

Rocky Lake



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NEW APPLICATION

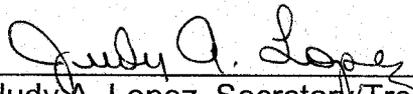
AZ CORP COMMISSION  
DOCUMENT CONTROL

May 29, 2003

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington  
Phoenix, Arizona 85007

W-01498A-03-0353

Attached is an application by Rocky Lake Water Company for the approval of the sale of assets and for the cancellation of the Certificate of Convenience and Necessity.

  
\_\_\_\_\_  
Judy A. Lopez, Secretary/Treasurer

Arizona Corporation Commission  
DOCKETED

MAY 30 2003

DOCKETED BY 

**ARIZONA CORPORATION COMMISSION**

**APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR  
FOR CANCELLATION OF THE CERTIFICATE OF CONVENIENCE  
AND NECESSITY**

**WATER AND/OR SEWER**

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

ROCKY LAKE WATER COMPANY

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P.O. Box 1020, Apache Junction, AZ 85217 (480) 677-6080

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B. If doing business under a name other than the Applicant name, specify

N/A

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C. The Applicant is a:

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

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

Charles Hultstrand  
\_\_\_\_\_  
151 N. Country Club Drive  
\_\_\_\_\_  
Mesa, AZ 85201-6521 (480) 461-9000  
\_\_\_\_\_

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

Fred T. Wilkinson or Judy A. Lopez  
\_\_\_\_\_  
P.O. Box 1020  
\_\_\_\_\_  
Apache Junction, AZ 85217-1020 (480) 677-6080  
\_\_\_\_\_

F. The name, address and telephone number of the Purchaser is:

Gila Resources, Inc.  
\_\_\_\_\_  
405 W. Discovery Park Boulevard  
\_\_\_\_\_  
Safford, AZ 85546 (928) 348-3143  
\_\_\_\_\_

G. List the name and telephone number of the purchaser's representative.

Mr. Kenneth D. Mecham (928) 348-3143  
\_\_\_\_\_

H. The Purchaser is a:

<p><u>    </u> Municipality <u>    </u> Improvement District <input checked="" type="checkbox"/> Other <u>    </u> Wholly Owned Subsidiary of the City of Safford, Arizona _____ _____</p>
--

I. The purpose for the sale and/or cancellation is due to:

Negotiated Sale of Asset      Condemnation      Other  
\_\_\_\_\_  
\_\_\_\_\_

J. Provide a copy of the following documents:

1. Sales or purchase agreement
2. Court order (if condemnation)
3. Corporate Resolution authorizing the liquidation of the assets, if required by the Articles of Incorporation

K. Have all customer security deposits been refunded? Yes \_\_\_ No X. If no, mark the block below that describes the proposed disposition of security deposits.

X All security deposits will be refunded prior to or at time of closing.

\_\_\_ All security deposits will be transferred to the Purchaser for refund pursuant its terms and conditions.

\_\_\_ Other (explain).

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L. Are there any refunds due on Main Extension Agreements? Yes X No \_\_\_. If Yes, mark the block below which describes the proposed disposition of the refunds.

\_\_\_ Applicant will continue to refund after the transfer. (Explain method of refunding)

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X Purchaser will assume the refunding obligations in accordance with the terms of the main extension agreement.

\_\_\_ Applicant will make a full refund will be made at closing.

\_\_\_ Other (explain).

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M. (WATER ONLY) Are there any refunds due on meter and service line installations?  
Yes  No  If Yes, mark the block below which describes the proposed disposition of  
refunds.

Applicant will continue to refund after the transfer pursuant to Commission Rules.

Purchaser will assume the refunding obligations in accordance with Commission Rules.

Applicant will make a full refund at closing.

Other (explain).

DATED the 29<sup>th</sup> day of May, 2003

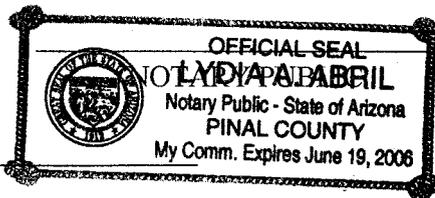
Judy A. Lopez  
(Signature of Authorized Representative of Applicant)

Judy A. Lopez  
(Type or Print Name Here)

Secretary/Treasurer  
(Title)

SUBSCRIBED AND SWORN to before me on this 29<sup>th</sup> day of June, 2003

My Commission Expires \_\_\_\_\_



## PURCHASE AGREEMENT

This PURCHASE AGREEMENT ("Agreement") is entered into as of the 28<sup>th</sup> day of May, 2003, between Gila Resources, Inc., an Arizona nonprofit corporation ("Buyer"), and Rocky Lake Water Company, an Arizona corporation ("Seller").

## RECITALS:

A. Seller desires to sell, and Buyer desires to purchase, certain assets of the Seller as more fully described herein, on the terms and subject to the conditions set forth in this Agreement.

B. Buyer has the power of eminent domain and would acquire the assets of Seller for a public use through a condemnation proceeding if this Agreement were not entered into. This Agreement is entered into for the convenience of the parties under the threat, and in lieu, of condemnation of Seller's assets by Buyer.

The parties agree as follows:

ARTICLE I  
PURCHASE AND SALE OF ASSETS

Section 1.1 Assets To Be Acquired. Subject to all of the provisions hereof, Seller agrees to sell, assign, convey and deliver to Buyer, and Buyer agrees to purchase, acquire and accept from Seller, all of Seller's right, title and interest in and to all of Seller's assets (except the Excluded Assets as defined below) which are owned or controlled by Seller and related to providing water to the customers of Rocky Lake Water Company (the "Assets"), free and clear of all Liens (as defined below). The Assets include those specifically listed on Exhibit A, which include the following:

1.1.1 All of the wells, well equipment, casings, storage tanks, pipelines, pumps, valves, equipment, tools, repair and replacement parts, inventories, materials, supplies, spare parts, and other tangible assets related to the business known as Rocky Lake Water Company operated by Seller;

1.1.2 All of the specifications, plans, drawings, all water quality test information required by the Arizona Department of Environmental Quality (ADEQ) Regulation R18-4-103 [Recordkeeping Requirements] and other operational, maintenance and technical data and information, and all other intangible assets related to the Assets;

1.1.3 All customer lists, financial, and other books and records related to the Assets, and all customer deposits, other deposits, prepaid items and refunds;

1.1.4 All rights under or pursuant to all warranties, representations, guarantees and service contracts made by suppliers, manufacturers and contractors in connection with the Assets; and

1.1.5 All of that certain real property described on Exhibit A hereto, together with all improvements thereon and all appurtenances thereto (the "Real Property").

Section 1.2 Excluded Assets. Seller shall not sell, and Buyer shall not purchase, the following assets (the "Excluded Assets"): (i) cash and cash equivalents held by or for Seller as of the Closing Date, except customer deposits; (ii) Seller's charter documents and corporate records; and (iii) all of Seller's rights to payment for services rendered by Seller to customers of Seller prior to and on the Closing Date, whether or not such customers have been billed for such payment prior to the Closing Date (the "Receivables").

Section 1.3 Assumed Liabilities. Buyer shall assume, perform and in due course pay and discharge the obligations and liabilities of Seller (the "Assumed Liabilities"), if any, set forth on Schedule 1.3. Schedule 1.3 will be amended as of the Closing Date to include all meter advance credits, all main extension agreements, and all customer deposits as Assumed Liabilities. The full amount of such meter advance credits and customer deposits only shall be credited against the Purchase Price.

Section 1.4 Excluded Liabilities. Buyer shall not assume or become liable, in any manner, for any obligations, liabilities or indebtedness of Seller, whether due or to become due, asserted or unasserted, accrued or unaccrued, liquidated or unliquidated, contingent, executory or otherwise, known or unknown, howsoever or whenever arising (the "Excluded Liabilities"), which are not expressly assumed by Buyer under Section 1.3 above. Notwithstanding any other provision of this Agreement, Buyer does not, and shall not be deemed to, assume or become liable in any manner for any claims, obligations, liabilities, damages, injuries, losses, costs or expenses of any kind or nature whatsoever arising from or related, directly or indirectly, to the quantity or quality of water delivered by Seller to any person or property prior to Closing.

Section 1.5 Governmental Approvals; Conditions to Closing. Promptly after the execution of this Agreement, Seller shall commence a proceeding before the Arizona Corporation Commission ("ACC") requesting termination or relinquishment of its certificate of convenience and necessity ("CC&N"). Seller shall diligently pursue the proceeding until it obtains a final, nonappealable order of the ACC terminating or relinquishing its CC&N. Buyer shall reasonably cooperate with Seller in the proceeding. Seller shall cooperate with Buyer to obtain any necessary approvals of the Arizona Department of Environmental Quality and any other Governmental Authority whose consent or approval may be necessary to add the Assets to Buyer's water system and serve the customers thereof. Termination of Seller's CC&N and the securing of any other necessary approvals by Buyer shall be conditions to Buyer's obligation to close this transaction.

## ARTICLE II

### CLOSING; PURCHASE PRICE

Section 2.1 Closing. The closing ("Closing") of the transactions contemplated herein shall take place no later than ten (10) days after the conditions set forth in Section 1.5 above are satisfied, or such other date agreed to in writing by Buyer and Seller (the "Closing Date").

Section 2.2 Purchase Price and Payment.

2.2.1 Amount. Buyer will pay to Seller a purchase price in the amount as calculated herein (the "Purchase Price"), payable in cash or cash equivalent at Closing. The Purchase Price will be calculated by multiplying One Thousand One Hundred Fifty Dollars (\$1,150.00) times the number of connections as of the Closing Date.

2.2.2 Allocation. The Purchase Price shall be allocated as follows (the "Allocation"), which Allocation was determined pursuant to arm's length bargaining between Buyer and Seller regarding the fair market value for the Assets. The amount of \$983.50 per connection represents the intangible value the Buyer assigns based on the net present value of future cash flows the Buyer expects from these connections. The amount of \$166.50 per connection represents the tangible assets. Buyer and Seller shall report the sale and purchase of the Assets for all income tax purposes in a manner consistent with the Allocation and shall not make any allocation of the Purchase Price which is contrary to the Allocation.

Section 2.3 Transfer of Title. At the Closing, title to, possession of, and risk of loss of all of the Assets shall pass to Buyer. Seller has all risk of loss prior to Closing.

### ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Buyer as of the date hereof and as of the Closing Date:

Section 3.1 Organization and Qualification. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona.

Section 3.2 Authorization. Seller has all requisite power and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, consummation and performance of this Agreement have been duly authorized and approved by all necessary corporate action of Seller. This Agreement is a valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms.

Section 3.3 No Breach or Violation; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, (i) will violate any applicable law, permit or order of any Governmental Authority, (ii) will violate, conflict with, be a default under or result in any breach of the terms of Seller's articles of incorporation, bylaws, or other governing documents, or any contract or arrangement of any kind to which Seller is a party or by which Seller or any of the Assets is bound; or (iii) will result in the creation or imposition of any Lien with respect to the Assets.

Section 3.4 Third Party Consents. The approval of the Arizona Corporation Commission is the only approval, authorization, certificate or consent of any third party, including Governmental Authorities, necessary or required to effect the transfer to Buyer of all the Assets.

Section 3.5 Title and Condition of Assets.

3.5.1 Title. At Closing, Seller will convey good and marketable title to each of the Assets to Buyer, free of Liens.

3.5.2 Condition of Assets. Seller shall, at Seller's expense, repair or replace, as necessary, any tangible Assets through the Closing. The parties shall do an inspection of the tangible Assets within the ten (10) day period prior to the Closing Date to identify any final repairs and replacements to be performed by Seller.

Section 3.6 Litigation; Disputes. There are no claims, disputes, actions, suits, investigations or proceedings pending or, to the best of Seller's knowledge, threatened against or affecting Seller or the Assets, and to the best of the knowledge of Seller, there is no basis for any such claim, dispute, action, suit, investigation or proceeding. Seller is not in default in respect of any notice of violation or other order of any Governmental Authority with respect to the Assets.

Section 3.7 Compliance with Applicable Law. Seller is in full compliance with all applicable federal, state and local laws (including common law), permits, judgments, orders, or decrees, including without limitation any of the foregoing relating in any manner to safe drinking water, the protection of human health or the environment, public health and safety, or employee health and safety ("Applicable Laws"). Seller has no knowledge of any basis for assertion against Buyer or Seller of any claim of violation of any Applicable Laws or for any claim for compensation, damages or penalties arising out of any Applicable Laws.

Section 3.8 Brokers. Seller has not become obligated to pay any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement and shall indemnify and hold harmless Buyer against any claim of same.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller, as of the date hereof, and as of the Closing Date:

Section 4.1 Authorization. Buyer has all requisite power and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, consummation and performance of this Agreement have been duly authorized and approved by all necessary actions of Buyer, including formal approval of the Board of Directors of Buyer. This Agreement is a valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms.

Section 4.2 Brokers. Buyer has not become obligated to pay any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement and shall indemnify and hold harmless Seller against any claim of same.

ARTICLE V  
COVENANTS

Section 5.1 Administration of Receivables. The parties shall read all customer meters and agree upon all meter readings on the Closing Date. After the Closing, Seller and Buyer shall cooperate with respect to payments made in the ordinary course by any third party so that Seller and Buyer each receive the third party payments appropriately payable to them under this Agreement. Without limiting the generality of the foregoing, Buyer shall do all billings and collections after the Closing and shall use diligent efforts to collect all Receivables due from customers to Seller, including termination of service; provided, however, that Buyer shall not be required to commence legal proceedings for the collection of any Receivables. All monies Buyer receives from a customer shall be applied first to any debt such customer owes Seller and shall be promptly paid by Buyer to Seller.

Section 5.2 Tax and Other Matters.

5.2.1 Seller Obligations. Seller shall pay all taxes and costs relating to the Assets for the period up to and including the Closing Date.

5.2.2 Buyer Obligations. Except as otherwise provided herein, Buyer shall pay all taxes and costs relating to the Assets for the period after the Closing Date.

Section 5.3 Employees of Seller. Seller shall, at Seller's sole cost and expense, terminate the employment of all employees of Seller effective upon Closing. Seller shall retain and perform any and all monetary and other obligations to such employees incurred prior to the Closing or by reason of such termination (the "Employment Obligations").

Section 5.4 Further Assurances. From time to time after the Closing, Seller will, at its own expense, execute and deliver such documents to Buyer as Buyer may reasonably request, and Buyer will, at its own expense, execute and deliver such documents to Seller as Seller may reasonably request, in order to more effectively consummate the transactions contemplated by this Agreement.

ARTICLE VI

ESCROW, TITLE POLICY AND BUYER INVESTIGATION

Section 6.1 Escrow. The Escrow for this transaction shall be established with Safford Title Agency, 811 W. South Court Street, Safford, Arizona 85546 (the "Escrow Agent"). This Agreement constitutes escrow instructions to the Escrow Agent and a copy shall be deposited with Escrow Agent for this purpose. Should Escrow Agent require the execution of its standard form printed escrow instructions, Buyer and Seller agree to execute same; however, such escrow instructions shall be construed as applying only to Escrow Agent's engagement, and if there are conflicts between the terms of this Agreement and the terms of the printed escrow instructions, the terms of this Agreement shall control. The printed escrow instructions shall not be deemed to modify this Agreement. Escrow shall be deemed open on the date (the "Opening Date") when a copy of this fully executed Agreement has been delivered to Escrow Agent. Escrow Agent shall advise Buyer and Seller in writing of the Opening Date.

Section 6.2 Escrow Cancellation Charges. If the Escrow fails to close because of Seller's default, Seller shall be liable for all customary escrow cancellation charges. If the Escrow fails to close because of Buyer's default, Buyer shall be liable for all customary escrow cancellation charges. If the Escrow fails to close for any other reason, Seller and Buyer shall each be liable for one-half (1/2) of all customary escrow cancellation charges.

Section 6.3 Survey. Within thirty (30) days after the Opening Date, Seller, at Seller's expense, shall have a surveyor replace any missing pins or other markers marking the boundaries of the Real Property.

Section 6.4 Buyer's Investigation Contingency. Buyer shall have the right to investigate and inspect the Assets and otherwise satisfy itself that the Assets are satisfactory and suitable for its intended use. In the event that Buyer, in its sole discretion, is unsatisfied with any such matter, Buyer may cancel this Agreement by giving written notice of cancellation to Seller and Escrow Agent no later than thirty (30) days after the Opening Date (the "Risk Date"), and this Agreement shall terminate without further obligation or liability by either party hereto. Buyer agrees to indemnify and hold harmless Seller for, from and against any and all injury, loss, cost, liability or expense to person or property arising out of Buyer's exercise of the rights granted by this paragraph.

Section 6.5 Preliminary Title Report.

6.5.1 Upon the Opening Date, Seller shall instruct Escrow agent to cause Title Insurer to issue a preliminary title report for insurance on the Property (the "Title Report"). A copy of the Title Report and copies of all items shown as exceptions therein shall be delivered to Buyer and Seller. Buyer shall have until the Risk Date to approve or disapprove the condition of title to the Property.

6.5.2 If Title Insurer issues a supplemental or amended Title Report on or before the Closing (an "Amended Report"), showing additional title exceptions or requirements not caused or to be satisfied by Buyer, Buyer shall have a period of time equal to ten (10) business days from the date of receipt of an Amended Report and legible copies of all additional title exceptions therein in which to give Seller and Escrow Agent specific written disapproval as to any additional exceptions or requirements.

6.5.3 If Buyer disapproves of any exception to title or requirement as shown in a Title Report or Amended Report, Seller shall have until the Closing to eliminate the disapproved matter(s) or obtain title insurance endorsements against such matters. If Seller is unable to reasonably eliminate an exception to title to which Buyer has objected, and Buyer is not willing, in Buyer's sole discretion, to waive Buyer's disapproval of such exception, then Seller may cancel this Agreement without incurring any liability to Buyer as a result of this Agreement. If Buyer does not object to any exceptions to title or requirements as disclosed by a Title Report or Amended Report within the applicable time period, such matter shall be deemed to have been approved by Buyer.

Section 6.6 Title Policy.

6.6.1 At the Close of Escrow, Seller shall provide Buyer with a standard coverage owner's policy of title insurance (or an unconditional commitment of the Title Insurer to issue such policy) issued by ("Title Insurer"), in the full amount of the sales price of the Real Property, insuring Buyer that fee simple title to the Property is vested in Buyer, subject only to the usual printed exceptions and exclusions contained in such title insurance policies, to the matters shown on the Title Report or any Amended Report approved or deemed approved by Buyer, and to any other matters approved in writing by Buyer.

6.6.2 Seller shall only pay the premium for a standard coverage owner's policy. If Buyer elects to obtain extended coverage title insurance, Buyer shall be responsible for satisfying, at its sole cost and expense, all of Title Insurer's requirements for extended coverage and Buyer shall pay the difference between the premium for such a policy and the premium for a standard coverage owner's policy. Further, Buyer shall be responsible to pay any endorsements required by Buyer.

Section 6.7 Closing Costs and Prorations.

6.7.1 Upon the Close of Escrow, Seller and Buyer each agree to pay one-half (1/2) of the Escrow charges.

6.7.2 All real and personal property taxes and assessments related to the Assets shall be prorated as of the Closing. Any other closing costs shall be paid by Buyer and Seller according to the usual and customary practice in Graham County, Arizona.

6.7.3 All Closing costs payable by Seller shall be deducted from Seller's proceeds at the Close of Escrow. On or before the Close of Escrow, Buyer shall deposit with Escrow Agent cash in an amount sufficient to pay all Closing costs payable by Buyer.

Section 6.8 Certification as to "Non-Foreign" Status. At the Closing, Seller shall deliver to Buyer a certification, signed and acknowledged by Seller under penalties of perjury, certifying that Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign person within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986 and the Treasury Regulations hereunder.

