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1 FENNEMORE CRAIG, P.C.
A Professional Corporation
2 Jay L. Shapiro (No. 014650)
Patrick J. Black (No. 017141)
3 3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012
4 Telephone (602) 916-5000
Attorneys for Coronado Utilities, Inc.

2007 APR 13 P 2:40
AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED
APR 13 2007

DOCKETED BY **nr**

BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE
APPLICATION OF CORONADO
9 UTILITIES, INC. FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY
10 TO PROVIDE WASTEWATER SERVICE
IN PINAL COUNTY, ARIZONA.

DOCKET NO: SW-04305A-05-0086

12 IN THE MATTER OF THE
APPLICATION OF CORONADO
13 UTILITIES, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO
14 ISSUE SHORT AND LONG-TERM
DEBT INSTRUMENTS IN
15 CONNECTION WITH FINANCING
THE ACQUISITION OF THE
16 WASTEWATER UTILITY PLANT OF
BHP COPPER, INC. AND
17 CONSTRUCTING IMPROVEMENTS
THERETO.

DOCKET NO. SW-04305A-05-0087

(Consolidated)

**NOTICE OF COMPLIANCE WITH
DECISION NO. 68608**

19 Coronado Utilities, Inc. ("Coronado Utilities" or "Company") hereby files this
20 Notice of Compliance with Decision No. 68608 (March 23, 2006). This filing is in
21 response to the four compliance items addressed in Staff's April 10, 2007, First Notice of
22 Past Due Compliance (attached hereto as Exhibit A). Coronado Utilities files the
23 following documents:

- 24 1. A copy of all executed financing documents related to the acquisition of and
25 upgrade of the wastewater treatment plant, attached hereto as Exhibit B; and

26

EXHIBIT

A

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM MUNDELL
JEFF HATCH-MILLER
KRISTEN K MAYES
GARY PIERCE



BRIAN C. MCNEIL
Executive Director

**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION
1200 W. WASHINGTON STREET
PHOENIX, AZ 85007**

First Notice of Past Due Compliance

April 10, 2007

Jay Shapiro
Coronado Utilities, Inc.
3003 N. Central Avenue
Suite 2600
Phoenix, AZ 85012

RE: COMPLIANCE REQUIREMENTS

Dear Jay Shapiro:

After several attempts to resolve these past due compliance items, we are notifying you in writing that Coronado Utilities, Inc. still has not met certain compliance requirements ordered by the Commission as referenced in the attached report. You must comply with the dated requirements within fifteen days from the date of this letter. Attached is a Compliance Report that describes the nature of the requirements. Other compliance requirements may be attached that do not have an actual due date, but may also require immediate action.

When responding to this notice, please refer to the Docket Number and Decision Number. Please mail all compliance matters in accordance with the following:

You must file an original and thirteen (13) copies of the documents with:

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

If you believe that this notice is in error, or, if I can answer any questions, please contact the compliance section at (602) 542-0895.

Sincerely,

Shannon Kanlan
Compliance and Enforcement
Utilities Division

Enclosures

COMPLIANCE REQUIREMENTS

UTILITY: Coronado Utilities, Inc.

DBA:

DOCKET: SW-04305A-05-0086 et **DECISION NO:** 68608
al.

ACTION: The Company will file, as a compliance item, copies of all executed financing documents with Docket Control within 90 days of loan closing.

COMPLIANCE DUE DATE: **Compliance Past Due**

EXHIBIT

B



50

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

Re: DOCKET NO: SW-04305A-06-0280 DECISION NO: 68752 DATED 6/5/2006

Dear Sir or Madam:

Per the above referenced Notice of Compliance for Coronado Utilities, Inc., please find the original and 13 copies of the following financing documents:

1. DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
2. APPROVAL OF ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION
3. BOND PURCHASE AGREEMENT
4. LOAN AGREEMENT
5. PROMISSORY NOTE
6. TRUST INDENTURE

Sincerely,

Kathy Snyder
Pivotal Utility Management, LLC

Arizona Corporation Commission
DOCKETED

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AZ CORP COMMISSION
DOCUMENT CONTROL

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RECEIVED

CORONADO UTILITIES, INC.
(an Arizona corporation)

Action by Unanimous Written Consent
in lieu of Meeting
of the Board of Directors
and Shareholders

The undersigned, being all the directors and all of the shareholders of Coronado Utilities, Inc., an Arizona corporation (the "Corporation"), adopt by this unanimous written consent, in accordance with Sections 10-704 and 10-821 of the Arizona Revised Statutes, the following resolutions with the same force and effect as if they were unanimously adopted at a duly convened meeting of the Corporation's Board of Directors and a duly convened meeting of the Corporation's shareholders:

APPROVAL OF ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION

WHEREAS, in order to finance the acquisition, construction, installation and equipping of the wastewater treatment facility to be located in San Manuel, Arizona and the construction and installation of an effluent line in connection therewith, the Corporation wishes to enter into a loan agreement between the Corporation and The Industrial Development Authority of the County of Pinal (the "Authority") whereby the Authority will loan proceeds from the sale of the Authority's \$2,650,000 Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the "Bonds") to the Corporation; and

WHEREAS, the lender has required that equity financing be provided prior to funding such debt financing; and

WHEREAS, in Decision No. 68752 (Docket No. SW-04305A-06-0280; June 5, 2006), the Arizona Corporation Commission (the "Commission") approved the Corporation's request to issue \$570,000 of 6.5%, non-cumulative preferred stock to facilitate such financing; and

WHEREAS, the Corporation's Articles of Incorporation (the "Articles") presently authorize only the issuance of Common Stock; and

WHEREAS, the Corporation desires to amend and restate the Articles to authorize the issuance of additional shares of Common Stock, to authorize the issuance of Preferred Stock, and to designate the relative rights, preferences, privileges and restrictions of the Corporation's Series A Preferred Stock (the "Series A Preferred").

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors and the shareholders have determined that the amendment and restatement of the Articles are in the best interests of the

Corporation and the shareholders; and

FURTHER RESOLVED, that the Articles of Amendment to the Articles of Incorporation, including the Amended and Restated Articles of Incorporation, substantially in the form as set forth in Exhibit A (collectively, the "Articles of Amendment") are approved; and

FURTHER RESOLVED, that each of the President or any Vice President or the Secretary of the Corporation (each, an "Authorized Officer") is authorized and directed to execute and deliver the Articles of Amendment for filing with the Commission.

APPROVAL OF ISSUANCE OF SERIES A PREFERRED STOCK

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors and the shareholders have determined that the issuance of 250 shares of Series A Preferred at a price per share of \$2,280 or \$570,000 in the aggregate is in the best interests of the Corporation and the shareholders; and

FURTHER RESOLVED, that such issuance of shares of Series A Preferred is approved; and

FURTHER RESOLVED, that the Board of Directors reserves such number of shares of the Corporation's Common Stock as may be necessary for issuance from time to time if, as and when the Series A Preferred is converted into Common Stock by the holder pursuant to the Articles of Amendment; and

FURTHER RESOLVED, that the Series A Preferred shares, and upon the conversion of the Series A Preferred in accordance with the Articles of Amendment, the Common Stock into which the Series A Preferred is convertible, shall be deemed validly issued, fully paid and not subject to further call or assessment; and

FURTHER RESOLVED, that each of the Authorized Officers is authorized and directed to execute and deliver a certificate(s) representing the Series A Preferred shares and a certificate(s) representing the Common Stock into which the Series A Preferred is convertible upon the conversion of the Series A Preferred in accordance with the Articles of Amendment.

APPROVAL OF STOCK PURCHASE AGREEMENT AND INVESTOR RIGHTS AGREEMENT

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors and the shareholders have determined that the Series A Preferred Stock Purchase Agreement (the "Purchase Agreement") and the Investor's Rights Agreement (the "Investor's Rights Agreement") are in the best interests of the Corporation and the shareholders; and

FURTHER RESOLVED, that the Purchase Agreement and the Investor's Rights Agreement substantially in the form as set forth in Exhibits B and C, respectively are approved; and

FURTHER RESOLVED, that each of the Authorized Officers is authorized and directed to execute and deliver the Purchase Agreement and the Investor's Rights Agreement in the name and on behalf of the Corporation.

APPROVAL OF CERTIFICATE REPRESENTING PREFERRED SHARES

NOW, THEREFORE, BE IT RESOLVED that the form of certificate attached as Exhibit D is approved and adopted to represent the Series A Preferred, and the Secretary is authorized to insert a specimen of such in the minute book of the Corporation.

