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 5 Phoenix, Arizona 85012  
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2006 DEC 15 P 4: 42

AZ CORP COMMISSION  
DOCUMENT CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

7 IN THE MATTER OF DESERT HILLS  
 8 WATER COMPANY'S APPLICATION  
 9 FOR APPROVAL OF TRANSFER OF  
 10 ASSETS TO THE TOWN OF CAVE  
 11 CREEK, PURSUANT TO ARIZONA  
 12 REVISED STATUTES 40-285

DOCKET NO: W-02124A-06-0717

**NOTICE OF FILING  
SUPPLEMENTAL EXHIBITS**

11 Desert Hills Water Co., Inc. ("Desert Hills") hereby submits this Notice of Filing  
 12 Supplemental Exhibits to its Application for Approval of Transfer of Assets to the Town  
 13 of Cave Creek ("Application") filed on November 8, 2006.

14 The following resolutions authorizing both the Town of Cave Creek and Desert  
 15 Hills to enter into the Transfer Agreement are attached hereto as Exhibits 1, 2 and 3,  
 16 respectively.

- 17 1. Resolution No. R2006-29 (Town of Cave Creek),
- 18 2. Resolution No. SHDH2006-02 (Shareholders of Desert Hills), and
- 19 3. Resolution No. DH2006-02 (Board of Directors of Desert Hills).

20 RESPECTFULLY SUBMITTED this 15th day of December, 2006.

FENNEMORE CRAIG, P.C.

21  
 22  
 23 Arizona Corporation Commission  
 24 **DOCKETED**  
 25 **DEC 15 2006**

By: 

Jay L. Shapiro  
 Patrick J. Black  
 3003 North Central Avenue, Suite 2600  
 Phoenix, Arizona 85012  
 Attorneys for Desert Hills Water Company, Inc.

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DOCKETED BY	NR
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1 ORIGINAL and thirteen (13) copies of the  
2 foregoing were delivered  
3 this 15th day of December, 2006 to:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 W. Washington St.  
7 Phoenix, AZ 85007

8 Copy of the foregoing **hand delivered**  
9 this 15th day of December, 2006 to:

10 Lyn Farmer  
11 Chief Administrative Law Judge  
12 Arizona Corporation Commission  
13 1200 W. Washington Street  
14 Phoenix, AZ 85007

15 Linda Jaress  
16 Utilities Division  
17 Arizona Corporation Commission  
18 1200 W. Washington Street  
19 Phoenix, AZ 85007

20 Maureen Scott  
21 Legal Division  
22 Arizona Corporation Commission  
23 1200 W. Washington Street  
24 Phoenix, AZ 85007

25 By: *Maureen Scott*

26 1866511.1/18332.007

# **Exhibit 1**

RESOLUTION NO. R2006-29

**A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CAVE CREEK, MARICOPA COUNTY, ARIZONA, AUTHORIZING, RATIFYING, APPROVING AND AFFIRMING THE ASSET TRANSFER AGREEMENT BETWEEN DESERT HILLS WATER COMPANY AND THE TOWN OF CAVE CREEK, INCLUDING THE ENTITLEMENTS AND OBLIGATIONS CONTAINED WITHIN THE SCHEDULES ATTACHED TO THE AGREEMENT AND APPROVING THE ACCEPTANCE OF ALL ASSETS, INCLUDING REAL AND PERSONAL PROPERTY AND ALL OBLIGATIONS OF THE TRANSFER AGREEMENT**

WHEREAS, On May 17, 2005 the Town of Cave Creek (the "*Town*") held a special election and authorized not to exceed \$50,000,000 of either Water and Sewer Revenue Bonds or loans from the Water Infrastructure Finance Authority of Arizona ("*WIFA*") for the following purpose:

To provide funds to expand, extend and enlarge the Town's sewer system, including the construction of a new sewer treatment plant and acquire, expand, extend and enlarge a water system; and to pay all legal, financial consultant, engineering and other necessary costs in connection therewith; and

WHEREAS, on September 12, 2006, the Town approved Resolution No. R2006-23 authorizing the Town of Cave Creek to purchase all of the assets, including real and personal property, and or all of the stock of the Desert Hills Water Company Inc. and assume the liabilities of the Company and to take all actions and to do all things necessary to acquire said assets or stock of the Company, and

WHEREAS, on September 12, 2006, the Town approved the Stock Purchase Agreement acquiring the Shares of the Desert Hills Water Company; and

WHEREAS, that A.R.S. § 9-511, et.seq. sets forth the powers of the Town to purchase, acquire, own and maintain real and personal property, both within and without the limits of the Town, for public utility purposes.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE TOWN OF CAVE CREEK, ARIZONA, that:**

**Section 1.** That the Mayor and the Town Manager, acting on behalf of the Town of Cave Creek, Arizona are authorized to enter into and execute the Transfer Agreement and Schedules attached as Exhibit A, between Desert Hills Water Company and the Town of Cave Creek, and purchase all of the assets, including real and personal property and assume the liabilities of the Company and to take all actions and to do all things necessary to acquire said assets.