*[Handwritten signature]*  
*[Handwritten signature]*  
May 28, 2003

ARTICLE VII  
SELLER'S CLOSING REQUIREMENTS

Section 7.1 Deliveries. At Closing, Seller shall deposit into Escrow for delivery to Buyer Seller's fully executed:

7.1.1.1 General warranty deed with respect to the Real Property (the "Deed").

7.1.1.2 Title policy required by this Agreement.

7.1.1.3 Non-Foreign Affidavit required by this Agreement.

7.1.1.4 Bill of Sale with respect to the non-realty Assets in substantially the form attached hereto as Exhibit B.

7.1.1.5 All other documents contemplated by the terms of this Agreement to be executed and delivered by Seller.

7.1.1.6 All customer deposits and meter advance credits (which shall be credited against the Purchase Price rather than physically deposited into Escrow) and a current list of all customers' names and addresses.

ARTICLE VIII  
BUYER'S CLOSING REQUIREMENTS

Section 8.1 Deliveries. At Closing, Buyer shall deposit into Escrow for delivery to Seller:

8.1.1.1 Cash or cash equivalent in an amount equal to the Purchase Price.

ARTICLE IX  
INDEMNIFICATION

9.1.1 Survival of Representations and Warranties, Covenants and Indemnities. All representations and warranties and each covenant and indemnification provision contained herein, or in any Exhibit or Schedule hereto, shall survive Closing and remain in full force and effect in accordance with its terms. Each indemnification provision contained herein shall survive any cancellation or termination of this Agreement.

9.1.2 Indemnification By Seller. Seller shall indemnify, defend and hold Buyer harmless for, from and against all losses, damages, injuries, liabilities, claims, penalties, costs and expenses of any nature whatsoever (including without limitation the costs and expenses of any and all investigations, suits, other proceedings, and reasonable attorneys' and others fees in connection therewith) ("Losses") resulting from, arising out of, or due to, directly or indirectly: (i) any inaccuracy or misrepresentation in, or breach or nonfulfillment of, any representation or warranty of Seller, or any breach or nonfulfillment of any covenant of Seller, contained in this

Agreement, including any Exhibit or Schedule delivered hereunder by Seller; and (ii) any and all Employment Obligations and Excluded Liabilities (whether or not disclosed to Buyer); and (iii) the use, ownership or operation of the Assets prior to the Closing.

9.1.3 Proof of General Liability Insurance. Seller represents and warrants to Buyer that Seller has maintained an occurrence based general liability insurance policy(ies) with continual minimum liability coverage of \$1,000,000 for each occurrence for at least the last five years prior to closing. Copies of the policies are attached hereto as Schedule 9.1.3.

9.1.4 Indemnification By Buyer. After the Closing Date, Buyer shall indemnify, defend and hold Seller harmless for, from and against any and all Losses resulting from, arising out of, or due to, directly or indirectly: (i) any and all Assumed Liabilities; and (ii) the use, ownership or operation of the Assets after the Closing.

## ARTICLE X CERTAIN DEFINITIONS

The following terms when used in this Agreement shall have the meanings assigned to them below:

"Governmental Authority" means any government, whether federal, state or local, or any other political subdivision thereof, or any agency, tribunal or instrumentality of any such governmental or political subdivision, or any other person or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Lien" means any mortgage, pledge, hypothecation, assignment, judgment or other monetary encumbrance, claim, charge, lien (statutory or otherwise) or security interest of any kind or nature whatsoever.

## ARTICLE XI MISCELLANEOUS

Section 11.1 Expenses. Except as otherwise provided in this Agreement, each of the respective parties to this Agreement shall pay their own costs and expenses (including all legal, accounting, broker, finder and investment banker fees) relating to this Agreement, the negotiations leading up to this Agreement, and the transactions contemplated by this Agreement. Notwithstanding the foregoing, Buyer agrees to pay Seller Fourteen Thousand Three Hundred Sixty Dollars and Fifteen Cents (\$14,360.15) prior to Closing as reimbursement for Seller's past rate increase activity. Seller acknowledges that Buyer has already paid Seller Ten Thousand Dollars (\$10,000.00) of such amount prior to the date of this Agreement, leaving a balance due prior to Closing of Four Thousand Three Hundred Sixty Dollars and Fifteen Cents (\$4,360.15). This obligation is separate from, and in addition to, the Purchase Price stated herein under Section 2.2.1.

Section 11.2 Amendment. This Agreement shall not be amended or modified except by a writing duly executed by Seller and Buyer.

Section 11.3 Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, contains all of the agreements of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and negotiations of the parties, oral or written, respecting such subject matter.

Section 11.4 Notices. All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered by hand or by facsimile (with machine confirmation) to the persons identified below, or three (3) days after mailing if mailed by certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

If to Buyer:

Gila Resources, Inc.  
405 W. Discovery Park Blvd.  
Safford, AZ 85546  
Attn: Kenneth Mecham, CEO  
FAX: (928) 348-3150

With a copy to:

Moyes Storey, Ltd.  
3003 N. Central Ave., Suite 1250  
Phoenix, AZ 85012  
Attn: Jeff Zimmerman, Esq.  
FAX: (602) 274-9135

If to Seller:

Rocky Lake Water Company  
Attn: Fred T. Wilkinson  
P.O. Box 1020  
Apache Junction, Arizona 85217  
FAX: (480) 677-6082

With a copy to:

Charles Hultstrand, Esq.  
Hultstrand & Goodale P.C.  
151 N. Country Club Drive  
Mesa, Arizona 85201  
FAX: (480) 461-8543

Such addresses may be changed, from time to time, by means of a notice given in the manner provided herein. Copies to counsel shall not constitute notice.

Section 11.5 Severability. If any provision of this Agreement is held to be invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 11.6 Limits on Remedies. Except as provided in Section 9.1 above with respect to indemnification provisions surviving termination of the Agreement: (i) Seller's sole remedy in the event of any breach of this Agreement by Buyer shall be to cancel this Agreement by written notice to Buyer and Escrow Agent, in which event neither party has any further liability or obligation to the other party related to this Agreement; and (ii) Buyer's sole remedy in the event of any breach of this Agreement by Seller shall be to cancel this Agreement by written notice to Seller and Escrow Agent and receive liquidated damages from Seller in the amount of One Thousand Dollars (\$1,000.00), which amount Seller and Buyer acknowledge constitutes fair compensation to Buyer, in which event neither party has any further liability or obligation to the other party related to this Agreement. In no event shall either party be entitled to claim any punitive, incidental, speculative or consequential damages.

Section 11.7 Waiver. Waiver of any provision of this Agreement by either of the parties shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach or failure of the same provision, or a waiver of any other provision, of this Agreement.

Section 11.8 Binding Effect: Assignment. No party to this Agreement may assign or delegate, by operation of law or otherwise, all or any portion of its rights, obligations or liabilities under this Agreement without the prior written consent of the other party to this Agreement, which it may withhold in its absolute discretion. Except as limited in the proceeding sentence, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

Section 11.9 Counterparts. This Agreement may be signed in any number of counterparts, and all such counterparts together shall be deemed an original of this Agreement.

Section 11.10 Governing Law: Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Suit to enforce any provision of this Agreement or to obtain any remedy with respect hereto may be brought in Superior Court, Graham County, Arizona, and each party hereto expressly and irrevocably consents to the jurisdiction of said Court.

Section 11.11 Construction. The headings used herein are for the purposes of convenience only and shall not be read or interpreted as having any meaning or effect. Exhibits and Schedules referred to herein are hereby incorporated into and made part of this Agreement. In interpreting any provision of this Agreement no presumption shall be drawn against the party drafting the provision.

Section 11.12 Attorneys' Fees. In the event of any action arising out of this Agreement, the prevailing party shall be entitled to recover its costs, expenses and reasonable attorney's fees incurred in connection with the dispute from the other party.

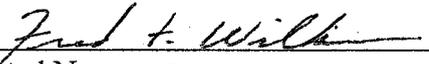
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

GILA RESOURCES, INC., an Arizona  
nonprofit corporation

By:   
Kenneth Mecham  
Its: Chief Executive Officer

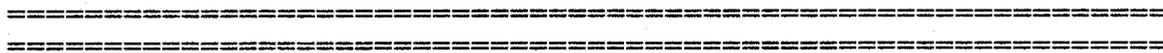
"Buyer"

ROCKY LAKE WATER COMPANY, an  
Arizona corporation

By:   
Printed Name: FRED T. WILKINSON  
Its: PRESIDENT

"Seller"

**EXHIBIT A**



SCHEDULE OF REAL PROPERTY DEEDS TO BE CONVEYED TO  
GILA RESOURCES, INC.

=====

Section 1.1.1 ASSETS TO BE ACQUIRED

WELL #	APN #	LOCATION
1	106-20-193	Lot 173 Thunderbird Hills #2*
2	106-20-025B	Lot 5 Thunderbird Hills
3	106-26-400A	Lot 400 Thunderbird Valley*
4	106-20-328B	Tract H Thunderbird Hills #1
5	106-20-186B	Lot 166 Thunderbird Hills #2**
6	106-20-088	Lot 68 Thunderbird Hills #2
7	106-26-491	Lot 491 Thunderbird Valley #2
	Reservoir 106-20-190B	Lot 170 Thunderbird Hills #2

\* Well is abandoned.

\*\* Backup well

Wells conveyed include all pumps, motors, casings, column pipe, electrical panels and plumbing.

All operational wells and the reservoir site are enclosed with a six foot high chain link fence.

SCHEDULE OF ASSETS TO BE CONVEYED TO GILA RESOURCES, INC.

---

Section 1.1 ASSETS TO BE ACQUIRED

DISTRIBUTION SYSTEM TO BE CONVEYED TO GILA RESOURCES

25,804 feet 2" P.V.C. and steel pipe.

1,474 feet 3" P.V.C. pipe.

51,595 feet 4" P.V.C. and A.C.P. pipe.

49,604 feet 6" P.V.C. and A.C.P. pipe.

9,344 feet 8" P.V.C. and A.C.P. pipe.

Distribution system conveyed includes all service lines, meters, meter boxes, valves, fittings and fire hydrants.

MATERIALS TO BE CONVEYED TO GILA RESOURCES

BRASS

1 only 2" check valve  
2 ea. Y strainer  
2 ea. 1" caplock  
2 ea. 1" P.J. nut  
7 ea. 3/4" elbow  
2 ea. 1" elbow  
1 only 1" x 3/4" reducer  
1 only 1/2" tee  
1 only 3/4" X 6" nipple  
1 only 3/4" spigot  
1 only 1" x 1" tee  
4 ea. 1" close nipple  
1 only 1" close nipple

BRASS COUPLINGS - COPPER TUBE SIZE

1 only 3/4" coupling  
1 only 1" coupling  
1 only 1" x 1" P.J. coupling  
1 only 1" P.J. x fpt  
1 only 1" P.J. x mpt  
1 only 1" x 1 1/4" P.J. x mpt  
4 ea. 1" x 3/4" P.J. x mpt  
11 ea. 5/8 straight meter  
1 only 1" straight meter

BRASS FOR P.V.C.

2 ea. 1" P.J. coupling P.V.C. x P.V.C.  
1 only 1" P.J. coupling P.V.C. x fpt  
6 ea. 3/4" P.J. coupling P.V.C. x mipt  
11 ea. 1" P.J. coupling P.V.C. x ipt

BRASS SHUT OFF VALVES FOR P.V.C.

2 ea. 1" x 1" mpt  
1 only P.J. P.V.C. x P.V.C.  
1 only 3/4" x 5/8" P.V.C. x swivel (straight)  
3 ea. 3/4" x 5/8" P.V.C. x fpt (straight)  
2 ea. 1/2" x 5/8" P.V.C. swivel (angle)

CORP STOPS - COPPER TUBE SIZE

1 only 1 1/2"  
2 ea. P.J. x mpt  
2 ea. P.J.  
1 only 1" x 1 1/4" flare x mpt  
1 only 1" angle meter valve

P.V.C.

2 ea. compression coupling  
1 only 1 1/4" threaded cap  
2 ea. 1" threaded cap  
1 only 2" threaded cap  
1 only 3/4" threaded cap  
1 only 1 1/2" threaded male adapter  
4 ea. 1 1/2" fpt x soc union  
1 only 2" quick fix coupling  
1 only 2" x 1 1/2" reducer  
1 only 2" tee  
1 only 2" male adapter  
1 only 2" fpt x soc coupling  
3 ea. 2" coupling  
1 only 2" elbow  
1 only 1/2" compression coupling tee  
1 only 3/4" threaded elbow  
1 only 3/4" street elbow  
1 only 3/4" x 1/2" elbow  
2 ea. 1/2" threaded elbow  
2 ea. 1/2" elbow  
2 ea. 1/2" street elbow  
5 ea. 4" 90 elbow  
1 only 4" 45 bend  
1 only 6" 45 bend  
1 only 1/2" male adapter  
1 only 1" x 3/4" reducer  
1 only 4" coupling  
1 only 3" coupling

TAPPING SADDLES

7 ea. 6" x 1"  
12 ea. 4" x 1"  
1 only 2" x 3/4"

REPAIR COUPLINGS

4 ea. 6"  
3 ea. 3"  
1 only 4"  
7 ea. coupling gaskets (Misc. sizes)  
2 ea. 6" flange

REPAIR CLAMPS

4 ea. 4"  
3 ea. 6"  
3 ea. 3"  
1 only 8"

GALVANIZED

1 only 2" x 1" reducer  
1 only 1" plug  
1 only 1" threaded union  
3 ea. 1" x 1/2" reducer  
3 ea. 1/2" tee  
1 only 1" x 6" nipple  
5 ea. 1" x 3" nipple  
2 ea. 1" x 8" nipple  
2 ea. plug  
1 only 2" coupling  
1 only 2" x 6" nipple  
1 only 2" x 1" tee  
1 only 1 1/2" 45 elbow  
1 only 3/4" coupling  
1 only 1/2" nipple  
1 only 3/4" x 1/4" reducer  
1 only 1 1/2" x 4 1/2" nipple  
2 ea. 1 1/2" x 5" nipple  
3 ea. 1 1/2" x 6" nipple  
1 only 1 1/2" close nipple  
4 ea. 1 1/2" coupling  
3 ea. 1 1/2" elbow  
1 only 1 1/4" coupling  
1 only 1 1/2" plug

MISCELLANEOUS EQUIPMENT

1 only cement meter box  
6 ea. metal meter box lids  
5 ea. plastic meter box lids  
1 only 30" pipe wrench  
1 only main shutoff valve cover  
8 ea. cts inserts  
1 only 1" meter  
1 only 5/8" meter  
1 only metal brush  
2" x 1/8" x 30' insulating pipe wrap  
16 ea. rubber hose washers  
2 ea. nylon tape  
16 gage ty wire  
T.V. cable - 100 +/-  
2 ea. igloo coolers  
2 1/2 gallon weed sprayer  
3' x 2' cement mixing pan  
1 only pick axe  
1 only garden rake  
1 only leaf rake (broken handle)  
1 only garden hoe  
1 only weed eater  
1 only square shovel  
1 only round shovel  
1 only trench shovel  
1 only claw hammer

MISCELLANEOUS EQUIPMENT (Continued)

2 ea. Grip It strap wrench

15 ea. meter gaskets

Misc. P.V.C. pipe

Inventory of materials as of April 10, 2003. Materials used for repairs will be replaced in kind.

STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
ss. August 6, 19 73, at 11:45 A.M.

Fee No.: 5427

In Docket No. 205, Page 274, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:

Witness my hand and official seal.

Compared:

H. Lyle Grant  
County Recorder  
By Ethel Sherman  
Deputy Recorder

Photostated: -

Fee: \$ 4.00

Affidavit

I. R. S. \$

# Quit Claim Deed

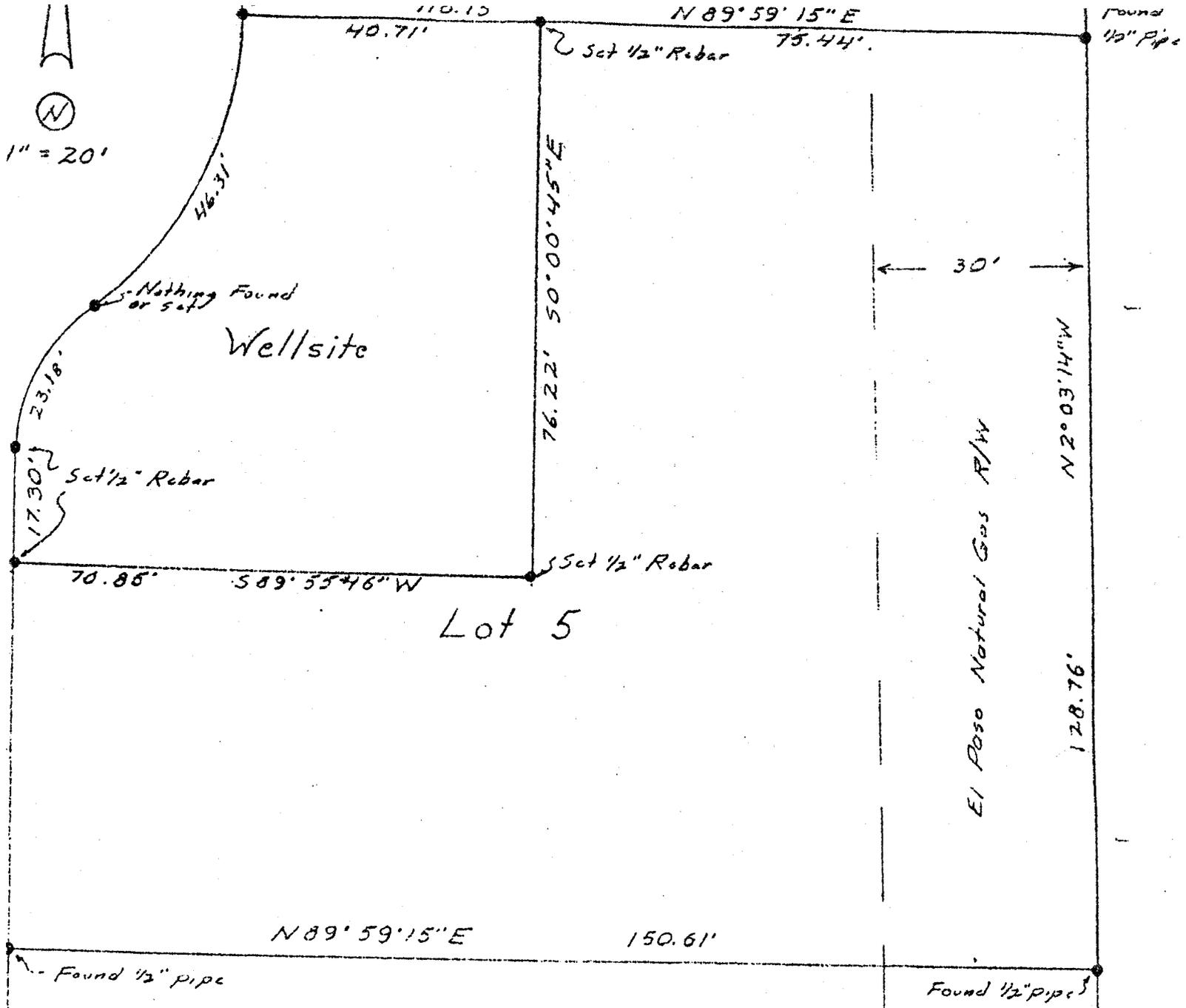
For the consideration of Ten Dollars, and other valuable considerations, I or we,  
hereby <sup>Joe S. Agers</sup>quit-claim to Shirley A Agers, husband & wife,

Rocky Lake Water Company, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit;

That part of Lot 5, Thunderbird Hills, a subdivision  
of part of Sections 19 & 20, Township 8 South, Range  
26 East, G & S R B & M, according to the plat thereof  
recorded in Cabinet of Plats at file 8-T1 of Public  
Records of Graham County, Arizona, as follows:

Beginning at a point on the North line of  
said Lot 5 that bears S 89 deg 59 min 15  
sec W 75.44' from the Northeast corner of  
said Lot 5; thence S 0 deg 00 min 45 sec  
E 76.22'; thence S 89 deg 55 min 46 sec  
W 70.85' to the West line of said Lot 5;  
thence N 6 deg 04 min 14 sec W along said  
West line a distance of 17.30'; thence  
continuing along said West line following  
a curve to the right a distance of 23.18';  
thence continuing along said West line

2# 72277



Survey of Wellsite on Lot 5, Thunderbird Hills  
Graham County, Arizona

Found 1/2" pipe



STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
August 6, 1973, at 11:45 A.M.

