

ORIGINAL



0000039980

50

January 10, 2006

Docket Control
Arizona Corporation Commission
Tariff Section
1200 West Washington Street
Phoenix, Arizona 85007

RE: W-03067A-04-0652, W-02298A-04-0652, W-03067A-04-0445 and W-03067A-04-0444
Decision No. 67577

Whereas, Beaver Dam Water Company has filed within 45 days of the Decision; 1) a cross connection/backflow prevention tariff; and 2) a curtailment plan tariff

Whereas, Beaver Dam Water Company has filed within 30 days a tariff conforming with the order for non-residential charges

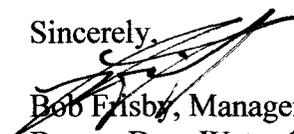
Whereas, Beaver Dam Water Company has the water it provides within the current service territory of Littlefield Water Company in full compliance with the Arizona Department of Environmental Quality (Attached)

Whereas, Beaver Dam Water Company has: 1) executed main extension agreement associated areas (Attached); 2) copies of the Arizona Department of Environmental Quality Certificates of Approval to Construct associated with the requested extension areas; (Attached)

Whereas, Beaver Dam Water Company has not been able to obtain a report showing the arsenic level of the proposed well at Shadow Ridge Subdivision. Therefore, we request 6 month extension of time to complete the construction of the well

Whereas, Beaver Dam Water Company has copies of executed financing documents setting forth the terms of the financing (Attached)

Sincerely,


Bob Frisby, Manager
Beaver Dam Water Company

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 JAN 26 P 12:32

RECEIVED

**Arizona Department of Environmental Quality
Water Quality Compliance Assurance Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007**

Drinking Water Compliance Status Report

Public Water System Name: Littlefield Water Company

Public Water System ID #: 08-025

Public Water System Type: CO Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies

Comments:

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 5-9-05

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Points of Entry 1 **Number of Sources** 1 **Population Served** 86

Service Connections 18 **Initial Monitoring Year** 1994 **Initial MAP Year** 2000

Evaluation completed by: Jim Puckett

Phone: 602-771-4649 **Date:** 1-6-06

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Developer agrees to construct and install wells, storage, water distribution mains and pipelines, valves, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein. Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements.** The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority, whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of Sale to the Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances for the Development. All work performed by or on behalf of Developer shall be warranted by the Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

4. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 6, below.

5. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 3, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

6. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to ten percent (10%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of ten (10) years. No interest shall accrue or be payable on the amounts to be refunded hereunder. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder.

7. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to construct and install the Facilities in accordance with specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the term and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities.

8. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:
Beaver Dam Water Company Inc. Attn: Bob Frisby
P.O. Box 550
Beaver Dam, AZ 86432

DEVELOPER:
Millennia Investment Corp
Attn: Dan Jones
6795 South 300 West
Midvale, Utah 84047

9. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

10. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein. This indemnity of Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Company shall indemnify and hold harmless Developer from and against all claims, demands, and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of terms and conditions contained herein.

11. **Successors and Assigned.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

DEVELOPER:

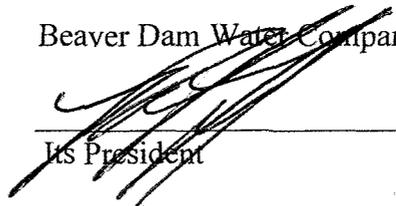
Millennia Investment Corp



Its President

COMPANY:

Beaver Dam Water Company



Its President

Project Name: Shadow Ridge Subdivision, Phase 1 ENGINEERS ESTIMATE

Exhibit "C" 10#2

Project No. DS 66 14.05

Date 11/10/06

By: R W

Checked By: JSE

Item No.	Quantity	Units	Description	Amount	Cost	
1	1	Lump	Mobilization	\$ 25,000.00	\$ 25,000.00	N/A
2	44,000	C.Y.	Excavation	\$ 2.50	\$ 110,000.00	N/A
3	30,500	C.Y.	Embankment	\$ 1.75	\$ 53,375.00	N/A
4	29	Each	48" Concrete Manholes	\$ 1,750.00	\$ 50,750.00	N/A
5	1918	L.F.	18" PVC Sewer Pipe, ASTM 3034, SDR 35	\$ 16.00	\$ 30,688.00	N/A
6	400	L.F.	12" PVC Sewer Pipe, ASTM 3034, SDR 35	\$ 14.60	\$ 5,860.00	N/A
7	1076	L.F.	10" PVC Sewer Pipe, ASTM 3034, SDR 35	\$ 12.60	\$ 13,572.00	N/A
8	4100	L.F.	8" PVC Sewer Pipe, ASTM 3034, SDR 35	\$ 12.00	\$ 49,200.00	N/A
9	1	Each	8" San. Sewer Cleanout	\$ 175.00	\$ 175.00	N/A
10	2	Each	8" San. Sewer Cap	\$ 80.00	\$ 160.00	N/A
11	66	Each	4" PVC Sewer Service Lateral, ASTM 3034, SDR 35	\$ 6.90	\$ 455.80	N/A
12	20	L.F.	14" Water Main, AWWA C-900	\$ 18.00	\$ 360.00	
13	4314	L.F.	12" Water Main, AWWA C-900	\$ 16.00	\$ 69,024.00	
14	3420	L.F.	8" Water Main, AWWA C-900	\$ 10.00	\$ 34,200.00	
15	484	L.F.	4" Water Main, AWWA C-90	\$ 7.50	\$ 3,630.00	
16	1	Each	12" x 12" Tee w/ Thrust Block	\$ 250.00	\$ 250.00	
17	2	Each	12" x 12" x 6" Tee w/ Thrust Block	\$ 200.00	\$ 400.00	
18	3	Each	12" Gate Valve w/ Valve Box and Lids	\$ 850.00	\$ 2,550.00	
19	9	Each	8" x 8" Tee w/ Thrust Block	\$ 450.00	\$ 4,050.00	
20	20	Each	6" Gate Valve w/ Valve Box and Lids	\$ 450.00	\$ 9,000.00	
21	1	Each	8" Cross w/ Thrust Block	\$ 450.00	\$ 450.00	
22	4	Each	8" Cap w/ Thrust Block	\$ 500.00	\$ 2,000.00	
23	1	Each	90 deg. D.I. Elbow w/ Fittings	\$ 800.00	\$ 800.00	
24	9	Each	22.5 deg. Elbow w/ Thrust Block	\$ 250.00	\$ 2,250.00	
25	4	Each	11.25 deg. Elbow w/ Thrust Block	\$ 250.00	\$ 1,000.00	
26	2	Each	8" x 4" Reducer	\$ 150.00	\$ 300.00	
27	2	Each	22.5 deg. Elbow w/ Thrust Block	\$ 150.00	\$ 300.00	
28	3	Each	4" Cap w/ Thrust Block	\$ 150.00	\$ 450.00	
29	3477	L.F.	1 1/2" PVC Water Line	\$ 5.00	\$ 17,385.00	
30	68	Each	Service Laterals including saddle, cap stop, cap, exclude meter and meter base	\$ 400.00	\$ 27,200.00	
31	4	Each	Std. Fire Hydrant w/ Tee, Valve, Complete	\$ 1,500.00	\$ 6,000.00	
32	8,620	L.F.	24" Conc. Curb and Gutter	\$ 8.50	\$ 73,070.00	N/A
33	8770	Ton	Type II Gravel Base Course	\$ 19.99	\$ 174,990.00	N/A
34	20,370	Sq. Yds	2 1/2" Asphaltic Concrete Hot Mix	\$ 5.40	\$ 109,998.00	N/A

