

NEW APPLICATION

ORIGINAL



0000045723

Noble Law Offices

1405 W. 16th Street Yuma Arizona 85364

WADE NOBLE, Esq.

RECEIVED

(928)343-9447 Fax (928)343-9483

~~noblew@windyridge.com~~
2002 JUL 21 AM 1:45

AZ CORP COMMISSION
DOCUMENT CONTROL

July 26, 2002

SW-04123A-02-0569

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Re: **Martinez Lake Sewer Company - Application for a Certificate of Convenience and Necessity for Sewer**

Enclosed for filing with your office is an original and ten copies of the following documents:

1. Document Control Center - Cover Sheet
2. Wade Noble's letter dated July 26, 2002
3. Application for a Certificate of Convenience and Necessity for Sewer for Martinez Lake Sewer Company.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Wade Noble
WN/mcw
enc

Arizona Corporation Commission
DOCKETED

JUL 29 2002

DOCKETED BY	
-------------	--

ORIGINAL

Noble Law Offices

1405 W. 16th Street Yuma Arizona 85364

(928)343-9447 Fax (928)343-9483

noblew@mindspring.com

WADE NOBLE, Esq.

July 26, 2002

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Re: Martinez Lake Sewer Company - Application for a Certificate of Convenience and Necessity for Sewer

I represent Martinez Lake Sewer Company, an Arizona corporation. Martinez Lake Sewer Company proposes to construct a sewer system for the Martinez Lake Resort area.

Martinez Lake Resort was established in approximately 1955. John and Gail Guth have owned Martinez Lake Resort since 1978.

Shepard Water Company currently provides water to Martinez Lake Resort under Certificate No. 1537 issued by the Utilities Division of the Arizona Corporation Commission. Shepard Water Company has been providing water to Martinez Lake Resort for approximately 40 years. In 2001, Shepard Water Company was purchased by Mr. and Mrs. Guth.

In 2002, WIFA issued a loan to Shepard Water Company for a rebuild of the water system. The Guths are waiting on this application for a certificate of convenience and necessity for the sewer company to construct the sewer system and the rebuild of the water system simultaneously.

The proposed sewer area is an overlay of the Shepard Water Company certificated area.

Docket Control Center
Arizona Corporation Commission
July 26, 2002
Page two

The current sewer system at Martinez Lake Resort is septic. It is inadequate. Due to the length of time in which it has been in place, and its proximity to the Colorado River, a sewer system is necessary.

Martinez Lake Resort consists of 15 privately owned lots and approximately 200 rental spaces including motel units.

There is a marina with 107 boat slips and a gas dock. Mr. and Mrs. Guth also own the restaurant and bar located at Martinez Lake Resort as well as the convenience store and boat repair shop.

The Guths intended to construct the sewer system and install a treatment plant on state land. There is no private land available for a sewer treatment plant. An existing sewer treatment plant in the area, on state land, is owned by the owners of Fisher's Landing.

Mr. and Mrs. Guth asked the State Land Department for land adjacent to the existing treatment plant on which they could construct a treatment plant. The request was denied. The State Land Department required Mr. and Mrs. Guth to develop an arrangement with Fisher's for the concurrent use of the Fisher's sewage treatment facility.

The Commission recently heard the application of Fisher's Landing Water and Sewer Works, L.L.C. for a water and sewer certificate of convenience and necessity.

Mr. Guth currently has an arrangement with Fisher's which includes delivery of Martinez Lake Resort sewage to a single point on the Fisher's sewer system. Martinez Lake Sewer Company is to be a customer of Fisher's Landing Water and Sewer Works at a tariff set by the Utilities Division of the Arizona Corporation Commission. No tariff has been set for the bulk sewage delivered by Martinez

Docket Control Center
Arizona Corporation Commission
July 26, 2002
Page three

Lake Sewer Company to Fisher's Landing Water and Sewer Works. We have estimated the tariff to be \$5.00 per month per residential lot and \$50.00 per month for each commercial use.

As previously noted, Mr. and Mrs. Guth intend to construct the sewer system and rebuild the water system simultaneously. Construction will not begin on the water system rebuild or the sewer system until Martinez Lake Sewer Company has an approved Certificate of Convenience and Necessity from the Corporation Commission.

We estimate that construction will take approximately six months and cost just under \$500,000. Mr. and Mrs. Guth will provide all construction funds necessary. There will be no loans, private or institutional, providing the financing for construction.

In an attempt to provide adequate financial information for the Commission to review, Mr. and Mrs. Guth have provided the following:

1. Personal Balance Sheet
2. Balance Sheet for Shepard Water Company
3. Balance Sheet for Martinez Lake Resort - a sole proprietorship owned by the Guths
4. Profit and Loss Statement for Shepard Water Company
5. Profit and Loss Statement for Martinez Lake Resort
6. Profit and Loss Statement for Martinez Lake Marina Ltd. - wholly owned by the Guths
7. Profit and Loss Statement for Martinez Lake Cantina - also wholly owned by the Guths.

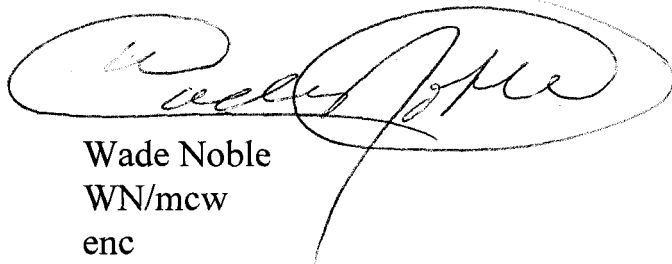
Docket Control Center

July 26, 2002

Page four

If there are any questions or other information is required or requested, please contact either Wade Noble at 1405 W. 16th Street, Yuma, AZ 85364, Phone (928) 343-9447, Fax (928) 343-9483; E-mail: noblew@mindspring.com; or John Guth at Martinez Lake Resort Star Route # 4, Box 41, Martinez Lake, AZ 85365; Phone (928)783-9589; Fax (928)782-3360.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wade Noble", is enclosed within a hand-drawn oval. The signature is written in black ink on a white background.

Wade Noble
WN/mcw
enc

ARIZONA CORPORATION COMMISSION

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant (Company) is:

Martinez Lake Sewer Company

Star Route # 4, Box 41
Martinez Lake, AZ 85365 928-783-9589

B. If doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify:

N/A

C. List the name, address and telephone number of the management contact:

John Guth
Star Route # 4, Box 41
Martinez Lake, AZ 85365 928-783-9589

D. List the name, address and telephone number of the attorney for the Applicant:

Wade Noble

1405 W. 16th Street
Yuma AZ 85364 928-343-9447

E. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

John Guth Star Route 4, Box 41 928-783-9589
Martinez Lake, AZ 85365

F. List the name, address and telephone number of the on-site manager of the utility:

John Guth

Star Route # 4, Box 41
Martinez Lake, AZ 928-783-9589

G. The Applicant is a:

<input checked="" type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input checked="" type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

H. If Applicant is a corporation:

1. List names of Officers and Directors:

Officers

John W. Guth, Pres/Treas

Gail W. Guth VPRES/Secy

Directors

John W. Guth

Gail W. Guth

2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission. (See Attachment "F")

3. Attach a copy of the Articles of Incorporation. (See Attachment "F")

4. Attach a copy of the corporation's By-Laws. (See Attachment "F")

5. If a for-profit corporation, indicate the number of shares of stock authorized for issue:

6. If stock has been issued, indicate the number of shares issued and date of issue:

Stock to be issued on receipt of corporate record book and stock certificates. Stock expected to be issued no later than 9/1/02.

Application will be supplemented. All stock to be issued will be issued to John Guth and Gail Guth JT.

H. If the Applicant is a partnership:

1. List the names of the general partners:

2. List the name, address and telephone number of the managing partners:

3. Attach a copy of the Partnership's Articles of Partnership.

- If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.

J. If the Applicant is a sole proprietor, list the name, address and telephone number of the proprietor:

K. If the Applicant is a Limited Liability Company:

1. List the names of managers:

L. List the names and addresses of any other public utility interest, which the applicant may have:

Affiliated with Shepard Water Company, Inc. # 1537

Star Route # 4, Box 41

Martinez Lake, AZ

M. Attach a description of the area requested using **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. (See Attachment "A")

N. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.

(See Attachment "B")

O. Attach financial information in a format similar to Attachment "C". (See Attachment "C")

P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

Self financing

Q. Estimated starting and completion dates of construction of utility facilities:

Starting date 11/1/02 Completion 5/1/03

R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form. (See Attachment "D")

S. Attach the following permits:

1. The franchise from either the City or County for the area requested. N/A
2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities. Applied for - not yet received.
3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. **(WATER ONLY)** If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer.
 - If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.
6. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district. (See Attachment "E")

T. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation:

Residential:

First Year 220 Second Year 250 Third Year 275 Fourth Year 300
 Fifth Year 400

Commercial:

First Year 3 Second Year 3 Third Year 3 Fourth Year 3

Fifth Year 3

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

2. Indicate the projected annual water consumption or sewerage treatment, in gallons, for each of the customer classes for each of the first five years of operation:

Residential:

First Year 6 mil gal Second Year 6 mil gal Third Year 8 mil gal Fourth Year 10 mil gal

Fifth Year 12 mil gal

Commercial: Included in residential estimates.

