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COMMISSIONERS

Jeff Hatch-Miller - Chairman  
William A. Mundell  
Marc Spitzer  
Mike Gleason  
Kristin K. Mayes

RECEIVED  
2006 FEB -3 P 1: 30  
AZ CORP COMMISSION  
DOCUMENT CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY FOR  
AN EXTENSION OF ITS CERTIFICATE  
OF CONVENIENCE AND NECESSITY AT  
CASA GRANDE, PINAL COUNTY,  
ARIZONA

**DOCKET NO. W-01445A-04-0773**  
REQUEST FOR ADDITIONAL TIME TO  
COMPLY WITH FILING  
REQUIREMENT/CERTIFICATE OF  
COMPLIANCE

On May 5, 2005 the Commission entered Decision No. 67826 in the above-captioned docket. Decision No. 67826 approved Arizona Water Company's (the "Company") application for an extension of its Certificate of Convenience and Necessity for its Casa Grande system. It also contained the following ordering paragraph:

IT IS THEREFORE ORDERED that the application of Arizona Water Company for an extension of its Certificate of Convenience and Necessity for the operation of a water utility in the area more fully described in Exhibit A be, and hereby is approved, provided that Arizona Water Company complies with the conditions set forth in Finding of Fact No. 18 hereinabove.

Finding of Fact No. 18 contained Staff's recommendation that the Company's application be subject to the following conditions:

- that the Company charge its existing rates and charges for its Casa Grande system in the proposed extension area;

- 1     ▪ that the Company file, within 365 days of the effective date of this  
2       Decision, with the Commission's Docket Control and the Commission's  
3       Utilities Division Director ("Director"), a copy of the developer's Certificate  
4       of Assured Water Supply issued by the Arizona Department of Water  
5       Resources for the area described in Exhibit A;
- 6     ▪ that the Company file, within 365 days of the effective date of this  
7       Decision, with the Commission's Docket Control and the Director, a copy  
8       of an executed main extension agreement; and
- 9     ▪ that the Company file, within 365 days of the effective date of this  
10      Decision, with the Commission's Docket Control and the Director, a copy  
11      of the Certificate of Approval to Construct issued by the Arizona  
12      Department of Environmental Quality for the construction of mains in the  
13      extension area.

14  
15             The Company is now filing, in compliance with the latter two paragraphs,  
16 above, copies of the main extension agreements and Certificates of Approval to  
17 Construct (copies of which are attached to each main extension agreement). The copies  
18 of the main extension agreements and certificates of approval to construct are attached  
19 hereto, collectively, as Exhibit A.

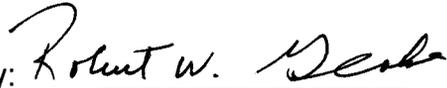
20             The Developer of the Villago project has informed the Company that it will  
21 not receive its Certificate of Assured Water Supply until sometime later this year, or  
22 sometime in 2007. For that reason, the Company requests that it be given an additional  
23 365 days, until May 5, 2007 to file a copy of the Developer's certificate of assured water

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27 . . .  
28

1 supply. This request should not prejudice any other party, as the Company was the only  
2 applicant for a certificate of convenience and necessity for the extension area.

3 RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of February 2006.

4 ARIZONA WATER COMPANY

5  
6  
7 By:   
8 Robert W. Geake  
9 Vice President and General Counsel  
10 ARIZONA WATER COMPANY  
11 Post Office Box 29006  
12 Phoenix, Arizona 85038-9006

11 Original and thirteen (13) copies of the foregoing filed the 3<sup>rd</sup> day of February, 2006  
12 with:

13 Docket Control Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

16 A copy of the foregoing was mailed this 3<sup>rd</sup> day February, 2006 to:

17 Christopher Kempley, Chief Counsel  
18 Legal Division  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22 Ernest G. Johnson, Director  
23 Utilities Division  
24 Arizona Corporation Commission  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007

27 Brian Bozzo  
28 Compliance Officer  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

By: 

EXHIBIT A



**ARIZONA WATER COMPANY**

Roy Freeman  
 Operations Superintendent  
 ARIZONA WATER COMPANY  
 PO Box 11030 - Casa Grande, AZ 85230-1030  
 Voice: 520.836.878

