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BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona corporation, Complainant, vs. GLOBAL WATER RESOURCES, LLC, a foreign limited liability company; GLOBAL WATER RESOURCES, INC., a Delaware corporation; GLOBAL WATER MANAGEMENT, LLC, a foreign limited \liability company; SANTA CRUZ WATER COMPANY, LLC, an Arizona limited liability corporation; PALO VERDE UTILITIES COMPANY, LLC, an Arizona limited liability corporation; GLOBAL WATER - SANTA CRUZ WATER COMPANY, an Arizona corporation; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, an Arizona corporation; JOHN AND JANE DOES 1-20; ABC ENTITIES I - XX, Respondents.	DOCKET NOS. W-01445A-06-0200 SW-20445A-06-0200 W-20446A-06-0200 W-03576A-06-0200 SW-03575A-06-0200 **ARIZONA WATER COMPANY'S RENEWED MOTION FOR AN ORDER TO SHOW CAUSE AND MEMORANDUM IN SUPPORT** **AND** **REQUEST FOR EXPEDITED HEARING AND PROCEEDINGS**

Complainant Arizona Water Company hereby moves for an Order to Show Cause (or in the alternative, renews its earlier motions for such an order, which are incorporated by

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this reference), why (1) the admitted recent acquisition by Global Water, Inc. (an unregulated entity)[1] of regulated public service corporations CP Water Company ("CP Water") and Francisco Grande Utility Company ("Francisco Grande") should not be voided as having been accomplished without the required oversight, approval and permit from the Arizona Corporation Commission ("Commission") under A.R.S. §40-285, and (2) the previously-identified Unregulated Global Entities (including Global Water Resources, LLC, a foreign limited liability company; Global Water Resources, Inc., a Delaware corporation; Global Water Management, LLC, a foreign limited liability company and Global Water, Inc., described above and in footnote 1) should not be prohibited from continuing—even after the Formal Complaint in this matter was filed and served and following the Commission's denials of Global's successive motions to dismiss—to operate as unregulated public service corporations in violation of the Commission's rules and regulations.

RESPECTFULLY SUBMITTED this 23rd day of February, 2007.

BRYAN CAVE LLP

By _____

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[1] Global Water, Inc. is yet another in the "family" of Global companies acting as alter egos of each other. Global Water, Inc. had not yet been formed as of the date Arizona Water Company filed its Formal Complaint in this docket, and leave is hereby sought to add Global Water, Inc. as one of the ABC Entities I – XX named in the complaint so that complete relief can be accorded.

MEMORANDUM OF POINTS AND AUTHORITIES

I. THE GENERIC DOCKET HAS *NOT* PROCEEDED ON AN EXPEDITED BASIS, AND GLOBAL HAS CONTINUED TO FLOUT THE COMMISSION'S AUTHORITY IN THE MEANTIME.

On March 29, 2006—coming up on one year ago—Arizona Water Company filed a formal complaint in this docket seeking, among other relief, an order to show cause why the Unregulated Global Entities should not be declared to be acting as public service corporations subject to the jurisdiction and regulation of the Commission (Relief, ¶ A, p. 15 of Formal Complaint), and ordered to cease and desist from soliciting and collecting improper charges and fees assessed under so-called "Infrastructure Coordination and Finance Agreements" ("ICFAs"). [Relief ¶¶ B, C and D, p. 15 of Formal Complaint] On April 24, 2006, the Global entities filed an Answer to Arizona Water Company's Complaint and a Motion to Dismiss. On May 15, 2006, Arizona Water Company filed a Response to Global's Motion to Dismiss requesting that the Motion to Dismiss be denied and the matter set for an order to show cause hearing. A procedural conference was scheduled for June 15, 2006.

Previously, on March 8, 2006, the Commission opened a Generic Docket, W-00000C-06-0149, to evaluate the regulatory impacts of the use of so-called non-traditional financing arrangements ("Generic Docket"). On June 7, 2006, Commissioner William A. Mundell filed a letter in the Generic Docket requesting that Global offer a presentation on its non-traditional financing arrangements and why Santa Cruz Water Company and Palo Verde Utilities Company (previously identified in these proceedings as the "Regulated Global Entities") needed an unregulated "middleman" or "Coordinator" to provide services that the Regulated Global Entities were required by law to provide. On June 12, 2006, Commissioner Jeff Hatch-Miller filed a letter in the Generic Docket joining Commissioner Mundell's request.

At the June 15, 2006 procedural conference in this proceeding, Judge Dwight D. Nodes stated that some of the issues raised in Arizona Water Company's Complaint were similar to those raised in the Generic Docket. In response, Staff recommended that Arizona Water Company's Complaint be "held in abeyance" pending resolution of the Generic Docket. Staff

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further stated that it was processing the Generic Docket "on an expedited basis" and would bring a recommendation before the Commission "in August 2006." [Procedural Order dated September 20, 2006, p. 2] Arizona Water Company argued that, apart from some common issues shared in the two dockets, there were also material differences, such as Arizona Water Company's specific request that the Unregulated Global Entities be declared to be public service corporations. Arizona Water Company properly requested that this formal complaint docket go forward to determine whether the Unregulated Global Entities should be declared to be public service corporations, and whether Global should be enjoined from entering into more ICFAs until a decision regarding the ICFAs' legality was rendered in the Generic Docket. Nevertheless, on the basis of Staff's commitment to process the Generic Docket on an expedited basis, Arizona Water Company's claims in this proceeding were held in abeyance.

However, the Generic Docket has *not* advanced on an expedited basis. Despite Staff's representations that it would present recommendations by August 2006, Staff did not file its report on non-traditional financing arrangements until October 6, 2006. Moreover, until it was ordered to do so, Staff did not file its brief on whether entities employing non-traditional financing arrangements should be considered public service corporations until February 9, 2007, eight months after the procedural conference. Staff's brief set forth that "[t]here is little question" that the ICFAs were "designed in part to 'monopolize the territory' with a public service commodity." [Brief of the Commission Staff, February 9, 2007, p. 11] Additionally, Staff observed that "certainly an argument can be made that the ICFA permits the unregulated affiliate to perform functions that the regulated entity otherwise would be unable to perform." [*Id.* at p. 11] Furthermore, the Staff brief characterized the Unregulated Global Entities as being in the position of a utility "Coordinator," and noted that:

> The Coordinator is obtaining binding commitments from landowners to utilize its services and its affiliate's water and wastewater services. It and its operating company are thus competing with other corporations such as Arizona Water whose business is clothed with a public interest. The Coordinator and its operating affiliate would together meet this criteria. The Coordinator "walks and talks" like a public

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> service corporation in many respects yet it is not the corporate entity that is actually offering water service. [*Id.* at p. 12]

Staff concluded that "a very strong argument can be made for public service corporation status" of the Unregulated Global Entities. [*Id.*] Arizona Water Company will this date file its memorandum agreeing with Staff's characterizations of these affiliated alter ego entities as public service corporations. The Staff brief adds additional support for the conclusion that Arizona Water Company is likely to prevail on its Formal Complaint in this docket.

In the intervening time Global has entered into and filed even more of its ICFAs with county recorders, and continues to flout Commission authority at every turn. In a Certificate of Convenience and Necessity ("CCN") application proceeding pending before ALJ Kinsey, Docket No. W-01445A-06-0199 (the "CCN Extension Case"), Arizona Water Company very recently learned that Global Water, Inc. has acquired CP Water and Francisco Grande without Commission review or approval. [Direct Testimony of Trevor Hill, January 26, 2007 p. 16, attached as Exhibit A] Global further asserted that, based on these unregulated actions, Santa Cruz Water Company should be awarded a CCN to provide water service in Pinal County. Specifically, Mr. Hill, an officer of Global, has stated:

> Again, I am no legal expert. But I understand that AWC argues that they have some sort of right to the extension due to the closeness of their existing certificate area. Whatever the merits of this idea, our acquisition of Francisco Grande and CP deflates its force. Our current Francisco Grande and CP certificate areas are closer to much of the disputed areas than AWC. [*Id.* at p. 18]

Mr. Hill's use of the phrase "*our* current Francisco Grande and CP certificate areas…." is very revealing: it demonstrates that he considers Santa Cruz Water Company (on whose behalf he is testifying) and the other Global affiliates to be one and the same—namely, interchangeable alter egos of each other. Santa Cruz Water Company, as a regulated entity, did not acquire Francisco Grande and CP Water under the constraints of A.R.S. §40-285; its unregulated alter ego and newly formed affiliate, Global Water, Inc., did—all in knowing violation of the requirement that the Commission review and approve such acquisitions by public service corporations under A.R.S. §§40-285(D) and (E).

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Furthermore, Global's revelation came after Global consistently refused to respond to Arizona Water Company's numerous data requests in the CCN Extension Case seeking information about Global's efforts to acquire public service corporations. Clearly, if they are deemed to be regulated public service corporations, the Unregulated Global Entities, including Global Water, Inc., could not have lawfully acquired two regulated public service corporations without Commission approval. Thus, Global has continued to evade Commission oversight through a scheme using its affiliates, and now is using an improper and illegal acquisition in an attempt to bolster the CCN Extension Case filed on behalf of one of its regulated affiliates, Santa Cruz Water Company. Worse yet, the Unregulated Global Entities have admitted using the proceeds from funds generated by ICFAs to purchase Francisco Grande and CP Water ("Global's testimony explains that these acquisitions would not have been possible without the use of Infrastructure Coordination and Financing Agreements ('ICFAs')"; See Letter from T. Sabo to S. Hirsch dated 2/20/07 and attachments, attached as Exhibit B), instead of using those proceeds as they committed to do under the ICFAs for planning, design and construction of utility infrastructure.

II. THE ICFAS SHOULD BE DECLARED ILLEGAL, AND THE UNREGULATED GLOBAL ENTITIES SHOULD BE DECLARED PUBLIC SERVICE CORPORATIONS AND BROUGHT UNDER THE COMMISSION'S AUTHORITY.

In addition to Arizona Water Company's Complaint's request that the Commission declare Global's ICFAs illegal and that the Unregulated Global Affiliates be ordered to cease acting as public service corporations, others have implored the Commission to resolve these issues. Arizona-American Water Company's filing in the Generic Docket states:

> Arizona-American believes that "financing" methods employed by certain water companies skirt settled regulatory accounting and ratemaking practices. These practices were designed to ensure that customers gain the full benefit of developer infrastructure funding by offsetting rate base and thereby reducing rates. Any method that instead injects these funds into a utility and does not reduce ratebase and rates is boosting the corporate bottom line at the expense of

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customers. [Arizona-American Water Company's Answers to Commission Staff's Questions, p. 1]

Arizona-American Water Company goes on to state that its "fundamental request is that the playing field should be level for all Arizona water and wastewater utilities." [*Id.* at p. 2]

As noted above, Global admitted in the CCN Extension Case that it used the funds paid by landowners for "coordination" services to instead purchase Francisco Grande and CP Water. This is a particularly egregious flouting of the Commission's power and authority: Global is using proceeds from transactions that should be regulated and approved to purchase public service corporations in unapproved transactions, and is then arguing that the acquisitions support its regulated utilities' grab for more CCN areas. This action is expressly impermissible under A.R.S. §40-285.

Furthermore, Global has effectively admitted that it funds its unregulated expansion by violating the terms of the ICFAs it improperly entered into. Under the terms of the ICFAs, Global is supposed to use the funds it receives for "coordinating," planning and constructing utility plant. Instead, Global has used the funds to purchase other utility companies—a clear violation of the terms of the illegal ICFAs. Global apparently keeps its financing scheme going by ignoring the terms of the agreements it improperly entered into.

The Commission has the authority to declare that Global and its alter ego affiliates are public service corporations. Indeed, the Commission's authority is broad and derives from the Arizona Constitution. Arizona Constitution, Art. 15, § 3; *Southwest Gas Corp. v. Arizona Corp. Comm'n*, 169 Ariz. 279, 283, 818 P.2d 714, 718 (App. 1991). In fact, "[n]o other state's constitution has given its commission the extensive power and jurisdiction that the Arizona Corporation Commission possesses." *Arizona Corp. Comm'n v. Superior Court*, 107 Ariz. 24, 26, 480 P.2d 988, 990 (1971)(citing *State v. Tucson Gas, Elec. Light & Power Co.*, 15 Ariz. 294, 300, 138 P. 781, 783 (1914)). Article 15, § 3 of the Arizona Constitution gives the Commission broad regulatory power over public service corporations. *Southwest Gas*, 169 Ariz. at 283, 818 P.2d at 718. The Commission is empowered to exercise legislative, judicial, administrative and executive functions of government within

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the sphere of its responsibilities. *Id.* at 283. The Commission's judicial power "includes the determination of whether a particular business is a public service corporation." *Id.* at 284. All of these points have previously been briefed in this proceeding.

If the Commission concludes that any of the Unregulated Global Entities are public service corporations, they could not legally enter into their non-traditional financing arrangements and they could not purchase the assets of public service corporations without the Commission's oversight and approval. As set forth more fully in Arizona Water Company's Formal Complaint, the Unregulated Global Entities should not be allowed to evade the Commission's authority and commit acts that Global's regulated entity, Santa Cruz Water Company, could not undertake under Arizona law and Commission rules. The Commission should now assert its jurisdiction and exercise its authority by declaring that the Unregulated Global Entities are public service corporations that are required to abide by the same rules that Santa Cruz Water Company, Arizona Water Company and all other public service corporations are required to follow.

Arizona Water Company, and, more importantly, public water utility customers in Arizona have waited long enough for the Generic Docket to run its course. These matters should be addressed directly in this proceeding as soon as possible, and an Order to Show Cause as submitted with this motion and memorandum should be issued at the earliest opportunity.

III. CONCLUSION.

For the foregoing reasons, Arizona Water Company requests that the Commission enter an order that Global show cause as to why (1) the admitted recent acquisition of public service corporations CP Water Company and Francisco Grande Utility Company by Global Water, Inc. should not be voided as having been accomplished without oversight, approval and a permit from the Commission under A.R.S. §40-285, (2) Global and its affiliates should not be prohibited from continuing to operate as unregulated public service corporations in violation of the Commission's rules and regulations, (3) the ICFA financing techniques can continue to be

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employed contrary to the public interest and without Commission oversight and approval, and (4) such other and further relief as may be justified in the circumstances should not be ordered in the Commission's discretion.

RESPECTFULLY SUBMITTED this 23rd day of February, 2007.

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EXHIBIT A

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
JEFF HATCH-MILLER- CHAIRMAN
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY IN THE CITY OF CASA GRANDE AND IN PINAL COUNTY, ARIZONA	**Docket No. W-01445A-06-0199**
IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.	**Docket No. SW-03575A-05-0926**
IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.	**Docket No. W-03576A-05-0926**

Direct Testimony of

Trevor T. Hill

on behalf of

Santa Cruz Water Company
and Palo Verde Utility Company

January 26, 2007

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I. INTRODUCTION.

Q. Please state your name and business address.

A. My name is Trevor T. Hill. My business address is 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85027.

Q. By whom are you employed and what is your position?

A. I am President and Chief Executive Officer of Global Water Resources, LLC ("Global Water") and Global Water Management, LLC. I also serve as the President of all of Global Water's regulated subsidiaries.

Q. Please provide a brief summary of your educational and work experience.

A. I graduated in 1987 from Royal Military College with a Bachelor of Engineering in Mechanical Engineering. I attended the Royal Naval Engineering College in Plymouth, England where I completed my post-graduate studies in 1988. I served with the Canadian Navy as an Engineering Officer retiring in 1994 after serving as Deputy Engineering officer in HMCS Huron in the Gulf War 1991 where I was decorated with the Gulf Kuwait Medal.

In 1994 I co-founded Hill, Murray & Associates, a design-build-operate firm specializing in the construction and operation of water reclamation facilities in British Columbia and the Canadian Arctic. I was instrumental in developing water reclamation codes, rules and regulations for the Province of British Columbia. In 2000, I co-founded Algonquin Water Resources of America, a division of the Algonquin Power Income Fund. In my role of Director of Operations for AWRA, I led the acquisition team, acquiring 6 utilities in three years and amassing 37,000 customers in Arizona and Texas.

In 2003, I co-founded Global Water Resources, a company established to acquire regulated water and wastewater utilities in the Southwestern states and to advance the cause of water reclamation and reuse as a conservation methodology in the State of Arizona. As President & CEO of Global Water, I am responsible for acquisition activities and the overall operations of Global Water. In addition, I provides leadership and policy direction with respect to water reclamation and re-use, water use efficiency and the economics of water reclamation. I am a registered Professional Engineer licensed in British Columbia.

Q. Please summarize your work history, awards and affiliations.

OCCUPATIONAL SUMMARY

- 2003 – Co-Founder, President & CEO, Member of the Board of Directors, Global Water Resources
- 2001 – Co-Founder, Director of Operations, Algonquin Water Resources of America
- 2000 – General Manager, Water Division, Conor Pacific Environmental
- 1992 – Founder, President and CEO, Hill, Murray & Associates Inc.
- 1991 Marine Systems Engineering Officer, Naval Engineering Unit Pacific
- 1988 – Deputy Engineering Officer, HMCS Huron

CREDENTIALS, AFFILIATIONS

- 2007 – Board Member, Pinal Partnership
- 2006 – Advisor Board Member, Arizona Water Institute External Advisory Board
- 2006 – Member, Pinal County Drought Impact Task Force
- 2006 – Board Member, Investor Owned Water Utilities Association
- 1989 – Registered Professional Engineer, British Columbia
- 1988 – Post Graduate Studies, Royal Naval Engineering College, Manadon, UK
- 1987 – B.Eng. - Mechanical Engineering, Royal Military College, Kingston

AWARDS/HONORS

- 1999 – Top 40 Under 40 Award, Business in Vancouver, January 1999
- 1998 – ZENON Merit Award for Design, October 1998
- 1998 – Finalist, Entrepreneur of the Year Award, Pacific Region, Canada, October 1998
- 1997 – BC Ministry of Environment, Lands and Parks, Minister's Environmental Award, Business/Industry Category
- 1997 – Nominated, Entrepreneur of the Year Award, Pacific Region, Canada
- 1996 – ZENON Merit Award for Design
- 1991 –Decorated, Gulf Kuwait Medal

Q. Please describe Global Water.

A. Under my direction, Global Water is one of the state's largest and fastest growing water, wastewater and reclaimed water operations. Global Water is a recognized leader in groundwater conservation and sustainable utility planning in Arizona. Our service areas are in some of the fastest growing areas of the state – Western Maricopa County and Western Pinal County. Our mission is reconciling that extraordinary growth with environmental concerns. Together, Global Water's regulated subsidiaries serve more than 35,000 customers. In just five years, we expect to be serving 100,000 customers.

Q. Why did you found Global Water?

A. I saw that there was a critical need for integrated, conservation-focused utility service in this state. I knew that an explosion of growth was going to impact areas controlled by small, fringe utilities, or by no utilities at all. Private water companies will therefore play an ever more important role as growth continues in their areas. I also knew that Arizona faced serious groundwater issues. A lot of people were talking about solutions like reclamation and recharge, but no one was taking action on a large scale. [Explosive-growth with scarce groundwater could be a recipe for disaster.] But it also represented a unique opportunity to create from scratch a large utility enterprise that could meet these unprecedented challenges.

I also saw that there were hundreds of small, poorly run, under-capitalized water companies. These need to be consolidated in order to secure reliable and efficient service.

With my background in reclamation, and in acquiring utilities at Algonquin Water, I was uniquely positioned to take advantage of the need for consolidation. So I formed Global Water to consolidate small utilities in fringe, high-growth areas. My time at Algonquin Water taught me many things, some of which I learned the hard way. In founding Global

Water, I have tried to put those lessons to good use.

Q. Who are the investors in Global Water?

A. Our investors are shown on Exhibit 1. They include our senior management team, as well as well-known and respected local investors like Bill Levine and Dan Cracchiolo. All of our investors live in Arizona.

Q. What is the purpose of your direct testimony in this proceeding?

A. I testify in support of the Applications for Certificate of Convenience and Necessity ("CC&N") extension in this case of two of our regulated subsidiaries, Palo Verde Utilities Company ("Palo Verde") and Santa Cruz Water Company ("Santa Cruz"). I also testify in opposition to the CC&N extension Application filed by Arizona Water Company ("AWC") that is also a subject of this proceeding.

Q. What are the two most important factors in this case?

A. Groundwater conservation and landowner rights are the two key factors in this case. In Arizona, we have limited groundwater resources, but we are also the fastest growing state in the country. Groundwater conservation is therefore essential if our rapid growth is to be sustainable. This case presents a stark choice – between a company that has water conservation at the core of its mission, and one that fights it at every turn. Global Water leads the state in water conservation measures, such as the use of reclaimed water. In contrast, Arizona Water is notorious for its opposition to such measures.

At Global Water, we also believe in landowner rights. That's why we don't ask for a monopoly over someone's land without their approval. We obtained requests for service for 100% of the extension area we request in this case. In other words, we have a request for every square inch. In contrast, AWC has requests for only 175 of the 70,494 acres it

seeks. That's less than 1% - indeed, it's less than 0.3%. As a matter of principle, we believe that property rights should be respected, and that Commission should therefore strongly consider the views of landowners in CC&N cases. And as a matter of practicality, landowner support is important for a number of reasons.

Q. What topics do you address in your testimony?

A. In addressing the key factors of groundwater conservation and landowner rights, I discuss the following topics:

- I discuss the importance of groundwater conservation, and I explain our "triad of conservation" strategy. I also show the dramatic results of putting this strategy into action, and I explain what additional steps we will take in the future.
- I explain why integrated utilities that provide water, wastewater, and reclaimed water services are essential to effective groundwater conservation. I also explain the other benefits that integrated utilities provide.
- I explain why landowner rights should be respected.
- I explain the benefits of consolidation of small utilities. I also announce the acquisition of two utilities that will have a direct impact on this case.
- I respond to the Staff Reports filed in this case.
- I comment on the regulatory policy issues involved in this case.
- I describe Global Water's policy of being a good citizen.