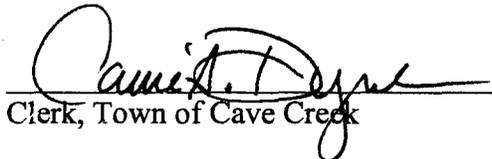
**Section 2.** That approval of the Transfer Agreement is contingent upon the Town's right to terminate the Transfer Agreement with twenty-four (24) hour written notice in the event that the Town, in its sole discretion, determines that unacceptable conditions might be or have been imposed on the transfer by any regulatory agency.

**PASSED, ADOPTED AND APPROVED** on December 4, 2006.

**TOWN OF CAVE CREEK, ARIZONA**

  
\_\_\_\_\_  
Mayor, Town of Cave Creek

**ATTEST:**

  
\_\_\_\_\_  
Clerk, Town of Cave Creek

**APPROVED AS TO FORM:**

Attachments: Exhibit A – Transfer Agreement and Schedules

**CERTIFICATION**

I, Carrie Dyrek, the duly appointed and acting Town Clerk of the Town of Cave Creek, Arizona, do hereby certify that the above and foregoing Resolution No. R2006-29 was duly passed by the Common Council of the Town of Cave Creek, Arizona, at a regular meeting held on December 4, 2006, and the vote was 7 aye's, 0 nay's, — and — abstained, and — were absent and that the Mayor and 6 Council Members were present thereat.

DATED: December 4, 2006.

  
\_\_\_\_\_  
Clerk, Town of Cave Creek, Arizona

# **Exhibit 2**

RESOLUTION NO. SHDH2006-02

**A RESOLUTION OF THE SHAREHOLDERS OF THE DESERT HILLS WATER CO., INC., AUTHORIZING, RATIFYING, APPROVING AND AFFIRMING BY PROXY VOTE OF THE PRESIDENT, EXECUTION OF THE ASSET TRANSFER AGREEMENT BETWEEN DESERT HILLS WATER CO., INC. AND THE TOWN OF CAVE CREEK, INCLUDING THE ENTITLEMENTS AND OBLIGATIONS CONTAINED WITHIN THE SCHEDULES ATTACHED TO THE AGREEMENT AND APPROVING THE TRANSFER OF ALL ASSETS, INCLUDING REAL AND PERSONAL PROPERTY AND ALL OBLIGATIONS UNDER THE TERMS OF THE TRANSFER AGREEMENT**

**WHEREAS**, On May 17, 2005 the Town of Cave Creek (the "*Town*") held a special election and authorized not to exceed \$50,000,000 of either Water and Sewer Revenue Bonds or loans from the Water Infrastructure Finance Authority of Arizona ("*WIFA*") for the following purpose:

To provide funds to expand, extend and enlarge the Town's sewer system, including the construction of a new sewer treatment plant and acquire, expand, extend and enlarge a water system; and to pay all legal, financial consultant, engineering and other necessary costs in connection therewith; and

**WHEREAS**, on September 12, 2006, the Town approved Resolution No. R2006-23 authorizing the Town of Cave Creek to purchase all of the assets, including real and personal property, and/or all of the stock of the Desert Hills Water Co., Inc. and assume the liabilities of the Company and to take all actions and to do all things necessary to acquire said assets or stock of the Company, and

**WHEREAS**, on September 12, 2006, the Town approved the Stock Purchase Agreement acquiring the Shares of the Desert Hills Water Co., Inc.;

**WHEREAS**, on or about September 12, 2006, the Shareholders of the Desert Hills Water Company executed and approved the Stock Purchase Agreement and sale of the Shares of the Desert Hills Water Company to the Town of Cave Creek.

**WHEREAS**, A.R.S. § 9-511, et.seq. sets forth the powers of the Town to purchase, acquire, own and maintain real and personal property, both within and without the limits of the Town, for public utility purposes; and

**WHEREAS**, on November 7, 2006, Usama Abujbarah, as President of Desert Hills Water Co., Inc. executed the Transfer Agreement attached as Exhibit A.

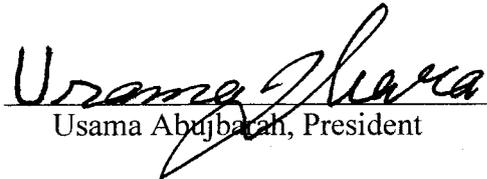
**NOW, THEREFORE, BE IT RESOLVED BY THE SHAREHOLDERS OF THE DESERT HILLS WATER COMPANY AS FOLLOWS:**

**Section 1.** That the authorization of the President, acting on behalf of the Desert Hills Water Co., Inc. to enter into and execute the Transfer Agreement and all Schedules attached, between Desert Hills Water Co. Inc. and the Town of Cave Creek, and transfer all of the assets, including real and personal property, the execution of the Transfer Agreement and Schedules on behalf of Desert Hills Water Co., Inc. is hereby ratified, and the President is authorized to take all actions and to do all things necessary to transfer said assets to the Town of Cave Creek .

