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ARIZONA CORPORATION COMMISSION
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2 Timothy Berg
3 Patrick J. Black
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5 Suite 2600
6 Phoenix, Arizona 85012
7 Telephone (602) 916-5000
8 Attorneys for Seven Canyons Water Company

DOCKETED BY *CR*

BEFORE THE ARIZONA CORPORATION COMMISSION

9 IN THE MATTER OF THE APPLICATION OF
10 SEVEN CANYONS WATER COMPANY FOR
11 AN EXTENSION OF ITS CERTIFICATE OF
12 CONVENIENCE AND NECESSITY TO
13 PROVIDE WATER SERVICE

Docket No. W-03388A-03-0150

14 IN THE MATTER OF THE APPLICATION OF
15 SEVEN CANYONS WATER TREATMENT
16 COMPANY FOR AN EXTENSION OF ITS
17 CERTIFICATE OF CONVENIENCE AND
18 NECESSITY TO PROVIDE SEWER SERVICE

Docket No. SW-03389A-03-0150

NOTICE OF ADDITIONAL
SUPPLEMENTAL FILING

19 Pursuant to the Administrative Law Judge's request made during the August 20, 2003,
20 hearing in the above referenced matter, Seven Canyons Water Company and Seven Canyons
21 Water Treatment Company hereby provides this Notice of Additional Supplemental Filing.

22 Attached hereto as Exhibit 1 is a Statement of Assets and Liabilities for Sedona
23 Development Partners, L.L.C. as of January 31, 2003, setting forth the financial status of the entity
24 developing the property to be included (Unit II) in Seven Canyon's certificate of convenience and
25 necessity ("CC&N") extension request.

26 Attached hereto as Exhibit 2 is property tax information for parcel no. 408-34-002a-9,
Sedona at Seven Canyons Unit II, noting that taxes for the year 2002 in the amount of \$15,890.74
has been paid in full.

Attached hereto as Exhibit 3 is information regarding the transfer of property currently
within Seven Canyon's CC&N, as well as property in the requested extension area, from NZ

1 DEVELOPMENT II, L.L.C. to SEDONA DEVELOPMENT PARTNERS, LLC, including: (1) a
2 Bill of Sale dated May 30, 2001; (2) an Assignment of Rights dated May 30, 2001; (3) an
3 Assignment Separate from Certificate for Seven Canyons Water Company dated May 30, 2001;
4 and (4) an Assignment Separate from Certificate for Seven Canyons Water Treatment Company
5 dated May 30, 2001.

6 Attached hereto as Exhibit 4 is a narrative explanation, with map, regarding existing and
7 future water wells within the project for the delivery of potable and non-potable water to the
8 property and customers of Seven Canyons.

9 Attached hereto as Exhibit 5 is information relating to the sale of water from Seven
10 Canyons to the Golf Course since January 2, 2003, at its tariffed rate of \$4.50 per 1,000 gallons.

11 RESPECTFULLY SUBMITTED this 3rd day of September, 2003.

12

13

By: 

Timothy Berg

Patrick J. Black

Attorneys for Seven Canyons Water Company

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18 **ORIGINAL** and 15 copies hand-delivered
for filing this 3rd day of September, 2003, to:

19

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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21

22 **COPIES** hand-delivered this
3rd day of September, 2003, to:

23

Philip Dion, III
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

24

25

26

1 David Ronald
2 Legal Division
3 Arizona Corporation Commission
4 1200 West Washington
5 Phoenix, Arizona 85007

6 Jim Fisher, Executive Consultant
7 Utilities Division
8 Arizona Corporation Commission
9 1200 West Washington
10 Phoenix, Arizona 85007

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By: 

Exhibit 1

SEDONA DEVELOPMENT PARTNERS, LLC
Statement of Assets, Liabilities, and
Members' Equity
(Income Tax Basis)
January 31, 2003

ASSETS

CURRENT ASSETS

Cash - Checking	\$ 8,190,046
Due from Golf Members	241,367
Due from Others	4,669
Due From Affiliates	616,298
Inventory Pro Shop	39,686
Prepaid Expenses & Deposits	23,525

Total Current Assets \$ 9,115,591

LAND, BUILDINGS, AND EQUIPMENT

Building	2,756,272
Real Estate Lots	12,496,431
Equipment & Automobiles	14,434,193
Accumulated Depreciation	(457,752)
Land	13,360,873

Total Land, Buildings, and Equipment 42,590,018

OTHER ASSETS

Construction in Process	13,841,290
Investment in Seven Canyons Water Treatment Company	208,056
Investment in Seven Canyons Water Company	303,970
Other Assets	476,410
Deposits	12,701
Organization Costs	1,537,468
Accumulated Amortization	(370,108)

Total Other Assets 16,009,786

TOTAL ASSETS

\$ 67,715,395

LIABILITIES AND MEMBERS' EQUITY

SHORT TERM LIABILITIES

Accounts Payable	\$ 1,691,963
Payroll Payables	37,312
Taxes Payable	(698)
Intercompany Payables	728,405
Due To Pinnacle Development Group	55,109
Note Payable - Four Seasons, Inc.	5,656,000
Note Payable - Kirinsky - Lot 19	440,881
Note Payable - NZ Development II, LLC	6,045,000
Note Payable - NZ Corporation	455,000
Note Payable - National Bank	12,279
Note Payable - Pinnacle Development Group	810,497
Note Payable - Specialty Financial	18,250,000
Due To 7-C Partners	2,427
Due To Sedona 7-C Equity Holdings	60
Due To Seven Canyons Lenders	1,325
Due To SCI, SC Investors	1,558,989
Due To Cavan Investments	80
Due To Cavan Management Services	63,466
Due To Sedona 7-C Investment Group	13,562
Note Payable - National Bank	1,225,000
Note Payable - Seller Carryback	3,348,000
Note Payable - National Bank	475,000
Note Payable - National Bank	62,000
Note Payable - National Bank	42,715
Note Payable - National Bank	180,000

Total Short Term Liabilities \$ 41,154,372

LONG TERM LIABILITIES

Notes Payables - LT Portion	11,427,476
Escrow Deposits Membership	6,062,500

Total Long Term Liabilities 17,489,976

MEMBERS' EQUITY

Capital Contributions	15,000,000
Income (Loss) - Prior Year	(5,444,226)
Net Income (Loss) - Current Year	(484,727)

Total Members' Equity 9,071,047

TOTAL LIABILITIES AND MEMBERS' EQUITY

\$ 67,715,395

OPERATING EXPENSES		
Advertising & Marketing	5,323	5,323
Amortization Expense	38,647	38,647
Bank Charges	159	159
Building Improvements & R&M	352	352
Cleaning Operating Supplies	77	77
Computer Equipment & Support	244	244
Contract Cleaning	720	720
Contract Labor	552	552
Credit Card Commission & Charges	70	70
Decorations & Flowers	11	11
Depreciation Expense	143,921	143,921
Employee Living Expense	1,463	1,463
Fertilizer	2,345	2,345
G.C. Supplies	483	483
Gas & Oil E & P Phoenix Open	(374)	(374)
Golf Shop Supplies	152	152
Guest Supplies	118	118
Interest Expense	117	117
Interest Expense Sepcialty Finance	132,641	132,641
Late Fees	102	102
Lease Equipment	3,211	3,211
Lease - Mobile Storage	1,711	1,711
Lease Admin & CH Buildings	3,945	3,945
Licenses & Permits	60	60
Machinery & Equipment R&M	1,188	1,188
Membership Functions & Activities	470	470
Music, TV, Entertainment	343	343
Lease Office Equipment	504	504
Office Supplies	82	82
Pest Control	150	150
Postage	131	131
Printing & Stationary	395	395
Professional Services	17,138	17,138
Pump repair services	1,554	1,554
Recruitment & Testing	486	486
Seed	3,074	3,074
Small Tools & Supplies	762	762
Telephone, Mobile	5,687	5,687
Travel Expenses	187	187
Uniform Purchase	777	777
Uniform Rental/Clean	1,628	1,628
Utilities - Electricity	5,014	5,014
Utilities - Electricity Temp	15,053	15,053
Utilities - Gas	1,532	1,532
Utilities - Irrigation Water	528	528
Utilities - Water & Sewer	3,714	3,714
Vehicle Expense	24	24
Water Treatment	33	33
Total Operating Expenses	396,504	396,504
OTHER INCOME & (EXPENSES)		
Cash Over/Short	47	47
Sale of Asset - Gain / Loss	6,040	6,040
	6,086	6,086
Total Other Income & (Expenses)	483,768	483,768
NET INCOME (LOSS)	\$ (484,727)	\$ (484,727)