Q. Will Global Water present other witnesses in this case?

A. Yes. We view this as watershed case that will impact water policy – and the future of our State – for decades to come. I have no doubt that this is the most important CC&N case in Arizona history. A case of unprecedented importance demands an unprecedented collection of witnesses. So we have assembled a "dream team" of experts to share their views with the Commission:

Rita Maguire is the former Director of the Arizona Department of Water Resources ("ADWR") and the former President of the Arizona Center for Public Policy. She will describe the history of water regulation in Arizona, and she will explain the challenges facing Arizona today and in the future. She will also offer her perspective on the policy choices the Commission faces in this case.

Philip Briggs was the Chief Hydrologist of ADWR, and later served as ADWR's Deputy Director. He describes the hydrology of the Pinal Active Management Area (which includes the areas requested in this case). He also analyzes the groundwater impact of granting our application verses granting AWC's application.

Graham Symmonds, our Senior Vice President of Operations and Compliance, is a leading expert on reclamation and reuse of water. He shows the results of our triad of conservation strategy, and explains how we carry out the triad. He discusses the benefits of regional planning. He explains our engineering plans for our extension area, and he critiques AWC's plans. He also gives testimony to the future of reclamation and reuse and how other states have successfully deployed water reclamation strategies that have had demonstrated extremely significant conservation impacts. **Rita Maguire** is the former Director of the Arizona Department of Water Resources ("ADWR") and the former President of the Arizona Center for Public Policy. She will describe the history of water regulation in Arizona, and she will explain the challenges facing Arizona today and in the future. She will also offer her perspective on the policy choices the Commission faces in this case.

Cindy Liles, our Senior Vice President for Growth Management and Chief Financial Officer, is a Certified Public Accountant with more than a decade of experience in senior management of public companies. She analyzes the financial condition of Santa Cruz,

Palo Verde, and AWC. She also testifies about landowner requests for service and provides our response to the Staff Reports filed in this case.

II. GROUNDWATER CONSERVATION AND THE TRIAD OF CONSERVATION.

Q. Why is groundwater conservation important?

A. We live in the fastest growing state, yet we have a limited supply of groundwater. As Mr. Briggs explains, groundwater use in the Pinal AMA already exceeds the renewable supply, and this "overdraft" condition causes subsidence, harms the recharge capability of the aquifer, and limits future uses. If we act carelessly, we could: (1) bring growth – the engine of our economy – to a rapid stop; (2) cause severe environmental damage; or (3) both. But if we act wisely, we can enjoy sustainable growth.

Q. You mentioned "sustainable growth." What do you mean?

A. I mean that we must ensure that development will have sufficient groundwater for the foreseeable future. In many areas today, you can get decent production from a well if you dig deep enough. That's what some utilities and developers mean when they say "we have plenty of water." But it's not enough to find that you have enough water today – you must ensure that the well won't run dry next year, or 10 years from now, or 100 years from now.

Q. Please elaborate.

A. Using more groundwater than is renewed is called "groundwater mining." That's an apt term, because like traditional mining, it involves extracting a natural resource from the ground. When you take copper out of the ground, it's depleted forever. Likewise, groundwater mining depletes a natural resource. When a mine depletes the available resources, it closes. But as a utility, we can't.

As Mr. Briggs explains, for many years groundwater mining has occurred, and will continue to occur, in the Pinal AMA. This "resource extraction" model was the way utilities like AWC operated for years. Perhaps there wasn't much choice in the past. But today we can – and must – do something different. By making use of reclaimed water, renewable surface water, and taking advantage of recharge opportunities, we can move to a new, sustainable model. That's the only sensible choice.

Q. Why is action today important?

A. The choice of utility provider will have lasting effects. Both Global and AWC have explained their radically different visions and engineering plans. Global's plans involve integrated water, wastewater, and reclaimed water service; AWC's do not. Once a provider is selected, the recipient's plans will be put into effect. Plants will be built, mains will be buried and paved over. Customers will build structures and design irrigation systems. The decision will be reflected in concrete and steel.

In practical terms, there is no "do-over" once this happens. If reclaimed water infrastructure is not put in place now, it would be hugely expensive to go back and rip up the streets to put it in later. Golf courses, homeowner's associations and others that need irrigation services would be stuck using potable water – or using their own wells, if they have them. Likewise, once a building has plumbing installed and is in use, it is expensive to "re-plumb" the building to take advantage of reclaimed water for non-potable uses.

Moreover, I believe that this case is being closely watched by other utilities and by other agencies. The decision in this case will send a strong signal concerning the direction this Commission will take on groundwater issues. The decision in this case will be discussed and cited for years to come.

Q. Please describe Global Water's "triad of conservation" strategy.

A. The triad of conservation involves (1) maximizing use of reclaimed water; (2) using renewable surface water; and (3) recharging the aquifer with excess reclaimed water and surface water. By using the triad, we can reduce excessive groundwater use.

Q. Is Global Water putting the triad into effect?

A. Yes we are putting it into effect in and around the City of Maricopa. As Mr. Symmonds shows, we have remarkable reductions in groundwater use compared to traditional providers.

Q. Please discuss reclaimed water.

A. Reclaimed water is a critical and underused resource. Today in Maricopa we are meeting up to 40% of our water needs with reclaimed water.

Traditionally, reclaimed water was viewed as undesirable. But with modern technology, wastewater can be treated to a very high standard. It can now be used for many purposes. It is simply irresponsible to use groundwater to irrigate golf courses, parks, common areas or other landscaping when reclaimed water is available. As Mr. Symmonds explains, we are already using reclaimed water on a wide scale in Maricopa, and we will do even more in the future.

Q. Why do you not use the term "effluent" for reclaimed water?

A. I don't like "effluent" because it represents the old way of thinking. "Reclaimed water" is a more accurate way of describing water which as been treated to A+ levels. It has been reclaimed and is ready to be used for new beneficial purposes.

Q. What about surface water?

A. It is another key component. Thanks to the foresight of earlier leaders, as a state we have resources like the CAP available to us. Where it is available, it should be used. That's why Global Water is rapidly moving forward with securing surface water supplies and deploying surface water facilities, as Mr. Symmonds explains.

Q. What about recharge?

A. It is critical as well. Our preference is to reuse reclaimed water where possible, rather than recharging it. That's why we are building extensive reclaimed water infrastructure. But demand for reclaimed water is highly seasonal, because so much of it is used for irrigation. So there will be times when there is excess reclaimed water available. Likewise, there will be times when surface water is available to us beyond what we can immediately use. Excess reclaimed and surface water can be stored for later use through recharge. By using as much reclaimed water and surface water as possible, and by recharging any excess, reliance on groundwater can be reduced to safe and sustainable levels.

Q. What else does Global Water do to promote conservation?

A. Global Water leads the State as far as education on water reclamation and reuse is concerned and continues to lead outreach sessions for all manner of stakeholders and our customers on the relevance and benefits of water reuse. Global has an ongoing public awareness campaign about water reclamation. The message of conservation through reclamation and reuse is getting through, and we have the results of repeated polling in our service areas to prove it.

III. THE SUPERIORITY OF INTEGRATED UTILITIES.

Q. What is an integrated utility?

A. An integrated utility provides water, wastewater, and reclaimed water in a coordinated manner to the same service area. Our subsidiaries in this case – Santa Cruz and Palo Verde offer integrated service. AWC is not integrated.

Q. Why are integrated utilities superior?

A. Only integrated utilities can effectively implement the triad of conservation or similar conservation measures.

Q. Why is that?

A. There are economic and operational obstacles to non-integrated utilities using triad-type strategies.

Q. What are the economic obstacles?

A. A water-only utility makes money by selling water. Its incentive is to sell more of its product. It wants its customers to use more water, not less. But an integrated utility makes money from selling a portfolio of products and services, not just one. We are just as happy to make money selling reclaimed water as potable water. That allows us to wholeheartedly adopt conservation as part of our corporate culture. So at our Christmas party, when I announced that we set a new mark for low water usage per customer, our employees all applauded and cheered. There aren't many companies that cheer their customers buying less, but we are one because we don't rely on one product.

Q. What are the practical obstacles?

A. Providing the triad requires close coordination. All three services – water, wastewater, and reclaimed water – are closely connected and they directly impact each other. Information must be shared quickly, and planning must be done with all three services in mind. For example, the operator of a recharge facility must know when excess reclaimed water and surface water is available. That's easy if everyone is under common management. It would be much more difficult under separate companies with separate management.

Q. How do you know for sure that the triad can only be implemented by integrated companies?

A. When forming new utilities or entering new areas, we insist on using the integrated approach. But as a result of acquisitions, Global Water has some non-integrated subsidiaries. For example, one of our companies is Valencia Water Company in Buckeye. We would very much like to put the triad in place for our non-integrated subsidiaries, but integration has to be considered at the very beginning of the planning process. Retro-fitting the triad is complicated, expensive and never yields the same conservation results..

Q. Do integrated utilities have economic advantages?

A. Yes. The can achieve economies of scale and scope.[1] For example, integrated utilities can share the same billing system and the same customer service personnel. Likewise, field personnel can be cross-trained in both water and wastewater, thus reducing the number of personnel needed. In addition, integrated utilities can pool financial resources, allowing greater financial stability. For example, a water utility that faced a major unexpected expense could get into trouble quickly. But an integrated utility would have funds from all three services available to meet the emergency.

[1] See Global Response to LJ 1.1 for a more in depth explanation.

Q. Do integrated utilities have other advantages?

A. Yes. A wastewater-only provider faces several additional challenges. Because wastewater service is not metered, it is difficult to know when a customer has started or stopped using service. It is not uncommon to end up not knowing who is receiving service i.e. customers not being reflected in the billing system. And it is difficult to terminate service – there's no way to turn the service off without digging up the service line (which is not practical). I learned these problems first hand when Algonquin Water acquired some wastewater-only utilities when I was there.

Q. Is Global Water willing to offer wastewater-only service in the proposed extension area?

A. No. For all the reasons listed above, wastewater-only service is not an attractive model and we are not willing to enter that business. However, we have made a limited exception for certain areas noted in our application where AWC already as the water CC&N. Frankly, I wish we had not agreed to do that. We are not willing to offer wastewater-only service outside of the limited areas noted in our application. We will not consent to providing wastewater service to any areas where AWC extending its CC&N.

IV. LANDOWNER RIGHTS.

Q. What is Global Water's policy on landowner rights?

A. We will not request an extension for a parcel unless we receive a request from the owner of the parcel.

Q. Why did Global Water adopt this policy?

A. For several reasons. First, we believe in property rights. Second, we understand that the Commission expected requests for the entire extension area. Third, we have heard some

Commissioners express strong concerns when other utilities attempted to deviate from this policy. Fourth, it is better to cooperate with landowners for a whole host of reasons. Fifth, many landowners own other lands, and we may want to do business with them in the future.

Q. What do other companies do?

A. AWC does not follow this policy. However, every other major water utility in the state appears to follow the same policy. In particular, Arizona-American Water Company, Johnson Utilities Company, Algonquin Water, Robson, and Chaparral City Water Company all seem to use the same policy as Global Water.

Q. What has the Commission done in the past?

A. My understanding was that the Commission would normally not approve an extension without requests for service for the entire extension area.

Q. Do Santa Cruz and Palo Verde have requests for their entire extension areas?

A. Yes, they requests for 100% of their extension areas.

Q. Does AWC have request for their entire extension area?

A. No, they have requests for only 0.3%.

Q. Have landowners expressed their views in other ways?

A. Yes, many landowners have filed letters in this docket opposing AWC. I am not aware of any letters supporting AWC.

Q. Are there other reasons landowner support is useful?

A. Yes. The utility must cooperate and coordinate in a number of ways with the landowner. For example, information about the planed development is needed to plan appropriate infrastructure to serve the land. In addition, communication is needed about the timing of development. If infrastructure is put in too soon, it represents unproductive investment. If it goes in too late, the developer's schedule is disrupted.

Q. How does landowner support impact conservation?

A. We negotiate with landowners to have them turn over their wells to us. That kind of agreement is not likely to happen when the relationship is not voluntary. Many landowner wells are "exempt wells" which are not subject to regulation. They may continue to use there wells for irrigation – even for new uses like golf courses. Moreover, there is no reporting requirement for the amount pumped by exempt wells. So we don't even know how much they are impacting the aquifer.

Q. What do you recommend regarding landowner rights?

A. I recommend that the Commission only grant a CC&N extension where there are requests for service for the entire extension area directed to the extending utility.

V. CONSOLIDATION.

Q. Are there benefits to the consolidation of utilities?

A. Yes there are many benefits. Small utilities are typically inefficient, poorly managed and undercapitalized. They sometimes fail in spectacular fashion. The list of such failed small utilities in recent years is far too long: Sabrosa, the McLain Water Companies, Desert Hills, AUSS, APSCO / Casitas Bonitas; and Diamond Valley, to name a few.

Consolidation can solve these problems. By becoming part of a larger operation, the utility benefits from economies of scale and scope. Consolidated utilities often have experienced managers and engineers. They also have much better access to capital.

Q. What is the impact of consolidation on groundwater conservation?

A. The capacity for conservation is greatly increased. Small utilities simply lack the financial and technical resources to implement a triad strategy. All three parts of the triad – reclaimed water, surface water, and recharged water – require capital-intensive infrastructure. Small utilities typically can afford only the bare minimum investment to keep water flowing day to day. Operating on the edge of crisis, they can't afford to worry about sustainability or conservation. They lack the financial capability to commit the triad strategy. And even if they had the money, they lack the technical expertise to carry out the triad.

Q. Has Global Water consolidated any companies recently?

A. Yes. We recently acquired Francisco Grande Utility Company ("Francisco Grande") and CP Water Company ("CP"). Francisco Grande and CP are adjacent to our requested extension areas in this case. Our extension areas are essentially sandwiched between our existing service areas to the north and the Francisco Grande and CP certificate areas to the south.

Q. What benefits of these acquisitions?

A. We will be able to implement our triad of conservation strategy with Francisco Grande and CP. And if we receive our requested extension areas, we will be able to deploy infrastructure on a regional scale encompassing our existing service areas, the extension areas, Francisco Grande, and CP. That should result in a highly robust and efficient system.

Q. What capabilities did Francisco Grande and CP have before their acquisition by Global Water?

A. They had no employees, no wells, and essentially no facilities of any kind.

VI. REGULATORY POLICY ISSUES.

Q. Please discuss the "public interest test" as it applies to this case.

A. Well, I'm not a legal expert, but I can tell you what I think the public interest is. I certainly think that protecting our groundwater supplies and ensuring sustainable growth is in the public interest. And the public interest should include protecting the property rights of landowners and respecting their views concerning who gets a monopoly over their land.

Q. But isn't the triad approach more expensive?

A. Well, how expensive is it when you run out of water? Doing the right thing is more difficult, and more expensive, at first. But it would be much more expensive to fix the problem later. Certainly, tearing up the streets to put in reclaimed water system years after development would be very expensive indeed.

Moreover, few people realize the many savings involved in the triad over the long run. For example, because water use is less, potable water lines can ultimately be smaller. Likewise, there is less need for treatment of water because less water is used. With ever increasing federal mandates like arsenic, it makes sense to limit the amount of water that is treated potable water standards. We don't use Perrier for irrigation – for the same reason it doesn't make sense to use potable water for irrigation. Your cactus, Palo Verde tree or the grass on the golf course certainly won't know the difference. Similarly, construction water, commercial and industrial process water, cooling water, fire hydrant water and even water for flushing toilets can ultimately be served with reclaimed water. Few people

realize the many allowed uses of reclaimed water. Attached as Exhibit 2 to my testimony is a list of the allowable uses of reclaimed water under current regulations.

Q. Please discuss the "first in the field doctrine."

A. Again, I am no legal expert. But I understand that AWC argues that they have some sort of right to the extension due to the closeness of their existing certificate area. Whatever the merits of that idea, our acquisition of Francisco Grande and CP deflates its force. Our current Francisco Grande and CP certificate areas are closer to much of the disputed areas than AWC.

Q. What about the "managerial, technical, and financial capability" standard?

A. We are very qualified in all these areas. I already introduced our senior management team and our investors. Mr. Symmonds shows our technical capability by giving an overview of our talented engineering and operational staff. Ms. Liles shows the financial strength of Palo Verde and Santa Cruz.

Q. Can you discuss the "Woodruff" decision?

A. This case has both similarities and differences with Woodruff. In that case, a new entity called Woodruff and AWC fought a similar battle a year ago, and the Commission ultimately sided with Woodruff. Both Woodruff and Global Water use an integrated approach. And both Woodruff and Global Water had landowner support. From what I understand, those were key factors in the Commission's decision.

On the other hand, there are also some key differences. For example, Woodruff was a "start up" company with no customers. In contrast, Global Water has more than 35,000 customers and a strong track record of performance. In addition, Woodruff was owned by a developer. Some developer owned companies are very good, such as the ones run by

Robson. But others have had problems, because the owner's focus was on other things. For Global Water, providing quality, sustainable service is the core of what we do – it is no sidelight. So for these reasons I think our cases are even more compelling than Woodruff.

VII. RESPONSE TO STAFF REPORT.

Q. Do you have a response to the two Staff Reports filed in this case?

A. Yes. Ms. Liles provides a detailed response. But I will add a few thoughts. I applaud Staff for emphasizing conservation. I am glad that they point out our efforts in using reclaimed water. They also point to a small amount of reclaimed water use by AWC. I would only note that AWC's minimal use of reclaimed water is in Apache Junction – they have never implemented any use of reclaimed water in Casa Grande, Stanfield or Maricopa. Moreover, the reclaimed water used in Apache junction is not produced by AWC but rather is actually treated and produced by Gold Canyon Sewer Company. AWC merely wheels the reclaimed water for delivery, but is not truly in the business of creating the resources

Staff also notes that we do not have an inverted, three tiered rate design, which Staff recommends to encourage conservation by charging more to higher users. We have no objection to such a design, and we would be happy to adopt it in our next rate case.

Q. What about Staff's approach to landowner rights?

A. Staff is right to say that no utility should get areas were there are no requests to anyone. But I feel that recognition of landowner rights should go further and that the Commission should also confirm that AWC should not be permitted to use landowner requests for service from Global Water to support AWC's extension. This is particularly inappropriate because AWC has taken the landowner's requests for integrated water, wastewater and

reclaimed water service and submitted them as though they were requests for just water service. The landowners in our areas chose a specific provider – Global Water – and a specific service – integrated water, wastewater and reclaimed water. They should not be forced to buy a different service from a different company.

VIII. COMMUNITY INVOLVEMENT.

Q. How has Global Water shown that it is a good corporate citizen?

A. Working with regulatory agencies like the Commission, ADWR and ADEQ we stepped in to rescue the failing 387 Districts. We also quickly built facilities to provide extra emergency water to Desert Hills Water Company when Desert Hills was in crisis, with water outages every morning. We also stepped in as interim operator of Sabrosa Water Company when another company quit.

Q. What is Global Water's view of regulators?

A. We believe that we must work closely with our regulators at the Commission, ADWR and ADEQ. We all want to see the public interest served, and that can be done by working together. In contrast, AWC is known for its epic fights against ADWR, as explained by Ms. Maguire.

Q. What is Global Water's view of local government?

A. The same – we must work closely with them. Cities are very concerned about sustainable growth, and that's something we can address together. That's why we have entered into path-breaking "public private partnership" agreements with the Cities of Maricopa and Casa Grande These agreements provide for cooperation in a host of areas, such as sharing data from our GIS system. The agreements are very careful to avoid interfering with the Commission's authority to set rates and grant CC&Ns.

Q. What about tribal governments?

A. They are our neighbors, and neighbors should be on good terms. When the Ak-Chin Indian Community came to us with concerns about reclaimed water discharges into culturally significant washes, we immediately responded with consultation and months of talks intended to help both sides understand the core issues. The ultimate conclusion was that Global and the Ak-Chin both valued water and water related issues deeply and as a result we were able to enter into an historic accord that provides for a "zero discharge" plan from our water reclamation plants to protect those valued washes. This means that Global will either reuse or recharge 100% of the reclaimed water that we generate. To my knowledge, no other private utility in Arizona has made such an important commitment.

Q. Please describe the recent amendment of your 208 plan.

A. This process showcased our ability to work with the cities we serve and with the Ak-Chin. The Consolidated 208 Area-wide Water Quality Plan sought and received the support of the City of Maricopa, the City of Casa Grande, Pinal County, the Ak-Chin Indian Community and the ADEQ. It took literally dozens of public meetings and consultation with all stakeholders in the region and ultimately emerged as one of the largest and most comprehensive water quality management documents ever completed in the State of Arizona. It is entirely based on the triad of groundwater conservation and groundwater quality preservation. The plan approaches 100% reuse through reclamation and recharge.

Q. What about community involvement?

A. We are active members of our community and have active and current relationships with the Mayor and City Councilmen, local HOA leadership and the Chamber of Commerce. We are active members of or support a number of community groups such as the City of Maricopa Chamber of Commerce, lead sponsor of Founders Day, Lead sponsor of Seeds of Change Gala designed to raise money for abused women. The company sponsors local

teams, local schools, and later in 2007 we will open our new customer service facility for community groups and as meeting spaces organized community and local government activities.

IX. CONCLUSION.

Q. Please summarize your testimony.

A. Arizona faces a historic choice between a new sustainable way of doing business or the old, resource extraction model. The effects of this choice will be felt for generations to come. We are the only provider in this case with a proven track record of implementing water conservation measures like the triad on a wide scale.

In addition, our applications have the support of 100% of the landowners, and I strongly believe their views should be respected.

Q. Where do you see Arizona's water future going?

A. We are the fastest growing state in the nation and for good reason. Arizona is a great place to live. We have plenty of affordable housing and Arizona is a wonderful place to raise children. Because of these and many other factors, businesses will continue to relocate here and Arizona is sure to see strong, continued growth and development into the foreseeable future.

But let's face it, we live in the desert. Our water supplies are measurable today and finite. As Ms. Maguire points out, experts believe that the resources of the Colorado River are limited and have probably been over-allocated. As Mr. Briggs points out, ground water mining in Pinal County is already well underway and in 2007 the DWR will permanently change the groundwater rules to limit the volumes of groundwater available support new

development. My guess is this won't be the last regulatory change that will be needed to address water resource limitations in the future. My colleague Cindy Liles has explained that the age of expecting developer driven utilities to simply do the right things and have expertise and ability to tackle the nation's most complicated water issues is long over. One can only conclude that the future demands on our water resources will dramatically increase over time and that as a result the complexity of the business will increase.

