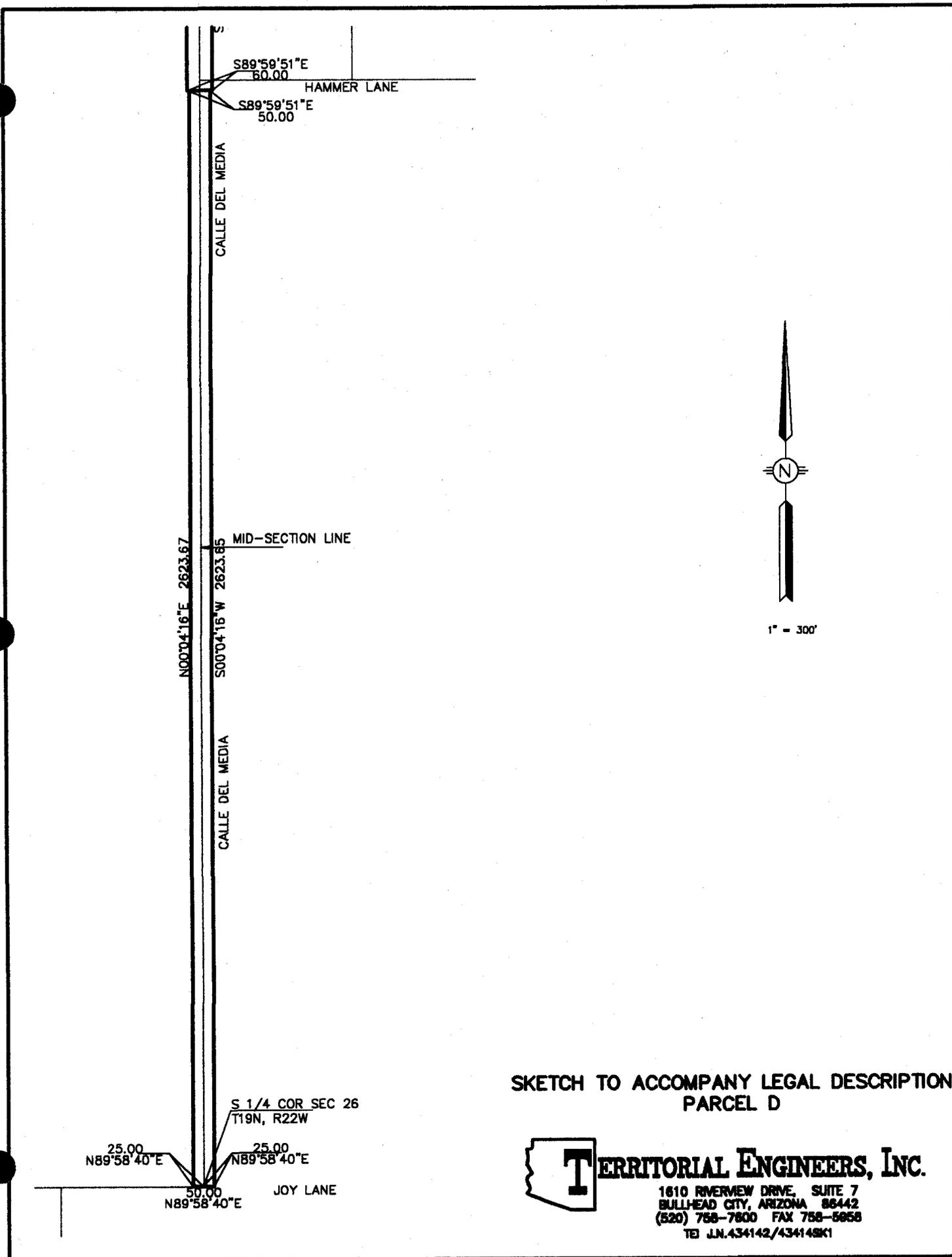
Thence South  $00^{\circ}04'16''$  West along said parallel line 2623.65 feet;

Thence South  $89^{\circ}58'40''$  West 25.00 feet to the Point of Beginning.

Containing a computed area of 3.01 Acres, plus or minus.



June 16, 2003  
TEI J.N. 434142-D



1" = 300'

SKETCH TO ACCOMPANY LEGAL DESCRIPTION  
PARCEL D

**TERRITORIAL ENGINEERS, INC.**

1610 RIVERMEW DRIVE, SUITE 7  
BULLHEAD CITY, ARIZONA 86442  
(520) 758-7800 FAX 758-5058  
TEI J.N.434142/434148K1

**E**

**LEGAL DESCRIPTION**  
**PARCEL E**  
**ARIZONA-AMERICAN WATER COMPANY - CC&N**

That portion of Section 26, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona being more particularly described as follows:

Commencing at the North Quarter corner of said Section 26; thence South 00°01'15" West 42.00 feet to a point on the South right-of-way line of El Rodeo Road and the Point of Beginning;

Thence South 89°59'59" East along said right-of-way line 30.00 feet;

Thence South 00°01'13" West 1811.44 feet;

Thence South 89°58'47" East 155.00 feet;

Thence South 00°01'13" West 36.04 feet to a tangent curve, concave Easterly having a radius of 25.00 feet;

Thence Southeasterly along said curve through a central angle of 59°27'12" an arc distance of 25.94 feet to a non-tangent line;

Thence South 30°34'00" West 199.30 feet;

Thence South 89°58'50" West 66.00 feet;

Thence South 00°01'13" West 590.01 feet;

Thence North 89°59'51" West 60.00 feet;

Thence North 00°01'13" East 1348.89 feet;

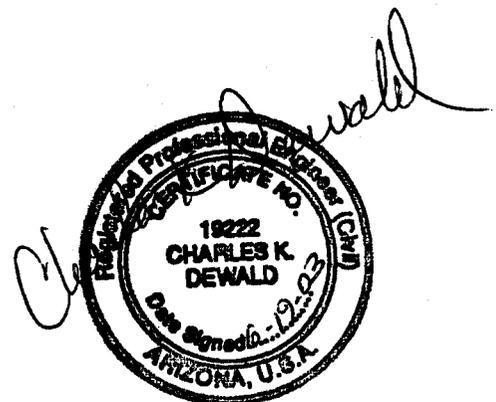
Thence South 89°56'54" East 30.00 feet to a point on the North-South midsection line of said Section 26;

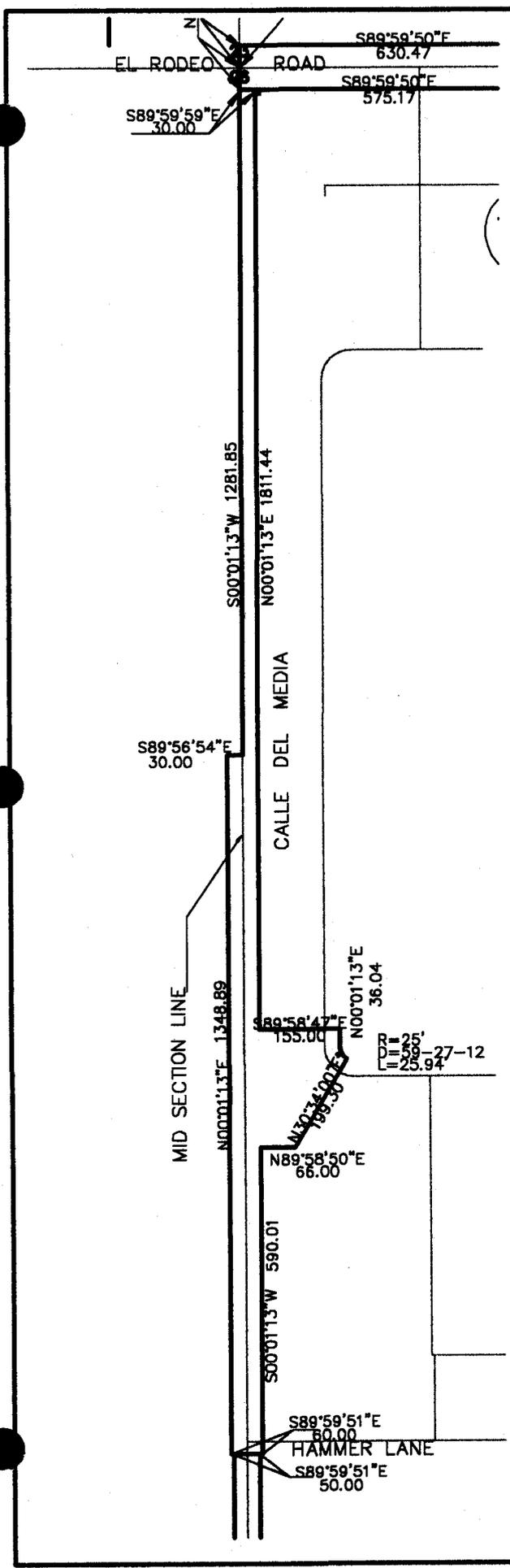
Thence North 00°01'13" East 1281.85 feet along said North-South midsection line to the Point of Beginning.

Containing a computed area of 3.41 Acres, plus or minus.

June 16, 2003  
TEI J.N. 434142-E

 **TERRITORIAL ENGINEERS, INC.**





1" = 300'

SKETCH TO ACCOMPANY LEGAL DESCRIPTION  
 PARCEL E



**TERRITORIAL ENGINEERS, INC.**

1610 RIVERVIEW DRIVE, SUITE 7  
 BULLHEAD CITY, ARIZONA 86442  
 (520) 758-7800 FAX 758-5858  
 TEI J.N.434142/434148K2

**F**

**LEGAL DESCRIPTION**  
**PARCEL F**  
**ARIZONA-AMERICAN WATER COMPANY - CC&N**

That portion of Sections 23 and 26, Township 19 North, Range 22 West, Gila & Salt River Meridian, Mohave County, Arizona being more particularly described as follows:

Beginning at the Quarter section corner common to said Section 23 and Section 26;

Thence North 00°00'43" West 42.00 feet;

Thence South 89°59'50" East on a line 42.00 feet North of an parallel to the common section line of said Sections 23 and 26 a distance of 630.47 feet;

Thence North 00°02'10 East 145.50 feet;

Thence South 89°59'50" East 360.00 feet;

Thence South 00°02'10" West 145.50 feet;

Thence South 89°59'50" East along a line 42.00 feet North of and parallel with said common section line 675.40 feet;

Thence North 00°00'10" East 618.00 feet;

Thence South 89°59'50" East 630.00 feet;

Thence South 00°00'10" West 618.00 feet;

Thence South 89°59'50" East along a line 42.00 feet North of and parallel with said common section line 345.74 feet;

Thence South 00°02'32" West 42.00 feet to the Southeast corner of Section 23 and the Northeast corner of Section 26;

Thence South 00°02'32" West 42.00 feet;

Thence North 89°59'50" West along a line 42.00 feet South of and parallel with said common section line 1981.23 feet;

Thence South 00°00'06" East 95.00 feet;

Thence South 50°31'20" West 173.01 feet;

Thence North 00°00'43" West 20.00 feet;

Thence North 89°59'50" West 7.55 feet;

Thence North 16°49'51" East 193.30 feet;

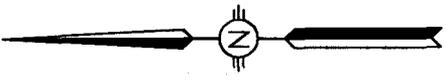
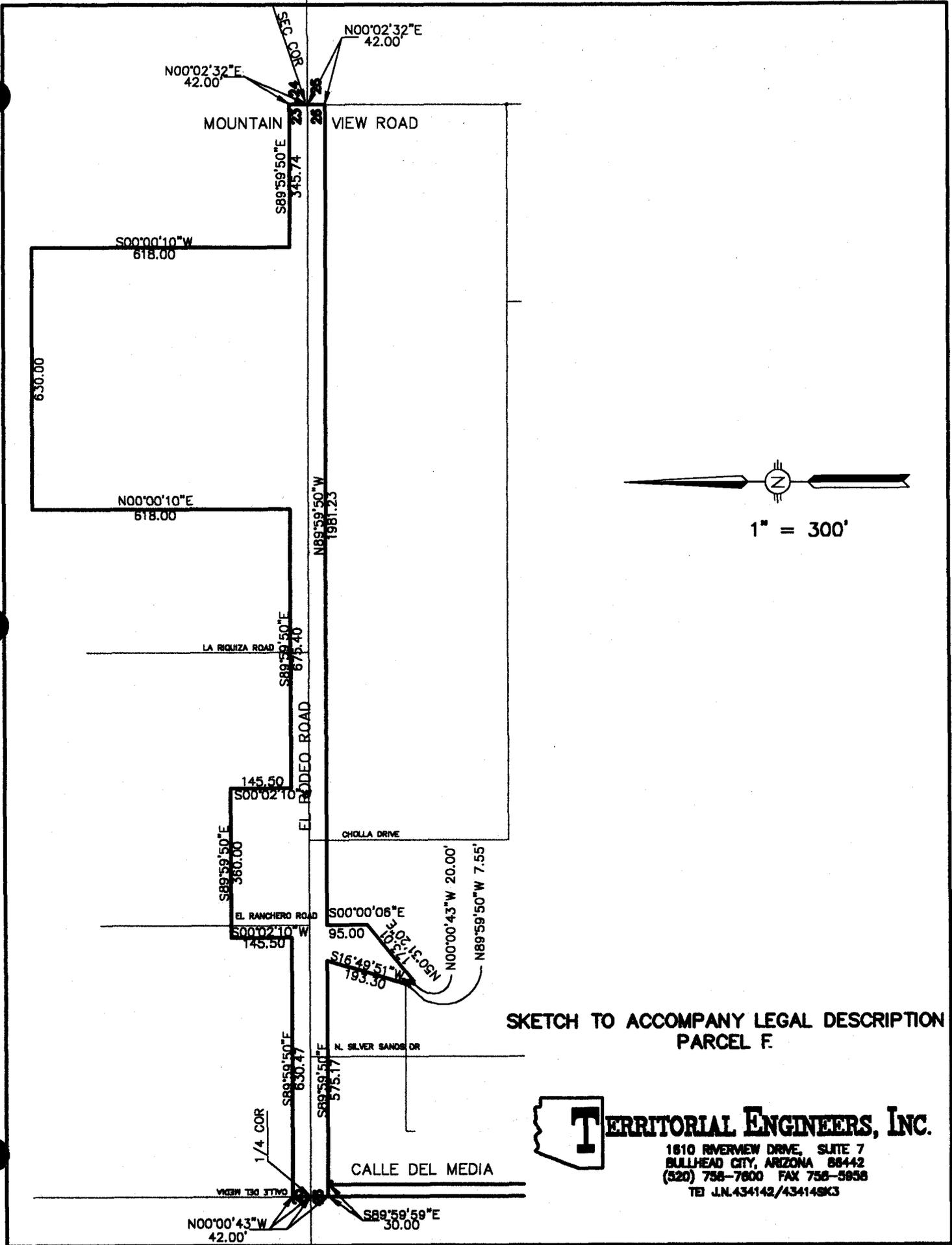


Thence North  $89^{\circ}59'50''$  West along a line 42.00 feet South of and parallel with said common section line 575.17 feet;

Thence North  $00^{\circ}00'43''$  West 42.00 feet to said common Quarter section corner and the Point of Beginning.

Containing a computed area of 15.61 Acres, plus or minus.

June 16, 2003  
TEI J.N. 434142-F



1" = 300'

SKETCH TO ACCOMPANY LEGAL DESCRIPTION  
PARCEL F.

**TERRITORIAL ENGINEERS, INC.**

1810 RIVERVIEW DRIVE, SUITE 7  
 BULLHEAD CITY, ARIZONA 86442  
 (520) 758-7600 FAX 758-5958  
 TEI J.N.434142/434148K3

**G**

**LEGAL DESCRIPTION**

MAJESTIC HOMES PROPERTY  
MOHAVE VALLEY

THAT PORTION OF THE NORTH HALF OF THE WEST HALF OF THE  
NORTHWEST QUARTER OF SECTION 36, TOWNSHIP 19 NORTH, RANGE 22  
WEST OF THE GILA & SALT RIVER MERIDIAN, MOHAVE COUNTY ARIZONA  
DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 36; THENCE,  
SOUTHERLY ALONG THE WEST LINE OF SAID SECTION 36, SOUTH 00°07'28"  
WEST 41.93 FEET; THENCE, SOUTH 89°52'32" WEST 42.00 FEET TO THE **TRUE  
POINT OF BEGINNING** FOR THIS DESCRIPTION; THENCE, ALONG THE  
SOUTHERLY RIGHT-OF-WAY OF JOY LANE 84.00 FEET WIDE

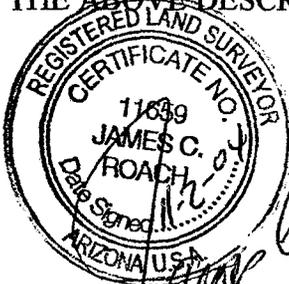
SOUTH 89°56'59" EAST 1282.58 FEET; THENCE,

SOUTH 00°08'06" WEST 1026.33 FEET; THENCE,

NORTH 89°57'42" WEST 1282.39 FEET TO THE EASTERLY RIGHT-OF-WAY OF  
MOUNTAINVIEW DRIVE 84.00 FEET WIDE; THENCE, NORTHERLY ALONG  
SAID EASTERLY RIGHT-OF-WAY

NORTH 00°07'28" EAST 1026.60 FEET TO THE **TRUE POINT OF BEGINNING**

THE ABOVE DESCRIBED PARCEL CONTAINS 30.22 ACRES



LGLDESC.MAJESTICHOMES.04-412  
11/2/04mv



**WASTEWATER FACILITIES  
LINE EXTENSION AGREEMENT**

This Agreement is made this 15<sup>th</sup> day of April, 2005 by and between Arizona-American Water Company, an Arizona corporation (hereinafter referred to as "Utility"), with offices at 19820 North 7<sup>th</sup> Street, Phoenix Arizona 85024 and Majestic Homes Southwest Inc., a California corporation, (hereinafter referred to as "Developer") with offices at 7080 Santa Monica Blvd. Los Angeles, California 90038.