Fee No.: 2467

In Docket No. 205, Page 276, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:

Witness my hand and official seal.

Compared:

Photostated: 100

H. Lyle Grant

County Recorder

Fee: \$ 4.00

By

*Ethel Sherman*  
Deputy Recorder

Affidavit

E.R.S.

# Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
THUNDERBIRD VALLEY, INC., an Arizona corporation,  
hereby quit-claim to  
ROCKY LAKE WATER COMPANY, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit:

That part of Lot 170, Thunderbird Hills Unit 2, a  
subdivision of part of Sections 19 & 20, Township  
8 South, Range 26 East, G&SRB&M, According to the  
plat thereof recorded in Cabinet of Plats at File  
8-T5 of Public Records of Graham County, Arizona,  
described as follows:

Beginning at a point on the South line of  
said Lot 170 that bears N 89 deg 56 min  
30 sec E 66.89' from the Southwest corner  
of said Lot 170; thence N 0 deg 03 min 30  
sec W 37.94'; thence N 89 deg 56 min 30 sec  
E 60.71'; thence S 0 deg 03 min 30 sec E  
37.94' to said South line; thence S 89 deg  
56 min 30 sec W along said South line a  
distance of 60.71' to the point of beginning.

Dated this 20th day of July, 19 70

Thunderbird Valley, Inc.,

*Joe S Agers*  
Joe S Agers, President

STATE OF ARIZONA )  
County of Pima ) ss.

My commission expires:  
2-27-76

This instrument was acknowledged before me this  
20th day of June, 19 72, by

*Joe S Agers*  
*Anna Belle Shouse*  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

My commission expires:

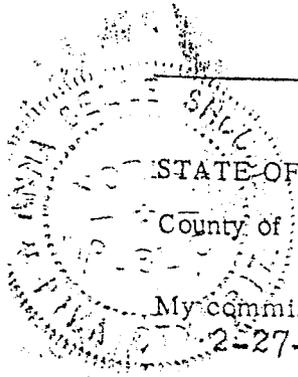
This instrument was acknowledged before me this  
day of , 19 , by

Notary Public

RESERVOIR

2-3560  
w/h  
500

16-20-190 B 9



STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
ss. August 6, 19 73, at 11:45 A.M.

Fee No.: 5426

In Docket No. 205, Page 212, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:

Witness my hand and official seal.

Compared:

H. Lyle Grant

County Recorder

Photostated:

Fee: \$11.00

By

Ethel Sherman  
Deputy Recorder

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
THUNDERBIRD VALLEY, INC., an Arizona corporation,

hereby quit-claim to

ROCKY LAKE WATER COMPANY, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit:

Lot 173, Thunderbird Hills, Unit Two, a sub-  
division of part of Sections 19 and 20, Township  
8 South, Range 26 East, G & S R B & M, according  
to the plat thereof recorded in Cabinet of Plats  
at File 8-T5 of Public Records of Graham County,  
Arizona.

Dated this 24th day of March, 19 71

Thunderbird Valley, Inc.,

Joe S. Agers  
Joe S Agers, President

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
4th day of April, 19 72, by

Joe S. Agers

My commission expires:  
2-27-76

Anna Belle Shouse  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

This instrument was acknowledged before me this  
day of , 19 , by

My commission expires

DOCKET 205 PAGE 273

Notary Public

1# 72209

STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
ss. July 13, 1973, at 3:00 P. M.

rec. no.: 4103

In Docket No. 203, Page 563, at the request of Rocky Lake Water Co.

When recorded mail to:

Rocky Lake Water Co.  
3145 N Sioux Ave  
Tucson Arizona 85705

Witness my hand and official seal.

H. Lyle Grant

County Recorder

By [Signature]

Deputy Recorder

Indexed:

Compared:

Photostated:

Fee: \$ 4.00

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we, THUNDERBIRD VALLEY, INC., an Arizona corporation, hereby quit-claim to ROCKY LAKE WATER COMPANY, an Arizona corporation, all right, title, or interest in the following real property, to-wit;

That part of Lot 400, Thunderbird Valley, a subdivision of part of Section 17, Township 8 South, Range 26 East, G & S R B & M, according to the plat thereof recorded in Cabinet of Plats at File 8-T3 of Public Records of Graham County, Arizona, as follows:

Beginning at a point S 37 deg. 49 min. 11 sec. E 10.01' from the Northernmost corner of Lot 400, Thunderbird Valley; thence S 46 deg. 45 min. 50 sec. E 40.20'; thence S 48 deg. 55 min. 50 sec. W 135.42'; thence N 41 deg. 04 min. 10 sec. W 40'; thence N 48 deg. 55 min. 50 sec. E 131.43' to the point of beginning.

Dated this 20th day of June, 1972

Thunderbird Valley, Inc.,

[Signature]  
Joe S Agers, President

STATE OF ARIZONA )  
                          ) ss.  
County of Pima )

This instrument was acknowledged before me this 20th day of June, 1972, by

My commission expires: 2/27/76

[Signature]  
Notary Public

STATE OF ARIZONA )  
                          ) ss.  
County of )

This instrument was acknowledged before me this day of , 19 , by

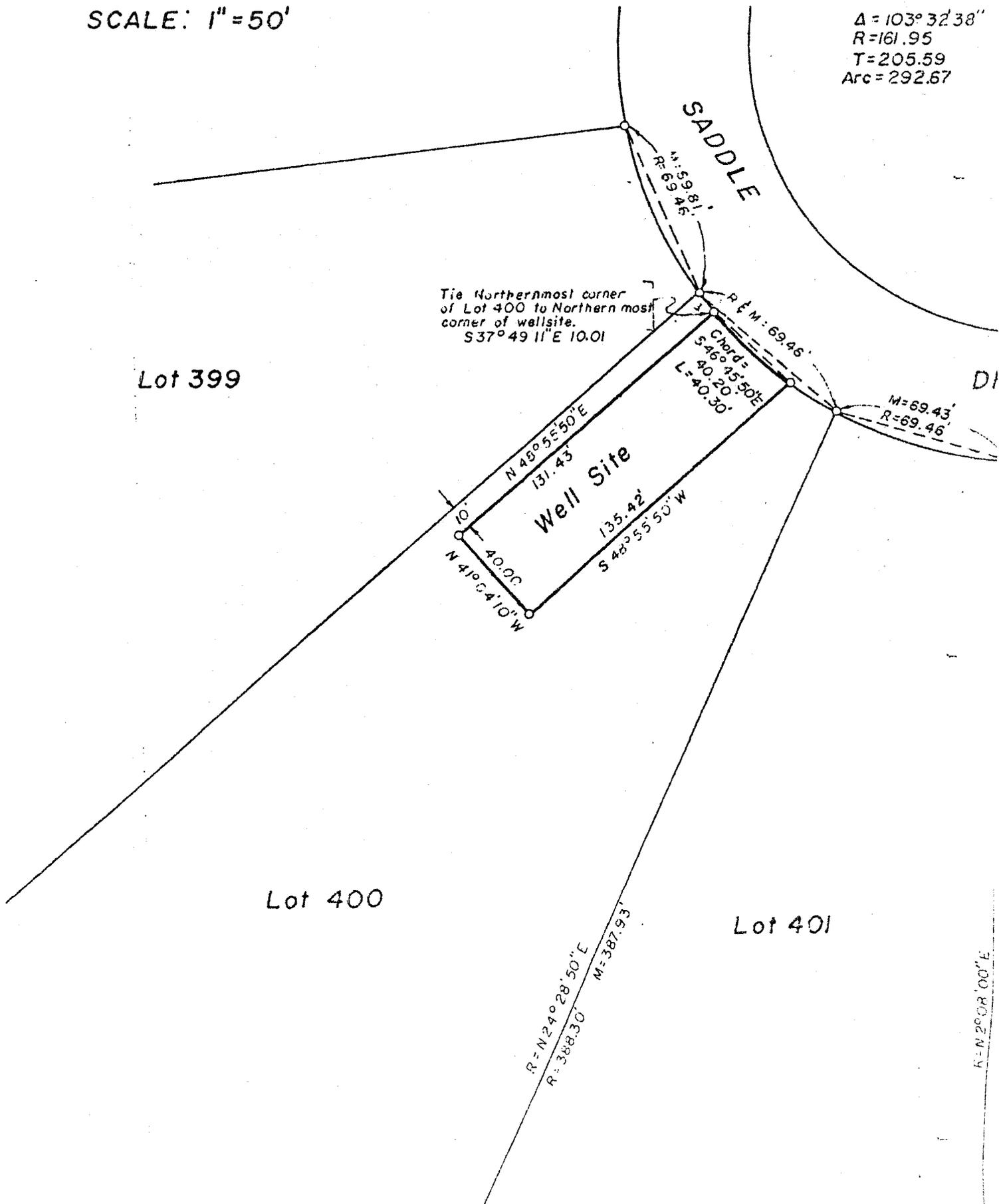
My commission expires:

DOCKET 203 PAGE 563 Notary Public

WELL # 3

SCALE: 1" = 50'

Total Curve Data of Saddle Drive.  
 $\Delta = 103^{\circ} 32' 38''$   
 $R = 161.95$   
 $T = 205.59$   
 $Arc = 292.67$



STATE OF ARIZONA,  
County of Graham } ss.

I hereby certify that the within instrument was filed and recorded  
August 6, 19 73, at 11:45 A.M.

Fee No.: 5428

In Docket No. 205, Page 275, at the request of Rocky Lake Water Co.

When recorded mail to:

Witness my hand and official seal.

H. Lyle Grant  
County Recorder

By Lathel Sherman  
Deputy Recorder

Indexed:

Compared:

Photostated:

Fee: \$ 11.00

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
Joe S Agers  
hereby quit-claim to

Rocky Lake Water Co., an Arizona Corporation.

all right, title, or interest in the following real property, to-wit; That part of Tract H, S 19,  
T 8 S, R 26 E, G&SRB&M, Graham Co, Arizona, described as follows:

BEGINNING AT THE Southeast corner of said Tract H;  
thence Westerly along the South line of said Tract  
H a distance of 50.0'; thence Northerly parallel to  
the East line of said Tract H a distance of 64.0';  
thence Easterly parallel to said South line a distance  
of 50.0' to the East line of said Tract H; thence  
Southerly along said East line a distance of 64.0'  
to the point of beginning.

Dated this 1st day of September, 1968

Joe S Agers  
Joe S Agers

W566 #4

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
20th day of June, 1972 by  
Joe S Agers

My commission expires:  
2-27-76

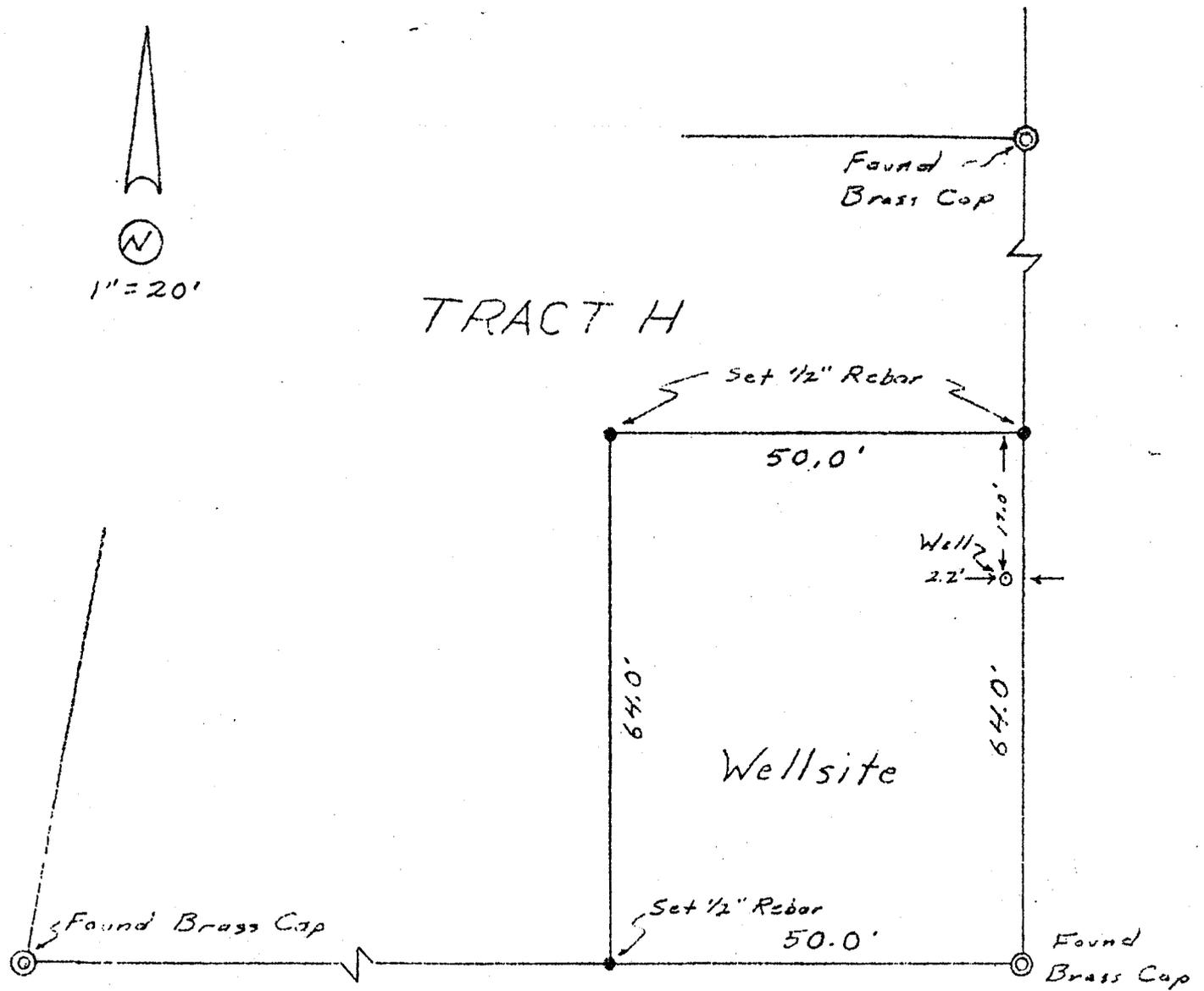
Anna Belle Shivers  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

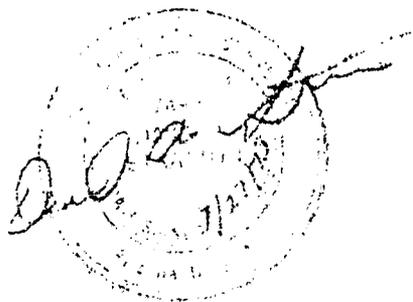
This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

Notary Public



Survey of Wellsite on Tract H, Section 19,  
 T8S, R26E, G+SRB&M, Graham County,  
 Arizona.



STATE OF ARIZONA,  
County of Graham } ss.

I hereby certify that the within instrument was filed and recorded  
August 6, 1973, at 11:45 A.M.

Fee No.: 5428

In Docket No. 205, Page 275, at the request of Rocky Lake Water Co.

When recorded mail to:

Witness my hand and official seal.

H. Lyle Grant  
County Recorder

By Lthel Sherman  
Deputy Recorder

Indexed:

Compared:

Photostated:

Fee: \$ 11.00

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
Joe S Agers  
hereby quit-claim to

Rocky Lake Water Co., an Arizona Corporation.

all right, title, or interest in the following real property, to-wit; That part of Tract H, S 19,  
T 8 S, R 26 E, G&SRB&M, Graham Co, Arizona, described as follows:

BEGINNING AT THE Southeast corner of said Tract H;  
thence Westerly along the South line of said Tract  
H a distance of 50.0'; thence Northerly parallel to  
the East line of said Tract H a distance of 64.0';  
thence Easterly parallel to said South line a distance  
of 50.0' to the East line of said Tract H: thence  
Southerly along said East line a distance of 64.0'  
to the point of beginning.

Dated this 1st day of September, 1968

Joe S Agers  
Joe S Agers

44  
72577

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
20th day of June, 1972, by  
Joe S Agers

My commission expires:  
2-27-76

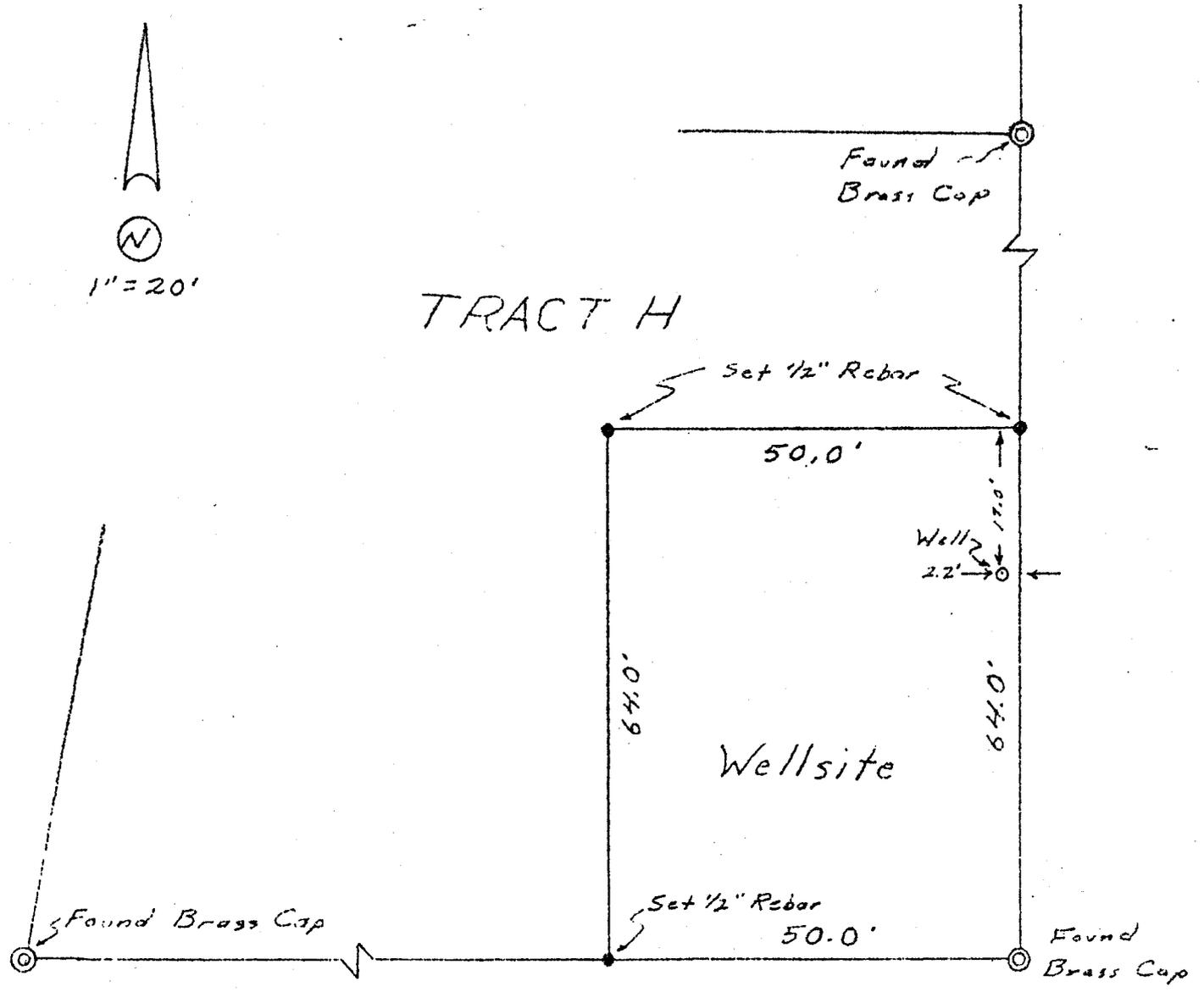
Anna Belle Sherman  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

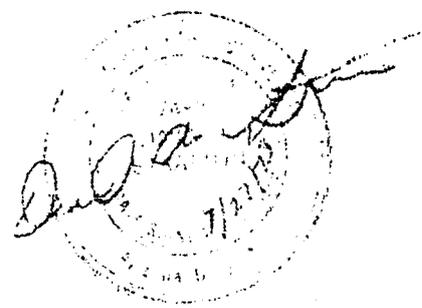
This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

Notary Public



Survey of Wellsite on Tract H, Section 19,  
 T8S, R26E, G&SRB&M, Graham County,  
 Arizona.