Exhibit 2

**Yavapai
Title Agency**

"Commitment to Excellence"

August 28, 2003

Cavan Investments, Ltd.
8960 E. Raintree Drive
Suite 100
Scottsdale, AZ 85260

Atten Allison Macaulay

RE: 2002 taxes Sedona at Seven Canyons Unit II

Dear Allison,

Regarding your request for the 2002 tax status on the above mentioned subdivision, we wish to report that the taxes for the year 2002 tax parcel no. 408-34-002a-9 in the amount of \$15,890.74 is paid in full.

If I can be of further assistance, please do not hesitate to call me.

Sincerely,



Brenda Martinez
Chief Title Officer
Vice President

Exhibit 3

BILL OF SALE

For the consideration of \$10.00 and other valuable consideration, receipt of which is hereby acknowledged, **NZ DEVELOPMENT II, L.L.C.**, an Arizona limited liability company ("Seller"), hereby quit claims, assigns and transfers unto **SEDONA DEVELOPMENT PARTNERS, LLC**, an Arizona limited liability company ("Buyer"), to the extent assignable or transferable, all of Seller's right, title and interest, if any, in and to any personal property owned by Seller and located on the real property described on Exhibit A attached hereto.

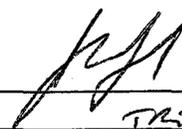
BY ACCEPTANCE OF THIS BILL OF SALE, BUYER ACKNOWLEDGES, REPRESENTS, WARRANTS AND AGREES THAT BUYER IS PURCHASING THE PERSONAL PROPERTY IN "AS IS" AND "WHERE IS" CONDITION, WITH ALL FAULTS AND WITHOUT ANY WARRANTY, EXPRESSED OR IMPLIED, AS TO THE CONDITION OR MERCHANTABILITY OF, OR TITLE TO, THE PERSONAL PROPERTY WHATSOEVER.

Dated this 30 day of May, 2001.

"SELLER"

NZ DEVELOPMENT II, L.L.C., an Arizona limited liability company, Its General Partner

By: NZ Development Corporation, an Arizona corporation
Its: Managing Member

By: 

Its: TRASGUE

EXHIBIT A

Order Number: 502246

LEGAL DESCRIPTION

Final Plat SEVEN CANYONS OF SEDONA, Phase 1, A Condominium, according to the plat of record in Book 40 of Maps, pages 44 to 56 inclusive, records of Yavapai County, Arizona.

EXCEPTING therefrom that portion of said subdivision included within that portion of the North half of Section 27, Township 18 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

COMMENCING at a ¼ inch pipe with no identification found at the Northwest corner of the CANON DEL ORO SUBDIVISION according to the Second Revised Plat thereof recorded in Book 8 of Maps and Plats, page 26, records of Yavapai County, Arizona;

Thence North 89°08'30" West (basis of bearings for this description), a distance of 1,325.80 feet along the North line of said Section 27 to a chiseled + in the top of a sandstone monument found at the Northwest corner of said Section 27;

Thence South 00°01'53" East, a distance of 1,352.61 feet to a ¼ inch pipe with no identification found at the Northwest corner of the West half of the Southwest quarter of the Northwest quarter of Section 27;

Thence South 88°54'05" East, a distance of 664.51 feet to a ½ inch rebar with no identification found at the Northeast corner of said West half of the Southwest quarter of the Northwest quarter of said Section 27;

Thence South 00°07'13" East, a distance of 1,343.70 feet to a 5/8 inch steel rod with no identification found at the Southeast corner of said West half of the Southwest quarter of the Northwest quarter of said Section 27;

Thence North 89°19'43" East, a distance of 788.48 feet to a 5/8 inch steel rod with no identification found at the Southwest quarter of the KELLY TRACT described as Parcel 6 in Book 2063 of Official Records, pages 338 through 342, records of Yavapai County, Arizona, said point being the POINT OF BEGINNING (said point being hereinafter referenced as Point "A")

Thence along the West line of said KELLY TRACT, North 00°16'26" West (North 00°03' East Record), a distance of 399.95 feet (400.00 feet Record) to a nail and shiner with no identification found at the Northwest corner of said KELLY TRACT;

Thence along the North line of said KELLY TRACT, North 89°16'14" East (North 89°38' East Record), a distance of 544.50 feet (Record) to a ½ inch rebar with brass tag stamped "LS 4491" found at the Northeast corner of said KELLY TRACT;

Thence along the East line of said KELLY TRACT, South 00°16'28" East, (South 00°03' West Record), a distance of 400.40 feet (400.00 Record) to a ½ inch rebar with plastic cap stamped "LS 14184" found at the Southeast corner of said KELLY TRACT;

Thence along the South line of said KELLY TRACT, South 89°19'04" West (South 89°38' West Record), a distance of 544.50 feet (Record) to the POINT OF BEGINNING.

EXCEPTING THEREFROM the following described parcel:

COMMENCING at the above referenced Point "A";

Thence along the South line of said KELLY TRACT, North 89°19'04" East, (North 89°19'14" East Record), a distance of 94.32 feet to a 5/8 inch rebar with plastic cap stamped "Yavapai County" being the POINT OF BEGINNING;

Thence Northeasterly along a non-tangent curve concave to the Southeast having a radius of 876.26 feet (Record), chord bearing of North 25°09'18" East and central angle of 19°41'43" (19°42'33" Record), an arc distance of 300.87 feet (301.08 Record) to a 5/8 inch rebar with plastic cap stamped "Yavapai County" found at a point of non-tangency;

Thence North 36°02'14" East (North 35°01'32" East Record), a distance of 161.04 feet (160.56 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14814" set on the North line of said KELLY TRACT;

Thence along said North line, North 89°16'14" East (North 89°19'14" East Record), a distance of 84.41 feet (84.07 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14184" (Set);

Thence leaving said North line, Southwesterly along a curve concave to the Southeast, having a radius of 1,140.57 feet (Record same), chord bearing of South 35°40'28" West and central angle of 01°16'40" (01°14'14" Record), an arc distance of 25.44 feet (24.63 Record), a 5/8 inch rebar with no cap or tag (bent) found at a point of tangency;

Thence South 35°02'08" West (South 35°01'32" West Record), a distance of 185.02 feet (185.00 Record) to a 5/8 inch rebar with plastic cap stamped "Yavapai County" found at a point of non-tangency;

Thence Southwesterly along a non-tangent curve concave to the Southeast having a radius of 807.26 feet (Record), chord bearing of South 25°53'32" West and central angle of 18°17'46" (18°19'14" Record), an arc distance of 257.78 feet (258.12 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14184" set on the South line of said KELLY TRACT;

Thence along said South line, South 89°19'04" West (South 89°19'14" West Record), a distance of 70.98 feet (Record) to the POINT OF BEGINNING.