First Year 0 Second Year 0 Third Year 0 Fourth Year 0

Fifth Year 0

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

3. Indicate the total estimated annual operating revenue for each of the first five years of operation:

Residential:

First Year \$78,672 Second Year \$89,400 Third Year \$98,340
Fourth Year \$107,280 Fifth Year \$143,040

Commercial:

First Year \$10,800 Second Year \$10,800 Third Year \$10,800
Fourth Year \$10,800 Fifth Year \$10,800

Industrial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

4. Indicate the total estimated annual operating expenses for each of the first five years of operation:

Residential:

First Year \$89,472 Second Year \$100,200 Third Year \$109,140
Fourth Year \$110,640 Fifth Year \$116,640

Commercial:

Included in operating expense for the company.
First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation:

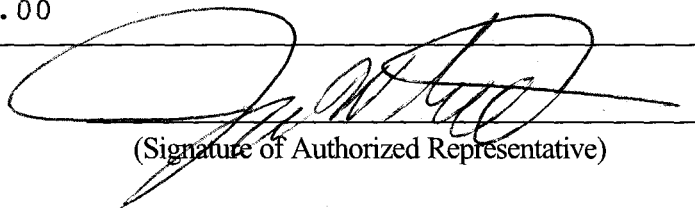
First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

5. Attach an itemized list of the major components of the water or sewer system (see Attachment C-3). (See Attachment "H")

6. Indicate the total estimated cost to construct utility facilities:

\$500,000.00



(Signature of Authorized Representative)

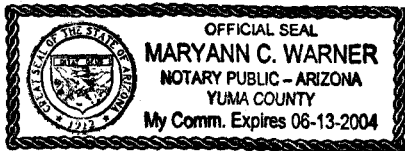
John W. Guth

(Type or Print Name Here)

President

(Title)

SUBSCRIBED AND SWORN to before me this 26th day of July, 2002




NOTARY PUBLIC

My Commission Expires June 13, 2004

Index of Exhibits

- A Cadastral - Description of Area
- B Detailed Map of Area
- B1 Supplemental Map
- C Financial Information
 - 1. Proforma Balance Sheet
 - 2. Proforma Income Statement
 - 3. 3 Year Operating Budget
 - 4. Proforma Utility Plant in Service (Sewer)
 - 5. Depreciation Schedule
 - 6. Balance Sheet - John and Gail Guth
 - 7. Balance Sheet - Shepard Water Company
 - 8. Balance Sheet - Martinez Lake Resort
 - 9. Profit and Loss - Shepard Water Company
 - 10. Profit and Loss - Martinez Lake Resort
 - 11. Profit and Loss - Martinez Lake Marina Ltd.
 - 12. Profit and Loss - Martinez Lake Cantina
- D Sewer Tariff Schedule
- E Estimated Property Taxes - Martinez Lake Sewer Company
- F Certificate of Good Standing - Martinez Lake Sewer Company
Articles of Incorporation and Bylaws - Martinez Lake Sewer Company
- G Public Notice of an Application for a Certificate of Convenience
and Necessity by Martinez Lake Sewer Company
- H Construction Cost Estimate

ATTACHMENT "A"

CADASTRAL - DESCRIPTION OF AREA

NORTH LINE OF LOT 4, SECTION 19
T.5S., R.21W., G&S.R.B.&M.

N89°56'12"E
35.00

N89°56'12"E 885.21'
850.21'

N35°18'34"W
65.00'

N13°25'34"W
83.08'

N71°07'47"W
110.67'

N59°05'55"W
340.40'

N69°06'24"E
53.66'

N86°54'34"W
122.34'

N59°40'38"E
25.99'

N21°50'16"E
177.11'

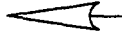
N67°08'02"E
98.67'

N45°11'09"
88.34'

S65°44'36"E
3220.64'

**SEE EXHIBIT "A" FOR
LEGAL DESCRIPTION**

SE COR. SEC 19
T.5S., R.21W.
FD. 1934 B.O.R.B.C.



Scale 1" = 100'

EXHIBIT "A"

LEGAL DESCRIPTION

THAT PORTION OF LOT 4 OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 21 WEST, G.&S.R.B.&M., YUMA COUNTY ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING AT THE SE CORNER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 21 WEST
THENCE N65°44'56"W A DISTANCE OF 3,220.64' TO A POINT ON THE NORTH LINE OF
LOT 4 AND THE TRUE POINT OF BEGINNING;**

**THENCE N89°56'12"E ALONG THE NORTH LINE OF SAID LOT 4, A DISTANCE OF
35.00' TO A POINT;**

THENCE S45°11'09"W A DISTANCE OF 88.34' TO A POINT;

THENCE S50°08'02"W A DISTANCE OF 98.61' TO A POINT;

THENCE S21°50'16"W A DISTANCE OF 177.11' TO A POINT;

THENCE S59°40'28"W A DISTANCE OF 66.52' TO A POINT;

THENCE N86°54'34"W A DISTANCE OF 122.34' TO A POINT;

THENCE S59°06'24"W A DISTANCE OF 55.66' TO A POINT;

THENCE N59°05'55"W A DISTANCE OF 340.40' TO A POINT;

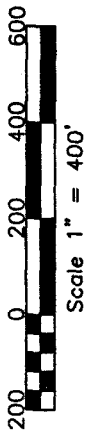
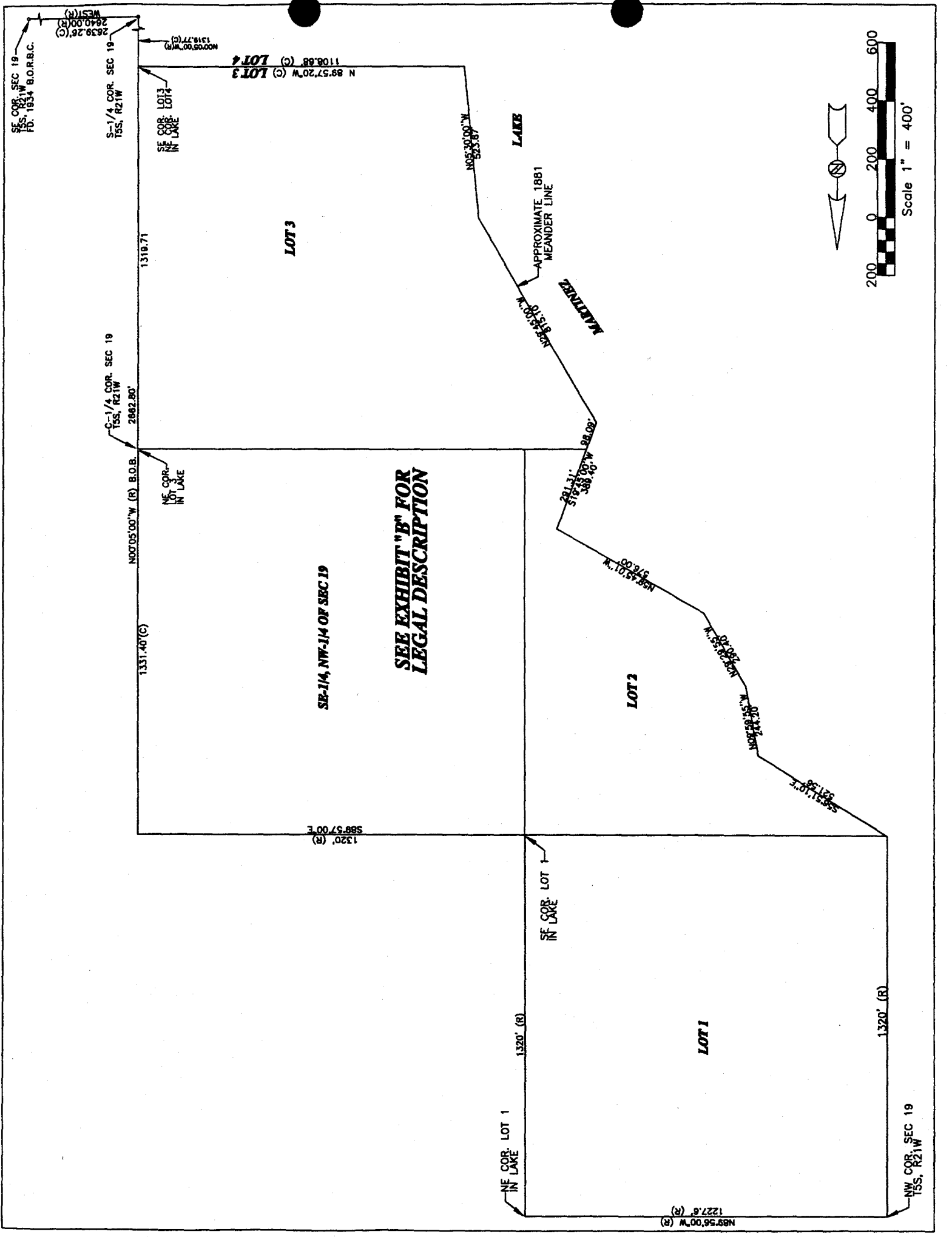
THENCE N71°07'47"W A DISTANCE OF 110.67' TO A POINT;

THENCE N13°25'34"W A DISTANCE OF 83.06' TO A POINT;

THENCE N35°16'34"W A DISTANCE OF 65.00' TO A POINT;

**THENCE N89°56'12"E ALONG THE NORTH LINE OF SAID LOT 4,
A DISTANCE OF 850.21' TO THE TRUE POINT OF BEGINNING;**

CONTAINING 4.3401 ACRES MORE OF LESS.



LOT 3

SE-1/4, NW-1/4 OF SEC 19

SEE EXHIBIT "B" FOR LEGAL DESCRIPTION

LOT 3

LOT 1

NE COR. LOT 1 IN LAKE

SE COR. LOT 1 IN LAKE

NW COR. SEC 19 T55, R21W

SE COR. SEC 19 T55, R21W

C-1/4 COR. SEC 19 T55, R21W

S-1/4 COR. SEC 19 T55, R21W

NE COR. LOT 3 IN LAKE

SE COR. LOT 3 IN LAKE

LABE

MEANDER

APPROXIMATE 1881 MEANDER LINE

2639.26' (C) 2640.00' (R) WES11(N)

1319.71' N00°05'00"W (R) 1319.77' (C) 1319.77' (C)

1108.88' (C) LOT 4 N 89°57'20"W (C) LOT 3

1053.00' W 82.97'

01°31'58" E 300.51' E

241.31' S16°24'00"W 388.40'

00°51'10" W 576.00'

01°08'26" E 267.55'

01°08'15" W 244.20'

02°11'58" S 421.58'

2662.80'

1331.46' (C) N00°05'00"W (R) B.O.B.