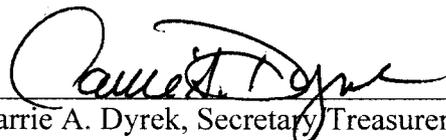
**Section 2.** That the Desert Hills Water Co., Inc. recognizes the Town's right to terminate the Transfer Agreement with twenty-four (24) hour written notice in the event that the Town, in its sole discretion, determines that unacceptable conditions might be or have been imposed on the transfer by any regulatory agency.

**PASSED, ADOPTED AND APPROVED** on December 4, 2006.

**DESERT HILLS WATER CO., INC.**

  
\_\_\_\_\_  
Usama AbuJarrah, President

**ATTEST:**

  
\_\_\_\_\_  
Carrie A. Dyrek, Secretary/Treasurer

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Attachments: Exhibit A – Transfer Agreement and Schedules

# **Exhibit 3**

**RESOLUTION NO. DH2006-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT HILLS WATER CO., INC., AUTHORIZING, RATIFYING, APPROVING AND AFFIRMING EXECUTION OF THE ASSET TRANSFER AGREEMENT BETWEEN DESERT HILLS WATER CO., INC. AND THE TOWN OF CAVE CREEK, INCLUDING THE ENTITLEMENTS AND OBLIGATIONS CONTAINED WITHIN THE SCHEDULES ATTACHED TO THE AGREEMENT AND APPROVING THE TRANSFER OF ALL ASSETS, INCLUDING REAL AND PERSONAL PROPERTY AND ALL OBLIGATIONS UNDER THE TERMS OF THE TRANSFER AGREEMENT**

**WHEREAS**, On May 17, 2005 the Town of Cave Creek (the "*Town*") held a special election and authorized not to exceed \$50,000,000 of either Water and Sewer Revenue Bonds or loans from the Water Infrastructure Finance Authority of Arizona ("*WIFA*") for the following purpose:

To provide funds to expand, extend and enlarge the Town's sewer system, including the construction of a new sewer treatment plant and acquire, expand, extend and enlarge a water system; and to pay all legal, financial consultant, engineering and other necessary costs in connection therewith; and

**WHEREAS**, on September 12, 2006, the Town approved Resolution No. R2006-23 authorizing the Town of Cave Creek to purchase all of the assets, including real and personal property, and/or all of the stock of the Desert Hills Water Co., Inc. and assume the liabilities of the Company and to take all actions and to do all things necessary to acquire said assets or stock of the Company, and

**WHEREAS**, on September 12, 2006, the Town approved the Stock Purchase Agreement acquiring the Shares of the Desert Hills Water Co., Inc.;

**WHEREAS**, on or about September 12, 2006, the Shareholders of the Desert Hills Water Company executed and approved the Stock Purchase Agreement and sale of the Shares of the Desert Hills Water Company to the Town of Cave Creek.

**WHEREAS**, A.R.S. § 9-511, et.seq. sets forth the powers of the Town to purchase, acquire, own and maintain real and personal property, both within and without the limits of the Town, for public utility purposes; and

**WHEREAS**, on November 7, 2006, Usama Abujbarah, as President of Desert Hills Water Co., Inc. executed the Transfer Agreement attached as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DESERT HILLS WATER COMPANY AS FOLLOWS:**

**Section 1.** That the authorization of the President, acting on behalf of the Desert Hills Water Co., Inc. to enter into and execute the Transfer Agreement and all Schedules attached, between Desert Hills Water Co. Inc. and the Town of Cave Creek, and transfer all of the assets, including real and personal property, the execution of the Transfer Agreement and Schedules on behalf of Desert Hills Water Co., Inc. is hereby ratified, and the President is authorized to take all actions and to do all things necessary to transfer said assets to the Town of Cave Creek .

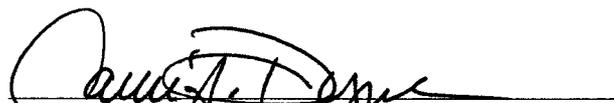
**Section 2.** That the Desert Hills Water Co., Inc. recognizes the Town's right to terminate the Transfer Agreement with twenty-four (24) hour written notice in the event that the Town, in its sole discretion, determines that unacceptable conditions might be or have been imposed on the transfer by any regulatory agency.

**PASSED, ADOPTED AND APPROVED** on December 4, 2006.

**DESERT HILLS WATER CO., INC.**

  
\_\_\_\_\_  
Vincent Francia, Chairman

**ATTEST:**

  
\_\_\_\_\_  
Carrie A. Dyrek, Secretary/Treasurer

**APPROVED AS TO FORM:**

\_\_\_\_\_

Attachments: Exhibit A – Transfer Agreement and Schedules