**WITNESSETH**

WHEREAS, Utility provides public utility wastewater service in portions of Mohave County, Arizona; and,

WHEREAS, Developer proposes to develop a single-family home subdivision totaling approximately 119 lots known as Patriot Estates, (hereinafter referred to as "Development"), as described in Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Developer has requested Utility to provide wastewater service in said Development; and,

WHEREAS, to meet the public utility wastewater service needs of the Development, certain Wastewater Collection Facilities, as described in Exhibit "B", attached hereto and incorporated by reference, must be constructed; and,

WHEREAS, Utility is willing to have Developer design and construct said Wastewater Collection Facilities, subject, however, to Utility's approval of such design and construction; and,

WHEREAS, Utility is willing to apply to the Arizona Corporation Commission (hereinafter referred to as "Commission") for an expansion of Utility's current Certificate of Convenience and Necessity to include said Development; and,

WHEREAS, Utility and Developer must obtain certain regulatory approvals before wastewater facilities can be constructed and wastewater service provided to the Development.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

**Definitions**

1. For the purpose of this Agreement, unless context requires otherwise, these terms shall be defined as

Initial KM

follows:

- (a) "Agreement" means this Agreement, including all exhibits, amendments and addenda.
- (b) "Developer" means Majestic Homes Southwest Inc., a California corporation, its successors and assigns.
- (c) "Utility" means Arizona-American Water Company, an Arizona corporation, its successors and assigns.
- (d) "Wastewater Collection Facilities" means wastewater-related facilities to be designed, constructed or installed by Developer for the purpose of providing wastewater service to individual lots, housing, and/or commercial units within the Development as set forth in Exhibit "B", attached hereto and incorporated herein by reference.
- (e) "Operational Acceptance" means Utility's written Operational Acceptance of the construction of the Wastewater Collection Facilities, subject to further inspection by Utility and correction of any outstanding punchlist items by Developer for the Wastewater Collection Facilities.

(f) "Final Acceptance" means Utility's written Final Acceptance of the Wastewater Collection Facilities, to be issued after Operational Acceptance of such facilities and after Developer has provided all required submittals pursuant to Paragraph III.8 of this Agreement and all fees as described in Paragraphs V.1 and V.2 of this Agreement.

## **II. Authorizations**

1. Utility shall on a timely basis take all reasonable steps necessary and utilize its reasonable best efforts to obtain and renew any authorizations to provide utility wastewater services to the Development which may be required by law or regulation. These authorizations include but are not limited to certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies.

2. Developer shall obtain an Arizona Department of Environmental Quality (ADEQ) Certificate of Approval to Construct, all required zoning clearances, construction permits and similar authorizations from regulatory agencies and other governmental agencies for all facilities to be constructed by Developer hereunder.

3. Utility and Developer's obligations hereunder are contingent upon their ability to obtain any material and significant authorizations more fully described in Paragraphs 1 and 2 above. Utility will not be liable to Developer or its contractors/subcontractors for damages if Developer begins or authorizes the start of construction of the

Wastewater Collection Facilities before Developer and Utility have obtained the authorizations required hereunder.

4. Upon execution of this Agreement, Utility will, in a timely manner, submit an application to the Commission for an extension of its certificate of convenience and necessity ("CC&N") to include the area in which the Development is located. Developer agrees to provide Utility all information that may be required for the application. After the filing of the application, Utility will diligently pursue Commission approval of the application. Upon approval of the CC&N, Utility will provide wastewater service to the Development in accordance with the terms and conditions of this Agreement.

### **III. Wastewater Collection Facilities**

1. Developer shall design, construct and install, or cause to be designed, constructed or installed, all Wastewater Collection Facilities necessary to provide adequate wastewater service to the Development. Developer's estimated schedule of materials, unit quantities, and cost is set forth in Exhibit "B". Developer shall pay all of the costs of constructing and installing the Wastewater Collection Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, easements, testing, corrections, insurance and bonds. Developer's costs for the construction and installation of the Wastewater Collection Facilities shall be considered an advance in aid of construction and subject to refund in accordance with Paragraph IV.1 of this Agreement.

2. Developer agrees that the completion of the Wastewater Collection Facilities will be timed so as to enable Utility to provide wastewater service to the Development, as such service is requested by Developer.

3. If requested by Utility, Developer shall "oversize" components of the Wastewater Collection Facilities as specified by Utility. Utility shall reimburse Developer for the differential amount by which the material prices of the oversized facilities exceed the actual material prices of the facilities prior to "oversizing". Payment for oversizing will be made by Utility to Developer within thirty (30) days of written notice to Utility after Utility's Final Acceptance of said Wastewater Collection Facilities.

4. Developer shall obtain all requisite permits, easements, zoning and other approvals in advance of construction of the Wastewater Collection Facilities. All plans, specifications, construction and installation of the Wastewater Collection Facilities shall be in accordance with good utility practices; the rules, regulations and requirements of the Arizona Department of Environmental Quality; Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and

specifications shall have the written approval of Utility before construction is commenced. Approval by Utility will not be unreasonably withheld or delayed. Developer will submit said plans and specifications for the Wastewater Collection Facilities to Utility for review and approval, as well as preliminary plats, final plats, address maps and other items reasonably requested by Utility. Unless otherwise agreed, if Developer begins construction of any facilities before the required approvals have been obtained, such construction will be at Developer's sole risk and subject to repair, alteration or reconstruction at Developer's expense as directed by Utility or any regulatory agency.

5. Developer shall comply with the inspection and testing requirements of Utility for the Wastewater Collection Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Utility's inspection and testing shall not be unreasonable withheld or delayed. Developer shall give Utility adequate notice when the Wastewater Collection Facilities under construction are ready for inspection and testing, and Utility shall inspect the same promptly after being so notified. No facility will be placed in service until inspected by Utility and Utility has issued its Operational Acceptance. Utility specifically reserves the right to withhold acceptance of the Wastewater Collection Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Utility upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility made subsequent to inspection by Utility and for one year following Utility's written Final Acceptance of the Wastewater Collection Facilities. Inspection and/or acceptance by Utility shall in no way relieve or limit the Developers' responsibility and liability for construction and installation of the Wastewater Collection Facilities in accordance with the terms of this Agreement.

6. The Wastewater Collection Facilities constructed pursuant to this Agreement shall become, upon Operational Acceptance, and remain, the sole property of Utility without the requirement of any written document of transfer to Utility. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Utility, including documents which evidence or confirm transfer of possession to Utility, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss of the Wastewater Collection Facilities shall be with the Developer until written Operational Acceptance by Utility of the Wastewater Collection Facilities, or any portions thereof. Developer shall repair or cause to be repaired promptly, and at no cost to utility, all damage to the Wastewater Collection Facilities caused by the performance of construction activities

by Developer and its contractors and subcontractors until all construction in Development by or for Developer has been completed and accepted by Utility. Developer acknowledges that Utility has the right to, and may in the future, connect its existing or future wastewater systems to the Wastewater Collection Facilities.

7. Developer shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals as required, in a form satisfactory to Utility's counsel, for any Wastewater Collection Facilities constructed pursuant to this Agreement.

8. Developer shall, within thirty (30) days of Operational Acceptance of the Wastewater Collection Facilities, furnish Utility with: (a) copies of all bills, invoices and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, design and approval, permitting, construction and installation of the Wastewater Collection Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Wastewater Collection Facilities; (c) receipts, specifying exact amount of payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Wastewater Collection Facilities; (d) "as-built" drawings on 4-mil mylar, certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, and respective sizes for all Wastewater Collection Facilities; and (e) CAD files of the construction drawings and final plat (if Development is a residential subdivision) in accordance with Utility's specifications.

#### IV. Refunds

1. The cost of construction and installation of the Wastewater Collection Facilities, as evidenced by invoices furnished to Utility pursuant to Paragraph III.8 hereof, to the extent that facilities have been constructed and costs have been paid for by Developer are subject to refund by Utility to Developer. Notwithstanding the foregoing, Utility will not make refunds before the Wastewater Collection Facilities have received Operational Acceptance. Utility shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of Utility revenues (excluding all gross receipts taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments) derived from the provision of wastewater service to each consumer whose service line is connected to main lines covered by this Agreement. Refunds shall be payable for a period of five (5) years from the date of Utility's Operational Acceptance of the Wastewater Collection Facilities, but in no event shall the refunds paid to Developer exceed the total amounts paid by

Developer as advances in aid of construction. Any balance remaining at the end of the fifth year (5 year) period shall become nonrefundable. No interest shall be paid on any amount advanced.

V. General Provisions

1. Developer is hereby notified that the Commission has approved Utility's Wastewater Treatment Plant Availability Fee in the amount of \$500 per lot to defer its cost of constructing WWTP Facilities and Utility intends to apply this Fee to its CC&N filing to include said Development.

2. Upon execution of this Agreement, Builder will pay to Utility a plan-review fee equal to 4.84% of the total costs set forth on Exhibit B to compensate Utility for the cost of its coordination, reviews, inspections, testing, and approvals (including all related overhead costs, etc.) incurred by Utility under this Agreement. The 4.84% plan-review fee is deemed the final and reconciled costs for these services provided by Utility. Utility will credit toward the plan-review fee any previously paid deposits concerning the Distribution Facilities.

3. Prior to requesting wastewater service, Developer shall submit the Wastewater Treatment Plant Availability Fee to Utility. **All fee's due within 30 days of Operational acceptance or requesting service.** Utility has no obligation to provide wastewater service to a lot in said Development until the Wastewater Treatment Plant Availability Fee has been paid as provided in this paragraph.

4. Utility shall, upon Operational Acceptance of the Wastewater Collection Facilities, and payment of all fees required hereunder or by the terms of the then current and applicable tariffs of Utility, provide wastewater service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Commission. Utility has no obligation to provide wastewater service to a lot in said Development until Developer has paid all required fees.

5. Water for construction within the Development shall be made available only in quantities, which are in excess of quantities required for service to other customers connected to Utility's existing system. All water is expected to be metered, but if Developer requests to use unmetered water and if approved by Utility, water used for construction of water and wastewater facilities may be unmetered, in which case Utility will estimate, in accordance with Utility's standard procedures, the amount of unmetered water used and charge Developer for the water. Estimated and metered water used for the construction of water and sewer facilities or other facilities within the Development shall be billed by the Utility to Developer at the Utility's then current tariff rate. Utility reserves the right to estimate and bill Developer for

all unauthorized unmetered water used for the Development. Utility may terminate this Agreement and wastewater service if unauthorized unmetered water use is continued after Developer receives a notice to cease the use of unauthorized unmetered water.

6. Utility shall use its reasonable best efforts to maintain satisfactory and continuous service, but does not guarantee a continuous supply of wastewater service. Utility shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's wastewater facilities.

7. The Developer will indemnify and hold Utility, its officers, directors, agents, and employees harmless from and against any and all claims, damages, costs and expenses, including penalties and assessments, attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, the Developer will assume the defense at the Developer's expense and will pay all judgments rendered therein. The foregoing indemnity does not cover any negligent or wrongful acts of Utility, its officers, directors, agents or employees.

8. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

9. Communications hereunder shall be sent to Developer addressed as follows:

Majestic Homes Southwest Inc.  
Mr. Nelson Silver  
7080 Santa Monica Blvd..  
Los Angeles, CA 90038

or to such other addresses or addressees as Developer may advise Utility in writing, and to Utility at:

Arizona-American Water Company  
Attn: Director, Engineering  
19820 N. 7<sup>th</sup> Street, Suite 201  
Phoenix, Arizona 85024

or to such other addresses or addressees as Utility may advise Developer in writing.

10. It is agreed that Utility is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent for Utility and shall not incur any costs or expenses on behalf of Utility.

11. This Agreement shall be governed by the laws of the State of Arizona and its performance shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

12. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.

13. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Utility, and any attempted assignment without such consent shall be void and of no effect.

14. Utility reserves the right to deem this Agreement null and void if construction of the Wastewater Collection Facilities has not started within one year from the date of this Agreement. If construction has not started construction within one year from the date of this Agreement, Developer may issue a written request to Utility for an extension of this Agreement. Utility's acceptance to said request for extension will not be unreasonably delayed. If Utility deems this Agreement null and void, Utility will send written notice of cancellation of Agreement to Developer via certified mail to the address shown in Section V.9.

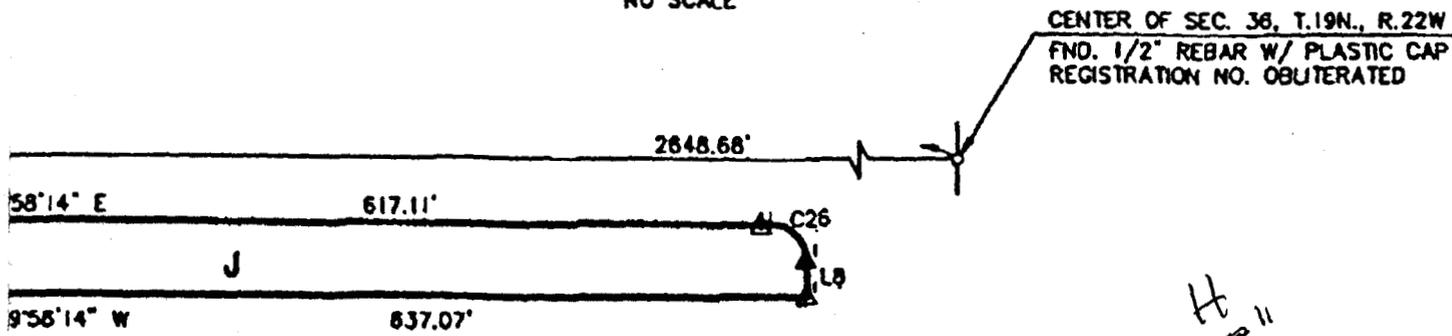
15. Developer estimates a construction start date of 1 day 08, 2005 and a construction completion date of 30 day 11, 2005.



**H**

**DETAIL A**

NO SCALE



*Desert Lakes  
415Z A*

*Parcel  
"H"  
"B"*

**LAND EASEMENT**  
BY ABANDONED  
EXTENSION OF

**LEGAL DESCRIPTION:**

A PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 19 NORTH, RANGE 22 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MOHAVE COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