1319.71'

589.57' 00' E 1320' (R)

1320' (R)

1227.8' (R) N89°56'00"W (R)

1320' (R)

EXHIBIT "B"

LEGAL DESCRIPTION

THAT PORTION OF LOTS 1, 2, AND 3 AND THE SE 1/4, NW 1/4 OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 21 WEST, G.&S.R.B.&M., YUMA COUNTY ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SE CORNER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 21 WEST THENCE WESTERLY A DISTANCE OF 2639.26' TO THE S 1/4 CORNER OF SECTION 19 T.5S., R.21W., THENCE N00°05'00"W A DISTANCE OF 1319.77' TO THE SE CORNER OF LOT 3, BEING THE NE CORNER OF LOT 4 (IN LAKE) AND THE TRUE POINT OF BEGINNING;

**THENCE N89°57'20"W ALONG THE NORTH LINE OF LOT 4, A DISTANCE OF 1108.68' TO A POINT;
THENCE N05°30'00"W A DISTANCE OF 523.87' TO A POINT;
THENCE N29°45'00"W A DISTANCE OF 815.10' TO A POINT;
THENCE N19°45'00"E A DISTANCE OF 389.40' TO A POINT;
THENCE N59°45'01"W A DISTANCE OF 576.00' TO A POINT;
THENCE N29°29'55"W A DISTANCE OF 290.40' TO A POINT;
THENCE N09°59'55"W A DISTANCE OF 244.20' TO A POINT;
THENCE N56°51'10"W A DISTANCE OF 521.56' TO A POINT;
THENCE NORTHERLY A DISTANCE OF 1320.00' TO THE NW CORNER OF LOT 1;
THENCE S89°56'00"W A DISTANCE OF 1227.60' TO THE NE CORNER OF LOT 1;
THENCE SOUTHERLY A DISTANCE OF 1320.00' TO THE SE CORNER OF LOT 1;
THENCE S89°57'00"E A DISTANCE OF 1320.00' TO THE NE CORNER, SE 1/4, NW 1/4;
THENCE S00°05'00"E A DISTANCE OF 2662.80' TO THE TRUE POINT OF BEGINNING;
CONTAINING 134.4990 ACRES MORE OF LESS.**

ATTACHMENT "B"

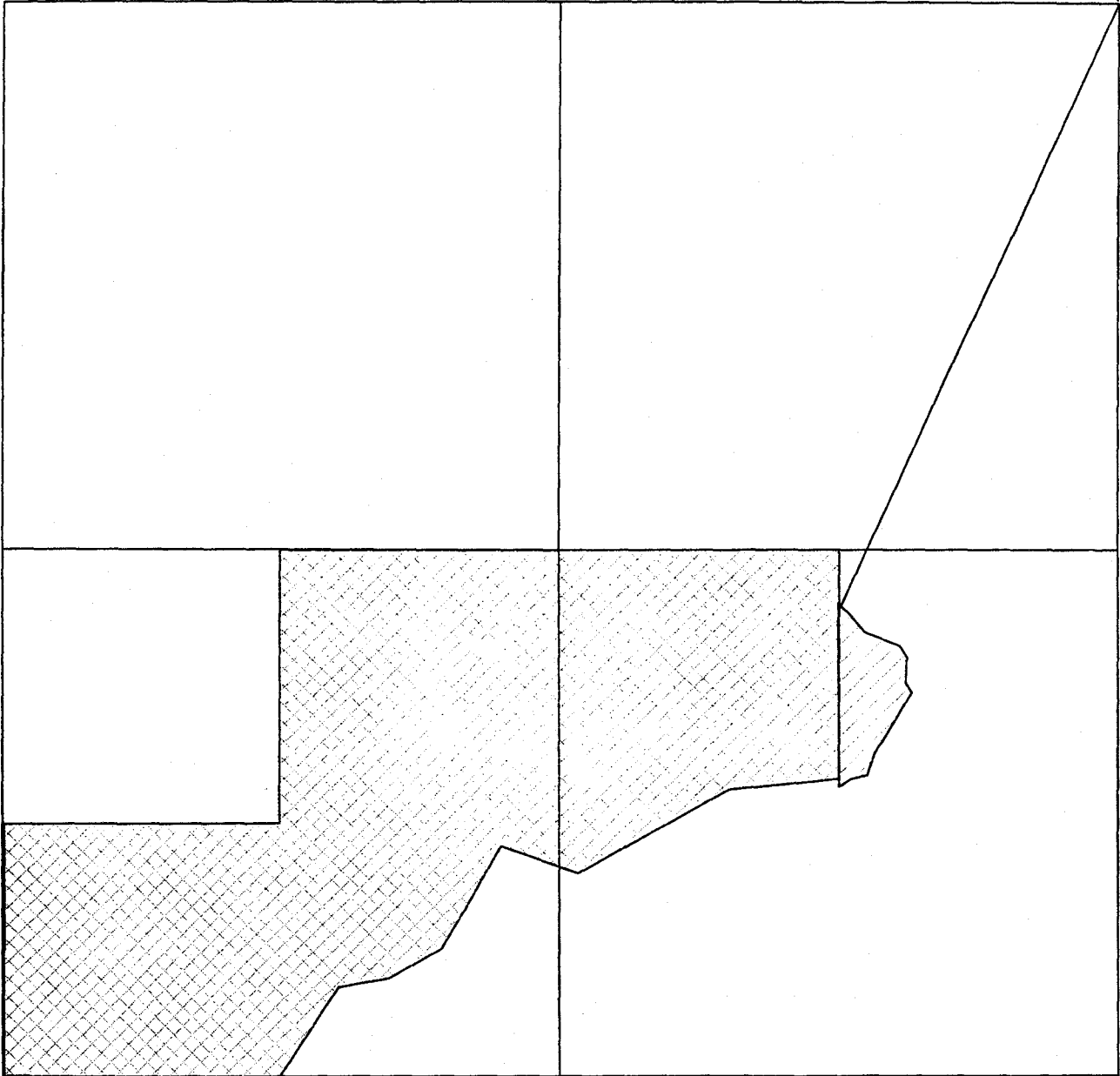
DETAILED MAP OF AREA

ATTACHMENT "B"

YUMA	19	5 SOUTH	21 WEST
COUNTY	SECTION	TOWNSHIP	RANGE

NE COR SEC. 19
T.5S., R.21W.

SE COR SEC. 19
T.5S., R.21W.



NW COR SEC. 19
T.5S., R.21W.

SW COR SEC. 19
T.5S., R.21W.

ATTACHMENT "B - 1"

SUPPLEMENTAL MAP

CS-5 Attachment "B" attached is a map of Fisher's Landing Water and Sewer Works, L.L.C. which was attached to Fisher's Application for a Certificate of Convenience and Necessity. Shepard Water Company overlaps the same area on this application.

CS-5

ATTACHMENT "B"

Yuma	19, 20 & 30	5S	21W
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Type or Print Description Here:

Sections 19, 20 & 30, T5S, R21W, G&SRB&M, Yuma County, Arizona (Red area above)
EXCEPT that area serviced by Shephard Water Company, which is more particularly
described as the W2 NW4; SE4 NW4; NE4 SW4 of Section 19, T5S, R21W (Yellow area above)

BOOK 107
MAP 64
SHEET 3

TOWNSHIPS

T-5S R-21W

SEC'S 19 & 30

YUMA COUNTY
ASSESSOR

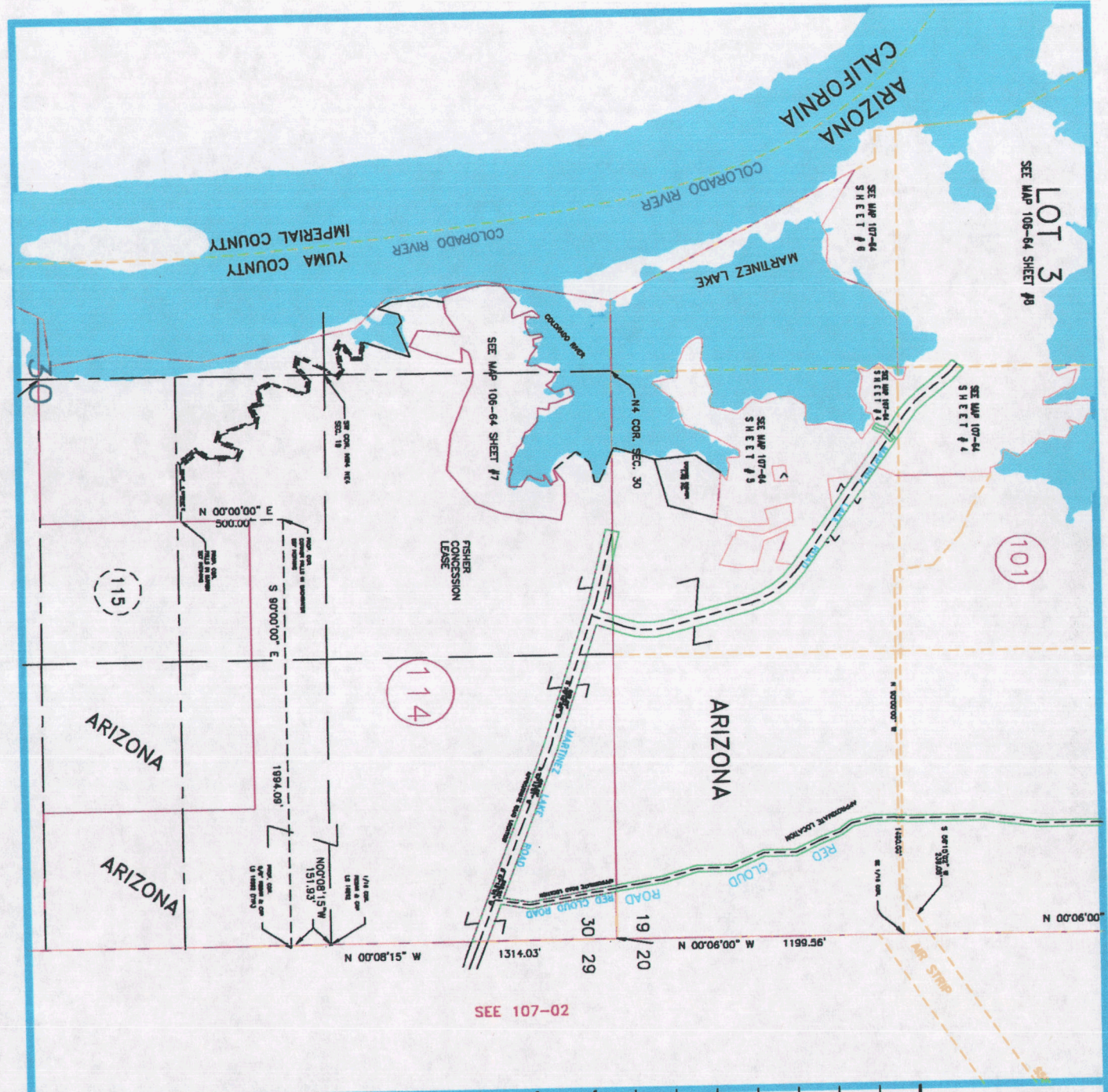
SCALE 1" = 300'