Mr. Symmonds explained the measurable benefits of water reclamation and reuse and ultimately how this will build new and potentially perpetual water supplies through reclamation and reuse. It seemed obvious to me 18 years ago during my service in the middle east that dramatic and far reaching water issues face the entire world and that the southwestern portion of the United States is not immune. The writing is on the wall in Arizona, and yet today, as a state we don't lead the nation in water conservation technology, discipline or policy. Despite years of dialogue on the matter, the measurable results are sub-standard.

Reclaimed water use saved Florida's orange-growing economy. There are countless buildings in California that flush all internal toilets with reclaimed water. Certain sub-divisions in Australia now require conservation through toilet flushing with reclaimed water in residential communities.

Let us not wait until the crisis is upon us. There are no technological barriers to long-term water sustainability. It is a question of the will to do so.

There is no secret recipe to the triad of conservation. There is no intellectual property associated with our plan, and yet the impact of our decision making today will inure to generations of Arizonians.

Q **How can Global help this cause?**

A I intend to have a role in the leadership of accomplishing this mission, and to a great extent, we have already started. Arizona should and will lead the nation in conservation policy, water reclamation and reuse and should push the envelope wherever possible. Global has developed "Codes of Practice" for developers and we spend a great amount of time educating developers and home-builders on sustainability and the safe use of reclaimed water.

Last week Global commissioned the largest private water recharge facility in the State. Our recharge facility in the Hassayampa river basin will expand this year from 25,000 acft/year to 50,000 acft/year. This facility is part of our strategic master plan to bank water rights for the region and further perpetuate our goal of self-sustainability. In addition to providing recharge services to others, we will use this facility to store water for the use of our regulated utilities. We have already begun the process of acquiring surface water for that purpose.

In 2007 we will commission the first commercial building in the State of Arizona that flushes its toilets with reclaimed water, and in so doing, permanently decrease the groundwater utilization of that building by 90% forever. Our new customer service center in Maricopa will be an icon of conservation and a first for a private utility in this state. We intend to lead by example.

In 2008 Global will serve the first residential subdivisions with two water mains, one for potable water and the other for non-potable water for exterior irrigation. We are going to make conservation trendy and fashionable in modern communities – bragging rights for the residents and local government.

In 2008 Global will commission the first surface water plants in Pinal County and voluntarily begin to introduce renewable resources for residential and commercial consumption. These facilities are already at 75% design.

These ground-breaking initiatives are complicated and expensive. But Global's commitment to the state and this mission is unwavering. I can only hope that the Commission can appreciate the necessity for immediate and decisive action in its role in shaping Arizona's water future. It will take courage and conviction to re-examine the traditional mind-sets of the past. I am confident that the infrastructure deployment modalities that have been repetitively implemented since the 1950s will not meet the needs of the 21st century. I applaud the rule-making process that has begun and hope it yields the revolutionary policy that is now required.

Q. Does that conclude your testimony?

A. Yes.

EXHIBIT

"1"

GLOBAL WATER COMPANY OWNERS

NAME	PERCENTAGE
Bill Levine	42.44%
Dan Cracchiolo	6.13%
Andrew Cohn	12.5%
Trevor Hill	23.29%
Leo Commandeur	11.65%
Graham Symmonds	2.5%
Cindy Liles	1.5%

EXHIBIT

"2"

ARTICLE 3. RECLAIMED WATER QUALITY STANDARDS

R18-11-301. Definitions

The terms in this Article have the following meanings:

"Direct reuse" has the meaning prescribed in R18-9-701(1).

"Disinfection" means a treatment process that uses oxidants, ultraviolet light, or other agents to kill or inactivate pathogenic organisms in wastewater.

"Filtration" means a treatment process that removes particulate matter from wastewater by passage through porous media.

"Gray water" means wastewater, collected separately from a sewage flow, that originates from a clothes washer, bathtub, shower, or sink, but it does not include wastewater from a kitchen sink, dishwasher, or a toilet.

"Industrial wastewater" means wastewater generated from an industrial process.

"Landscape impoundment" means a manmade lake, pond, or impoundment of reclaimed water where swimming, wading, boating, fishing, and other water-based recreational activities are prohibited. A landscape impoundment is created for storage, landscaping, or for aesthetic purposes only.

"NTU" means nepholometric turbidity unit.

"On-site wastewater treatment facility" has the meaning prescribed in A.R.S. § 49-201(24).

"Open access" means that access to reclaimed water by the general public is uncontrolled.

"Reclaimed water" has the meaning prescribed in A.R.S. § 49-201(31).

"Recreational impoundment" means a manmade lake, pond, or impoundment of reclaimed water where boating or fishing is an intended use of the impoundment. Swimming and other full-body recreation activities (for example, water-skiing) are prohibited in a recreational impoundment.

"Restricted access" means that access to reclaimed water by the general public is controlled.

"Secondary treatment" means a biological treatment process that achieves the minimum level of effluent quality defined by the federal secondary treatment regulation at 40 CFR § 133.102.

"Sewage" means untreated wastes from toilets, baths, sinks, lavatories, laundries, and other plumbing fixtures in places of human habitation, employment, or recreation.

Historical Note

Adopted effective July 9, 1981 (Supp. 81-4). Former Section R9-21-301 renumbered without change as Section R18-11-301 (Supp. 87-3). Section repealed effective February 18, 1992 (Supp. 92-1). New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-302. Applicability

This Article applies to the direct reuse of reclaimed water, except for:

1. The direct reuse of gray water, or
2. The direct reuse of reclaimed water from an onsite wastewater treatment facility regulated by a general Aquifer Protection Permit under 18 A.A.C. 9, Article 3.

Historical Note

Adopted effective June 8, 1981 (Supp. 81-3). Amended effective January 7, 1985 (Supp. 85-1). Former Section R9-21-302 renumbered without change as Section R18-11-302 (Supp. 87-3). Section repealed effective February 18, 1992 (Supp. 92-1). New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-303. Class A+ Reclaimed Water

A. Class A+ reclaimed water is wastewater that has undergone secondary treatment, filtration, nitrogen removal treatment, and disinfection. Chemical feed facilities to add coagulants or polymers are required to ensure that filtered effluent before disinfection complies with the 24-hour average turbidity criterion prescribed in subsection (B)(1). Chemical feed facilities may remain idle if the 24-hour average turbidity criterion in (B)(1) is achieved without chemical addition.

B. An owner of a facility shall ensure that:

1. The turbidity of Class A+ reclaimed water at a point in the wastewater treatment process after filtration and immediately before disinfection complies with the following:
   a. The 24-hour average turbidity of filtered effluent is two NTUs or less, and
   b. The turbidity of filtered effluent does not exceed five NTUs at any time.
2. Class A+ reclaimed water meets the following criteria after disinfection treatment and before discharge to a reclaimed water distribution system:
   a. There are no detectable fecal coliform organisms in four of the last seven daily reclaimed water samples taken, and
   b. The single sample maximum concentration of fecal coliform organisms in a reclaimed water sample is less than 23 / 100 ml.

c. If alternative treatment processes or alternative turbidity criteria are used, or reclaimed water is blended with other water to produce Class A+ reclaimed water under subsection (C), there are no detectable enteric virus in four of the last seven monthly reclaimed water samples taken.

3. The 5-sample geometric mean concentration of total nitrogen in a reclaimed water sample is less than 10 mg / L.

C. An owner of a facility may use alternative treatment methods other than those required by subsection (A), or comply with alternative turbidity criteria other than those required by subsection (B)(1), or blend reclaimed water with other water to produce Class A+ reclaimed water provided the owner demonstrates through pilot plant testing, existing water quality data, or other means that the alternative treatment methods, alternative turbidity criteria, or blending reliably produces a reclaimed water that meets the disinfection criteria in subsection (B)(2) and the total nitrogen criteria in subsection (B)(3) before discharge to a reclaimed water distribution system.

D. Class A+ reclaimed water is not required for any type of direct reuse. A person may use Class A+ reclaimed water for any type of direct reuse listed in Table A.

Historical Note

Adopted effective January 7, 1985 (Supp. 85-1). Amended effective August 12, 1986 (Supp. 86-4). Former Section R9-21-303 renumbered without change as Section R18-11-303 (Supp. 87-3). Section repealed effective February 18, 1992 (Supp. 92-1). New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-304. Class A Reclaimed Water

A. Class A reclaimed water is wastewater that has undergone secondary treatment, filtration, and disinfection. Chemical feed facilities to add coagulants or polymers are required to ensure that filtered effluent before disinfection complies with the 24-hour average turbidity criterion prescribed in subsection (B)(1). Chemical feed facilities may remain idle if the 24-hour average turbidity criterion in subsection (B)(1) is achieved without chemical addition.

B. An owner of a facility shall ensure that:

1. The turbidity of Class A reclaimed water at a point in the wastewater treatment process after filtration and immediately before disinfection complies with the following:
   a. The 24-hour average turbidity of filtered effluent is two NTUs or less, and
   b. The turbidity of filtered effluent does not exceed five NTUs at any time.
2. Class A reclaimed water meets the following criteria after disinfection treatment and before discharge to a reclaimed water distribution system:
   a. There are no detectable fecal coliform organisms in four of the last seven daily reclaimed water samples taken, and
   b. The single sample maximum concentration of fecal coliform organisms in a reclaimed water sample is less than 23 / 100 ml.
   c. If alternative treatment processes or alternative turbidity criteria are used, or reclaimed water is blended with other water to produce Class A reclaimed water under subsection (C), there are no detectable enteric virus in four of the last seven monthly reclaimed water samples taken.

C. An owner of a facility may use alternative treatment methods other than those required by subsection (A), or comply with alternative turbidity criteria other than those required by subsection (B)(1), or blend reclaimed water with other water to produce Class A reclaimed water provided the owner demonstrates through pilot plant testing, existing water quality data, or other means that the alternative treatment methods, alternative turbidity criteria, or blending reliably produces a reclaimed water that meets the disinfection criteria in subsection (B)(2) before discharge to a reclaimed water distribution system.

D. A person shall use Class A reclaimed water for a type of direct reuse listed as Class A in Table A. A person may use Class A reclaimed water for a type of direct reuse listed as Class B or Class C in Table A.

Historical Note

Adopted effective January 7, 1985 (Supp. 85-1). Amended effective August 12, 1986 (Supp. 86-4). Former Section R9-21-304 renumbered without change as Section R18-11-304 (Supp. 87-3). Section repealed effective February 18, 1992 (Supp. 92-1). New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-305. Class B+ Reclaimed Water

A. Class B+ reclaimed water is wastewater that has undergone secondary treatment, nitrogen removal treatment, and disinfection.

B. An owner of a facility shall ensure that:

1. Class B+ reclaimed water meets the following criteria after disinfection treatment and before discharge to a reclaimed water distribution system:
   a. The concentration of fecal coliform organisms in four of the last seven daily reclaimed water samples is less than 200 / 100 ml.

b. The single sample maximum concentration of fecal coliform organisms in a reclaimed water sample is less than 800 / 100 ml.

2. The 5-sample geometric mean concentration of total nitrogen in a reclaimed water sample is less than 10 mg / L.

C. Class B+ reclaimed water is not required for a type of direct reuse. A person may use Class B+ reclaimed water for a type of direct reuse listed as Class B or Class C in Table A. A person shall not use Class B+ reclaimed water for a type of direct reuse listed as Class A in Table A.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-306. Class B Reclaimed Water

A. Class B reclaimed water is wastewater that has undergone secondary treatment and disinfection.

B. An owner of a facility shall ensure that Class B reclaimed water meets the following criteria after disinfection treatment and before discharge to a reclaimed water distribution system:

1. The concentration of fecal coliform organisms in four of the last seven daily reclaimed water samples is less than 200 / 100 ml.
2. The single sample maximum concentration of fecal coliform organisms in a reclaimed water sample is less than 800 / 100 ml.

C. A person shall use a minimum of Class B reclaimed water for a type of direct reuse listed as Class B in Table A. A person may use Class B reclaimed water for a type of direct reuse listed as Class C in Table A. A person shall not use Class B reclaimed water for a type of direct reuse listed as Class A in Table A.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-307. Class C Reclaimed Water

A. Class C reclaimed water is wastewater that has undergone secondary treatment in a series of wastewater stabilization ponds, including aeration, with or without disinfection.

B. The owner of a facility shall ensure that:

1. The total retention time of Class C reclaimed water in wastewater stabilization ponds is at least 20 days.
2. Class C reclaimed water meets the following criteria after treatment and before discharge to a reclaimed water distribution system:
   a. The concentration of fecal coliform organisms in four of the last seven reclaimed water samples taken is less than 1000 / 100 ml.
   b. The single sample maximum concentration of fecal coliform organisms in a reclaimed water sample is less than 4000 / 100 ml.

C. A person shall use a minimum of Class C reclaimed water for a type of direct reuse listed as Class C in Table A. A person shall not use Class C reclaimed water for a type of direct reuse listed as Class A or Class B in Table A.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-308. Industrial Reuse

A. The reclaimed water quality requirements for the following direct reuse applications are industry-specific and shall be determined by the Department on a case-by-case basis in a reclaimed water permit issued by the Department under 18 A.A.C. 9, Article 7:

1. Direct reuse of industrial wastewater containing sewage.
2. Direct reuse of industrial wastewater for the production or processing of any crop used as human or animal food.

B. The Department shall use best professional judgment to determine the reclaimed water quality requirements needed to protect public health and the environment for a type of direct reuse specified in subsection (A).

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

R18-11-309. Reclaimed Water Quality Standards for an Unlisted Type of Direct Reuse

A. The Department may prescribe in an individual reclaimed water permit issued under 18 A.A.C. 9, Article 7, reclaimed water quality requirements for a type of direct reuse not listed in Table A. Before permitting a direct reuse of reclaimed water not listed in Table A, the Department shall, using its best professional judgment, determine and require compliance with reclaimed water quality requirements needed to protect public health and the environment.

B. Department may determine that Class A+, A, B+, B, or C reclaimed water is appropriate for a new type of direct reuse.

C. The Department shall consider the following factors when prescribing reclaimed water quality requirements for a new type of direct reuse:

1. The risk to public health;
2. The degree of public access to the site where the reclaimed water is reused and human exposure to the reclaimed water;
3. The level of treatment necessary to ensure that the reclaimed water is aesthetically acceptable;
4. The level of treatment necessary to prevent nuisance conditions;
5. Specific water quality requirements for the intended type of direct reuse;
6. The means of application of the reclaimed water;
7. The degree of treatment necessary to avoid a violation of surface water quality standards or aquifer water quality standards;
8. The potential for improper or unintended use of the reclaimed water;
9. The reuse guidelines, criteria, or standards adopted or recommended by the U.S. Environmental Protection Agency or other federal or state agencies that apply to the new type of direct reuse; and
10. Similar wastewater reclamation experience of reclaimed water providers in the United States.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 870, effective January 22, 2001 (Supp. 01-1).

Table A. Minimum Reclaimed Water Quality Requirements for Direct Reuse

Type of Direct Reuse	Minimum Class of Reclaimed Water Required
Irrigation of food crops	A
Recreational impoundments	A
Residential landscape irrigation	A
Schoolground landscape irrigation	A
Open access landscape irrigation	A
Toilet and urinal flushing	A
Fire protection systems	A
Spray irrigation of an orchard or vineyard	A
Commercial closed loop air conditioning systems	A
Vehicle and equipment washing (does not include self-service vehicle washes)	A
Snowmaking	A
Surface irrigation of an orchard or vineyard	B
Golf course irrigation	B
Restricted access landscape irrigation	B
Landscape impoundment	B
Dust control	B
Soil compaction and similar construction activities	B
Pasture for milking animals	B
Livestock watering (dairy animals)	B
Concrete and cement mixing	B
Materials washing and sieving	B
Street cleaning	B
Pasture for non-dairy animals	C
Livestock watering (non-dairy animals)	C
Irrigation of sod farms	C
Irrigation of fiber, seed, forage, and similar crops	C
Silviculture	C

Note: Nothing in this Article prevents a wastewater treatment plant from using a higher quality reclaimed water for a type of direct reuse than the minimum class of reclaimed water listed in Table A. For example, a wastewater treatment plant may provide Class A reclaimed water for a type of direct reuse where Class B or Class C reclaimed water is acceptable.

EXHIBIT B

ROSHKA DEWULF & PATTEN

ROSHKA DEWULF & PATTEN, PLC
ATTORNEYS AT LAW
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February 20, 2007

Via electronic mail and facsimile

Steven A. Hirsch, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004
602.364.7070 fax
sahirsch@bryancave.com

Re: Your letter dated February 15, 2007
Arizona Water Company / Global Water contested CC&N case
ACC Docket No. W-01445A-06-0199 et al.

Dear Mr. Hirsch:

You have requested a formal update to the response of Palo Verde Utilities Company and Santa Cruz Water Company (collectively, "Global") to Arizona Water Company's ("AWC") data requests 1.15; 1.16; and 1.100. These data requests involve the acquisition of utilities. You may treat the following as our formal update.

As you are aware, Global Water, Inc. recently acquired the stock of Francisco Grande Utility Company and CP Water Company. These transactions closed on December 31, 2006. The purchases involved 100% of the stock of each company. On January 15, 2007, Global filed an "Acquisition Schedule" reporting on this acquisition in the relevant ACC docket. The Acquisition Schedule is available for public inspection, either in person at the ACC, or on-line through the ACC's "e-Docket" system. Since you have complained about the supposed difficulty of locating items through the e-Docket system, as a courtesy, I have attached a copy of the Acquisition Schedule as Exhibit 1.

Global's direct and rebuttal testimony discusses the benefits of these acquisitions at length. I trust that you are not demanding that we repeat that information here. In addition, Global's testimony explains that these acquisitions would not have been possible without the use of Infrastructure Coordination and Financing Agreements ("ICFAs"). A copy of the relevant ICFA will be filed in the Pinal County Recorder's Office. For your convenience, a copy of this ICFA is attached as Exhibit 2.

The remaining information you request, such as the purchase price of the stock, is highly confidential, as explained in my letter to you dated January 9, 2007.

Very truly yours,
ROSHKA DEWULF & PATTEN

Timothy J. Sabo
Attorneys for Global

TJS/llf
Enclosures;

EXHIBIT

"1"

BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.	Docket No. SW-03575A-04-0767
IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.	Docket No. W-03576A-04-0767

NOTICE OF FILING IN COMPLIANCE WITH DECISION NO. 67830 (Acquisition Schedule)

Global Water Resources, LLC, in compliance with Decision No. 67830 in the above-captioned dockets,[1] submits the attached Acquisition Schedule.

RESPECTFULLY submitted this 16th day of January 2007.

ROSHKA DEWULF & PATTEN, PLC

By [signature]
Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

[1] Certain compliance requirements for Decision No. 67240 were carried over to, and incorporated in, Decision No. 67830. See Decision No. 67830 at 11-12. Therefore, in order to avoid duplicate filings, Palo Verde Utilities Company and Santa Cruz Water Company are filing the compliance items in these dockets, but not the dockets underlying Decision No. 67240 (SW-03575A-03-0586 and W-03576A-03-0586).

Original + 15 copies of the foregoing
filed this 16th day of January 2007, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered/mailed
this 16th day of January 2007, to:

Dwight Nodes, Esq.
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

David Ronald, Esq.
Legal Division
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Director, Utilities Division
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TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

Attachment B

Acquisition Schedule

This Acquisition Schedule shall be prepared pursuant to the Settlement Conditions contained in Arizona Corporation Commission Dockets No. SW-03575A-03-0568 and No. W-03576A-03-0568.

PART 1

Describe below each investment in, or acquisition of, any utility made by Global Water Resources, LLC during the six month period ending on the date this document is executed.

Francisco Grande Utility Company (Water & Wastewater) – Dec 2006
CP Water Company– December 2006
The above two entities were purchased by Global Water, Inc., a wholly owned subsidiary of Global Water Resources, LLC.

PART 2

As of 30 Nov 2006, the capital structures of Palo Verde Utilities Company (PVUC) and Santa Cruz Water Company (SCWC) and any other GWR acquired utility are as follows:

	PVUC		SCWC	
	Amount	%	Amount	%
Long-Term Debt*	$0	0%	$0	0%
Equity**	$54,222,568	100%	$33,314,426	100%
	$54,222,568	100%	$33,314,426	100%

	Cave Creek Water Co		Water Utility of Greater Buckeye	
	Amount	%		
Long-Term Debt*	$0	0%	$80,001	34%
Equity**	$3,603,355	100%	$155,187	66%
	$3,603,355	100%	$235,188	100%

	Valencia Water Co		Water Utility of Greater Tonopah	
	Amount	%		
Long-Term Debt*	$133,911	7%	$294,192	76%
Equity**	$1,914,699	93%	$94,827	24%
	$2,048,610	100%	$389,019	100%

	Willow Valley Water Co		Water Utility of North Scottsdale	
	Amount	%		
Long-Term Debt*	$484,929	85%	$0	0%
Equity**	$85,821	15%	($38,599)	100%
	$570,750	100%	($38,599)	100%

	Hassayampa Utility Co	
	Amount	%
Long-Term Debt*	$0	0%
Equity**	$319,572	100%
	$319,572	100%

*Include current portion of Long-term Debt.
**Includes Common Stock, Paid In Capital and Returned Earnings (Deficit).

The undersigned also confirm that at no time during the last six months did the equity ratios (as calculated above) of PVUC and SCWC fall below 40%.