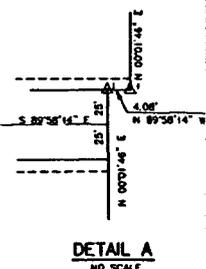
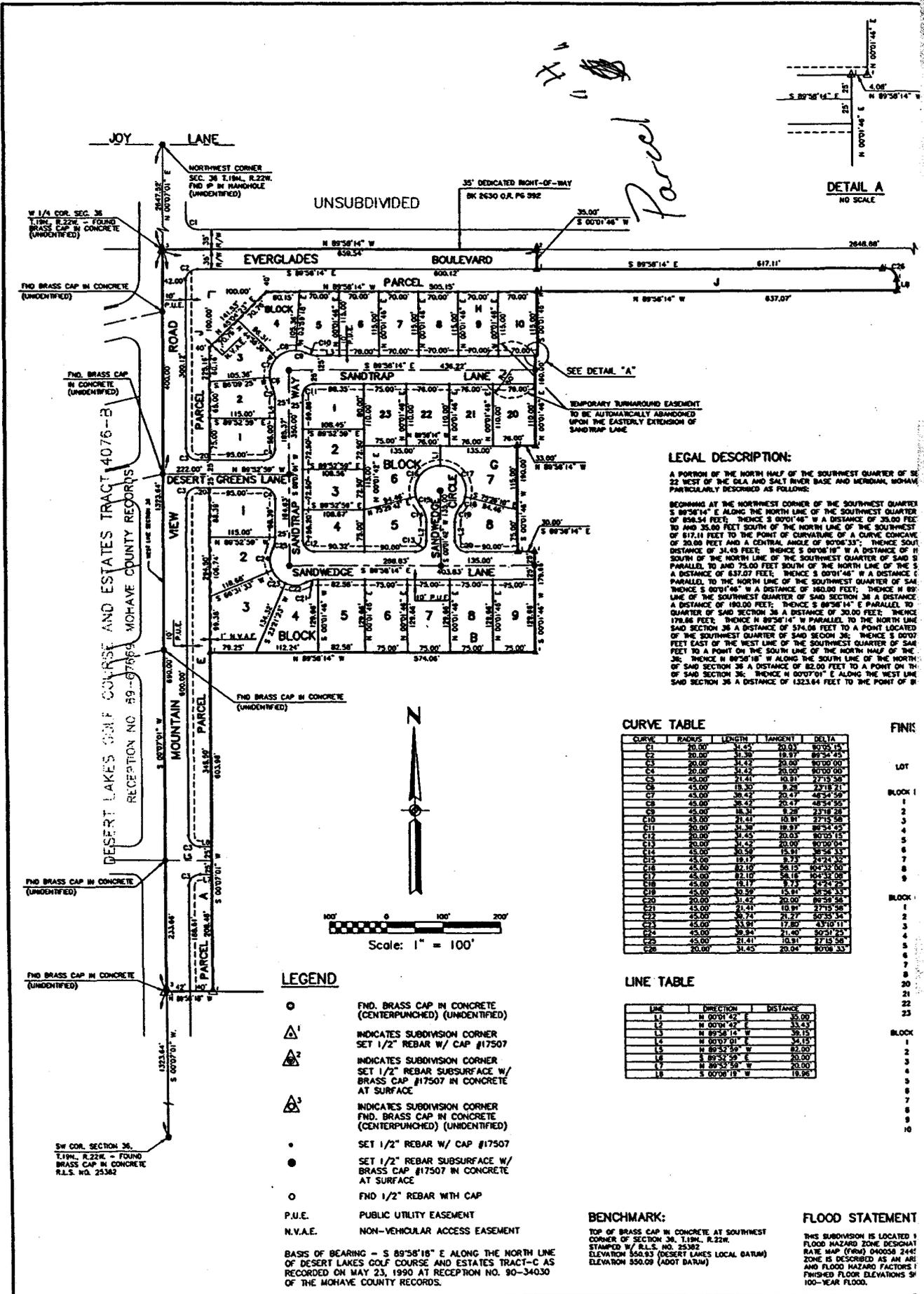
BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE S 89°58'14" E ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 2648.68 FEET; THENCE S 00°01'46" W A DISTANCE OF 35.00 FEET; THENCE S 89°58'14" E PARALLEL TO AND 35.00 FEET SOUTH OF THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 617.11 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 20.00 FEET AND A CENTRAL ANGLE OF 90°06'33"; THENCE SOUTHEASTERLY ALONG SAID CURVE A DISTANCE OF 31.45 FEET; THENCE S 00°08'19" W A DISTANCE OF 19.96 FEET TO A POINT LOCATED 75.00 FEET SOUTH OF THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE N 89°58'14" W PARALLEL TO AND 75.00 FEET SOUTH OF THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 637.07 FEET; THENCE S 00°01'46" W A DISTANCE OF 115.00 FEET; THENCE N 89°58'14" W PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 4.08 FEET; THENCE S 00°01'46" W A DISTANCE OF 160.00 FEET; THENCE N 89°58'14" W PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 33.00 FEET; THENCE S 00°01'46" W A DISTANCE OF 190.00 FEET; THENCE S 89°58'14" E PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 30.00 FEET; THENCE S 00°01'46" W A DISTANCE OF 179.66 FEET; THENCE N 89°58'14" W PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 574.06 FEET TO A POINT LOCATED 82.00 FEET EAST OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE S 00°07'01" W PARALLEL TO AND 82.00 FEET EAST OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 603.98 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE N 89°58'18" W ALONG THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 82.00 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE N 00°07'01" E ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 1323.64 FEET TO THE POINT OF BEGINNING.

**DRIVE TABLE**

DRIVE	RADIUS	LENGTH	TANGENT	DELTA
C1	20.00'	31.45'	20.03'	90°05'15"
C2	20.00'	31.39'	19.97'	89°54'45"
C3	20.00'	31.42'	20.00'	90°00'00"
C4	20.00'	31.42'	20.00'	90°00'00"
	20.00'	21.41'	10.91'	27°15'58"

**FINISHED FLOOR TABLE**

LOT	BASE FLOOR ELEVATION (ADOT DATUM)	MINIMUM FINISHED FLOOR ELEVATION (ADOT DATUM)



**LEGAL DESCRIPTION:**

A PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 36, T.19N., R.22W., MOHAVE COUNTY RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 36, T.19N., R.22W., MOHAVE COUNTY RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 36, T.19N., R.22W., MOHAVE COUNTY RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 36, T.19N., R.22W., MOHAVE COUNTY RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

**CURVE TABLE**

CURVE	RADIUS	LENGTH	TANGENT	DELTA
C01	20.00	31.42	10.00	90°00'00"
C02	20.00	31.42	10.00	90°00'00"
C03	20.00	31.42	10.00	90°00'00"
C04	20.00	31.42	10.00	90°00'00"
C05	45.00	14.14	10.00	72°00'00"
C06	45.00	14.14	10.00	72°00'00"
C07	45.00	14.14	10.00	72°00'00"
C08	45.00	14.14	10.00	72°00'00"
C09	45.00	14.14	10.00	72°00'00"
C10	45.00	14.14	10.00	72°00'00"
C11	20.00	31.42	10.00	90°00'00"
C12	20.00	31.42	10.00	90°00'00"
C13	20.00	31.42	10.00	90°00'00"
C14	45.00	14.14	10.00	72°00'00"
C15	45.00	14.14	10.00	72°00'00"
C16	45.00	14.14	10.00	72°00'00"
C17	45.00	14.14	10.00	72°00'00"
C18	45.00	14.14	10.00	72°00'00"
C19	45.00	14.14	10.00	72°00'00"
C20	20.00	31.42	10.00	90°00'00"
C21	45.00	14.14	10.00	72°00'00"
C22	45.00	14.14	10.00	72°00'00"
C23	45.00	14.14	10.00	72°00'00"
C24	45.00	14.14	10.00	72°00'00"
C25	45.00	14.14	10.00	72°00'00"
C26	20.00	31.42	10.00	90°00'00"

**LINE TABLE**

LINE	DIRECTION	DISTANCE
L1	N 00°00'00" E	35.00
L2	N 00°00'00" E	35.00
L3	N 89°58'14" W	39.15
L4	N 00°00'00" E	34.15
L5	N 89°58'14" W	20.00
L6	N 89°58'14" W	20.00
L7	N 89°58'14" W	20.00
L8	S 00°00'00" W	18.95

**LEGEND**

- FND. BRASS CAP IN CONCRETE (CENTERPUNCHED) (UNIDENTIFIED)
- △<sup>1</sup> INDICATES SUBDIVISION CORNER SET 1/2" REBAR W/ CAP #17507
- △<sup>2</sup> INDICATES SUBDIVISION CORNER SET 1/2" REBAR SUBSURFACE W/ BRASS CAP #17507 IN CONCRETE AT SURFACE
- △<sup>3</sup> INDICATES SUBDIVISION CORNER FND. BRASS CAP IN CONCRETE (CENTERPUNCHED) (UNIDENTIFIED)
- SET 1/2" REBAR W/ CAP #17507
- SET 1/2" REBAR SUBSURFACE W/ BRASS CAP #17507 IN CONCRETE AT SURFACE
- FND 1/2" REBAR WITH CAP
- P.U.E. PUBLIC UTILITY EASEMENT
- N.V.A.E. NON-VEHICULAR ACCESS EASEMENT

**BENCHMARK:**

TOP OF BRASS CAP IN CONCRETE AT SOUTHWEST CORNER OF SECTION 36, T.19N., R.22W. ELEVATION 556.83 (DESERT LAKES LOCAL DATUM) ELEVATION 550.00 (ADOT DATUM)

**FLOOD STATEMENT**

THIS SUBDIVISION IS LOCATED IN FLOOD HAZARD ZONE DESIGNATED BY THE ARIZONA DEPARTMENT OF WATER RESOURCES. THE FLOOD HAZARD ZONE IS DESCRIBED AS AN AREA OF FLOOD HAZARD FACTORS 1 FINISHED FLOOR ELEVATIONS SH 100-YEAR FLOOD.

WASTEWATER FACILITIES  
LINE EXTENSION AGREEMENT

TRACT 4152  
DESERT LAKES  
EST. II  
A+B

3.001

This AGREEMENT, made this 26th day of June, 1995 by and between SORENSON UTILITY COMPANY, INC., an Arizona corporation qualified to do business in Arizona, with an office at 5635 S. Highway 95 #B, Fort Mohave, Arizona, 86426, (hereinafter referred to as "Sorenson"), and DESERT LAKES, INC., a corporation with an address of P.O. Box 8858, Fort Mohave, Arizona 86427 (hereinafter referred to as "Developer")

WHEREAS, Sorenson provides public utility wastewater service in and in the vicinity of Bullhead City, Arizona; and

WHEREAS, Developer proposes to develop ~~276~~ single family lots known as Tract 4152

76  
A-Z

WHEREAS, to meet the public utility wastewater service needs of the Development, off-site wastewater facilities (hereinafter referred to as "Wastewater Facilities"), as described in Exhibit "B", attached hereto and incorporated herein by references, must be constructed; and,

WHEREAS, Developer agrees that Sorenson may design and construct said Wastewater Facilities, subject, however, to Developer's approval of such design and construction; and

- 10% 10 YRS  
- AUG 31  
- DATE OF ADVANCE

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Sorenson shall design, construct and install or cause to be designed, constructed and installed, all Wastewater Facilities necessary to provide adequate wastewater service to the Development. Said Wastewater Facilities are more fully described in Exhibit "B" hereto. Developer shall pay all of the costs of constructing, installing and connecting the Wastewater Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, testing, correction, insurance and bonds. Developer's cost for the construction and installation of the Wastewater Facilities shall be subject to refund pursuant to Paragraph 12 of the Agreement.

2. If requested by Sorenson, Developer shall "oversize" the Wastewater Facilities as specified by Sorenson. Sorenson shall reimburse Developer for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified in Exhibit "B".

3. The Wastewater Facilities for the Development will be designed and constructed with sufficient capacity to accommodate the wastewater service requirements of the Development.

4. Sorenson agrees that the Wastewater Facilities will be completed so as to enable Sorenson to provide wastewater service to the Development as such service is requested.

5. Developer anticipates that commencement of the construction of Wastewater Facilities to accommodate needs of the Development will be no later than six (6) months from the date this agreement is executed by the Developer and Sorenson. Developer shall obtain all necessary governmental approvals of its development.

6. Developer shall obtain all requisite permits, zoning and other approvals in advance of construction of the Wastewater Facilities. All plans, specifications, construction and installation of the Wastewater Facilities shall be in accordance with good utility practices, the rules and regulations and requirements of the Arizona Department of Environmental Quality and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of Sorenson before construction is commenced. Approval by Sorenson will not be unreasonably withheld or delayed..

7. Developer shall comply with the inspection and testing requirements of Sorenson for the Wastewater Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall give Sorenson adequate notice when the Wastewater Facilities under construction are ready for inspection and testing, and Sorenson shall inspect promptly after being so notified. Sorenson specifically reserves the right to withhold acceptance of the Wastewater Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Sorenson upon inspection and testing. Developer agrees that is will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Sorenson

made subsequent to inspection by Sorenson and for one year following Sorenson's written final acceptance of the Wastewater Facilities. Inspection of the Wastewater Facilities in accordance with the terms of this Agreement.

8. The Wastewater Facilities constructed pursuant to this Agreement shall become, upon installation, and remain the sole property of Sorenson without the requirement of any written document of transfer to Sorenson. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Sorenson including documents which evidence or confirm transfer of possession to Sorenson, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss of the Wastewater Facilities shall be with the Developer until written final acceptance by Sorenson of the Wastewater Facilities. Developer shall repair or cause to be repaired promptly, and at no cost to Sorenson, all damage to the Wastewater Facilities caused by construction operations until all construction in Development by or for Developer has been completed and accepted by Sorenson. Developer acknowledges that Sorenson has the right to, and may in the future connect its existing or future wastewater systems to the Wastewater Facilities.

9. Developer shall, at no cost to Sorenson, grant or cause to be granted to Sorenson perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals, as required, in a form satisfactory to Sorenson counsel, for the Wastewater Facilities constructed pursuant to this Agreement.

10. Developer shall, within sixty (60) days of written acceptance of Wastewater Facilities by Sorenson, furnish Sorenson with; (a) copies of all bills, invoices, and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, construction and installation of the Wastewater Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the wastewater Facilities; (c) receipts, specifying exact amounts for payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Wastewater Facilities; (d) "as built" drawings certified as to correctness by an engineering registered in the State of Arizona and showing the locations and respective sizes of all Wastewater Facilities.

11. Sorenson will provide wastewater service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Sorenson as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of Sorenson and approval by the Commission.

12. The cost of construction and installation of Wastewater Facilities as evidenced by invoices furnished to Sorenson pursuant to Paragraph 10 and advances paid by Developer pursuant to Paragraph 1 hereof, to the extent that facilities and FCA have been actually advanced, are subject to refund by Sorenson to Developer. Sorenson shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments)

derived from the provision of wastewater service to Development. Refunds shall be payable for a period of ten (10) years from the date of the advance but in no event shall the funds paid to Developer exceed the total amounts paid by Developer for the portion of the Wastewater Facilities as advances in-aid-of construction. Any balance remaining at the end of the ten-year period shall become non-refundable. No interest shall be paid on any amount advanced.

13. Prior to the commencement of construction of the Wastewater Facilities, Developer shall furnish Sorenson with appropriate certificates of insurance for coverage effective during the period of construction in the following types and amounts:

- a. Workers Compensation Insurance with statutory limits as required by the laws of the State of Arizona and Employer's Liability Insurance with a limit of not less than ONE MILLION DOLLARS (\$1,000,000).
- b. Commercial General Liability Insurance including premises operations, completed operations, independent contractors and blanket contractual liability with limits of not less the TWO MILLION DOLLARS (\$2,000,000) combined single limit for bodily injury (including death) and property damage. When the work to be performed requires blasting, Developer shall cover that risk. Utility shall be included as an additional insured, but only with respect to acts or omissions of Developer in connection with Developer's operations arising from this agreement.
- c. Commercial Business Automobile Liability Insurance with

limits of ONE MILLION DOLLARS (\$1,000,000) combined single limit covering all owned and non-owned automobiles or trucks used in connection with the work. Sorenson shall be named as an additional insured.

14. Sorenson will endeavor to maintain satisfactory and continuous service, but does not guarantee continuous wastewater service. Sorenson shall not be liable for damage occasioned by interruptions or failure to commence service or unsatisfactory service, or any act arising out of this agreement caused by an act of God or the public enemy, inevitable accidents, fire, explosions, strikes, riots, war, delay in receiving shipments of required materials, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control, or incident to interruptions necessary for repairs or changes in Sorensons' collection and lift station, sewage treatment facilities or facilities used by Sorenson to transport for treatment by others of wastewater.

15. Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, Developer will indemnify and hold harmless Sorenson, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys fees to which they or any of them may be

subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay judgements rendered therein.

16. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

17. Communication hereunder shall be sent to Developer, addressed as follows:

or to such other addresses or addressees as Developer may advise Sorenson in writing,

and to Sorenson at:

Sorenson Utility Company  
Attn: Angelo Rinaldi  
26691 Plaza Drive Suite 140  
Mission Viejo, California 92691

or to such other addresses or addressees as Sorenson may advise Developer in writing.

18. It is agreed that Sorenson is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent for Sorenson and shall not incur any costs or expenses on behalf of Sorenson.

19. This Agreement shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

20. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.

21. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representative, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate originals, as of the date and year first above written.

Sorenson Utilities Company, Inc.

Developer

Desert Lakes, INC.

By: Angelo Rinaldi

Angelo Rinaldi

President

By: Alley D. David

**I**

**LEGAL DESCRIPTION  
PARCEL I**

That portion of the Southwest Quarter of Section 36, Township 19 North, Range 22 West of the Gila & Salt River Meridian, Mohave County, Arizona, being the boundary of the lands platted and shown on the Final Plat of Desert Lakes Estates, Tract 4152B recorded on February 28, 2000 at Reception No. 2000-10359, Records of Mohave County, Arizona and being more particularly described as follows:

Commencing at the West Quarter corner of said Section 36, thence South  $00^{\circ}07'01''$  West 719.66 feet along the West line of said Southwest Quarter, thence leaving said Section line South  $89^{\circ}52'59''$  East 82.00 feet to the POINT OF BEGINNING;

*East*

Thence South  $89^{\circ}58'15''$  ~~West~~ 574.06 feet;

Thence North  $00^{\circ}01'42''$  East 129.66 feet;

Thence North  $89^{\circ}58'14''$  West 30.00 feet;

Thence North  $00^{\circ}01'42''$  East 240.00 feet;

Thence South  $89^{\circ}58'14''$  East 280.00 feet;

Thence South  $00^{\circ}01'42''$  West 190.00 feet;

Thence South  $89^{\circ}58'14''$  East 45.00 feet;

Thence South  $00^{\circ}01'46''$  West 50.00 feet to a non-tangent curve concave Southeast and having a radius of 20.00 feet, thence Southwesterly along said curve through a central angle of  $90^{\circ}00'00''$  an arc distance of 31.42 feet to a point of tangency;

Thence South  $00^{\circ}01'46''$  West 219.31 feet to a tangent curve concave to the Northeast and having a radius of 20.00 feet;

Thence Southeasterly along said curve through a central angle of  $90^{\circ}00'02''$  an arc distance of 31.42 feet to a non-tangent line;

Thence South  $00^{\circ}01'46''$  West 50.00 feet to a non-tangent curve concave to the Southeast and having a radius of 20.00 feet;

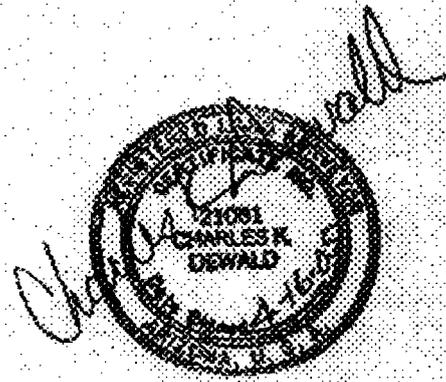
Thence Southwesterly along said curve through a central angle of  $89^{\circ}59'58''$  an arc distance of 31.42 feet to a point of tangency;

Thence South  $00^{\circ}01'46''$  West 109.66 feet;

 TERRITORIAL ENGINEERS, INC.