FOR INFORMATION ONLY
NO LIABILITY ASSUMED
YUMA COUNTY ASSESSOR

MAP LAST AMENDED

01-11-83 JAW

GIS DIVISION UPDATE: 04-12-01 BY JANICE BARAKAT



SEE 107-02

ATTACHMENT "C"

FINANCIAL INFORMATION

ATTACHMENT "C"

PROFORMA BALANCE SHEET (SEWER)

ASSETS

Current Assets

Cash	\$ 0
Accounts Receivable	0
Other	0
Total Current Assets	0*

*See attached financial statement

Fixed Assets

Utility Plant in Service	0
(Less) Accumulated Depreciation	0
Net Plant in Service	0
Other	0**
** Plant yet to be constructed.	
TOTAL ASSETS	\$ 0

LIABILITIES AND CAPITAL

Current and Accrued Liabilities

Accounts Payable	\$ 0
Notes Payable	0
Accrued Taxes	0
Accrued Interest	0
Other	0
Total Current and Accrued Liabilities	\$ 0***

***No liabilities and capital until construction begins upon approval of CCN.

<u>Long-Term Debt</u>	\$ 0
Other	

Deferred Credits

Advances in Aid of Construction	\$ 0
Contributions in Aid of Construction	0
Accumulated Deferred Income Tax	0
Total Deferred Credits	\$ 0
TOTAL LIABILITIES	\$ 0

CAPITAL ACCOUNT

Common Stock	\$ 0
Preferred	0
Paid in Capital	0
Retained Earnings	0
Total Capital	\$ 0
TOTAL LIABILITIES AND CAPITAL	\$ 0

CS-2
PROFORMA INCOME STATEMENT (SEWER)

	<u>YR ONE</u>	<u>YR TWO</u>	<u>YR THREE</u>
REVENUE:			
Flat Rate Revenues	\$ 89,472	\$ 100,200	\$ 109,140
Measured Revenues	_____	_____	_____
Established Charges	_____	_____	_____
Other Operating Revenue	<u>See attachment next page (Budget)</u>		
Total Operating Revenue	\$ _____	\$ _____	\$ _____
OPERATING EXPENSES:			
Salaries and Wages	\$ _____	\$ _____	\$ _____
Purchased Sewer Treatment Sludge Removal Expense	_____	_____	_____
Purchased power for Pumping Treatment	_____	_____	_____
Sewage Treatment and Testing	_____	_____	_____
Repairs and Maintenance	_____	_____	_____
Office Supplies Expense	_____	_____	_____
Outside Services	_____	_____	_____
Rents	_____	_____	_____
Transportation Expense	_____	_____	_____
General Insurance	_____	_____	_____
Depreciation	_____	_____	_____
Health and Life Insurance	_____	_____	_____
Income Taxes	\$ _____	\$ _____	\$ _____
Property Tax	_____	_____	_____
Taxes Other than Property & Income	_____	_____	_____
Miscellaneous Operating	\$ _____	\$ _____	\$ _____
Total Operating Expense	<u>89,268</u>	<u>91,068</u>	<u>92,568</u>
OPERATING INCOME OR LOSS	<u>204</u>	<u>9,132</u>	<u>16,572</u>
OTHER INCOME/EXPENSES:			
Interest Income	\$ _____	\$ _____	\$ _____
Other Income	\$ _____	\$ _____	\$ _____
Other Expenses	0	0	0
Interest Expenses	_____	_____	_____

CS-3

TOTAL OTHER INCOME/EXPENSE	0	0	0
----------------------------	---	---	---

NET INCOME (LOSS)

**MARTINEZ LAKE SEWER COMPANY
3 YEAR OPERATING BUDGET**

Expenses	Month	Year 1	Year 2	Year 3
Effluent disposal ¹	1250	15,000	16,800	18,300
Electricity	200	2,400	2,400	2,400
Maintenance Labor (contract)	500	6,000	6,000	6,000
Repair	100	1,200	1,200	1,200
Insurance	25	300	300	300
Real Estate Taxes	250	3,000	3,000	3,000
Govt Reports	250	3,000	3,000	3,000
Accounting	250	3,000	3,000	3,000
Legal	50	600	600	600
Management	1,000	12,000	12,000	12,000
Return and Recapture ²	3,564	42,768	42,768	42,768
Total	7439	89,268	91,068	92,568

¹ Assuming \$5.00 monthly for residential and \$50 for commercial. Year one estimate is based on 220 residences and 3 commercial.

² Assuming return and recapture of \$497,003.13 capital cost at 6% return over 20 year basis.

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
FIRST YEAR

PLANT	ORIGINAL COST	ACCUM. DEPRC.	ORIG. COST LESS DEPREC.
Organization	\$ _____	\$ _____	\$ _____
Franchises	_____	_____	_____
Land and Land Rights	_____	_____	_____
Structure and Improvements	_____	_____	_____
Collection Sewers/Collecting Structures/Force Mains	_____	_____	_____
Service to Customers	_____	_____	_____
Flowing Measuring Devices and Installations	_____	_____	_____
Receiving Wells	_____	_____	_____
Electric Pumping Equip	_____	_____	_____
Treatment Disposal Equipment	_____	_____	_____
Plant	_____	_____	_____
Outfall Sewer Lines	_____	_____	_____
Other Plant Structures and Improvements	_____	_____	_____
Office Furniture and Fixtures	_____	_____	_____
Transportation Equipment	_____	_____	_____
Tools and Work Equipment	_____	_____	_____
Laboratory Equipment	_____	_____	_____
Power Operated Equipment	_____	_____	_____
Communication Equipment	_____	_____	_____
Miscellaneous Equipment	_____	_____	_____
Other Tangible Plant	_____	_____	_____
TOTAL PLANT IN SERVICE	\$ <u>512,003.13</u> \$	<u>26,272.01</u> *\$	<u>485,731.12</u>

*See attached Exhibit H plus \$15,000 costs

*See attached Depreciation Schedule

Asset #	Property Description	Date In Service	ACC Cost	ACC Sec 179 Exp	ACC Sal Value	ACC Prior Depreciation	ACC Current Depreciation	ACC End Depreciation	ACC Net Book Value	ACC Method	ACC Period
Group: 354-STRUCTURES & IMPRV											
2	Manholes	1/01/02	87,000.00	0.00c	0.00	0.00	2,900.00	2,900.00	84,100.00	S/L	30.0
9	Estimated Engineering & Conting	1/01/02	99,400.63	0.00c	0.00	0.00	3,313.35	3,313.35	96,087.28	S/L	30.0
354-STRUCTURES & IMPRV											
			186,400.63	0.00c	0.00	0.00	6,213.35	6,213.35	180,187.28		
Group: 360-COLLECTION SWRS. FORC											
4	3FT Force Main	1/01/02	5,915.00	0.00c	0.00	0.00	118.30	118.30	5,796.70	S/L	50.0
5	4FT Force Main	1/01/02	3,187.50	0.00c	0.00	0.00	63.75	63.75	3,123.75	S/L	50.0
6	6FT Force Main	1/01/02	28,000.00	0.00c	0.00	0.00	560.00	560.00	27,440.00	S/L	50.0
360-COLLECTION SWRS. FORC											
			37,102.50	0.00c	0.00	0.00	742.05	742.05	36,360.45		
Group: 363-SERVICES TO CUSTOMERS											
3	4Ft Sewer Service	1/01/02	60,000.00	0.00c	0.00	0.00	1,200.00	1,200.00	58,800.00	S/L	50.0
363-SERVICES TO CUSTOMERS											
			60,000.00	0.00c	0.00	0.00	1,200.00	1,200.00	58,800.00		
Group: 371-PUMPING EQUIPMENT											
7	Small Lift Station	1/01/02	60,000.00	0.00c	0.00	0.00	7,500.00	7,500.00	52,500.00	S/L	8.0
8	Big Lift Station	1/01/02	60,000.00	0.00c	0.00	0.00	7,500.00	7,500.00	52,500.00	S/L	8.0
371-PUMPING EQUIPMENT											
			120,000.00	0.00c	0.00	0.00	15,000.00	15,000.00	105,000.00		
Group: 382-OUTFALL SEWER LINES											
1	8Ft Sewer Line	1/01/02	93,500.00	0.00c	0.00	0.00	3,116.67	3,116.67	90,383.33	S/L	30.0
382-OUTFALL SEWER LINES											
			93,500.00	0.00c	0.00	0.00	3,116.67	3,116.67	90,383.33		
Grand Total			497,003.13	0.00c	0.00	0.00	26,272.07	26,272.07	470,731.06		

BALANCE SHEET
JOHN W. AND GAIL W. GUTH
DECEMBER 31, 2001

ASSETS:

LIQUID ASSETS:

CASH (checking accounts)	300,000.00	
PREPAID INSURANCE	1,250.00	
TOTAL		301,250.00

PERSONAL PROPERTY:

SHEPARD WATER COMPANY	25,000.00	
FURNITURE	50,000.00	
JEWELRY, GUNS, ART	25,000.00	
TOTAL		100,000.00

FIXED ASSETS:

5820 MADRA AVE	500,000.00	
CUYAMACA HOUSE	200,000.00	
RIVER HOUSE	600,000.00	
6327 LAMBDA DRIVE	300,000.00	
MARTINEZ LAKE RESORT	6,585,258.00	
TOTAL		8, 586,508

TOTAL ASSETS:

LIABILITIES:

SHORT TERM:

REAL ESTATE TAXES	5,000.00	
MISC BILLS	2,000.00	
TOTAL		7,000.00

REAL ESTATE:

WASHINGTON MUTUAL (CUYUMACA CABIN)	26,000.00	
WELLS FARGO (RIVER HOUSE)	85,000.00	
5820 MADRA (FOUR LOANS)	300,000.00	
BLOOM (LAMBDA HOUSE)	200,000.00	
TOTAL		611,000.00

TOTAL LIABILITIES		618,000.00
-------------------	--	------------

NET WORTH:

\$7, 968,508

SHEPARD WATER COMPANY
BALANCE SHEET
APRIL 1, 2002

ASSETS

CHECKING ACCOUNT/CASH	
CASH	326.49
COMPASS BANK	34,657.37
CONSTRUCTION ACCT	100.00
WIFA LOAN (UNDEBURSED)	299,475.00
ACCOUNTS RECEIVABLE	2,610.44
OTHER CURRENT ASSETS	
UTILITY DEPOSITS	250.00
TOTAL ASSETS	337,419.30

LIABILITIES AND EQUITY

CURRENT LIABILITIES	
CURRENT SALES TAX PAYABLE	278.92
LONG TERM LIABILITIES	
WIFA LOAN	299,475.08
LOAN FROM OFFICER	11,785.00
TOTAL LIABILITIES	299,753.92
TOTAL EQUITY	27,665.38
TOTAL LIABILITIES AND EQUITY	337,419.30

MARTINEZ LAKE RESORT
BALANCE SHEET
DECEMBER 31, 2001

LIQUID ASSETS:

CHECKING	292,177.00	
CASH	89,081.00	
PREPAID INSURANCE	8,500.00	
TOTAL		381,258.00

PERSONAL PROPERTY

LIQUOR LICENSE	25,000.00	
INVENTORY	35,000.00	
DOCKS	150,000.00	
COACHES (16)	80,000.00	
RENTAL BOATS (120)	75,000.00	
TOOLS	20,000.00	
BAR, RESTAURANT AND KITCHEN EQUIP.	85,000.00	
VEHICLES (4)	34,000.00	
TOTAL		504,000.00

FIXED ASSETS

MARTINEZ LAKE RESORT	6,000,000.00	
BAILEY PROPERTY	600,000.00	
HOUSE #78	350,000.00	
LAKE AREA (105 Acres)	1,000,000.00	
TOTAL		7,950,000.00

TOTAL ASSETS \$8,835,258.00

LIABILITIES:

SHORT TERM:

NONE

LONG TERM:

COLLATERAL MORTGAGE	1,700,000.00	
FIRST AMERICAN (ENCUMBERS #78)	350,000.00	
BLOOM (ENCUMBERS BAILEY HOUSE)	200,000.00	
TOTAL		2,250,000.00

TOTAL LIABILITIES \$2,250,000.00

NET WORTH \$6,585,258.00

05/09/02

SHEPARD WATER COMPANY
Profit and Loss
January through December 2001

	<u>Jan - Dec '01</u>
Ordinary Income/Expense	
Income	
Returned Check Service Charges	55.50
Services	41,657.24
Total Income	<u>41,712.74</u>
Expense	
Bank Service Charges	87.00
Contract Labor	10,113.00
Dues and Subscriptions	109.00
Equipment	
Generator	879.50
Total Equipment	<u>879.50</u>
Insurance	
Liability Insurance	2,764.61
Total Insurance	<u>2,764.61</u>
Licenses and Permits	59.00
Office Supplies	
Office Equipment	508.51
Office Supplies - Other	434.70
Total Office Supplies	<u>943.21</u>
Postage and Delivery	646.00
Professional Fees	
Accounting	675.00
CCR Report	200.00
Management Fee	2,000.00
Testing	531.21
Total Professional Fees	<u>3,406.21</u>
Repairs	
Equipment Repairs	2,097.20
Total Repairs	<u>2,097.20</u>
Supplies	25.12
Taxes	
Property	1,465.71
State	50.00
Total Taxes	<u>1,515.71</u>
Telephone	
Pager	129.78
Total Telephone	<u>129.78</u>
Travel & Ent	
GAS	95.61
Total Travel & Ent	<u>95.61</u>
Uncategorized Expenses	0.00
Utilities	

05/09/02

SHEPARD WATER COMPANY
Profit and Loss
January through December 2001

	<u>Jan - Dec '01</u>
Electric	862.86
Total Utilities	<u>862.86</u>
Total Expense	<u>23,733.81</u>
Net Ordinary Income	17,978.93
Other Income/Expense	
Other Expense	
Christmas Bonus	250.00
Total Other Expense	<u>250.00</u>
Net Other Income	<u>-250.00</u>
Net Income	<u><u>17,728.93</u></u>

05/09/02

MARTINEZ LAKE RESORT
Profit and Loss
 January through December 2001

	Jan - Dec '01
Ordinary Income/Expense	
Income	
Interest Earned	
C.D.	136.33
Total Interest Earned	136.33
Dividend	500.00
Fee Income	
Storage	105.00
Copy/Fax etc	207.12
Notary	16.00
Vending Commissions	
Laundry	2,021.18
Public Phone	389.75
Total Vending Commissions	2,410.93
Total Fee Income	2,739.05
Lease Income	520,192.94
Received on Account	
Trailer Storage	555.00
Trash Service	580.00
Missing Linen & Damages	1,152.50
Housekeeping Cleaning Serv	8.00
Misc	121.95
Total Received on Account	2,417.45
Rental	
Refund	-449.50
Key Deposits	220.00
Late Out	1,180.00
Rental - Other	303,839.85
Total Rental	304,790.35
Total Income	830,776.12
Expense	
Cantina	
Supplies	108.79
Misc	214.32
Total Cantina	323.11
Engineering & Surveying	63.94
Advertisement	
Internet	671.40
Advertisement - Other	5,201.22
Total Advertisement	5,872.62
Automobile Expense	
Blue Truck	
Gas	19.91
Blue Truck - Other	1,300.00
Total Blue Truck	1,319.91
White Truck	
Repairs & Maint	193.54
Registration	348.71
Gas	1,486.60
Total White Truck	2,028.85
Big Red Truck	
Registration	51.17
Repairs	1,191.51
Gas	460.27
Big Red Truck - Other	74.98
Total Big Red Truck	1,777.93

05/09/02

MARTINEZ LAKE RESORT
Profit and Loss
 January through December 2001

	Jan - Dec '01
Cadillac	
Registration	393.80
Repairs & Maint	262.21
Total Cadillac	656.01
Red Truck	
Gas	148.85
Red Truck - Other	-12.00
Total Red Truck	136.85
Brown Truck	
Gas & Oil	265.08
Repairs & Maint	198.52
Total Brown Truck	463.60
Golf Cart	1,976.45
Blue Van	
Maint & Repairs	48.36
Total Blue Van	48.36
Total Automobile Expense	8,407.96
Bank Service Charges	
C C Chargeback	1,000.00
C C Service Chgs	19,896.70
Total Bank Service Charges	20,896.70
Building Maintenance	
Rentals	
Refrig & Furn	1,849.60
Air Conditioner	4,955.85
Supplies	11,183.52
Repair & Maint	6,494.67
Total Rentals	24,483.64
Supplies	9,783.91
Building & Grounds	
Store Wall	450.00
MH-143 RETAINING WALL	22,636.48
Landscaping	15,397.92
Septic	6,900.00
Trash Run	28.00
Building & Grounds - Other	275.05
Total Building & Grounds	45,687.45
Building Maintenance - Other	120.05
Total Building Maintenance	80,075.05
Equipment & Repairs	
Generator	
Diesel	100.10
Generator - Other	705.00
Total Generator	805.10
Hide-a-Bed	620.00
Compressor	1,055.00
Chainsaw	3.18
Tools	1,939.19
Travel Trailer	13.00
Tractor	
Repair & Maint	3,600.04
Total Tractor	3,600.04
Equipment & Repairs - Other	259.54
Total Equipment & Repairs	8,295.05
Contract Labor	24,051.20

05/09/02

MARTINEZ LAKE RESORT
Profit and Loss
 January through December 2001

	Jan - Dec '01
Dues and Subscriptions	
Newspaper	151.50
Dues and Subscriptions - Other	990.00
Total Dues and Subscriptions	1,141.50
Equipment Rental	950.00
Housekeeping	
Bath House	2,684.03
Laundry	358.14
Supplies	3,731.06
Linen	10,147.62
Housekeeping - Other	11.81
Total Housekeeping	16,932.66
Insurance	
Auto	-842.90
Fire	2,809.95
Disability Insurance	2,731.27
Liability Insurance	10,821.92
Total Insurance	15,520.24
Interest Expense	
Loan Interest	
Tax Certificate	
Jescolarto	25,999.92
Total Tax Certificate	25,999.92
Total Loan Interest	25,999.92
Total Interest Expense	25,999.92
Licenses and Permits	
Fuel Docks, Weights & Measures	60.00
Burn Permit	95.00
RV Park Renewal	506.50
Liquor License	250.00
Hotel/Motel Renewal	146.00
Licenses and Permits - Other	10.00
Total Licenses and Permits	1,067.50
Loan Fees	
Other	25,118.89
Insurance	17,531.28
R E Taxes	21,067.32
Interest	144,930.60
Loan Fees - Other	0.00
Total Loan Fees	208,648.09
MARINA	
Cigs	243.72
Boat Rental	
Repairs	465.64
Gas & Oil	38.94
Total Boat Rental	504.58
Canoe Trailer Repair	81.48
Beer	716.05
Food & Merch Resale	3,418.72
Life Jackets	86.65
Ice	117.00
Soda	285.10
Live Bait	795.10
Liability Insurance	3,711.84
Game & Fish Lic	588.50
Utilities	
Electric	535.15

05/09/02

MARTINEZ LAKE RESORT
Profit and Loss
 January through December 2001

	Jan - Dec '01
Total Utilities	535.15
Gasoline	22,398.93
Batteries	256.95
Total MARINA	33,739.77
Office Supplies	
Computer & Repairs	2,511.30
Supplies & Equipment	2,061.60
Credit Card Mach Lease	293.73
Postage and Delivery	925.65
Total Office Supplies	5,792.28
Payroll Expenses	
Labor Day Bonus	50.00
Memorial Day Bonus	200.00
Easter Bonus	100.00
X-MAS Bonus	10,000.00
Officer Salary	26,000.00
Payroll Expenses - Other	78,899.33
Total Payroll Expenses	115,249.33
Professional Fees	
Accounting	990.00
Legal Fees	11,726.50
Professional Fees - Other	18,401.25
Total Professional Fees	31,117.75
Promotional Expense	220.00
Security Guard	127.50
Seminar & Schooling	120.00
Taxes	
Property	2,347.37
Total Taxes	2,347.37
Telephone	
Pager	216.26
Phone	8,917.75
Lease	722.79
Mobile	1,643.79
Total Telephone	11,500.59
Town Shopping Exp	
Gas	565.12
Town Shopping Exp - Other	73.75
Total Town Shopping Exp	638.87
Travel & Ent	
Gas	252.67
Accommodation	46.55
Meals	184.12
Travel	5.00
Travel & Ent - Other	21.15
Total Travel & Ent	509.49
Uncategorized Expenses	
Calliope	1,666.67
Uncategorized Expenses - Other	0.00
Total Uncategorized Expenses	1,666.67
Utilities	
Electric	
JWG	2,016.23
Security Lights	3,105.55
Rentals	25,220.23
Employees	
Joel -51	158.32