STATE OF ARIZONA,  
County of Graham ) ss.

I hereby certify that the within instrument was filed and recorded  
June 28, 19 73, at 3:28 P.M.

Fee No.: 4201

In Docket No. 202, Page 197, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:  
Rocky Lake Water Co  
3145 N Sioux Ave  
Tucson Arizona 85705

Witness my hand and official seal.

H. LYLE GRANT

County Recorder

By Elaine Olsen  
Deputy Recorder

Compared:

Photostated:

Fee: \$ 4.00  
Affidavit

I. R. S. s. \_\_\_\_\_

# Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we, THUNDERBIRD VALLEY, INC., an Arizona corporation, hereby quit-claim to ROCKY LAKE WATER COMPANY, an Arizona corporation, all right, title, or interest in the following real property, to-wit;

That part of Lot 166, Thunderbird Hills, Unit Two, a subdivision of part of Sections 19 and 20, Township 8 South, Range 26 East, G.&.S.R.B.&.M., according to the plat thereof recorded in Cabinet of Plats at File 8-T5 of Public Records of Graham County, Arizona, described as follows:

Beginning at the Southernmost corner of said Lot 166; thence N 49 deg. 27 min. 50 sec. W along the Southwesterly line of said Lot 166 a distance of 48.37'; thence S 83 deg. 04min. 20 sec. E 58.08' to a point on the Southeasterly line of said Lot 166; thence S 40 deg. 32 min. 10 sec. W along said Southeasterly line a distance of 32.15' to the point of beginning.

Dated this 24th day of March, 19 71

Thunderbird Valley, Inc.,  
Joe S Agers  
Joe S Agers, President

WELL #5

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
4th day of April, 19 72 by

My commission expires:  
2-27-76

Anna Belle Shoran  
Notary Public

STATE OF ARIZONA )  
County of \_\_\_\_\_ ) ss.

This instrument was acknowledged before me this  
day of \_\_\_\_\_, 19 \_\_\_\_\_, by

My commission expires:

\_\_\_\_\_  
Notary Public

NAVAJO DRIVE

N 40° 32' 10" E

60'

L = 90"

R = 25'

LOT 166

RAILROAD SPIKE

S 49° 27' 50" E

THUNDERBIRD DRIVE

87'

SET 1/2" x 24" REBAR  
W/LS 7408 BRASS TAG

N 49° 27' 50" W

48.37'

WELL PUMP

56.08'

32.15'

52.85'

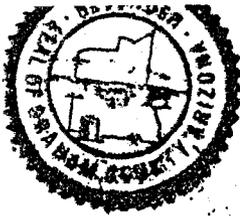
S 40° 32' 10" W

SET 1/2" x 24"  
REBAR W/LS 7408  
BRASS TAG

RAILROAD SPIKE



ANDERSON-HERMION



7-18-89 9:19 A.M.

STATE OF ARIZONA, County of Graham, ss Fee \$11.00 No. 3025

I hereby certify that the within instrument was filed and recorded at request of Consolidated Title Co.

In Docket No. 418 Page 60 and Indexed in Deeds

Witness my hand and official seal this day and year aforesaid.

SHIRLEY ANGLE

COUNTY RECORDER BY Shirley Angle Deputy

When recorded, mail to:

Rocky Lake Water Co.

3145 N. Sioux Ave.

Tucson Az 85705

\*\*\*\*\*  
WARRANTY DEED

106-20-088

89291

KNOW ALL MEN BY THESE PRESENTS: That WINIFRED E. WILSON, a widow

For the consideration of TEN AND NO/100 DOLLARS, and other valuable considerations, the GRANTOR herein, does hereby convey to:

ROCKY LAKE WATER COMPANY, an Arizona Corporation

the GRANTEE, the following described real property in Graham County, Arizona:

Lot #68, THUNDERBIRD HILLS UNIT #2, a subdivision according to the plat thereof, recorded in cabinet of plats at file no. 8-T-5, public records of Graham County, State of Arizona.

SUBJECT TO: Existing taxes, assessments, liens, encumbrances, covenants, conditions, restrictions, rights of way and easement of record.

And the Grantor does warrant the title against all persons whomsoever, subject to the matters above set forth.

IN WITNESS WHEREOF, the Grantor has caused its corporate name to be signed by the undersigned officer thereunto duly authorized, this 28th day of June, 1989.

This deed is being re-recorded to correct the vesting.

Winifred E. Wilson

STATE OF ARIZONA )

)SS

County of )

On this, the 28th day of June, 1989, before me, the undersigned, a Notary Public, personally appeared Winifred E. Wilson who ~~acknowledged himself to be the~~ of ROCKY LAKE WATER COMPANY, INC. ~~purpose therein contained by signing the name of the corporation by himself as such officer.~~

My commission expires: 3/19/1990

Kathleen S. Lone  
Notary Public

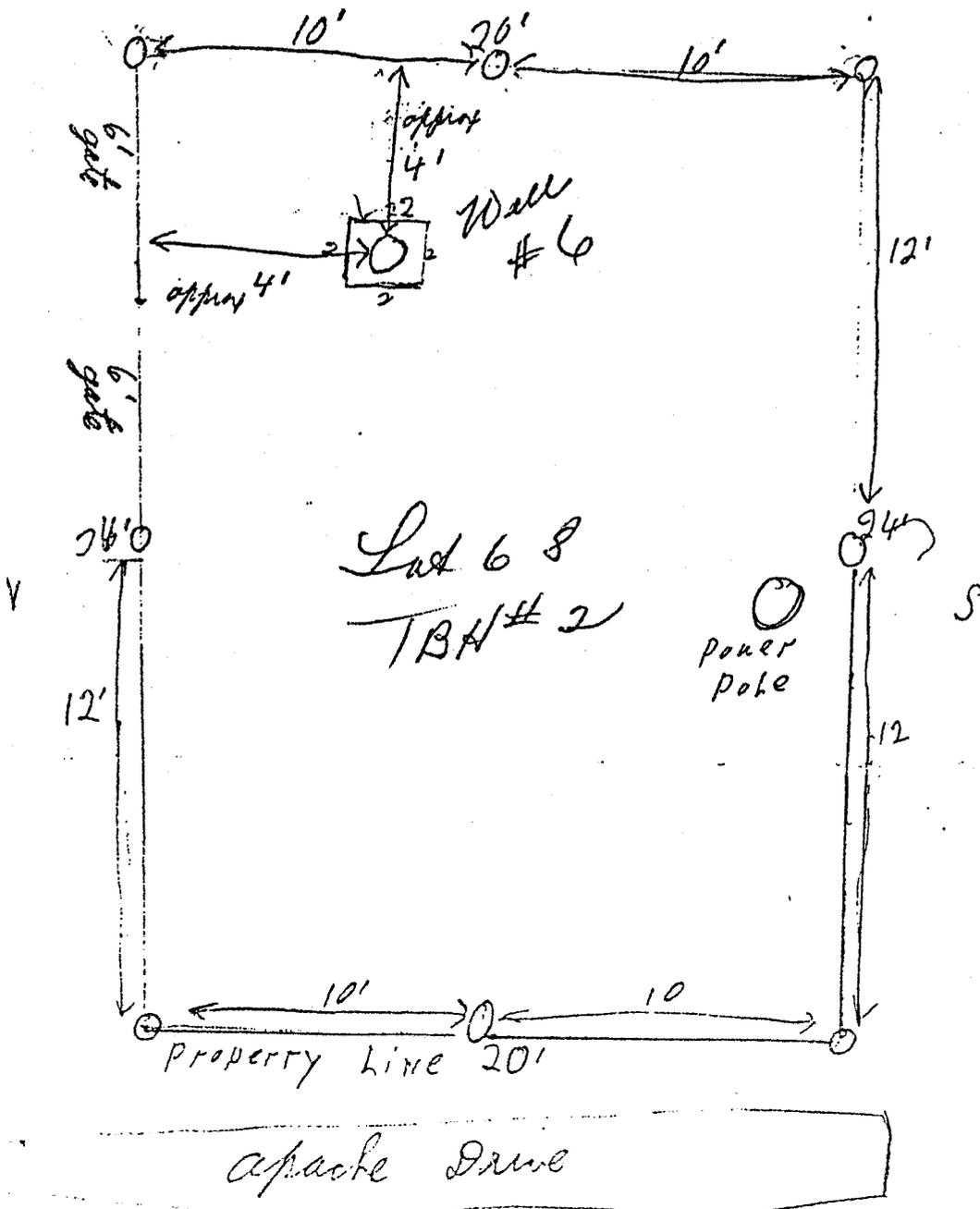


WELL #6

from Jim Henry

3/22/90

E





STATE OF ARIZONA, County of Graham, ss Fee \$ No.
I hereby certify that the within instrument was filed and recorded
at request of Consolidated Title Agency
In Docket No. 557 Page 891 and indexed in WD
Witness my hand and official seal the day and year aforesaid.
SHIRLEY ANGLE
COUNTY RECORDER BY [Signature] Deputy

WHEN RECORDED, MAIL TO:
Rocky Lake Water Company

\*\*\*\*\*
# 980620
106-26-491
\*\*\*\*\*

WARRANTY DEED

For the consideration of Ten and No/100 Dollars, and other valuable
considerations, I or we,

BETTY M. R. SMITH, a married woman dealing with her sole and separate
property

the Grantors

does hereby convey to

ROCKY LAKE WATER COMPANY

the Grantee

the following described real property situate in Graham County, Arizona;

LOT 491, THUNDERBIRD VALLEY UNIT #2, according to File No. 8, T-4, records of
Graham County, Arizona.

See General Power of Attorney recorded 7-10-98 in Docket 557, Page 886-90 .

SUBJECT TO: Existing taxes, assessments, liens, encumbrances, covenants,
conditions, restrictions, rights-of-way and easements of record.

And the Grantors do warrant the title against all persons whomsoever, subject
to the matters above set forth.

Dated this 2nd day of July, 1998.

Betty M. R. Smith

Betty M.R. Smith by

By: x Candice L. Dillender p.o.a.
Candice L. Dillender, attorney in fact

WELL #7

STATE OF ARIZONA )
) SS
COUNTY OF Pima )

This instrument was acknowledged before
me this 27 day of July, 1998
by Candice L. Dillender, as attorney in fact
for Betty M. R. Smith.

[Signature]
Notary Public

My commission expires:
August 25 2000

**EXHIBIT B**

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**EXHIBIT B**

**BILL OF SALE**

For the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Rocky Lake Water Company, an Arizona corporation (hereafter the "Seller"), does hereby sell, assign, transfer and convey to Gila Resources, Inc., an Arizona nonprofit corporation (hereafter the "Buyer"), all right, title, and interest in and to all personal property owned by Seller and used in connection with the water system operated by Seller on and prior to the date hereof, including without limitation the personal property set forth on Schedules 1.1 and 1.1.1 attached hereto (the "Personal Property"). And Seller does hereby warrant title to the Personal Property as against all persons whomsoever.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

Rocky Lake Water Company,  
an Arizona corporation

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

Printed name: \_\_\_\_\_

Its: \_\_\_\_\_

SCHEDULE OF REAL PROPERTY DEEDS TO BE CONVEYED TO  
GILA RESOURCES, INC.

=====

Section 1.1.1 ASSETS TO BE ACQUIRED

WELL #	APN #	LOCATION
1	106-20-193	Lot 173 Thunderbird Hills #2*
2	106-20-025B	Lot 5 Thunderbird Hills
3	106-26-400A	Lot 400 Thunderbird Valley*
4	106-20-328B	Tract H Thunderbird Hills #1
5	106-20-186B	Lot 166 Thunderbird Hills #2**
6	106-20-088	Lot 68 Thunderbird Hills #2
7	106-26-491	Lot 491 Thunderbird Valley #2
Reservoir	106-20-190B	Lot 170 Thunderbird Hills #2

\* Well is abandoned.

\*\* Backup well

Wells conveyed include all pumps, motors, casings, column pipe, electrical panels and plumbing.

All operational wells and the reservoir site are enclosed with a six foot high chain link fence.

SCHEDULE OF ASSETS TO BE CONVEYED TO GILA RESOURCES, INC.

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Section 1.1 ASSETS TO BE ACQUIRED

DISTRIBUTION SYSTEM TO BE CONVEYED TO GILA RESOURCES

25,804 feet 2" P.V.C. and steel pipe.

1,474 feet 3" P.V.C. pipe.

51,595 feet 4" P.V.C. and A.C.P. pipe.

49,604 feet 6" P.V.C. and A.C.P. pipe.

9,344 feet 8" P.V.C. and A.C.P. pipe.

Distribution system conveyed includes all service lines, meters, meter boxes, valves, fittings and fire hydrants.

MATERIALS TO BE CONVEYED TO GILA RESOURCES

BRASS

1 only 2" check valve  
2 ea. Y strainer  
2 ea. 1" caplock  
2 ea. 1" P.J. nut  
7 ea. 3/4" elbow  
2 ea. 1" elbow  
1 only 1" x 3/4" reducer  
1 only 1/2" tee  
1 only 3/4" X 6" nipple  
1 only 3/4" spigot  
1 only 1" x 1" tee  
4 ea. 1" close nipple  
1 only 1" close nipple

BRASS COUPLINGS - COPPER TUBE SIZE

1 only 3/4" coupling  
1 only 1" coupling  
1 only 1" x 1" P.J. coupling  
1 only 1" P.J. x fpt  
1 only 1" P.J. x mpt  
1 only 1" x 1 1/4" P.J. x mpt  
4 ea. 1" x 3/4" P.J. x mpt  
11 ea. 5/8 straight meter  
1 only 1" straight meter

BRASS FOR P.V.C.

2 ea. 1" P.J. coupling P.V.C. x P.V.C.  
1 only 1" P.J. coupling P.V.C. x fpt  
6 ea. 3/4" P.J. coupling P.V.C. x mpt  
11 ea. 1" P.J. coupling P.V.C. x ipt

BRASS SHUT OFF VALVES FOR P.V.C.

2 ea. 1" x 1" mpt  
1 only P.J. P.V.C. x P.V.C.  
1 only 3/4" x 5/8" P.V.C. x swivel (straight)  
3 ea. 3/4" x 5/8" P.V.C. x fpt (straight)  
2 ea. 1/2" x 5/8" P.V.C. swivel (angle)

CORP STOPS - COPPER TUBE SIZE

1 only 1 1/2"  
2 ea. P.J. x mpt  
2 ea. P.J.  
1 only 1" x 1 1/4" flare x mpt  
1 only 1" angle meter valve

P.V.C.

2 ea. compression coupling  
1 only 1 1/4" threaded cap  
2 ea. 1" threaded cap  
1 only 2" threaded cap  
1 only 3/4" threaded cap  
1 only 1 1/2" threaded male adapter  
4 ea. 1 1/2" fpt x soc union  
1 only 2" quick fix coupling  
1 only 2" x 1 1/2" reducer  
1 only 2" tee  
1 only 2" male adapter  
1 only 2" fpt x soc coupling  
3 ea. 2" coupling  
1 only 2" elbow  
1 only 1/2" compression coupling tee  
1 only 3/4" threaded elbow  
1 only 3/4" street elbow  
1 only 3/4" x 1/2" elbow  
2 ea. 1/2" threaded elbow  
2 ea. 1/2" elbow  
2 ea. 1/2" street elbow  
5 ea. 4" 90 elbow  
1 only 4" 45 bend  
1 only 6" 45 bend  
1 only 1/2" male adapter  
1 only 1" x 3/4" reducer  
1 only 4" coupling  
1 only 3" coupling

TAPPING SADDLES

7 ea. 6" x 1"  
12 ea. 4" x 1"  
1 only 2" x 3/4"

REPAIR COUPLINGS

4 ea. 6"  
3 ea. 3"  
1 only 4"  
7 ea. coupling gaskets (Misc. sizes)  
2 ea. 6" flange

REPAIR CLAMPS

4 ea. 4"  
3 ea. 6"  
3 ea. 3"  
1 only 8"

GALVANIZED

1 only 2" x 1" reducer  
1 only 1" plug  
1 only 1" threaded union  
3 ea. 1" x 1/2" reducer  
3 ea. 1/2" tee  
1 only 1" x 6" nipple  
5 ea. 1" x 3" nipple  
2 ea. 1" x 8" nipple  
2 ea. plug  
1 only 2" coupling  
1 only 2" x 6" nipple  
1 only 2" x 1" tee  
1 only 1 1/2" 45 elbow  
1 only 3/4" coupling  
1 only 1/2" nipple  
1 only 3/4" x 1/4" reducer  
1 only 1 1/2" x 4 1/2" nipple  
2 ea. 1 1/2" x 5" nipple  
3 ea. 1 1/2 x 6" nipple  
1 only 1 1/2" close nipple  
4 ea. 1 1/2" coupling  
3 ea. 1 1/2" elbow  
1 only 1 1/4" coupling  
1 only 1 1/2" plug

MISCELLANEOUS EQUIPMENT

1 only cement meter box  
6 ea. metal meter box lids  
5 ea. plastic meter box lids  
1 only 30" pipe wrench  
1 only main shutoff valve cover  
8 ea. cts inserts  
1 only 1" meter  
1 only 5/8" meter  
1 only metal brush  
2" x 1/8" x 30' insulating pipe wrap  
16 ea. rubber hose washers  
2 ea. nylon tape  
16 gage ty wire  
T.V. cable - 100 +-  
2 ea. igloo coolers  
2 1/2 gallon weed sprayer  
3' x 2' cement mixing pan  
1 only pick axe  
1 only garden rake  
1 only leaf rake (broken handle)  
1 only garden hoe  
1 only weed eater  
1 only square shovel  
1 only round shovel  
1 only trench shovel  
1 only claw hammer

MISCELLANEOUS EQUIPMENT (Continued)

2 ea. Grip It strap wrench  
15 ea. meter gaskets  
Misc. P.V.C. pipe

Inventory of materials as of April 10, 2003. Materials used  
for repairs will be replaced in kind.

STATE OF ARIZONA,  
County of Graham } ss.

I hereby certify that the within instrument was filed and recorded  
August 6, 19 73, at 11:45 A. M.

Fee No.: 5427

In Docket No. 205, Page 274, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:

Witness my hand and official seal.