ASSIGNMENT OF RIGHTS

THIS ASSIGNMENT OF RIGHTS (the "Assignment") is made effective as of MAY 30, 2001 by **SEDONA DEVELOPMENT PARTNERS, LLC**, an Arizona limited liability company (the "Borrower"), for the benefit of **NZ DEVELOPMENT II, L.L.C.**, an Arizona limited liability company (the "Lender").

RECITALS:

A. Borrower is purchasing from Lender certain real property (the "Property") that is located in Yavapai County, Arizona, as set forth in an Agreement for Purchase and Sale and Joint Escrow Instructions dated February 16, 2001, as amended by the First Amendment dated April 12, 2001 (collectively, the "Purchase Agreement"). Under the Purchase Agreement, Borrower is delivering to Lender a Promissory Note in the initial principal amount of \$6,045,000 (the "Note"). The Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated of even date herewith (the "Deed of Trust"), which encumbers a portion of the Property. The portion of the Property that remains subject to the Deed of Trust from time to time is referred to hereinafter as the "Encumbered Property." Capitalized terms used in this Assignment and not otherwise defined shall have the meaning given those terms in the Deed of Trust.

B. Borrower intends to construct a golf course, club house and associated improvements (collectively, the "Golf Course") on a portion of the Property that is not encumbered by the Deed of Trust and to construct residential dwelling units (each, a "Residential Unit") on other portions of the Property, including, without limitation, portions of the Property that are released from time to time from the Deed of Trust. In connection with the marketing of Residential Units, Borrower intends to offer for sale to the initial purchaser(s) of a Residential Unit, for a separate charge, a membership (each, a "Golf Membership") in a private golf club established with respect to the Golf Course (the "Golf Club"), or the right to reserve tee times for the use of the Golf Course on a priority basis ("Priority Golf Rights") if the Golf Course is operated on a daily-fee basis. Buyer has retained sole discretion over the decision of whether to establish a Golf Club or to operate the Golf Course as a daily-fee course.

C. Golf Memberships or Priority Golf Rights, as applicable, may be "bundled" with the Residential Units (i.e., the purchaser(s) of each Residential Unit or of interval ownership interests therein may be given the opportunity to acquire a Golf Membership or Priority Golf Rights which may not be sold independently from the Residential Unit or an interval ownership interest therein). Borrower will also sell additional Golf Memberships and Priority Golf Rights to persons who do not purchase Residential Units. If Residential Units are sold pursuant to interval ownership interests, the rights associated with the Golf Membership or Priority Golf Rights will be exercisable only by the person entitled to physically occupy the Residential Unit at any given time. If Residential Units are sold other than pursuant to interval ownership interests,

the Golf Membership or Priority Golf Rights will be exercisable by the owner of the Residential Unit.

D. As a condition precedent to closing of the purchase and sale of the Property pursuant to the Purchase Agreement, Lender requires the execution of this Assignment.

AGREEMENT AND ASSIGNMENT

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Borrower does hereby assign to Lender, its successors and assigns, as additional collateral security for the Loan, the following:

- (a) All existing and future goods and tangible personal property located on and affixed to the Encumbered Property, including, but not limited to, all appliances, furniture and furnishings, fittings, materials, supplies, equipment and fixtures, and all building materials, supplies, and equipment now or hereafter delivered to the Encumbered Property and installed on or affixed to the Encumbered Property; and all renewals or replacements thereof or articles in substitution thereof; provided, however, that the Exclusive Collateral shall not include property stored on the Encumbered Property in connection with the use, operation or occupancy of, or in the construction on, the unencumbered portion of the Property;
- (b) All reserves, deferred payments, deposits, refunds, cost savings, letters of credit and payments of any kind relating to the construction, design, development, operation, occupancy, use and disposition of all or any portion of the Encumbered Property (but specifically excluding any such payments relating to any unencumbered portion of the Property);
- (c) All proceeds and claims arising on account of any damage to or taking of the Encumbered Property or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Encumbered Property;
- (d) All policies of, and proceeds resulting from, liability insurance relating to the Encumbered Property or any of the above collateral and from property insurance, if any, relating to any Improvements on the Encumbered Property, and any and all riders, amendments, renewals, supplements or extensions thereof, and all proceeds thereof;
- (e) All deposits made with or other security given to utility companies or to any other person or entity by Borrower with respect to the Encumbered Property and/or the Improvements;

(f) All proceeds, whether cash, promissory notes, contract rights or otherwise, of the sale or other disposition of all or any part of the estate of Borrower upon the Encumbered Property now or hereafter existing thereon;

(g) All sales contracts, escrow agreements and broker's agreements concerning the sale of any or all of the Encumbered Property, and all amendments thereto;

(h) All income, rents, revenues, issues, deposits, receipts, profits and proceeds, and accounts receivable generated from the use and operation, of the Encumbered Property, the Improvements and the Exclusive Collateral to which Borrower may be entitled, whether now due, past due or to become due; and

(i) Borrower's present and future estate, right, title and interest in and to all and singular the tenements, hereditaments, rights-of-way, easements, privileges, accessions and appurtenances belonging or appertaining solely to the Encumbered Property.

(2) A non-exclusive interest with Borrower and any other lender designated by Borrower in and to the following-described property and any and all products and proceeds thereof, now owned or hereafter acquired by Borrower:

(a) All general intangibles relating to design, development, operation, management and use of the Encumbered Property and construction of the Improvements (but specifically excluding any such general intangibles relating solely to the unencumbered portion of the Property), including, but not limited to, (i) all names under which or by which the Encumbered Property or the Improvements may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all goodwill in any way relating to the Encumbered Property, (ii) to the extent transferable, all permits, licenses, authorizations, variances, land use entitlements, approvals and consents issued or obtained in connection with the construction of the Improvements, (iii) to the extent transferable, all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the use, occupancy or operation of the Encumbered Property, (iv) all rights as a declarant (or its equivalent) under the Declaration with respect to the Encumbered Property only, (v) all materials prepared for filing or filed with any governmental agency, and (vi) to the extent transferable, all rights under any contract in connection with the development, design, use, operation, management and construction of the Encumbered Property;

(b) To the extent transferable, all construction, service, engineering, consulting, leasing, architectural, management and other similar contracts of any nature (including, without limitation, those of any subcontractors and materialmen and any joint use, marketing, and tee time agreements), as such may be modified, amended or supplemented from time to time, concerning the design, construction, management, operation, occupancy, use, and/or disposition of any portion of or all of the Encumbered Property;

(c) All architectural drawings, plans, specifications, engineering reports and similar materials relating to any portion of or all of the Encumbered Property; and

(d) Borrower's present and future estate, right, title and interest in and to all rights-of-way, easements, privileges, and appurtenances belonging or appertaining both to the Encumbered Property and to the unencumbered portion of the Property;

together with all products and proceeds of all the foregoing, in any form, including all proceeds received, due or to become due from any sale, exchange or other disposition thereof, whether such proceeds are cash or non-cash in nature, and whether represented by checks, drafts, notes or other instruments for the payment of money (collectively, the foregoing is referred to as the "Assigned Property").

Upon the release and reconveyance of any portion of the Encumbered Property by Lender or the trustee under the Deed of Trust, the assignment of the Assigned Property as to solely the portion of the Encumbered Property so released and reconveyed shall automatically terminate, without further action by Lender or Borrower, and shall be null and void and of no further force or effect. Upon the written request of Borrower, Lender shall execute and deliver such documents and instruments as Borrower shall reasonably request in order to evidence the termination and relinquishment of such assignment with respect to solely the portion of the Encumbered Property so released and reconveyed.