SCENIC ENGINEERS ESTIMATE, PHASE 1

12/9/2005

Project Name: Shadow Ridge Subdivision, Phase 1

ENGINEERS ESTIMATE

Project No. DS 56.14.05

Date _____
By: _____
Checked By: _____

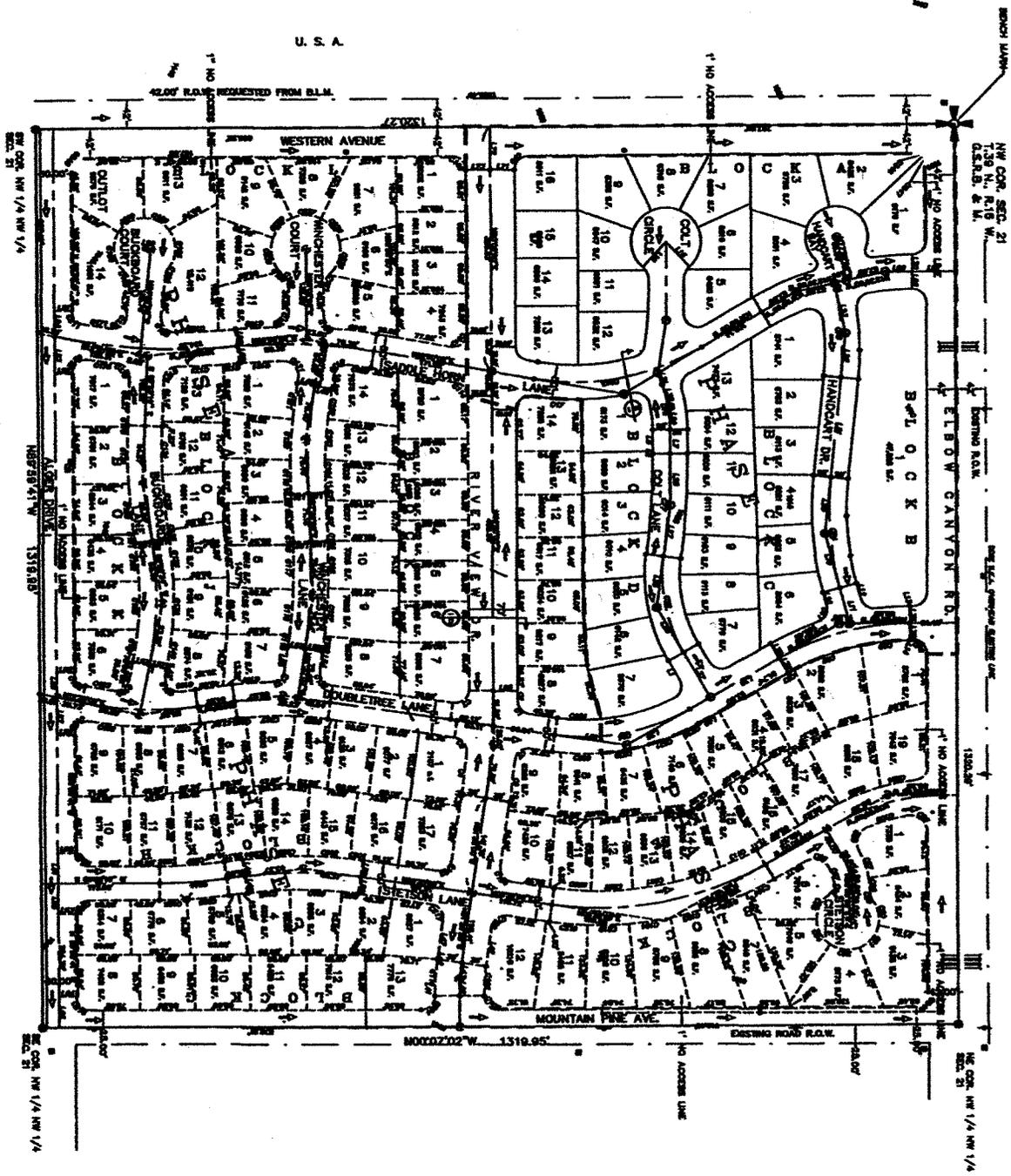
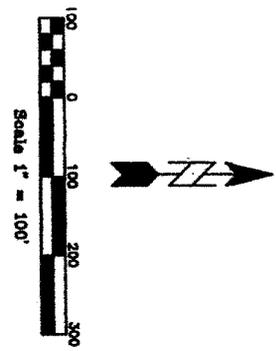
35	1	Each	Culinary Water Well, 500,000 Gal. Water Storage Tank, Pump House Complete	\$ 870,800.00	\$ 870,800.00
38	1	Each	Wastewater Treatment Facility Complete	\$ 437,816.00	\$ 437,816.00
TOTAL					\$ 1,187,397.00