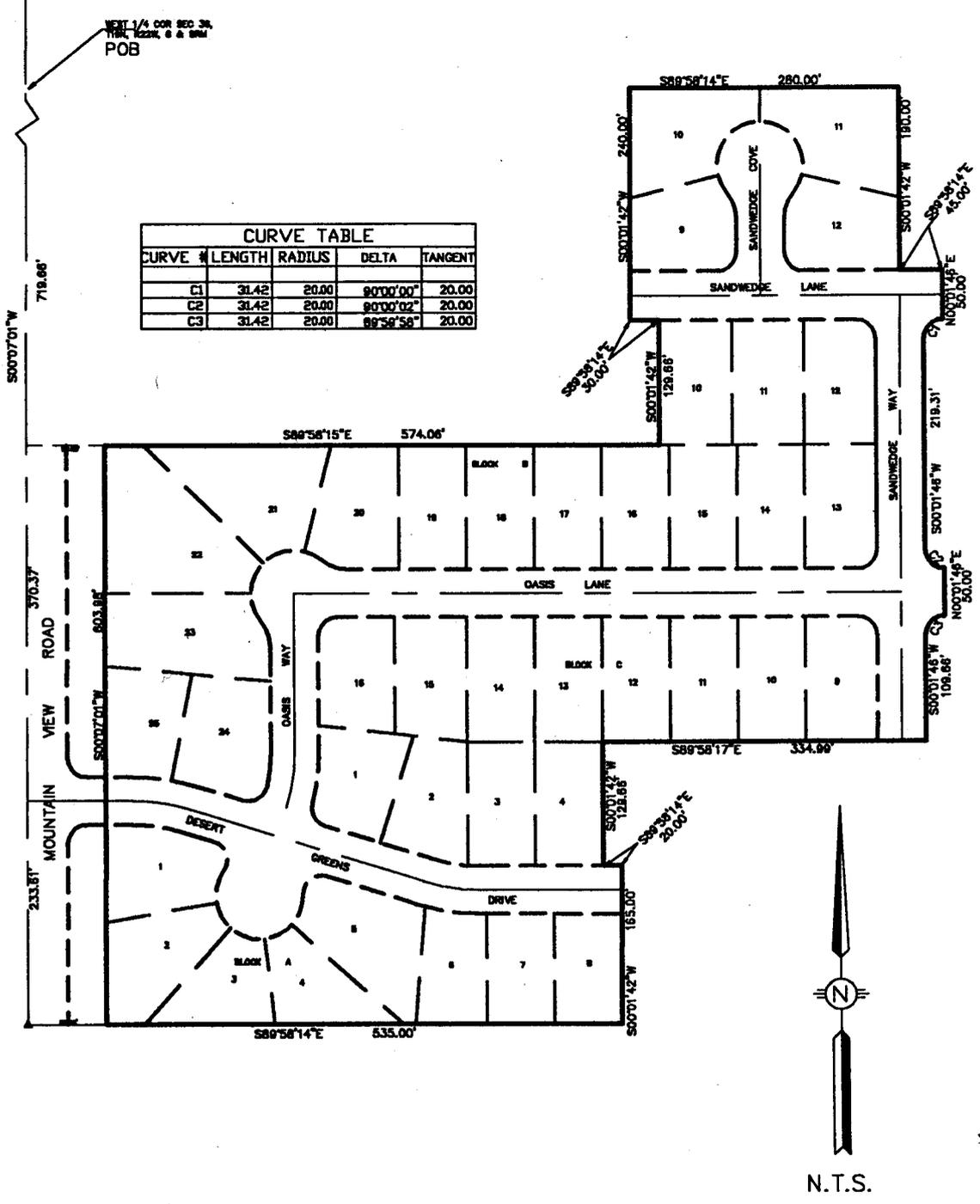
Thence North  $89^{\circ}58'17''$  West 334.99 feet;  
Thence South  $00^{\circ}01'42''$  West 129.66 feet;  
Thence South  $89^{\circ}58'14''$  East 20.00 feet;  
Thence South  $00^{\circ}01'42''$  West 165.00 feet;  
Thence North  $89^{\circ}58'14''$  West 535.00 feet;  
Thence North  $00^{\circ}07'01''$  East 603.98 feet to the POINT OF BEGINNING.

Containing a computed area of 12.03 Acres plus or minus.



REV: APRIL 21, 2005  
April 16, 2005  
434142/43414SK8

# ARIZONA AMERICAN WATER COMPANY



PARCEL I  
 SKETCH TO ACCOMPANY LEGAL DESCRIPTION

**TERRITORIAL ENGINEERS, INC.**  
 1810 RIVERVIEW DRIVE, SUITE 7,  
 BULLHEAD CITY, ARIZONA 86442  
 (520) 758-7800 FAX 758-5858  
 TEI JN.434142/434148K8

**J**

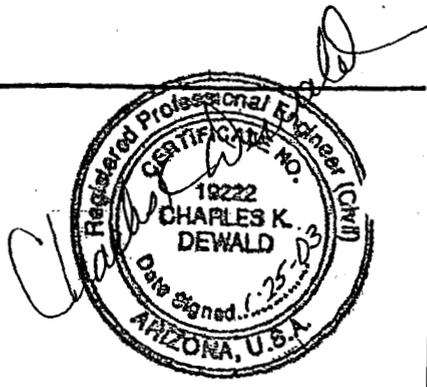
**LEGAL DESCRIPTION:**

A PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 19 NORTH, RANGE 22 WEST OF THE GILA & SALT RIVER MERIDIAN, MOHAVE COUNTY, ARIZONA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36, THENCE SOUTH 89°58'14" EAST ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER DISTANCE OF 662.04 FEET (659.54 FEET RECORD PER TRACT 4152A) TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 89°58'14" EAST 917.21 FEET; THENCE LEAVING SAID NORTH LINE SOUTH 00°08'19" WEST 260.00 FEET; THENCE SOUTH 00°01'46" WEST 50.00 FEET; THENCE NORTH 89°58'14" WEST 15.09 FEET; THENCE SOUTH 00°08'19" WEST 115.00 FEET; THENCE NORTH 89°58'14" WEST 70.00 FEET; THENCE SOUTH 00°08'19" WEST 114.97 FEET; THENCE SOUTH 00°01'46" WEST 50.00 FEET; THENCE NORTH 89°58'14" WEST 49.44 FEET; THENCE SOUTH 00°01'46" WEST 130.00 FEET; THENCE NORTH 89°58'14" WEST 513.82 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF SANDWEDGE WAY AS SHOWN ON THE FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B RECORDED ON 2/28/2000 AT FEE NUMBER 2000-10359; THENCE NORTH 00°01'46" EAST 110.00 FEET ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" AN ARC DISTANCE OF 31.42 FEET; THENCE NORTH 00°01'46" EAST 50.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF SANDWEDGE LANE AS SHOWN ON SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B; THENCE NORTH 89°58'14" WEST 45.00 FEET ALONG SAID NORTHERLY RIGHT-OF-WAY LINE; THENCE NORTH 00° 01'42" EAST 190.00 FEET ALONG THE EAST LINE OF LOTS 11 AND 12, BLOCK G OF SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B; THENCE NORTH 89°58'14" WEST 247.01 FEET ALONG THE NORTH LINE OF LOTS 10 AND 11, BLOCK G TO THE SOUTHEAST CORNER OF LOT 20, BLOCK G AS SHOWN ON THE FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152A RECORD ON 11/28/1995 AT FEE NUMBER 95-61870; THENCE NORTH 00°01'46" EAST 160.00 FEET ALONG THE EAST LINE OF SAID LOT 20 TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF SANDTRAP LANE PER SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152A; THENCE SOUTH 89°58'14" EAST 4.08 FEET ALONG THE SOUTH LINE OF LOT 10, BLOCK H AS SHOWN ON SAID FINAL PLAT TO THE SOUTHEAST CORNER OF SAID LOT 10; THENCE NORTH 00°01'46" EAST 115.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 10, SAID POINT BEING ON THE SOUTH LINE OF PARCEL J OF SAID PLAT; THENCE SOUTH 89°58'14" EAST 637.07 FEET ALONG SAID SOUTH LINE; THENCE NORTH 00°08'19" EAST 19.93 FEET (19.98 FEET RECORD PER TRACT 4152A) TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 20.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°06'33" AN ARC DISTANCE OF 31.45 FEET; THENCE NORTH 89°58'14" WEST 617.11 FEET ALONG THE NORTH LINE OF SAID PARCEL J; THENCE NORTH 00°01'46" EAST 35.00 FEET TO THE POINT OF BEGINNING.

CONTAINING A COMPUTED AREA OF 11.627 ACRES MORE OR LESS.

*Desert Lakes  
4152C*

*Parcel J*







**WASTEWATER FACILITIES  
LINE EXTENSION AGREEMENT**

This Agreement is made this 11th day of August, 2007 by and between Arizona-American Water Company, an Arizona corporation (hereinafter referred to as "Utility"), with offices at 860 Gemstone Avenue, Bullhead City, Arizona 86442 and Desert Lakes, Inc., an Arizona Corporation (hereinafter referred to as "Developer") with offices at P.O. Box 8858, Ft. Mojave, Arizona, 86427.

W I T N E S S E T H

WHEREAS, Utility provides public utility wastewater service in portions of Mohave County, Arizona; and,

WHEREAS, Developer proposes to develop a single-family home subdivision totaling approximately 42 lots known as Desert Lakes Estates, Tract 4152C (hereinafter referred to as "Development"), as described in Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Developer has requested Utility to provide wastewater service in said Development; and,

WHEREAS, to meet the public utility wastewater service needs of the Development, certain Wastewater Collection Facilities, as described in Exhibit "B", attached hereto and incorporated by reference, must be constructed; and,

WHEREAS, Utility is willing to have Developer design and construct said Wastewater Collection Facilities, subject, however, to Utility's approval of such design and construction; and,

WHEREAS, Utility is willing to apply to the Arizona Corporation Commission (hereinafter referred to as "Commission") for an expansion of Utility's current Certificate of Convenience and Necessity to include said Development; and,

WHEREAS, Utility and Developer must obtain certain regulatory approvals before wastewater facilities can be constructed and wastewater service provided to the Development.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

**I. Definitions**

1. For the purpose of this Agreement, unless context requires otherwise, these terms shall be defined as

follows:

- (a) "Agreement" means this Agreement, including all exhibits, amendments and addenda.
- (b) "Developer" means Desert Lakes, Inc., an Arizona Corporation, its successors and assigns.
- (c) "Utility" means Arizona-American Water Company, an Arizona corporation, its successors and assigns.
- (d) "Wastewater Collection Facilities" means wastewater-related facilities to be designed, constructed or installed by Developer for the purpose of providing wastewater service to individual lots, housing, and/or commercial units within the Development as set forth in Exhibit "B", attached hereto and incorporated herein by reference.
- (e) "Operational Acceptance" means Utility's written Operational Acceptance of the construction of the Wastewater Collection Facilities, subject to further inspection by Utility and correction of any outstanding punchlist items by Developer for the Wastewater Collection Facilities.
- (f) "Final Acceptance" means Utility's written Final Acceptance of the Wastewater Collection Facilities, to be issued after Operational Acceptance of such facilities and after Developer has provided all required submittals pursuant to Paragraph III.8 of this Agreement.

## II. Authorizations

1. Utility shall on a timely basis take all reasonable steps necessary and utilize its reasonable best efforts to obtain and renew any authorizations to provide utility wastewater services to the Development which may be required by law or regulation. These authorizations include but are not limited to certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies.
2. Developer shall obtain an Arizona Department of Environmental Quality (ADEQ) Certificate of Approval to Construct, all required zoning clearances, construction permits and similar authorizations from regulatory agencies and other governmental agencies for all facilities to be constructed by Developer hereunder.
3. Utility and Developer's obligations hereunder are contingent upon their ability to obtain any material and significant authorizations more fully described in Paragraphs 1 and 2 above. Utility will not be liable to Developer or its contractors/subcontractors for damages if Developer begins or authorizes the start of construction of the Wastewater Collection Facilities before Developer and Utility have obtained the authorizations required hereunder.
4. Upon execution of this Agreement, Utility will, in a timely manner, submit an application to the

Commission for an extension of its certificate of convenience and necessity ("CC&N") to include the area in which the Development is located. Developer agrees to provide Utility all information that may be required for the application. After the filing of the application, Utility will diligently pursue Commission approval of the application. Upon approval of the CC&N, Utility will provide wastewater service to the Development in accordance with the terms and conditions of this Agreement.

**III. Wastewater Collection Facilities**

1. Developer shall design, construct and install, or cause to be designed, constructed or installed, all Wastewater Collection Facilities necessary to provide adequate wastewater service to the Development. Developer's estimated schedule of materials, unit quantities, and cost is set forth in Exhibit "B". Developer shall pay all of the costs of constructing and installing the Wastewater Collection Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, easements, testing, corrections, insurance and bonds. Developer's costs for the construction and installation of the Wastewater Collection Facilities shall be considered an advance in aid of construction and subject to refund in accordance with Paragraph IV.1 of this Agreement.

2. Developer agrees that the completion of the Wastewater Collection Facilities will be timed so as to enable Utility to provide wastewater service to the Development, as such service is requested by Developer.

3. If requested by Utility, Developer shall "oversize" components of the Wastewater Collection Facilities as specified by Utility. Utility shall reimburse Developer for the differential amount by which the material prices of the oversized facilities exceed the actual material prices of the facilities prior to "oversizing". Payment for oversizing will be made by Utility to Developer within thirty (30) days of written notice to Utility after Utility's Final Acceptance of said Wastewater Collection Facilities.

4. Developer shall obtain all requisite permits, easements, zoning and other approvals in advance of construction of the Wastewater Collection Facilities. All plans, specifications, construction and installation of the Wastewater Collection Facilities shall be in accordance with good utility practices; the rules, regulations and requirements of the Arizona Department of Environmental Quality; Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of Utility before construction is commenced. Approval by Utility will not be unreasonably withheld or delayed. Developer will submit said plans and specifications for the Wastewater Collection

Facilities to Utility for review and approval, as well as preliminary plats, final plats, address maps and other items reasonably requested by Utility. Unless otherwise agreed, if Developer begins construction of any facilities before the required approvals have been obtained, such construction will be at Developer's sole risk and subject to repair, alteration or reconstruction at Developer's expense as directed by Utility or any regulatory agency.

5. Developer shall comply with the inspection and testing requirements of Utility for the Wastewater Collection Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Utility's inspection and testing shall not be unreasonable withheld or delayed. Developer shall give Utility adequate notice when the Wastewater Collection Facilities under construction are ready for inspection and testing, and Utility shall inspect the same promptly after being so notified. No facility will be placed in service until inspected by Utility and Utility has issued its Operational Acceptance. Utility specifically reserves the right to withhold acceptance of the Wastewater Collection Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Utility upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility made subsequent to inspection by Utility and for one year following Utility's written Final Acceptance of the Wastewater Collection Facilities. Inspection and/or acceptance by Utility shall in no way relieve or limit the Developers' responsibility and liability for construction and installation of the Wastewater Collection Facilities in accordance with the terms of this Agreement.

6. The Wastewater Collection Facilities constructed pursuant to this Agreement shall become, upon Operational Acceptance, and remain, the sole property of Utility without the requirement of any written document of transfer to Utility. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Utility, including documents which evidence or confirm transfer of possession to Utility, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss of the Wastewater Collection Facilities shall be with the Developer until written Operational Acceptance by Utility of the Wastewater Collection Facilities, or any portions thereof. Developer shall repair or cause to be repaired promptly, and at no cost to utility, all damage to the Wastewater Collection Facilities caused by the performance of construction activities by Developer and its contractors and subcontractors until all construction in Development by or for Developer has been completed and accepted by Utility. Developer acknowledges that Utility has the right to, and may in the future, connect

its existing or future wastewater systems to the Wastewater Collection Facilities.

7. Developer shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals as required, in a form satisfactory to Utility's counsel, for any Wastewater Collection Facilities constructed pursuant to this Agreement.

8. Developer shall, within thirty (30) days of Operational Acceptance of the Wastewater Collection Facilities, furnish Utility with: (a) copies of all bills, invoices and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, design and approval, permitting, construction and installation of the Wastewater Collection Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Wastewater Collection Facilities; (c) receipts, specifying exact amount of payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Wastewater Collection Facilities; (d) "as-built" drawings on 4-mil mylar, certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, and respective sizes for all Wastewater Collection Facilities; and (e) CAD files of the construction drawings and final plat (if Development is a residential subdivision) in accordance with Utility's specifications.