WE THE UNDERSIGNED TREVOR HILL AND LEO COMMANDEUR, **DO SAY THAT THE ABOVE INFORMATION HAS BEEN PREPARED UNDER OUR DIRECTION AND WE HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID COMPANIES FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH & EVERY MATTER AND THING SET FORTH, TO THE BEST OF OUR KNOWLEDGE, INFORMATION AND BELIEF.**

X 16 Jan 07 X 16 Jan 07

Signature of owner or official/date **Signature of owner or official/date**

WHEN RECORDED RETURN TO:

Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

THIS INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT ("Agreement") entered into as of December 30, 2006, by and between Global Water Resources, LLC, a Delaware limited liability company (hereinafter "Coordinator"), and CHI Construction Company, an Arizona corporation (hereinafter "Landowner"), for the financing and coordination of utility infrastructure necessary to provide water and wastewater services to certain land owned by Landowner in Pinal County, Arizona, as shown on Exhibit A (hereinafter the "Land"), which is being developed as a master planned community known as Legends, and certain other parcels of land listed on Exhibit B (hereinafter the "Out Parcels") and located within the exterior boundaries of the Land which are not presently owned by Landowner but which may be acquired by Landowner, its affiliate D. R. Horton, Inc., or any of their respective subsidiaries and affiliates after execution of this Agreement. In this Agreement, the Coordinator and Landowner are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. Coordinator is engaged in the business of, among other things, providing services or benefits to landowners, such as: (i) providing construction services for water and wastewater treatment facilities and infrastructure, and (ii) providing financing for the provision of water and wastewater treatment facilities and infrastructure in advance of and with no guarantee of customer connections.

B. Santa Cruz Water Company, LLC, ("SCW") and Palo Verde Utilities Company, LLC, ("PVU") are Arizona public service corporations authorized to provide water and wastewater services, respectively, within the geographic areas covered by certificates of convenience and necessity ("CC&Ns") issued by the Arizona Corporation Commission (the "ACC"). Coordinator is the owner of SCW and PVU and provides equity for the capital improvements of SCW and PVU. No portion of the Land or Out Parcels are located within the existing CC&Ns of SCW or PVU. Coordinator has an application pending to transfer the CC&Ns of SCW and PVU to corporate entities owned by Global Water, Inc. ("Global Inc."), a wholly owned subsidiary of Global Water Resources, LLC or Coordinator.

C. Francisco Grande Utilities Company ("FG") is an Arizona public service corporation authorized to provide water and wastewater services within the geographic areas covered by its CC&Ns in Pinal County, Arizona, as shown on Exhibit C. A portion of the Land is located within the boundaries of the CC&N of FG as depicted on Exhibit C. Contemporaneous with the execution of this Agreement, Global Inc. and FG have entered into that certain Stock Purchase Agreement of even date herewith, (the "Francisco Grande Stock Purchase Agreement") whereby Global Inc. will acquire control of the water and wastewater CC&Ns of FG by purchasing all of the stock of FG (the "FG Stock").

D. CP Water Company ("CP") is an Arizona public service corporation authorized to provide water service within the geographic area covered by its CC&N in Pinal County, Arizona, as shown on Exhibit D. CP's CC&N is located entirely within the boundaries of the Land and the Out Parcels as depicted on Exhibit D. Contemporaneous with the execution of this Agreement, Global Inc. and Landowner have entered into that certain Sale and Purchase and Partial Funding Agreement of even date herewith, (the "Sale and Purchase and Partial Funding Agreement") whereby Global Inc. will acquire the control of the CC&N of CP by purchasing all of the stock of CP (the "CP Stock"). CP is a wholly-owned subsidiary of Landowner.

E. SCW, PVU, FG and CP are collectively referred to herein as the "Utilities." SCW FG and CP are sometimes referred to collectively as the "Water Utilities." PVU and FG are sometimes referred to collectively as the "Wastewater Utilities." The water and wastewater services to be provided by the Utilities are collectively referred to herein as "Utility Services."

F. Landowner is in the process of entitling and/or developing the Land. A portion of the Land is presently included in the CC&Ns of FG, CP and Arizona Water Company ("AWC"). The balance of the Land is not included in any existing utility CC&N for water or wastewater service. Landowner may acquire, entitle and develop one or more of the Out Parcels listed on Exhibit B. In connection with the development of the Land and Out Parcels, Landowner desires (i) to engage Coordinator to provide various services including, but not limited to, arranging and coordinating for the Landowner the provision of Utility Services with respect to the Land, and if applicable, the Out Parcels, and (ii) to work with the Utilities to include uncertificated portions of the Land and, if applicable, Out Parcels as part of a CC&N service area expansion for the Utilities, on the terms and conditions hereinafter set forth. Landowner may entitle and sell the Land and, if applicable, Out Parcels in multiple phases to entities for future development. Through Coordinator, Landowner has requested Utility Services from the Utilities within their respective CC&Ns and any subsequent expansions thereof. Through Coordinator, the Utilities have agreed to provide Utility Services to the Land and the Out Parcels, if applicable.

G. The Parties acknowledge that the expansion of the CC&Ns may be conditioned on the issuance of appropriate permits and/or approvals by the Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Pinal County, City of Casa Grande ("Casa Grande") and the Central Arizona Association of Governments ("CAAG").

H. The Parties acknowledge that the Out Parcels listed on Exhibit B are not currently included as part of the Land. The Parties further acknowledge that Out Parcels acquired by Landowner shall be covered under the terms and conditions of this Agreement.

I. The Parties acknowledge that PVU filed an application for CAAG 208 approval on December 30, 2005, with respect to the Land and the Out Parcels. CAAG 208 approval for the Land and the Out Parcels is anticipated by the end of the first quarter of 2007.

J. The Parties recognize that AWC has a CC&N to provide water service to a portion of the Land and/or Out Parcels as shown on Exhibit E (the "AWC CC&N Area"). The Parties acknowledge and agree that if any portion of the Land and/or Out Parcels within the AWC CC&N Area becomes certificated to the Water Utilities as a result of a sale, transfer, conveyance or swap of AWC's CC&N to the Water Utilities, then such area shall be governed by the pricing, terms and conditions of this Agreement.

K. The Parties recognize and acknowledge that this Agreement is a financing and coordinating agreement only. The Parties also recognize and acknowledge that $500 per equivalent dwelling unit, which is part the Landowner Payment of $3,600 as defined in Section 4.0 of this Agreement, will be utilized towards the purchase of FG and CP. The Landowner does not and will not have any ownership in FG and CP. The Landowner Payment, excluding the $500 per equivalent dwelling unit utilized for the purchase of FG and CP, required and defined in Section 4.0 of this Agreement, represents an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of water and wastewater infrastructure for the benefit of the Landowner until such time as the rates associated with the provision of Utility Services within the Land and, if applicable, Out Parcels generate sufficient revenue to carry the on going carrying costs for this infrastructure. Nothing in this Agreement should be construed as a payment of principal or a contribution or advance in aid of construction to the Utilities, and no Landowner Payment hereunder shall bear any repayment obligation of any kind or nature in the future; provided, however, that Landowner shall be entitled to certain credits against such fees as provided in Section 4(c) of this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator.

a. Upon execution of this Agreement, and subject only to the Utilities obtaining the applicable regulatory approvals, Coordinator shall:

(i) facilitate, arrange and coordinate with the appropriate Utilities to provide Utility Services to the Land and Out Parcels, if applicable, including without limitation, obtaining all necessary permits and approvals from ACC, ADWR, ADEQ, Pinal County, Casa Grande and CAAG, as well as filing and prosecuting necessary applications to expand the CC&Ns of the Utilities to include the Land and, if applicable, Out Parcels.

(ii) facilitate, arrange and coordinate appropriate "will serve" letters to be issued by the Utilities to Landowner for the Land as requested by Landowner no later than December 31, 2006 and to facilitate, arrange and coordinate with the appropriate Utilities for the submission of applications for extensions of their respective CC&Ns, as appropriate, to include the Land no later than January 31, 2007.

(iii) facilitate, arrange and coordinate appropriate "will serve" letters to be issued by the Utilities to Landowner for any Out Parcels acquired by Landowner no later than sixty (60) days after a written request for a "will serve" letter from Landowner, and to facilitate, arrange and coordinate with the appropriate Utilities to file applications for extensions of their respective CC&Ns, as appropriate, to include such Out Parcels within the next extension application filed by the Utilities following a written request by Landowner for service from the Utilities.

(iv) in accordance with the Master Water Plan for Legends prepared by CMX, LLC, dated November 2006 and sealed November 20, 2006, facilitate, arrange and coordinate with Water Utilities the construction and installation of all required water production (*i.e.*, wells and/or surface water delivery infrastructure), storage tanks and reservoirs, treatment facilities, pressurization infrastructure and transmission mains ("Transmission Mains") with a diameter of sixteen (16) inches or larger (collectively, the "Water Backbone Infrastructure") necessary for the Water Utilities to provide water Utility Services to customers who will reside or be located within the Land and, if applicable, Out Parcels, regardless of whether such Water Backbone Infrastructure is located inside or outside the boundaries of the Land or any Out Parcels. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the Transmission Mains located within the boundaries of the Land and, if applicable, Out Parcels. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Water Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing (collectively, the "Large Transmission Main Construction Costs") those Transmission Mains with a diameter of sixteen (16) inches or larger as shown on Exhibit F within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the Large Transmission Main Construction Costs.

(v) in accordance with the Master Wastewater Plan for Legends prepared by CMX, LLC, dated November 2006 and sealed November 20, 2006 (the "Master Wastewater Plan"), facilitate, arrange and coordinate with Wastewater Utilities the construction and installation of all required wastewater treatment infrastructure and collection mains ("Collection Mains") with a diameter of fifteen (15) inches or larger (collectively, the "Wastewater Backbone Infrastructure") necessary for the Wastewater Utilities to provide wastewater Utility Services to customers who will reside or be located within the Land and, if applicable, Out Parcels, regardless of whether such Wastewater Backbone Infrastructure is located inside or outside the boundaries of the Land or any Out Parcels. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the Collection Mains located within the boundaries of the Land and, if applicable, Out Parcels. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Wastewater Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing (collectively, the "Large Collection Main Construction Costs") those Collection Mains with a diameter of fifteen (15) inches or larger as shown on Exhibit G within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the Large Collection Main Construction Costs.

(vi) facilitate, arrange and coordinate with Wastewater Utilities the construction of a reclaimed water delivery line with a diameter not less than twelve (12) inches (the "Off-Site Reclaimed Water Line") from Utilities' wastewater treatment facilities to a point of connection ("Point of Connection") on the boundary of the Land as shown on Exhibit H.

(vii) facilitate, arrange and coordinate with Wastewater Utilities the construction and installation of a twelve-inch (12") reclaimed water delivery line (the "On-Site Reclaimed Water Line") connecting the Point of Connection to seven (7) integrated irrigation impoundments within the Land (the "Reclaimed Water Reservoirs") as shown on Exhibit H. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the On-Site Reclaimed Water Line. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Wastewater Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing the On-Site Reclaimed Water Line (collectively, the "On-Site Reclaimed Water Line Construction Costs") within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the On-Site Reclaimed Water Line Construction Costs. Landowner shall be responsible for constructing the Reclaimed Water Reservoirs.

b. Coordinator shall facilitate, arrange and coordinate the construction of the Water Backbone Infrastructure, Wastewater Backbone Infrastructure and Off-Site Reclaimed Water Line in phases consistent with Landowner's development of the Land and Out Parcels, if applicable. Coordinator shall facilitate, arrange and coordinate with the Utilities to have Utility Services in place to Phase I ("Phase I") of the Land by October 31, 2007, as shown on Exhibit I.

c. In the event a lift station is required in order for the Wastewater Utilities to provide Wastewater Services to the Land or any Out Parcels, such lift station shall be constructed at a location mutually acceptable to the Wastewater Utilities and Landowner. All costs associated with the design, permitting and construction of such a lift station shall be borne by the Wastewater Utilities and not the Landowner.

d. Coordinator acknowledges and agrees on behalf of itself and the Utilities that Landowner may obtain water for pre-wetting, grading, compacting, trenching, back-filling and all other construction activities (collectively, "Construction Water") necessary for the construction of the first 3,745 EDUs on the Land from: (i) any wells owned or controlled by Landowner; (ii) the Central Arizona Project ("CAP"); and/or (iii) any irrigation district authorized to deliver water to the Land. For all EDUs constructed subsequent to the first 3,745 EDUs, Landowner shall purchase Construction Water from the Utilities and Coordinator shall facilitate, arrange and coordinate with Utilities the delivery of Construction Water ("Utility-Delivered Construction Water") to Landowner from (i) wells owned or controlled by Landowner or Utilities; (ii) the CAP; (iii) any irrigation district authorized to deliver water to the Land; and/or (iv) one or more wastewater treatment plants operated by Utilities and delivered through a reclaimed water line. The rates charged by Utilities for Utility-Delivered Construction Water shall be, as applicable, the following: (i) $250 per acre-foot for CAP water or water obtained form an irrigation district, which rate shall be fixed so long as Landowner is developing the Land; (ii) Utilities' then-current tariffed rate for reclaimed water (also known as treated effluent)

or for water delivered directly from wells owned by Landowner or Utilities to Landowner's Construction Water storage facilities (which rate is currently $100 per acre-foot); or (iii) Utilities' then-current tariffed rate for water from a pressurized hydrant or potable water main (which rate is currently $3.60 per thousand gallons). If at any time the Utilities are unable to supply Construction Water to Landowner pursuant to this Section 1(d), then Landowner shall have the right to obtain Construction Water from any other source during such time as Utilities are unable to supply Construction Water.

2. Coordination with the Utilities. Subject only to the Utilities obtaining the applicable regulatory approvals, Coordinator shall facilitate, arrange and coordinate for Landowner the list of services described on Exhibit J attached hereto. Landowner or any successor to Landowner requesting the delivery of Utility Services to any portion of the Land or any Out Parcels must enter into separate water facilities extension agreements ("Water Facilities Extension Agreements") and wastewater facilities extension agreements ("Wastewater Facilities Extension Agreements") (collectively, "Extension Agreements") with the Utilities at the time such portion of the Land or any Out Parcels has received final plat approval from Pinal County or the City of Casa Grande and the approved plat has been recorded ("Plat Approval"). The Extension Agreements shall be substantially in the forms attached hereto as Exhibits K and L.

3. Obligations of Landowner.

a. Landowner shall be responsible for constructing the Reclaimed Water Reservoirs.

b. Landowner shall be responsible for constructing the facilities which Landowner elects to construct, if any, under Sections 1(a)(iv), 1(a)(v) and/or 1(a)(vii) of this Agreement.

c. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Land and any Out Parcels reasonably necessary for Coordinator to comply with its obligations under this Agreement.

d. Landowner agrees to grant to the Utilities all necessary easements and rights-of-way (collectively, the "Easements") for the construction and installation and subsequent operation, maintenance and repair of utility facilities within the Land or any Out Parcels to the extent that such utility facilities will not be located entirely within dedicated utility easements depicted on recorded plats. Any Easements granted to Utilities by Landowner under this Section shall be of adequate size, location and configuration so as to allow the Utilities ready and all-weather access to all utility facilities located within the Easements for maintenance and repairs and other activities reasonably necessary to provide safe and reliable Utility Services.

e. As and when (i) Landowner is no longer utilizing a parcel of Land or Out Parcels for farming or other activities requiring the use of irrigation water or other water where Irrigation Grandfather Rights or Type 1 Non-Irrigation Rights exist; and (ii) a Water Facilities Extension Agreement has been entered into with respect to such parcel of Land or any Out Parcels, then Landowner shall thereafter cooperate with the Utilities in the extinguishment or

retirement of the Irrigation Grandfathered Right and/or Type 1 Non-Irrigation Grandfathered Right (collectively, the "Grandfathered Right") appurtenant to such Land or Out Parcels. Any extinguishment credits from Grandfathered Rights extinguished pursuant to this Section 3(e) shall be transferred by Landowner to the Utilities, at no cost to the Utilities or Coordinator, as directed by Coordinator. Nothing in this Section 3(e) shall prevent Landowner from using its wells within the Land or any Out Parcels or any Grandfathered Right to provide water for construction activities, irrigation, or other purposes as and when needed by Landowner.

f. As and when (i) Landowner is no longer utilizing a parcel of Land or Out Parcels for farming or other activities requiring the use of irrigation water or other water; (ii) a Water Facilities Extension Agreement has been entered into with respect to such parcel of Land or any Out Parcels; and (iii) the parcel of Land or any Out Parcels is or has been included in the CC&Ns of the Utilities, then Landowner shall thereafter transfer and convey to the Utilities, at the direction of Coordinator and at no cost to the Utilities or Coordinator, any wells existing as of the date of this Agreement on the Land or any Out Parcels that the Utilities in their sole discretion deem useful to the Utilities, whether operational, abandoned, agricultural or otherwise. To the extent that Landowner needs any well or wells for irrigation water, construction water or for other purposes, Landowner shall retain an undivided interest in such well or wells until such time as Landowner no longer needs water from the well or wells; provided however, the Landowner maintains responsibility for the operations and maintenance of the well or wells including electricity and the Utilities have not incurred costs to improve the condition of the well or wells. Coordinator shall facilitate, arrange and coordinate with the Utilities the performance, at the Utilities' sole expense, of all studies necessary to determine which wells within the Land or any Out Parcels existing on the date of this Agreement the Utilities desire to obtain (the "Requested Wells"), and Coordinator shall notify Landowner of such determination as soon as practicable after execution of this Agreement so that Landowner can proceed with the planning of development of the Land. Landowner shall cause each Requested Well and a well site ("Well Site"), as hereinafter specified, to be identified on recorded final plats approved by Pinal County or the City of Casa Grande and dedicated to the Utilities in fee, subject to all matters of record (including, without limitation, liens for current taxes and general assessments and non-delinquent homeowners association ("HOA") assessments, if any, but excluding financing encumbrances arising from any deeds of trust, mortgages, or other liens executed by Landowner against the Land or any Out Parcels); provided that Landowner shall not be required to convey to Utilities any Requested Well and Well Site which is located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways. Well Site dimensions shall be a minimum of eighty (80) feet by eighty (80) feet (or equivalent) unless otherwise specifically agreed to in writing by Landowner. Utilities shall use best efforts to locate any such Well Sites within the Land or any Out Parcels in such a way so as to minimize, to the extent reasonably possible, disruption to Landowner's development plan for the Land. Any wells not transferred to the Utilities may be retained by Landowner or abandoned at Landowner's expense, at the sole discretion of Landowner.

g. Nothing contained in this Agreement shall grant or convey to Coordinator any right or interest in any Type 2 Non-Irrigation Grandfathered Rights owned by Landowner, and all such rights shall be retained by Landowner as its personal property.

h. The Parties anticipate that the water demand for turfed and xeriscaped

areas (including any golf courses), common areas, ornamental lakes and water features within the Land or any Out Parcels will exceed the quantity of water available through the extinguishment or retirement of Landowner's Grandfathered Rights, and that a shortfall (the "Shortfall") will exist. Coordinator shall use its best efforts to obtain an interim use permit ("IUP") from ADWR on behalf of Landowner or Landowner's HOAs, if applicable, to allow the use of groundwater to fill Reclaimed Water Reservoirs until sufficient reclaimed water is available. Specific identifiable costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering plans prepared by Coordinator or Landowner's engineering firm for the benefit of ADWR, subject to Landowner's prior written approval. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated HOA as appropriate. Until such time as reclaimed water is available from the Wastewater Utilities to make up the Shortfall, Landowner shall, at Landowner's option: (i) provide one or more Type 2 Non-Irrigation Grandfathered Rights; or (ii) purchase or cause to be purchased excess Central Arizona Project water to be wheeled to the Land through Central Arizona Irrigation and Drainage District laterals and delivered through the Wastewater Utilities' reclaimed water lines. The ongoing costs and annual reporting fees associated with the use of one or more Type 2 Non-Irrigation Grandfathered Rights or excess Central Arizona Project water shall be borne by the Landowner or the designated HOA as appropriate.

i. Landowner shall deed a single parcel of up to twenty (20) acres within the Land as shown on the map attached hereto as Exhibit M (the "Water Infrastructure Site"), subject to all matters of record (including, without limitation, liens for current taxes and general assessments and non-delinquent HOA assessments, if any, but excluding financing encumbrances arising from any deeds of trust, mortgages, or other liens executed by Landowner against the Land), to SCW for use as a future water and wastewater reclamation treatment facility.

j. Landowner and/or one or more HOAs operating within the Land or any Out Parcels shall make commercially reasonable efforts to use reclaimed water delivered to the Land and Out Parcels by the Utilities as currently contemplated on Exhibit H. To the extent it is commercially reasonable, Landowner will provide necessary appurtenant facilities mutually acceptable to Landowner and the Utilities for reclaimed water storage, metering from Reclaimed Water Reservoir, distribution and irrigation for common areas, entry monumentation areas and/or park sites within the Land and Out Parcels. In addition, Landowner and/or any HOAs operating within the Land and any Out Parcels shall have the right, but not the obligation, to use reclaimed water delivered by the Wastewater Utilities for all other common areas within the Land and any Out Parcels. As contemplated in Section 3.h. above and in the event there is insufficient reclaimed water to satisfy the turf and xeriscape irrigation needs within the Land and Out Parcels, the Wastewater Utilities shall supplement the shortfall with groundwater or excess Central Arizona Project water at the same cost as the Wastewater Utilities' tariff rate for reclaimed water.

k. Landowner, golf course and/or one or more HOAs operating within the Land or any Out Parcels shall use good faith efforts to work with the Utilities to locate areas throughout the Land suitable for the construction and installation of recharge and recovery wells.

The Parties recognize and acknowledge the quantity of water recharged and recovered will be used to help reduce the Shortfall.

4. Financial Terms.

a. Subject to credits due Landowner by Coordinator pursuant to the Sale and Purchase and Partial Funding Agreement, Landowner or its assigns in title and/or successors in title shall pay Coordinator an interest and financing fee (the "Landowner Payment") for each equivalent dwelling unit ("EDU") within the Land or any Out Parcels as full and final compensation to Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement. The amount of the Landowner Payment shall be: (i) $3,600.00 per single-family EDU within that portion of the Land or any Out Parcels located outside of the AWC CC&N Area; (ii) $3,150.00 per multi-family EDU within that portion of the Land or any Out Parcels located outside of the AWC CC&N Area; (iii) $2,400.00 per single family EDU within that portion of the Land or any Out Parcels located within the AWC CC&N Area; and (iv) $2,100.00 per multi-family EDU within that portion of the Land or any Out Parcels located within the AWC CC&N Area. There are no planned multi-family EDUs in the first 2,000 EDUs, and the first 2,000 EDUs are located outside of the AWC CC&N Area.

b. The Landowner Payment for EDUs 1 through 2,000 totaling $7,200,000 shall be due in accordance with the following payment schedule, which is based upon construction by Utilities of specific utility infrastructure (the "Phase I Infrastructure") listed on Exhibit N (the "Phase I Infrastructure Construction Schedule"):

(i) $882,411 shall be paid within fourteen (14) days of execution of this Agreement.