Section 1. Borrower represents and warrants that:

(1) The Assigned Property is held by Borrower or when acquired by Borrower will be held by Borrower free and clear of all prior liens, security interests, charges and encumbrances caused or created by Assignor (except to the extent the Assigned Property is the subject of a non-exclusive assignment for the benefit of another lender in connection with the development of the Property) and Borrower covenants and agrees with Lender to perform all acts required of it to maintain said Assigned Property free and clear of all prior liens, security interests, charges and encumbrances created by Assignor (except to the extent the Assigned Property is the subject of a non-exclusive assignment for the benefit of another lender in connection with the development of the Property);

(2) Prior to commencement of Borrower's development of the Property, the Plans and Specifications (and other relevant Assigned Property) will have been approved by all governmental authorities whose approval is required or appropriate at the time, a building permit for such development shall have been issued, and the approved Plans and Specifications shall be those which are to be used in the actual development of the Property;

(3) Borrower has not conveyed, transferred, or exclusively assigned the Assigned Property or any right or interest therein and has not executed any other document or instrument that might prevent or limit Lender from operating under the terms, conditions and provisions of this Assignment;

(4) Borrower shall make no exclusive assignment of the Assigned Property or of any right or interest therein;

(5) Borrower shall perform and observe, in timely fashion, all of the material covenants, conditions, obligations and agreements of Borrower in connection with the Assigned Property, in strict accordance with the terms, conditions and provisions thereof; and

(6) Borrower shall not waive, execute any agreement other than in the ordinary, reasonable course of business which could be interpreted as waiving, or in any manner release or discharge any party from, the material covenants, conditions, obligations or agreements to be performed or observed in connection with the Assigned Property, or condone any nonperformance thereof, but shall, at its sole cost and expense, in its reasonable business judgment, enforce and secure the performance of all material covenants, conditions, obligations and agreements to be performed or observed in connection with the Assigned Property.

Section 2. As additional collateral security for the Loan, Borrower hereby grants to Lender a lien on and security interest in and to all of Borrower's right, title and interest in _____ shares of the \$ _____ par value common capital stock of Seven Canyons Water Company as evidenced by share certificate no. _____, and all additional securities issued by Seven Canyons Water Company to Borrower as the result of any corporate reorganization, merger, consolidation, stock split, stock dividend, conversion, preemptive right or otherwise, and the proceeds thereof (the "Water Company Stock"), and _____ shares of the \$ _____ par value common capital stock of Seven Canyons Water Treatment Company as evidenced by share certificate no. _____, and all additional securities issued by Seven Canyons Water Treatment Company to Borrower as the result of any corporate reorganization, merger, consolidation, stock split, stock dividend, conversion, preemptive right or otherwise, and the proceeds thereof (the "Sewer Company Stock") and together with the Water company Stock, the "Stock"). This pledge shall terminate and be of no further force and effect as to the Water company Stock and/or the Sewer Company Stock (and Lender shall return the applicable original stock certificates an stock powers or assignments separate form certificate to Borrower) at such time as water and/or wastewater service, as applicable, has been commenced and Seven Canyons Water Company and/or Seven Canyons Water Treatment Company, as

applicable, has obtained a certificate of convenience and necessity to service the Encumbered Property and is subject to regulation by the Arizona Corporation Commission.

Section 3. Borrower does hereby make, constitute and appoint Lender, and its successors and assigns, Borrower's true and lawful attorney in fact, in Borrower's name, place and stead, or otherwise, upon the occurrence of any Event of Default, and at any time while such Event of Default is continuing:

(1) to do all acts and to execute, acknowledge, obtain and deliver any and all instruments, documents, items or things necessary, proper or required in order to use the Assigned Property with respect to the Encumbered Property only;

(2) to give any notices, instructions, or other communications in connection with the Assigned Property with respect to the Encumbered Property only;

(3) to demand and receive all performances due in connection with the Assigned Property and to take all lawful ways and means for the enforcement thereof and to compromise and settle any claim or cause of action in Borrower arising from or related to the Assigned Property and give acquittance and other sufficient discharges relating thereto with respect to the Encumbered Property only; and

(4) to file any claim or proceeding or to take any other action, either in its own name, in that of its nominee, in the name of Borrower, or otherwise, to enforce the right to use the Assigned Property or protect and preserve the right, title and interest of Lender hereunder with respect to the Encumbered Property only.

The power of attorney given herein is a power coupled with an interest and shall be irrevocable so long as any part of the Loan remains unpaid or any obligation of Borrower under the Loan Documents unperformed. Lender shall have no obligation to exercise any of the foregoing rights and powers in any event.

Section 4. Borrower agrees to make the following rights available to Lender with respect to the Golf Course for the benefit of any portion of the Encumbered Property acquired by Lender pursuant to a foreclosure or deed in lieu of foreclosure under the Deed of Trust (such portion being referred to hereinafter as the "Reacquired Property"):

(1) If there is a Golf Club then in existence with respect to the Golf Course, Lender shall have the right to a Pro Rata Share (defined below) of Golf Memberships for sale to third parties who purchase portions of the Reacquired Property from Lender, on the same basis as Golf Memberships are then being made available by Borrower to third parties who purchase Residential Units from Borrower on those portions of the Property that were previously released from the Deed of Trust (or, if no Residential Units are then being sold by Borrower, on the same basis on which Golf Memberships were last made available or are proposed to be made available by Borrower to purchasers of Residential Units from Borrower). The purchase price for the Golf Membership (or fractional interest therein, if the Golf Membership is associated with a Residential Unit for which

interval ownership interests are sold) will be based on the last comparable Golf Membership (or fractional interest therein) issued by, or proposed to be issued by, the Golf Club or Borrower. The Golf Memberships will be governed by the Golf Club documents then in effect, including all rules and regulations governing the payment of dues and golf course use. The third party purchaser of the Golf Membership must make an application for admission as a golf member and must satisfy all standards and requirements for admission as a member under the Golf Club's membership program then in effect. Lender shall not be permitted to make any representations or warranties to potential purchasers of the Reacquired Property from Lender regarding the Golf Club, including, without limitation, any representation assuring acceptance of a potential purchaser as a member in the Golf Club. Lender shall not be permitted to advertise the availability of Golf Memberships, other than by providing information to potential purchasers consisting solely of materials furnished by the Golf Club. Borrower will authorize and reserve a sufficient number of Golf Memberships to meet the obligations to Lender as described in this paragraph. Beginning on the date that Lender acquires title to any portion of the Reacquired Property, Lender will be required to pay dues at the then prevailing rates for the reserved Golf Memberships relating to such portion of the Reacquired Property, on the same basis as third parties holding comparable Golf Memberships, until such time as such Golf Memberships are issued to a third party who purchases a portion of the Reacquired Property from Lender, at which time the third party will assume the obligation for payment of dues. Lender will have no approval rights over the documents establishing the Golf Club or governing its operations.

(2) If there is no Golf Club then in existence with respect to the Golf Course, Lender shall have the right to a Pro Rata Share of any Priority Golf Rights that are available to third parties who purchase portions of the Reacquired Property from Lender, on the same basis on which Priority Golf Rights are being made available, or are proposed to be made available, to third parties who purchased, or are prepared to purchase Residential Units from Borrower.

For purposes of this paragraph, Lender's Pro Rata Share of Golf Memberships and Priority Golf Rights shall be determined as follows: (i) if all of the Property has been re-platted by Borrower, then Lender's Pro Rata Share shall be determined by allocating one Golf Membership or one set of Priority Golf Rights to each Residential Unit authorized on plat for the Reacquired Property; and (ii) if less than all of the Property has been re-platted by Borrower, then Lender's Pro Rata share shall be determined by allocating an aggregate number of Golf Memberships or sets of Priority Golf Rights equal to eighty five (85) minus the total number of Residential Units authorized on any portions of the Property that were previously released to Buyer under the Deed of Trust.