**AGREEMENT FOR  
 EXTENSION OF  
 WATER FACILITIES**

CUSTOMER: Villago Development LLC  
H.B. Land Development Co. S, an Arizona Corporation  
Name  
PO Box 10129  
Address  
Phoenix, AZ 85064  
City and State Zip Code

Contract No. 3426  
 W.A. No. 2-3909

DATE OF AGREEMENT: September 12, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 13, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Villago Parcel 11, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW ¼ Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of 6484 LF, 6" DIP for 142 service connections w/related fittings</u>	\$ <u>181,544</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Installation of 10 - 6" Fire Hydrants w/related fittings</u>	<u>29,892</u>
	AGREEMENT TOTAL	\$ <u>211,436</u>
	LESS: COST OF CONSTRUCTION	<u>183,675</u>
	BALANCE DUE	\$ <u>27,761</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
 Company

By: Michael Whitehead  
VP ENGINEERING  
 Title: \_\_\_\_\_  
 TMM

Villago Development, LLC  
 H.B. LAND DEVELOPMENT CO. S, AN ARIZONA CORP.  
 Customer

By: [Signature]  
 Title: [Signature]

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CERTIFICATE OF APPROVAL TO CONSTRUCT  
 DRINKING WATER FACILITIES**

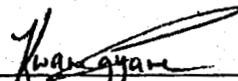
<b>ADEQ FILE NO.:</b> 20050676	<b>LTF NO.:</b> 37425
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 Parcel 11	
<b>PROJECT OWNER:</b> Tom Slood, Diamond Ventures	
<b>ADDRESS:</b> 2400 E. Arizona Biltmore Cir, Bldg 2, #1270, Phoenix, AZ 85016	
<b>LOCATION:</b> NE quadrant of McCartney Rd. and Pinal Ave (SR 387), Casa Grande	<b>COUNTY:</b> Pinal
<b>PROJECT DESCRIPTION:</b> Install a potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 11, total of 142 lots.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

*Provisions 3 through 5 are continued on Page 2 of 2 total pages*

KA:MAH:mah  
50676dbm.59t

By:   
 Kwame A. Agyare, Manager  
 Technical Engineering Unit  
 Drinking Water Section  
 Water Quality Division

9/16/05  
Date Approved

cc: **File No:** 20050676, 37425  
**County Health Department:** Pinal  
**Drinking Water Field Engineering/Inspection Unit - Phoenix**  
**Planning & Zoning:** Pinal County  
**Arizona Water Company**  
**Engineer:** Curtis D. Krausman, P.E., CMX, LLC  
**Engineering Review Database**  
**Romann Diaz, Manager, Field Service Unit**

**CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050676: VILLAGOPHASE 1 PARCEL 11  
PAGE 2 OF 2: PROVISIONS, CONTINUED**

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Roy Freeman  
Operations Superintendent  
ARIZONA WATER COMPANY  
PO Box 11030 - Casa Grande, AZ 85230-1030  
Voice: 520.836.878

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Village Development LLC  
H.B. Land Development Co. 3, an Arizona Corp.  
Name  
PO Box 10129  
Address  
Phoenix, AZ 85064  
City and State Zip Code

Contract No. 2425  
W.A. No. 2-3908

DATE OF AGREEMENT: September 13, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 13, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Village Parcel 10, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW 1/4 Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED as per drawing (Attachment "B").

### REFUNDABLE ADVANCE

IN AID OF CONSTRUCTION for: <u>Installation of 8634 LF, 6" DIP for 141 service connections w/related fittings</u>	\$ <u>227,877</u>
NON-REFUNDABLE CONTRIBUTION for: <u>Installation of 14 - 6" Fire Hydrants w/related fittings</u>	<u>41849</u>
<b>AGREEMENT TOTAL</b>	<b>\$ <u>269,726</u></b>
<b>LESS: COST OF CONSTRUCTION</b>	<b><u>236,080</u></b>
<b>BALANCE DUE</b>	<b>\$ <u>33,646</u></b>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company

By: Michael Mitchell  
Title: VP ENGINEERING  
TMM

Village Development LLC  
H.B. LAND DEVELOPMENT CO. 3, AN ARIZONA CORP.  
Customer