(ii) $1,183,265 shall be paid on or before September 30, 2007 (relating to the WRF Expansion line item on the Phase I Infrastructure Construction Schedule).

(iii) $5,134,324 shall be paid in monthly installments within twenty-one (21) days after the applicable Coordinator Certification, as hereinafter defined, based upon the Phase I Infrastructure Construction Schedule but subject to the following conditions:

(a) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon commencement of construction by Utilities, such payment shall not be due unless and until construction has actually commenced as evidenced by a copy of the notice to proceed issued to the various contractor(s) from the Utilities authorizing the contractors(s) to begin work based upon applicable contracts.

(b) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon construction by Utilities of Phase I Infrastructure reaching 33% completion, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached 33% completion as evidenced by a certification provided by Coordinator, together with such supporting documentation as Landowner may reasonably require (the "Coordinator Certification").

(c) For any amount payable pursuant to the Phase I

Infrastructure Construction Schedule which is based upon construction by Utilities of Phase I Infrastructure reaching 66% completion, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached 66% completion as evidenced by a Coordinator Certification.

(d) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon substantial completion of construction ("Substantial Completion") of Phase I Infrastructure by Utilities, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached Substantial Completion as evidenced by a Coordinator Certification. For purposes of this Agreement, "Substantial Completion" shall mean the time at which the Phase I Infrastructure has progressed to the point where it is sufficiently complete and can be utilized for the purposes for which it is intended and the Utilities have the legal ability to use such Phase I Infrastructure to provide Utility Services to customers within Phase I.

c. The Landowner Payment for each EDU of the next 1,745 EDUs after the first 2,000 EDUs shall be payable on the earlier of (i) the time a final plat is approved covering the EDUs; or (ii) December 31, 2007, provided, however, that no Landowner Payment shall be due under this Section 4(c) unless and until the Phase I Infrastructure has reached Substantial Completion.

d. The Landowner Payment for each EDU in excess of 3,745 shall be due at the time a final plat is approved covering the EDU.

e. Under the terms of the Sale and Purchase and Partial Funding Agreement, Landowner is owed a credit (the "Landowner Credit") against applicable Landowner Payments in the total amount of $6,050,000, such credit to be applied against the Landowner Payments commencing with the 2,001st EDU until the credit is exhausted. The Landowner Credit shall be applied by (i) issuing a $1,000 credit against the Landowner Payment due for each single-family or multi-family EDU within the Land or any Out Parcels which is outside the AWC CC&N Area; and (ii) issuing a $500 credit against the Landowner Payment due for each single-family or multi-family EDU within the Land or any Out Parcels which is inside the AWC CC&N. Landowner Credits shall be applied to EDUs as provided herein until the Landowner Payment has been fully repaid, subject applicable credits for any $1,000 reimbursement payments received by Landowner under Section 4 of the Sale and Purchase and Partial Funding Agreement based on fees collected by Global Water Resources for dwelling units outside the Land or any Out Parcels but within the CC&N of FG.

f. The applicable Landowner Payment for EDU's in excess of 8,051 shall be adjusted upward based on a CPI Factor, which is defined as the Consumer Price Index - United States City Average - for All Urban Consumers - All Items published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), with the Index for the month of January 2007 being treated as the base Index, plus two percent (2%). If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the Landowner Payment was due in February 2008 and the most current available Index was

187.3 and the Index for January 2007 was 182.5, the unpaid Landowner Payment per EDU would be calculated as follows: $3,600 x 187.3/182.5 = $3,695.

g. Landowner shall notify Coordinator in writing at the time a final plat is recorded covering EDUs within the Land or any Out Parcels and shall provide a copy of the recorded plat to Coordinator. Upon receipt of such notification, Coordinator shall true-up any discrepancy between the actual number of residential EDUs at final plat recordation and the number of EDUs at the time of final plat approval. In the event that the number of EDUs at final plat recordation is greater than the number of EDUs at final plat approval, Coordinator shall submit an invoice to Landowner setting forth the final number of EDUs and the balance of the Landowner Payment due Coordinator. Landowner shall pay such invoice within thirty (30) days of the date of the invoice. In the event that the number of EDUs at final plat recordation is less than the number of EDUs at final plat approval, then Coordinator shall make an appropriate refund of the Landowner Payment to Landowner based upon the final number of EDUs within thirty (30) days of the date Coordinator receives written notice from Landowner of the recordation of a final plat. In the event that some portion of the Land or any Out Parcels is sold and transferred to an unaffiliated third party before this payment is due, then the payment amount will be held in an escrow until Coordinator satisfies its obligation under the terms of this Agreement. Coordinator specifically understands and agrees that Landowner has no obligation to record a final plat under this Agreement and such decision is left to Landowner's sole discretion.

h. For the purposes of this Section 4, the number of EDUs within the Land and any Out Parcels shall be calculated as follows: (i) each single family residential lot included in the final plat approval shall constitute one (1) EDU and (ii) each gross acre of commercial or industrial property included in the final plat approval shall constitute 4.8 EDUs. An example of how this would calculate for a commercial or industrial section of the Land or Out Parcels with 30 acres in size would be as follows:

> $3,600 plus the CPI Factor x 30 acres x 4.8 EDU/acre or $518,400 is due and payable when Casa Grande approves the Commercial or Industrial Site Plan for the 30 acres. If the Commercial or Industrial Site Plan approval only relates to 15 of the 30 acres, then $3,600 plus the CPI Factor x 15 acres x 4.8 EDU/acre or $259,200 is due and payable when Casa Grande approves the Commercial or Industrial Site Plan for the 15 acres. The balance of the $3,600 plus the CPI Factor due for the remaining acreage is due when Casa Grande approves the Commercial or Industrial Site Plan for such acreage.

The Parties acknowledge that additional fees, primarily wastewater loading fees, will be billed to the commercial and industrial end user based upon the ultimate use of the Land and any Out Parcels and fixtures thereon, consistent with the Utilities' code of practice currently in effect.

i. Fees payable to the Utilities pursuant to Extension Agreements and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

5. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either Party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities or Landowner.

6. Landowner Default.

a. As to any monetary default, Landowner shall be deemed to be in default under this Agreement upon the expiration of ten (10) days following receipt of written notice from Coordinator specifying the basis upon which the monetary default is claimed unless, prior to the expiration of ten (10) days following receipt of such written notice, Landowner cures the monetary default.

b. As to any non-monetary default, Landowner shall be deemed to be in default under this Agreement upon the expiration of thirty (30) days following receipt of written notice from Coordinator specifying the basis upon which the non-monetary default is claimed unless, prior to the expiration of thirty (30) days following receipt of such written notice, Landowner cures the non-monetary default, or if such non-monetary default cannot reasonably be cured in thirty (30) days, Landowner commences and continues with good faith efforts to cure such non-monetary default and subsequently cures such non-monetary default not later than ninety (90) days following the date of the written notice of default.

c. A default by Landowner under this Agreement shall constitute a default by Landowner under the Extension Agreements, but a default by Landowner under an Extension Agreement shall not constitute a default under this Agreement.

d. In the event Landowner is in default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunction, or other equitable remedies in addition to any other remedy available at law or in equity. In the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Subject to Section 22 below, and to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a contractual lien for such sum, together with interest thereon as set forth above. Coordinator may then foreclose said contractual lien against only those lots on the Land, and not the entire plat, then owned by Landowner for which such sum is due, in the manner prescribed by law for the foreclosure of realty mortgages. Subject to Section 22 below, Coordinator agrees that as and when portions of the Land or any Out Parcels are sold, the obligations hereunder shall be bifurcated based on the land area sold. Each landowner shall be responsible for all sums owed hereunder with respect to the land areas that such landowner owns, and shall not have any obligation or liability for the failure of any other owner of any portion of the Land or any Out Parcels. Likewise, Landowner shall not be liable for any payments due Coordinator hereunder

after the date of such a sale, nor shall Landowner be liable to Coordinator for any default of any new landowner.

e. Subject to the limitations described in the foregoing Section 6(d) above and subject to Section 22 below, if the Landowner monetarily defaults under this Agreement, as defined in Section 6(a) above, said monetary default shall be a lien against the portions of the Land and Out Parcels for which such sum is due (and not against any other parcel of Land), in the amount owed by Landowner to Coordinator under the terms of this Agreement. The Parties agree that said lien shall relate back to the date upon which an executed copy of this Agreement is recorded in the Pinal County Recorder's Office. The monetary lien described in this Section 6(e) shall be released from any tract of the Land and any Out Parcels subsequently conveyed to an HOA or dedicated to any governmental entity, public utility or as a Public Lot defined in Section 22 below.

f. The lien described in this Section 6 shall take effect only upon recordation of a claim of contractual lien as described below in the office of the Pinal County Recorder by Coordinator, and shall relate back to the date when the executed copy of this Agreement were recorded, as set forth in Section 6(e) above. Coordinator shall give written notice of any such lien. The Notice and Claim of Contractual Lien shall include the following:

(i) The name of the lien claimant.

(ii) The name of the party or then owner of the property or interest against which the lien is claimed.

(iii) A description of the property against which the lien is claimed.

(iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.

(v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.

(vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 20 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

g. If Landowner posts either (a) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (b) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (i) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (ii) is in the amount of one and one-half (1-1/2) times the claim of lien, and (iii) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be

reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator, shall be borne by Landowner, unless Landowner is the prevailing Party in any litigation challenging the claimed lien.

7. Coordinator Default.

a. As to any monetary default, Coordinator shall be deemed to be in default under this Agreement upon the expiration of ten (10) days following receipt of written notice from Landowner specifying the basis upon which the monetary default is claimed unless, prior to the expiration of ten (10) days following receipt of such written notice, Coordinator cures the monetary default.

b. As to any non-monetary default, Coordinator shall be deemed to be in default under this Agreement upon the expiration of thirty (30) days following receipt of written notice from Landowner specifying the basis upon which the non-monetary default is claimed unless, prior to the expiration of thirty (30) days following receipt of such written notice, Coordinator cures the non-monetary default, or if such non-monetary default cannot reasonably be cured in thirty (30) days, Coordinator commences and continues with good faith efforts to cure such non-monetary default and subsequently cures such non-monetary default not later than ninety (90) days following the date of the written notice of default.

c. In the event Coordinator fails to cure a default within the time periods described in Sections 7(a) and (b) above, Landowner may terminate this Agreement upon expiration of the applicable cure period and/or exercise any and all rights and remedies available at law or in equity including, without limitation, specific performance, injunction, or other equitable remedies. In the event of a default by Coordinator under this Agreement (and the expiration of the applicable cure period), upon written demand by Landowner, Coordinator shall execute such documents and instruments as Landowner or any title company insuring all or any part of the Land and Out Parcels requires in order to release this Agreement (or any other instrument providing constructive notice of this Agreement) of record. Effective upon a default by Coordinator under this Agreement (and the expiration of the applicable cure period), Coordinator hereby grants to Landowner a power of attorney (that is coupled with an interest and is irrevocable so long as this Agreement or any instrument intended to provide constructive notice of this Agreement remains of record) and appoints Landowner as its attorney-in-fact to execute such documents and instruments as Landowner or any title company insuring all or any part of the Land and Out Parcels requires in order to release this Agreement (or any other instrument providing constructive notice of this Agreement) of record, if Coordinator does not timely execute such termination documents or instruments within ten (10) days after written demand by Landowner to Coordinator. Upon the occurrence of a default by Coordinator and if Landowner elects to terminate this Agreement, Coordinator shall return any portion of the Landowner Payment, which Landowner paid to Coordinator.

d. In the event that Coordinator does not timely cause the construction of the Water Backbone Infrastructure, the Wastewater Backbone Infrastructure, the Off-Site Reclaimed Water Line, any Transmission Mains for which Water Utilities are responsible, the On-Site

Reclaimed Water Line, or any Collection Mains for which Wastewater Utilities are responsible in accordance with the terms of this Agreement, then following thirty (30) days' written notice to Coordinator, and Coordinator failing to initiate reasonable efforts to undertake such work, Landowner shall have the right, but not the obligation, to complete such infrastructure. In such event, Landowner shall submit invoices to Coordinator for the cost of such construction and Coordinator shall within thirty (30) days of such invoices reimburse Landowner for such costs reasonably incurred in the construction of such infrastructure. In addition, Landowner may set-off any costs incurred by Landowner in completing such construction under this Section 7(b) against any Landowner Payments that are due Coordinator. The self-help remedy of this Section 7(b) is in addition to any other remedies available to Landowner under this Section 7 or under Section 8 below.

8. Termination of Agreement.

a. Acquisition of CP Stock and FG Stock by Global Inc. This Agreement is contingent upon Global Inc.'s acquisition of the CP Stock pursuant to the Sale and Purchase and Partial Funding Agreement and acquisition of the FG Stock pursuant to the Francisco Grande Stock Purchase Agreement. In the event that Global Inc. does not complete its acquisition of the CP Stock and the FG Stock within thirty (30) of the date of execution of this Agreement, then Landowner or Coordinator, at either Party's option, may terminate this Agreement without recourse.

b. Non Issuance of ACC CC&N Transfer Approvals, ACC CC&N Extension Approvals or Other Approvals. Pursuant to Section 2.3.1 of the Francisco Grande Stock Purchase Agreement, Global Inc.'s obligation to pay the Purchase Price as defined therein is contingent upon ACC approval by way of a final order (with all appeal periods having expired without any such appeal) of the transfer of FG's water and wastewater CC&Ns to SCW and PVU, respectively (the "ACC CC&N Transfer Approvals"). Pursuant to Section 1(a)(i) of this Agreement, Coordinator must facilitate, arrange and coordinate with the appropriate Utilities the extension of the Utilities' CC&Ns to include the Land and, if applicable, Out Parcels. Such extension is contingent upon the Utilities obtaining necessary approvals and/or permits from the ACC (the "ACC CC&N Extension Approvals") and ADWR, ADEQ, Pinal County, Casa Grande and/or CAAG (the "Other Approvals"). In the event that (i) the ACC CC&N Transfer Approvals have not been obtained on or before June 1, 2008, and FG is unable to provide Utility Services to the Land, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities; (ii) the ACC CC&N Extension Approvals have not been obtained on or before June 1, 2008, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities; or (iii) the Other Approvals have not been obtained on or before June 1, 2008, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities, then either Party may notify the other Party in writing of its desire to terminate this Agreement (the "Termination Notification"). In the event that a Party issues a Termination Notification, this Agreement shall terminate on the fifteenth (15th) day after the date of the Termination Notification (the "Termination Date"), and the Agreement shall thereafter be of no further force or effect. Upon termination of this Agreement, Coordinator may retain any Landowner Payments received by Coordinator through and including the Termination Date and Coordinator

shall facilitate, arrange and coordinate the conveyance of all Phase I Infrastructure (including, but not limited to, the projects/infrastructure identified on the Phase I Infrastructure Construction Schedule as Well Development, Raw Water Delivery, Water Distribution Center and Potable Water Distribution) located within the Land and Out Parcels to Landowner or any entity designated in writing by Landowner within thirty (30) days of the Termination Date. Conveyance of such Phase I Infrastructure shall be via special warranty deed and/or bill of sale in a form mutually acceptable to Coordinator, the Utilities and Landowner. Within thirty (30) days of the Termination Date, Coordinator shall remove or cause to be removed any recordation of this Agreement with Pinal County; Coordinator shall record documentation in Pinal County that this Agreement has been terminated; and Coordinator shall waive any lien rights it may have under this Agreement.

c. Non Issuance of CAAG 208 Approval. The Parties recognize and acknowledge that PVU has irrevocably allocated sufficient wastewater treatment capacity in its existing wastewater treatment plant (the "WTP Campus 1") to provide wastewater treatment service for all of Phase I of the Land. The Parties further recognize and acknowledge that PVU plans to construct a wastewater treatment plant on the Water Infrastructure Site (the "Legends WTP") to provide wastewater service to future development phases of the Land, and that PVU has applied for CAAG 2008 approval to include such facility on the Water Infrastructure Site. The Parties further recognize and acknowledge that CAAG 208 approval is not required unless and until PVU is ready to commence construction of the Legends WTP, and that the Legends WTP may or may not be constructed on the Water Infrastructure Site. In the event that (i) Coordinator and PVU are unable to obtain CAAG 208 approval prior to the start of construction by PVU of the Legends WTP, or if such approval is reversed or ultimately invalidated on appeal; or (ii) Coordinator and PVU are unable to provide an irrevocable commitment of wastewater treatment capacity for the Land from the WTP Campus 1 or other wastewater treatment plants owned or controlled by the Wastewater Utilities, then Landowner or Coordinator at either Party's option may terminate this Agreement without recourse to either Party. Should either Party elect to terminate this Agreement under this Section 8(c), all amounts paid by Landowner to Coordinator under this Agreement for EDUs in excess of the number of EDUs for which the Wastewater Utilities can provide irrevocable commitments of capacity from the WTP Campus 1 and/or other wastewater treatment plants with validly issued aquifer protection permits and CAAG 208 approvals shall be refunded to Landowner within fifteen (15) days of termination of this Agreement. In the event Landowner or Coordinator terminates this Agreement, Coordinator shall remove or cause to be removed any recordation of this Agreement with Pinal County; Coordinator shall record documentation in Pinal County that this Agreement has been terminated; and Coordinator shall waive any lien rights it may have under this Agreement.

d. Recharacterization of Landowner Payments. Coordinator acknowledges that any recharacterization of the Landowner Payment as an advance in aid of construction or a contribution in aid of construction to the Utilities shall not be a basis for terminating this Agreement.

9. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing Party in such dispute shall be entitled to recover from the other Party its costs and expenses (including reasonable attorney's fees) incurred in litigating or otherwise resolving such

dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

10. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

11. Interpretation. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against any Party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each Party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

12. Most Favored Nation. Coordinator represents that the CC&N expansion, which includes the Land and is contemplated to be filed no later than January 31, 2007, includes the same pricing, terms, and conditions as were included in SCW's and PVU's CC&N expansion application filed on December 28, 2005. If Landowner acquires any portion of the Out Parcels after execution of this Agreement, then Coordinator will use best efforts to cause the Utilities to obtain a CC&N extension for those Out Parcels, and agrees that the Out Parcel CC&N expansion application will include the same pricing, terms, and conditions set forth in this Agreement. In the event that Coordinator enters into a separate Infrastructure Coordination and Finance Agreement with another landowner in Pinal County, amends the December 28, 2005 CC&N expansion application, or if the ACC amends the December 28, 2005 CC&N filing in its final order to provide more favorable terms than those include in the CC&N expansion for the Land and Out Parcels, then Coordinator shall amend this Agreement with the written consent of Landowner, to include such pricing, terms, or conditions so that the CC&N expansion for the Land and Out Parcels is at least as favorable to Landowner as the pricing, terms, and conditions offered to the other landowner.

13. Consent to Easements. Until such time as this Agreement is terminated of record with respect to the Land and Out Parcels, Coordinator, without compensation, shall execute, acknowledge and deliver to Landowner, any applicable governmental authority with jurisdiction, any private or public utility company or any homeowners' association, such consents, acknowledgments, approvals, releases, quit-claim deeds, subordination agreements and other instruments and agreements reasonably requested by Landowner in connection with the recording of any subdivision map, final plat or map of dedication granting of easements dedication of land, conveyance of land to a homeowners' association or Public Lot as defined in Section 22 below, or other development activities undertaken by Landowner in connection with the Land and Out Parcels.

14. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

15. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

16. Additional Instruments. The Parties hereto agree to execute, have acknowledged, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

17. Time of the Essence. Landowner and Coordinator agree that time is of the essence with respect to each and every provision and obligation of this Agreement.

18. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

19. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

20. Notices. All notices, demands, and other communications provided for hereunder shall be in writing (including facsimile or similar transmission) and mailed (by U.S. certified mail, return receipt requested, postage prepaid), sent, or delivered (including by way of overnight courier service):

(a) If to Global Water Resources, LLC, addressed to:

Global Water Resources, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027
Phone: (623) 580-9600
Facsimile: (623) 580-9659
Attn: Cindy Liles

with a copy to:

Burch & Cracchiolo, P.A.
702 East Osborn Road
Phoenix, Arizona 85014
Phone: (602) 274-7611
Facsimile: (602) 234-9912
Attn: Andrew Abraham, Esq.

(b) If to CHI Construction Company, addressed to:

Roger Pryor
Vice President - Phoenix Division
D. R. Horton - Continental Series
16430 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85254
Phone: (480) 483-0006
Facsimile: (972) 888-1553

with copies to:

Robert E. Coltin
Vice President, Legal Counsel - Phoenix Division
D. R. Horton - Continental Series
16430 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85254
Phone: (480) 483-0006
Facsimile: (480) 368-1088

Ted Harbour
D.R. Horton, Inc.
D. R. Horton Tower
301 Commerce Street, Suite 500
Fort Worth, TX 76102
Phone: (817) 390-8200
Facsimile: (817) 390-1702

Snell & Wilmer
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202
Phone: (602) 382-6234
Facsimile: (602) 382-6070
Attn: Jeff Crockett, Esq.

or, as to each Party, to such other Person and/or at such other address or number as shall be designated by such Party in a written notice to the other Party. All such notices, demands, and communications, if mailed, shall be effective upon the earlier of (i) actual receipt by the addressee, (ii) the date shown on the return receipt of such mailing, or (iii) three (3) days after deposit in the mail. All such notices, demands, and communications, if not mailed, shall be effective upon the earlier of (i) actual receipt by the addressee, (ii) with respect to facsimile and similar electronic transmission, the earlier of (x) the time that electronic confirmation of a successful transmission is received, or (y) the date of transmission, if a confirming copy of the transmission is also mailed as described above on the date of transmission, and (iii) with respect to delivery by overnight courier service, the day after deposit with the courier service, if delivery on such day by such courier is confirmed with the courier or the recipient orally or in writing.