H. Lyle Grant

County Recorder

By Ethel Sherman

Deputy Recorder

Compared:

Photostated:

Fee: \$ 4.00

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,

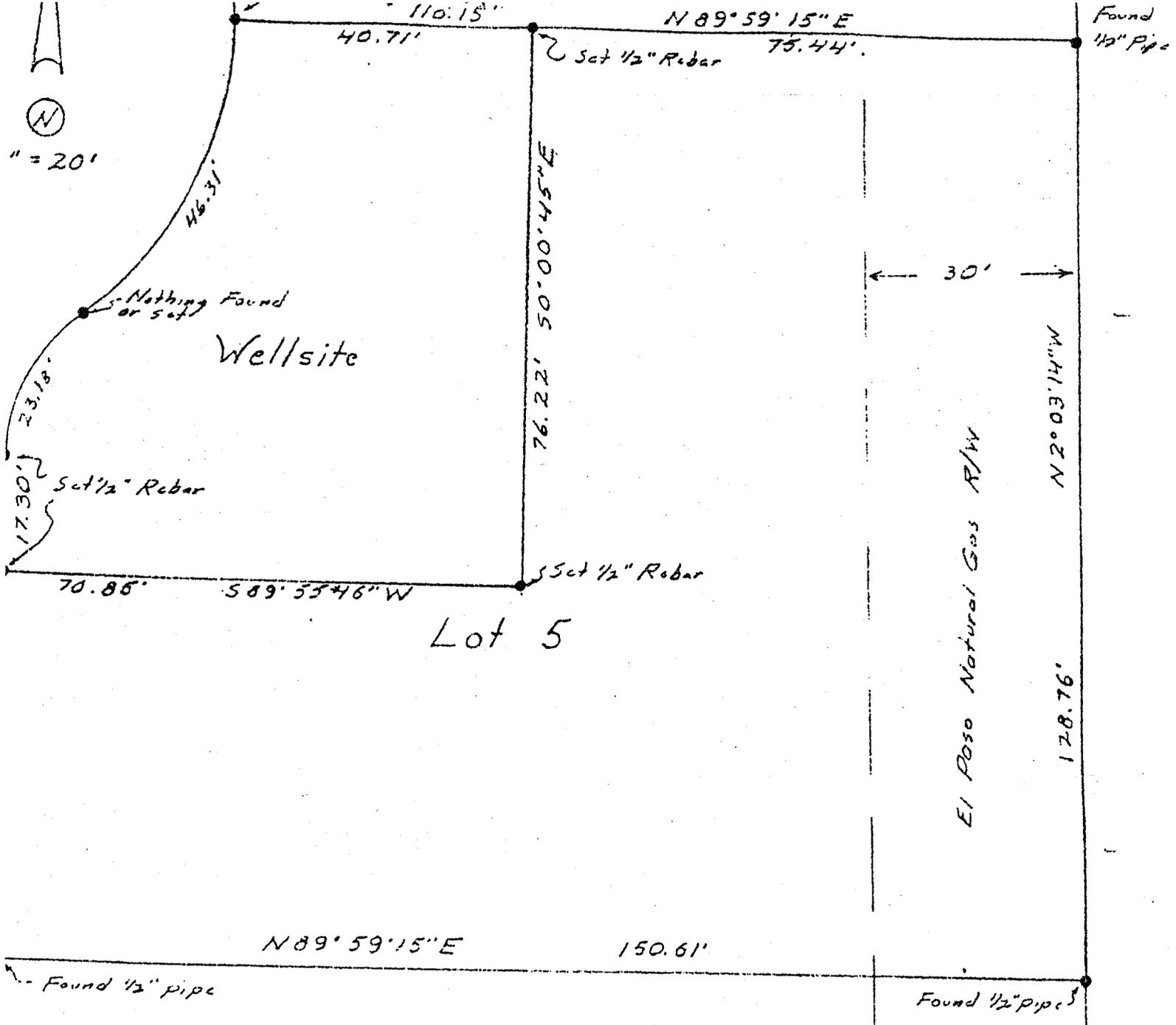
hereby quit-claim to Joe S. Agers and Shirley A. Agers, husband & wife,

Rocky Lake Water Company, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit:

That part of Lot 5, Thunderbird Hills, a subdivision of part of Sections 19 & 20, Township 8 South, Range 26 East, G & S R B & M, according to the plat thereof recorded in Cabinet of Plats at file 8-T1 of Public Records of Graham County, Arizona, as follows:

Beginning at a point on the North line of said Lot 5 that bears S 89 deg 59 min 15 sec W 75.44' from the Northeast corner of said Lot 5; thence S 0 deg 00 min 45 sec E 76.22'; thence S 89 deg 55 min 46 sec W 70.85' to the West line of said Lot 5; thence N 0 deg 04 min 14 sec W along said West line a distance of 17.30'; thence continuing along said West line following a curve to the right a distance of 23.18'; thence continuing along said West line

2\* 72277

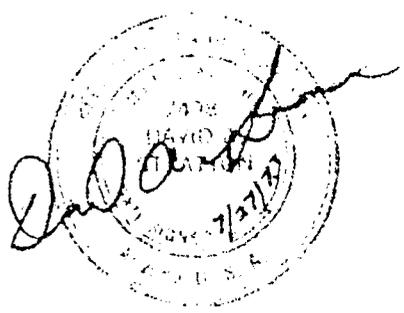


Lot 5

LOT 6

Survey of Well site on Lot 5, Thunderbird Hills  
Graham County, Arizona

Found 1/2" pipe



STATE OF ARIZONA,  
County of Graham } ss.

I hereby certify that the within instrument was filed and recorded  
August 6, 1973, at 11:45 A M.

Fee No.: 5429

In Docket No. 205, Page 276, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:  
2-3560  
wh  
80

Witness my hand and official seal.  
H. Lyle Grant  
County Recorder  
By Ethel Sherman  
Deputy Recorder

Compared:  
Photostated:  
Fee: \$ 4.00  
Affidavit  
F.R.S. \$

6-20-190 B 9

### Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
**THUNDERBIRD VALLEY, INC.**, an Arizona corporation,  
hereby quit-claim to  
**ROCKY LAKE WATER COMPANY**, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit;

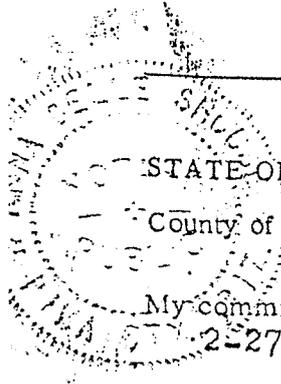
That part of Lot 170, Thunderbird Hills Unit 2, a  
subdivision of part of Sections 19 & 20, Township  
8 South, Range 26 East, G&SRB&M, According to the  
plat thereof recorded in Cabinet of Plats at File  
8-T5 of Public Records of Graham County, Arizona,  
described as follows:

Beginning at a point on the South line of  
said Lot 170 that bears N 89 deg 56 min  
30 sec E 66.89' from the Southwest corner  
of said Lot 170; thence N 0 deg 03 min 30  
sec W 37.94'; thence N 89 deg 56 min 30 sec  
E 60.71'; thence S 0 deg 03 min 30 sec E  
37.94' to said South line; thence S 89 deg  
56 min 30 sec W along said South line a  
distance of 60.71' to the point of beginning.

RESERVOIR

Dated this 20th day of July, 19 70

Thunderbird Valley, Inc.,  
Joe S Agers  
Joe S Agers, President



STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
20th day of June, 1972, by

Joe S. Agers  
Anna Belle Shouse  
Notary Public

My commission expires:  
2-27-76

STATE OF ARIZONA )  
County of ) ss.

This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

never 2015 ... 2070 Notary Public

STATE OF ARIZONA,

County of Graham

I hereby certify that the within instrument was filed and recorded }  
ss. August 6, 19 73, at 11:45 A.M.

Fee No.: 5426

In Docket No. 205, Page 213, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:

Witness my hand and official seal.

Compared:

H. Lyle Grant

County Recorder

Photostated:

By

Ethel Sherman

Deputy Recorder

Fee: \$4.00

Affidavit

I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we, THUNDERBIRD VALLEY, INC., an Arizona corporation,

hereby quit-claim to

ROCKY LAKE WATER COMPANY, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit:

Lot 173, Thunderbird Hills, Unit Two, a sub-  
division of part of Sections 19 and 20, Township  
8 South, Range 26 East, G & S R B & M, according  
to the plat thereof recorded in Cabinet of Plats  
at File 8-T5 of Public Records of Graham County,  
Arizona.

Dated this 24th day of March, 19 71

Thunderbird Valley, Inc.,

Joe S. Agers  
Joe S. Agers, President

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
4th day of April, 19 72, by  
Joe S. Agers

My commission expires:  
2-27-76

Anna Belle Shouse  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

Notary Public

# 72300

STATE OF ARIZONA,  
County of Graham } ss.

I hereby certify that the within instrument was filed and recorded  
July 13, 1973, at 3:00 P. M.

In Docket No. 203, Page 563, at the request of Rocky Lake Water Co.

When recorded mail to:  
Rocky Lake Water Co.  
3145 N Sioux Ave  
Tucson Arizona 85705

Witness my hand and official seal.  
H. Lyle Grant  
County Recorder  
By [Signature]  
Deputy Recorder

Indexed:  
Compared:  
Photostated:  
Fee: \$ 4.00  
Affidavit  
I. R. S. s. \_\_\_\_\_

### Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
THUNDERBIRD VALLEY, INC., an Arizona corporation,  
hereby quit-claim to  
ROCKY LAKE WATER COMPANY, an Arizona corporation,  
all right, title, or interest in the following real property, to-wit;

That part of Lot 400, Thunderbird Valley, a  
subdivision of part of Section 17, Township  
8 South, Range 26 East, G & S R B & M, accord-  
ing to the plat thereof recorded in Cabinet of  
Plats at File 8-T3 of Public Records of Graham  
County, Arizona, as follows:

Beginning at a point S 37 deg. 49 min.  
11 sec. E 10.01' from the Northernmost  
corner of Lot 400, Thunderbird Valley;  
thence S 46 deg. 45 min. 50 sec. E 40.20';  
thence S 48 deg. 55 min. 50 sec. W 135.42';  
thence N 41 deg. 04 min. 10 sec. W 40';  
thence N 48 deg. 55 min. 50 sec. E 131.43'  
to the point of beginning.

Dated this 20th day of June, 1972

Thunderbird Valley, Inc.,  
[Signature]  
Joe S Agers, President

STATE OF ARIZONA )  
County of Pima ) ss.  
My commission expires:  
2/27/76

This instrument was acknowledged before me this  
20th day of June, 1972, by  
[Signature]  
Notary Public

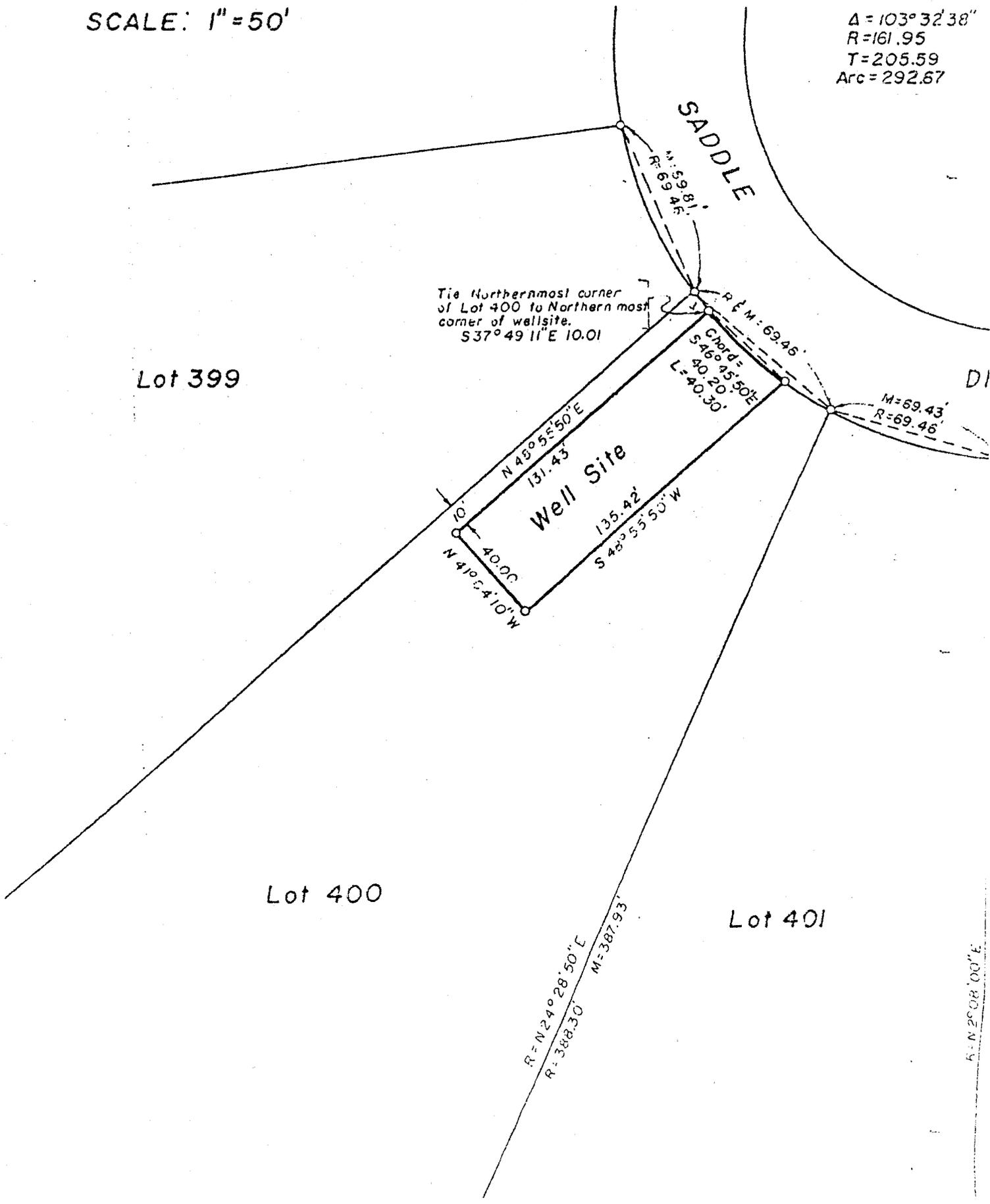
STATE OF ARIZONA )  
County of ) ss.  
My commission expires:

This instrument was acknowledged before me this  
day of , 19 , by  
Notary Public

WELL # 3

SCALE: 1" = 50'

Total Curve Data of Saddle Drive.  
 $\Delta = 103^{\circ} 32' 38''$   
 $R = 161.95$   
 $T = 205.59$   
 $Arc = 292.67$



STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
ss. August 6, 19 73, at 11:45 A. M.

Fee No.: 5428

In Docket No. 205, Page 275, at the request of Rocky Lake Water Co.

Indexed:  
Compared:  
Photostated:

When recorded mail to:

Witness my hand and official seal.

H. Lyle Grant  
County Recorder

By Lthel Sherman  
Deputy Recorder

Fee: \$ 11.00  
Affidavit  
I. R. S. \$

## Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
Joe S Agers

hereby quit-claim to

Rocky Lake Water Co., an Arizona Corporation.

all right, title, or interest in the following real property, to-wit: That part of Tract H, S 19,  
T 8 S, R 26 E, G&SRB&M, Graham Co, Arizona, described as follows:

BEGINNING AT THE Southeast corner of said Tract H;  
thence Westerly along the South line of said Tract  
H a distance of 50.0'; thence Northerly parallel to  
the East line of said Tract H a distance of 64.0';  
thence Easterly parallel to said South line a distance  
of 50.0' to the East line of said Tract H; thence  
Southerly along said East line a distance of 64.0'  
to the point of beginning.

Dated this 1st day of September, 1968

Joe S Agers  
Joe S Agers

44  
71507

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
20th day of June, 19 72, by  
Joe S Agers

My commission expires:  
2-27-76

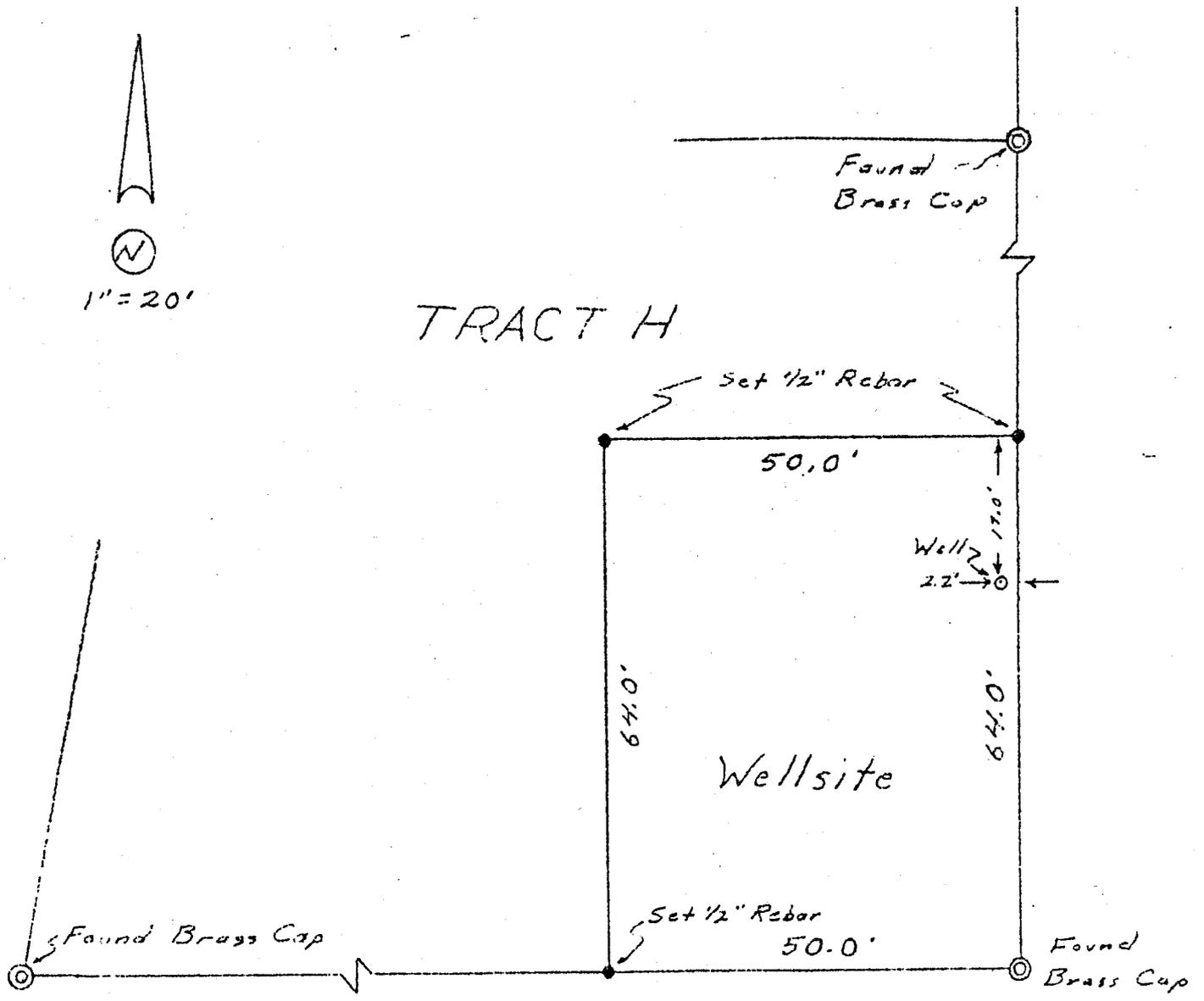
Anna Belle Shouse  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

Notary Public



Survey of Wellsite on Tract H, Section 19,  
 T8S, R26E, G&SRB&M, Graham County,  
 Arizona.



STATE OF ARIZONA,  
County of Graham

I hereby certify that the within instrument was filed and recorded  
June 28, 19 73, at 3:28 P.M.

Fee No.: 4201

In Docket No. 202, Page 197, at the request of Rocky Lake Water Co.

Indexed:

When recorded mail to:  
Rocky Lake Water Co  
3145 N Sioux Ave  
Tucson Arizona 85705

Witness my hand and official seal.

H. LYLE GRANT  
County Recorder

Compared:

Photostated:

Fee: \$ 4.00  
Affidavit

By Elinor Olson  
Deputy Recorder

I. R. S. s.

### Quit Claim Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we, THUNDERBIRD VALLEY, INC., an Arizona corporation, hereby quit-claim to ROCKY LAKE WATER COMPANY, an Arizona corporation, all right, title, or interest in the following real property, to-wit;

That part of Lot 166, Thunderbird Hills, Unit Two, a subdivision of part of Sections 19 and 20, Township 8 South, Range 26 East, G.&.S.R.B.&.M., according to the plat thereof recorded in Cabinet of Plats at File 8-T5 of Public Records of Graham County, Arizona, described as follows:

Beginning at the Southernmost corner of said Lot 166; thence N 49 deg. 27 min. 50 sec. W along the Southwesterly line of said Lot 166 a distance of 48.37'; thence S 83 deg. 04min. 20 sec. E 58.08' to a point on the Southeasterly line of said Lot 166; thence S 40 deg. 32 min. 10 sec. W along said Southeasterly line a distance of 32.15' to the point of beginning.

Dated this 24th day of March, 19 71

Thunderbird Valley, Inc.,  
Joe S Agers  
Joe S Agers, President

STATE OF ARIZONA )  
County of Pima ) ss.

This instrument was acknowledged before me this  
4th day of April, 19 72 by

My commission expires:  
2-27-76

Anna Belle Shouse  
Notary Public

STATE OF ARIZONA )  
County of ) ss.