**IV. Refunds**

1. The cost of construction and installation of the Wastewater Collection Facilities, as evidenced by invoices furnished to Utility pursuant to Paragraph III.8 hereof, to the extent that facilities have been constructed and costs have been paid for by Developer are subject to refund by Utility to Developer. Notwithstanding the foregoing, Utility will not make refunds before the Wastewater Collection Facilities have received Operational Acceptance. Utility shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of Utility revenues (excluding all gross receipts taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments) derived from the provision of wastewater service to each consumer whose service line is connected to main lines covered by this Agreement. Refunds shall be payable for a period of ten (10) years from the date of Utility's Operational Acceptance of the Wastewater Collection Facilities, but in no event shall the refunds paid to Developer exceed the total amounts paid by Developer as advances in aid of construction. Any balance remaining at the end of the ten-year (10-year) period shall become nonrefundable. No interest shall be paid on any amount advanced.

V. General Provisions

1. Developer is hereby notified that the Commission has approved Utility's Wastewater Treatment Plant Availability Fee in the amount of \$500 per lot to defer its cost of constructing WWTP Facilities and Utility intends to apply this Fee to its CC&N filing to include said Development.

2. Prior to requesting wastewater service, Developer or homebuilder shall submit the Wastewater Treatment Plant Availability Fee to Utility for wastewater service to the Development for said lot. Utility has no obligation to provide wastewater service to a lot in said Development until the Wastewater Treatment Plant Availability Fee has been paid as provided in this paragraph.

3. Utility shall, upon Operational Acceptance of the Wastewater Collection Facilities, and payment of all fees required hereunder or by the terms of the then current and applicable tariffs of Utility, provide wastewater service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Commission. Utility has no obligation to provide wastewater service to a lot in said Development until Developer has paid all required fees.

4. Water for construction within the Development shall be made available only in quantities, which are in excess of quantities required for service to other customers connected to Utility's existing system. All water is expected to be metered, but if Developer requests to use unmetered water and if approved by Utility, water used for construction of water and wastewater facilities may be unmetered, in which case Utility will estimate, in accordance with Utility's standard procedures, the amount of unmetered water used and charge Developer for the water. Estimated and metered water used for the construction of water and sewer facilities or other facilities within the Development shall be billed by the Utility to Developer at the Utility's then current tariff rate. Utility reserves the right to estimate and bill Developer for all unauthorized unmetered water used for the Development. Utility may terminate this Agreement and wastewater service if unauthorized unmetered water use is continued after Developer receives a notice to cease the use of unauthorized unmetered water.

5. Utility shall use its reasonable best efforts to maintain satisfactory and continuous service, but does not guarantee a continuous supply of wastewater service. Utility shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of

required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's wastewater facilities.

6. The Developer will indemnify and hold Utility, its officers, directors, agents, and employees harmless from and against any and all claims, damages, costs and expenses, including penalties and assessments, attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, the Developer will assume the defense at the Developer's expense and will pay all judgments rendered therein. The foregoing indemnity does not cover any negligent or wrongful acts of Utility, its officers, directors, agents or employees.

7. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

8. Communications hereunder shall be sent to Developer addressed as follows:

Angelo Rinaldi, President  
Desert Lakes, Inc.  
P.O. Box 8858  
Ft. Mojave, AZ 86427

or to such other addresses or addressees as Developer may advise Utility in writing, and to Utility at:

Arizona-American Water Company  
Attn: Director, Engineering  
19820 N. 7<sup>th</sup> Street, Suite 201  
Phoenix, Arizona 85024

with a copy sent to Utility at:

Arizona-American Water Company  
Attn: Operations Manager  
860 Gemstone Avenue  
Bullhead City, Arizona 86442

or to such other addresses or addressees as Utility may advise Developer in writing.

9. It is agreed that Utility is not an agent for Developer and shall not incur any costs or expenses on behalf

of Developer and that Developer is not an agent for Utility and shall not incur any costs or expenses on behalf of Utility.

10. This Agreement shall be governed by the laws of the State of Arizona and its performance shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

11. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.

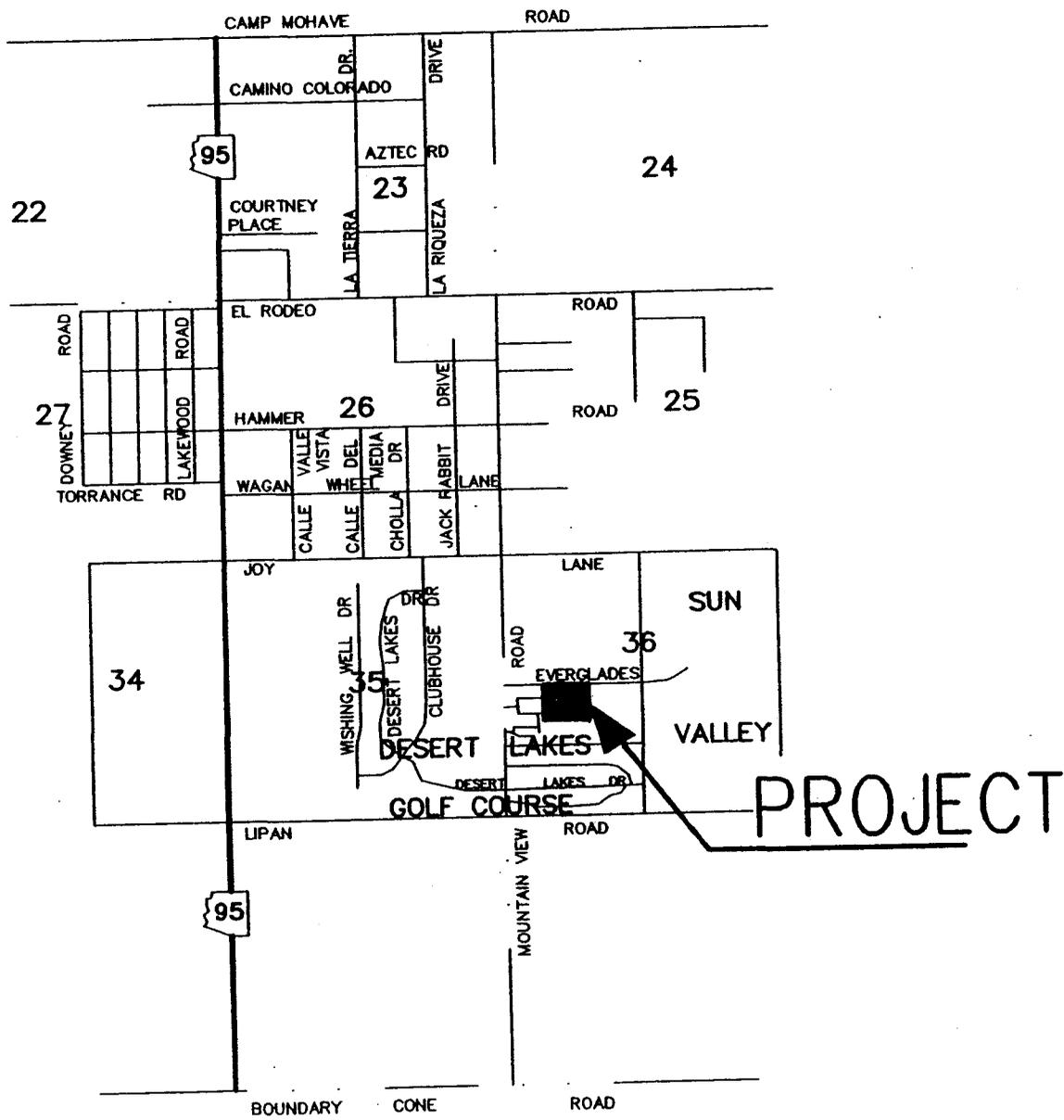
12. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Utility, and any attempted assignment without such consent shall be void and of no effect.

13. Utility reserves the right to deem this Agreement null and void if construction of the Wastewater Collection Facilities has not started within one year from the date of this Agreement. If construction has not started construction within one year from the date of this Agreement, Developer may issue a written request to Utility for an extension of this Agreement. Utility's acceptance to said request for extension will not be unreasonably delayed. If Utility deems this Agreement null and void, Utility will send written notice of cancellation of Agreement to Developer via certified mail to the address shown in Section V.8.

14. Developer estimates a construction start date of January, 2003 and a construction completion date of June, 2003.



EXHIBIT A



T19N, R22W  
VICINITY MAP  
 NOT TO SCALE

# LEGAL DESCRIPTION:

EXHIBIT A

A PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 19 NORTH, RANGE 22 WEST OF THE GILA & SALT RIVER MERIDIAN, MOHAVE COUNTY, ARIZONA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36, THENCE SOUTH 89°58'14" EAST ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 662.04 FEET (659.54 FEET RECORD PER TRACT 4152A) TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 89°58'14" EAST 917.21 FEET; THENCE LEAVING SAID NORTH LINE SOUTH 00°08'19" WEST 260.00 FEET; THENCE SOUTH 00°01'46" WEST 50.00 FEET; THENCE NORTH 89°58'14" WEST 15.09 FEET; THENCE SOUTH 00°08'19" WEST 115.00 FEET; THENCE NORTH 89°58'14" WEST 70.00 FEET; THENCE SOUTH 00°08'19" WEST 114.97 FEET; THENCE SOUTH 00°01'46" WEST 50.00 FEET; THENCE NORTH 89°58'14" WEST 49.44 FEET; THENCE SOUTH 00°01'46" WEST 130.00 FEET; THENCE NORTH 89°58'14" WEST 513.82 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF SANDWEDGE WAY AS SHOWN ON THE FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B RECORDED ON 2/28/2000 AT FEE NUMBER 2000-10359; THENCE NORTH 00°01'46" EAST 110.00 FEET ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" AN ARC DISTANCE OF 31.42 FEET; THENCE NORTH 00°01'46" EAST 50.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF SANDWEDGE LANE AS SHOWN ON SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B; THENCE NORTH 89°58'14" WEST 45.00 FEET ALONG SAID NORTHERLY RIGHT-OF-WAY LINE; THENCE NORTH 00° 01'42" EAST 190.00 FEET ALONG THE EAST LINE OF LOTS 11 AND 12, BLOCK G OF SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152B; THENCE NORTH 89°58'14" WEST 247.01 FEET ALONG THE NORTH LINE OF LOTS 10 AND 11, BLOCK G TO THE SOUTHEAST CORNER OF LOT 20, BLOCK G AS SHOWN ON THE FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152A RECORDED ON 11/28/1995 AT FEE NUMBER 95-61870; THENCE NORTH 00°01'46" EAST 160.00 FEET ALONG THE EAST LINE OF SAID LOT 20 TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF SANDTRAP LANE PER SAID FINAL PLAT OF DESERT LAKES ESTATES, TRACT 4152A; THENCE SOUTH 89°58'14" EAST 4.08 FEET ALONG THE SOUTH LINE OF LOT 10, BLOCK H AS SHOWN ON SAID FINAL PLAT TO THE SOUTHEAST CORNER OF SAID LOT 10; THENCE NORTH 00°01'46" EAST 115.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 10, SAID POINT BEING ON THE SOUTH LINE OF PARCEL J OF SAID PLAT; THENCE SOUTH 89°58'14" EAST 637.07 FEET ALONG SAID SOUTH LINE; THENCE NORTH 00°08'19" EAST 19.93 FEET (19.98 FEET RECORD PER TRACT 4152A) TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 20.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90°06'33" AN ARC DISTANCE OF 31.45 FEET; THENCE NORTH 89°58'14" WEST 617.11 FEET ALONG THE NORTH LINE OF SAID PARCEL J; THENCE NORTH 00°01'46" EAST 35.00 FEET TO THE POINT OF BEGINNING.

CONTAINING A COMPUTED AREA OF 11.627 ACRES MORE OR LESS.

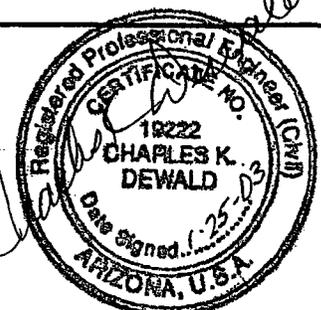
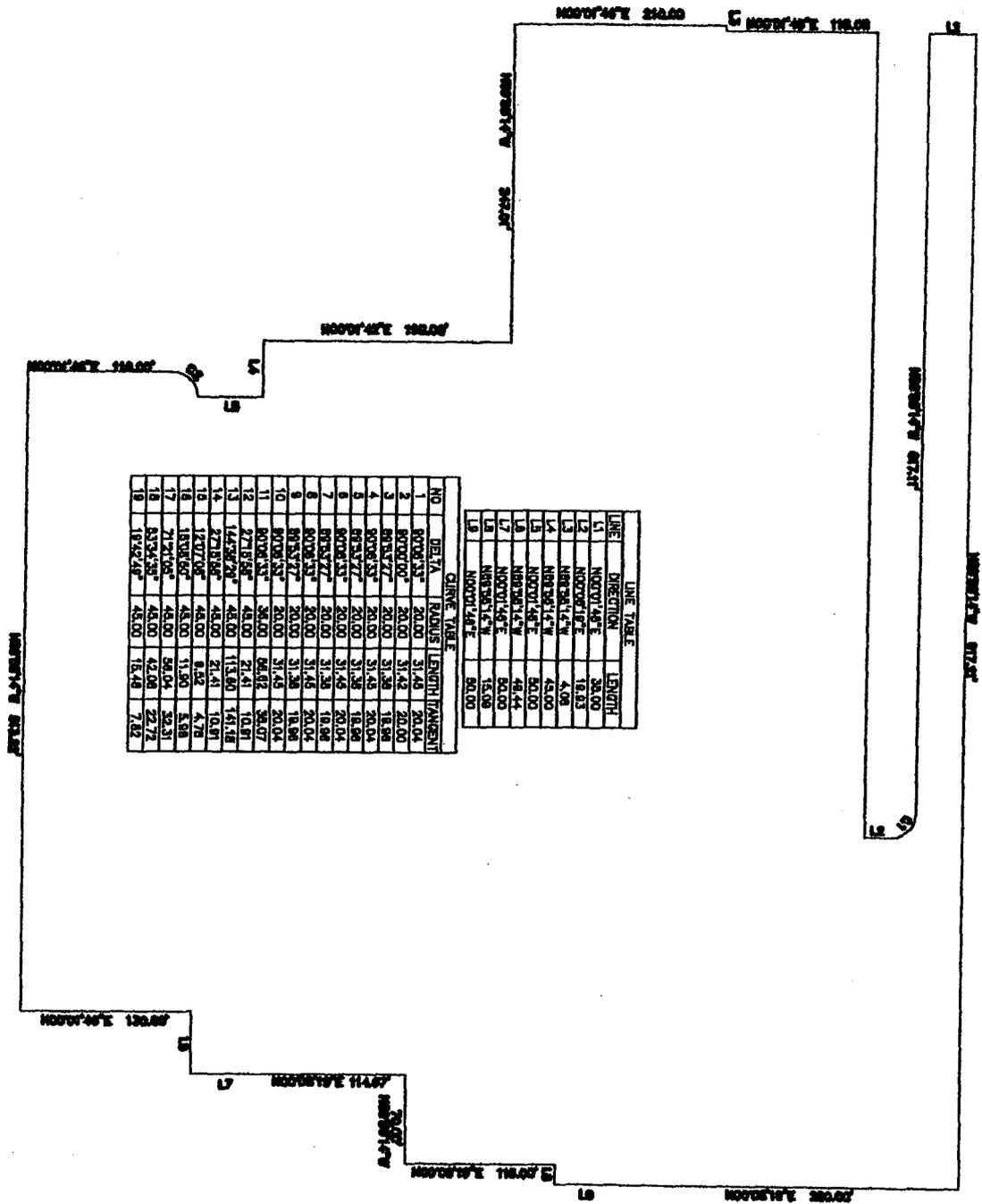


EXHIBIT A

DESERT LAKES ESTATES TRACT 4152C

AREA = 11.627 ACRES



NO.	BEARING	DISTANCE	DELTA	RADIUS	LENGTH	PERCENT
1	N00°04'W	264.00	31.48	20.00	20.04	7.6%
2	N00°04'W	20.00	31.42	20.00	20.00	7.5%
3	N00°04'W	20.00	31.28	20.00	19.98	7.4%
4	N00°04'W	20.00	31.28	20.00	20.04	7.5%
5	N00°04'W	20.00	31.28	20.00	19.98	7.4%
6	N00°04'W	20.00	31.42	20.00	20.04	7.6%
7	N00°04'W	20.00	31.28	20.00	19.98	7.4%
8	N00°04'W	20.00	31.28	20.00	20.04	7.5%
9	N00°04'W	20.00	31.28	20.00	19.98	7.4%
10	N00°04'W	20.00	31.42	20.00	20.04	7.6%
11	N00°04'W	20.00	31.28	20.00	19.98	7.4%
12	N00°04'W	20.00	31.28	20.00	20.04	7.5%
13	N00°04'W	20.00	31.28	20.00	19.98	7.4%
14	N00°04'W	20.00	31.42	20.00	20.04	7.6%
15	N00°04'W	20.00	31.28	20.00	19.98	7.4%
16	N00°04'W	20.00	31.28	20.00	20.04	7.5%
17	N00°04'W	20.00	31.28	20.00	19.98	7.4%
18	N00°04'W	20.00	31.42	20.00	20.04	7.6%
19	N00°04'W	20.00	31.28	20.00	19.98	7.4%
20	N00°04'W	20.00	31.28	20.00	20.04	7.5%

LINE	DIRECTION	LENGTH
L1	N00°04'W	284.00
L2	N00°04'W	18.83
L3	N89°17'W	4.08
L4	N89°17'W	43.00
L5	N00°04'W	50.00
L6	N89°17'W	48.44
L7	N00°04'W	50.00
L8	N89°17'W	15.00
L9	N00°04'W	50.00



TERRITORIAL ENGINEERS, INC.