MISCELLANEOUS

NOW, THEREFORE, BE IT RESOLVED, that each of the Authorized Officers is authorized and directed to pay the Corporation's fees and expenses arising in connection with or related to these resolutions; and

FURTHER RESOLVED, that all actions heretofore taken on behalf of the Corporation by any officer or director of the Corporation in connection with any of the foregoing matters are ratified and confirmed in all respects as the acts of the Corporation; and

FURTHER RESOLVED, that each of the Authorized Officers is authorized, in the name and on behalf of the Corporation, to take any and all such further actions and to amend the terms of the Articles of Amendment, the Purchase Agreement and the Investor's Rights Agreement and to execute and deliver all such further agreements, instruments, documents, certificates, applications, notices and undertakings, and to incur all such fees and expenses, as in their judgment shall be necessary or appropriate to effect the purpose and intent of the foregoing resolutions; and

FURTHER RESOLVED, that the Corporation's Secretary is authorized to join the execution of, attest to and/or affix the Corporation's corporate seal to any document, agreement or instrument executed by any officer of the Corporation on behalf of the Corporation in furtherance of the foregoing resolutions; and

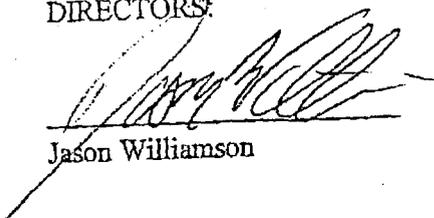
FURTHER RESOLVED, that Jason Williamson is hereby elected to the position of President and John Clingman is hereby elected to the positions of Vice President, Treasurer and Secretary, to serve at the pleasure of the Board until the next annual meeting of the Board, subject to their earlier resignation or removal from office; and

FURTHER RESOLVED, that these resolutions may be executed in counterparts.

[Signatures on Next Page]

DATED effective as of June 26, 2006.

DIRECTORS:

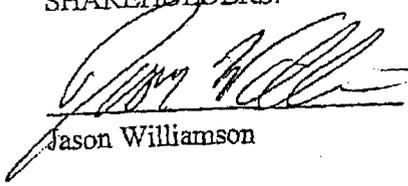


Jason Williamson

John W. Clingman

Dwight L. Zemp

SHAREHOLDERS:



Jason Williamson

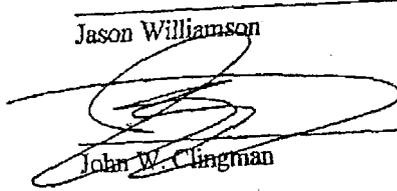
John W. Clingman

Zemp Family, LLC, by Dwight L. Zemp

DATED effective as of June 26, 2006.

DIRECTORS:

Jason Williamson



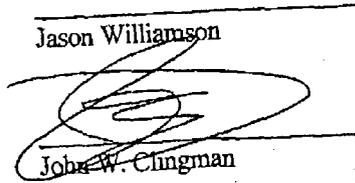
John W. Clingman



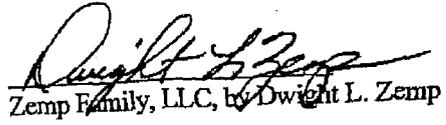
Dwight L. Zemp

SHAREHOLDERS:

Jason Williamson



John W. Clingman



Zemp Family, LLC, by Dwight L. Zemp

EXHIBIT A

ARTICLES OF AMENDMENT

STATE OF ARIZONA
ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
CORONADO UTILITIES, INC.

Pursuant to the provisions of Section 10-1001, *et seq.*, of the Arizona Revised Statutes, the undersigned corporation adopts these Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is Coronado Utilities, Inc.
2. The corporation amends and restates its Articles of Incorporation in their entirety, as set forth on Exhibit A attached hereto and incorporated herein by reference.
3. This amendment and restatement was approved by the corporation's board of directors on June 26, 2006 and also required shareholder approval. The number of authorized shares of the corporation prior to giving effect hereto was 1,000, of which 750 are outstanding; all 750 outstanding shares were entitled to vote on the adoption of this amendment and restatement and all 750 outstanding shares were voted in favor of the adoption of this amendment and restatement on June 26, 2006.

DATED as of June 26, 2006.

CORONADO UTILITIES, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CORONADO UTILITIES, INC.
an Arizona corporation

1. Name. The name of the Corporation is Coronado Utilities, Inc.

2. Initial Business. The Corporation initially intends to conduct the business of ownership and operation of a wastewater utility and all related and incidental matters connected with such business.

3. Authorized Capital.

(a) Authorized Capital. The Corporation is authorized to issue 2,500 shares of capital stock in the aggregate. The capital stock of the Corporation shall be divided into two classes, designated "*Common Stock*" and "*Preferred Stock*." The number of shares of Common Stock that the Corporation is authorized to issue is 2,000. The number of shares of Preferred Stock that the Corporation is authorized to issue is 500, all of which shall be designated as Series A Preferred Stock ("*Series A Preferred*"). The Corporation shall from time to time in accordance with the laws of the State of Arizona increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit all potential conversions of Preferred Stock, including, without limitation, conversions in accordance with Section 3(b)(iv) below.

(b) Rights, Preferences, Privileges and Restrictions of Preferred Stock. The relative rights, preferences, privileges and restrictions granted to or imposed upon the Preferred Stock or the holders thereof are as follows:

(i) Dividends.

The holders of Series A Preferred shall be entitled to receive dividends at the rate of six and one-half percent (6.5%) of the Series A Original Issue Price (the "*Series A Original Issue Price*," being Two Thousand Two Hundred Eighty Dollars and No/100 (\$2,280.00) per share, as adjusted for any stock dividends, combinations or splits with respect to such shares) per annum, payable out of funds legally available therefor, subject to any retained earnings requirement imposed by the Arizona Corporation Commission (the "ACC") under the Corporation's Certificate of Convenience and Necessity. Such dividends shall be payable when, as, and if declared by the board of directors, acting in its sole discretion. No dividend shall be paid to the holders of the Common Stock or any other present or future class or series of stock or other equity-like security unless all accrued but unpaid dividends on shares of the Series A Preferred shall have been paid or declared and set aside for payment. The right to receive

dividends shall not be cumulative, and no right shall accrue to holders of any shares by reason of the fact that dividends on such shares are not declared and paid in any prior year.

(ii) Liquidation.

(1) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, or any merger, consolidation, change of control or other combination of the Corporation which results in the current shareholders of the Corporation holding less than a majority of the voting securities of the surviving company (a "*Liquidating Event*"), each holder of Series A Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock or any other present or future class or series of stock or other equity-like security, an amount per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) equal to the Series A Original Issue Price plus interest on the Series A Original Issue Price from June 29, 2006, through the date of the Liquidating Event at a rate of six and one-half percent (6.5%) per annum, less the amount of any previously declared and paid dividends on the Series A Preferred (the "*Series A Liquidation Preference*"). Any holder of Series A Preferred may elect to convert its shares of Series A Preferred into Common Stock, in accordance with Section (iv) below, in lieu of receiving the Series A Liquidation Preference upon a Liquidating Event. If the assets and funds available for distribution to the holders of the Series A Preferred shall be insufficient to pay the stated preferential amounts in full, then the entire assets and funds of the Corporation legally available for distribution shall be distributed with equal priority and pro rata among the holders of the Series A Preferred in proportion to the preferential amount each such holder would otherwise be entitled to receive.

(2) After payment in full of the preferential amounts required in subsection (1) of this Section (ii) has been made, all remaining assets or cash of the Corporation legally available for distribution, if any, shall be distributed with equal priority and pro rata among the other shareholders of the Corporation.

(3) For purposes of this Section (ii), a "liquidation, dissolution or winding up" of the Corporation shall be deemed to include, at the option of the holders of a majority of the Series A Preferred voting as a single class, the Corporation's sale, lease or other transfer of all or substantially all of its assets (a "*Deemed Liquidation*"). For the sake of clarification, a bona fide equity financing approved by a majority of the holders of the Series A Preferred for the purposes of raising capital for the Corporation shall not be a Liquidating Event or Deemed Liquidation hereunder.

(iii) Redemption.