This instrument was acknowledged before me this  
day of , 19 , by

My commission expires:

Notary Public

WELL #5

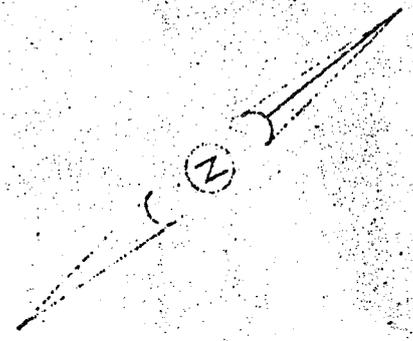
NAVAJO DRIVE

N 40° 32' 10" E

60'

Δ = 90"

R = 25'



LOT 166

RAILROAD SPIKE

THUNDERBIRD DRIVE

S 49° 27' 50" E

87'

63.63'

SET 1/2" x 24" REBAR W/LS 7408 BRASS TAG

N 49° 27' 50" W

49.37'

WELL PUMP

WASH

58.03'

RAILROAD SPIKE

32.15'

52.85'

S 40° 32' 10" W

SET 1/2" x 24" REBAR W/LS 7408 BRASS TAG



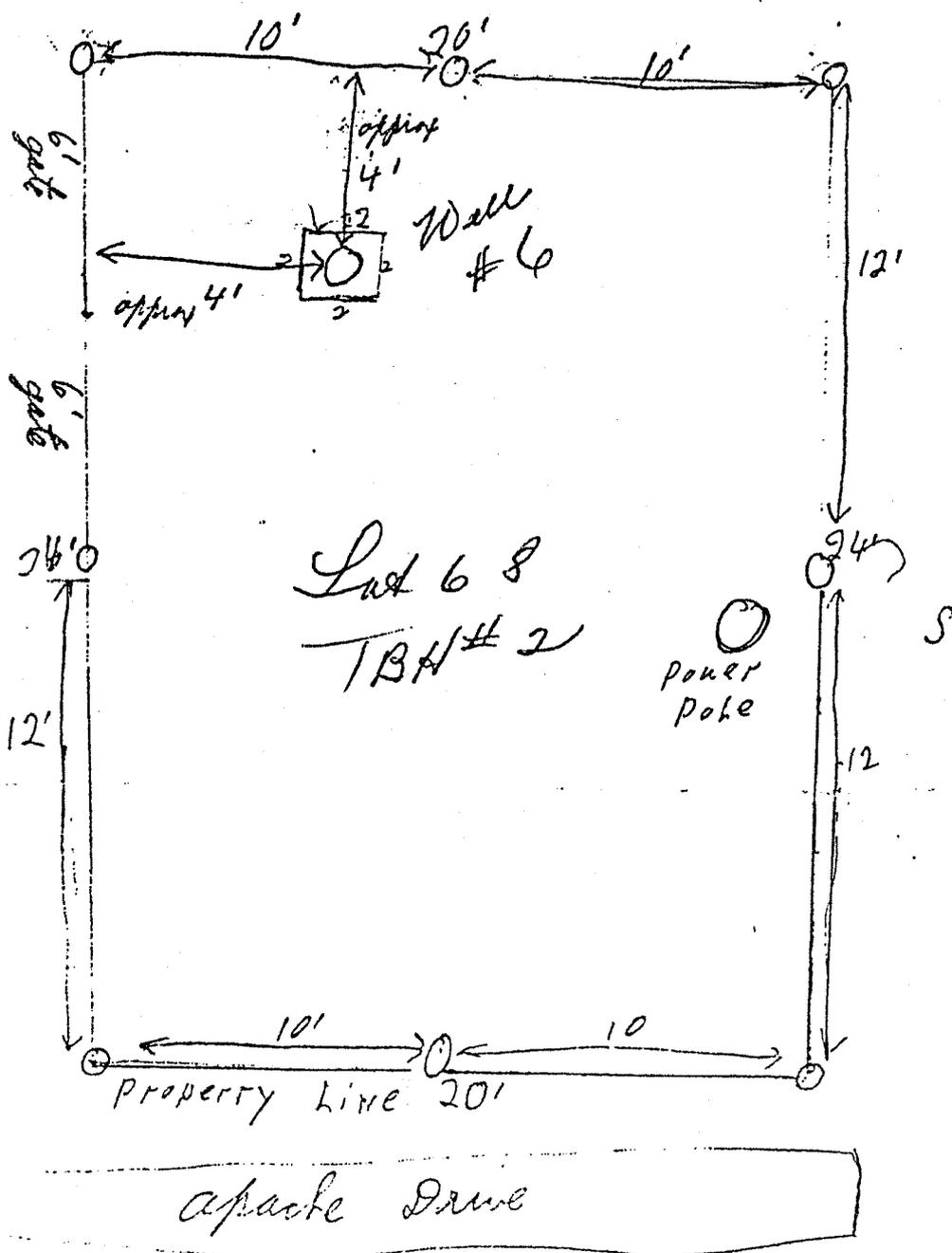
ANDERSON-HERRON



from Jim Henry

3/27/90

E



WHEN RECORDED, MAIL TO:  
Rocky Lake Water Company.



I hereby certify that the within instrument was filed and recorded  
at request of Consolidated Title Agency  
In Docket No. 557 Page 891 and Indexed in WD  
Witness my hand and official seal the day and year aforesaid  
SHIRLEY ANGLE  
COUNTY RECORDER BY [Signature] Deputy

\*\*\*\*\*

# 980620  
106-26-491

**WARRANTY DEED**

For the consideration of Ten and No/100 Dollars, and other valuable considerations, I or we,

BETTY M. R. SMITH, a married woman dealing with her sole and separate property

the Grantors

does hereby convey to

ROCKY LAKE WATER COMPANY

the Grantee

the following described real property situate in Graham County, Arizona;

LOT 491, THUNDERBIRD VALLEY UNIT #2, according to File No. 8, T-4, records of Graham County, Arizona.

See General Power of Attorney recorded 7-10-98 in Docket 557, Page 886-90.

SUBJECT TO: Existing taxes, assessments, liens, encumbrances, covenants, conditions, restrictions, rights-of-way and easements of record.

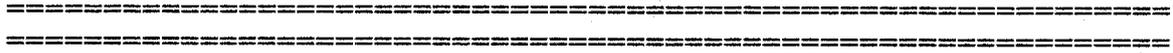
And the Grantors do warrant the title against all persons whomsoever, subject to the matters above set forth.

Dated this 2nd day of July, 1998.

Betty M. R. Smith

L# 7727

SCHEDULE 1.3



Schedule 1.3  
Assumed Liabilities

The Assumed Liabilities consist of meter advance credits currently totaling \$22,480.00, customer deposits currently totaling \$9,274.00, and the attached Main Extension Agreements.

SCHEDULE OF MAIN EXTENSION AGREEMENTS TO BE ASSUMED BY  
GILA RESOURCES, INC.

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Section 1.3 ASSUMED LIABILITIES

APPLICANT	DATE	AMOUNT	*AMOUNT PAID
Walter H. Tucker	10-05-96	\$5,935	\$422.16
Guy W. Scott	03-02-98	\$8,000	\$159.21
Michael Simms	09-14-01	\$2,925	\$45.55

\*Refunds paid as of June 2002.

MAIN EXTENSION AGREEMENT APR 25 1997

WATER FACILITIES

This Agreement is entered into at Mesa, Arizona on this 5th day of October, 1996, by and between Walter H. Tucker hereinafter referred to as Applicant and Rocky Lake Water Company, an Arizona corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of the property as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
2) Applicant intends to develop said Property within the property set forth in Exhibit A by constructing one dwelling unit, all of which will require domestic water service.
3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed or installed as necessary to provide an adequate supply of domestic water to each and every dwelling unit within the property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage and pumping facilities.
2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, permits, labor, materials, equipment, transportation, insurance and bonds if applicable.
3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

ORIGINAL

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property, including fire protection.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9 Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

ORIGINAL

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and /or acceptance by Utility in no way relieve or limit Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall cause or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit C, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements, in a form acceptable to Utility, for the facilities and future attachments to the facilities, including, but not limited to water mains, and access to the supply, production and storage sites. If any rights of way of easements are required by Utility for attachments to developments other than Applicants development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights of way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

ORIGINAL

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as files with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding all gross receipts and sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of twenty (20) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advanced in aid of construction. Any balance remaining at the end of the twenty year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

ORIGINAL

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

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

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Walter H. Tucker  
1508 12th Avenue  
Safford, AZ 85546

UTILITY: Rocky Lake Water Company  
P.O. Box 1289  
Mesa, AZ 85211

ORIGINAL

or to other such address as the parties may advise each other in writing.

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in dup[duplicate as of the day and year first above written.

APPLICANT

By: Walter H. Tucker  
Walter H. Tucker

UTILITY

By: Fred T. Wilkinson  
Fred T. Wilkinson  
President

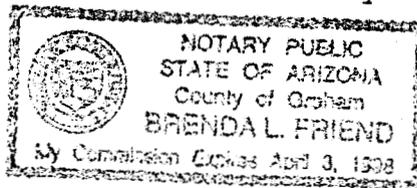
ORIGINAL

STATE OF ARIZONA )  
County of Graham ) ss.

The foregoing instrument was acknowledged before me this 3rd day of April, 1997, by Walter H. Tucker known to me to be the \_\_\_\_\_ of \_\_\_\_\_, and authorized by said corporation to make this acknowledgement on its behalf.

By Brendal Friend  
Notary Public

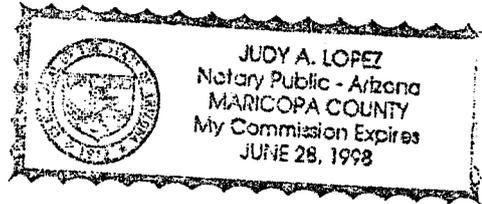
My Commission Expires 4.3.98



STATE OF ARIZONA )  
 ) ss.  
County of Maricopa)

The foregoing instrument was acknowledged before me this 10<sup>th</sup>  
day of April 1997 by Fred T. Wilkinson known to  
me to be the President of Rocky Lake Water Co. and  
authorized by said corporation to make this acknowledgement  
on its behalf.

By: Judy A. Lopez



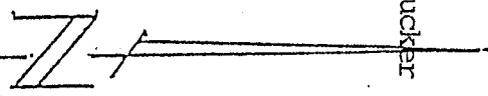
ORIGINAL

MEC# 102  
Dated October 5, 1996  
Applicant: Walter H. Tucker

EXHIBIT A

ORIGINAL

*Consent for  
Use*



NO SCALE

August 23, 1996

ROADRUNNER

Blowoff NEW 4" P.V.C.

NEW 6" P.V.C.

PROPOSED SERVICE

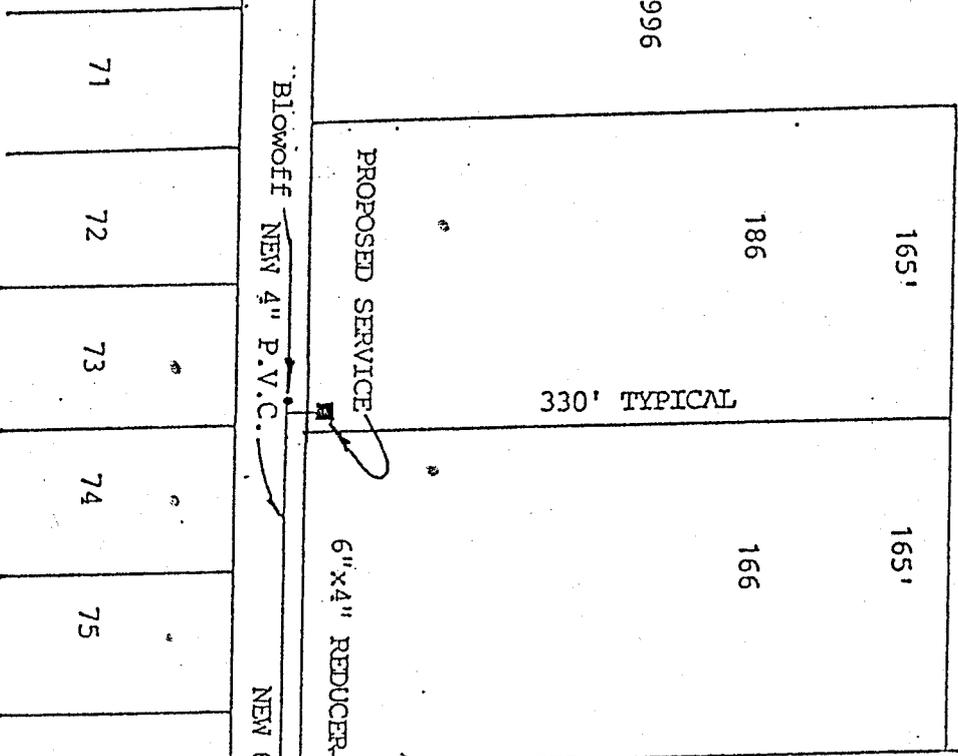
6" x 4" REDUCER

6" VALVE

6" VALVE

330' TYPICAL

LARIAT



Walter H. Tucker  
Applicant

MEC# RLWC 102  
Date: October 5, 1996  
Applicant: Walter H. Tucker

EXHIBIT B

APPLICANTS COST

Applicants cost is in accordance with the information provided by applicant in the form of:

Proposal for the construction of facilities as provided by Al Bennet of Bennet Construction in the amount of \$5,935.00.

Amount to be refunded to Applicant shall not exceed \$5,935.00.

ORIGINAL

MEC# RLWC 102  
Dated October 5, 1996  
Applicant: Walter H. Tucker

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this agreement.

ORIGINAL

MEC# 102  
Dated October 5, 1996  
Applicant: Walter H. Tucker

EXHIBIT D

LANDS CONVEYED BY APPLICANT TO UTILITY UNDER THIS AGREEMENT

No lands are to be conveyed by Applicant to Utility under this agreement.

ORIGINAL

MAIN EXTENSION AGREEMENT

WATER FACILITIES

=====  
=====  
This Agreement is entered into at Apache Junction, Arizona on this 14th day of September, 2001, by and between Mr. Michael Simms, hereinafter referred to as Applicant and Rocky Lake Water Company, an Arizona Corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of lot 259 of Thunderbird Valley as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
- 2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water service.
- 3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

-----  
NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed and installed as necessary to provide an adequate supply of domestic water to Applicant's Property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, service lines, meter assemblies, and water testing.
- 2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, permits, labor, materials, equipment, transportation, insurance and bonds if applicable.
- 3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

ORIGINAL

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9 Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

ORIGINAL

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and / or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including, but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights-of-way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

ORIGINAL

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advanced in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount advanced in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

ORIGINAL

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicant's own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

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

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Michael Simms  
P.O. Box 1525  
Safford, AZ 85548

UTILITY: Rocky Lake Water Company  
P.O. Box 1020  
Apache Junction, AZ 85219

or to other such address as the parties may advise each other in writing.

ORIGINAL

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF

**INDIVIDUAL ACKNOWLEDGMENT**

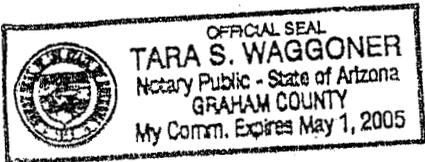
State of Arizona } ss.  
County of Graham }

On this the 24<sup>th</sup> day of September, \_\_\_\_\_ Year  
before me, TARA S. WAGGONER  
Name of Notary Public

the undersigned Notary Public, personally appeared  
Michael Simons  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed it.



WITNESS my hand and official seal.

Tara S. Waggoner  
Signature of Notary Public

**OPTIONAL**

Although the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

<b>RIGHT THUMBPRINT OF SIGNER #1</b> Top of thumb here	<b>RIGHT THUMBPRINT OF SIGNER #2</b> Top of thumb here
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ORIGINAL

STATE OF ARIZONA     )  
                              ) SS  
County of Maricopa    )

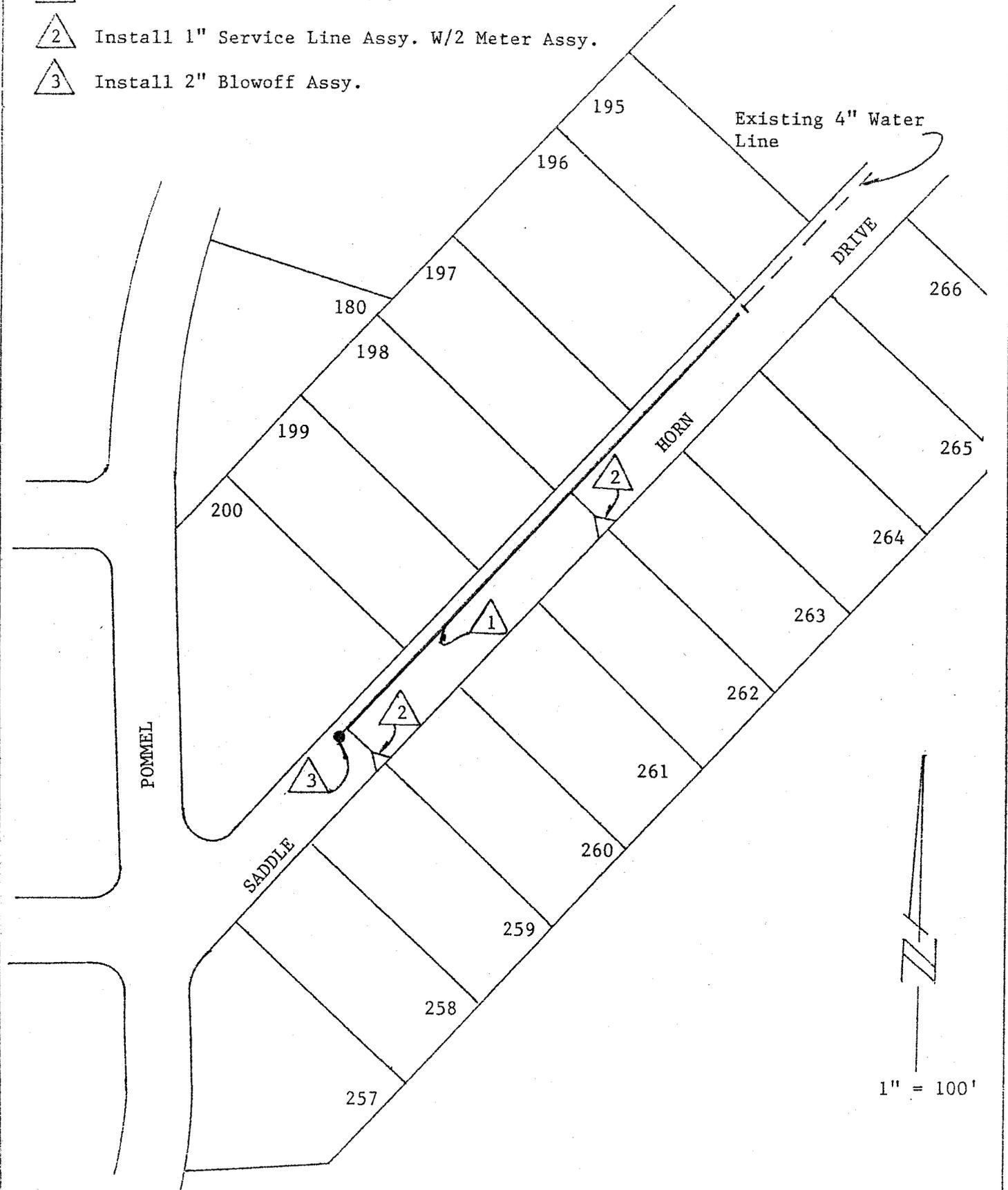
The foregoing instrument was acknowledged before me this  
\_\_\_ day of \_\_\_\_\_, 2001, by \_\_\_\_\_  
known to me to be the \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_, and authorized by said corporation to  
make this acknowledgement on its behalf.

By \_\_\_\_\_  
Notary Public

My Commission Expires  
\_\_\_\_\_

ORIGINAL

- 1 Install 430 L.F. 4" PVC C-900
- 2 Install 1" Service Line Assy. W/2 Meter Assy.
- 3 Install 2" Blowoff Assy.