05/09/02

MARTINEZ LAKE RESORT
Profit and Loss
 January through December 2001

	Jan - Dec '01
Employees - Other	577.42
Total Employees	735.74
Total Electric	31,077.75
Propane	902.01
Water	
JWG	45.02
Water - Other	15,022.90
Total Water	15,067.92
Trash	13,510.70
Total Utilities	60,558.38
Total Expense	681,835.54
Net Ordinary Income	148,940.58
Other Income/Expense	
Other Income	
Misc Income	
NSF Check	0.00
Misc Income - Other	505.00
Total Misc Income	505.00
Over/Short	4.93
Total Other Income	509.93
Other Expense	
Christmas Gifts	1,920.80
Total Other Expense	1,920.80
Net Other Income	-1,410.87
Net Income	147,529.71

05/09/02

MARTINEZ LAKE MARINA LIMITED
Profit and Loss Statement
 January through December 2001

Jan - Dec '01

Ordinary Income/Expense	
Income	
Trailer Storage	30.00
Boat Rentals	24,940.64
Canoe Rental/Refund	49,092.39
Dock Rentals	48,538.97
Resale Income	204,720.39
Sales	2,000.00
Total Income	<u>329,322.39</u>
Cost of Goods Sold	
Cost of Goods Sold	
Cigs	1,688.41
Soda	6,386.76
Ice	7,988.86
Beer/Wine	12,563.17
Food & Merchandise	49,724.21
Game & Fish License	11,323.23
Gasoline	41,737.33
Live Bait & Merch	8,018.36
Total Cost of Goods Sold	<u>139,430.33</u>
Total COGS	<u>139,430.33</u>
Gross Profit	189,892.06
Expense	
Promotional	61.98
Advertisement	131.04
Automobile Expense	
White Truck	
Gas & Oil	196.00
Total White Truck	<u>196.00</u>
Red Truck	
Repairs	43.02
Gas	205.12
Total Red Truck	<u>248.14</u>
Cadillac	
Gas	50.00
Total Cadillac	<u>50.00</u>
Total Automobile Expense	494.14
Bank Service Charges	118.49
Boat Rental Expense	
Supplies	562.10
Boat Trailer	5.52
Gas & Oil	1,191.82
Repairs	3,735.20
Registration	
AZ3564AD	4.00
AZ3566AD	4.00
AZ6827AM	4.00
AZ8810AI	4.00
AZ6828AM	4.00
AZ0110AN-Pontoon	18.90
AZ0162AR	10.30
AZ1961F-Pontoon	16.18
AZ1960F	4.00
AZ1777U	4.00
AZ4838W	16.18
Total Registration	<u>89.56</u>
Total Boat Rental Expense	5,584.20

05/09/02

MARTINEZ LAKE MARINA LIMITED
Profit and Loss Statement
 January through December 2001

	Jan - Dec '01
Canoe Run Expense	
Supplies	39.79
Parking at Walters	80.00
Canoe Maint	1,027.39
Driver & Delivery	6,574.38
Gas & Oil	3,910.87
Trailer Repair	1,653.63
Postage	3.95
Total Canoe Run Expense	13,290.01
Cantina	
Supplies-Kitchen & Bar	26.33
Security	127.50
Building Maint	90.03
Total Cantina	243.86
Contract Labor	4,610.89
Dues and Subscriptions	130.56
Employee Training Schooling	35.00
Gift Certificate	25.00
Fishing Guide Service	
Mdse	90.19
Balt	22.46
License Fee	100.00
Gas	91.05
Maintenance & Supplies	481.50
Total Fishing Guide Service	785.20
Insurance	
Commercial Auto	2,083.46
Disability Insurance	1,394.36
Fire	50.00
Liability Insurance	9,387.28
Insurance - Other	21,500.76
Total Insurance	34,415.86
Licenses and Permits	
Health Permit	150.00
Corporate License	45.00
Pharmacy License	200.00
Liquor License	525.00
Game & Fish Lic Fee	75.00
Gas Tank	300.00
Total Licenses and Permits	1,295.00
Maint & Supplies	
Equipment	
Screen Printing	35.00
Total Equipment	35.00
Store Maint	
Cash Register	50.00
Store Maint - Other	837.17
Total Store Maint	887.17
Equipment Repair	
Gas Pump Repair	210.35
Air Conditioner	2,311.88
Total Equipment Repair	2,522.23
Building Maint	
LANDSCAPING	97.15
Signs	12.23
Building Maint - Other	81.90
Total Building Maint	191.28
Dock Maint	1,595.54

05/09/02

MARTINEZ LAKE MARINA LIMITED
Profit and Loss Statement
 January through December 2001

	Jan - Dec '01
Total Maint & Supplies	5,231.22
Office & Supplies	
Postage and Delivery	284.28
Supplies & Equip	411.72
Office & Supplies - Other	290.98
Total Office & Supplies	986.98
Payroll Expenses	25,661.47
Resort	
Golf Cart	-147.81
Propane	168.47
Rentals	460.75
Brown Truck	
Maint & Repairs	84.97
Gas	42.59
Total Brown Truck	127.56
Housekeeping	
Laundry	30.00
Linen	588.14
Housekeeping - Other	178.59
Total Housekeeping	796.73
Supplies	21.75
Total Resort	1,427.45
Supplies	
Store	373.83
Total Supplies	373.83
Taxes	
Federal	-16.72
Total Taxes	-16.72
Travel & Ent	
Gas Town Run	1,481.58
Total Travel & Ent	1,481.58
Uncategorized Expenses	227.20
Utilities	
Septic	950.00
Electric	9,369.94
Water	1,301.52
Total Utilities	11,621.46
Total Expense	108,215.70
Net Ordinary Income	81,676.36
Other Income/Expense	
Other Income	
Over/Short	283.36
Total Other Income	283.36
Other Expense	
Other Expenses	20.00
Total Other Expense	20.00
Net Other Income	263.36
Net Income	81,939.72

05/09/02

MARTINEZ LAKE CANTINA
Profit and Loss
 January through December 2001

Jan - Dec '01

Ordinary Income/Expense**Income**

COPYS	7.84
NOTARY	48.00
Fees	2,045.10
Gift certificates	-2.42
Reimbursed Expenses	-1,609.33
Returned Check Service Chg	25.00
Sales	
Bar	301,842.75
Restaurant	330,046.96
Promos	-2,061.25
Over/Short	-366.75

Total Sales 629,461.71

Vending Commissions

Cig Mach	10,477.60
Game Mach	8,108.00
Juke Box	1,231.25
Pool Tables	4,209.50
Shuff Board	531.25
Soda Mach	119.20

Total Vending Commissions 24,676.80

Total Income 654,652.70

Expense**Uncategorized Expenses**

BAD DEBT	986.26
Uncategorized Expenses - Other	17.16

Total Uncategorized Expenses 1,003.42

Misc Bar & Rest

103.01

RESORT

1,271.32

MLM

448.22

SECURITY

4,141.40

Advertising & Marketing

1,460.60

Bar

Maint & Repair 234.74

Cost of Goods Sold

Food	593.29
Beverage	71,514.18
Cigs	9,298.43
Cost of Goods Sold - Other	64.93

Total Cost of Goods Sold 81,470.83

Promo,Decor Etc 1,052.16

Equipment 9,033.76

Supplies

 Spoil,Breakage,Replacement 992.97

 Supplies - Other 11,632.00

05/09/02

MARTINEZ LAKE CANTINA
Profit and Loss
 January through December 2001

	Jan - Dec '01
Total Supplies	12,624.97
Linen	1,418.12
Total Bar	105,834.58
Restaurant	
GREASE DISPOSAL	252.00
Equipment	1,693.05
Cost of Goods Sold	
Beverage	3,128.47
Food	138,319.42
Cost of Goods Sold - Other	276.80
Total Cost of Goods Sold	141,724.69
Linen	5,910.57
Supplies	
Spoil Breakage Replace	1,589.06
Supplies - Other	19,043.51
Total Supplies	20,632.57
Promo	
Coupons	1.00
Promo - Other	1,286.99
Total Promo	1,287.99
Maint & Repairs	2,161.51
Gas Town Run	1,415.82
Total Restaurant	175,078.20
Building & Prop Maint	
JANITORIAL	5,198.10
landscaping	651.95
Building & Prop Maint - Other	29,730.48
Total Building & Prop Maint	35,580.53
Contract Labor	43,283.59
Dues and Subscriptions	1,556.66
Employee Training & Seminars	582.37
Equipment Rental	978.80
Equip Maint & Supplies	
Air Conditioning	1,378.17
Computer Repairs	176.20
Equipment Repairs	2,211.32
Janitorial Exp	165.89
Equip Maint & Supplies - Other	4,118.13
Total Equip Maint & Supplies	8,049.71
Generator	200.00
Licenses and Permits	640.00
Music and entertainment	23,860.00
Office Supplies	1,082.35
Payroll Expenses	164,818.86

05/09/02

MARTINEZ LAKE CANTINA
Profit and Loss
January through December 2001

	<u>Jan - Dec '01</u>
Professional Fees	
NOTARY EXPENSE	93.00
Total Professional Fees	93.00
Utilities	
Electric	26,407.97
Gas/Propane	5,322.67
Water	3,005.01
Total Utilities	34,735.65
Total Expense	604,802.27
Net Ordinary Income	49,850.43
Other Income/Expense	
Other Income	
Interest Income	607.27
Misc Income	
NSF Check	-100.00
Misc Income - Other	3,734.00
Total Misc Income	3,634.00
Total Other Income	4,241.27
Other Expense	
LINEN MAINT.	23.60
Other Expenses	-498.83
Total Other Expense	-475.23
Net Other Income	4,716.50
Net Income	<u>54,566.93</u>