(1) Subject to applicable laws and regulations and, if required, the approval of the ACC, any time after June 29, 2014, the Corporation shall, at the option of a majority of the holders of the Series A Preferred, redeem all Series A Preferred (a "*Series A Redemption*") at a price per share equal to the Series A Liquidation Preference (the "*Series A Redemption Price*"). The redemption shall occur on the date that is fifteen (15) days after the Corporation receives the holder's redemption request (the "*Redemption Date*"). The Corporation shall effect redemptions by paying cash in an amount equal to the Series A

Redemption Price (as adjusted for any stock dividends, combinations, recapitalizations or splits with respect to such shares following the date of these Amended and Restated Articles). For the remainder of this Section (iii), shares of the "*Redeemed Preferred*" shall refer to the shares of Series A Preferred covered by a Series A Redemption.

(2) If the funds of the Corporation legally available for redemption of shares of Redeemed Preferred on any Redemption Date are insufficient to redeem the total number of shares of Redeemed Preferred to be redeemed on such date, those funds that are legally available will be used to redeem shares from the holders of Redeemed Preferred ratably in proportion to the number of shares of Redeemed Preferred held by each holder as of such Redemption Date and, in the case of the foregoing, or if the Corporation for any other reason cannot legally redeem the Redeemed Shares, then, at the option of the holders of a majority of the Series A Preferred, the Corporation shall promptly commence the sale of its business and assets. The shares of the Redeemed Preferred not redeemed shall remain outstanding and entitle the holder thereof to all the rights and preferences provided herein, including the rights of conversion set forth in Section 4 below. If any time thereafter, additional funds become legally available for the redemption, such funds will immediately be used to redeem the balance of the shares that the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(3) At least ten (10) days prior to each Redemption Date, the Corporation shall mail a redemption notice (the "*Redemption Notice*"), first class postage prepaid, to each holder of record of Series A Preferred as of the close of business two (2) business days preceding the mailing date, at the address last shown on the records of the Corporation for such holder. The Redemption Notice shall specify the number of shares to be redeemed from each holder who has elected redemption, the Redemption Date, the Redemption Price and the place at which payment may be obtained, and shall call upon each holder who has elected redemption to surrender to the Corporation, in the manner and at the place designated, the certificate or certificates representing the shares to be redeemed. On or after the Redemption Date, each holder of Redeemed Preferred to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice. Each surrendered certificate shall be cancelled, and the Redemption Price for such shares shall then be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. If less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. Nothing herein shall be deemed to prevent a holder of Redeemed Preferred from converting all or part of such holder's shares into Common Stock in accordance with the terms of Section (iv) hereof at any time prior to a Redemption Date covering such shares, and the provisions of this Section (iii) shall not apply to any shares so converted.

(4) From and after each Redemption Date, unless there has been a default in payment of the Redemption Price, the shares of Redeemed Preferred designated for redemption in the Redemption Notice for such Redemption Date shall cease to be outstanding and shall no longer be transferred on the books of the Corporation, and all rights of the holders with respect to such shares shall cease, except the right to receive the Redemption Price without additional interest upon surrender of their certificate or certificates.

(5) On or prior to each Redemption Date, the Corporation shall deposit the Redemption Price of all shares of Preferred Stock designated for redemption on such Redemption Date in the Redemption Notice, and not yet redeemed or converted, with a bank, trust corporation, or escrow agent approved by the Corporation's Board of Directors as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank, trust corporation, or escrow agent to publish the notice of redemption thereof and pay the Redemption Price for such shares to their respective holders on or after the Redemption Date, upon receipt of notification from the Corporation that such holder has surrendered his, her or its share certificate to the Corporation pursuant to subsection (iii)(3) above. Such instructions shall also provide that any monies deposited by the Corporation pursuant to this subsection (iii)(5) for the redemption of shares thereafter converted into shares of the Corporation's Common Stock pursuant to Section (iv) hereof prior to the Redemption Date shall be returned to the Corporation forthwith upon such conversion.

(iv) Conversion.

(1) Right to Convert. At any time when the holders of Series A Preferred have the right hereunder to vote the Series A Preferred, or upon the occurrence of a Liquidating Event at a time when the holders of Series A Preferred do not have voting rights hereunder, each share of Series A Preferred shall be convertible, at the option of the holder thereof, at the office of the Corporation or any transfer agent for such stock, as follows:

a. In the case of a right of conversion hereunder triggered by the Series A Preferred obtaining voting rights hereunder, then the number of shares of Common Stock into which the entire outstanding number of Series A Preferred may be converted at the option of the holders of a majority of the Series A Preferred, is such number of shares of Common Stock that is equal to fifty-one percent (51%) of the sum of the total number of shares of Common Stock (including the total number of shares of Common Stock issuable upon conversion of all other outstanding classes or series of stock convertible or potentially convertible into shares of Common Stock) that would then be outstanding after conversion of the Series A Preferred into shares of Common Stock.

b. In the case of a right of conversion hereunder triggered by the occurrence of a Liquidating Event at a time when the holders of the Series A Preferred do not have voting rights hereunder, then the number of shares into which the entire outstanding number of Series A Preferred may be converted at the option of the holders of a majority of the Series A Preferred, is such number of shares of Common Stock that is equal to twenty-five percent (25%) of the sum of the total number of shares of Common Stock (including the total number of shares of Common Stock issuable upon conversion of all other outstanding classes or series of stock convertible or potentially convertible into shares of Common Stock) that would then be outstanding after conversion of the Series A Preferred into shares of Common Stock.

(2) Mechanics of Conversion. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to

such fraction multiplied by the then effective Conversion Price for such series of Preferred Stock. Conversion of shares of Preferred Stock at the option of the holder thereof shall be effected by delivery, to the office of the Corporation or to any transfer agent for such shares, of duly endorsed certificates for the shares being converted and of written notice to the Corporation that the holder elects to convert such shares. Conversion shall be deemed to occur immediately prior to the close of business on the date the shares and notice are delivered. Holders entitled to receive Common Stock upon conversion of Preferred Stock shall be treated for all purposes as the record holders of such shares of Common Stock on the date conversion is deemed to occur. The Corporation shall not be obligated to issue certificates evidencing shares of Common Stock issuable upon conversion of Preferred Stock unless either (i) the certificates evidencing such shares being converted are delivered to the Corporation or its transfer agent as provided above, or (ii) the holder (A) notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and (B) executes an agreement, and at the Corporation's election provides a surety bond or other security, satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after the delivery of such certificates, or the agreement to indemnify in the case of a lost certificate, issue and deliver to the holder of the shares of Preferred Stock being converted, a certificate or certificates for the number of shares of Common Stock to which the holder is entitled and a check payable to the holder for any cash due with respect to fractional shares.

(3) Notices of Record Date. If the Corporation shall propose at any time to do any of the following (subject to approval by the holders of the Series A Preferred pursuant to Section 3(b)(vi) below):

- a. declare any dividend or distribution upon its Common Stock other than a distribution payable solely in Common Stock;
- b. offer for subscription pro rata to the holders of any class or series of its capital stock any additional shares of capital stock of any class or series or other rights;
- c. effect any reclassification or recapitalization of its Common Stock; or
- d. merge or consolidate with or into any other corporation, or sell, lease or convey all or substantially all its property or business, or to liquidate, dissolve or wind up;

Then, in connection with each such event, the Corporation shall send to the holders of the Preferred Stock:

- i. at least twenty (20) days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock

shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (c) and (d) above; and

- ii. in the case of the matters referred to in (c) and (d) above, at least twenty (20) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be delivered personally or given by first class mail, postage prepaid, addressed to the holders of Preferred Stock at the addresses for such stockholders as shown on the books of the Corporation.

(4) Reservation of Stock Issuable Upon Conversion.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to these Amended and Restated Articles.

(v) Voting.

(1) General Voting Rights. The holders of Series A Preferred shall not be entitled to vote at any meeting of the stockholders for the election of directors or for any other purpose or otherwise to participate in any action taken by the Corporation or its stockholders, other than as expressly provided in these Amended and Restated Articles (including, without limitation, Sections 3(b)(v)(2) and 3(b)(vi) hereof), or as required by law. Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held, and, when entitled to vote (as provided in Subsection (2) below), the holders of the Series A Preferred shall be entitled to the number of votes equal to the number of shares of Common Stock then issuable upon conversion thereof pursuant to Section 3(b)(iv)(1)(a) (an amount equal to 51% of the outstanding Common Stock) with no requirement to convert.