TOTAL Value

SCENIC ENGINEERS ESTIMATE, PHASE 1

12/9/2005

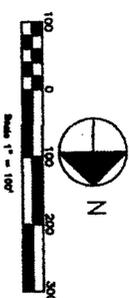
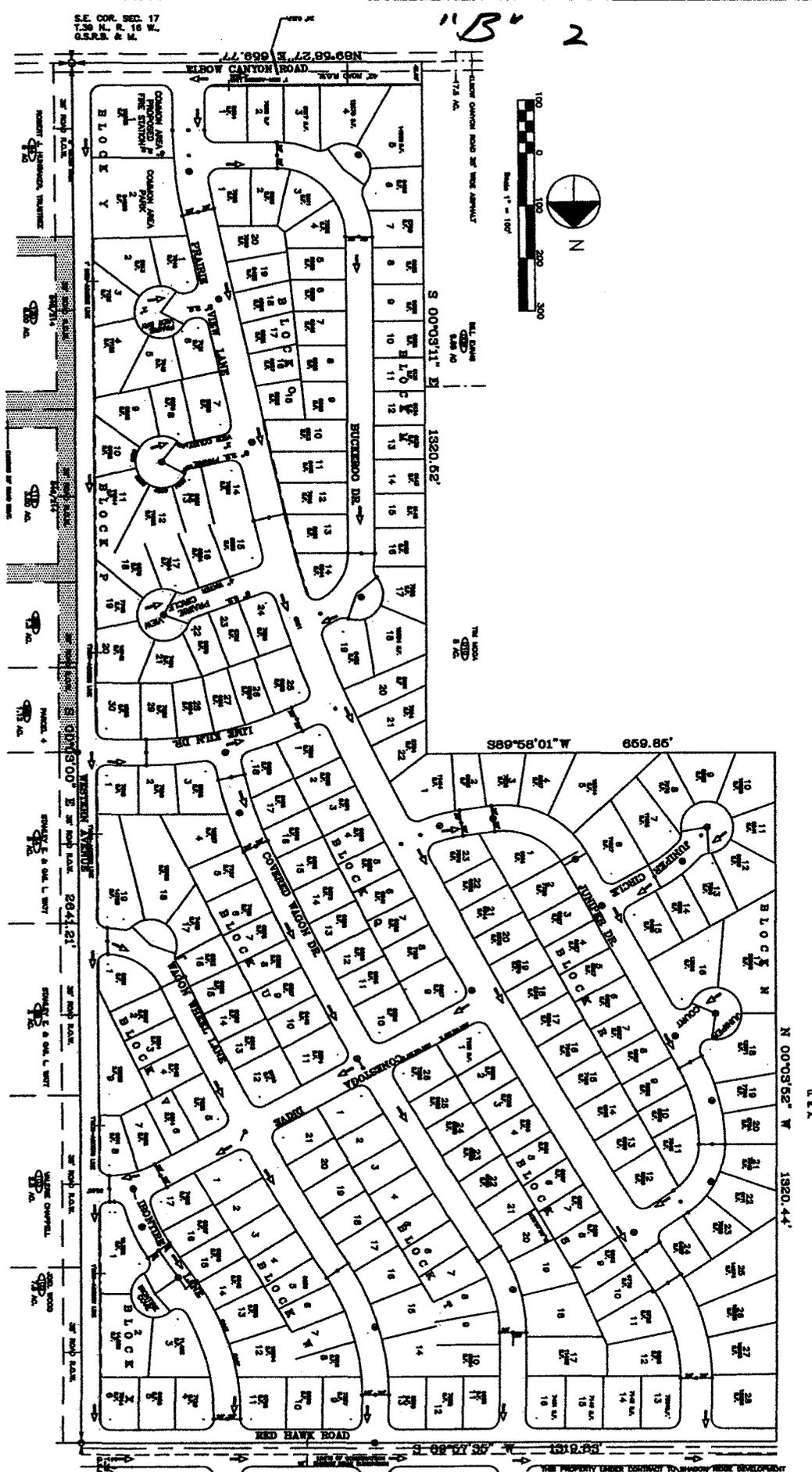
Exhibit "B" 1-2



PRELIMINARY PLAT - 40 ACRE PARCEL
 SHADOW RIDGE SUBDIVISION - PHASE 1
 TRACT NO. 3511

VICINITY
 MAP

PRELIMINARY PLAT - 60 ACRE PARCEL
 SHADOW RIDGE SUBDIVISION - NORTH PARCEL
 TRACT NO. 5611



15 2

S.E. COR. SEC. 27,
 T.36 N., R. 18 W.,
 S.5.R.S. 4 N.

THE PROPERTY UNDER CONTRACT TO BE DEVELOPED BY THE DEVELOPER IS SHOWN BY THE SHADING AND THE UNDEVELOPED AREAS ARE SHOWN BY THE UNSHADING.

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this September 26, 2005, by and between BEAVER DAM WATER COMPANY INC. ("Company") and Great American Land LLC ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its residential Real estate development located in the general vicinity of TOWNSHIP 40 NORTH 16 WEST of Mohave County near the town of Littlefield / Beaver Dam "Development"). A Legal description for the Development is attached hereto as Map 30 Beaver Dam Water Docket W-3067-04-445 (Application for Extension) Exhibit "A" and incorporated herein by this reference. The Development is located within the Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of The Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Arizona Corporation Commission ("Commission") granting Company the Exclusive right to provide water utility service within unincorporated portions of Mohave County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

Handwritten signatures in black ink, appearing to be initials or names, located in the bottom right corner of the page.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Construction of Facilities. Developer agrees to participate as follows:

1. Pay the cost to up size the bore to 16" steel casing and a 12" water main through the Interstate I-15 (see attached proposal)
2. Pay the cost to increase the proposed 8" water main to 12", including the additional cost of the larger fittings, and connections from the south side of the bore to Highway 91 (see attracted proposal)
3. Pay impact fee for a 1- Model Home of \$500.00.

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Company currently has sufficient storage and well capacity necessary to provide water utility service for 1 Model Home within the Development. The Littlefield Line Extensions approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed to the Development in a manner which allows the provision of safe and reliable water service to the development therein. Subject to the terms and conditions set forth herein.

2. **Construction Standards and Requirements.** The construction and insulation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. All easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

4. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to ten percent (10%) of the gross annual revenues received by Company from the, provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the first calendar year following the calendar year in which title to the Facilities is completed by Company and continuing thereafter in each succeeding calendar year for a total of ten (10) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such ten year period non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder.

5. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to the Development in accordance with Company's tariffs and schedule of rates and



charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements.

6. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:
Beaver Dam Water Company Inc.
Attn: Bob Frisby
P.O. Box 550
Beaver Dam, AZ 86432

DEVELOPER:
Great American Land LLC
Jack H. Riley Manager
2375 East Tropicana #321
Las Vegas, Nevada 89119

7. **Time is of the Essence.** Time is and shall be of the essence of this Agreement, Developers agrees to deposit with the Company \$33,000.00 of the \$66,088.00 total cost on or before October 5, 2005, with the balance to be paid upon completion.

8. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein. Company shall indemnify and hold harmless Developer from and against all claims, demands, and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of terms and conditions contained herein.

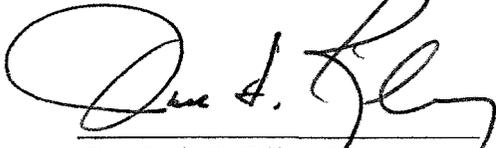
A handwritten signature in black ink, appearing to be 'JWR', is located in the bottom right corner of the page.

9. **Successors and Assigned.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

DEVELOPER:

COMPANY:

Great American Land LLC



By: Jack H. Riley, Manager
Great American Land Management LLC

Beaver Dam Water Company



its President



proposal

DATE: May 13, 2005

TO: **Bob Frisby**
Beaver Dam Water company

PHONE: 928-347-5000
FAX: 928-347-5003

PROJECT: **Beaver Dam / little field water project**

complete as per plan dated 1-5-04 1.00 Is \$ 396,884.00

ALT A

Up size the the bore to 16" steel casing
and 12" water main.

NET INCREASE 1.00 Is \$ 50,238.00

Notes:
excludes any survey or layout
excludes any soils testing
any unforeseen conflicts will extra
excess material to be left on site
excludes any bonds permits or fees

RESPECTFULLY SUBMITTED BY:			
AUTHORIZED SIGNATURE		DATE	
S. WAYNE JESSOP			
PRINTED NAME		PRINTED NAME & TITLE	



proposal

DATE: September 25, 2005

TO: **Bob Frisby**
Beaver Dam Water company

PHONE: 928-347-5000
 FAX: 928-347-5003

PROJECT: **LITTLE FIELD LINE EXTENSION**

Cost To Increase the proposed 8" water main, the fittings, and connections from the South side of the Bore to the connection point at highway 91 is listed below.

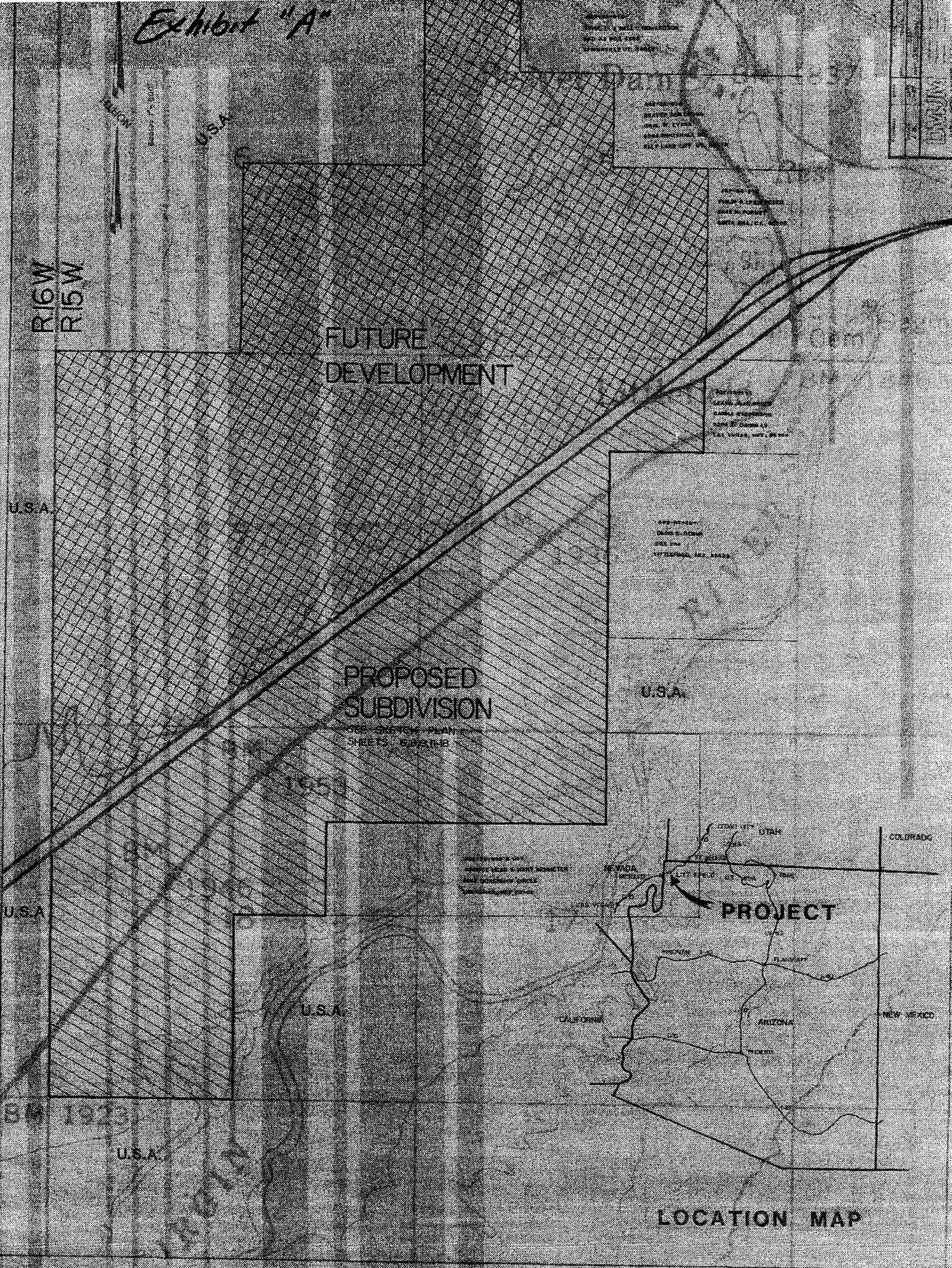
12" class 160	1594 lf	7.00	11,158.00
12" fittings	12 ea	239.00	2,868.00
8x12" weld by flange adapter	1 ea	324.00	324.00
		\$	14,350.00

prices above include all labor and materials for the upsizing.

- excludes any survey or layout
- excludes any soils testing
- any unforeseen conflicts will be extra
- excess material to be left on site
- excludes any bonds permits or fees
- when signed, an official change order will be forth coming.