ATTACHMENT "D"

SEWER TARIFF SCHEDULE

CW-4
ATTACHMENT "D"

SEWER TARIFF SCHEDULE

UTILITY: Martinez Lake Sewer Company

PAGE 1 OF 1

RATES AND CHARGES

FLAT RATE

RESIDENTIAL \$ 29.80 PER MONTH
COMMERCIAL \$ 300.00 PER MONTH

BASED ON WATER USAGE

RESIDENTIAL MINIMUM \$ _____ FOR _____ GALLONS
EXCESS OF MINIMUM \$ _____ FOR _____ GALLONS

COMMERCIAL MINIMUM \$ _____ FOR _____ GALLONS
EXCESS OF MINIMUM \$ _____ FOR _____ GALLONS

EFFLUENT SALES: (if applicable)

\$ _____ PER _____ GALLONS

SERVICE LINE CONNECTION CHARGE \$ _____

SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-603.D.1)	\$ <u>50*</u>
2. RECONNECTION/DELINQUENT (R14-2-603.D.1)	\$ <u>75</u>
3. DEPOSIT (R14-2-603.B.7)	\$ <u>50</u>
4. DEPOSIT INTEREST (R14-2-603.B.3)	<u>6</u> %
5. REESTABLISHMENT W/N 12 MONTHS (R14-2-603.D.1)	\$ <u>100</u>
6. NSF CHECK (R14-2-608.E.1)	\$ <u>50</u>
7. LATE PAYMENT PENALTY (R14-2-608.F.1)	\$ <u>5</u>

OTHER CHARGES AS SPECIFIED BY ORDER:

* for normal installations not requiring extraordinary labor or expense

ATTACHMENT "E"

ESTIMATED PROPERTY TAXES

Response to S-6 Estimated Property Taxes

		Real Estate Taxes
Shepard Water Company Income	\$45,500	\$1,410
Martinez Lake Sewer Co. Projected Income	\$90,000	\$2,900

2000 TAX NOTICE

JAN. 1, 2000
 TO
 DEC. 31, 2000

COUNTY OF YUMA

ARIZONA

ADDRESS: 410 MAIDEN LN
 YUMA AZ 85364

USE 5500

TAX DESCRIPTION SECTION T1W1 R1G ACRES
TOTAL VALUE OF OPERATING PROPERTY

TAX ROLL NUMBER	64682
PARCEL IDENTIFICATION	924-10-130
TAX AREA CODE	0130

IMPORTANT - SEE REVERSE FOR COMPLETE EXPLANATION YOUR 2000 TAX NOTICE AND PAYMENT INSTRUCTIONS.

*Paid 2nd Half
 4-19-01
 1022*

924-10-130 0 64682

SHEPARD WATER CO
 JUDY LOPEZ/OFFICE MANAGER
 PO BOX 2899
 GILBERT AZ 85299-2899



PRIMARY AD VALOREM TAX	1050
LESS STATE AID TO EDUCATION	
NET PRIMARY AD VALOREM TAX	1050
SECONDARY AD VALOREM TAX	359
SPECIAL DISTRICT TAX	

PAY TOTAL OR HALF TAX:

TOTAL TAX DUE	1410
HALF TAX	705

DELINQUENT DATES
 1st HALF NOV. 1, 2000
 2nd HALF MAY 1, 2001

THIS IS THE ONLY NOTICE YOU WILL RECEIVE AND RECEIPT WILL BE SENT UNLESS REQUESTED

ITEM	LIMITED VALUE	ASSTMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	975	250	244	0	33808	2289
PERSONAL PROPERTY	43825	250	10956	0	33808	105062
TOTALS	44800		11200			105062

ITEM	FULL CASH VALUE	ASSTMT. %	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	0	250	0	0	35525	00
BLDG, ETC.	975	250	244	0	35525	866
PERSONAL PROPERTY	43825	250	10956	0	32025	35088
TOTALS	44800		11200			35954

TAX CODE	TAX JURISDICTION	2000 PRIMARY	2000 SECONDARY	2000 TOTAL	1999 TOTAL	DIFFERENCE
12000	YUMA COUNTY	25982	00	25982	25673	2
12001	SCHOOL EQUALIZATION	5738	00	5738	5777	-1
15001	YUMA SD #1	27926	17222	45148	45033	115
16103	YUMA UHS	25073	8849	33922	34784	-862
18150	AZ WESTERN COMMUNITY COLLEGE	20363	3153	23516	23511	5
14900	YUMA COUNTY LIBRARY FUND	00	5645	5645	5582	63
15829	YUMA COUNTY FLOOD CONTROL DIST	00	85	85	88	-3
	TOTALS	105062	35954	141016	140428	588

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

ATTACHMENT "F"

CERTIFICATE OF GOOD STANDING

Response to H 2

Certificate of Good Standing
applied for.

"Filed" Articles of
Incorporation attached.

Articles filed July 2, 2002.

ATTACHMENT "F"

ARTICLES OF INCORPORATION
BYLAWS
OF
MARTINEZ LAKE SEWER COMPANY

Response to H-3 and 4

2002 JUL -2 P 1:24

**ARTICLES OF INCORPORATION
OF**

APPR Mary J. Lopez - Asst. Secy
DATE APPR 7.2.02
TERM _____
DATE _____

MARTINEZ LAKE SEWER COMPANY

-1036678-9

**ARTICLE I
CORPORATE NAME**

The name of the corporation shall be, Martinez Lake Sewer Company.

**ARTICLE II
PURPOSE AND INITIAL BUSINESS**

The purpose for which this corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The corporation initially intends to hold and operate real property in this state and to develop, own, and operate a sewer service.

**ARTICLE III
KNOWN PLACE OF BUSINESS**

The known place of business for the corporation is Star Route # 4, Box 41, Martinez Lake, Arizona 85365.

**ARTICLE IV
AUTHORIZED CAPITAL**

The corporation shall have the authority to issue ten thousand (10,000) shares of no par value stock.

**ARTICLE V
STATUTORY AGENT**

The name and address of the initial Statutory Agent, a bona fide resident of

Arizona for three years is:

Wade Noble
1405 W. 16th Street
Yuma, Arizona 85364

ARTICLE VI BOARD OF DIRECTORS

The initial Board of Directors shall consist of two (2) Directors. The persons who are to serve as Directors until the first annual meetings of shareholders or until their successors are elected and qualified are:

John W. Guth
Star Route # 4, Box 41
Martinez Lake, AZ 85365

Gail W. Guth
Star Route # 4, Box 41
Martinez Lake, AZ 85365

ARTICLE VII INCORPORATORS

The names and addresses of the incorporators are:

John W. Guth
Star Route # 4, Box 41
Martinez Lake, AZ 85365

Gail W. Guth
Star Route # 4, Box 41
Martinez Lake, AZ 85365

All powers, duties and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

ARTICLE VIII INDEMNIFICATION

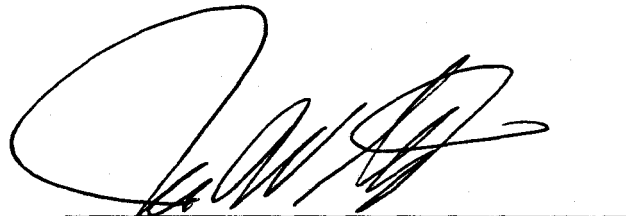
The Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint

venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

**ARTICLE IX
LIMITATION OF LIABILITY**

To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment or modification.

DATED: 7/1/02

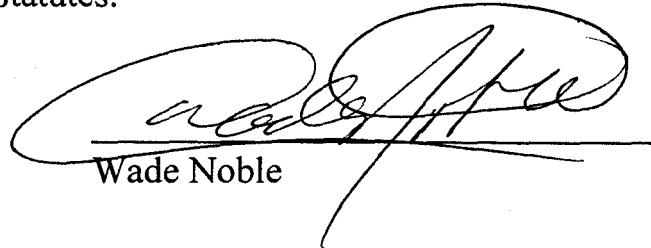


John W. Guth



Gail W. Guth

I, Wade Noble, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.



Wade Noble

BYLAWS
OF
MARTINEZ LAKE SEWER COMPANY

ARTICLE I
OFFICES

1. **PRINCIPAL OFFICE.** In addition to its known place of business, the corporation shall maintain a principal office in Yuma County, Arizona.

2. **OTHER OFFICES.** The corporation may also maintain offices at such other place or places, either within or without the State of Arizona, as may be designated from time to time by the board of directors, and the business of the corporation may be transacted at such other offices with the same effect as that conducted at the principal office.

ARTICLE II
SHAREHOLDERS

1. **SHAREHOLDERS' MEETINGS.** All meetings of shareholders shall be held at such place as may be fixed from time to time by the board of directors, or in the absence of direction by the board of directors, by the president or secretary of the corporation, either within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

2. **ANNUAL MEETINGS.** Annual meetings of shareholders shall be held on the third Monday in January of each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting. At the annual meeting, shareholders shall elect a board of directors and transact such other business as may properly be brought before the meeting.

3. **NOTICE OF ANNUAL MEETING.** Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each shareholder of record entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of the meeting. Shareholders entitled to vote at the meeting shall be determined as of four (4) o'clock in the afternoon on the day before notice of the meeting is sent.

4. **LIST OF STOCKHOLDERS.** The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of shareholders, a complete list of the shareholders, entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder present.

5. **SPECIAL MEETINGS OF SHAREHOLDERS.** Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning a majority in amount of the entire capital stock of the corporation issued, outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

6. **NOTICE OF SPECIAL MEETINGS.** Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting to each shareholder of record entitled to vote at such meeting. Business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice. Shareholders entitled to vote at the meeting shall be determined as of four (4) o'clock in the afternoon on the day before notice of the meeting is sent.

7. **QUORUM AND ADJOURNMENT.** The holders of a majority of the shares issued, outstanding, and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the article or represented at any meeting of the shareholders, the shareholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting to another time or place, without notice other than announcement at the meeting at which adjournment is taken, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

8. **MAJORITY REQUIRED.** When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the articles of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

9. **VOTING.** At every meeting of the shareholders, each shareholder shall be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such shareholder, but no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period.