(2) In the event that either of the following occur, then the holders of the Series A Preferred shall be entitled to vote on an as converted basis along with the holders of the Common Stock and not as a separate class:

a. During any three (3)-year period in which the Corporation is legally able to pay dividends on the Series A Preferred, the Corporation does not pay the dividend amount as provided in Section 3(b)(i) hereof on the Series A Preferred for a total of six (6) or more quarters, or

b. The Corporation does not pay the required dividend amount under Section 3(b)(1) hereof on the Series A Preferred for four (4) consecutive quarters at a time when the Corporation is legally able to pay dividends on the Series A Preferred.

(vi) Protective Provisions. Consent of the holders of at least a majority of the Series A Preferred shall be required for the Corporation to (i) alter or change the rights, preferences or privileges of the Series A Preferred, or effect any transaction in which the Series A Preferred is treated differently than any other class or series of stock of the Corporation, except as expressly provided for the benefit of the holders of the Series A Preferred hereunder; (ii) authorize, create or issue shares of any class or series of stock or other security, including any security that is junior or pari passu or senior to the Series A Preferred with respect to voting, dividends, redemption or liquidation rights; (iii) increase or decrease the authorized number of shares of the Corporation's common or preferred stock except as expressly permitted hereunder; (iv) effect the sale of any material assets of the Corporation other than in the ordinary course of business; (v) effect any liquidation, or any sale, consolidation, merger, sale of substantially all of the assets of or other change of control of the Corporation; (vi) enter into affiliate transactions which are proposed by the Corporation after the date of these amended Articles; (vii) increase or decrease the authorized size of the Corporation's Board of Directors; (viii) enter into a different line of business; (ix) amend or waive any provision of the Corporation's Bylaws or Articles of Incorporation; (x) redeem or repurchase any capital stock (other than pursuant to Section 3(b)(iii) of these Amended and Restated Articles); or (xi) incur any debt above \$400,000 in total, other than the financing with Municipal Leasing Credit Corporation to construct a new wastewater treatment plant facility in San Manuel, Arizona.

(vii) Status of Redeemed or Converted Shares. In the event any shares of Preferred Stock shall be redeemed or converted pursuant to Section (iii) or Section (iv) hereof, the shares so redeemed or converted shall be canceled and shall not be issuable by the Corporation. The Articles of Incorporation of the Corporation shall be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock.

(viii) Pre-emptive Rights. Subject to the protective provisions of the holders of the Series A Preferred set forth in Section 3(b)(vi) above, the holders of the Series A Preferred shall have pro rata pre-emptive rights with respect to all issuances of the Corporation's common stock or any securities exercisable or exchangeable for or convertible into Common Stock.

(c) Rights, Preferences, Privileges and Restrictions of Common Stock

The relative rights, preferences, privileges and restrictions granted to or imposed upon the Common Stock or the holders thereof are as follows:

(i) Dividends. Subject to the prior rights of holders of all classes of stock at the time outstanding having superior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the board of directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the board of directors.

(ii) Liquidation. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section 3(b)(ii) hereof.

(iii) Redemption. The Common Stock is not redeemable other than at the sole discretion of the Corporation, pursuant to the terms of a written plan or other agreement, subject to the approval of the holders of the Series A Preferred, as provided herein.

(iv) Voting. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law and these Amended and Restated Articles.

4. Known Place of Business (In Arizona). The street address of the known place of business of the Corporation is

In Arizona:

Coronado Utilities, Inc.
c/o CT Corporation System
3225 North Central Avenue
Phoenix, Arizona 85012

Executive/Principal Offices:

Coronado Utilities, Inc.
6825 E. Tennessee Avenue
Suite 401
Denver, Colorado 80224

5. Statutory Agent (In Arizona). The name and address of the statutory agent of the Corporation is:

CT Corporation System
3225 North Central Avenue
Phoenix, Arizona 85012

6. Board of Directors. The Board of Directors shall consist of four (4) directors. The Board shall meet at least quarterly, either in person or telephonically. The holders of a majority of the Series A Preferred shall have the right to designate one (1) member to the Board and the right to have their director representative sit on any committee of the Board. In addition,

the holders of a majority of the Series A Preferred shall have the right to designate one (1) additional representative to attend all Board meetings in a non-voting, participating observer capacity, who shall receive from the Corporation copies of all notices, minutes, consents and other material the Corporation provides to its directors.

7. Indemnification of Officers, Directors, Employees and Agents. To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, the Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law. No repeal, amendment or modification of this Article, whether direct or indirect, shall eliminate or reduce its effect with respect to any indemnifiable act or omission occurring prior to such repeal, amendment or modification.

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

EXHIBIT B

PURCHASE AGREEMENT

**CORONADO UTILITIES, INC.
SERIES A PREFERRED STOCK PURCHASE AGREEMENT**

This Series A Preferred Stock Purchase Agreement (this "*Agreement*") is made as of the _____ day of June, 2006, by and among Coronado Utilities, Inc., an Arizona corporation (the "*Company*") and BHP Copper Inc., a Delaware corporation (the "*Investor*").

RECITALS

WHEREAS, the Investor desires to purchase from the Company and the Company desires to sell and issue to the Investor, shares of the Company's Series A Preferred Stock;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

9. **Purchase and Sale of Stock**

9.1. **Sale and Issuance of Series A Preferred Stock**

(a) The Company shall adopt and file with the Arizona Corporation Commission on or before the Closing (as that term is defined in Section 9.2 below) the Amended and Restated Articles of Incorporation in the form attached hereto as Exhibit A (the "*Restated Articles*").

(b) On or prior to the Closing, the Company shall have authorized (i) the sale and issuance to the Investor of 250 shares of the Company's Series A Preferred Stock (the "*Series A Preferred*"), and (ii) the issuance of the shares of Common Stock to be issued upon conversion of the Series A Preferred (the "*Conversion Shares*"). The Series A Preferred and the Conversion Shares shall have the rights, preferences, privileges and restrictions set forth in the Restated Articles.

(c) Subject to the terms and conditions of this Agreement, the Investor agrees to purchase, and the Company agrees to sell and issue to the Investor, 250 shares of the Company's Series A Preferred for the purchase price of \$2,280.00 per share, being Five Hundred Seventy Thousand and No/100 Dollars (\$570,000.00) in the aggregate. Except as set forth herein, the Company shall not issue or sell any shares of Series A Preferred to any person or entity.

9.2. **Closing**

The purchase and sale of the Series A Preferred shall take place at the offices of Bryan Cave LLP, Two North Central Avenue, Suite 2200, Phoenix, Arizona at 10:00 a.m. on June 26, 2006, or at such other time and place as the Company and the Investor agree upon in writing. The time and place of such purchase and sale shall hereinafter be referred to as the "*Closing*". At the Closing, the

Company shall deliver to the Investor a certificate representing the Series A Preferred that the Investor is purchasing against payment of the purchase price therefor by wire transfer.

10. Representations and Warranties of the Company

The Company hereby represents and warrants to the Investor as follows:

10.1. Organization, Valid Existence and Qualifications

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona and, has all requisite corporate power and authority to (i) carry on its business as now conducted and as proposed to be conducted, (ii) own or lease and to operate its properties as and in the places where such business is conducted and such properties are owned, leased or operated, and (iii) enter into this Agreement and the transactions contemplated hereby. The Company is not qualified to transact business as a foreign corporation in any other jurisdiction and is not doing business in any other jurisdiction. The Company has furnished to the Investor a true and complete copy of the Articles of Incorporation and Bylaws of the Company, and any other documents or agreements entered into by the Company and defining the rights of its shareholders, each as amended through the date of this Agreement and currently in effect.

10.2. Capitalization

Immediately prior to the Closing, the capital structure of the Company is as follows:

(a) Common Stock. 2,000 shares of Common Stock (the "*Common Stock*") are authorized, of which 750 shares are issued and outstanding. Of the 2,000 authorized shares of Common Stock, the Company has reserved up to 780 shares of Common Stock for issuance upon conversion of the Series A Preferred pursuant to the terms and conditions regarding conversion of the Series A Preferred set forth in Section 3(b)(iv) of the Company's Amended and Restated Articles of Incorporation dated June __, 2006. No other shares of Common Stock are reserved for any purpose. A list of the holders of the *Common Stock* (including number of shares held) as of the date hereof is attached hereto as Schedule 10.2(a).

(b) Preferred Stock. 500 shares of Preferred Stock (the "*Preferred Stock*") are authorized, all which have been designated Series A Preferred, none of which are issued and outstanding prior to the Closing, and 250 shares of which will be issued to the Investor at the Closing. The rights, privileges and preferences of the Preferred Stock are as stated in the Restated Articles, this Agreement and the Investor's Rights Agreement.