ORIGINAL

Water Service to Simms Property  
 Lot 259 of Thunderbird Valley  
 EXHIBIT "A"

Applicant: Mr. Michael Simms

EXHIBIT B

APPLICANTS COST

The estimated Applicants cost is set forth below:

<u>UNITS</u>	<u>DESCRIPTION</u>	<u>UNIT COST</u>	<u>EXTENSION</u>
4301/f	4 inch P.V.C.	\$6.00	\$2,580.00
2 Ea.	1" Water Service	\$150.00	300.00
1 Only	Blowoff Assy.	\$45.00	45.00
Total Estimated Cost			<u>\$2,925.00</u>

ORIGINAL

Applicant: Mr. Michael Simms

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this agreement.

ORIGINAL

Applicant: Mr. Michael Simms

EXHIBIT D

No land conveyances are included under this Agreement.

ORIGINAL

ORIGINAL

1016

201X

6-30-98

MAIN EXTENSION AGREEMENT

WATER FACILITIES

=====  
=====  
This Agreement is entered into at Mesa, Arizona on this 2nd day of March, 1998, by and between Guy W. Scott hereinafter referred to as Applicant and Rocky Lake Water Company, an Arizona corporation, hereinafter referred to as Utility.

1) Applicant is the owner of the property as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.

2) Applicant intends to develop said Property within the property set forth in Exhibit A by constructing one dwelling unit, all of which will require domestic water service.

3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

-----  
NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

1) Applicant shall cause the proposed domestic water system to be designed, constructed or installed as necessary to provide an adequate supply of domestic water to each and every dwelling unit within the property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage and pumping facilities.

2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, permits, labor, materials, equipment, transportation, insurance and bonds if applicable.

3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property, including fire protection.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9 Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and / or acceptance by Utility in no way relieve or limit Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall cause or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit C, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements, in a form acceptable to Utility, for the facilities and future attachments to the facilities, including, but not limited to water mains, and access to the supply, production and storage sites. If any rights of way of easements are required by Utility for attachments to developments other than Applicants development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights of way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as files with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of twenty (20) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advanced in aid of construction. Any balance remaining at the end of the twenty year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expensed, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

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

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Guy W. Scott  
P.O. Box 466  
Safford, AZ 85546

UTILITY: Rocky Lake Water company  
P.O. Box 1289  
Mesa, AZ 85211

or to other such address as the parties may advise each other in writing.

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

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

APPLICANT

By: Guy W. Scott  
Guy W. Scott

UTILITY

By: Fred T. Wilkinson  
Fred T. Wilkinson, President

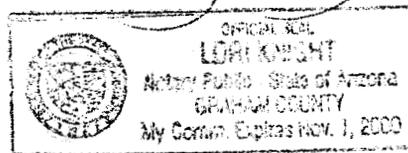
By: Judy A. Lopez  
Judy A. Lopez, Secretary,  
Treasurer

STATE OF ARIZONA )  
County of Graham ) SS

The foregoing instrument was acknowledged before me this 27th day of March 1990, by Guy W. Scott known to me to be the himself of \_\_\_\_\_, and authorized by said corporation to make this acknowledgement on its behalf.

By: [Signature]  
Notary Public

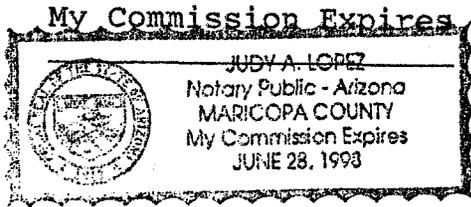
My Commission Expires 11-1-90



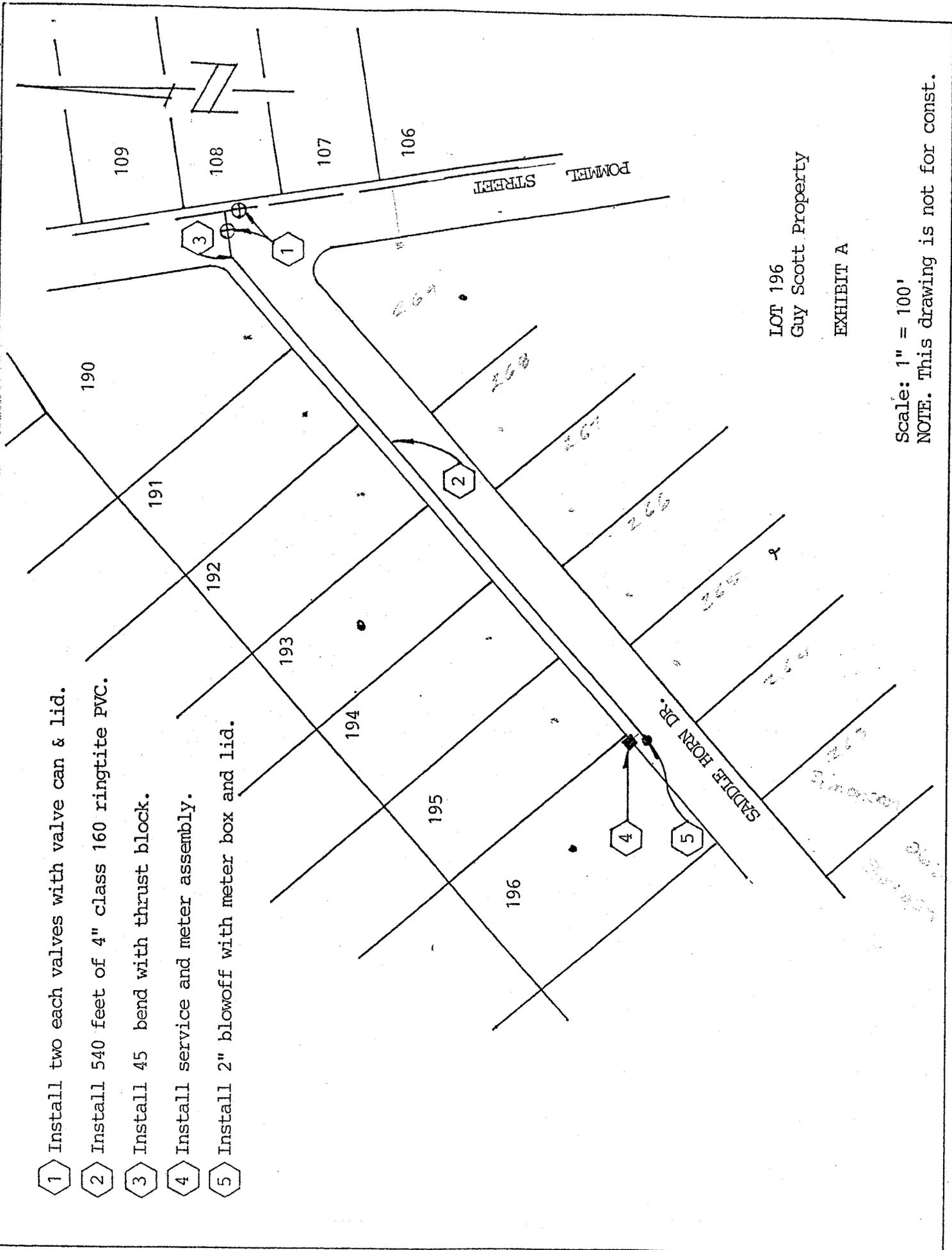
STATE OF ARIZONA     )  
                                  ) SS  
County of Maricopa )

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of February, 1998, by Fred T. Wilkinson known to me to be the President of Rocky Lake Water Company, and authorized by said corporation to make this acknowledgement on its behalf.

By Judy A. Lopez  
Notary Public



- ① Install two each valves with valve can & lid.
- ② Install 540 feet of 4" class 160 ringtite PVC.
- ③ Install 45 bend with thrust block.
- ④ Install service and meter assembly.
- ⑤ Install 2" blowoff with meter box and lid.



LOT 196  
 Guy Scott Property  
 EXHIBIT A

Scale: 1" = 100'  
 NOTE: This drawing is not for const.

MEC# RLWC 104  
Date: March 2, 1998  
Applicant: Guy W. Scott

EXHIBIT B

=====

APPLICANT'S COST

Applicant's cost is in accordance with the information provided by Applicant's contractor. The estimated cost to install the facilities in accordance with the construction plan is as follows:

1) 520 1/f 4" PVC pipe @ \$8.50 / foot	\$4,420.00
2) 2 Each 4" valves w/valve box @ \$320.00	640.00
3) 1 only blowoff assy.	75.00
4) 1 only 3/4" service line assy.	125.00
Sub-Total	<u>\$5,260.00</u>
Inspection and Administration	525.00
Total Estimated Cost	<u>\$5,785.00</u>

*Actual Amount  
To Be Refunded  
= \$ 3,000.00*

MEC# RLWC 104  
Date: March 2, 1998  
Applicant: Guy W. Scott

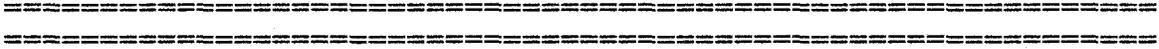
EXHIBIT C

---

OVERSIZING AND REAL PROPERTY

No oversizing or real property will be required under this Agreement.

SCHEDULE 9.1.3



Schedule 9.1.3  
[Proof of Insurance Policies]

8915.132

**ROCKY LAKE WATER COMPANY**

---

P.O. Box 1020  
Apache Junction, Arizona 85217-1020

**F A X C O V E R S H E E T**

<b>DATE:</b>	May 2, 2003	<b>TIME:</b>	1:40 P.M.
<b>TO:</b>	Jeff Zimmerman	<b>PHONE:</b>	602-604-2111
		<b>FAX:</b>	602-274-9135
<b>FROM:</b>	Judy A. Lopez	<b>PHONE:</b>	480-677-6080
		<b>FAX:</b>	480-677-6082

**RE:** Confirmation of Coverage for Rocky Lake under Sequoia's Policy  
**CC:** File  
C. Hultstrand

***Number of pages including cover sheet: 2***

***Message***

As promised, I am sending the fax we received from our agent verifying that Rocky Lake Water Company has been covered for 5 years plus the current year under Sequoia's policy.

If you have any questions, please let us know.

/jal

# FAX

**Date** *May 2, 2003*

**Number of pages including cover sheet** *1*

**TO:** *Judy Lopez*  
**Company:** *Sequoia Industries*

**RE:**  
**Policy #**

**Phone**  
**Fax Phone** *480-677-6082*

**FROM:** *Wanda Eaton, CPIW*  
*Account Manager*  
*Acordia of Arizona*  
*3020 E. Camelback Rd.,*  
*Suite 200*  
*Phoenix, AZ 85016-4400*

**Phone** *602-381-2860*  
**Fax Phone** *602-381-2929*  
**Email** *Wanda\_eaton@acordia.com*

**REMARKS:**  *Urgent*  *For your review*  *Reply ASAP*  *Please Comment*

Judy,

This will confirm that Rocky Lake Water Company has been a Named Insured of Sequoia Industries, LTD., ETAL for the current and prior 5 year policy term thru our agency.

Wanda

# FAX

**Date** *April 29, 2003*

**Number of pages including cover sheet** *1*

**TO:** *Judy Lopez*  
**Company** *Sequola Industries LTD*

**RE** *Coverage Confirmation*  
**Policy #**

**Phone** *480-677-6080*  
**Fax Phone** *480-677-6082*

**FROM:** *Wanda Eaton, CPIW*  
*Account Manager*  
*Acordia of Arizona*  
*3020 E. Camelback Rd.,*  
*Suite 200*  
*Phoenix, AZ 85016-4400*

**Phone** *602-381-2860*  
**Fax Phone** *602-381-2929*  
**Email** *Wanda\_eaton@acordia.com*

**REMARKS:**  *Urgent*  *For your review*  *Reply ASAP*  *Please Comment*

This will confirm that General Liability Occurrence Form has been in effect since 5/07/97 thru 5/07/03 with Acordia.

Thank you,

Wanda Eaton, CPIW

Acordia of Arizona  
3020 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4423  
Tel: (602) 381-2800 (800) 729-9299  
Fax: (602) 381-2929

Acordia

May 12, 1998

Sequoia Industries, LTD  
1832 S. MacDonald Suite #201  
Mesa, Az 85210

ATTENTION: JUDY LOPEZ

RE: ST. PAUL INSURANCE #CK08902214  
12/1/97 -12/1/98

Hi Judy:

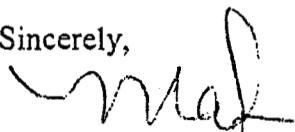
As per our conversation, enclosed is your commercial package policy which was renewed with St. Paul Insurance Company effective 12/1/97-98. In addition to your policy, we are enclosing a brief insurance summary regarding some of the coverages and limits of coverage provided.

In addition, we requested that St. Paul delete the 1832 S. MacDonald #201, Mesa, Az. location as of 6/1/98 and add in it's place your new office located at 459 N. Gilbert Rd., Gilbert, Az. 85234, providing the same coverages and limits as per that which was provided at 1832 S. MacDonald #201, Mesa, Az.. We are also enclosing your copy of the certificate of insurance naming the additional insured lessor, as per your lease agreement. Please do not forget to have the lease revised to reflect that you are only contractually obligated to provide coverage for liability on the premises up to \$1,000,000. per occurrence limit in lieu of \$2,000,000. per occurrence limit.

The endorsement adding the new office location and deleting the old one will follow, and will be as stated above, effective 6/1/98.

Have a good day, and please let us know if you have any questions.

Sincerely,



Marilyn Buzard, CPSR, CIC, AU

Acordia of Arizona  
 3020 E. Camelback Rd., Suite 200  
 Phoenix, AZ 85016-4423  
 Tel: (602) 381-2800 (800) 729-9299  
 Fax: (602) 381-2929

Acordia

**SEQUOIA INDUSTRIES, LTD** Page 1.

**BRIEF INSURANCE SUMMARY FOR 12/1/97-98**

*Commercial Package Policy Carrier: St. Paul Insurance Co.*  
*Policy #: CK08902214 Policy Term: 12/1/97-98*

**Property Section:**

Business personal Property, \$18,000. limit, 90% coinsurance, replacement cost basis,  
 \$1,000. deductible, special form.

**Additional Coverages Provided:**

Accounts receivable @ \$25,000. limit  
 Building ordinance or laws @ \$100,000. limit  
 Computer @ \$25,000. limit  
 Extra Expense @ \$25,000. limit  
 Money & Securities \$10,000. inside and \$2,000. outside limit  
 Outdoor property @ \$25,000. limit  
 Property in transit @ \$25,000. limit.  
 Valuable Papers @ \$25,000. limit  
*(all of these coverages are subject to the \$1,000. deductible.)*

**Liability Coverages:**

General Total Aggregate Limit: \$2,000,000.  
 Per Occurrence Limit: \$1,000,000.  
 Products & Completed Operations  
 Aggregate Limit: \$2,000,000.  
 Advertising Injury &  
 Personal Injury Limit: \$1,000,000.  
 Premises Damage Limit: \$ 500,000.  
 Medical Expense Limit: \$ 10,000.

**THIS IS A BRIEF INSURANCE SUMMARY ONLY. PLEASE REFER TO THE  
 POLICY FOR THE COMPLETED POLICY DETAILS, EXCLUSIONS, ETC..**

Continued.....

Page 2. Continued

Employee Benefits Liability:

Each wrongful act \$1,000,000.  
Total Aggregate Limit \$3,000,000.  
Deductible \$1,000. each wrongful act

Commercial Automobile Coverage:

Automobile Liability, CSL, any auto: \$1,000,000. limit each accident  
Uninsured & Underinsured Motorist Bodily Injury \$1,000,000. limit per accident  
No medical payments provided.  
No physical damage coverage provided.

Scheduled vehicle:  
1979 Ford F350, 1 Ton, #F37SREA0721

**THIS IS A BRIEF INSURANCE SUMMARY ONLY. PLEASE REFER TO THE  
POLICY FOR ALL POLICY COVERAGES, CONDITIONS, LIMITATIONS,  
RESTRICTIONS, LIMITS, EXCLUSIONS, ETC..**

Acordia of Arizona  
3020 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4423  
Tel: (602) 381-2800 (800) 729-9299  
Fax: (602) 381-2929

*Acordia.*

December 1, 1998

Mr. Ted Wilkinson  
Sequola Industries, Ltd.  
P.O. Box 2899  
Gilbert, AZ 85299

Re: Binder  
Commercial Package  
Travelers Insurance Company  
December 1, 1998 to December 1, 1999

Dear Ted:

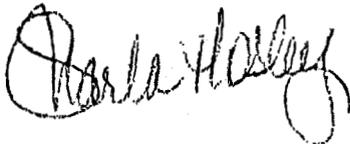
Thank you for renewing the above captioned policy with Acordia of Arizona. Your renewal policy has been ordered and we will forward it to you upon receipt.

The enclosed binder will serve as evidence of coverage until the policy is received. This policy has been set up on a direct bill basis; therefore, you will receive an invoice directly from the carrier. However, since this is a new account for the carrier, they are requiring a 25% deposit premium. Please forward \$2,500.50 to our office per the attached invoice upon receipt.

Should you have any questions, please do not hesitate to contact our office. We appreciate the opportunity to provide this coverage for you and look forward to servicing your account.

Sincerely,

ACORDIA OF ARIZONA



Sharla J. Hosley, CISR  
Account Manager

Enclosures

SJH/me

# ACCORD INSURANCE BINDER

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM

ISSUE DATE (MM/DD/YY)  
 12/01/98

<b>PRODUCER</b> Acordia of Arizona 3020 E. Camelback Rd. Suite 200 Phoenix, AZ 85016 SJH		<b>COMPANY</b> Travelers Insurance Comp. 562246	
<b>CODE</b> PA020028 SUB-CODE		<b>DATE EFFECTIVE</b> 12/01/98 <b>TIME</b> 12:01 <input checked="" type="checkbox"/> AM <b>DATE EXPIRATION</b> 3/01/99 <input checked="" type="checkbox"/> 12:01 AM	
<b>INSURED</b> Sequoia Industries, Ltd., etal Mr. Ted Wilkinson 1832 S. MacDonald Suite 201 Mesa AZ 85210		THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY NO: <b>DESCRIPTION OF OPERATION/VEHICLE/PROPERTY (including Location)</b> Small Water Utility Company	

TYPE OF INSURANCE	COVERAGES/FORMS	AMOUNT	DEDUCTIBLE	COINSUR
<b>PROPERTY CAUSES OF LOSS</b> <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPEC.	Business Personal Property Replacement Cost	18,000	1,000	90
<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.	Employee Benefit Liability \$1,000,000 Ea. Wrongful Act Deductible: \$1,000  RETRO DATE FOR CLAIMS MADE:	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG. \$ 2,000,000 PERSONAL & ADV. INJURY \$ 1,000,000 EACH OCCURRENCE 1,000,000 FIRE DAMAGE (Any one fire) \$ 500,000 MED. EXPENSE (Any one person) \$ 5,000 COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT. \$ UNINSURED MOTORIST \$ 1,000,000 UIM \$ 1,000,000 ACTUAL CASH VALUE \$ STATED AMOUNT \$ OTHER \$		
<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY	1979 Ford F350 1 Ton VIN #F37SREA0721  RETRO DATE FOR CLAIMS MADE:			
<b>AUTO PHYSICAL DAMAGE DEDUCTIBLE</b> <input type="checkbox"/> COLLISION: <input type="checkbox"/> OTHER THAN COL:	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES			
<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:			
<b>WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY</b>				

Insurance Binder is issued per application and order on file with insurance company.

**NAME & ADDRESS**

MORTGAGEE \_\_\_\_\_ ADDITIONAL INSURED \_\_\_\_\_  
 LOSS PAYEE \_\_\_\_\_  
 LOAN # \_\_\_\_\_

**AUTHORIZED REPRESENTATIVE**  
*Charla Hosley*

ACCORD 25-511/100    000312000  
 © ACCORD CORPORATION 1988

Acordia of Arizona  
3020 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4423  
Tel: (602) 381-2800 (800) 729-9299  
Fax: (602) 381-2828

*Acordia.*

August 9, 1999

Ms. Judy Lopez  
Sequoia Industries, Ltd.  
P.O. Box 2899  
Gilbert, Arizona 85299

Re: Commercial Package  
Policy Number NPP705588  
Commercial Automobile  
Policy Number BAP0705924  
May 7, 1999 to May 7, 2000

Dear Judy:

We are pleased to enclose the renewal of the above captioned policies. We have carefully reviewed the policies; however, please take a moment to review and let us know immediately if there are any discrepancies.