EXHIBIT B

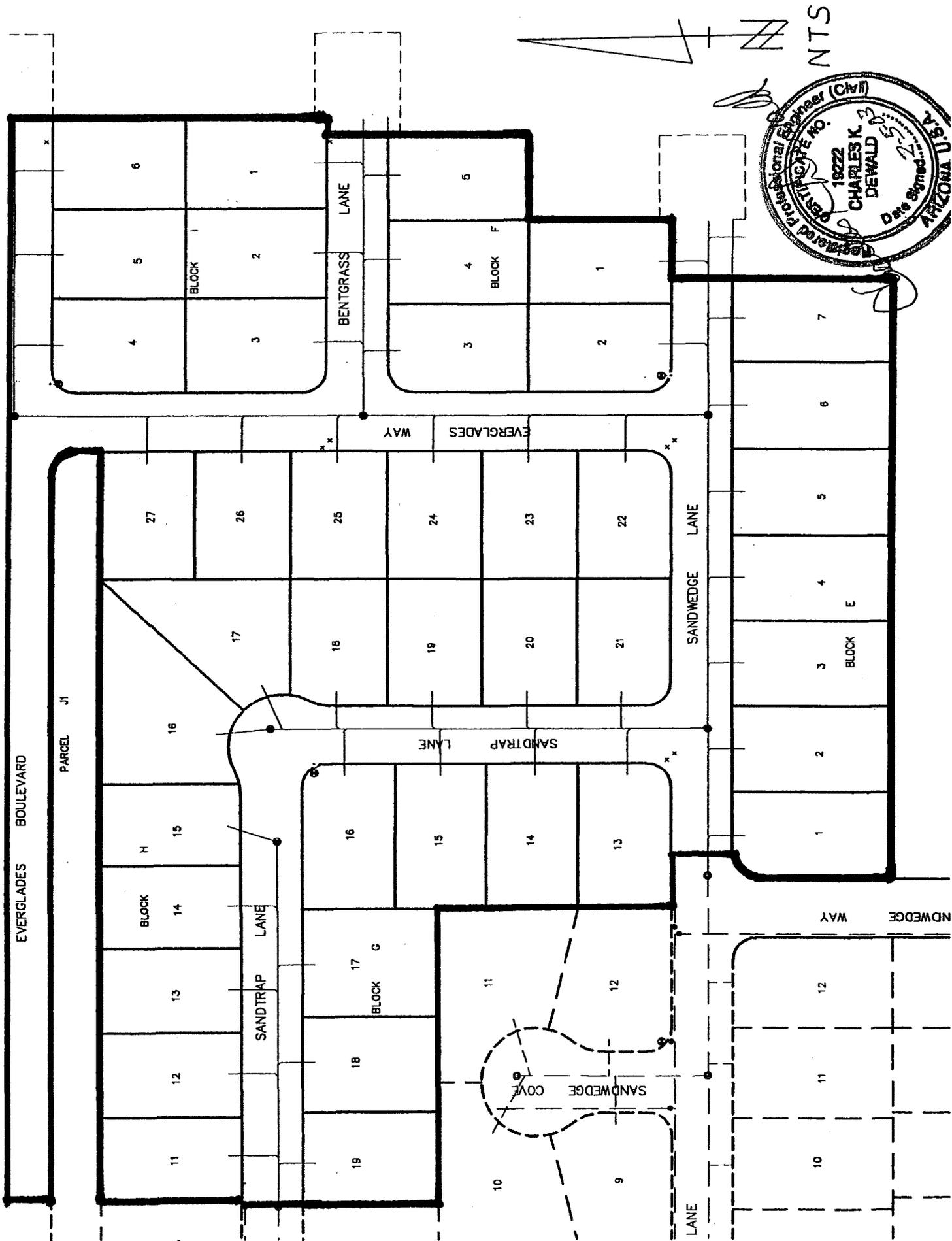


EXHIBIT B

WASTEWATER FACILITIES LINE EXTENSION AGREEMENT  
BETWEEN  
DESERT LAKES INC.  
AND  
ARIZONA-AMERICAN WATER COMPANY

DATED \_\_\_\_\_, 2003

A. Wastewater Facilities

Item	Description	Unit Quantity	Unit Cost	Total
1.	8" SDR 35 PVC PIPE	2,127 LF	\$12.00	\$25,524.00
2.	8" C.O.	3 EA	\$150.00	\$450.00
3.	4' SSMH	6 EA	\$1,500.00	\$9,000.00
4.	4" HCS	43 EA	\$200.00	\$8,600.00
5.	Engineering			\$4,357.40
	TOTAL			\$47,931.40



**K**

K

DESCRIPTION FOR: EVERGLADE ESTATES

A parcel of land located within the West half of the Northwest quarter of Section 36, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Commencing at the West One-quarter Section Corner of said Section 36 and running thence, North  $00^{\circ}28'31''$  East, along the West Line of said Section 36, a distance of 55.10 feet; thence, South  $89^{\circ}31'29''$  East, 42.00 feet to the true POINT OF BEGINNING;

Thence, North  $00^{\circ}28'31''$  East, along a line lying 42.00 feet East of and parallel with the West Line of said Section 36, a distance of 1598.61 feet;

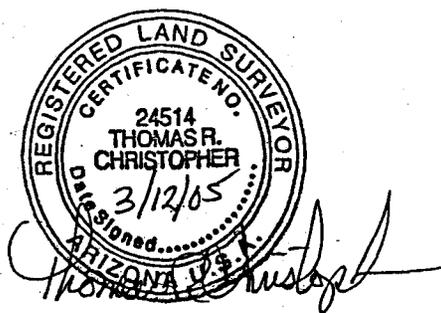
Thence, South  $89^{\circ}37'02''$  East, 1282.63 feet to a point on the East boundary of the West half of the Northwest quarter of said Section 36;

Thence, South  $00^{\circ}29'31''$  West, along the East boundary of the West half of the Northwest quarter of said Section 36, a distance of 1618.56 feet;

Thence, North  $89^{\circ}37'16''$  West, along a line lying 35.00 feet North of and parallel with the South boundary of the West half of the Northwest quarter of said Section 36, a distance of 1262.13 feet to the point of curvature of a tangent curve to the right having a radius of 20.00 feet;

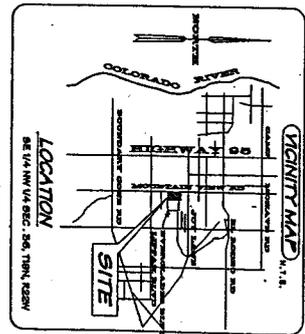
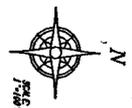
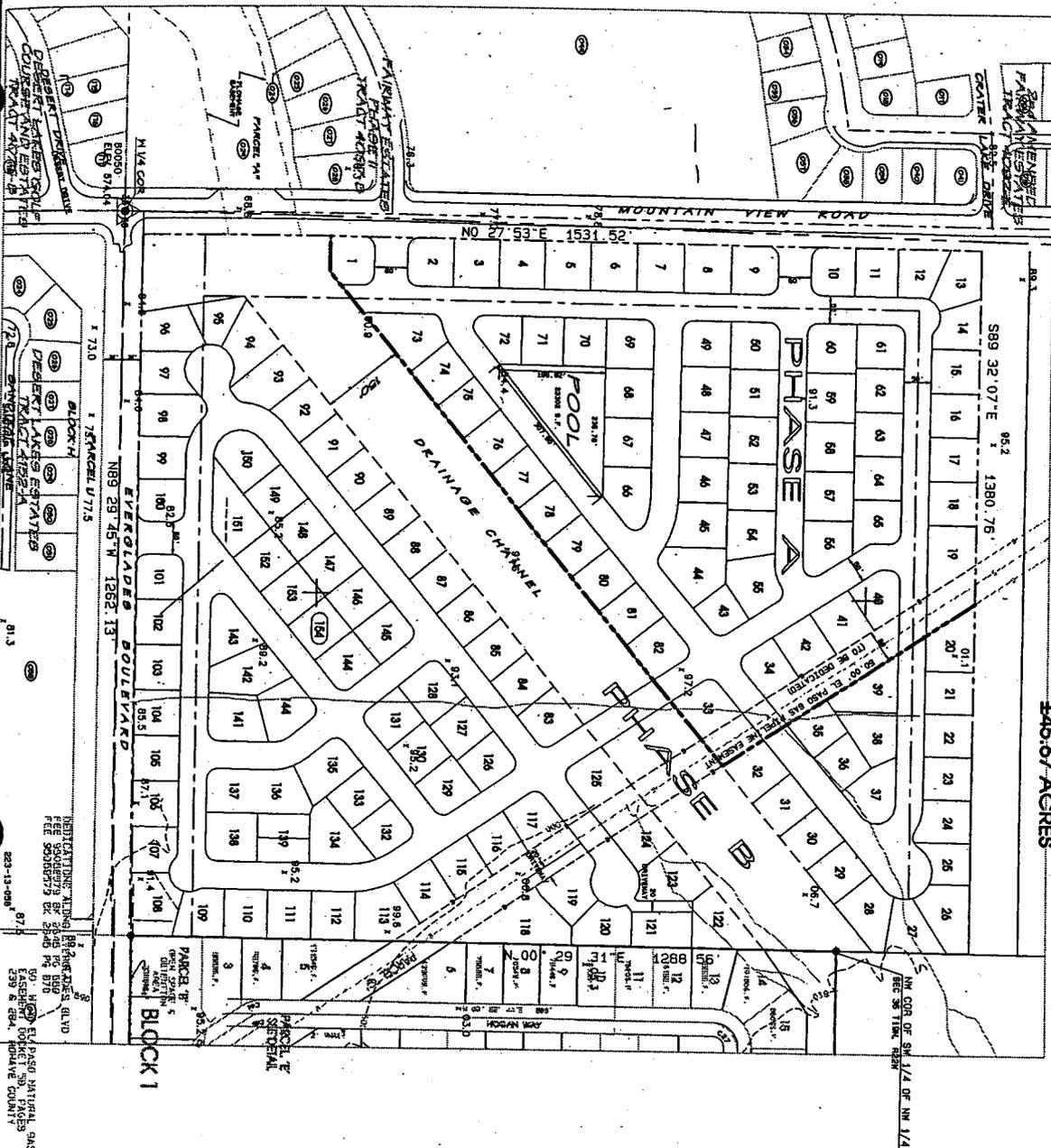
Thence, Northwesterly 31.45 feet, along the arc of said curve through a central angle of  $90^{\circ}05'47''$  to the POINT OF BEGINNING.

The parcel of land herein described containing 47.65 acres, more or less.



# CONCEPTUAL PLAN EVERGLADES ESTATES

A PORTION OF THE SE 1/4 OF THE NW 1/4 SECTION 36 T19N, R22W  
OF THE GILA & SALT RIVER MERIDIAN MOHAVE COUNTY, ARIZONA  
445.67 ACRES



MOHAVE ENGINEERING ASSOCIATES, INC.



SHEET TITLE  
**CONCEPTUAL PLAN**  
PROJECT  
UN-NAME-NAMU-SECTION 36  
A PORTION OF THE SE 1/4 OF THE NW 1/4 SECTION 36  
T19N, R22W OF THE GILA & SALT RIVER MERIDIAN  
MOHAVE COUNTY, ARIZONA

MOHAVE ENGINEERING ASSOCIATES, INC.  
405 E. SCALE STREET  
KINGMAN, ARIZONA 86401  
908-821-7535-2627

THIS DRAWING HAS BEEN APPROVED BY ME AS THE PROPERTY OF MOHAVE ENGINEERING ASSOCIATES, INC. ANY USE OR REPRODUCTION OF THIS DRAWING WITHOUT THE CONSENT OF MOHAVE ENGINEERING ASSOCIATES, INC. IS PROHIBITED.

**L**

Parcel L

DESCRIPTION FOR TWIN PALM ESTATES SUBDIVISION TRACT 4189 A

A parcel of land located within the Southeast quarter of the Northwest quarter of Section 36, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County, Arizona and being more particularly described as follows:

Commencing at the Northwest Section Corner of said Section 36 and running thence, South 89°36'48" East, along the North Line of said Section 36, a distance of 1324.93 feet to a point being the Northwest corner of the East half of the Northwest quarter of said Section 36; thence, South 00°29'31" West, along the West boundary of the East half of the Northwest quarter of said Section 36, a distance of 1720.88 feet to the true POINT OF BEGINNING;

Thence, South 89°37'16" East, 160.58 feet;

Thence, South 00°22'44" West, 24.94 feet;

Thence, South 89°37'16" East, 1054.00 feet;

Thence, South 00°22'44" West, 12.70 feet;

Thence, South 89°37'16" East, 109.75 feet to a point on the East boundary of the Northwest quarter of said Section 36;

Thence, South 00°30'32" West, along last said East boundary, a distance of 818.60 feet to a point on the North Right-of-way boundary of Everglades Boulevard, said point being on a curve concave to the Southeast, the radius point of which bears South 00°22'34" East, 330.00 feet;

Thence, Southwesterly 111.00 feet, along the arc of said curve through a central angle of 19°16'23" to the point of tangent of said curve;

Thence, South 71°06'11" West, 5.83 feet to a point of curvature of a tangent curve to the right having a radius of 260.00 feet;

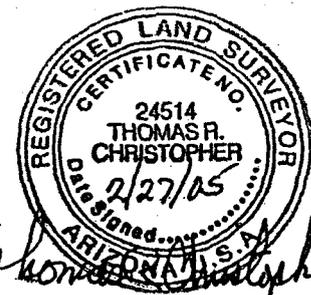
Thence, Southwesterly 87.47 feet, along the arc of last said curve through a central angle of 19°16'33" to the point of tangent of last said curve;

Thence, North 89°37'16" West, along the North boundary of Everglades Boulevard, a distance of 1123.98 feet to a point on the West boundary of the Southeast quarter of the Northwest quarter of said Section 36;

Thence, North 00°29'31" East along the West boundary of the Southeast quarter of the Northwest quarter of said Section 36, a distance of 891.24 feet to the POINT OF BEGINNING.

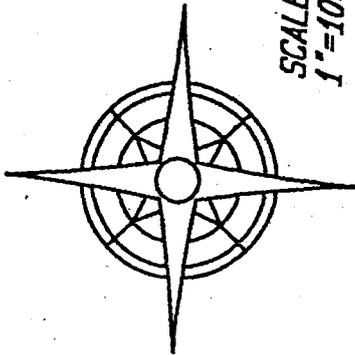
The parcel of land herein described containing 26.31 acres, more or less.

TWINPALM.DOC





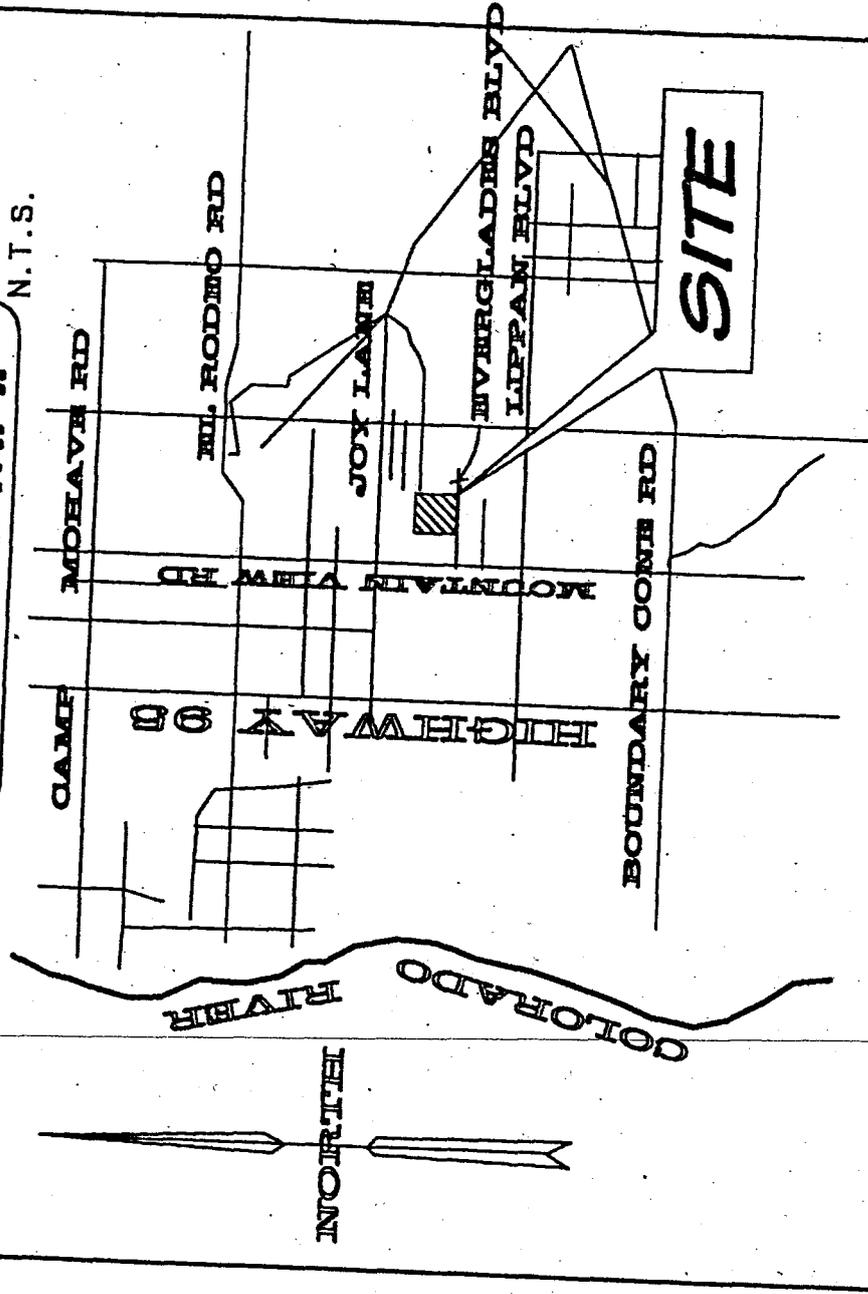
N



SCALE:  
1"=100'

# VICINITY MAP

N.T.S.