(c) Other Rights to Acquire Stock. Except for the conversion privileges of the Series A Preferred there are no options, warrants, conversion privileges, preemptive rights, subscription or other rights (or agreements for any such rights), commitments, arrangements or understandings of any kind obligating the Company to issue or sell any shares of capital stock of any class of the Company or any securities convertible into or exchangeable for any such shares. Except for the Restated Articles, this Agreement and the Investor's Rights Agreement, the Company is not a party or subject to any agreement or understanding, and, to the best of the Company's knowledge,

there is no agreement or understanding between any persons and/or entities, which affects or relates to the voting or giving of written consents with respect to any of the Company's capital stock.

(d) Issuance of Common Stock, Preferred Stock, Options and Warrants. All of the issued and outstanding shares of the Common Stock and, after giving effect to the Closing, the Series A Preferred, have been offered, issued and sold by the Company in compliance with applicable federal and state securities laws.

10.3. Subsidiaries

The Company does not presently own or control, directly or indirectly, any interest in any other corporation, association, partnership, limited liability company, joint venture or other business entity. The Company is not a participant in any joint venture, partnership, limited liability company or similar arrangement.

10.4. Authorization

All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement and the Investor's Rights Agreement (the Investor's Rights Agreement, together with any ancillary documents or instruments contemplated thereby or hereby, hereinafter referred to collectively as the "*Transaction Agreements*"), the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Series A Preferred being sold hereunder, and the Conversion Shares, has been taken or will be taken prior to the Closing, and this Agreement and the Transaction Agreements constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except (A) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (B) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (C) to the extent the indemnification provisions contained in the Investor's Rights Agreement may be limited by applicable federal or state securities laws.

10.5. Valid Issuance of Preferred and Common Stock

The Series A Preferred that is being purchased by the Investor hereunder, when delivered at Closing for the purchase price expressed herein, will be duly and validly issued, fully paid and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Transaction Agreements and under applicable state and federal securities laws. The Conversion Shares have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Articles, will be duly and validly issued, fully paid and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Transaction Agreements and under applicable state and federal securities laws. Subject in part to the truth and accuracy of the Investor's representations set forth in Section 11 of this Agreement, the offer, sale and issuance of the Series A Preferred as contemplated by this Agreement is exempt from the registration requirements of applicable state and federal securities laws, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

10.6. Governmental Consents

No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except for (i) the approval of the Arizona Corporation Commission, (ii) the filing of the Restated Articles with the Arizona Corporation Commission; and (iii) if applicable, the filing of notices of the sale of shares of Series A Preferred pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "*Securities Act*") and applicable state securities laws.

10.7. Litigation

There is no action, suit, proceeding, arbitration, mediation or other investigation or inquiry pending or, to the Company's knowledge, currently threatened against the Company. There are no verdicts, judgments, orders or decrees against the Company that might result either individually or in the aggregate, in any material adverse change in the Company's financial condition, business, operations or property, or any change in the current equity ownership of the Company nor is the Company aware that there is any basis for the foregoing. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

10.8. Compliance with Law and other Instruments

The Company is not in violation of any provision of its charter or bylaws, or in violation or default of any instrument, judgment, order, writ or decree to which it is a party or by which it is bound, or in violation of any provision of any federal or state statute, rule or regulation that is applicable to the Company. The execution, delivery and performance of this Agreement and the Transaction Agreements, and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or constitute, with or without the passage of time and giving of notice, either a default under any such provision of its charter or bylaws, or of any such instrument, judgment, order, writ or decree, or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or non-renewal of any material permit, license, authorization, or approval applicable to the Company, its business or operations or any of its assets or properties.

10.9. Related Party Transactions

All contracts, arrangements and agreements between the Company and any affiliate, employee, officer, director or stockholder of the Company are listed on Schedule 10.9. All contracts, agreements and arrangements set forth on Schedule 10.9 were entered into in good faith by the Company and contain fair and commercially reasonable terms and conditions. No employee, officer, director or stockholder of the Company (a "*Related Party*") or member of such Related Party's family or any domestic partner thereof is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as set forth on Schedule 10.9, to the Company's knowledge, no Related Party has any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company

has a business relationship, or any firm or corporation that competes with the Company, except that employees, officers, or directors of the Company and members of such Related Party's families or domestic partner thereof may own stock in an amount of less than ten percent (10%) of the outstanding stock in publicly traded companies that may compete with the Company. Except as set forth on Schedule 10.9, no Related Party or member of their family or any domestic partner thereof is directly or indirectly interested in any material contract with the Company.

10.10. Permits

Except as described on Schedule 10.10, the Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which would adversely affect the business, properties, prospects or financial condition of the Company, and the Company believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted. The Company is not in default under any of such franchises, permits, licenses or other similar authority.

10.11. Board Observation Rights

Except as provided to the Investor herein or in the Investor's Rights Agreement, the Company has not granted or agreed to grant any board observation rights to any person or entity.

10.12. Title to Property and Assets

The Company owns its property and assets free and clear of all mortgages, liens, loans and encumbrances, except such encumbrances and liens arising from the \$2,650,000 offering of Wastewater Revenue Bonds (the "*Wastewater Revenue Bonds*") and such other encumbrances and liens that are listed on Schedule 10.12. With respect to the property and assets it leases, all such leases are listed on Schedule 10.12; the Company is in compliance with such leases and, to the best of its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances.

10.13. Financial Statements

The Company has delivered to the Investor its unaudited financial statements, (consisting of a balance sheet and income statement as of June 15, 2006) (the "*Financial Statements*"), which have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The Financial Statements are (i) in accordance with the books and records of the Company, and (ii) fairly present the financial condition of the Company as of the date indicated therein, subject to normal year-end audit adjustments. Except as set forth in the Financial Statements, the Company has no material liabilities, contingent or otherwise (individually or in the aggregate), other than (i) liabilities incurred in the ordinary course of business after the date of the Financial Statements, and (ii) obligations under contracts and commitments incurred in the ordinary course of business after the date of the Financial Statements and not required under generally accepted accounting principles to be reflected in the Financial Statements and which, in both cases, are not, individually or in the aggregate, material to the financial condition, business, assets or operating results of the Company.

10.14. Financing

The Company is issuing the Wastewater Revenue Bonds to obtain funds to construct the Company's new wastewater treatment plant facility in San Manuel, Arizona. All material terms of the Wastewater Revenue Bonds financing have been disclosed to the Investor. Attached hereto as Schedule 10.14 are the final form of the Wastewater Revenue Bonds offering documents.

10.15. Brokers

The Company has not incurred, and will not incur in connection with the sale of shares of Series A Preferred to the Investor, any brokerage or finders' fees, or agents' commissions or any similar liabilities.

10.16. Disclosure

The Company has provided the Investor with all the information regarding the Company reasonably available to it that the Investor has requested for deciding whether to purchase the Series A Preferred to be sold to Investor hereunder. Without limiting the foregoing, the Company has provided true and complete copies of its Articles of Incorporation and Bylaws, each as currently in effect, its minute books, which contains minutes of all meetings of directors and stockholders and all actions by written consent without a meeting by the directors and stockholders since the date of incorporation and reflects all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes accurately in all material respects. Neither the representations and warranties contained in the Transaction Agreements, nor the written information prepared by the Company and furnished to the Investor (the "*Ancillary Documents*") contain any untrue statements of material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading, when taken as a whole, and in light of the circumstances under which they were made. The Company knows of no information or fact that has or would have a material adverse effect on the financial condition, business or prospects of the Company that has not been disclosed in writing to the Investor.

10.17. Changes

Since the date of the Financial Statements there has not been:

- (a) any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;
- (b) any damage, destruction or loss, whether or not covered by insurance, in an amount greater than \$25,000 affecting the assets, properties, financial condition, operating results, prospects or business of the Company (as such business is presently conducted and as it is proposed to be conducted);
- (c) any waiver or release by the Company of a valuable right or of a material debt or obligation in an amount greater than \$25,000 owed to it;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and that is not material to the assets, properties, financial condition, operating results or business of the Company (as such business is presently conducted and as it is proposed to be conducted);

(e) any material change or amendment to a material contract or arrangement by which the Company or any of its assets or properties is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director, agent, consultant, sales representative or stockholder, including, the payment by the Company of any bonus to any officer, director, employee, sales representative, agent, consultant or stockholder, or grant to any officer, director, employee, sales representative, agent, consultant or stockholder, or any other increase in compensation in any form;

(g) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable;

(h) any loans or guarantees made by the Company to or for the benefit of its employees, officers or directors, or any members of their families, for the purchase of the Company's securities;

(i) any declaration, setting aside or payment or other distribution in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(j) to the best of the Company's knowledge, any other event or condition of any character that might materially and adversely affect the assets, properties, financial condition, operating results, prospects or business of the Company (as such business is presently conducted and as it is proposed to be conducted);

(k) any amendment of the Company's Articles of Incorporation, Bylaws and other organizational documents except as expressly contemplated hereby;

(l) any change in any respect in the Company's accounting practices, policies or principles; or

(m) any agreement or commitment by the Company to do any of the things described in this Section 10.17.