(3) The owners of the Reacquired Property shall have the same access and use of roadways and common areas as the owners of other property that is included in the applicable covenants, conditions and restrictions and time-share or similar declarations that are applicable to the portions of the Property that have been released from the Deed

of Trust (collectively, "CC&Rs") at the time the CC&Rs are initially established, provided that such owners shall be subject to all applicable terms of the CC&Rs.

Section 5. Any material change, amendment or modification to any documents that govern the Golf Memberships, Priority Golf Rights, and/or rights under the CC&Rs, and that would adversely affect Lender's rights in Section 4 in comparison to the comparable rights of Borrower or owners of Residential Units purchased from Borrower, shall require the prior written approval of Lender, which shall not be unreasonably withheld or delayed. In the event Lender has not delivered its approval or disapproval to any such material change, amendment or modification after five (5) business days following receipt of Borrower's written request therefor, such material change, amendment or modification shall be deemed disapproved.

Section 6. Lender, by accepting this Assignment, shall not be subject to any obligation or liability in connection with the Assigned Property, including, without limitation, any duty to perform any of the covenants, conditions, provisions or agreements made by Borrower, but all such obligations and liabilities shall continue to rest upon Borrower as though this Assignment had not been made.

Section 7. Upon an Event of Default, Lender shall have the right at any time to appear in and defend and be represented by counsel of its own choice in any action or proceeding purporting to affect Borrower's rights related to the Assigned Property.

Section 8. Borrower agrees to protect, indemnify, defend and hold harmless Lender and each other Indemnified Party from and against any and all claims, damages, losses, liabilities, obligations, penalties, actions, judgments, suits, costs, disbursements and expenses (including, without limitation, reasonable fees and expenses of counsel and consultants and allocated costs of internal counsel) that may be incurred by or asserted against any Indemnified Party, in each case arising out of or in connection with or related to the Assigned Property, this Assignment or the exercise by Lender of any rights under this Assignment, whether or not an Indemnified Party is a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claims, damages, losses, liabilities, obligations, penalties, actions, judgments, suits, costs, disbursements and expenses are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Party. Without prejudice to the survival of any other agreement of Borrower hereunder, the agreements and obligations of Borrower contained in this Section 7 shall survive the termination of this Assignment and the other Loan Documents and the payment in full of the Loan and shall be terminated only after Lender could no longer be subject to any claims, damages, losses, liabilities, obligations, penalties, actions, judgments, suits, costs, disbursements and/or expenses due to the expiration of all applicable statutes of limitation.

Section 9. All sums advanced or paid by Lender under the terms hereof, all amounts paid, suffered or incurred by Lender in exercising any authority granted herein, including reasonable attorneys' fees, and all other amounts due Lender from Borrower principal balance of the Loan, shall be secured by the Loan Documents, shall bear interest at the Default Rate until paid, and shall be due and payable by Borrower to Lender immediately without demand.

Section 10. Neither the execution and delivery of this Assignment nor any failure on the part of any person preparing the Assigned Property to comply with, honor and perform in accordance with any agreements made by that person shall affect the liability of any party to pay and perform the Loan.

Section 11. The taking of this Assignment by Lender shall not effect the release of any other collateral now or hereafter held by Lender as security for the Loan, nor shall the taking of additional security for the Loan hereafter effect a release or termination of this Assignment or any terms, conditions or provisions hereof.

Section 12. Borrower, upon request of Lender, shall execute and deliver such additional documents, including but not limited to financing statements, and do such other acts as may be reasonably necessary to fully implement the intent of this Assignment and to perfect and preserve the rights and interests of Lender hereunder and the priority thereof.

Section 13. This Assignment shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns; this Assignment, however, is not intended to confer any right or remedies upon any person other than the parties hereto and their successors and assigns.

Section 14. Borrower shall pay all costs and expenses, including without limitation costs of Uniform Commercial Code searches, court costs and reasonable attorneys' fees, incurred by Lender in enforcing payment of the Loan and performance of the obligations of Borrower under the Loan Documents or in exercising the rights and remedies of Lender hereunder. All such costs and expenses shall be secured by this Assignment and by all other Loan Documents. In the event of any court proceedings, court costs and attorneys' fees shall be set by the court and not by jury and shall be included in any judgment obtained by Lender.

Section 15. No failure or delay on the part of Lender in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies hereunder are cumulative and may be exercised by Lender either independently or concurrently with any other right, power or remedy contained herein or in any document or instrument executed in connection with the Loan.

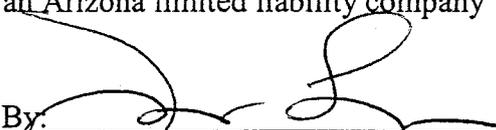
Section 16. By executing this Assignment, Borrower acknowledges receipt of a copy hereof. A carbon, photographic or other reproduced copy of this Assignment and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement. This Assignment shall be governed by and construed according to the laws of the State of Arizona.

[SIGNATURES FOLLOWING PAGE]

BORROWER:

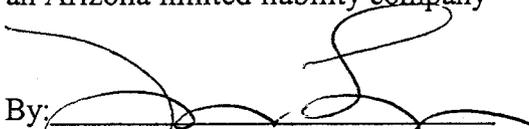
Sedona Development Partners, LLC,
an Arizona limited liability company

By: Pinnacle Development Group Sedona, LLC,
an Arizona limited liability company

By: 
Its: MANAGER

By: Seven Canyons Investors, LLC,
an Arizona limited liability company

By: Cavan Management Services, L.L.C.,
an Arizona limited liability company

By: 
Its: MANAGER

LENDER:

NZ Development II, LLC, an Arizona limited liability
company

Its: General Partner

By: NZ Development Corporation, an
Arizona corporation

Its: Managing Member

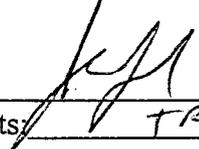
By: 
Its: TREASURER

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT A

Order Number: 502246

LEGAL DESCRIPTION

Final Plat SEVEN CANYONS OF SEDONA, Phase 1, A Condominium, according to the plat of record in Book 40 of Maps, pages 44 to 56 inclusive, records of Yavapai County, Arizona.

EXCEPTING therefrom that portion of said subdivision included within that portion of the North half of Section 27, Township 18 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

COMMENCING at a ¼ inch pipe with no identification found at the Northwest corner of the CANON DEL ORO SUBDIVISION according to the Second Revised Plat thereof recorded in Book 8 of Maps and Plats, page 26, records of Yavapai County, Arizona;

Thence North 89°08'30" West (basis of bearings for this description), a distance of 1,325.80 feet along the North line of said Section 27 to a chiseled + in the top of a sandstone monument found at the Northwest corner of said Section 27;

Thence South 00°01'53" East, a distance of 1,352.61 feet to a ¼ inch pipe with no identification found at the Northwest corner of the West half of the Southwest quarter of the Northwest quarter of Section 27;

Thence South 88°54'05" East, a distance of 664.51 feet to a ½ inch rebar with no identification found at the Northeast corner of said West half of the Southwest quarter of the Northwest quarter of said Section 27;

Thence South 00°07'13" East, a distance of 1,343.70 feet to a 5/8 inch steel rod with no identification found at the Southeast corner of said West half of the Southwest quarter of the Northwest quarter of said Section 27;

Thence North 89°19'43" East, a distance of 788.48 feet to a 5/8 inch steel rod with no identification found at the Southwest quarter of the KELLY TRACT described as Parcel 6 in Book 2063 of Official Records, pages 338 through 342, records of Yavapai County, Arizona, said point being the POINT OF BEGINNING (said point being hereinafter referenced as Point "A")

Thence along the West line of said KELLY TRACT, North 00°16'26" West (North 00°03' East Record), a distance of 399.95 feet (400.00 feet Record) to a nail and shiner with no identification found at the Northwest corner of said KELLY TRACT;

Thence along the North line of said KELLY TRACT, North 89°16'14" East (North 89°38' East Record), a distance of 544.50 feet (Record) to a ½ inch rebar with brass tag stamped "LS 4491" found at the Northeast corner of said KELLY TRACT;

Thence along the East line of said KELLY TRACT, South 00°16'28" East, (South 00°03' West Record), a distance of 400.40 feet (400.00 Record) to a ½ inch rebar with plastic cap stamped "LS 14184" found at the Southeast corner of said KELLY TRACT;

Thence along the South line of said KELLY TRACT, South 89°19'04" West (South 89°38' West Record), a distance of 544.50 feet (Record) to the POINT OF BEGINNING.