By: [Signature]  
Title: PM

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CERTIFICATE OF APPROVAL TO CONSTRUCT  
 DRINKING WATER FACILITIES**

Page 1 of 2

<b>ADEQ FILE NO.:</b> 20050675	<b>LTF NO.:</b> 37424
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 Parcel 10	
<b>PROJECT OWNER:</b> Tom Slood, Diamond Ventures	
<b>ADDRESS:</b> 2400 E. Arizona Biltmore Cir, Bldg 2, #1270, Phoenix, AZ 85016	
<b>LOCATION:</b> NE quadrant of McCartney Rd. and Pinal Ave (SR 387), Casa Grande	<b>COUNTY:</b> Pinal
<b>PROJECT DESCRIPTION:</b> Install a potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 10, Lots 1 through 141.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
 50675dbm.59t

By:   
 Kwame A. Agyare, Manager  
 Technical Engineering Unit  
 Drinking Water Section  
 Water Quality Division

9/16/05  
 Date Approved

cc:    **File No:** 20050675, 37424  
       **County Health Department:** Pinal  
       **Drinking Water Field Engineering/Inspection Unit - Phoenix**  
       **Planning & Zoning:** Pinal County  
       **Arizona Water Company**  
       **Engineer:** Curtis D. Krausman, P.E., CMX, LLC  
       **Engineering Review Database**  
       **Romann Diaz, Manager, Field Service Unit**

**CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050675: VILLAGO PHASE 1 PARCEL 10  
PAGE 2 OF 2: PROVISIONS, CONTINUED**

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Casa Grande Office - P.O. Box 11030, Casa Grande, AZ 85230.1030  
Voice: 520.836.8785 Fax: 520.836.2850

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Villago Development, LLC  
H.B. LAND DEVELOPMENT CO-3, an ARIZONA CORP.  
Name  
PO BOX 10129  
Address  
PHOENIX AZ 85064  
City and State Zip Code

Contract No. 3424  
W A No 2-3907

DATE OF AGREEMENT: September 21, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 21, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install an offset 12" water line to serve the Infrastructure of Villago, NE corner of Pinal and McCartney Rd., ADEQ APPROVAL NEEDED, at Casa Grande, AZ. in a portion of SW ¼ SEC 28 & 23 T5S R6E, as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Install approximately 8100 LF of a 12" Dip water line c/s 350 w/related fittings</u>	\$ <u>416,590</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Install perpendicular fire hydrant w./related fittings</u>	<u>3,477</u>
	AGREEMENT TOTAL	\$ <u>420,067</u>
	LESS: COST OF CONSTRUCTION	<u>370,859</u>
	BALANCE DUE	\$ <u>49,208</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company  
By: Michael Whitehead  
Title: VP ENGINEERING  
TMM

Villago Development, LLC  
H.B. LAND DEVELOPMENT CO-3 AN ARIZONA CORP  
Customer  
By: [Signature]  
Title: PM

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER FACILITIES**

Page 1 of 2

<b>ADEQ FILE NO.:</b> 20050707	<b>LTF NO.:</b> 37561
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 - Offsite	
<b>PROJECT OWNER:</b> Michael Whithead, Arizona Water Company	
<b>ADDRESS:</b> 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
<b>LOCATION:</b> Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande <b>COUNTY:</b> Pinal	
<b>PROJECT DESCRIPTION:</b> Install offsite potable water distribution system improvements to serve Villago Subdivision, Phase 1. No water service connections are approved as part of this project.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
50707dbm.5ot

By:  10/6/05  
Kwame A. Agyare, Manager  
Technical Engineering Unit  
Drinking Water Section  
Water Quality Division  
Date Approved

cc: **File No:** 20050707, 37561  
**County Health Department:** Pinal  
**Drinking Water Field Engineering/Inspection Unit - Phoenix**  
**Planning & Zoning:** Pinal County  
**Arizona Water Company**  
**Engineer:** Curtis D. Krausman, P.E., CMX, LLC  
**Engineering Review Database**  
**Romann Diaz, Manager, Field Service Unit**

**CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050707: VILLAGO PHASE 1 - OFFSITE  
PAGE 2 OF 2: PROVISIONS, CONTINUED**

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CERTIFICATE OF APPROVAL TO CONSTRUCT  
 WATER FACILITIES**

<b>ADEQ File No:</b> 20050162	
<b>System Name:</b> Az Water Co - C.G.	<b>System Number:</b> 11009
<b>Project Owner:</b> Diamond Ventures	
<b>Address:</b> 2400 E. Az Biltmore, Bd 2-#270, Phoenix, AZ 85016	
<b>Project Location:</b> Casa Grande	<b>County :</b> Pinal
<b>Description:</b> INSTALLATION OF A PRESSURE REDUCING STATION AND APPROXIMATELY 7,893 FEET OF 12" DI WATER MAIN ON PINAL AVENUE CONNECTING TWO EXISTING MAINS AS PER APPROVED PLANS AND SPECIFICATIONS.	

*Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 continued on page 1 through 1*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by JD1

By: \_\_\_\_\_

*[Handwritten Signature]*

4/07/05

Date

Technical Engineering Unit  
 Water Quality Division

cc: File No : 20050162  
 Regional Office: Central  
 Owner: Diamond Ventures  
 County Health Department: Pinal  
 Engineer: Cmx Group, Inc.  
 Planning and Zoning/Az Corp. Commission  
 Engineering Review Database - Etr021



# ARIZONA WATER COMPANY

# AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: H.B. Land Development Co. 3, an Arizona corporation  
Name

P.O. Box 10129  
Address

Phoenix, AZ 85064  
City and State Zip Code

Contract No.	<u>3351</u>
W.A. No.	<u>2-3817</u>

DATE OF AGREEMENT: February 15, 2005

DATE OF COST ESTIMATE: (Attachment "A"): February 15, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Villago Onsite Infrastructure Water Distribution System as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of approximately 12,650 L.F. of 6", 8", and 12" D.I.P. with related fittings</u>	<u>\$ 420,189</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>20 fire hydrant assemblies</u>	<u>54,286</u>
	AGREEMENT TOTAL	<u>\$ 474,475</u>
	LESS: COST OF CONSTRUCTION	<u>435,780</u>
	BALANCE DUE	<u>\$ 38,695</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
 Company

Date Approved: 4-13-05

H.B. Land Development Co. 3, an Arizona corporation  
 Customer

By: [Signature]  
 Title: S.R. ENGINEER

Decision No.: \_\_\_\_\_  
 Director of Utilities

By: [Signature]  
 Title: Pres



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
WATER FACILITIES**

Page 1 Of 2

<b>ADEQ File No:</b> 20050085	
<b>System Name:</b> Az Water Co.	<b>System Number:</b> 11-009
<b>Project Owner:</b> Diamond Ventures	
<b>Address:</b> 2400 E. Az Biltmore Circle, Phoenix , AZ 85016	
<b>Project Location:</b> Casa Grande	<b>County :</b> Pinal
<b>Description:</b> INSTALL APPROXIMATELY 708 L.F. OF 6" D.I.P., 8,243 L.F. OF 8" D.I.P., 3,768 L.F. OF 12" D.I.P. AND 20 FIRE HYDRANTS FOR VILLAGO INFRASTRUCTURE.	

*Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 6 continued on page 2 through 2*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by RK1  
LTF #35323

By: *Steph. Kasum* 2-10-200  
Date

Technical Engineering Unit  
Water Quality Division

cc: File No : 20050085  
Regional Office: Central  
Owner: Diamond Ventures  
County Health Department: Pinal  
Engineer: Cmx Group, Inc.  
Planning and Zoning/Az Corp. Commission  
Engineering Review Database - Etr021

**APPROVAL TO CONSTRUCT  
WATER FACILITIES  
ADEQ FILE NO. 20050085  
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Realign water line shall be per detail on Sheet WS03 instead of C02 where storm drain passes above water.
6. This Approval to Construct is issued to install water lines for Villago Infrastructure and is not a Certificate of Approval of Sanitary Facilities for Subdivision.



# ARIZONA WATER COMPANY

Roy Freeman  
Operations Superintendent  
ARIZONA WATER COMPANY  
PO Box 11030 - Casa Grande, AZ 85230-1030  
Voice: 520.836.878

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: village Development, LLC  
H.B. Development Co. 3, an Arizona Corp  
Name

Contract No. 3431  
W.A. No. 2-3914

PO Box 10129  
Address

DATE OF AGREEMENT: September 15, 2005

Phoenix, AZ, 85064  
City and State Zip Code

DATE OF COST ESTIMATE: (Attachment "A"): September 15, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Village Parcel 21, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW ¼ Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED, as per drawing (Attachment "B").