10.18. Insurance

The Company has in full force and effect fire and casualty insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to replace any of its properties that might be damaged or destroyed.

10.19. Environmental and Safety Laws

The Company is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to the best of its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation. No Hazardous Materials (as defined below) are used or have been used, stored, or disposed of by the Company or, to the best of the Company's knowledge after reasonable investigation, by any other person or entity on any property owned, leased or used by the Company. For the purposes of the preceding sentence, "*Hazardous Materials*" shall mean (a) materials which are listed or otherwise defined as "hazardous" or "toxic" under any applicable local, state, federal and/or foreign laws and regulations that govern the existence and/or remedy of contamination on property, the protection of the environment from contamination, the control of hazardous wastes, or other activities involving hazardous substances, including building materials or (b) any petroleum products or nuclear materials.

10.20. Minute Books.

The minute books of the Company provided or made available to counsel for the Investor contain a complete summary of all meetings and actions by written consent of directors (and any committees of directors) and stockholders since the time of incorporation and reflect all transactions referred to in such minutes accurately in all material respects.

11. Representations and Warranties of the Investor

The Investor hereby represents and warrants to the Company that:

11.1. Authorization

The Investor has full power and authority to enter into this Agreement and the Transaction Agreements, and each such agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) to the extent the indemnification provisions contained in the Investor's Rights Agreement may be limited by applicable federal or state securities laws.

11.2. Purchase Entirely for Own Account

This Agreement is made with the Investor in reliance upon the Investor's representation to the Company, which by the Investor's execution of this Agreement the Investor hereby confirms, that the Series A Preferred to be received by the Investor and the Conversion Shares issuable upon conversion thereof (collectively, the "*Securities*") will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Investor further represents that the Investor does not have any contract, undertaking, agreement or arrangement with any person to

sell, transfer or grant participation rights to such person or to any third person, with respect to any of the Securities.

11.3. Disclosure of Information

The Investor believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities. The Investor further represents that it has had an opportunity to ask questions of and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit, modify or restrict in any respect the representations and warranties of the Company in Section 10 of this Agreement or the right of the Investor to rely thereon.

11.4. Investment Experience

The Investor acknowledges that it can bear the economic risk of its investment, including a total loss, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Investor also represents it has not been organized for the purpose of acquiring the Securities.

11.5. Accredited Investor

The Investor is an "*accredited investor*" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, as presently in effect.

11.6. Restricted Securities

The Investor understands that the Securities have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Investor's representations as expressed herein. The Investor understands that the Securities are characterized as "*restricted securities*" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Investor must hold the Securities indefinitely unless subsequently registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Other than as provided in the Investor's Rights Agreement, if at all, the Investor acknowledges that the Company has no obligation to register or qualify the Securities for resale. The Investor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities, and on requirements relating to the Company which are outside of the Investor's control, and which the Company, other than as contained in the Investor's Rights Agreement, is under no obligation to satisfy and may not be able to satisfy.

11.7. Further Limitations on Disposition

Without in any way limiting the representations set forth above, the Investor further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has

agreed in writing for the benefit of the Company to be bound by this Section 11 and the Investor's Rights Agreement, provided and to the extent this Section and such agreement are then applicable. Notwithstanding any provision of this Agreement or the Restated Articles, the Series A Preferred held by the Investor, and the rights of Series A Preferred holders with respect to the Series A Preferred, are freely transferable to any affiliate of the holders of the Series A Preferred and are not subject to any right of first refusal.

11.8. Legends

It is understood that the certificates evidencing the Securities may bear one or all of the following legends (or substantially similar legends):

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) Any legend required by the laws of any state or foreign jurisdiction, to the extent that such laws are applicable to the shares represented by the certificate so legended.

(c) Any legend required by the Transaction Agreements.

11.9. No Public Market

The Investor understands that no public market now exists for any securities issued by the Company, and that the Company has made no assurances that a public market for the securities will ever exist.

11.10. Restrictions and Covenants

The Investor acknowledges that the Securities are subject to the restrictions, including restrictions on the payment of dividends, pursuant to the Order of the Arizona Corporation Commission (Docket No. SW-04305A-06-028); Dec. No. 68752; docketed June 5, 2006) approving the issuance of the Securities. The Investor further understands that the Company, as the borrower, is participating in the offering of Wastewater Revenue Bonds by the Industrial Development Authority of the County of Pinal and that the Company is subject to the covenants contained in the various transaction documents relating to such offering.

12. Conditions to the Investor's Obligations at Closing

The obligations of the Investor at the Closing are subject to the fulfillment at or before the Closing of each of the following conditions, the waiver of which shall not be effective against the Investor unless consented thereto in writing:

12.1. Representations and Warranties

The representations and warranties of the Company contained in Section 10 shall be true and correct on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

12.2. Performance

The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before such Closing.

12.3. Compliance Certificate

The Company shall deliver to the Investor at the Closing a certificate signed by a duly authorized officer of the Company dated as of Closing stating on behalf of the Company that (i) the conditions specified in Sections 12.1 and 12.2 have been fulfilled, and (ii) there has been no material adverse change in the business, affairs, prospects, operations, properties, assets or condition of the Company since the date of the Financial Statements.

12.4. Officer's Certificate

The Company shall deliver to the Investor, in each case certified by a duly authorized officer as true and correct as of the Closing (i) a copy of the Company's Restated Articles and Bylaws, as then in effect and (ii) a copy of duly adopted resolutions of the Company's board of directors and stockholders authorizing the adoption and filing of the Restated Articles and the Company's execution, performance and delivery of this Agreement and the Transaction Agreements.

12.5. Authorizations, Approvals, Permits

All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be duly obtained and effective as of such Closing.

12.6. Investor's Rights Agreement

The Company and the Investor shall have entered into the Investor's Rights Agreement in substantially the form attached hereto as Exhibit B.

12.7. Restated Articles; Certificate of Good Standing

The Restated Articles shall have been filed with the Arizona Corporation Commission and the Company shall have delivered to the Investor evidence of such filing, satisfactory to the Investor. The Company shall have delivered to the Investor a good standing certificate for the Company, issued by the Arizona Corporation Commission.

12.8. Investor's Satisfaction

The Investor shall be satisfied with the results of its business, financial, accounting and legal due diligence investigation of the Company.

12.9. Arizona Corporation Commission Approval

The Company shall deliver to the Investor evidence, satisfactory to the Investor, that the Arizona Corporation Commission has issued written approval of the Company's issuance of Series A Preferred shares to the Investor as described herein.

12.10. Securities Exchange Commission and "Blue Sky" Requirements

If applicable, the Company shall deliver to the Investor evidence, satisfactory to the Investor, that the Company has filed, or has staged for filing substantially concurrently with the Closing, all filings necessary under securities laws, rules and regulations at the state or federal level in connection with the Company's issuance of Series A Preferred shares to the Investor hereunder.

13. Conditions of the Company's Obligations at the Closing

The obligations of the Company to the Investor are subject to the fulfillment on or by the Closing of each of the following conditions:

13.1. Representations and Warranties

The representations and warranties of the Investor contained in Section 11 shall be true and correct on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

13.2. Payment of Purchase Price

The Investor shall have delivered the purchase price specified in Section 9 hereof.

13.3. Qualifications

All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be duly obtained and effective as of the Closing.

13.4. Investor's Rights Agreement

The Company and the Investor shall have entered into the Investor's Rights Agreement in substantially the form attached hereto as Exhibit B.

14. Additional Covenants

14.1. Use of Proceeds

The proceeds received by the Company from the sale of Series A Preferred shall be used to fund construction of a new wastewater treatment facility in San Manuel, Arizona, and shall not be used for the repayment of any funded debt of the Company or for the repurchase or cancellation of securities held by any shareholder or other investor in the Company, or for a dividend or other distribution.