# LOCATION

SE 1/4 NW 1/4 SEC. 36, T19N, R22W

**M**

STRATEGIC CAPITAL EXPENDITURE PLAN

Company	District	Project Code	Brief Description of Proposed Expenditures	Stage (PNI, PIA, PCA, New)	Business Plan 5-year total	Prior	2005	2006	2007	2008	2009	2010	Post 2010	Project Total	Project Manager
#REF!	23710403	2371	Pressure Reducing Station		102,000		14,994	55,980	102,000					102,000	Justin Prideaux
#REF!	23710404	2371	Sea Fair Main Replacement		55,980		26,889	79,970						70,974	Justin Prideaux
#REF!	23710405	2371	Coronado Ph 1 & 2 Main Replacement		79,970		26,889	79,970						106,969	Justin Prideaux
#REF!	23710406	2371	Coronado Ph 3 Main Replacement		79,970		26,889	79,970						106,969	Justin Prideaux
#REF!	23710407	2371	Water Line Extension 24-1 West 10,000 ft.				174,934	599,760					619,920	619,920	Justin Prideaux
#REF!	23710409	2371	Storage Tank (Laredo)		599,760									774,694	Justin Prideaux
#REF!	23710501	2371	LMC Reservoir at 24-1 Service Area		1,160,320		51,000				101,920	1,058,400		1,160,320	Justin Prideaux
#REF!	23710502	2371	Lakeside Drive Water Line Imp		139,230				139,230					139,230	Justin Prideaux
#REF!	23720402	2372	Old Bullhead Water Line Imp		139,230				139,230					139,230	Justin Prideaux
#REF!	23730301	2373	WWTP Expansion .25 (Wishing Well)		2,745,840		146,880		2,598,960					2,745,840	Justin Prideaux
#REF!	23730401	2373	Arsenic Removal Facilities, Havasu Water		600,464		1,258,448	600,464						1,947,763	Joe Cross
#REF!	23730401	2373	Main Replacement, Williams Drive		153,000				153,000					153,000	Justin Prideaux
#REF!	23730501	2373	London Bridge Rd 2600ft line repl		608,400						608,400			608,400	Justin Prideaux
			TOTAL INVESTMENT PROJECTS		6,324,934		1,553,355	1,563,024	2,993,190		710,320	1,058,400	619,920	8,587,039	

**N**

### **Form of Notice for Publication**

Arizona-American Water Company ("Arizona-American") has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide sewer service. If the application is granted, Arizona-American would be the exclusive provider of sewer service in the proposed area. Arizona-American will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at Arizona-American's office at 860 Gemstone Avenue, Bullhead City, Arizona 86442. The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you. If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

**Form of Customer Notice For Camp Mohave Elementary School**

Dear Sir or Madam:

Arizona-American Water Company ("Arizona-American") has filed with the Arizona Corporation Commission ("Commission") an application for authority to delete your service area from its Certificate of Convenience and Necessity to provide sewer service. If the application is granted, the Fort Mohave Tribal Utility Authority would become your exclusive provider of sewer service.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at Arizona-American's office at 860 Gemstone Avenue, Bullhead City, Arizona 86442. The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you. If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

**O**

FRANCHISE AGREEMENT

MOHAVE COUNTY  
and  
ARIZONA-AMERICAN WATER COMPANY

Date of Agreement: November 4, 2002

Agreement No.: na

Length of Agreement: 25 years

Renewal Date: November 4, 2027

An Agreement between Mohave County ("County") and Arizona-American Water Company ("Company" or "Franchisee") permitting the location, construction, maintenance and operation of a water and/or wastewater system within the unincorporated areas of Mohave County; granting the privilege of using rights-of-way of the County in accordance with established policy and procedures of the County and its various departments.

**Section 1. DEFINITIONS**

- a) "Board" shall mean the Board of Supervisors of Mohave County, Arizona, or its successor as provided by law.
- b) "Franchisee" shall mean the company, business or individual to whom the franchise is being granted.
- c) "Business" or "System" shall mean: the maintenance and operation of water treatment and distribution systems and/or wastewater collection and treatment systems to serve the incorporated area of Mohave County.
- d) "Gross Annual Receipts" shall mean any compensation and other consideration in any form and any contributing grant or subsidy received directly or indirectly by Franchisee from subscribers or users in payment for services received from the Franchisee within the delivery area.

This term shall not include any taxes or assessments on services furnished by the Franchisee imposed directly on any subscriber or user by any town, state or other governmental unit and collected by the Franchisee for the governmental unit.

- e) "Delivery Area" shall mean any unincorporated area of Mohave County.
- f) "Rights-of-Way" shall mean the surface of and the space above or below any County right-of-way.
- g) "Subscriber" shall mean any person or entity receiving for any purpose the service(s) of Franchisee.

**Section 2. ISSUANCE OF FRANCHISE**

A non-exclusive Franchise is hereby granted to Company (Franchisee), its successors and assigns, to locate, construct, maintain and operate the System in the Delivery Area located in the unincorporated areas of Mohave County, Arizona. This Franchise shall include the authority, privilege and power to construct, maintain and operate in, over, under, across and upon the County owned rights-of-way the necessity equipment for the operation of such System in the Delivery Area consistent with the terms and conditions stated in Section 4.

**Section 3. DURATION AND TERMINATION**

- a) This Franchise shall be effective for a period of 25 years from date of Board approval.
- b) The Board may terminate this Franchise in the event the Board shall have found, after notice and hearing, that the Franchisee has failed to comply with any material provisions of this agreement or has failed to correct any failure after (30) days written notice.

**Section 4. TERMS AND CONDITIONS**

The Franchise granted by this agreement shall be subject to the following conditions:

- a) This agreement shall not be deemed to limit the authority of the Board to include any other reasonable conditions, or restrictions which it may deem necessary to impose in connection with the Franchise or the administration of Rights-of-Way in general.
- b) The Franchise is non-exclusive.
- c) No privilege or exemption shall be granted or inferred unless specifically stated in this agreement.
- d) Any privilege claimed under the agreement by the Franchisee in any Right-of-Way shall be subordinated to any prior lawful occupancy of the right-of-way.
- e) Prior to commencing any work in a right-of-way the Franchisee shall submit plans of work to be done to the Public Works Director for approval. Completed or "as built" blueprints will be submitted at project completion as required by the Public Works Director.
- f) Time shall be of the essence, however, the Franchisee shall not be relieved of its obligation to comply promptly with any provision of this agreement by any failure of the Board or its agents to enforce prompt compliance.

- g) The Franchisee shall have no recourse against the Board or its agents, for any loss, costs, expense or damage arising out of any provision or requirement of this agreement or its enforcement.
- h) The Franchisee shall be subject to all requirements of County rules, regulations and specifications now in effect or that may be adopted from time to time by the Board or its agents, including provisions for payment of use fees, licenses or permits.

**Section 5. RECORDS TO BE KEPT; REQUIRED REPORTS; INSPECTION OF RECORDS AND PROPERTY BY THE BOARD.**

- a) Franchisee shall prepare and furnish the Board such reports with respect to its operations, affairs, transactions or property as may be reasonably necessary or appropriate to the performance of any of the duties of the Board and its agents in connection with this Franchise.
- b) The Franchisee shall at all times make and keep in the County full and complete plans and records showing the exact location of all System equipment installed or in use by Franchisee in the streets or rights-of-way within the County.
- c) At all reasonable times the Franchisee shall consent to any duly authorized representative of the County to examine all Franchise property, together with any appurtenant property of the Franchisee situated within or without the County and to examine and transcribe any and all maps and other records kept or maintained by the Franchisee or under its control, which deal with the operations, affairs, transactions or property of the Franchisee. If any such maps or records are not kept in the County, or upon reasonable request made available to the Board, and if the Board shall determine that the examination is necessary or appropriate then all travel and maintenance expenses necessarily incurred in making such examination shall be paid by the Franchisee.
- d) Franchisee shall take reasonable steps to keep its System in good operating condition, and Franchisee shall cause all subscriber complaints to be duly investigated, and where the circumstances warrant, corrected within a reasonable period of time. Records reflecting such complaints and the time and manner in which the same are disposed shall be maintained by Franchisee for at least one year and shall be available for inspection by the Board.
- e) The Franchisee shall file with the Director of Public Works of the County on or before the last day of December of each year a current map or set of plans to scale showing, at a minimum, all system equipment installed and in use in public streets and other public right-of-ways in the County. These maps are general in nature, and no liability shall accrue to Franchisee for damages due to the failure of any

entity to confirm the location of such mapped infrastructure with the Arizona Corporation Commission.

**Section 6. INSTALLATION STANDARDS**

- a) All installations made by Franchisee shall be made in a safe substantial condition and maintained in such condition at all times. All of such installation of equipment shall be of a permanent nature, durable and appropriately placed so not to interfere in any manner with the rights of the public or individual property owners and shall not interfere with the travel and use of public places by the public and shall not obstruct nor impede traffic. The Board reserves the right of reasonable regulation of the erection and construction of any work by the Franchisee and to reasonably designate where such works and construction shall be placed. The Franchisee agrees when requested by the Board to make minor changes in its equipment to conform to the reasonably necessary requirements within a reasonable time.
- b) Franchisee will be responsible to obtain all state and federal licenses and permits.
- c) Franchisee will be responsible for meeting all state, federal and local installation standards.

**Section 7. ASSIGNMENT**

The Franchise granted hereby shall not be assigned without written consent being first granted by the Board for such assignment. Said consent shall not be unreasonably withheld.

**Section 8. LOCATION OF FRANCHISE PROPERTY**

Franchise property shall be constructed or installed in rights-of-way only at such locations and in such manner as shall be approved by the Board or its agents acting in the exercise of reasonable discretion.

**Section 9. REPAIR OF STREETS AND RIGHTS-OF-WAYS**

The Franchisee shall, at its expense, promptly repair any and all streets, sidewalks or other public property altered damaged or destroyed by Franchisee, its agents, servants or employees in exercising the privileges herein granted.

**Section 10. FAILURE TO PERFORM STREET WORK OR TO MAKE REPAIRS IN RIGHTS-OF-WAY**

- a) Upon failure of the Franchisee to complete any work required in compliance with this agreement the Board or its agents will notify the Franchisee of non-compliance by registered mail. The Franchisee shall have thirty (30) days from

receipt of the notice to complete the repairs or to enter into an agreement with the Board for completion of the repairs.

- b) If, in the opinion of the Public Works Director or County Manager, the failure to repair or complete construction presents a serious and immediate danger to the public welfare or safety, they may take immediate action to mitigate the danger. Costs associated with these actions will be the sole responsibility of the Franchisee and due and payable thirty (30) days after receiving an itemized bill.

**Section 11. REMOVAL AND ABANDONMENT OF FRANCHISE PROPERTY**

- a) In the event that the use of any Franchise property is discontinued for any reason for a continuous period of twelve (12) months or, property has been installed in any street without complying with the requirements of the Franchise, or the Franchise has been terminated, cancelled or has expired, the Franchisee shall promptly remove from the streets all such property other than any which the Board may franchise to be abandoned in place. In the event of any such removal, the Franchisee shall promptly restore the street or other area from which such property has been removed to a condition satisfactory to the Board.
- b) Any property of the Franchisee remaining in place thirty (30) days after the termination or expiration of the Franchise shall be considered permanently abandoned. The County Manager may extend such time not to exceed an additional thirty (30) days.
- c) Franchise property to be abandoned in place shall be abandoned in such manner as the Board shall prescribe. Upon permanent abandonment of any Franchise property in place, the Franchisee shall submit to the Board an instrument, satisfactory to the County Attorney, transferring to the County the ownership of such property.

**Section 12. CHANGES REQUIRED BY PUBLIC IMPROVEMENTS**

The Franchisee shall at, its own expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, or remove from any street, alley or public place, any Franchise property when required by the Board, or its agents, by reason of traffic conditions, public safety, street vacation, freeway and street construction, change or establishment of street grade, installation of sewers, drains, water pipes, power lines, signal lines and tracks, or by the abandonment of right-of-way, structures or improvements by governmental agencies; provided, however, that Franchisee shall in all such cases have the privileges and be subject to the obligation to abandon Franchise property in place as provided in Section 11.

**Section 13. INDEMNIFICATION OF COUNTY**

The Franchisee shall defend the County against all claims for injury to any person or property caused by the negligence of the Franchisee in the construction or operation of its property, and in the event of a determination of liability shall indemnify the County. More particularly the Franchisee, its successors and assigns, does hereby agree to indemnify and hold harmless the County, from any and all liability, claim, demand or judgment growing out of any injury to any person or property as a result of the violation or failure on the part of the Franchisee, its successors and assigns, to observe their proper duty or because of negligence in whole or in part arising out of construction, repair, extension, maintenance or operation of its equipment of any kind or character used in connection with this Franchise.

**Section 14. LIABILITY INSURANCE REQUIRED**

- a) Franchisee agrees that at all times during the existence of this Franchise it will maintain in force, at its own expense, and file with the Board, a general comprehensive liability insurance policy, for protection of the County, its' boards, commissions, officers, agents, employees, and the public. The policy will be with a company authorized to do business in the State of Arizona, and in a form satisfactory to the County's Risk Manager, protecting the County and all persons against liability for loss or damages for personal injury, death and property damage occasioned by the operations of Franchisee under this Franchise. The minimum liability limits shall be \$1,000,000 for personal injury or death of any one occurrence, and \$1,000,000 for damages to property resulting from any one occurrence.
- b) The policies mentioned in the foregoing paragraph shall name the County, its officers, boards, commissions, agents and employees as additional insureds and shall contain a provision that a written notice of a cancellation or reduction in coverage of said policy shall be delivered to the Board fifteen (15) days in advance of the effective date. If such insurance is provided in either case by a policy which also covers Franchisee or any other entity or person than those above named, then such policy shall contain the standard cross-liability endorsement.

**Section 15. SEVERABILITY**

If any section, subsection, paragraph, sentence, clause, phrase or portion of this agreement is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed separate, distinct and independent provisions and such holding shall not affect the validity of the remaining portions hereof.

**Section 16. RESERVATION OF POWERS**

- a) There is hereby reserved to the Board every right and power which is required to be reserved and the Franchisee, by its acceptance of this Franchise agrees to be bound thereby, and to comply with any action or requirements of the Board in its exercise of any such right or power enacted or established.
- b) Neither the granting of this Franchise nor any of the provisions contained herein shall be construed to prevent the Board from granting any identical, or similar Franchise to any person or corporation other than the Franchisee.

**Section 17. OFFICIAL NOTICES**

Notices concerning this agreement shall be sent to:

For the County:  
Clerk of the Board  
Mohave County  
P.O. Box 7000  
Kingman, AZ 86402-7000  
(928) 753-0729

For the Franchisee:  
Arizona-American Water Company  
15626 N. Del Webb Blvd.  
Sun City, AZ 85351  
Attn: Ray L. Jones  
(623) 974-2521

w/copy to: Operations Manager  
Arizona-American Water Company  
927 Hancock Road, Suite 1  
Bullhead City, AZ 86442  
(928) 763-0498

**Section 18. EFFECTIVE DATE**

This franchise shall take effect upon the effective date of this agreement.

Approved by the Mohave County Board of Supervisors this 4 day of November, 2002.