### REFUNDABLE ADVANCE

IN AID OF CONSTRUCTION for: <u>Installation of 7924 LF, 6" DIP for 106 service connections w/related fittings</u>	\$ <u>201,076</u>
NON-REFUNDABLE CONTRIBUTION for: <u>Installation of 13 - 6" Fire Hydrants w/related fittings</u>	<u>38,573</u>
AGREEMENT TOTAL	\$ <u>239,649</u>
LESS: COST OF CONSTRUCTION	<u>209,338</u>
BALANCE DUE	\$ <u>30,311</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company  
By: [Signature]  
Title: ENGINEERING  
TMM

village Development LLC  
H.B. Development Co. 3, an Arizona Corp  
Customer  
By: [Signature]  
Title: [Signature]

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER FACILITIES

Page 1 of 2

<b>ADEQ FILE NO.:</b> 20050712	<b>LTF NO.:</b> 37566
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 - Parcel 21	
<b>PROJECT OWNER:</b> Michael Whithead, Arizona Water Company	
<b>ADDRESS:</b> 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
<b>LOCATION:</b> Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande <b>COUNTY:</b> Pinal	
<b>PROJECT DESCRIPTION:</b> Install potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 21.	

Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
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By: Kwame Agyare  
Kwame A. Agyare, Manager  
Technical Engineering Unit  
Drinking Water Section  
Water Quality Division

10/20/05  
Date Approved

cc: File No: 20050712, 37566  
County Health Department: Pinal  
Drinking Water Field Engineering/Inspection Unit - Phoenix  
Planning & Zoning: Pinal County  
Arizona Water Company  
Engineer: Curtis D. Krausman, P.E., CMX, LLC  
Engineering Review Database  
Romann Diaz, Manager, Field Service Unit



**CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050712: VILLAGO PHASE 1 - PARCEL 21  
PAGE 2 OF 2: PROVISIONS, CONTINUED**

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Roy Freeman  
Operations Superintendent  
ARIZONA WATER COMPANY  
PO Box 11030 - Casa Grande, AZ 85230-1030  
Voice: 520.836.878

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Village Development, LLC  
H.B. Land Development Co. 3, an Arizona Corp  
*Name*  
PO Box 10129  
*Address*  
Phoenix, AZ, 85064  
*City and State Zip Code*

Contract No. 3430  
W.A. No. 2-3913

DATE OF AGREEMENT: September 15, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 15, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Village Parcel 15, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW ¼ Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED, as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of 6483 LF, 6" DIP for 135 service connections w/related fittings</u>	\$ <u>181,348</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Installation of 10 - 6" Fire Hydants w/related fittings</u>	<u>29,892</u>
	AGREEMENT TOTAL	\$ <u>211,240</u>
	LESS: COST OF CONSTRUCTION	<u>183,148</u>
	BALANCE DUE	\$ <u>28,092</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company  
By: Michael Whitehead  
Title: VP ENGINEERING  
TMM

Village Development, LLC  
H.B. Land Development Co. 3, an Arizona Corp  
Customer  
By: [Signature]  
Title: PM

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER FACILITIES**

Page 1 of 2

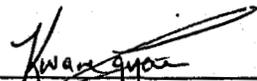
<b>ADEQ FILE NO.:</b> 20050711	<b>LTF NO.:</b> 37565
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 - Parcel 15	
<b>PROJECT OWNER:</b> Michael Whithead, Arizona Water Company	
<b>ADDRESS:</b> 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
<b>LOCATION:</b> Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande <b>COUNTY:</b> Pinal	
<b>PROJECT DESCRIPTION:</b> Install potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 15.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
50711dbm.5ot

By:   
Kwame A. Agyare, Manager  
Technical Engineering Unit  
Drinking Water Section  
Water Quality Division

10/20/05  
Date Approved

cc: File No: 20050711, 37565  
County Health Department: Pinal  
Drinking Water Field Engineering/Inspection Unit - Phoenix  
Planning & Zoning: Pinal County  
Arizona Water Company  
Engineer: Curtis D. Krausman, P.E., CMX, LLC  
Engineering Review Database  
Romann Diaz, Manager, Field Service Unit



CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050711: VILLAGO PHASE 1 - PARCEL 15  
PAGE 2 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Roy Freeman  
Operations Superintendent  
ARIZONA WATER COMPANY  
PO Box 11030 - Casa Grande, AZ 85230-1030  
Voice: 520.836.878

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Villago Development, LLC  
H.B. Land Development Co., an Arizona Corp  
*Name*  
Po Box 10129  
*Address*  
Phoenix, AZ 85064  
*City and State Zip Code*

Contract No. 3429  
W.A. No. 2-3912

DATE OF AGREEMENT: September 14, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 14, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Villago Parcel 14, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW ¼ Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED, as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of 5870 LF, 6" DIP for 112 service connections w/related fittings</u>	<u>\$ 158,775</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Installation of 8 - 6" Fire Hydrants w/related fittings</u>	<u>23,914</u>
	AGREEMENT TOTAL	<u>\$ 182,689</u>
	LESS: COST OF CONSTRUCTION	<u>157,872</u>
	BALANCE DUE	<u>\$ 24,817</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company  
By: Michael Whitehead  
VP ENGINEERING  
Title: TMM

Villago Development, LLC  
H.B. Land Development Co., an Arizona Corp.  
Customer  
By: [Signature]  
Title: [Signature]

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER FACILITIES

Page 1 of 2

ADEQ FILE NO.: 20050710	LTF NO.: 37564
SUPPLYING SYSTEM NAME: Arizona Water Company	PUBLIC WATER SYSTEM NO.: 11-009
PROJECT NAME: Villago Phase 1 - Parcel 14	
PROJECT OWNER: Michael Whithead, Arizona Water Company	
ADDRESS: 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
LOCATION: Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande COUNTY: Pinal	
PROJECT DESCRIPTION: Install potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 14.	

Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

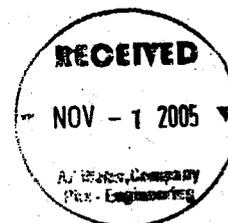
Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
50710dbm.5ot

By: *Kwame Agyare*  
Kwame A. Agyare, Manager  
Technical Engineering Unit  
Drinking Water Section  
Water Quality Division

10/17/05  
Date Approved

cc: File No: 20050710, 37564  
County Health Department: Pinal  
Drinking Water Field Engineering/Inspection Unit - Phoenix  
Planning & Zoning: Pinal County  
Arizona Water Company  
Engineer: Curtis D. Krausman, P.E., CMX, LLC  
Engineering Review Database  
Romann Diaz, Manager, Field Service Unit



CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050710: VILLAGO PHASE 1 - PARCEL 14  
PAGE 2 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Roy Freeman  
Operations Superintendent  
ARIZONA WATER COMPANY  
PO Box 11030 - Casa Grande, AZ 85230-1030  
Voice: 520.836.878

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Village Development, LLC  
H.B. Land Development Co., an Arizona Corp.  
Name  
PO Box 10129  
Address  
Phoenix AZ. 85064  
City and State Zip Code

Contract No. 2478  
W.A. No. 2-3911

DATE OF AGREEMENT: September 14, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 14, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Village Parcel 13, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW 1/4 Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of 6112 LF, 6" DIP for 113 service connections w/related fittings</u>	\$ <u>163,040</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Installation of 10 - 6" Fire Hydrants w/related fittings</u>	<u>29,892</u>
	AGREEMENT TOTAL	\$ <u>192,932</u>
	LESS: COST OF CONSTRUCTION	<u>167,908</u>
	BALANCE DUE	\$ <u>25,024</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer, conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY

Company

By:

Title:  
TMM

Michael Whitehead  
VP ENGINEERING

Village Development, LLC  
H.B. Land Development Co., an Arizona Corp

Customer

By:

Title:

[Signature]  
[Signature]

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CERTIFICATE OF APPROVAL TO CONSTRUCT  
 DRINKING WATER FACILITIES**

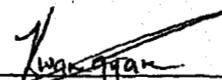
<b>ADEQ FILE NO.:</b> 20050709	<b>LTF NO.:</b> 37563
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 - Parcel 13	
<b>PROJECT OWNER:</b> Michael Whithead, Arizona Water Company	
<b>ADDRESS:</b> 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
<b>LOCATION:</b> Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande <b>COUNTY:</b> Pinal	
<b>PROJECT DESCRIPTION:</b> Install potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 13.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
 50709dbm.5ot