14.2. Restrictions on Alteration of Rights and Preferences of Series A Preferred

The rights, preferences and designations of the Series A Preferred, and the size of the Board of Directors (and the right of the Investor to designate one (1) member thereof, and the Investor's other rights with respect to the board as set forth in the Restated Articles), as set forth in the Restated Articles shall not, at any time, be diminished or modified without the written consent of the holders of at least a majority of the Series A Preferred.

15. Miscellaneous

15.1. Successors and Assigns

Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

15.2. Governing Law

This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed by and construed under the laws of the State of Arizona, as applied to agreements among Arizona residents entered into and to be performed entirely within Arizona without giving effect to principles of conflicts of law.

15.3. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.4. Titles and Subtitles

The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

15.5. Notices

Unless otherwise provided, any notice under this Agreement shall be given in writing and shall be deemed effectively delivered (a) upon personal delivery to the party to be notified; (b) upon confirmation of receipt by fax by the party to be notified, provided that notice is also sent pursuant to one of the other methods set forth in (a), (c) or (d); (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address indicated on the exhibits hereto, or at such other address as such party may designate by ten (10) days advance written notice to the other party given in the foregoing manner.

15.6. Legal Fees and Expenses

Except as set forth in this Section 15.6, each party to this Agreement shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement and the Transaction Agreements. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or the Transaction Agreements, including without limitation, an arbitration, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

15.7. Arbitration

Except for fraud, misrepresentation or securities fraud, any claims arising under this Agreement or the Transaction Agreements, shall be resolved in binding arbitration with a duly authorized representative of the American Arbitration Association ("AAA") in accordance with the provisions hereof and thereof. Either the Company or the Investor may submit the matter to binding arbitration before the AAA in the City of Phoenix, Arizona, which arbitration shall be final and binding on the parties and the exclusive method, absent agreement between the Company and the Investor(s), for purposes of determining the ability of the Company to satisfy such claim. All claims shall be settled by a single arbitrator appointed in accordance with the Commercial Arbitration Rules then in effect of the AAA (the "AAA Rules"). The arbitrator shall render a final decision pursuant to the AAA Rules within thirty (30) days after filing of the claim. The final decision of the arbitrator shall be furnished to the Investor and the Company in writing and shall constitute the conclusive determination of the issue in question binding upon the Investor and the Company, and shall not be contested by any of them. Such decision may be used in a court of law only for the purpose of seeking enforcement of the arbitrator's decision. The prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief that such party may be entitled. For purposes of this Agreement, the prevailing party shall be that party in whose favor final judgment is rendered or who substantially prevails, if both parties are awarded judgment. Notwithstanding this Section 15.7, a party may seek preliminary injunctive relief if, in its judgment, such action is necessary to avoid irreparable damage during the pendency of the arbitration procedures. Each of the parties acknowledges and agrees that a party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, each of the parties agrees that, without posting bond or other undertaking, a party will be entitled to an injunction or injunctions to

prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof.

15.8. Amendments and Waivers

Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities are convertible), each future holder of all such Securities, and the Company.

15.9. Severability

If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision or provisions were so excluded and shall be enforceable in accordance with its terms.

15.10. Entire Agreement

This Agreement (including the exhibits hereto) and the documents referred to herein constitute the full and entire understanding and agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants, except as specifically set forth herein or therein.

15.11. Survival of Warranties and Covenants

The representations and warranties and covenants of the Company and the Investor herein contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investor or the Company.

15.12. Further Assurances

At any time, and from time-to-time, each party will execute such additional instruments and take such action as may be reasonably requested by the other party to carry out the intent and purpose of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

CORONADO UTILITIES, INC.

By: _____

Name: _____

Title: _____

BHP COPPER INC.

By: _____

Name: _____

Title: _____

Exhibit A

Amended and Restated Articles of Incorporation

Exhibit B
Investor's Rights Agreement

Schedule 2.2(a)

List of Common Stockholders

<u>Name</u>	<u>Number of Common Shares</u>
Zemp Family, LLC	250 Common Shares
John Clingman	250 Common Shares
Jason Williamson	250 Common Shares
 <i>Total</i>	 750 Common Shares

Schedule 2.9
Affiliate Contracts

1. Management & Billing Contract with Pivotal Operations, LLC dated June __, 2006
2. Operations & Maintenance Contract with Pivotal Operations, LLC dated June __, 2006.
3. Fixed Price Contract for provisions of San Manuel WWTP with Santec Corporation dated June __, 2006.

The Company has supplied the Investor with the final executed copies of each of the above agreements.

Schedule 2.10

Permits, Licenses and Authority

1. ADEQ Aquifer Protection Permit. (The Company expects a Draft Permit by June 30, 2006 and a final Signed Permit by August 31, 2006.)
-

Schedule 2.12

Liens and Encumbrances; Leases

[Please Provide detail]

Schedule 2.14

Final form of offering documents for the Wastewater Revenue Bonds

[see attached]

EXHIBIT C

INVESTOR'S RIGHTS AGREEMENT

CORONADO UTILITIES, INC.

INVESTOR'S RIGHTS AGREEMENT

This Investor's Rights Agreement (this "*Agreement*") is made as of the ___ day of June, 2006, by and among Coronado Utilities, Inc., an Arizona corporation (the "*Company*") and BHP Copper Inc. (the "*Investor*"), a Delaware corporation.

RECITALS

WHEREAS, the Investor and the Company are parties to the Series A Preferred Stock Purchase Agreement of even date herewith (the "*Purchase Agreement*"), which provides that as a condition to the closing of the sale of the Series A Preferred Stock to Investor, this Agreement must be executed and delivered by the Investor and the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

16. **Covenants**

The Company hereby covenants to the Investor as follows:

16.1. **Delivery of Financial Statements**

The Company shall deliver to the Investor, and any transferee, in each case who holds twenty-five percent (25%) or more of the Series A Preferred Stock initially purchased by the Investor pursuant to the Purchase Agreement (or the Common Stock issued upon conversion thereof):

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, an unaudited income statement for such fiscal year, a balance sheet of the Company and statement of stockholder's equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail and prepared in accordance with U.S. generally accepted accounting principles ("*GAAP*") by a nationally or regionally recognized accounting firm;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and a balance sheet as of the

end of such fiscal quarter, each of the foregoing income statement, statement of cash flows and balance sheet also to set forth in comparative form the budgeted amounts for such period and the corresponding figures for the period in the prior fiscal year, to be in reasonable detail and prepared in accordance with GAAP by a nationally or regionally recognized accounting firm;

(c) as soon as practicable, but in any event at least thirty (30) days prior to the end of each fiscal year, an operating budget and business plan for the next fiscal year, prepared on an annual basis (including balance sheets, income statements and statements of cash flows for such year), which shall have been approved by the Company's Board of Directors. The Company shall also provide any supplemental or revised budgets, which shall have been approved by the Company's Board of Directors; and

(d) any information regarding the Company's business that is reasonably requested by the Investor or such transferee.

16.2. Books and Records

The Company shall maintain true and complete books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system or accounting established and administered in accordance with generally accepted accounting principles consistently applied, and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

16.3. Inspection

The Company shall permit the Investor, and any transferee, in each case who holds twenty-five percent (25%) or more of the Series A Preferred Stock initially purchased by the Investor pursuant to the Purchase Agreement (or the Common Stock issued upon conversion thereof) (except for a transferee reasonably deemed by the Company to be a direct competitor or an affiliate of a direct competitor of the Company), at any time upon reasonable notice to the Company, to visit, examine and inspect, with advisors if desired, the Company's properties, books of account and records and to discuss the Company's affairs, finances and accounts with its officers.

16.4. Termination of Covenants

The covenants set forth in Section 16 shall terminate and be of no further force or effect at such time as a majority of the outstanding Series A Preferred Holders vote to terminate such covenants.

16.5. Directors' and Observers' Expenses

This Agreement and the Purchase Agreement are entered into on the condition that the Company's Articles of Incorporation have been amended to provide that the Investor shall have the right to designate one member of the Company's Board of Directors, the size of such Board being limited to four (4) directors, and to designate one (1) additional representative to attend all Board meetings in a non-voting, participating observer capacity, who shall receive from the

Company copies of all notices, minutes, consents and other material the Company provides to its directors. The Company shall reimburse all Board Members and observers for documented, out-of-pocket expenses incurred in connection with their duties and attendance at Board meetings in an amount per person per annum not to exceed One Thousand and No/100 Dollars (\$1,000.00).