EXCEPTING THEREFROM the following described parcel:

COMMENCING at the above referenced Point "A";

Thence along the South line of said KELLY TRACT, North $89^{\circ}19'04''$ East, (North $89^{\circ}19'14''$ East Record), a distance of 94.32 feet to a 5/8 inch rebar with plastic cap stamped "Yavapai County" being the POINT OF BEGINNING;

Thence Northeasterly along a non-tangent curve concave to the Southeast having a radius of 876.26 feet (Record), chord bearing of North $25^{\circ}09'18''$ East and central angle of $19^{\circ}41'43''$ ($19^{\circ}42'33''$ Record), an arc distance of 300.87 feet (301.08 Record) to a 5/8 inch rebar with plastic cap stamped "Yavapai County" found at a point of non-tangency;

Thence North $36^{\circ}02'14''$ East (North $35^{\circ}01'32''$ East Record), a distance of 161.04 feet (160.56 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14814" set on the North line of said KELLY TRACT;

Thence along said North line, North $89^{\circ}16'14''$ East (North $89^{\circ}19'14''$ East Record), a distance of 84.41 feet (84.07 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14184" (Set);

Thence leaving said North line, Southwesterly along a curve concave to the Southeast, having a radius of 1,140.57 feet (Record same), chord bearing of South $35^{\circ}40'28''$ West and central angle of $01^{\circ}16'40''$ ($01^{\circ}14'14''$ Record), an arc distance of 25.44 feet (24.63 Record), a 5/8 inch rebar with no cap or tag (bent) found at a point of tangency;

Thence South $35^{\circ}02'08''$ West (South $35^{\circ}01'32''$ West Record), a distance of 185.02 feet (185.00 Record) to a 5/8 inch rebar with plastic cap stamped "Yavapai County" found at a point of non-tangency;

Thence Southwesterly along a non-tangent curve concave to the Southeast having a radius of 807.26 feet (Record), chord bearing of South $25^{\circ}53'32''$ West and central angle of $18^{\circ}17'46''$ ($18^{\circ}19'14''$ Record), an arc distance of 257.78 feet (258.12 Record) to a 1/2 inch rebar with plastic cap stamped "LS 14184" set on the South line of said KELLY TRACT;

Thence along said South line, South $89^{\circ}19'04''$ West (South $89^{\circ}19'14''$ West Record), a distance of 70.98 feet (Record) to the POINT OF BEGINNING.

**ASSIGNMENT SEPARATE FROM CERTIFICATE
WATER TREATMENT COMPANY**

FOR VALUE RECEIVED, Seller, **NZ DEVELOPMENT II, L.L.C.**, an Arizona limited liability company, hereby sells, assigns and transfers unto Buyer, **SEDONA DEVELOPMENT PARTNERS, LLC**, an Arizona limited liability company, all interest in and to all issued and outstanding Shares of the Capital Stock of **SEVEN CANYONS WATER TREATMENT COMPANY** standing in its name on the books of said Corporation represented by Certificate No. 1 herewith, does hereby irrevocably constitute and appoint _____, attorney to transfer the said stock on the books of the within named Company with full power of substitution in the premises, and does hereby warrant that it is delivering unto Buyer unencumbered title to such Shares.

Dated: MAY 30, 2001

NZ Development II, L.L.C., an Arizona limited liability company
Its: General Partner

By: NZ Development Corporation, an Arizona corporation
Its: Managing Member

By: _____

Its: TREASURER

In Presence of:



ASSIGNMENT SEPARATE FROM CERTIFICATE - WATER COMPANY

FOR VALUE RECEIVED, Seller, **NZ DEVELOPMENT II, L.L.C.**, an Arizona limited liability company, hereby sells, assigns and transfers unto Buyer, **SEDONA DEVELOPMENT PARTNERS, LLC**, an Arizona limited liability company, all interest in and to all issued and outstanding Shares of the Capital Stock of **SEVEN CANYONS WATER COMPANY** standing in its name on the books of said Corporation represented by Certificate No. 1 herewith, and does hereby irrevocably constitute and appoint _____, attorney to transfer the said stock on the books of the within named Company with full power of substitution in the premises, and does hereby warrant that it is delivering unto Buyer unencumbered title to such Shares.

Dated: MAY 30, 2001

NZ Development II, L.L.C., an Arizona limited liability company
Its: General Partner

By: NZ Development Corporation, an Arizona corporation
Its: Managing Member

By: _____
Its: TREASURER

In Presence of:

Deirdre Mayhew

Exhibit 4

Seven Canyons Water Company
Wells and Well Ownership
As of August 29, 2003

The following is a description of each of the existing water wells within the project and developed, or being developed at the present time, for providing water, both potable and non-potable water to the property and customers at Seven Canyons.

Definitions:

1. "Potable water" includes all customary commercial and residential applications and incidental landscape irrigation supplied through a water meter connected to the Company's water system.
2. "Non-potable water" includes construction water as well as irrigation water for golf course turf, water features and landscape applications.
3. "SDP" refers to the entity named Sedona Development Partners, LLC. SDP is the owner and developer of Seven Canyons, including the additional subdivision areas (Units II and III) that are currently including in or are to be annexed into the Company's CC&N service area. SDP is also the owner and operator of the golf course.
4. "Company" refers specifically to the "Seven Canyons Water Company", the applicant for the CC&N Expansion.

Description of Wells at Seven Canyons

For assistance in identifying the location of the following wells, Exhibit A is attached hereto to depict the locations with respect to the project boundaries of Seven Canyons. The background of this exhibit is derived sheet 3 of the final plat of "Sedona at Seven Canyons – Unit I" as recorded at Book 47 of Maps and Plats, Page 12 in the Official Records of Yavapai County, Arizona.

Well #1. A water well, situated within Easement "Q" on Tract "M" (the Golf Maintenance Building site), owned by the Seven Canyons Water Company. This well is complete and was placed into service on January 2, 2003. It is currently the sole source of potable water to the project via the Company's water distribution system, which includes the 200,000 gallon storage tank. This well produces from 64 GPM to 94 GPM depending on seasonal fluctuations as well as influences from operations of other wells on site.

Well #2. A water well, situated with Tract "O", is owned by SDP but **WILL be** contributed to the Company in the future to meet ADEQ's requirements to support growth in water demand at the project. This well is currently 80% complete and is being operated with temporary pumps and power supplies for golf course irrigation water purposes only. It produces approximately 120 GPM

in its current configuration but is anticipated to produce up to 200 GPM when completed. Provisions have been made for this well to be certified as a potable well, and will be used for future connection to the potable (Company's) water system. However, it is not presently connected nor is it used for any Water Company purposes.