By:  10/14/05  
 Kwame A. Agyare, Manager Date Approved  
 Technical Engineering Unit  
 Drinking Water Section  
 Water Quality Division

cc: **File No:** 20050709, 37563  
**County Health Department:** Pinal  
**Drinking Water Field Engineering/Inspection Unit:** Phoenix  
**Planning & Zoning:** Pinal County  
**Arizona Water Company**  
**Engineer:** Curtis D. Krausman, P.E., CMX, LLC  
**Engineering Review Database**  
**Romann Diaz, Manager, Field Service Unit**

**CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:**

**ADEQ FILE NO. 20050709: VILLAGO PHASE 1 - PARCEL 13**

**PAGE 2 OF 2: PROVISIONS, CONTINUED**

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



# ARIZONA WATER COMPANY

Casa Grande Office - P.O. Box 11030, Casa Grande, AZ 85230.1030  
Voice: 520.836.8785 Fax: 520.836.2850

## AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: Villago Development LLC  
H.B. Land Development Co. 3, an Arizona Corp.  
*Name*  
PO Box 10129  
*Address*  
Phoenix, AZ. 85064  
*City and State Zip Code*

Contract No. 3427  
W.A. No. 2-3910

DATE OF AGREEMENT: September 14, 2005

DATE OF COST ESTIMATE: (Attachment "A"): September 14, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install a water distribution system to serve Villago Parcel 12, on the NE corner of Pinal and McCartney Rd. at Casa Grande, AZ. in a portion of the SW ¼ Sec 28 & 33 T5S R6E, ADEQ APPROVAL REQUIRED as per drawing (Attachment "B").

REFUNDABLE ADVANCE		
IN AID OF CONSTRUCTION for:	<u>Installation of 6188 LF, 6" DIP for 123 service connections w/related fittings</u>	\$ <u>173,360</u>
NON-REFUNDABLE CONTRIBUTION for:	<u>Installation of 12 - 6" Fire Hydrants w/related fittings</u>	<u>35,012</u>
	AGREEMENT TOTAL	\$ <u>208,372</u>
	LESS: COST OF CONSTRUCTION	<u>181409.</u>
	BALANCE DUE	\$ <u>26,963.</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
Company

By: Michael Whitford  
Title: VP ENGINEERING  
TMM

Villago Development LLC  
H.B. Land Development Co. 3, an Arizona Corp.  
Customer

By: J. M. Meek  
Title: PM

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CERTIFICATE OF APPROVAL TO CONSTRUCT  
 DRINKING WATER FACILITIES**

Page 1 of 2

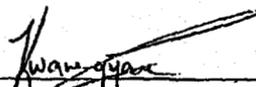
<b>ADEQ FILE NO.:</b> 20050708	<b>LTF NO.:</b> 37562
<b>SUPPLYING SYSTEM NAME:</b> Arizona Water Company <b>PUBLIC WATER SYSTEM NO.:</b> 11-009	
<b>PROJECT NAME:</b> Villago Phase 1 - Parcel 12	
<b>PROJECT OWNER:</b> Michael Whithead, Arizona Water Company	
<b>ADDRESS:</b> 3805 N. Black Canyon Highway, Phoenix, AZ 85015	
<b>LOCATION:</b> Pinal Ave. (S.R. 387) between McCartney and Val Vista Rds., Casa Grande <b>COUNTY:</b> Pinal	
<b>PROJECT DESCRIPTION:</b> Install potable water distribution system to serve Villago Subdivision, Phase 1, Parcel 12.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to ADEQ. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

KA:MAH:mah  
 50708dbm.5ot

By:   
 Kwame A. Agyare, Manager  
 Technical Engineering Unit  
 Drinking Water Section  
 Water Quality Division

10/14/05  
 Date Approved

cc: File No: 20050708, 37562  
 County Health Department: Pinal  
 Drinking Water Field Engineering/Inspection Unit - Phoenix  
 Planning & Zoning: Pinal County  
 Arizona Water Company  
 Engineer: Curtis D. Krausman, P.E., CMX, LLC  
 Engineering Review Database  
 Romann Diaz, Manager, Field Service Unit

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:  
ADEQ FILE NO. 20050708: VILLAGO PHASE 1 - PARCEL 12.  
PAGE 2 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.