21. Binding Effect; Partial Releases. Except as otherwise provided herein and in Section 22 below, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land and any Out Parcels, as applicable, for the benefit of Coordinator and its successors and assigns, and any person acquiring any portion of the Land and Out Parcels, upon acquisition thereof (other than an end purchaser or user of a Public Lot (as defined below)), shall be deemed to have assumed the obligations of Landowner arising under this Agreement with respect to such portion of the Land and Out Parcels from and after the date of such conveyance without the necessity for the execution of any separate instrument (and the Landowner or prior owner of the Land shall be relieved of all liability with respect to such portion of the Land and Out Parcels arising from and after the date of such conveyance). At such time as the Landowner Payment has been paid in full with respect to any relevant portion of the Land and Out Parcels pursuant to a Plat Approval (and from time to time thereafter as requested by Landowner), Coordinator shall execute, acknowledge and deliver to Landowner such documents and instruments as Landowner or any title company shall require in order to release this Agreement of record with respect to such relevant portion of the Land and Out Parcels. Landowner may require that Coordinator provide such document and instruments to release the lien of this Agreement with respect to any relevant portion of the Land and Out Parcels simultaneously with, and as a condition to, the applicable Landowner Payment for such relevant portion of the Land.

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22. Termination Upon Sale to Public. Upon receipt of the Landowner Payment for each lot within the relevant final plat of the Land and Out Parcels, Coordinator and Landowner hereby acknowledge and agree that this Agreement shall terminate of record (without relieving Landowner or any subsequent bulk purchaser from liability under this Agreement) without the execution or recordation of any further document or instrument as to any lot or tract within the relevant final plat of the Land and any Out Parcels which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year), sold or otherwise conveyed to the end purchasers or users thereof including, without limitation, a homebuyer, HOA, private utility, a public utility, a governmental entity, civil agency (*e.g.*, fire or police department) (a "Public Lot") and thereupon such Public Lot within the relevant final plat of the Land shall be released from and no longer be subject to or burdened by the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles
Its: Senior Vice-President

LANDOWNER:

CHI Construction Company,
an Arizona corporation

By: _____

Its: Division President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On December 29, 2006, before me, Estelle Van Aardt, a Notary Public in and for said state, personally appeared Cindy M. Liles, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

E. VAN AARDT NOTARY PUBLIC MARICOPA CO., AZ. My Commission Expires Oct. 7, 2009

EVAardt
Notary Public in and for said State

My Commission Expires:

_____

STATE OF ARIZONA)
)ss.
County of Maricopa)

On December 29, 2006, before me, Estelle Van Aardt, a Notary Public in and for said state, personally appeared Frank T. Davis, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

EVAardt
Notary Public in and for said State

My Commission Expires:

E. VAN AARDT NOTARY PUBLIC MARICOPA CO., AZ. My Commission Expires Oct. 7, 2009

_____

EXHIBIT A

LEGAL DESCRIPTION OF LAND

EXHIBIT A
LAND

ORDER NO.: 04990275 POLICY NO.: PROFORMA-0275

Exhibit A

Parcel No. 1:

Lots 1, 2 and 5 and the Southwest quarter of the Northeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the South 115.5 feet of said Lot 5; and also
Except the South 115.5 feet of the said Southwest quarter of the Northeast.

Parcel No. 2:

Lots 6 and 7 and the West half of the Southeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 140 feet of said Lot 6; and also
Except the North 140 feet of the said West half of the Southeast quarter.

Parcel No. 3:

Lots 3 and 4 and the West half of the Southeast quarter and the Southwest quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291.

Parcel No. 4:

The Northeast quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other mineral deposits, as reserved in the Patent.

Parcel No. 5:

Section 13, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291; and

Except that portion described as follows:

Commencing at the North quarter corner of said Section 13, said point being a ½" rebar tagged "LS 4399" from which the Northeast closing corner of Section 13 bears North 89°59'50" West, 2556.35 feet, said point being a 2" brass cap on a 2" galvanized pipe marked "LS 4399 C.C. 1978";

Thence along the West line of the Northeast quarter of said Section 13 South 00°10'45" East, 240.00 feeet to the TRUE POINT OF BEGINNING;

Thence parallel with and 240.00 feet South of the North line of the Northeast quarter of said Section 13, South 89°59'50" East, 1499.75 feet to a ½" rebar tagged "RLS 35545" for the Northeast corner of this parcel;

Thence South 00°00'10" West, 1610.00 feet to a ½" rebar tagged "RLS 35545" for the Southeast corner of this parcel;

Thence North 89°59'50" West, 2299.75 feet to a ½" rebar tagged "RLS 35545" for the Southwest corner of this parcel;

Thence North 00°00'10" East, 1610 feet to a ½" rebar tagged "RLS 35545" for the Northwest corner of this parcel;

Thence South 89°59'50"East, 800.00 feet to the TRUE POINT OF BEGINNING.

Parcel No. 6:

The Northeast quarter and the Northwest quarter and the Southeast quarter of
Section 23, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other materials in said Northwest quarter as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, page 272.

Parcel No. 7:

Section 24, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Southeast quarter of the Southeast quarter of the Southeast quarter thereof; and

Except all coal and other materials in the West half of said Section 24, as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 53 of Deeds, pages 253 and 254.

Parcel No. 8:

The North half of Section 25, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Northeast quarter of the Northeast quarter thereof.

Parcel No. 9:

The North half of Section 26, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the West half of the Northwest quarter of the Northwest quarter thereof; and also

Except the North half of the Northwest quarter of the Southwest quarter of the Northwest quarter thereof; and

Except roadway as granted in Deed recorded in Book49 of Deeds, page 277..

Parcel No. 10:

DELETED

Parcel No. 11:

DELETED

Parcel No. 12:

DELETED

Parcel No. 13:

The East half of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that part lying North of the Southern Pacific Railroad; and also

Except reservations of the minerals in or under that when mined or extracted therefrom shall be equal in value to one per cent of the net smelter returns on all ores, concentrates and precipites mined and shipped from said property as reserved in Warranty Deed recorded in Docket 1037, page 454.

Parcel No. 14:

The East half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 200 feet thereof.

Parcel No. 15:

The West half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that portion described as follows:

Beginning at the West quarter corner of said Section 5;

Thence South 89 degrees 54 minutes East, along the North boundary of said West half of the Southwest quarter of Section 5, a distance of 1302.9 feet;

Thence South 1 degrees 30 minutes 30 seconds West, along the East boundary of said West half of the Southwest quarter of Section 5, a distance of 287.8 feet;

Thence South 89 degrees 59 minutes West, a distance of 1305.8 feet;

Thence North 2 degrees 03 minutes 30 seconds East, along the West boundary of said Section 5, a distance of 290.3 feet to the Point of Beginning.

Parcel No. 16:

The Southeast quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet thereof.

Parcel No. 17:

Lots 6 and 7 and the East half of the Southwest quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet of the said East half of the Southwest quarter; and also
Except the North 140 feet of said Lot 6.

Parcel No. 18:

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 743, 1150, 1151, 1152, 1153, 1154, and 1322 of Desert Carmel Section "R", according to plat recorded in Book 14 of Maps, page 33, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 19:

Lots 3 and 4 and the East half of the Southwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 20:

The Southeast quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 2, 3, 4, 16, 27, 28, 40, 62, 65, 83, 84, 97, 102, 104, 119, 129, 142, 151, 152, 154, 156, 157, 164, 170, and 171, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 59, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 196, 204, 207, 232, 244, 249, 250, 283, 292, 329, 332 and 337, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 70, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 349, 355, 397, 401, 416, 428, 437, 438, 516, 529, 530, 547, 603, 611, 632, 642, 648, and 659, Desert Carmel Section "T", per plat recorded in Book 14 of Maps and plats at page 15, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 21:

The Northeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 22:

The West half and the Southeast quarter and the West half of the Northeast quarter and the Southeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "N", according to Book 14 of Maps, page 11, records of Pinal County, Arizona; and also

Except Lots 139, 163, 194, 240, 247, 302, 395 and 427 of Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots; and also

Except any portion of Parcels 21 and 22 lying within the following described property:

That portion of the East half of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at the Northeast corner of said Section 8;

Thence South 00 degrees 24 minutes 58 seconds West along the East line of said Section 8, 1327.62 feet to the North sixteenth corner of the Northeast quarter of said Section 8;

Thence North 75 degrees 57 minutes 47 seconds West, a distance of 136.06 feet to the Point of Beginning;

Thence South 6 degrees 30 minutes 00 seconds West, a distance of 220.00 feet to a point;

Thence North 83 degrees 30 minutes 00 seconds West, a distance of 360.00 feet to a point;

Thence North 6 degrees 30 minutes 00 seconds East, a distance of 220.00 feet to a point;

Thence South 83 degrees 30 minutes 00 seconds East, a distance of 360.00 feet to the Point of Beginning.

Parcel No. 23:

The Northwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona; and also

Except Lots 79, 502, 503, 505, 506, 553, 592, 595 and 596 of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona.

Parcel No. 24:

The Southwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 25:

That part of the Northeast quarter lying West and that part of the Northeast quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying North of the following described line:

Beginning at the corner of Section 8, 9, 16 and 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, the center of a steel manhole cover;

Thence South 89 degrees 55 minutes 45 seconds West, 238.59 feet, to a point on the centerline of Kortsen Rd;

Thence South 65 degrees 48 minutes 47 seconds West, 525.30 feet, to a point on the centerline of Kortsen Rd;

Thence South 46 degrees 41 minutes 10 seconds West, 170.77 feet, to a point on the centerline of Kortsen Rd;

Thence South 37 degrees 11 minutes 12 seconds West, 174.15 feet, to a point on the centerline of Kortsen Rd.;

Thence South 31 degrees 21 minutes 01 seconds West, 887.35 feet, to a point at the center of the intersection of Kortsen Rd. and Estanquillo Ave.

Set an iron post, ¾ inch diameter, 18 inches in the ground set flush with the ground;

Thence North 62 degrees 06 minutes 29 seconds West, 637.15 feet along the center of Estanquillo Ave. to a point at the center of the intersection of Estanquillo Ave. and Castillo Dr.

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 23 degrees 42 minutes 40 seconds West, 145.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 27 degrees 45 minutes West, 152.99 feet, to a point on the centerline of Castillo Dr.;

Thence South 33 degrees 04 minutes 44 seconds West, 120.15 feet, to a point on the centerline of Castillo Dr.;

Thence South 38 degrees 10 minutes 58 seconds West, 208.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 44 degrees 50 minutes 04 seconds West, 146.78 feet, to a point at the center of the intersection of Castillo Dr. and Cochise Dr.

Set an iron post, ¾ inch in diameter, 18 inches in the ground, set flush with the ground;

Thence South 42 degrees 59 minutes 38 seconds East, 92.11 feet, to a point on the centerline of Cochise Dr.;

Thence South 39 degrees 27 minutes 53 seconds East, 174.64 feet, to a point on the centerline of Cochise Dr.;

Thence South 34 degrees 49 minutes 58 seconds East, 116.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 30 degrees 45 minutes 52 seconds East 119.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 24 degrees 30 minutes 29 seconds East 295.98 feet, to a point on the centerline of Cochise Dr.;

Thence South 21 degrees 46 minutes 30 seconds East, 156.81 feet, to a point at the center of the intersection of Cochise Dr and Finaly Rd;

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 68 degrees 09 minutes 23 seconds West, 118.50 feet, to a point on the centerline of Finaly Rd.;

Thence South 65 degrees 57 minutes 22 seconds West, 216.74 feet, to a point on the centerline of Finaly Rd.;

Thence South 61 degrees 49 minutes 45 seconds West, 233.69 feet, to a point on the centerline of Finaly Rd.;

Thence South 59 degrees 35 minutes 05 seconds West, 99.97 feet, to a point at the center of the intersection of Finaly Rd and Fiesta Dr.;

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

Thence North 34 degrees 47 minutes 25 seconds West, 78.57 feet, to a point on the centerline of Fiesta Dr.;

Thence South 45 degrees 09 minutes 29 seconds West, 81.02 feet to the center of Section 17, an iron post, ¾ inch diameter, 18 inches in the ground, set flush
with the ground;

Together with any portions of any lots owned by Grantor herein in the Desert Carmel Subdivisions situated in the Northeast quarter of said Section 17 which extend into the Northwest quarter of Section 17;

Less and excepting from Parcel 25 above all the following:

A. Candlestick Drive as dedicated on plat of Desert Carmel Section "N", per plat recorded in Book 14 of Maps, page 11, records of Pinal County, Arizona;

B. Lot 427, Desert Carmel Section "F", per plat recorded in Book 15 of Maps, page 4, records of Pinal County, Arizona; and

C. Lots 163, 194, 240, 247, 302, 395 and 427, Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and

Excepting streets, alleys, drainage ways abutting said excepted lots.

Parcel No. 26:

Section 18, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 27:

Section 19, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of Lot 4; and also

Except the East half of the Southwest quarter of the Southeast quarter; and also

Except the Southeast quarter of the Southeast quarter; and also

Except all minerals and mining rights as reserved in Warranty Deed recorded in Docket 926, page 805.

Parcel No. 28:

ORDER NO.: 04990275 POLICY NO.: PROFORMA-0275

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 30, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North half of the Northeast quarter of the Northeast quarter; and also

Except the North half of the South half of the Northeast quarter of the Northeast quarter; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, pages 216 and 283.

PARCEL NO. 29:

Lots 503 and 595, Section F, DESERT CARMEL, according to Book 15 of Maps, page 4, records of Pinal County, Arizona.

PARCEL NO. 30:

Lots 139 and 247, Section N, DESERT CARMEL, according to Book 14 of Maps, page 11, records of Pinal County, Arizona.

PARCEL NO. 31:

Lots 743, 1150, 1151, 1152, 1153, 1154 and 1322, Section R, DESERT CARMEL, according to Book 14 of Maps, page 33, records of Pinal County, Arizona.

PARCEL NO. 32:

Lots 16, 119 and 142, Section T, DESERT CARMEL, according to Book 13 of Maps, page 59, records of Pinal County, Arizona.

PARCEL NO. 33:

Lots 196, 207, 232, 244 and 249, Section T, DESERT CARMEL, according to Book 13 of Maps, page 70, records of Pinal County, Arizona.

PARCEL NO. 34:

Lots 349, 530, 547, 603 and 611, Section T, DESERT CARMEL, according to Book 14 of Maps, page 15, records of Pinal County, Arizona.

EXHIBIT B

LEGAL DESCRIPTION OF OUT PARCELS

Exhibit "B"

PARCEL ONE:

Lots 2, 3, 4, 27, 28, 40, 62, 65, 83, 84, 97, 104, 129, 151, 152, 154, 156, 157, 170 and 171, of Desert Carmel Section "T" Lots 1 through 172, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 13 of Maps, Page 59.

PARCEL TWO:

Lots 250, 292, 329, and 332 of Desert Carmel Section "T" Lots 173 through 344, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 13 of Maps, Page 70.

PARCEL THREE:

Lots 401, 416, 428, 437, 438, 642, 648, and 659, of Desert Carmel Section "T" Lots 345 through 685, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 14 of Maps, Page 15.

PARCEL FOUR:

Lots 194, 240, 395, and 427, of Desert Carmel Section "N" Lots 1 through 469, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 14 of Maps, Page 11.

PARCEL FIVE:

Lots 79, 427, 502, 506, 592 and 596, of Desert Carmel Section "F" Lots 1 through 1226; Blocks 1 through 6, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 15 of Maps, Page 4.

PARCEL 1:

That portion of Section 13, Township 6 South, Range 4 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 13, said point being a ½" rebar tagged "LS 4399" from which the Northeast closing corner of Section 13 bears North 89°59'50" seconds West, 2556.35 feet, said point being a 2" brass cap on a 2" galvanized pipe marked "LS 4399 C.C. 1978";

Thence along the West line of the Northeast quarter of said Section 13 South 00°10'45" East, 240.00 feet to the TRUE POINT OF BEGINNING;

Thence parallel with and 240.00 feet South of the North line of the Northeast quarter of said Section 13, South 89°59'50" East, 1499.75 feet to a ½" rebar tagged "RLS 35545" for the Northeast corner of this parcel;

Thence South 00°00'10" West, 1610.00 feet to a ½" rebar tagged "RLS 35545" for the Southeast corner of this parcel;

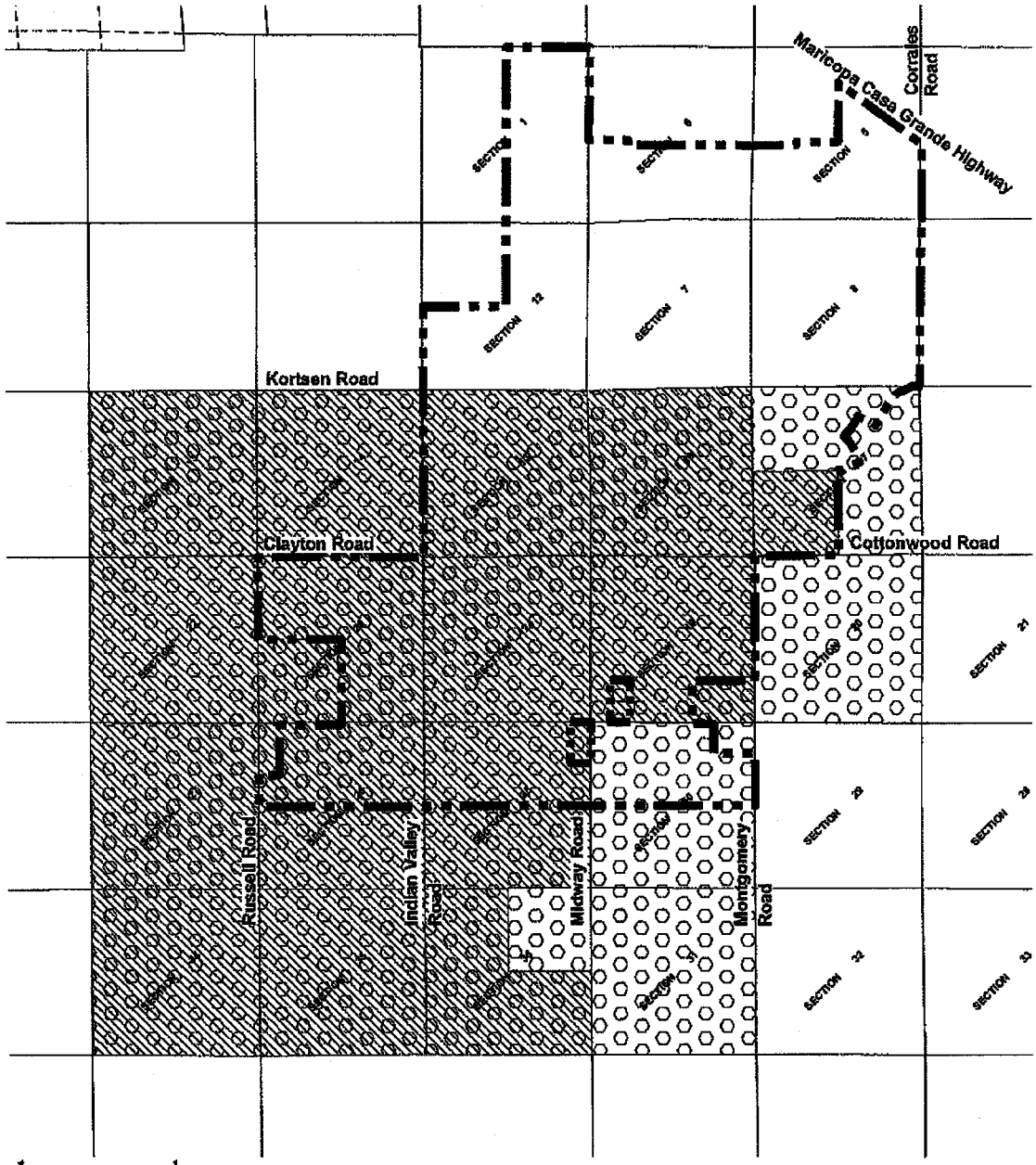
Thence North 89°59'50" West, 2299.75 feet to a ½" rebar tagged "RLS 35545" for the Southwest corner of this parcel;

Thence North 00°00'10" East, 1610 feet to a ½" rebar tagged "RLS 35545" for the Northwest corner of this parcel;

Thence South 89°59'50" East, 800.00 feet to the TRUE POINT OF BEGINNING.