Well #3. A water well, situated with Tract "P", is owned by SDP as owner of the golf course and **MAY BE** contributed to the Company, if required to meet ADEQ's requirements to support growth in water demand at the project. This well is complete and is currently being operated for golf course irrigation water purposes only. It produces approximately 200 GPM. Provisions have been made for this well to be certified as a potable well and connected to the potable (Company's) water system if required in the future. This well is not presently connected to the potable system nor is it used for any Water Company purposes. If this well is not needed for the potable system, title to this well will remain with and/or transfer with the golf course.

Well #4. A water well, situated in Tract "L" and immediately west of the northwest corner of Parcel "A", is owned by SDP and title to this well will remain with and/or transfer with the golf course. This well is complete and currently supplies, together with Well #3, water to the golf course for water features, turf irrigation and landscape purposes. It produces from 320 to 420 GPM of water depending upon seasonal fluctuations in groundwater levels.

SUMMARY

At full build-out of the project the following scenario describes the intended ownership and operation of the above wells:

Potable Water: Wells #1 and #2 will be owned and operated by the Company for supplying 100% of the Company's needs.

Non-Potable Water: Wells #3 and #4 will be owned by SDP, or subsequent owner of the golf course, and will not be connected to the Company's system.

Contingency Planning: In the event that future conditions require additional supply for the Company than what is stated above, Well #3 will be the most likely source of such additional supply. In such case, it is reasonable to expect that an additional irrigation (only) well(s) may also be required, but these would remain separate and apart from the Company's potable system. This is consistent with Staff's conclusion that the existing system has adequate water production and storage capacity to serve the existing and proposed CC&N area within a conventional five year planning period. See July 23, 2003 Staff Report at page 2.

Exhibit 5

Total Water Sales to Golf Course

January 3, 2003 through August 1, 2003

Five Separate Accounts:

- 1. Maintenance Building**
- 2. Clubhouse and Temporary Administration Building**
- 3. Golf Course Restroom**
- 4. Irrigation Around Building**
- 5. Lake**

SEP-2 2003 4:11PM

CAVAN INVESTMENTS
The Club at Seven Canyons

(FAX) 928 203 2004

No. 5136

P. 2
r. 002/018

03/27/2003 08:16

5205419824

ALUM

PAGE 02

Seven Canyons Water Company
8980 E Reintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86338

		Maintenance Building
--	--	----------------------

1-1-03	01/16/03	\$0.00
--------	----------	--------

WATR	\$59.54	11950	13500	12342
BASE	\$160.00			
ESTF	\$25.00			
INST	\$1,090.00			
Tax	\$10.08			
Tax	\$3.50			

debit - 7.48

guelm

POSTED
MAR 28 2003

62-76216

\$1,344.12	\$1,344.12	4/15/2003	\$1,347.35
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Please Return with Payment

1	Maintenance Building	The Club at Seven Canyons
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\$1,344.12	\$1,344.12	4/15/2003	\$1,347.35
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03/27/2003 08:16 5205419824 ALM PAGE 03

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86338

2		Clubhouse & Temp Admin	
1-1-03	01/16/03	50.00	

WATR	\$523.41	85750	111300	116314
BASE	\$160.00			
ESTF	\$25.00			
INST	\$1,090.00			
Tax	\$10.08			
Tax	\$32.97			

POSTED
 MAR 28 2003

62-76216

\$1,841.46	\$1,841.46	4/16/2003	\$1,851.71
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Please Return with Payment

2	Clubhouse & Temp Admin	The Club at Seven Canyons
---	------------------------	---------------------------

\$1,841.46	\$1,841.46	4/16/2003	\$1,851.71
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[Redacted]

SEP. 2. 2003

4:11PM

CAVAN INVESTMENTS
The Club at Seven Canyons

(FAX) 928 203 2004

No. 5136

P. 4
r. 004/018

03/27/2003 08:16

5205419824

AUM

PAGE 04

Seven Canyons Water Company
8960 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86338

3 Golf Course Restroom

1-1-03 01/16/03 50.00

WATR	50.00	1740	1740	0
BASE	\$50.00			
ESTF	\$25.00			
INST	\$450.00			
Tax	\$3.15			
Tax	\$0.00			

62-76216

POSTED
MAR 28 2003

528.15 528.15 4/15/2003 528.90

Please Return with Payment

3 Golf Course Restroom The Club at Seven Canyons

528.15 528.15 4/15/2003 528.90

[Redacted]

03/27/2003 08:16 5205419824 ALM PAGE 05

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86338

4	Irrigation Around Buildings
---	-----------------------------

1-1-03	01/16/03	\$0.00
--------	----------	--------

WATR	\$0.00	14750	14750	0
BASE	\$50.00			
ESTF	\$25.00			
INST	\$450.00			
Tax	\$3.15			
Tax	\$0.00			

POSTED
 MAR 28 2003

62-76216

\$528.15	\$528.15	4/15/2003	\$528.90
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Please Return with Payment

4	Irrigation Around Buildings	The Club at Seven Canyons
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\$528.15	\$528.15	4/15/2003	\$528.90
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SEP-02 2003 10:00
Sep. 2. 2003 4:12PM

CAVAN INVESTMENTS
The Club at Seven Canyons

(FAX) 928 203 2024
No. 5136

P. 6
r. 008/018

03/27/2003 08:15 5205419824

ALUM

PAGE 06

Seven Canyons Water Company
8900 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86336

1		Maintenance Building	
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01/16/03	02/18/03	\$1,344.12	
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WATR	\$104.35	13900	16700	23188
BASE	\$160.00			
Tax	\$10.08			
Tax	\$6.57			

POSTED
MAR 28 2003

62-76216

03/27/03	04/16/03	\$281.00	\$1,625.12	4/16/2003	\$1,629.09
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Please Return with Payment

1	Maintenance Building	The Club at Seven Canyons
---	----------------------	---------------------------

03/27/03	04/15/03	\$281.00	\$1,625.12	4/15/2003	\$1,629.09
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[Redacted]

SEP-02-2003 (TUE) 10:50

CAVAN INVESTMENTS
The Club at Seven Canyons

(FAX) 928 203 2004 No. 5136

P. 7
P. 007/018

03/27/2003 08:15 5205419824

ALM

PAGE 07

Seven Canyons Water Company
8900 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86336

2		Clubhouse & Temp Admin		
---	--	------------------------	--	--

01/18/03	02/18/03	\$1,841.46		
----------	----------	------------	--	--

WATR	\$1,753.69	111300	163400	389700
BASE	\$160.00			
Tax	\$10.08			
Tax	\$110.48			

POSTED
MAR 28 2003

62-76216

\$2,034.25	\$3,875.71	4/15/2003	\$3,904.42
------------	------------	-----------	------------

Please Return with Payment

2	Clubhouse & Temp Admin	The Club at Seven Canyons
---	------------------------	---------------------------

\$2,034.25	\$3,875.71	4/15/2003	\$3,904.42
------------	------------	-----------	------------

[Redacted]

Seven Canyons Water Company
 8000 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86336

3		Golf Course Restroom	
01/18/03	02/18/03	\$528.15	
WATR	\$0.00	1740	1740
BASE	\$50.00		
Tax	\$3.15		
Tax	\$0.00		

POSTED
 MAR 28 2003

62-76216

\$53.15	\$521.30	4/15/2003	Please Pay	\$582.05
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Please Return with Payment

3	Golf Course Restroom	The Club at Seven Canyons
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\$53.15	\$521.30	4/15/2003	Please Pay	\$582.05
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[Redacted]

SEP-02-2003 (TUL) 10:00

CAVAN INVESTMENTS
The Club at Seven Canyons

No. 5136
(FAX) 928 203 2004

P. 9
P. 009/018

03/27/2003 08:15 5205419824

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PAGE 09

Seven Canyons Water Company
8980 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86336