Thank you for your continued confidence in our agency. I look forward to working with you throughout the coming year. If I can be of any further assistance on your business or personal insurance needs, please do not hesitate to contact me.

Best Regards,

ACORDIA OF ARIZONA



Sharla J. Hosley, CISR  
Account Manager

Enclosures

SJH/me

**WESTERN WORLD INSURANCE COMPANY**  
**COMMERCIAL LIABILITY COVERAGE PART**  
**DECLARATIONS**

Policy No. NPP705586

Effective Date: 05/07/1999  
 12:01 A.M., Standard Time

**LIMITS OF INSURANCE**

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 2,000,000	
Products-Completed Operations Aggregate Limit	\$ <u>Included</u>	
Personal and Advertising Injury Limit	\$ 1,000,000	
Each Occurrence Limit	\$ 1,000,000	
Fire Damage Limit	\$ 50,000	Any One Fire
Medical Expense Limit	\$ 1,000	Any One Person
Each Professional Incident Limit (if applicable)	\$ <u>Excluded</u>	

**PREMIUM**

Classification	Code No.	Premium Basis	Rate		Advance Premium		
			Pr/Co	All Other	Pr/Co	All Other	
Water Companies	99943	p)86760 Loc 1		28.977	Included	2514.00	
Water Companies	99943	p)1500 Loc 2		28.977	Included	43.00	
Total Advance Premium \$						Included	\$2557.00

**FORMS AND ENDORSEMENTS**

Forms and Endorsements applying to this coverage part and made part of policy at time of issue:  
 SEE SCHEDULE OF FORMS AND ENDORSEMENTS

Countersigned:

06/24/1999 JKP

By \_\_\_\_\_

Authorized Representative

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Acordia of Arizona  
3020 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4423  
Tel: (602) 381-2800 (800) 729-9299  
Fax: (602) 381-2929

*Acordia.*

August 14, 2000

Ms. Judy Lopez  
SEQUOIA INDUSTRIES, LTD.  
P O Box 2899  
Gilbert, AZ 85299

Re: Package Policy – NP0706628  
Automobile Policy – BAP0705924

Dear Ms. Lopez:

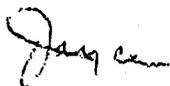
The renewal of the above captioned policies are enclosed along with Automobile Loss Kits and ID cards. Couldn't tell if the ID cards had been processed earlier.

We ask that you take a moment to review the above items to make sure the coverages and limits meet your needs. If you find any corrections or revisions are necessary or have any questions please call.

We thank you for your business and allowing ACORDIA to be of service as respects your insurance needs.

Sincerely,

ACORDIA



Joyce Conley, CISR, for  
Sharla Hosley, CISR  
Account Manager  
602-381-2805

**WESTERN WORLD INSURANCE COMPANY**  
**COMMERCIAL LIABILITY COVERAGE PART**  
**DECLARATIONS**

Policy No. NNP NPP0706628

Effective Date: 05/07/2000  
 12:01 A.M., Standard Time

LIMITS OF INSURANCE	
General Aggregate Limit (Other Than Products-Completed Operations)	\$ <u>2,000,000</u>
Products - Completed Operations Aggregate Limit	\$ <u>Included</u>
Personal and Advertising Injury Limit	\$ <u>1,000,000</u> Any One Person or Organization
Each Occurrence Limit	\$ <u>1,000,000</u>
Damage to Premises Rented to You	\$ <u>50,000</u> Any One Premises
Medical Expense Limit	\$ <u>1,000</u> Any One Person
Each Professional Incident Limit (if applicable)	\$ <u>Excluded</u>

PREMIUM						
Classification	Code No.	Premium Basis	Rate		Advance Premium	
			Pr/Co	All Other	Pr/Co	All Other
Water Companies "Including Products and Completed Operations"	99943+	p)107,000	Included	21.86	Included	2,339.00
Contractors-subcontracted work- other than construction related work	91591	c)75,000	1.70	1.98	250 MP	149.00
<b>Total Advance Premium\$</b>					<b>2,488.00</b>	

**FORMS AND ENDORSEMENTS**

Forms and Endorsements applying to this coverage part and made part of policy at time of Issue:

"SEE FORMS AND ENDORSEMENT SCHEDULE"

Countersigned:

By \_\_\_\_\_  
 Authorized Representative

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not

payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

#### b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
- (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
  - c. Any person or organization having proper temporary custody of your property if you die, but only:
    - (1) With respect to liability arising out of the maintenance or use of that property; and
    - (2) Until your legal representative has been appointed.
  - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily Injury" to a co-"employee" of the person driving the equipment; or
  - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability com-

pany that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage C;
  - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

The logo for Acordia, featuring the word "Acordia" in a stylized, cursive font inside a dark square.

JUL 17 2002

July 15, 2002

Judy Lopez  
Sequoia Industries LTD  
P.O. Box 1020  
Apache Jct., AZ 85217

**RE: Commercial Package Policy & Automobile Policy  
Western World #NPP756467 & AutoOwners #43-732-969-00  
May 7, 2002 to May 7, 2003**

Dear Judy:

Enclosed is the above captioned policies. We have carefully checked the policies for accuracy according to your instructions. We would encourage you to review the policies to ensure that all of the coverages and limits are adequate for the business needs. If you have any changes that need to be made, please let us know immediately.

We would like to take a moment to thank you for choosing ACORDIA OF ARIZONA for your insurance needs. If we can help you with anything else please don't hesitate to call.

Sincerely,

ACORDIA OF ARIZONA

A handwritten signature in cursive script that reads "Wanda Eaton".

Wanda Eaton, CPIW  
Account Manager

Enclosures

Acordia  
3020 East Camelback Road  
Suite 200  
Phoenix, AZ 85016-4423  
Voice: 602.381.2800  
800.729.9299  
Fax: 602.381.2929

[www.acordia.com](http://www.acordia.com)

**COMMERCIAL LIABILITY COVERAGE PART  
DECLARATIONS**

Policy Number: NPP NPP756467

Effective Date: 05/07/2002

12:01 A.M., Standard Time

LIMITS OF INSURANCE						
General Aggregate Limit (Other Than Products-Completed Operations)	\$	<u>2,000,000</u>				
Products - Completed Operations Aggregate Limit	\$	<u>INCLUDED</u>				
Personal and Advertising Injury Limit	\$	<u>1,000,000</u>				Any One Person or Organization
Each Occurrence Limit	\$	<u>1,000,000</u>				
Damage to Premises Rented to You	\$	<u>50,000</u>				Any One Premises
Medical Expense Limit	\$	<u>1,000</u>				Any One Person
Each Professional Incident Limit (if applicable)	\$	<u>NOT COVERED</u>				
PREMIUM						
Classification	Code No.	Premium Basis	Rate		Advance Premium	
			Pr/Co	All Other	Pr/Co	All Other
Contractors - subcontracted work - in connection with construction, reconstruction, erection or repair - not buildings - NOC	91581	C) 118,720	INCL	2.128	INCL	253.00
Water Companies. Products-completed operations are subject to the General Aggregate Limit.	99943	P) 206,090	INCL	22.313	INCL	4,598.00
Total Advance Premium					\$	4851.00
FORMS AND ENDORSEMENTS						
Forms and Endorsements applying to this coverage part and made part of policy at time of Issue: <b>See Schedule Of Forms And Endorsements</b>						

Countersigned:

By \_\_\_\_\_  
Authorized Representative

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

WW232 (04/01)

**ROCKY LAKE WATER COMPANY**

---

P.O. Box 1020  
Apache Junction, Arizona 85217-1020

**F A X C O V E R S H E E T**

**DATE:** April 30, 2003      **TIME:** 10:40 A.M.  
**TO:** Jeff Zimmerman      **PHONE:** 602-604-2111  
   **FAX:** 602-274-9135  
**FROM:** Judy A. Lopez      **PHONE:** 480-677-6080  
   **FAX:** 480-677-6082

**RE:** Missing Pages from Proof of General Liability Insurance &  
Confirmation of Coverage for Rocky Lake under Sequoia's Policy

**CC:** File

***Number of pages including cover sheet: 8***

***Message***

I am faxing the Insurance Binder and Fax Cover Sheet that indicates that coverage was bound on May 7<sup>th</sup> for the 2001 - 2002 time period. Hope this now completes the package that supports our agent's 5-year coverage confirmation fax.

I have a call in to Wanda at Acordia to change her fax to verify that Rocky Lake Water Company was covered for 5 years plus the current year under Sequoia's policy. I will send that when she faxes it to me.

If you have any questions, please let us know.

/jal

**ACORDIA OF ARIZONA**  
3020 EAST CAMELBACK ROAD, SUITE 200  
PHOENIX, ARIZONA 85016  
PHONE NUMBER 602-381-2800  
FAX NUMBER 602-381-2929

**FAX COVER SHEET**

DATE: 05/04/2001

TO: Judy Lopez  
Sequoia Industries, Ltd.

PHONE: (480) 632-6170 FAX: (480) 632-6171

NUMBER OF PAGES BEING TRANSMITTED, INCLUDING COVER SHEET: 5

FROM: Sharla J. Hosley, CISR PHONE: (602) 381-2805

RE: Renewal Binder, Auto ID Cards  
Finance Agreement

**MESSAGE:**

Hi Judy:

Please find attached our renewal binder, new Auto ID Cards and the finance agreement. Please sign and date the agreement where I indicated and return to my office with the deposit payment of \$2,895.57. As in the past, you will be billed monthly installments direct from Premium Financing Specialist. I will forward the renewal policies upon receipt from the company.

Thank you for your continued confidence in our agency. I look forward to working with you throughout the coming year.

Should you have any questions or if I can be of further assistance, please do not hesitate to contact our office.

Best Regards,  
*Sharla J. Hosley*  
Account Manager

# ADD'L. INSURANCE BINDER

ISSUE DATE (MM/DD/YY)  5/04/01

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM

**PRODUCER**  
 Acordia of Arizona  
 3020 E. Camelback Rd.  
 Suite 200  
 Phoenix, AZ 85016

**COMPANY**  
 Wearsath World Insurance  
 664830

**DATE EFFECTIVE** 5/07/01 **TIME** 12:01 **AM/PM**  AM  PM  
**DATE EXPIRATION** 7/07/01 **TIME**  NOON  NOON

**INSURED**  
 Sequela Industries, Ltd. Etal  
 P.O. Box 2000  
 Gilbert  
 AZ 85299-1299

THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY NO. **8AP0708418/NPP0708828**

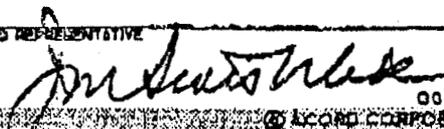
**DESCRIPTION OF OPERATIONS/VEHICLE/PROPERTY (INCLUDING LOCATION)**  
 Small Water Utility Company  
 LOCATION- 458 N Gilbert Rd, #5130  
 Gilbert, AZ 85294

TYPE OF INSURANCE	COVERAGES/FORMS	AMOUNT	DEDUCTIBLE	CO-PAY
<b>PROPERTY CAUSES OF LOSS</b> <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPEC.	Bldgs & BPP Inland Marine	110,000 31,300	500 500	90
<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.	RETRO DATE FOR CLAIMS MADE:	GENERAL AGGREGATE PRODUCTS - COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED. EXPENSE (Any one person) COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PROT. DANSHURED MOTORIST UIM	\$ 2,000,000 \$ \$ 1,000,000 1,000,000 \$ 50,000 \$ 1,000 \$ 1,000,000 \$ \$ \$ \$ 1,000,000 \$ 1,000,000	
<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY	RETRO DATE FOR CLAIMS MADE:	ACTUAL CASH VALUE STATED AMOUNT OTHER EACH OCCURRENCE AGGREGATE SELF-INSURED RETENTION STATUTORY LIMITS EACH ACCIDENT DISEASE-POLICY LIMIT DISEASE-EACH EMPLOYEE		
<b>AUTO PHYSICAL DAMAGE</b> DEDUCTIBLE <input checked="" type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES <input checked="" type="checkbox"/> COLLISION: 250 <input checked="" type="checkbox"/> OTHER THAN COLL: 250				
<b>UMBRELLA LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:			
<b>WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY</b>				

Binder is issued per application and order on file with company.

**COPIES TO BE MADE**

MORTGAGE LOSS PAYS  ADDITIONAL INSURED

**AUTHORIZED REPRESENTATIVE**  


005579000  
 © LICOR CORPORATION 1997



Acordia of Arizona  
3020 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4423  
Tel: (602) 381-2800 (800) 729-9299  
Fax: (602) 381-2929

*Acordia.*

August 14, 2000

Ms. Judy Lopez  
SEQUOIA INDUSTRIES, LTD.  
P O Box 2899  
Gilbert, AZ 85299

Re: Package Policy - NP0706628  
Automobile Policy - BAP0705924

Dear Ms. Lopez:

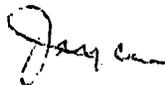
The renewal of the above captioned policies are enclosed along with Automobile Loss Kits and ID cards. Couldn't tell if the ID cards had been processed earlier.

We ask that you take a moment to review the above items to make sure the coverages and limits meet your needs. If you find any corrections or revisions are necessary or have any questions please call.

We thank you for your business and allowing ACORDIA to be of service as respects your insurance needs.

Sincerely,

ACORDIA



Joyce Conley, CISR, for  
Sharla Hosley, CISR  
Account Manager  
602-381-2805

## WESTERN WORLD INSURANCE COMPANY COMMERCIAL LIABILITY COVERAGE PART DECLARATIONS

Policy No. NNP NPP0706628

Effective Date: 05/07/2000  
12:01 A.M., Standard Time

LIMITS OF INSURANCE						
General Aggregate Limit (Other Than Products-Completed Operations)	\$	<u>2,000,000</u>				
Products - Completed Operations Aggregate Limit	\$	<u>Included</u>				
Personal and Advertising Injury Limit	\$	<u>1,000,000</u>				Any One Person or Organization
Each Occurrence Limit	\$	<u>1,000,000</u>				
Damage to Premises Rented to You	\$	<u>50,000</u>				Any One Premises
Medical Expense Limit	\$	<u>1,000</u>				Any One Person
Each Professional Incident Limit (if applicable)	\$	<u>Excluded</u>				
PREMIUM						
Classification	Code No.	Premium Basis	Rate		Advance Premium	
			Pr/Co	All Other	Pr/Co	All Other
Water Companies "Including Products and Completed Operations"	99943+	p)107,000	Included	21.86	Included	2,339.00
Contractors-subcontracted work- other than construction related work	91591	c)75,000	1.70	1.98	250 MP	149.00
Total Advance Premium\$					2,488.00	
FORMS AND ENDORSEMENTS						
Forms and Endorsements applying to this coverage part and made part of policy at time of issue:  "SEE FORMS AND ENDORSEMENT SCHEDULE"						

Countersigned:

By \_\_\_\_\_  
Authorized Representative

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
  - c. Any person or organization having proper temporary custody of your property if you die, but only:
    - (1) With respect to liability arising out of the maintenance or use of that property; and
    - (2) Until your legal representative has been appointed.
  - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
  - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability com-

pany that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage C;
  - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

**2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**3. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not

payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

**b. Excess Insurance**

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (c) That is Insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
- (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:



JUL 17 2002

July 15, 2002

Judy Lopez  
Sequoia Industries LTD  
P.O. Box 1020  
Apache Jct., AZ 85217

**RE: Commercial Package Policy & Automobile Policy  
Western World #NPP756467 & AutoOwners #43-732-969-00  
May 7, 2002 to May 7, 2003**

Dear Judy:

Enclosed is the above captioned policies. We have carefully checked the policies for accuracy according to your instructions. We would encourage you to review the policies to ensure that all of the coverages and limits are adequate for the business needs. If you have any changes that need to be made, please let us know immediately.

We would like to take a moment to thank you for choosing ACORDIA OF ARIZONA for your insurance needs. If we can help you with anything else please don't hesitate to call.

Sincerely,

ACORDIA OF ARIZONA

Wanda Eaton, CPIW  
Account Manager

Enclosures

Acordia  
3020 East Camelback Road  
Suite 200  
Phoenix, AZ 85016-4423  
Voice: 602.381.2800  
800.729.9299  
Fax: 602.381.2929

[www.acordia.com](http://www.acordia.com)

**COMMERCIAL LIABILITY COVERAGE PART  
DECLARATIONS**

Policy Number: NPP NPP756467

Effective Date: 05/07/2002  
12:01 A.M., Standard Time

LIMITS OF INSURANCE	
General Aggregate Limit (Other Than Products-Completed Operations)	\$ <u>2,000,000</u>
Products - Completed Operations Aggregate Limit	\$ <u>INCLUDED</u>
Personal and Advertising Injury Limit	\$ <u>1,000,000</u> Any One Person or Organization
Each Occurrence Limit	\$ <u>1,000,000</u>
Damage to Premises Rented to You	\$ <u>50,000</u> Any One Premises
Medical Expense Limit	\$ <u>1,000</u> Any One Person
Each Professional Incident Limit (if applicable)	\$ <u>NOT COVERED</u>

PREMIUM						
Classification	Code No.	Premium Basis	Rate		Advance Premium	
			Pr/Co	All Other	Pr/Co	All Other
Contractors - subcontracted work - in connection with construction, reconstruction, erection or repair - not buildings - NOC	91581	C) 118,720	INCL	2.128	INCL	253.00
Water Companies. Products-completed operations are subject to the General Aggregate Limit.	99943	P) 206,090	INCL	22.313	INCL	4,598.00
Total Advance Premium						\$ 4851.00

**FORMS AND ENDORSEMENTS**  
Forms and Endorsements applying to this coverage part and made part of policy at time of issue:  
**See Schedule Of Forms And Endorsements**

Countersigned:

By \_\_\_\_\_  
Authorized Representative

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

WW232 (04/01)

# FAX

**Date** *April 30, 2003*

**Number of pages including cover sheet** 1

**TO:** *Judy Lopez*  
**Company:** *Sequoia*

**RE:**  
**Policy #**

**Phone**  
**Fax Phone** *480-677-6082*

**FROM:** *Wanda Eaton, CPIW*  
*Account Manager*  
*Acordia of Arizona*  
*3020 E. Camelback Rd.,*  
*Suite 200*  
*Phoenix, AZ 85016-4400*

**Phone** *602-381-2860*  
**Fax Phone** *602-381-2929*  
**Email** *Wanda\_eaton@acordia.com*

**REMARKS:**  *Urgent*  *For your review*  *Reply ASAP*  *Please Comment*

Judy,  
Per our conversation – this is to confirm that your current policy shows Rocky Lake Water Company as a Named Insured of Sequoia Industries, Ltd. Etal  
Wanda



ORIGINAL

CERTIFIED COPY OF CORPORATE RESOLUTION  
OF  
ROCKY LAKE WATER COMPANY

STATE OF ARIZONA        )  
                                  )        ss  
County of Maricopa     )

The undersigned, as Secretary of ROCKY LAKE WATER COMPANY., a corporation duly organized under the laws of the State of Arizona, hereby certifies that by Special Meeting of the Board of Directors on Friday, May 23, 2003, the following resolution was duly adopted by the Directors of the Corporation, and the same have not since been rescinded or modified and are presently in full force and effect:

RESOLVED, that Fred T. Wilkinson shall be and is authorized to execute that certain Purchase Agreement which shall have the effect of selling the assets of Rocky Lake Water Company, to Gila Resources, Inc. for the sum of One Thousand and Fifty (\$1,150) Dollars per connection to Gila Resources, Inc. of Safford, Arizona.

IN WITNESS WHEREOF, this Certification has been signed on behalf of the Corporation by its Secretary thereunto duly authorized as of this 23rd day of May 2003.

*Judy A. Lopez*  
\_\_\_\_\_  
Judy A. Lopez, Secretary

STATE OF ARIZONA        )  
                                  )        ss  
County of Maricopa     )

On this, \_\_\_ day of May 2003, before me the undersigned Notary Public, personally appeared Judy A. Lopez, who acknowledged herself to be the Secretary of Rocky Lake Water Company, an Arizona Corporation, to me known to be the individual described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.

Notary Public: *Lydia A. Abril*

My Commission Expires: \_\_\_\_\_