EXHIBIT C

CC&N OF FRANCISCO GRANDE UTILITIES COMPANY



Legends

Casa Grande, Arizona

Exhibit C

Francisco Grande Water and Sewer CC & N

North

CMX

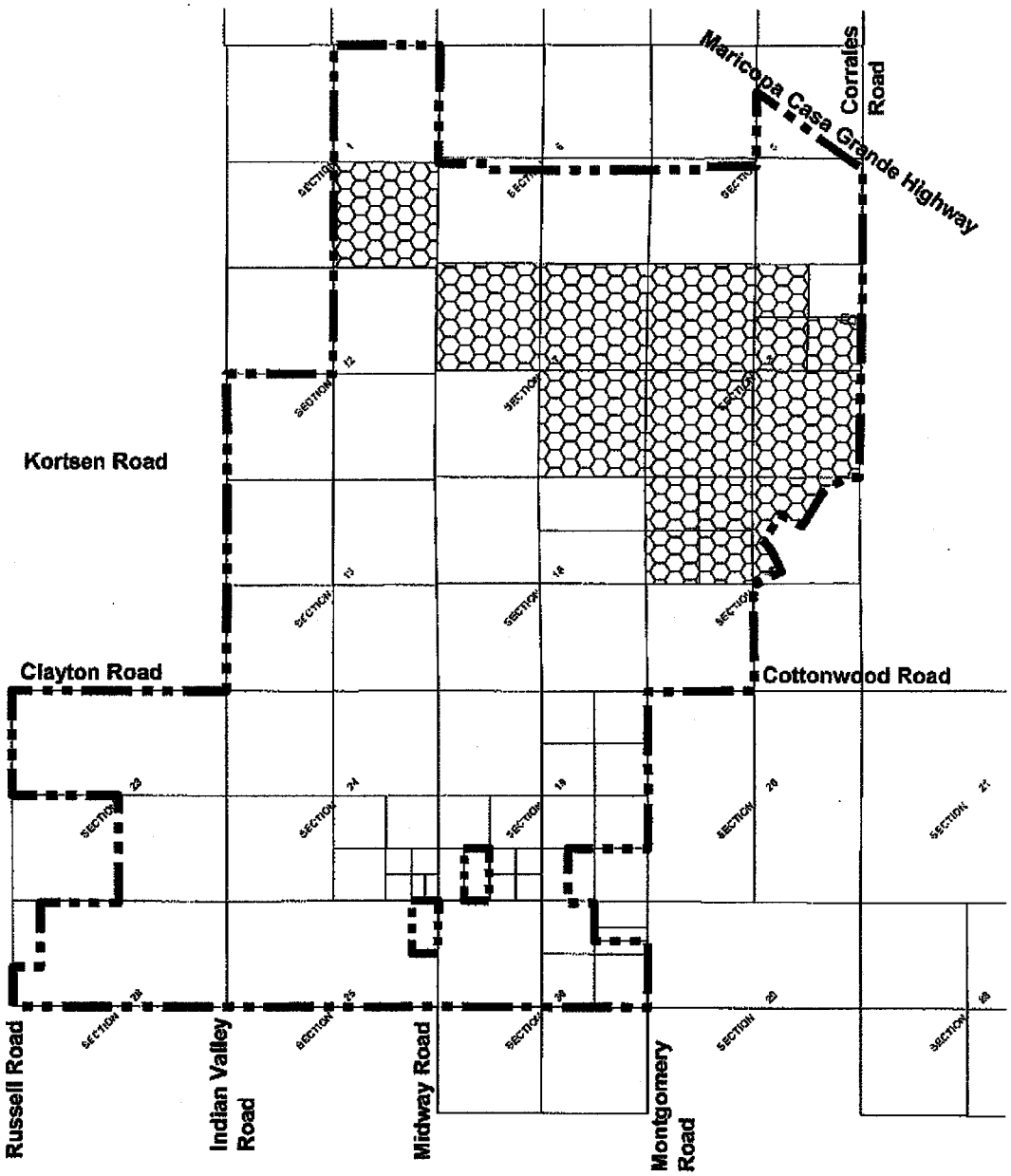
Scale: 1" = 5,000'

Legend

- Legends Boundary
- Francisco Grande Sewer-CC & N
- Francisco Grande Water-CC & N

EXHIBIT D

CC&N OF CP WATER COMPANY



Legends

Casa Grande, Arizona

Exhibit D

CP Water CO. CC & N

Scale: 1" = 4,000'

North

CMX

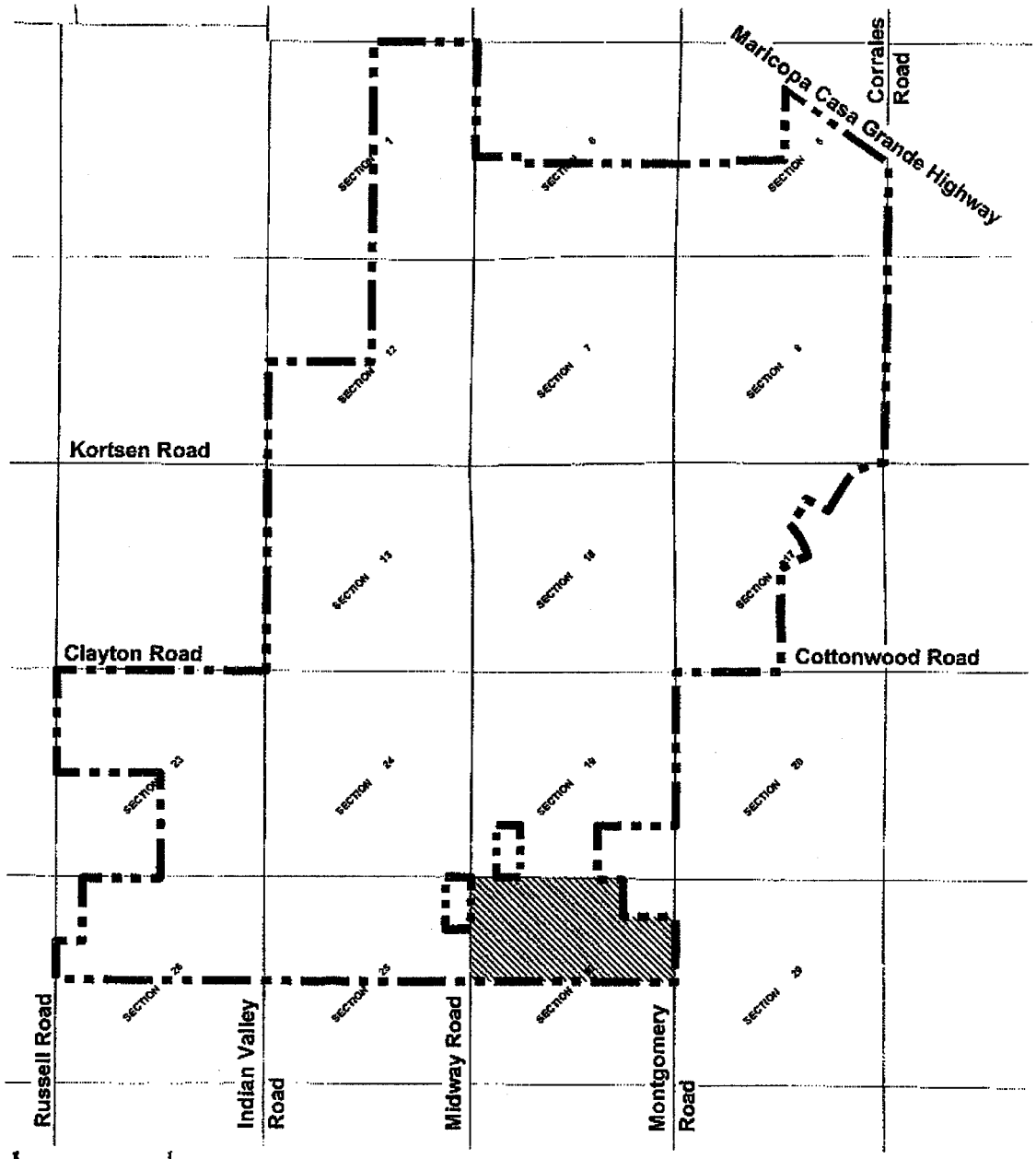
Legend

Legends Boundary

CP Water CO. Water-CC & N

EXHIBIT E

CC&N OF ARIZONA WATER COMPANY



Legends

Casa Grande, Arizona

Exhibit E

AZ Water CO. CC & N

Legend

Legends Boundary

AZ Water CO.
Water-CC & N

North

CMX

Scale: 1" = 4,000'

EXHIBIT F

MAP OF WATER SYSTEM DEPICTING TRANSMISSION MAINS

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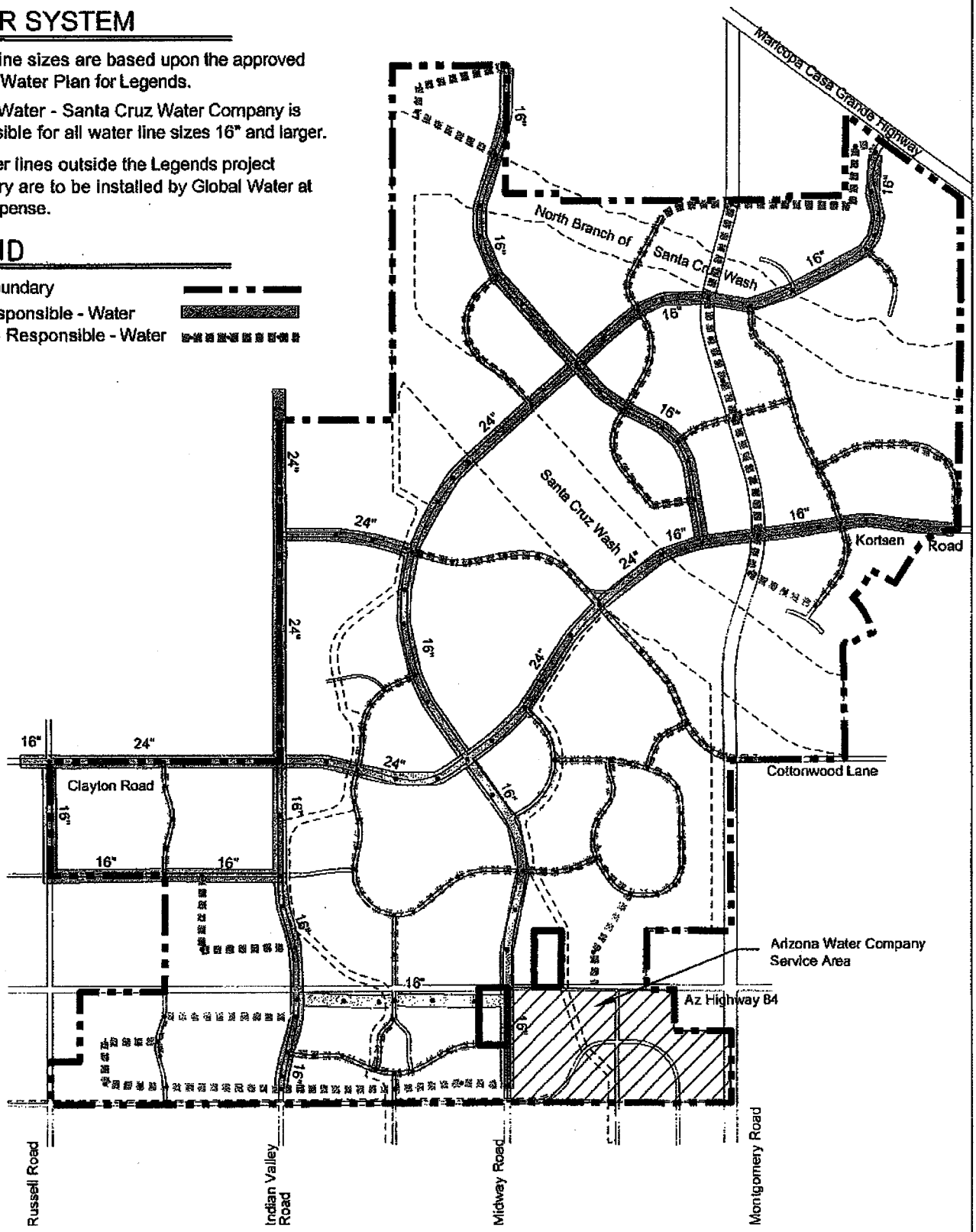
WATER SYSTEM

1. Water line sizes are based upon the approved Master Water Plan for Legends.
2. Global Water - Santa Cruz Water Company is responsible for all water line sizes 16" and larger.
3. All water lines outside the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

Project Boundary
Global Responsible - Water
DR Horton Responsible - Water



DWG. NO.	CMX PROJ: 7128	DATE: OCT.2006	SCALE: 1" = 3000'
1	DESIGNED: HS	DRAWN: BC/AMP	APPROVED: AP
SHT. 1 OF 2	REV.		

LEGENDS

CASA GRANDE, ARIZONA

WATER SEGMENT RESPONSIBILITY

CMX
7740 N. 16TH ST. STE. 100
PHOENIX, AZ 85020
PHONE: (602) 587-1900
FAX: (602) 587-1901
www.cmxinc.com
ENGINEERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS

EXHIBIT G

MAP OF WASTEWATER SYSTEM DEPICTING COLLECTION MAINS

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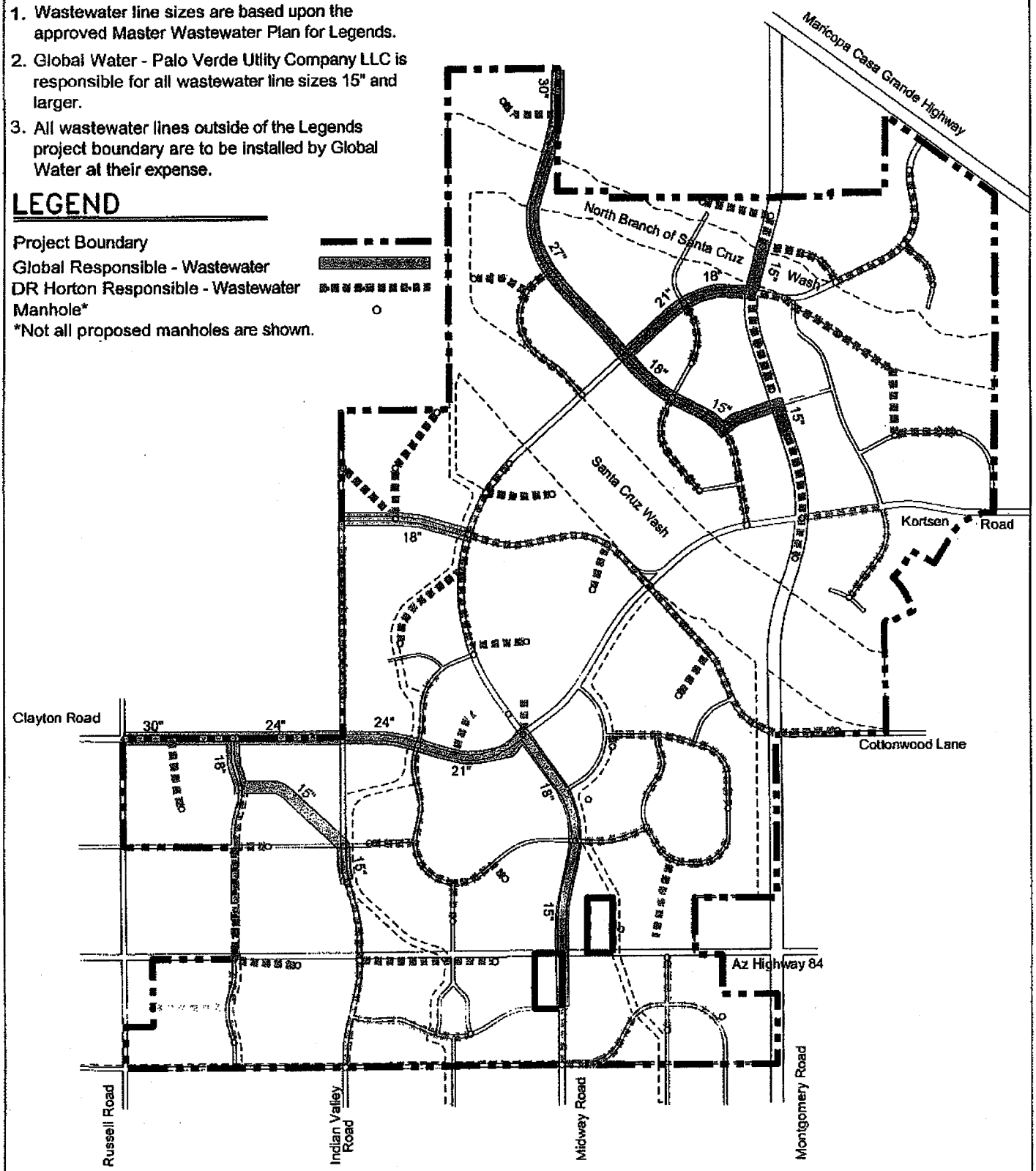
WASTEWATER SYSTEM

1. Wastewater line sizes are based upon the approved Master Wastewater Plan for Legends.
2. Global Water - Palo Verde Utility Company LLC is responsible for all wastewater line sizes 15" and larger.
3. All wastewater lines outside of the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

Project Boundary
Global Responsible - Wastewater
DR Horton Responsible - Wastewater
Manhole*
*Not all proposed manholes are shown.



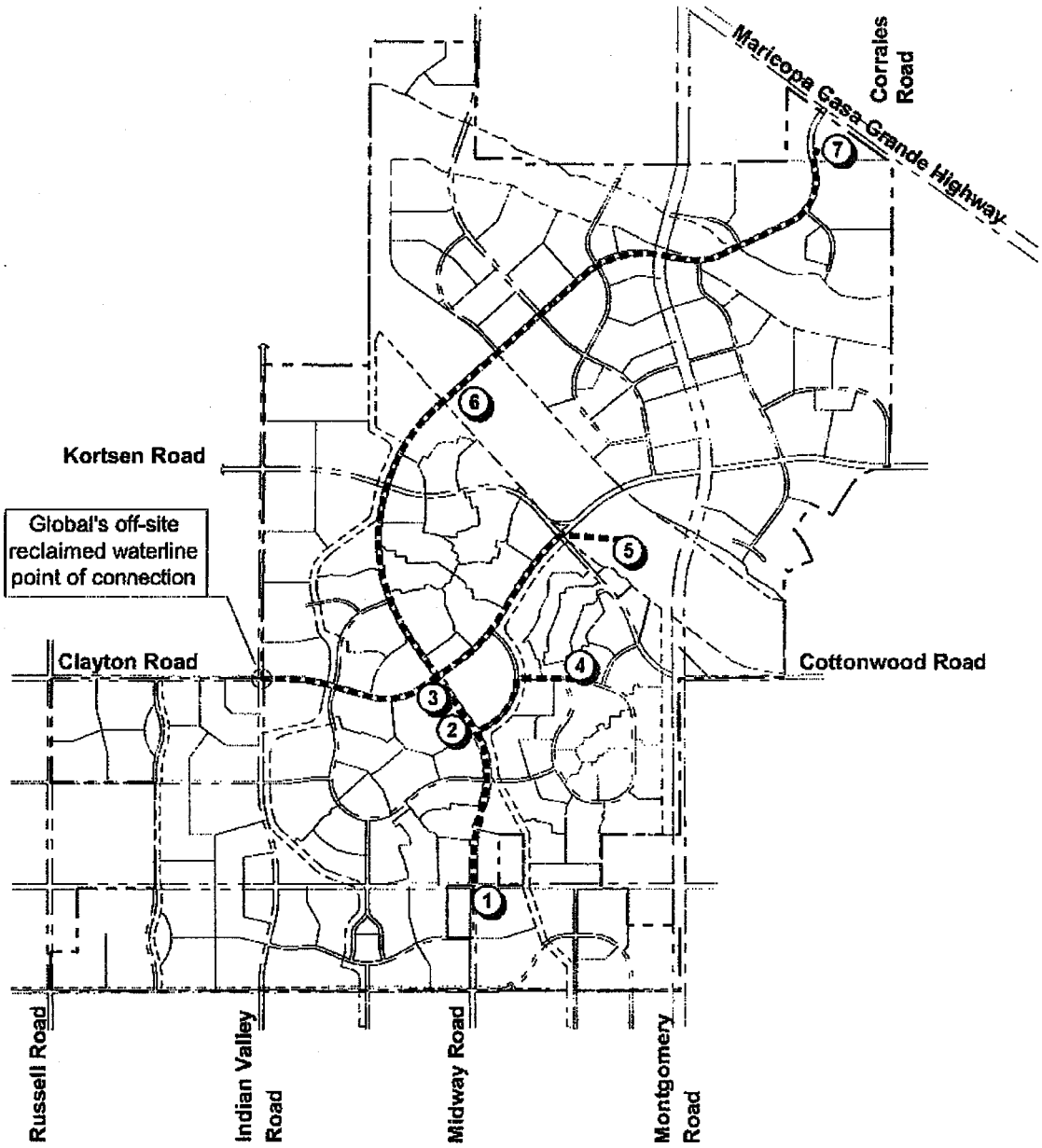
DWG. NO.	CMX PROJ: 7128	DATE: OCT. 2006	SCALE: 1"=3000'
2	DESIGNED: NS	DRAWN: BC/AMP	APPROVED: AP
SHT. 2 OF 2	REV.		