4		Irrigation Around Buildings	
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01/16/03	02/15/03	\$528.15	
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WATR	\$0.00	14750	14750	0
BASE	\$50.00			
Tax	\$9.15			
Tax	\$0.00			

POSTED
MAR 28 2003

62-76216

\$53.15	\$581.30	4/15/2003	\$582.05
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Please Return with Payment

4	Irrigation Around Buildings	The Club at Seven Canyons
---	-----------------------------	---------------------------

\$53.15	\$581.30	4/15/2003	\$582.05
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[Redacted]

SEP-02-2003 (10C) 10:01

CAVAN INVESTMENTS
The Club at Seven Canyons

No. 5136
(FAX) 928 203 2004

P. 10
P. 010/018

03/27/2003 08:16

5205419824

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PAGE 10

Seven Canyons Water Company
8960 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86336

1		Maintenance Building		
---	--	----------------------	--	--

02/18/03	03/17/03	\$1,625.12		
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WATR	\$124.54	16700	20400	27678
BASE	\$160.00			
Tax	\$10.08			
Tax	\$7.85			

POSTED
MAR 28 2003

62-76216

\$302.47	\$1,927.59	4/15/2003	\$1,931.86
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Please Return with Payment

1	Maintenance Building	The Club at Seven Canyons
---	----------------------	---------------------------

\$302.47	\$1,927.59	4/15/2003	\$1,931.86
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SEP-02-2003 (TUE) 10:01

CAVAN INVESTMENTS
The Club at Seven Canyons

(FAX) 928 203 2004

No. 5136

P. 11

P. 011/018

03/27/2003 08:16 5205419824

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PAGE 11

Seven Canyons Water Company
8860 E Raintree Drive
Suite 100
Scottsdale, AZ 85260

The Club at Seven Canyons
3755 Long Canyon Road
Sedona, AZ 86335

2		Clubhouse & Temp Admin	
---	--	------------------------	--

02/18/03	03/17/03	\$3,875.71	
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WATR	\$1,945.55	153400	221200	432344
BASE	\$160.00			
Tax	\$10.08			
Tax	\$122.57			

POSTED
MAR 28 2003

62-76216

\$2,238.20	\$6,113.91	4/15/2003	\$6,145.49
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Please Return with Payment.

2	Clubhouse & Temp Admin	The Club at Seven Canyons
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\$2,238.20	\$6,113.91	4/15/2003	\$6,145.49
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Seven Canyons Water Company
 8960 E Pointree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 5755 Long Canyon Road
 Sedona, AZ 86336

3					Golf Course Restroom
02/18/03	03/17/03	\$581.30			
WATR	\$22.89	1740	2420	5088.4	
BASE	\$50.00				
Tax	\$3.15				
Tax	\$1.44				

POSTED
MAR 28 2003

62-76216

\$77.48	\$658.78	4/15/2003	\$659.87
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Please Return with Payment

3	Golf Course Restroom	The Club at Seven Canyons
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\$77.48	\$658.78	4/15/2003	\$659.87
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[Redacted]

Seven Canyons Water Company
 8980 E Rainey Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86335

4				Irrigation Around Buildings	
02/18/03	03/17/03	\$581.30			
WATR	\$0.00	14750	14750		0
BASE	\$50.00				
Tax	\$3.15				
Tax	\$0.00				

POSTED
 MAR 28 2003

62-76216

50
 OF
 \$3.15

\$53.15	\$634.45	4/15/2003	\$835.20
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Please Return with Payment

4	Irrigation Around Buildings	The Club at Seven Canyons
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\$53.15	\$634.45	4/15/2003	\$835.20
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[Redacted]

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86336

Account	Service Location
1	Maintenance Building

Bill From	Bill To	Previous Balance	Payments
06/02/03	08/01/03	\$2,058.93	\$1,927.59

Service	Charge	Previous Reading	Current Reading	Lease
WATR	\$63.10	91500	43300	11800
BASE	\$180.00			
Tax	\$9.99			
Tax	\$3.32			

7120-40

Totals			
Charges	\$226.41	Total Due	\$357.76
Paid At	8/1/2003	Balance Pay	\$360.95

Please Return with Payment

Account	Service Location	Customer
1	Maintenance Building	The Club at Seven Canyons

Charges	\$226.41	Total Due	\$357.76
Paid At	9/1/2003	Balance Pay	\$360.95

Amount Being Paid

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86338

Account	Service Location
2	Clubhouse & Temp Admin

Bill From	Bill To	Previous Balance	Payments
06/02/03	08/01/03	\$2,965.86	\$6,113.91

Service	CHRG	Previous Reading	Current Reading	Usage
WATR	\$255.80	304900	361700	56800
BASE	\$160.00			
Tax	\$9.99			
Tax	\$15.98			

7180-60

Charges	Total Due	Payment Due	Due Date	Please Pay	Amount
\$441.55	(\$2,706.50)	9/1/2003	Please Pay	\$0.00	

CREDIT

Please Return with Payment

Account	Service Location	Customer
2	Clubhouse & Temp Admin	The Club at Seven Canyons

Charges	Total Due	Payment Due	Due Date	Please Pay	Amount
\$441.55	(\$2,706.50)	9/1/2003	Please Pay	\$0.00	

CREDIT

Amount Being Paid

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86336

Account		Service Location		
3		Golf Course Restroom		
Bill From	Bill To	Previous Balance	Payments	
06/02/03	08/01/03	\$757.43	\$658.78	
Service	Charge	Previous Reading	Current Reading	Usage
WATR	\$15.94	5230	9440	4210
BASE	\$50.00			
Tax	\$3.12			
Tax	\$1.18			

7180-60

CHARGE	\$73.24	Total Due	\$171.89	Paid After	9/1/2003	Please Pay	\$172.92
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Please Return with Payment

Account		Service Location		Customer
3		Golf Course Restroom		The Club at Seven Canyons

CHARGE	\$73.24	Total Due	\$171.89	Paid After	9/1/2003	Please Pay	\$172.92
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Amount Being Paid: _____

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86336

Account	Service Location
4	Irrigation Around Buildings

Bill From	Bill To	Previous Balance	Payments
06/02/03	08/01/03	\$1,024.65	\$644.45

Service	CHARGE	Previous Reading	Current Reading	Usage
WATR	\$348.42	74100	151750	77650
BASE	\$50.00			
Tax	\$3.12			
Tax	\$21.82			

7120-40

Charges	Total Due	If Paid After	Please Pay
\$424.36	\$804.56	9/1/2003	\$810.56

Please Return with Payment

Account	Service Location	Customer
4	Irrigation Around Buildings	The Club at Seven Canyons

Charges	Total Due	If Paid After	Please Pay
\$424.36	\$804.56	9/1/2003	\$810.56

Amount Being Paid

Seven Canyons Water Company
 8960 E Raintree Drive
 Suite 100
 Scottsdale, AZ 85260

The Club at Seven Canyons
 3755 Long Canyon Road
 Sedona, AZ 86338

Account	Service Location
5	To Lake from Domestic System

Bill From	Bill To	Previous Balance	Payments
	08/01/03	\$0.00	

Service	Charge	Previous Reading	Current Reading	Meters
WATR	\$1,865.25	2976500	3291000	414500
BASE	\$160.00			
Tax	\$9.99			
Tax	\$118.47			

Charges	Total Due	Payment Date	Please Pay
\$2,151.71	\$2,151.71	9/1/2003	\$2,182.09

Please Return with Payment

Account	Service Location	Customer
5	To Lake from Domestic System	The Club at Seven Canyons

Charges	Total Due	Payment Date	Please Pay
\$2,151.71	\$2,151.71	9/1/2003	\$2,182.09

Amount Being Paid: _____