10. **ACTION WITHOUT MEETING.** Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding shares entitled to vote with respect to the subject matter of the action.

11. **WAIVER OF NOTICE.** Attendance of a shareholder at a meeting shall constitute waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any shareholder may waive notice of any annual or special meeting of shareholders by executing a written notice of waiver either before or after the time of the meeting.

12. **STOCK TRANSFER RESTRICTION.** No holder of common stock shall have the right or power to transfer, pledge, sell, or otherwise dispose of any of the shares of the common stock of the corporation, and unless such transfer be accomplished by right of inheritance or by operation of law, no transfer, pledge, sale, or other disposition thereof shall be valid and effective until the shares of common stock proposed to be transferred are first offered for sale to the other holders of common stock of the corporation ratably in accordance with their common stock holding for the price at which and under the terms on which such shares are proposed to be sold as evidenced by a bona fide offer to purchase. Such offer to the other holders of common stock of the corporation shall be made in writing, signed by such shareholder, and sent by certified or registered mail, return receipt requested, to the secretary of the corporation at its principal place of business, and such offer shall remain open for acceptance by the other shareholders of the corporation for a period of sixty (60) days from the date of mailing such offer. Immediately upon receipt of such offer, the secretary of the corporation shall forward copies thereof by certified or registered mail, return receipt requested, to each holder of common stock of record along with notification of the date such offer was mailed to the corporation. On or before the thirty-fourth (34th) day following

the date such offer was mailed to the corporation, each holder of common stock who elects to accept any part or all of his pro rata share of such offer shall so advise the secretary of the corporation by certified or registered mail, return receipt requested, and deposit with him anything necessary to effectuate such acceptance under the terms of the offer. On the thirty-fifth (35th) day following the day such offer was mailed to the corporation, the secretary of the corporation shall by certified or registered mail, return receipt requested, forward all such acceptances and deposits received by him to the selling shareholder and shall by certified or registered mail, return receipt requested, advise each holder of common stock as to the proportion of the offer, in terms of number and shares, which has not been accepted by shareholders. On or before the sixtieth (60th) day following the date the offer was mailed to the corporation, any holder of common stock on a first-come-first-serve basis may accept any unaccepted portion of the offer by advising the selling shareholder by certified or registered mail, return receipt requested, of the amount so accepted and delivering to him anything necessary to effectuate such acceptance under the terms of the offer. A reference to this section of these bylaws and the effect of the provisions contained herein shall be printed upon each certificate for common stock issued by the corporation and these provisions shall thereupon be a part thereof and binding upon each and every owner thereof regardless of how such common stock may be acquired. These provisions shall be binding also upon any personal representative or other legal representative of any holder of common stock in case of the transfer, pledge, or sale of any shares of common stock by any of these persons.

ARTICLE III **DIRECTORS**

1. **NUMBER.** The number of directors which shall constitute the whole board shall be not fewer than two (2) person nor more than five (5) persons. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2 of this article, and each director elected shall hold office until his or her successor is elected and qualifies. Directors need not be shareholders.
2. **VACANCIES.** Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, through not less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.
3. **POWERS.** The business and affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts as are not by statute, the articles of incorporation, or these bylaws directed or required to be exercised or done by the shareholders.
4. **PLACE OF MEETINGS.** The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Arizona.
5. **ANNUAL MEETINGS.** The first meeting of each newly elected board of directors shall be held immediately following the annual meeting of shareholders, and no notice to the newly elected directors of such meeting shall be necessary in order legally to hold the meeting, providing a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver by all of the directors.
6. **REGULAR MEETINGS.** Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.
7. **SPECIAL MEETINGS.** Special meetings of the board may be called by the president or the secretary on one (1) day's notice to each director, either personally, by mail, by telegram, or by telephone; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two (2) directors.

8. **QUORUM.** A majority of the membership of the board of directors shall constitute a quorum and the concurrence of a majority of those present shall be sufficient to conduct the business of the board, except as may be otherwise specifically provided by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors then present may adjourn the meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present.

9. **ACTION WITHOUT MEETING.** Unless otherwise restricted by the articles of incorporation of these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

10. **COMPENSATION.** The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. The amount or rate of such compensation of members of the board of directors or of committees shall be established by the board of directors and shall be set forth in the minutes of the board.

11. **WAIVER OF NOTICE.** Attendance of a director at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any director may waive notice of any annual, regular, or special meeting of directors by executing a written notice of waiver either before or after the time of the meeting.

ARTICLE IV **OFFICES**

1. **DESIGNATION OF TITLES.** The officers of the corporation shall be chosen by the board of directors and shall consist of a president, a vice president, a secretary and a treasurer. The board of directors may also choose a chairman of the board, additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices, except the offices of president and secretary, may be held by the same person, unless the articles of incorporation or these bylaws otherwise provide.

2. **APPOINTMENT OF OFFICES.** A board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice presidents, a secretary, and a treasurer, and may choose a chairman of the board, each of whom shall serve at the pleasure of the board of directors. The board of directors at any time may appoint such other officers and agents as it shall deem necessary to hold offices at the pleasure of the board of directors and to exercise such powers and perform such duties as shall be determined from time to time by the board.

3. **SALARIES.** The salaries of the officers shall be fixed from time to time by the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation. The salaries of the officers or the rate by which salaries are fixed shall be set forth in the minutes of the meetings of the board of directors.

4. **VACANCIES.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the board of directors at any time.

5. **CHAIRMAN OF THE BOARD.** The chairman of the board, if one shall have been appointed and be serving, shall preside at all meetings of the board of directors and shall perform such other duties as from time to time may be assigned to him or her.

6. **PRESIDENT.** The president shall preside at all meetings of shareholders, and if a chairman of the board shall not have been appointed or, having been appointed, shall not be serving or be absent, the president shall preside at all meetings of the board of directors. He or she shall sign all deeds and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the corporation, and shall act as operating and directing head of the corporation, subject to policies established by the board of directors.

7. **VICE PRESIDENTS.** There shall be as many vice presidents as shall be determined by the board of directors from time to time, and they shall perform such duties as from time to time may be assigned to them. Any one of the vice presidents, as authorized by the board, shall have all the powers and perform all the duties of the president in case of the temporary absence of the president or in case of his or her temporary inability to act, the office shall be declared vacant by the board of directors and a successor chosen by the board.

8. **SECRETARY.** The secretary shall see that the minutes of all meetings of shareholders, of the board of directors, and of any outstanding committees are kept. He or she shall be custodian of the corporation seal and shall affix it to all proper instruments when deemed advisable by him or her. He or she shall give or cause to be given required notices of all meetings or the shareholders and of the board of directors. He or she shall have charge of all the books and records of the corporation except the books of account, and in general shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned to him or her.

9. **TREASURER.** The treasurer shall have general custody of all the funds and securities of the corporation except such as may be required by law to be deposited with any state official. He or she shall see to the deposit of the funds of the corporation in such bank or banks as the board of directors may designate. Regular books of account shall be kept under his or her direction and supervision, and he or she shall render financial statements to the president, directors, and shareholders and proper times. The treasurer shall have charge of the preparation and filing of such reports, financial statements, and returns as may be required by law. He or she shall give to the corporation such fidelity bond as may be required, and the premium therefor shall be paid by the corporation as an operating expense.

10. **ASSISTANT SECRETARIES.** There may be such number of assistant secretaries as from time to time the board of directors may fix, and such persons shall perform such functions as from time to time may be assigned to them. No assistant secretary shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state or city government.

11. **ASSISTANT TREASURERS.** There may be such number of assistant treasurers as from time to time the board of directors may fix, and such persons shall perform such functions as from time to time may be assigned to them. No assistant treasurer shall have the power or authority to collect, account for, or pay over any tax imposed by any federal, state, or city government.

ARTICLE V **CONTRACTS, LOANS, CHECKS, DEPOSITS, AND FISCAL YEAR**

1. **CONTRACTS.** The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

2. **LOANS.** No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority

may be general or confined to specific instances.

3. **CHECKS AND DRAFTS.** All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

4. **DEPOSITS.** All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

5. **FISCAL YEAR.** The fiscal year of the corporation shall commence on January 1 and end on December 31 of each year.

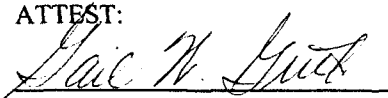
ARTICLE VI
REPEAL, ALTERATION OR AMENDMENT

These bylaws may be repealed, altered, or amended, or substitute bylaws may be adopted at any time only by a majority of the board of directors.



John W. Guth, President

ATTEST:



Gail W. Guth, Secretary

ATTACHMENT "G"

PUBLIC NOTICE OF AN
APPLICATION FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY
BY
MARTINEZ LAKE SEWER COMPANY

PUBLIC NOTICE OF AN APPLICATION
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
BY MARTINEZ LAKE SEWER COMPANY

Martinez Lake Sewer Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide sewer service to an area in which records indicate that you are a property owner. If the application is granted, Martinez Lake Sewer Company would be the exclusive provider of sewer service to the proposed area. Martinez Lake Sewer Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 W. Washington Street and at Martinez Lake Sewer Company, Star Route # 4, Box 41, Martinez Lake, AZ 85365.

The Commission will hold a hearing on this matter. As a property owner you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 W. Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000/400 W. Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148.

ATTACHMENT "H"

CONSTRUCTION COST ESTIMATE

Response to T 5 and 6

CONSTRUCTION COST ESTIMATE (PRELIMINARY)

PROJECT: MARTINEZ LAKE SEWER

DATE:

6/10/2002

ITEM DESCRIPTION NO.	TOTAL QUANTITY	UNIT	UNIT COST	TOTAL AMOUNT
1 8" Sewer Line	5,500	L.F.	17.00	93,500.00
2 Manholes	29	EA.	3,000.00	87,000.00
3 4" Sewer Service	200	EA.	300.00	60,000.00
4 3" Force Main	845	L.F.	7.00	5,915.00
5 4" Force Main	375	L.F.	8.50	3,187.50
6 6" Force Main	2,800	L.F.	10.00	28,000.00
7 Small Lift Station	2	EA.	30,000.00	60,000.00
8 Big Lift Station	1	EA.	60,000.00	60,000.00
SUB-TOTAL =				\$397,602.50
Engineering & Contingency 25% =				\$99,400.63
TOTAL =				\$497,003.13