RESPECTFULLY SUBMITTED BY: _____			
AUTHORIZED SIGNATURE	DATE		
S. WAYNE JESSOP		AUTHORIZED SIGNATURE	DATE
PRINTED NAME		PRINTED NAME & TITLE	

Exhibit "A"



FUTURE DEVELOPMENT

PROPOSED SUBDIVISION

PROJECT

LOCATION MAP

R16W
R15W

U.S.A.

U.S.A.

SM 1923

U.S.A.

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this 24 Aug. ~~June~~, 2005, by and between BEAVER DAM WATER COMPANY INC. ("Company"), and Fenn-Robbins Homes, Inc ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its residential Real estate development located the general vicinity of SECTION 8 TOWNSHIP 40 NORTH 16 WEST of Mohave County near the town of Littlefield consisting of 152 Manufactured Home lots (the "Development"). A legal description for the Development is Attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within the Company's Certificate of Convenience and Necessity ("CC&N")

B. Company is a public service corporation as defined in Article XV, Section 2 of The Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Arizona Corporation Commission ("Commission") granting Company the Exclusive right to provide water utility service within unincorporated portions of Mohave County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Company is willing to provide water utility service the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Company currently has sufficient storage and well capacity necessary to provide water utility service for 152 lots within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed to the Development in a manner which allows the provision of safe and reliable water service to the development therein. Subject to the terms and conditions set forth herein. The Company will provide 8 inch water main to the property located at the 6 Inch meter.

2. **Construction Standards and Requirements.** The construction and insulation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and

reliable water utility service. All easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

4. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to ten percent (10%) of the gross annual revenues received by Company from the, provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the first calendar year following the calendar year in which title to the Facilities is completed by Company and continuing thereafter in each succeeding calendar year for a total of ten (10) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such ten year period non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder.

5. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements.

6. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:
Beaver Dam Water Company Inc.
Attn: Bob Frisby
P.O. Box 550
Beaver Dam, AZ 86432

DEVELOPER:
Fenn-Robbins Homes, Inc.
P.O. Box 1714
Lake Arrowhead, CA 92353

7. **Time is of the Essence.** Time is and shall be of the essence of this Agreement, Developers agrees to deposit with the Company \$135,360.00 on or before July 15, 2005 and commit to project not later that June 25, 2005.

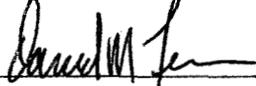
8. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein. Company shall indemnify and hold harmless Developer from and against all claims, demands, and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of terms and conditions contained herein.

9. **Successors and Assigned.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

DEVELOPER:

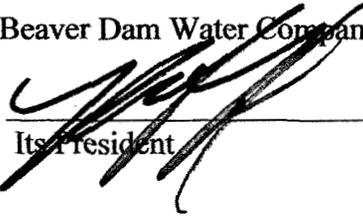
COMPANY:

Fenn-Robbins Homes, Inc.



Its President

Beaver Dam Water Company



Its President

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made September 24, 2005, by and between BEAVER DAM WATER COMPANY INC. ("Company") and 45AZBD LLC ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its residential Real estate development located the general vicinity of SECTION 5 TOWNSHIP 40 NORTH 16 WEST of Mohave County near the town of Littlefield consisting of 100 Residential Lots home (the "Development"). A legal description as shown in Littlefield Line Extension by Phylip Leslie P.E. noted as Jensen Property and incorporated herein by this reference. The Development is located within the Company's Certificate of Convenience and Necessity ("CC&N")

B. Company is a public service corporation as defined in Article XV, Section 2 of The Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Arizona Corporation Commission ("Commission") granting Company the Exclusive right to provide water utility service within unincorporated portions of Mohave County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Company is willing to provide water utility service the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Company currently has sufficient storage and well capacity necessary to provide water utility service for 100 lots (with individual meters) within the Development as more particularly described as Littlefield Line Extension by Phylip Leslie P.E. noted as Jensen Property and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities approved plans as generally depicted on the map attached hereto as Littlefield Line Extension by Phylip Leslie P.E. noted as Jensen Property and shall be designed and constructed to the Development in a manner which allows the provision of safe and reliable water service to the development therein. Subject to the terms and conditions set forth herein. Beaver Dam Water will provide a 6 inch Tee and valve at a location to be selected by Developer at a late date.
2. **Construction Standards and Requirements.** The construction and insulation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction there over. Developer does hereby agree to follow the same construction standards when connection to 6 inch main line.
3. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the

Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. All easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

4. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to ten percent (10%) of the gross annual revenues received by Company from the, provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the first calendar year following the calendar year in which title to the Facilities is completed by Company and continuing thereafter in each succeeding calendar year for a total of ten (10) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such ten year period non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder.

5. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements.

6. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Beaver Dam Water Company Inc.
Attn: Bob Frisby
P.O. Box 550
Beaver Dam, AZ 86432

DEVELOPER:

Sara Hutchinson
45azbd LCC
3230 So. Buffalo #106

7. **Time is of the Essence.** Time is and shall be of the essence of this Agreement, Developers agrees to deposit with the Company \$40,000.00 of the \$80,000.00 on or before October 15, 2005, with balance to be paid upon completion

8. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein. Company shall indemnify and hold harmless Developer from and against all claims, demands, and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of terms and conditions contained herein.

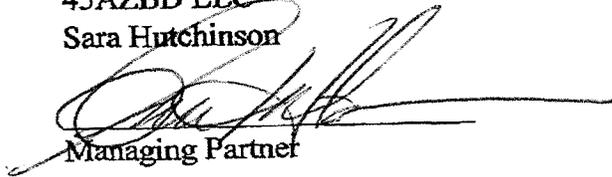
9. **Successors and Assigned.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

DEVELOPER:

COMPANY:

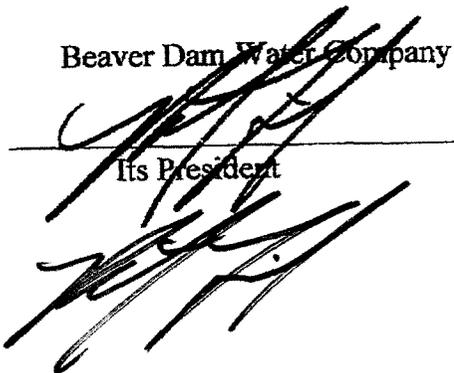
45AZBD LLC

Sara Hutchinson



Managing Partner

Beaver Dam Water Company



Its President



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Certificate of Approval to Construct for a New Source Well