LEGENDS
CASA GRANDE, ARIZONA
WASTEWATER SEGMENT RESPONSIBILITY

CMX
7740 N. 16TH ST. STE. 100
PHOENIX, AZ 85020
PHONE: (602) 587-1900
FAX: (602) 587-1901
www.cmxinc.com
ENGINEERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS

EXHIBIT H

MAP OF RECLAIMED WATER DISTRIBUTION LINES AND STORAGE RESERVOIRS



Legends

Casa Grande, Arizona

Exhibit H

Reclaimed Water Distribution Lines and Storage Reservoirs

North

GMX

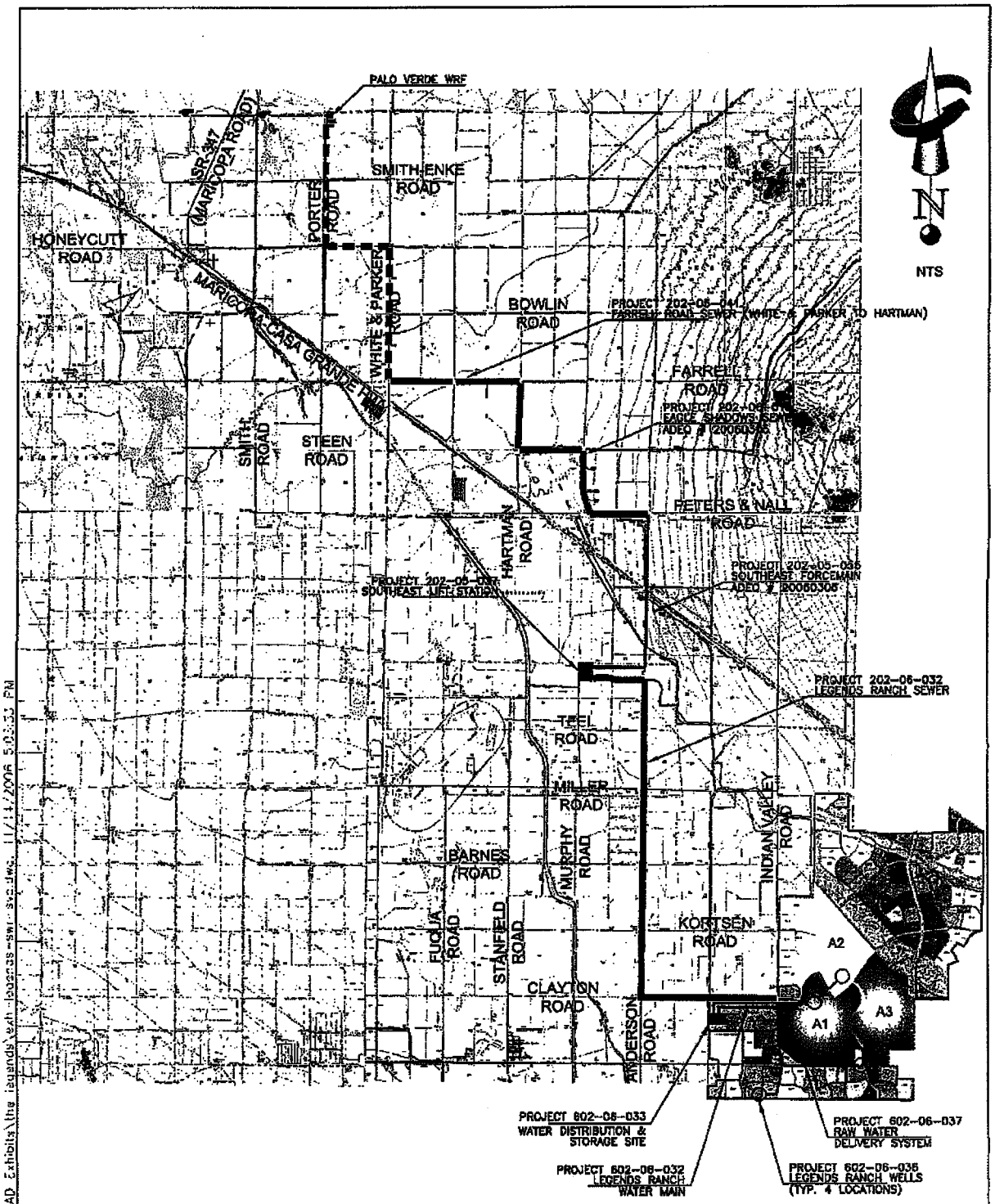
Scale: 1" = 4,000'

Legend

- Legends Boundary
- 12" Reclaimed Water Line
- (1) Proposed Lake Location

EXHIBIT I

PHASE I UTILITY WATER AND WASTEWATER INFRASTRUCTURE



LEGEND

- PROPOSED GRAVITY SEWER
- EXISTING GRAVITY SEWER
- PROPOSED SEWER FORCE MAIN
- PROPOSED RAW WATER
- PROPOSED POTABLE WATER

S:\Engineering & Projects\Maricopa\CAD Exhibits\the legends\exh-legends-swr-svc.dwg, 11/14/2006 5:03:33 PM

GLOBAL WATER
RELIABLE • RENEWABLE • REUSABLE
21410 N. 19th Ave. • Ste. 201 • Phoenix, AZ 85027
Ph: 623.580.9600 • Fax: 623.580.9606
www.gwresources.com

Global Water - Palo Verde Utility Company
Global Water - Santa Cruz Water Company
Legends Ranch CAPEX

Drawn By: BB	Date: 11/06	Sheet: 1 OF 1
App'vd By: SL	Date: 11/06	Drawing Number: EXH-01
Scale: NTS		

EXHIBIT J

DESCRIPTION OF UTILITY SERVICES TO BE COORDINATED BY COORDINATOR

Water Utilities

- Expand the existing CC&N water service area to include the Land and any Out Parcels
- Prepare a master water plan with respect to the Land and any Out Parcels
- Confirm and or develop sufficient water plant and well source capacity for the Land and any Out Parcels
- Extend a water distribution main lines in accordance with Master Water Plan
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land and any Out Parcels
- Obtain a 100-year assured water supply and Certificate of Designation required for final plat approvals and Department of Real Estate approvals
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land and any Out Parcels (subject to reimbursement)

Wastewater Utilities

- Expand the existing CC&N wastewater service area to include the Land and any Out Parcels
- Prepare a master wastewater plan with respect to the Land and any Out Parcels
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities
- Confirm and or develop sufficient wastewater plant capacity for the Land and any Out Parcels
- Extend a wastewater collection system main line in accordance with Master Wastewater Plan
- Design, permit and construct a lift station within the Land or any Out Parcels, if required
- Extend a reclaimed water line to a water storage facility within the Land and any Out Parcels
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Central Arizona Association of Governments (CAAG) 208 Water Quality Plan as necessary
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land and any Out Parcels
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land and any Out Parcels (subject to reimbursement)

EXHIBIT K

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this ____ day of _____, 2007 by and between ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ___ (single family, multifamily, or commercial) lots, in the City of Casa Grande, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit A and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Commission granting Company the exclusive right to provide water utility service within portions of Pinal County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Developer is willing to construct and install facilities within the Development necessary to extend water utility service to and within the Development, which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit B. Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of Facilities**. Developer agrees to construct and install water distribution mains and pipelines, valves, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit C attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit B and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and

Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs**. Immediately following completion and approval of the Facilities, Developer shall provide Company with

three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements**. Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses**. Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars ($7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances**. Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes**. In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice**. All notices and other written communications required hereunder shall be sent to the Parties as follows:

COMPANY:

Global Water
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

_____

_____

_____

Each Party shall advise the other Party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns**. This Agreement may be assigned by either of the Parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

16. **Dispute Resolution**. The Parties hereto agree that each will use best efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees**. The prevailing Party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:	COMPANY:
_____	_____
By _____	By _____
Its _____	Cindy Liles
	Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"
Point(s) of Connection

EXHIBIT "C"
Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT $	TOTAL $
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover Fire Hydrant, Complete		EA		
3/4" Double Water Service		EA		
3/4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT L

WASTEWATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this ____ day of _____, 2007 by and between ("Company"), _____, an _____ ("Developer").

RECITALS:

D. Developer desires that wastewater utility service be extended to and for its real' estate development located in Parcel ____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in the City of Casa Grande, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit A and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

E. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide wastewater utility service within portions of Pinal County, Arizona.

F. Developer is willing to construct and install facilities within the Development necessary to extend wastewater utility service to and within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit B. Company is willing to provide wastewater utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of Facilities**. Developer agrees to construct and install sewage collection mains, manholes and/or such other facilities and improvements necessary to provide wastewater utility service to each lot or building within the Development as more particularly described in Exhibit C attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit B, and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable wastewater utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the wastewater line of each customer receiving service to the collection main. Maintenance and repair of each wastewater service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs**. Immediately following completion and approval of the Facilities, Developer shall provide Company with

three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements**. Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable wastewater utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses**. Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars ($7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances**. Company shall refund annually to Developer an amount equal to two and one-half percent (2.5%) of the gross annual revenues received by Company from the provision of wastewater utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide wastewater utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes**. In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice**. All notices and other written communications required hereunder shall be sent to the Parties as follows:

COMPANY:

Global Water
Attn: Cindy M. Liles, Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

_____

_____

_____

Each Party shall advise the other Party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic wastewater utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns**. This Agreement may be assigned by either of the Parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

16. **Dispute Resolution**. The Parties hereto agree that each will use best efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees**. The prevailing Party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement.

Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:	COMPANY:
By _____	By _____
Its _____	Cindy M. Liles
	Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"
Point(s) of Connection

EXHIBIT "C"
Wastewater Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT $	TOTAL $
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole EA Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT M

WATER INFRASTRUCTURE SITE

EXHIBIT "A"
LEGAL DESCRIPTION
GLOBAL WATER FACILITY

That portion of the Northwest quarter of Section 23, Township 6 South, Range 4 East of the Gila and Salt River Meridian, Pinal County, Arizona, described as follows:

COMMENCING at a found 3/4" iron pipe, accepted as the monument for the West quarter corner of said section from which a found 1/2" rebar with LS tag #25086, accepted as the monument for the Northwest corner of said section bears North 00 degrees 00 minutes 48 seconds East a distance of 2642.55 feet;

Thence along the west line of the Northwest quarter of said section, North 00 degrees 00 minutes 48 seconds East a distance of 415.41 feet;

Thence departing said west line, South 89 degrees 59 minutes 12 seconds East a distance of 55.00 feet to the proposed east right-of-way line of Russell Road, the **POINT OF BEGINNING**;

Thence along said proposed east right-of-way line, North 00 degrees 00 minutes 48 seconds East a distance of 1233.31 feet;

Thence departing said east right-of-way line, South 89 degrees 59 minutes 12 seconds East a distance of 135.00 feet;

Thence South 00 degrees 00 minutes 48 seconds West a distance of 295.00 feet;

Thence South 89 degrees 59 minutes 12 seconds East a distance of 295.00 feet;

Thence North 00 degrees 00 minutes 48 seconds East a distance of 295.00 feet;

Thence South 89 degrees 59 minutes 12 seconds East a distance of 915.00 feet;

Thence South 00 degrees 00 minutes 48 seconds West a distance of 804.76 feet to a point lying on the northerly limits of the Stanfield VORTAC Restricted Area, said point also lying on a non-tangent curve, concave southwesterly, the center of which bears South 18 degrees 22 minutes 04 seconds West a distance of 1200.00 feet;

Thence westerly along said northerly limits, along said non-tangent curve through a central angle of 72 degrees 03 minutes 20 seconds for an arc distance of 1509.13 feet to the **POINT OF BEGINNING**.

The above-described parcel contains a computed area of 1,063,075 Square Feet (24.4048 acres) more or less and is subject to any easements, restrictions, or rights of way of record or otherwise.

October 18, 2006
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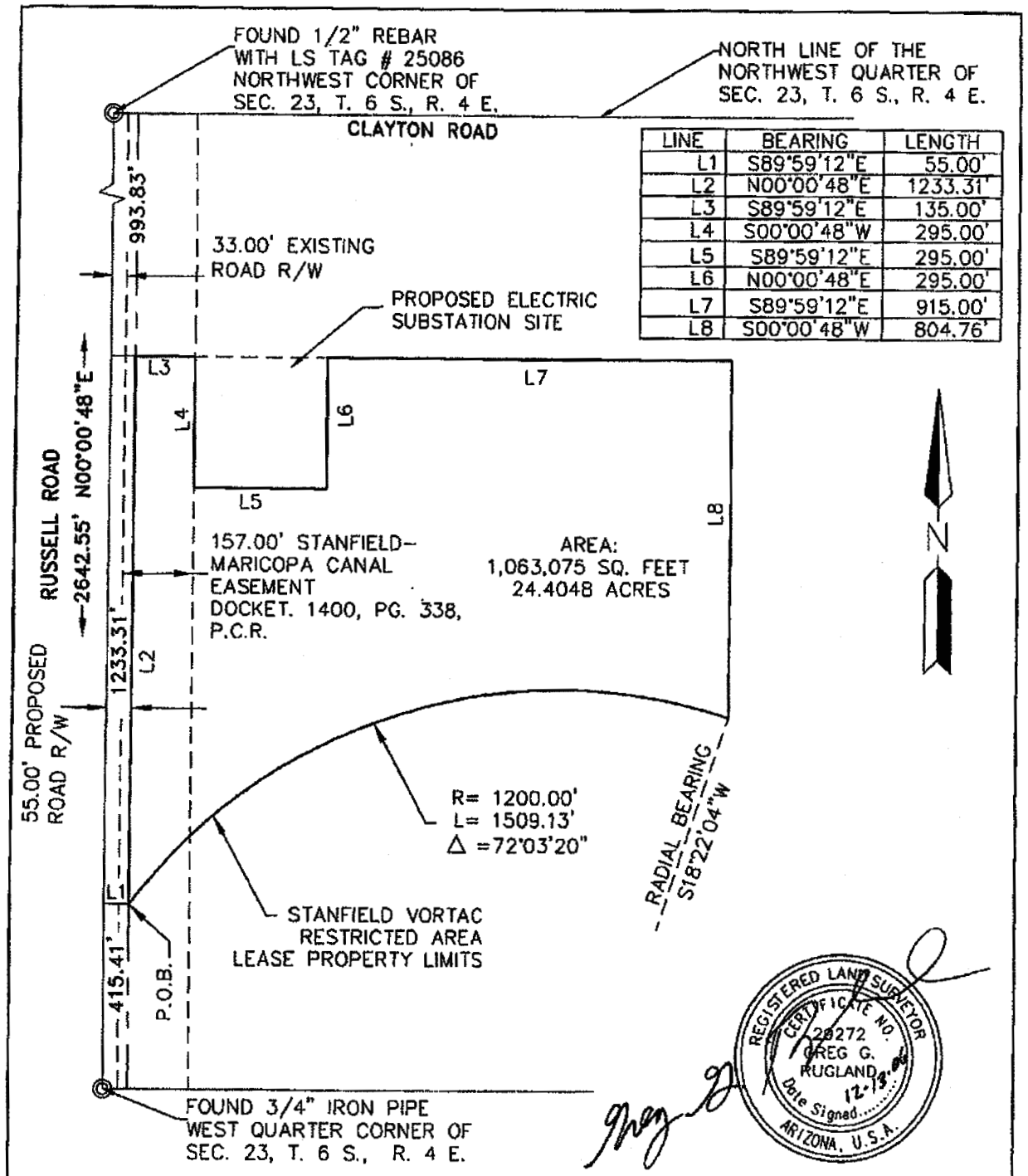
Prepared by: CMX L.L.C.
3100 W. Ray Road
Suite 201
Chandler, Arizona 85226
Project No. 7128
Dec. 13, 2006

Registered Land Surveyor
CERTIFICATE NO.
29272
GREG G.
RUGLAND
Date Signed 12-13
ARIZONA, U.S.A.

October 18, 2006
U:\7100\7128\Exhibits\Legals\GLOBAL WATER rev.doc



LINE	BEARING	LENGTH
L1	S89°59'12"E	55.00'
L2	N00°00'48"E	1233.31'
L3	S89°59'12"E	135.00'
L4	S00°00'48"W	295.00'
L5	S89°59'12"E	295.00'
L6	N00°00'48"E	295.00'
L7	S89°59'12"E	915.00'
L8	S00°00'48"W	804.76'

CMX PROJ.	7128
DATE:	DEC. 2006
SCALE:	1" = 300'
DRAWN BY:	RAZ
CHECKED BY:	GGR

LEGENDS

LEGAL DESCRIPTION
PINAL COUNTY, ARIZONA

GLOBAL WATER FACILITY

EAST VALLEY OFFICE
3100 WEST RAY RD. STE.201
CHANDLER, AZ 85226
PH (480) 648-1900
FAX (480) 648-1918
www.cmxinc.com

EXHIBIT N

PHASE I INFRASTRUCTURE CONSTRUCTION SCHEDULE

EXHIBIT N

Phase I Infrastructure Construction Schedule

Global Water Resources

Project Costs Allocations - Legends Ranch

$ 7,200,000

Project	Description	Project Costs Total	Project Costs Paid thru 12/31/06	Project Costs Remaining	
602-06-036	Well Development	$ 1,500,000	$ 57,836.49	$ 1,442,163.51	3.75%
602-06-037	Raw Water Delivery	$ 2,000,000		$ 2,000,000.00	5.00%
602-06-033	Water Distribution Center	$ 5,000,000	$ 150,000.00	$ 4,850,000.00	12.50%
602-06-032	Potable Water Distribution	$ 800,000	$ 17,672.50	$ 782,327.50	2.00%
202-06-032	Wastewater Collection (SE) + Reclaimed	$ 12,000,000	$ 89,577.50	$ 11,910,422.50	30.01%
202-05-037	SE Lift Station	$ 1,000,000	$ 108,428.00	$ 891,572.00	2.50%
202-05-055	Wastewater Forcemain + Reclaimed	$ 1,200,000	$ 95,370.29	$ 1,104,629.71	3.00%
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	$ 6,000,000	$ 34,314.46	$ 5,965,685.54	15.00%
202-05-041	Wastewater Collection (Farrell) + Reclaimed	$ 3,000,000	$ 2,976,442.88	$ 23,557.12	7.50%
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	$ 7,490,000		$ 7,490,000.00	18.73%
		$ 39,990,000	$ 3,529,642.12	$ 36,460,357.88	100.00%

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Commence Construction 10.00%	33% Completion 20.00%	66% Completion 30.00%	Substantial Completion 40.00%
602-06-036	Well Development	0.38%	0.75%	1.13%	1.50%
602-06-037	Raw Water Delivery	0.50%	1.00%	1.50%	2.00%
602-06-033	Water Distribution Center	1.25%	2.50%	3.75%	5.00%
602-06-032	Potable Water Distribution	0.20%	0.40%	0.60%	0.80%
202-06-032	Wastewater Collection (SE) + Reclaimed	3.00%	6.00%	9.00%	12.00%
202-05-037	SE Lift Station	0.25%	0.50%	0.75%	1.00%
202-05-055	Wastewater Forcemain + Reclaimed	0.30%	0.60%	0.90%	1.20%
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	1.50%	3.00%	4.50%	6.00%
202-05-041	Wastewater Collection (Farrell) + Reclaimed	0.75%	1.50%	2.25%	3.00%
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	1.87%	3.75%	5.62%	7.49%
		10.00%	20.00%	30.00%	40.00%

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Commence Construction 10.00%	33.00% Completion 20.00%	66.00% Completion 30.00%	Substantial Completion 40.00%
602-06-036	Well Development	$ 23,696.88	$ 47,393.77	$ 71,090.65	$ 94,787.54
602-06-037	Raw Water Delivery	$ 31,595.85	$ 63,191.69	$ 94,787.54	$ 126,383.39
602-06-033	Water Distribution Center	$ 78,989.62	$ 157,979.23	$ 236,968.85	$ 315,958.46
602-06-032	Potable Water Distribution	$ 12,638.34	$ 25,276.68	$ 37,915.02	$ 50,553.35
202-06-032	Wastewater Collection (SE) + Reclaimed	$ 189,575.08	$ 379,150.16	$ 568,725.23	$ 758,300.31
202-05-037	SE Lift Station	$ 15,797.92	$ 31,595.85	$ 47,393.77	$ 63,191.69
202-05-055	Wastewater Forcemain + Reclaimed	$ 18,957.51	$ 37,915.02	$ 56,872.52	$ 75,830.03
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	$ 94,787.54	$ 189,575.08	$ 284,362.62	$ 379,150.16
202-05-041	Wastewater Collection (Farrell) + Reclaimed	$ 47,393.77	$ 94,787.54	$ 142,181.31	$ 189,575.08
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	$ 118,326.44	$ 236,652.89	$ 354,979.33	$ 473,305.78
		$ 631,758.95	$ 1,263,517.89	$ 1,895,276.84	$ 2,527,035.79

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Due	Jan 2007	Feb 2007	Mar 2007
602-06-036	Well Development	$ 14,459.12			
602-06-037	Raw Water Delivery	$ -			
602-06-033	Water Distribution Center	$ 37,500.00			
602-06-032	Potable Water Distribution	$ 4,418.13			$ 12,638.34
202-06-032	Wastewater Collection (SE) + Reclaimed	$ 22,394.38			$ 189,575.08
202-05-037	SE Lift Station	$ 27,107.00			
202-05-055	Wastewater Forcemain + Reclaimed	$ 23,842.57	$ 18,957.51		$ 37,915.02
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	$ 8,578.62	$ 94,787.54	$ 189,575.08	$ 284,362.62
202-05-041	Wastewater Collection (Farrell) + Reclaimed	$ 744,110.72	[illegible]	$ 189,575.08	
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	$ -			
		$ 882,411	$ 398,108	$ 379,150	$ 524,491
	Cumulative	**$ 882,411**	**$ 1,280,518**	**$ 1,659,668**	**$ 2,184,159**

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Apr 2007	May 2007	Jun 2007	Jul 2007
602-06-036	Well Development		$ 23,696.88		$ 47,393.77
602-06-037	Raw Water Delivery	$ 31,595.85	$ 63,191.69	$ 94,787.54	$ 126,383.39
602-06-033	Water Distribution Center		$ 78,989.62		$ 157,979.23
602-06-032	Potable Water Distribution	$ 25,276.68	$ 37,915.02	$ 50,553.35	
202-06-032	Wastewater Collection (SE) + Reclaimed		$ 379,150.16		$ 568,725.23
202-05-037	SE Lift Station			$ 15,797.92	
202-05-055	Wastewater Forcemain + Reclaimed	$ 56,872.52		$ 75,830.03	
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	$ 379,150.16			
202-05-041	Wastewater Collection (Farrell) + Reclaimed				
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)				
		$ 492,895	$ 582,943	$ 236,969	$ 900,482
	Cumulative	**$ 2,677,055**	**$ 3,259,998**	**$ 3,496,967**	**$ 4,397,448**

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Aug 2007	Sep 2007	Oct 2007	Nov 2007
602-06-036	Well Development		$ 71,090.65	$ 94,787.54	
602-06-037	Raw Water Delivery				
602-06-033	Water Distribution Center		$ 236,968.85	$ 315,958.46	
602-06-032	Potable Water Distribution				
202-06-032	Wastewater Collection (SE) + Reclaimed	$ 758,300.31			
202-05-037	SE Lift Station	$ 31,595.85	$ 47,393.77	$ 63,191.69	
202-05-055	Wastewater Forcemain + Reclaimed				
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed				
202-05-041	Wastewater Collection (Farrell) + Reclaimed				
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)		[redacted]		
		$ 789,896	$ 1,538,718	$ 473,938	$ -
	Cumulative	**$ 5,187,345**	**$ 6,726,062**	**$ 7,200,000**	**$ 7,200,000**

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Dec 2007	Total
602-06-036	Well Development		$ 251,428
602-06-037	Raw Water Delivery		$ 315,958
602-06-033	Water Distribution Center		$ 827,396
602-06-032	Potable Water Distribution		$ 130,802
202-06-032	Wastewater Collection (SE) + Reclaimed		$ 1,918,145
202-05-037	SE Lift Station		$ 185,086
202-05-055	Wastewater Forcemain + Reclaimed		$ 213,418
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed		$ 956,454
202-05-041	Wastewater Collection (Farrell) + Reclaimed		$ 1,218,048
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)		$ 1,183,264
		$ -	$ 7,200,000
	Cumulative	$ 7,200,000	