ATTEST:

Barbara Bracher  
COUNTY CLERK



Tom Sockwell  
CHAIRMAN

ACCEPTED WITHOUT CHANGE:

Ray L. Jones  
FRANCHISEE (OR AGENT)

President  
TITLE

**P**



Janet Napolitano  
Governor

# ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007  
(602) 771-2300 • [www.adeq.state.az.us](http://www.adeq.state.az.us)



Stephen A. Owens  
Director

11 June 2003

Arizona –American Water Company  
Mark Clark, CCM  
860 Gemstone Avenue  
Bullhead City, Arizona 86442

Dear Mr. Clark:

On 9 June 2003 you telephoned me and inquired if the Arizona Department of Environmental Quality (ADEQ) would support the concept of expanding the service area of Arizona-American's waste water treatment system to include a larger portion of the Fort Mohave Mesa area in Mohave Valley south of Bullhead City.

The ADEQ supports the concept of connecting residential and commercial on-site sewage disposal systems to a regional waste water treatment facility when available. In western Mohave County, along the Colorado River, it is especially critical since there are documented instances of public drinking water wells which are contaminated due to on-site sewage disposal systems.

We support the concept of disposing of effluent in any regional plant approved by the Arizona Corporation Commission (ACC) and ADEQ rather than on-site.

Sincerely,

Michael L. Howeth, P.E.  
Field Services Manager-West  
Arizona Department of Environmental Quality

Cc: Matt Capalby, ADEQ Kingman

Northern Regional Office  
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004  
(928) 779-0313

Southern Regional Office  
400 West Congress Street • Suite 433 • Tucson, AZ 85701  
(520) 628-6733

Q



**Mr. Bob Lane**  
Board Chairman  
Fort Mohave Tribal Utility Authority  
8490 South Highway 95 – Suite 102  
Mohave Valley, Arizona 86446

**Service Delivery**

Name Robert Bloor  
Phone 619-409-7717  
Fax 619-820-9806  
E-Mail rbloor@amwater.com

February 28, 2005

**RE: Letter Agreement with FMTUA**

Dear Mr. Lane:

It is my understanding that we have an agreement in principal to sell <sup>J.R.H.</sup> Arizona American Water Company's Calle Del Media sewer line to the Fort Mohave Tribal Utility Authority and to clarify where the Authority will extend sewer service in Mohave County. As we have discussed, in order for the Arizona American to dispose of a portion of its certificated service territory and to sell assets that are currently being used to serve customers in that service territory, we must obtain permission from the Arizona Corporation Commission. To obtain that permission, we must have an agreement in place with the Authority for the Commission to consider. Therefore, this letter serves to memorialize our understanding and bind the parties.

Points of Agreement:

1. Arizona American owns a sewer line in Mohave County known as the Calle Del Media sewer line, consisting of approximately 4,526 feet of 12-inch PVC sewer main and 12 manholes.
2. Arizona American currently serves one customer in its certificated service area off this sewer line, the Camp Mohave Elementary School, and also serves approximately ten customers under contract with Sunrise Vista Utilities.
3. Arizona American will apply to the Arizona Corporation Commission for permission to remove the area around the Camp Mohave Elementary School and adjacent to the Calle Del Media sewer line from its authorized service area under its existing Certificate of Convenience and Necessity. The Authority will support Arizona American's application by providing any information required by the Commission and by appearing at any hearings associated with the application.

Arizona American Water

101 Corporate Center  
19820 N. 7<sup>th</sup> Street -  
Suite 201  
Phoenix, Arizona 85024  
USA

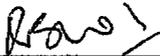
T +1 623 445 2400  
F +1 623 445 2451  
I www.amwater.com



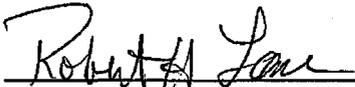
4. Upon approval of the transaction by the Commission, the parties will promptly take the following actions:
  - a. Arizona American will execute a bill-of-sale ("as is") for the sewer line and associated facilities.
  - b. Arizona American will assign its rights and obligations to serve the Sunrise Vista Utilities customers.
  - c. The Authority will pay Arizona American \$10,000 for the right-of-way, sewer line, and associated facilities.
  
5. Effective upon the date of the transaction described in paragraph 4, the Authority agrees that it will never extend sewer service to any present or potential customers within Arizona American's present or future certificated water or sewer service territory in Mohave County, or within Sections 19 and 30 of Township 19N, Range 21W, of Mohave County.
  
6. Effective upon the date of the transaction described in paragraph 4, the Authority agrees that it will not extend sewer service to any potential or future customer within Section 31 of Township 19N, Range 21W, of Mohave County unless approved in writing by Arizona American.

I have enclosed two signed originals of this letter. If the above terms are acceptable to the Authority, please sign and date both of them. Please keep one for your files and return one to me. Thank you in advance for this agreement.

Sincerely,

 2/28/05  
\_\_\_\_\_  
Robert Bloor  
Finance Director – Western Region

Accepted by the Fort Mohave Tribal Utility Authority

  
\_\_\_\_\_  
Robert H. Lane

Dated: March 3, 2005.  
~~February~~

**R**

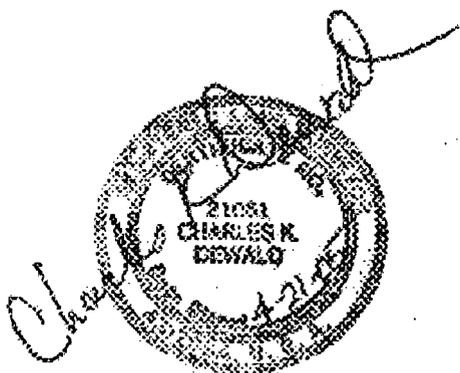
**ARIZONA AMERICAN WATER COMPANY  
LEGAL DESCRIPTION  
CALLE DE MEDIA SOUTH OF CAMP MOHAVE ROAD**

That portion of the North half of Section 23, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County, Arizona being more particularly described as follows:

Beginning at the North quarter corner of said Section 23,  
 Thence Easterly along the North line of said section, North 89-58-00 East 30.00 feet;  
 Thence South 00-04-07 West 2647.84 feet;  
 Thence North 89-57-52 West 65.00 feet;  
 Thence North 00-04-07 East 684.83 feet;  
 Thence South 89-55-53 East 30.00 feet;  
 Thence North 00-04-07 East 639.07 feet;  
 Thence South 89-55-53 East 5.00 feet; to a point on the East line of said Northwest quarter;  
 Thence along said East line North 00-04-07 East 1323.92 feet to the Point of Beginning.

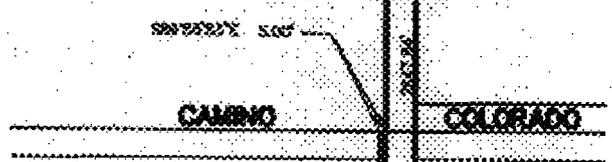
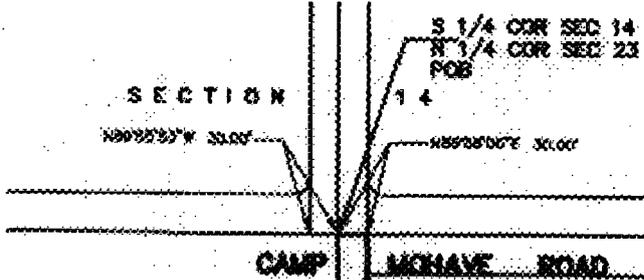
Containing a computed area of 2.45 acres, more or less.

434142/43414LEGB  
 APRIL 21, 2005

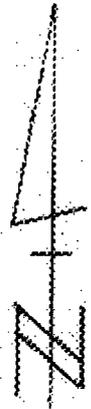
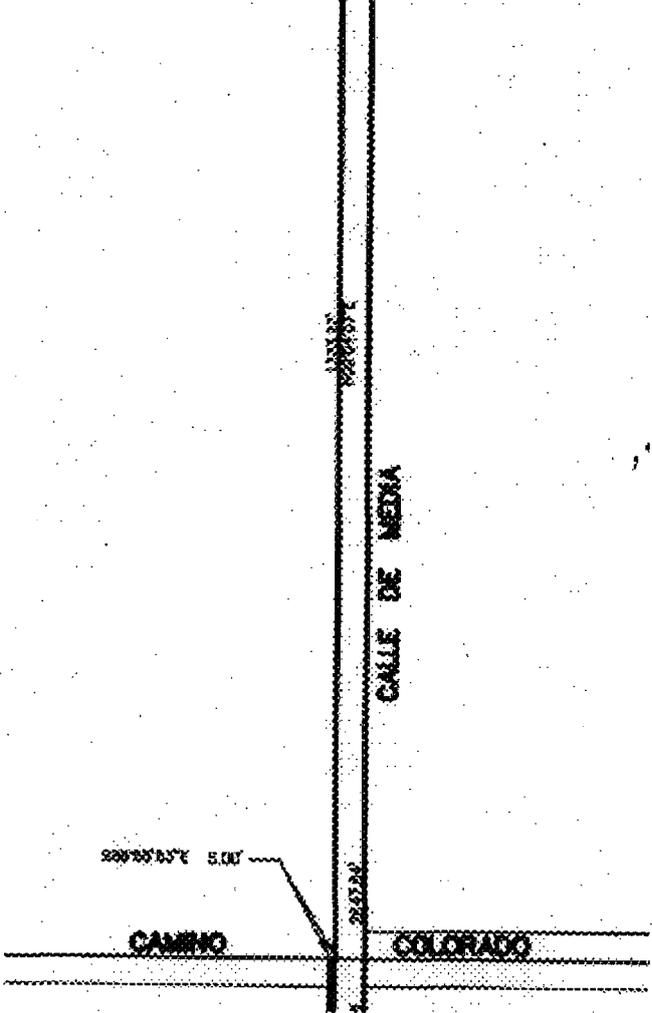


# ARIZONA AMERICAN WATER COMPANY

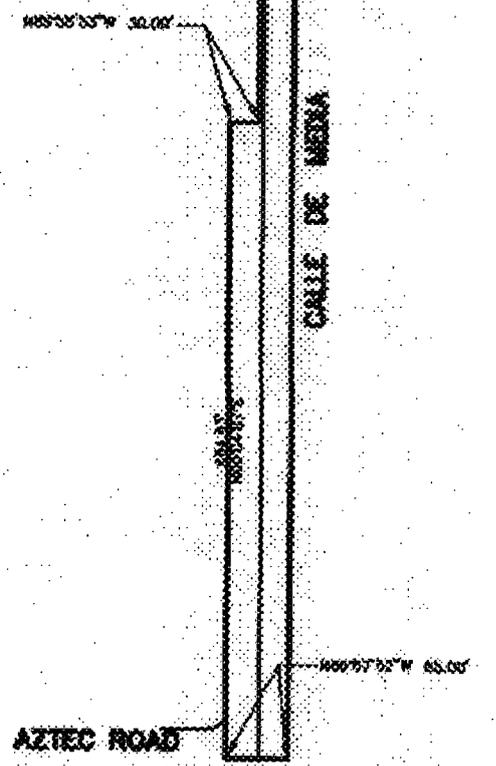
MATCH BELOW LEFT



SECTION 23



1" = 200'



MATCH ABOVE RIGHT

SKETCH TO ACCOMPANY LEGAL DESCRIPTION SOUTH OF CAMP MOHAVE ROAD

**TERRITORIAL ENGINEERS, INC.**  
 1810 RIVERVIEW DRIVE, SUITE 7  
 BULLHEAD CITY, ARIZONA 86443  
 (520) 758-7000 FAX 758-3900  
 TEL JLN-434142/434142K8

**ARIZONA AMERICAN WATER COMPANY****CALLE DE MEDIA NORTH OF CAMP MOHAVE ROAD  
LEGAL DESCRIPTION**

That portion of the South half of Section 14, Township 19 North, Range 22 West of the Gila and Salt River Meridian, Mohave County Arizona being more particularly described as follows:

Beginning at the South Quarter corner of said section 14;

Thence North 89-55-53 West 30.00 feet;

Thence North 00-05-30 East 1349.98 feet;

Thence South 90-00-00 East 315.00 feet;

Thence South 00-05-30 West 60.00 feet;

Thence North 90-00-00 West 195.03 feet to a tangent curve, concave to the south and having a radius of 20.00 feet;

Thence southerly along said curve through a central angle of 61-21-18 an arc distance of 21.42 feet to a point of compound curvature of a curve having a radius of 370.65 feet;

Thence southerly along said curve through a central angle of 11-29-12 an arc distance of 74.31 feet to a point of compound curvature of a curve having a radius of 310.63 feet;

Thence southerly along said curve through a central angle of 17-04-00 an arc distance of 92.53 feet to a point of tangency;

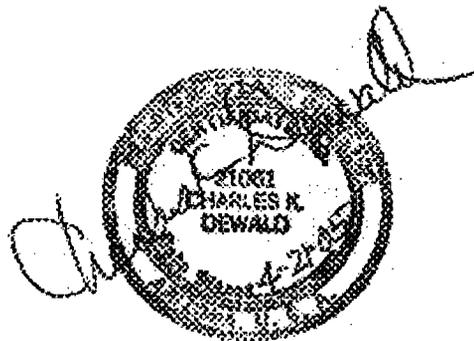
Thence South 00-05-30 West 1120.11 feet;

Thence South 89-58-00 West 30.00 feet to the Point of Beginning.

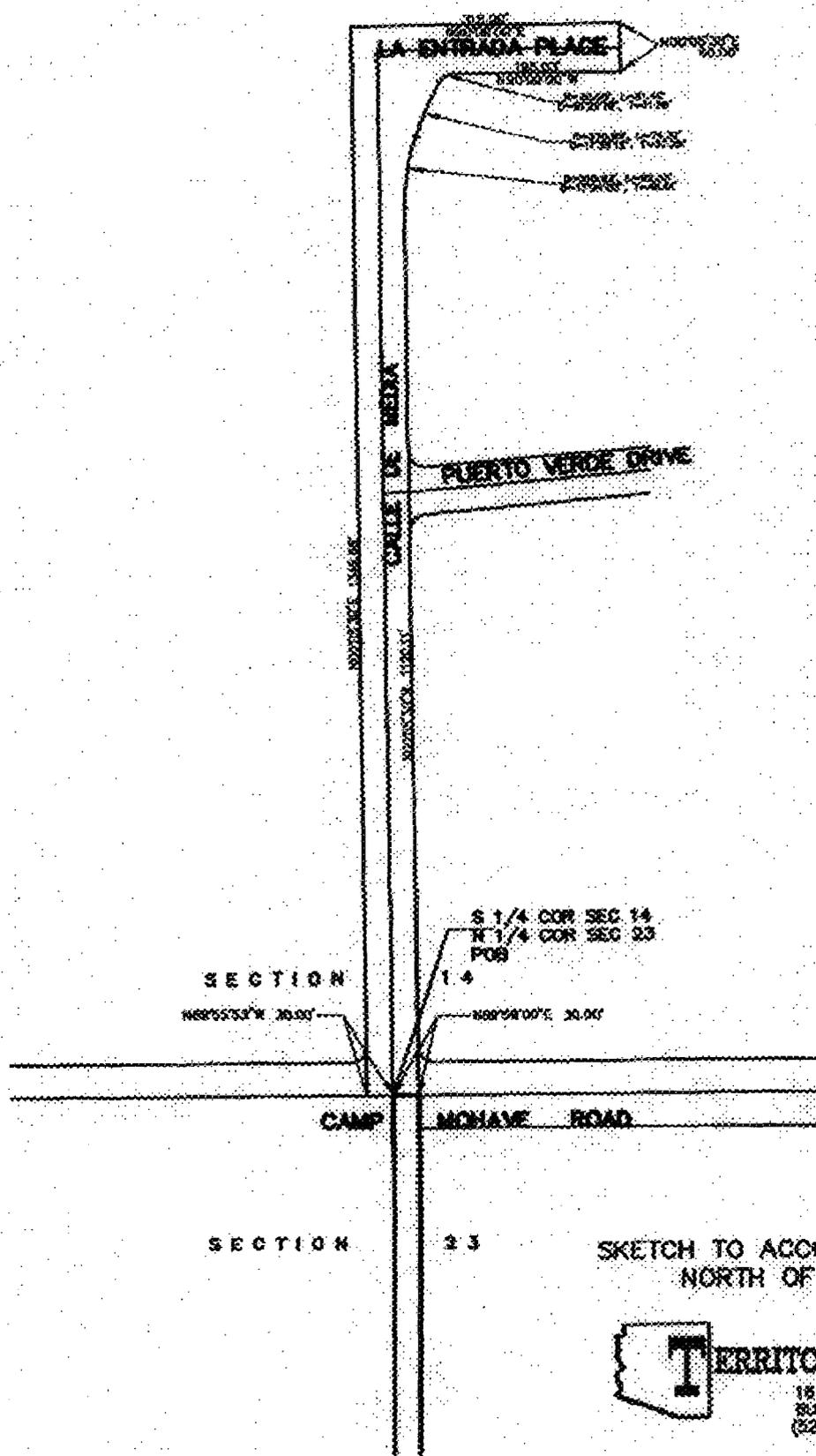
Containing a computed area of 2.27 acres, more or less.

434142/43414lega

April 21, 2005



# ARIZONA AMERICAN WATER COMPANY



SKETCH TO ACCOMPANY LEGAL DESCRIPTION  
NORTH OF CAMP MOHAVE ROAD

**TERRITORIAL ENGINEERS, INC.**

1810 GREENHAW DRIVE, SUITE 7  
SULLY, AZ 85204-9842  
(602) 758-7800 FAX 758-5958  
TEL. IN 438-4254 438-4519