Applicant Information		ADEQ File Number 20050137		LTF No. 35902		Place ID 19430	
Name	Millennia Investment Corporation	Project Name	Shadow Ridge, Phase 1				
Mail Address 1	6795 South, 300 West	Project Location	Scenic, NV				
Mail Address 2							
City / State / Zip	Midvale, UT 84047						
Project Type: New Source Well		Project Description					
Install DWR well number 55-808721, 500,000 gallon water storage tank, approximately 4402 linear feet of 12" diameter water line, approximately 8126 linear feet of 6" diameter water line, approximately 829 linear feet of 4" diameter water line, with no fire hydrants on the 4" diameter water line and related appurtenances to serve 67 residential lots.							
Facility Name	Beaver Dam Water Company III						
Street Address 1	(aka Virgin River Water District I)						
Street Address 2	P. O. Box 550						
City / State / Zip	Beaver Dam, AZ 86432						
PWSID	08-093						
County	Mohave						
Design Documents Approved	Date	Site Information					
Application	11/29/2004	Location of Distribution System					
Site Plan	12/30/2004	Township	39 N	Range	16 W		
Design Plan	12/30/2004	Section	21	Quarter Section	NW		
Operations Emergency Plan		Latitude	36° 46' 49.8"			North	
Response Letter	04/13/2005	Longitude	114° 02' 18.8"			West	
Other							

Approval to Construct (ATC) the above-described facilities as represented in approved plans documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:
The General Provision and Special Provision of the Water Distribution System appear on Pages 2 through 3

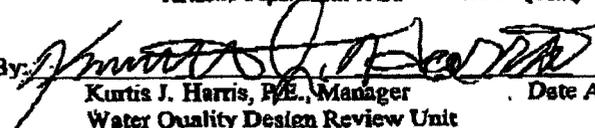
CERTIFICATE DISTRIBUTION

Original Certificate
Millennia Investment Corporation

Certificate Copy Only
ADEQ/NRO Reading File
ADEQ/NRO Construction File/
Michelle Schroeder
Mohave County Env./Development Svc.

Stephen A. Owens, Director

Arizona Department of Environmental Quality

By:  5-19-05
Kurtis J. Harris, P.E., Manager
Water Quality Design Review Unit
Northern Regional Office
Date Approved

05/19/05

19:32

ADEQ NRO → 4355867480

NO.197 007

General Provisions

1. Notice shall be given to the Northern Regional Office (NRO) in Flagstaff (1 (877) 602-3675) and to the appropriate county department when construction of the project begins to allow for inspection during construction per A.R.S § 49-104(B)(10). Contact Michelle Schroeder at (928) 773-2714 at least seven days prior to the start of construction.
2. The project owner shall contact a professional engineer as soon as possible to provide detailed construction inspection of this project (A.A.C. R18-5-507). Upon completion of construction the retained professional engineer shall send to NRO the following:
 - a. Engineers Certificate of Completions (attached).
 - b. Sealed and signed As-Built plans with construction specifications.
 - c. All Construction test data certified by the engineer.
 - d. All construction test data; the certified number of an operator, who is certified by the Department at a grade appropriate for the facility, is employed to operate the potable water distribution system.

After receipt of the items outlined above, NRO will review the file and, if in order, will issue an Approval of Construction (AOC).

3. Operation of a newly constructed facility shall not begin until an AOC is issued by the Department per A.A.C. R 18-5-507(A).
4. All materials and products that come into contact with drinking water or drinking water treatment chemicals must comply with NSF Standard 61. Any "or equal" substitution shall also meet NSF Standard 61 may be considered if they otherwise comply with A.R.S. § 49-353.01.
5. The certificate voids and supersedes all previous "Approval to Construct" issued previously for this file number.
6. Water line sewer line separation shall meet A.A.C. R 18-5-502. The separation requirements of A.A.C. R 18-5-502 shall extend to all water line services and sewer line services within the right-of-way. Separation of water and sewer line on an individual private property shall meet the requirements of the Uniform Plumbing Code (UPC).
7. As per A.A.C. R18-5-502(C)(5). Sewer mains (gravity, pressure, and force) shall be kept a minimum of 50 feet from wells unless the following conditions are met: a. Water main pipe, pressure tested in place to 50 psi without excessive leakage, is used for gravity sewers at distances greater than 20 feet from water wells.
8. This Approval to Construct will become void if an extension of time is not granted by the Department within 90 days after passage of one of the following (A.A.C. R18-5-505(E)):
 - a. Construction does not begin within one year after the date the Approval to Construct is issued, or
 - b. There is a halt in construction of more than one year, or
 - c. Construction is not completed within three years after the date construction begins.
9. Construction material used in public water systems, including residential and non-residential Facilities connected to the public water system, shall be lead free as defined by A.A.C. R 18-4-101(46).

[Signature] 5-19-05

Special Provisions

- A. As per R18-5-505(B)(1)(d), provide Water Quality Data - Priority Pollutants for organic and inorganic for new source approval. Laboratory Analysis must be on ADEQ Safe Drinking Water Quality Source Approval Form showing a complete water quality laboratory analysis. All water samples Chain-of-Custody to report forms shall use ADWR #55-599972 Well Number.
- B. Provide copies of Notice to Intent to Drill as soon as they are received. Please include ADWR Well completion report and ADWR Well Identification #55-599972. Please include a copy of this ATC with any subsequent submittals to assist NRO in document tracking and filing these document forms.

As per R12-15-817 (C), please include ADWR Well completion report for ADWR Well Identification #55-599972.

- C. As per A.A.C. R18-4-116, submit an Emergency Operations Plan meeting this requirement.
- D. As per ADWR, A.A.C. R12-5-502 (C)(5), Sewer mains (gravity, pressure and force) shall be kept at a minimum of 50 feet from wells unless the following conditions are met: a. Water main pipe, pressure tested in place to 50 psi without excessive leakage, is used for gravity sewers at distances greater than 20 feet from water wells.
- E. As per ADWR, A.A.C. R12-15-811(C), install a functional water tight access port or some other means to collect water level measurements without having to remove pump and associated equipment.
- F. As per ADWR, A.A.C. R18-15-, a sign having ADWR 55-599972 well registration number is required. NRO recommends that it should be installed at an easily visible location closest to the proposed well as possible.
- G. As per Bulletin 10, Section 2-E.6. The well site should be graded to provide drainage away from the well slab.
- H. As per Bulletin 10, Section 3-C.4. Install an easily accessible shut-off valve on the discharge line, with a positive acting check valve between the pump and the valve.
- I. As per Bulletin 10, Section 3-G.1. Install non-threaded sampling tap must be on the discharge side of check valve as close to the well as practical;
- J. As per Bulletin 10, Section 2-A-3. Install an Emergency disinfection tap and electrical connection on discharge line was shown. ADEQ recommends this tap be added prior to the storage tank to maximize chlorine contact time and disinfection effectiveness.
- K. As per Bulletin 10, Section 3-C.7. Pressure gage and flow meter (totalizing as per ADWR R12-15-902) on discharge line.
- L. As per Bulletin 8, Section 2-E.20. Well driller is required to disinfect well when submersible pump is deployed and show testing data of the results.
- M. A backflow prevention device shall be installed between the potable water supply and the wastewater treatment plant.
- N. Blow-off valves shall be installed on all dead-end waterlines.
- O. Reducer valves shall be installed between the 4" diameter waterline and the 1-1/2" diameter waterline.
- P. Isolation valves shall be installed at a maximum of 500 foot intervals along the 1-1/2" diameter waterline.
- Q. Easements for the 1-1/2" diameter water line shall be shown on the AS-BUILT drawings.

End of Provisions

[Signature] 5-19-05

LEGAL DESCRIPTION FOR 60 ACRE PARCEL

NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ and the E $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$, Section 17, Township 39 North, Range 16 West, G. S. R. M. Contains 60 Acres.

LEGAL DESCRIPTIN FOR 40 ACRE PARCEL

NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 21, Township 39 North, Range 16 West, G. S. R. M. Contains 40 Acres.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Certificate of Approval to Construct a Water Distribution System

Applicant Information:		Place ID	21323	ADEQ CF #	20040098	LTF #	32143
Name		Beaver Dam Water Company		Project Name		Littlefield Line Extension	
Mail Address 1				County		Coconino	
Mail Address 2							
City/State/Zip							
Project Type(s)			Project Description				
x	Pressure Main		Storage Tank	6,6232 10' PVC, 282' 8" PVC, 515' 8" HDPE, 4,663' 6" PVC			
	Hydro Tank		Other				
Facility Name		Beaver Dam Water System #2					
Street Address 1							
Street Address 2							
City/State/Zip							
System Capacity Affirmation (Agent, Date)				NA			
PWS ID #		08006		Site Information			
Design Documents Approved		Date		Nearest Town		Littlefield	
Application		2/12/04		Location of Distribution System			
Site Plan		3/18/04		Township	40N	Range 15W	
Design Plan		2/2/04		Section 8, 5	Quarter Section		
Operations & Maintenance Plan		NA		Latitude	36° 53' 19"		
Response Letter				Longitude	113° 56' 10"		
Other							

Approval to Construct (ATC) the above-described facilities as represented in the approved plans documents on file the with the Arizona Department of Environmental Quality, is hereby given subject to the following provisions.

The General Provisions and Special Provisions for the Water Distribution System appear on Pages 2 of 2

KH1/4h2
CERTIFICATE DISTRIBUTION

Original Certificate:

Applicant

Certificate Copy Only:

ADEQ/NRO Reading File
ADEQ/NRO Construction File
County P&Z
Phillip Leslie
Leslie & Assoc.
444 S Main St Suite A4
Cedar City, UT 84720

Stephen A. Owens, Director
Arizona Department of Environmental Quality

By: 3-23-04
Kurt J. Harris, P.E., Manager
Water Quality Design Review Unit
Northern Regional Office
Date Approved

General Provisions

1. A public water system shall be designed using good engineering practices. A public water system which is designed in a manner consistent with the criteria contained in Engineering Bulletin No. 10, "Guidelines for the Construction of Water Systems,"
2. This Approval to Construct becomes void if an extension of time is not granted by the Department within 90 days after passage of one of the following [R18-4-505(E)]:
 - A. Construction does not begin within one year after the date the Approval to Construct is issued, or
 - B. There is a halt in construction of more than one year, or
 - C. Construction is not completed within three years after the date construction begins.
3. All construction shall conform to approved plans and specifications. Should it be necessary or desirable to make a change in the approved design which will affect water quality, capacity, flow, sanitary features, or performance, the revised plans and specifications, together with a written statement of the reasons for such a change, shall be submitted to the Department for review, and approval shall be obtained in writing before the construction affected by the change is undertaken. Revisions not affecting water quality, capacity, flow, sanitary features, or performance may be permitted during construction without further approval if record if record drawings documenting these changes, prepared by a professional engineer registered in the state of Arizona, are submitted to the Department, pursuant to A.A.C. R18-4-508.
4. Notice shall be given to the Northern Regional Office (NRO) in Flagstaff (1-877-602-3675) and to County P&Z Department when construction of the project begins to allow for inspection during construction per A.R.S. § 49-104(B)(10).
Contact Mr. Craig Beeson x2713 at least seven days prior to the start of construction, and again at least ten day before the end of construction.
5. Operation of a newly constructed facility shall not begin until an Approval of Construction (AOC) is issued by the Department per A.A.C. R18-4-507(A). Failure to comply with A.A.C. R18-4-507(A) will result if a Notice of Violation (NOV).
6. The following requirements shall be met before an AOC will be issued by the Department on a newly constructed public water system, an extension to an existing public water system, or any alterations of an existing public water system, or any alteration of an existing public water system which affects its treatment, capacity, water quality, flow, distribution, or operational performance [R18-4-507(B)]:
 - A. A professional engineer, registered in the state of Arizona, or a person under the direct supervision thereof, shall complete a final inspection and submit a Certificate of Completion on a form approved by the Department to which the seal and signature of the registrant have been affixed;
 - B. The construction conforms to approved plans and specifications, as indicated in the Certificate of Completion, and all changes have been documented by the submission of record drawings, pursuant to R18-4-508;
 - C. An operations and maintenance manual has been submitted and approved by the Department if construction includes a new water treatment facility; and
 - D. An operator, who is certified by the Department at a grade appropriate for each facility, is employed to operate each water treatment plant and the potable water distribution system.

After receipt of the items outlined above, NRO will review the file and, if in order, will issue an Approval of Construction (AOC).
7. A minimum pressure of 20 psi shall be provided at all points in the distribution lines at all times.
8. All materials and products that come into contact with drinking water or drinking water treatment chemicals must comply with NSF Standard 61. Any "or equal" substitution shall also meet NSF Standard 61. Materials which do not meet NSF Standard 61 may be considered if they otherwise comply with A.R.S. § 49-353.01.
9. Backflow prevention shall be provided in accordance with R18-4-115 and/or local ordinances.
10. The open end of each air relief pipe from automatic valves shall extend at least one foot above grade and shall incorporate pipe elbows to cause the opening, permanently covered with #16 mesh screen, to face downward.
11. This certificate voids and supersedes all previous "Approvals to Construct" issued previously for this file number.
12. Potable water line and sewer line separation shall meet A.A.C. R18-4-502. Reclaimed water line and potable water line separation shall meet A.A.C. R18-9-602. The separation requirements of A.A.C. R18-4-502 shall extend to all water line services and sewer line services within the right-of-way. Separation of water and sewer line on individual private property shall meet the requirements of the Uniform Plumbing Code.
13. Construction material used in a public water system, including residential and non-residential facilities connected to the public water system, shall be lead free as defined at R18-4-101(46).

Special Provisions

None

End of Provisions

Kurt J. Harris
Kurt J. Harris, P.E.

**LOAN AGREEMENT BY AND BETWEEN
WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA**

AND

Beaver Dam Water Co.

Dated July 25, 2005

**WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA
LOAN AGREEMENT**

This Loan Agreement (as it may be amended or supplemented from time to time, this "Agreement") is made and entered into as of the date set forth below by and between Borrower and Lender set forth below.

This Loan Agreement includes the attached Exhibits and the attached Standard Terms and Conditions. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and Standard Terms and Conditions.

Section 1. Party Names And Addresses.

Borrower:	Beaver Dam Water Co.
Borrower Mailing Address:	P.O. Box 550 Beaver Dam , Arizona 86432
Attention:	Bob Frisby
Borrower Business Office Address:	P.O. Box 550 Beaver Dam , Arizona 86432
Lender:	Water Infrastructure Finance Authority of Arizona
Lender Address:	1110 West Washington Street, Suite 290 Phoenix, Arizona 85007
Attention:	Executive Director

Section 2. Loan Information. The terms of the Loan include the terms set forth in the Exhibits, which are part of this Agreement:

Exhibit A	Financial Assistance Terms and Conditions
Exhibit B	Technical Terms and Conditions
Exhibit C	Reporting Requirements
Exhibit D	Debt Service Reserve and Replacement Reserve Provisions
Exhibit E	Limits on Additional Indebtedness without Lender Consent
Exhibit F	Form of Promissory Note
Exhibit G	Form of Opinion of Counsel to Borrower
Exhibit H	Borrower Disclosure

Section 3. The Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower by means of one or more advances ("Advances") in an aggregate principal amount not to exceed the Loan Amount (the "Commitment"). The unadvanced portion of the Commitment shall expire on but not include the earliest of (i) the date on which the Loan

has been fully advanced by Lender, or (ii) the first Principal Repayment Date set forth in the Exhibit A. The obligation of Borrower to repay the Loan is evidenced by the Promissory Note in the form attached hereto as Exhibit F, dated of even date herewith, of Borrower payable to Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time (the "Note"). In the event of a conflict between the Note and this Agreement, the terms of this Agreement shall be deemed controlling. The Loan shall not constitute a revolving loan, and amounts repaid may not be reborrowed.

Section 4. Advances. Lender may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. In making Advances, Lender shall be entitled to rely upon, and shall incur no liability to Borrower in acting upon, any request made by a person identifying himself or herself as one of the persons authorized by Borrower to request Advances. Advances of the Loan will be made only upon satisfaction of the conditions set forth in this Agreement, including the following:

(a) Lender has received a draw request from Borrower, in form and substance satisfactory to Lender, not less than ten (10) days prior to the date for which such Advance is requested, specifying the amount and purpose of the Advance requested. Lender will furnish an acceptable form of draw request to Borrower. Lender may revise the form of draw request from time to time.

(b) Except as hereinafter provided, disbursements shall be made only upon certification of an authorized officer of Lender that such disbursement is proper. An authorized officer of Lender shall approve disbursements in payment of the invoices, demands for payment, approved contractors' estimates or other evidence of cost incurrence directly to the persons or entities entitled to payment or to Borrower in the case of reimbursement for costs of services already paid, and shall provide Borrower with a copy of the approval and the date approved.

(c) Lender has received such other items or documents as Lender may reasonably require.

Section 5. Payment Of Principal, Interest And Fees. The outstanding principal balance of the Loan, together with all unpaid accrued interest due under the Note, shall be paid by "automatic debit" from the Borrower Deposit Account. The Borrower Deposit Account shall be a Demand Deposit Account in the name of the Borrower and supplied to the lender on a separate form. Borrower shall cause monthly payments to be made by direct debit to the Lender in accordance with routing instructions within Exhibit A.

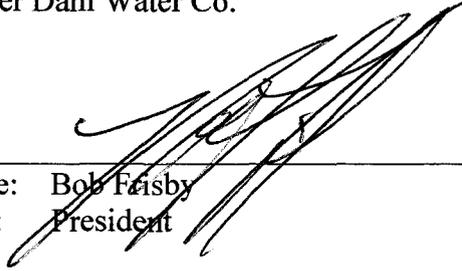
Section 6. Loan And Security Documents. The Loan shall be secured by the Continuing Security Agreement of even date herewith executed by Borrower for the benefit of Lender (the "Continuing Security Agreement") granting Lender a security interest in the collateral described therein by the provisions of this Agreement providing for the holding of, and granting Lender a security interest in, the Debt Service Reserve Fund and the Replacement Reserve Fund (as described in Exhibit D). The Continuing Security Agreement, any Deed of Trust and any other agreements, documents or instruments securing the Loan are referred to as the "Security Documents". This Agreement, the Note, the Security Documents and any other agreements,

documents or instruments evidencing, securing or otherwise relating to the Loan, and all exhibits thereto, are referred to as the "Loan Documents".

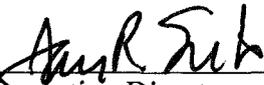
IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hererof.

DATED as of July 25, 2005.

Beaver Dam Water Co.

By: 
Name: Bob Frisby
Title: President

Water Infrastructure Finance Authority of Arizona

By: 
Executive Director