17. Miscellaneous

17.1. Legend

Each certificate evidencing any of the Shares shall bear a legend substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN INVESTOR'S RIGHTS AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, AND MAY NOT BE SOLD, TRANSFERRED OR ENCUMBERED EXCEPT IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SAID AGREEMENT, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY AND WILL BE FURNISHED TO THE HOLDER OF THIS CERTIFICATE UPON REQUEST AND WITHOUT CHARGE."

17.2. Successors and Assigns

Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

17.3. Governing Law

This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed by and construed under the laws of the State of Arizona, as applied to agreements among Arizona residents entered into and to be performed entirely within Arizona without giving effect to principles of conflicts of law.

17.4. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

17.5. Titles and Subtitles

The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

17.6. Notices

Unless otherwise provided, any notice under this Agreement shall be given in writing and shall be deemed effectively delivered (a) upon personal delivery to the party to be notified; (b) upon confirmation of receipt by fax by the party to be notified, provided that notice is also sent pursuant to one of the other methods set forth in (a), (c) or (d); (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight deliver and addressed as set forth in (d), or (d) three (3) days after deposit with the United States Postal Service, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address indicated for such party on Exhibit 17.6 hereto, or at such other address as such party may designate by ten (10) days advance written notice to the other party given in the foregoing manner.

17.7. Entire Agreement; Amendments and Waivers

This Agreement (including the exhibits hereto) and the documents referred to herein constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants, except as specifically set forth herein or therein. Any term of this Agreement (other than Sections 16.1, 16.2, 16.3 and 16.5) may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor. Sections 16.1, 16.2, 16.3 and 16.5 may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Investor. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company.

17.8. Severability

If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

17.9. Expenses

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

17.10. Arbitration

Any claims arising under this Agreement or the Transaction Agreements (as defined in the Purchase Agreement), shall be resolved in binding arbitration with a duly authorized representative of the American Arbitration Association ("AAA") in accordance with the provisions hereof and thereof. Either the Company or the Investor may submit the matter to binding arbitration before the AAA in the City of Phoenix, Arizona, which arbitration shall be

final and binding on the parties and the exclusive method, absent agreement between the Company and the Investor, for purposes of determining the ability of the Company to satisfy such claim. All claims shall be settled by a single arbitrator appointed in accordance with the Commercial Arbitration Rules then in effect of the AAA (the "AAA Rules"). The arbitrator shall render a final decision pursuant to the AAA Rules within thirty (30) days after filing of the claim.

The final decision of the arbitrator shall be furnished to the Investor and the Company in writing and shall constitute the conclusive determination of the issue in question binding upon the Investor and the Company, and shall not be contested by either of them. Such decision may be used in a court of law only for the purpose of seeking enforcement of the arbitrator's decision. The prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief that such party may be entitled. For purposes of this Agreement, the prevailing party shall be that party in whose favor final judgment is rendered or who substantially prevails, if both parties are awarded judgment. Notwithstanding this Section 17.10, a party may seek preliminary injunctive relief if, in its judgment, such action is necessary to avoid irreparable damage during the pendency of the arbitration procedures. Each of the parties acknowledges and agrees that a party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, each of the parties agrees that, without posting bond or other undertaking, a party will be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Investor's Rights Agreement as of the date first above written.

COMPANY:

CORONADO UTILITIES, INC.

By: _____

Name: _____

Title: _____

INVESTOR:

BHP COPPER INC.

By: _____

Name: _____

Title: _____

Exhibit 2.6

Addresses for Notices

Company: CORONADO UTILITIES, INC
c/o Pivotal Utility Mgmt.
6825 E. Tennessee Ave.
Suite 401
Denver, CO 80224
Attention: Jason Williamson
President
Phone: (303) 333-1250

Investor: BHP COPPER INC.
San Manuel Operations
200 S. Veterans Memorial Blvd.
San Manuel, Arizona 85631
Attention: Mr. Gerald Brunskill
Manager, Land and Business
Development
Phone: (520) 385-3241

EXHIBIT D
SPECIMEN STOCK CERTIFICATE

1808498

C-1

Certificate No. _____ For _____ Shares Issued to _____

Dated _____ Receipt acknowledged _____

Transferred from _____
No. Original Certificate | No. Original Shares | No. Of Shares Transferred

INCORPORATED UNDER THE LAWS OF
ARIZONA



CORONADO UTILITIES, INC.

The Corporation is authorized to issue 2,000 shares of Common Stock and 500 shares of Preferred Stock.

This certifies that

Series A Preferred _____

SPECIMEN _____

is the owner of _____

fully paid _____

and now available shares of the Capital Stock of the above named Corporation transferable only on the books of the Corporation by the holder thereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

WITNESSETH, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this _____ day of _____ 19__.

TREASURER / SECRETARY _____

PRESIDENT _____

32



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTTLE

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, Arizona 85004-2202
Attention: William A. Hicks, III, Esq.

DATE/TIME: 06/28/06 0956
FEE: \$36.00
PAGES: 22
FEE NUMBER: 2006-091442

Recorder's Use

**DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING**

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (as it may be amended and modified from time to time, the "Deed of Trust") is made as of June 1, 2006, by and among CORONADO UTILITIES, INC., an Arizona corporation, as trustor ("Trustor", also referred to as the "Company") whose mailing address is c/o Pivotal Utility Management, L.L.C., 6825 E. Tennessee Avenue, Suite 547, Denver, Colorado 80224, WELLS FARGO BANK, N.A., a national banking association, as trustee ("Trustee"), whose mailing address is c/o Corporate Trust Services, MAC S4101-22E, 22nd Floor, 100 West Washington Street, Phoenix, Arizona 85003 and THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL, an Arizona nonprofit corporation designated by law as a political subdivision of the State of Arizona, as beneficiary (the "Beneficiary", also referred to as the "Authority"), whose mailing address is c/o Ryley Carlock & Applewhite, One North Central Avenue, Suite 1200, Phoenix, Arizona 85004.

RECITALS

A. The Authority has issued and sold \$2,650,000 principal amount of its Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the "Series 2006 Bonds") pursuant to a Trust Indenture of even date herewith (the "Indenture"), between the Authority and the Trustee, to provide funds to enable the Authority to make a loan (the "Loan") to the Company pursuant to a Loan Agreement of even date herewith (the "Loan Agreement"), between the Authority and the Company, and the Authority may hereafter issue Additional Bonds (as defined in and provided for by the Indenture) to provide funds to enable the Authority to make additional loans to the Company (the Series 2006 Bonds and any Additional Bonds being herein referred to as the "Bonds").

B. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds, the Authority has by the Indenture assigned to the Trustee substantially all of the Authority's right, title and interest in and to the Loan Agreement.

C. As evidence of the Company's obligation to make loan payments pursuant to the Loan Agreement, the Company has executed and delivered to the Authority a Promissory Note

of even date herewith (the "Note") and the Authority has endorsed and assigned the Note to the Trustee.

D. The Company has made and entered into this Deed of Trust to secure the payments and performance of the obligations of the Company pursuant to the Loan Agreement and the Note.

E. The Authority has by the Indenture assigned to the Trustee its rights, title and interest as beneficiary pursuant to this Deed of Trust. Gallagher

AGREEMENT

For good and valuable consideration, including the indebtedness herein recited and the trust herein created, the receipt and sufficiency of which are hereby acknowledged, Trustor agrees for the benefit of Trustee and Beneficiary as follows:

1. SCHEDULE OF TERMS. Except as otherwise provided in this Deed of Trust, all terms defined in the Indenture shall have the meaning given to them in the Indenture when used in this Deed of Trust. The defined terms are denoted in the Indenture and in this Deed of Trust by initial capital letters.

2. DEFINITIONS. In this Deed of Trust, the following terms shall have the following meanings and all capitalized terms used in this Deed of Trust, not defined herein or as provided in Section 1 hereof, and used or defined in the Uniform Commercial Code shall have their respective meanings in the Uniform Commercial Code:

"Approvals and Permits" means each and all of the approvals, authorizations, bonds, consents, certificates, franchises, licenses, permits, registrations, qualifications, and other actions and rights granted by and filings with any Persons necessary, appropriate, or desirable for construction of Improvements or occupancy, operation, ownership, or use of the Trust Property.

"Commitment" means any and all obligations of Beneficiary from time to time to make the loan to the Company pursuant to the Loan Agreement, or to make other financial accommodation for the Company pursuant to the terms of any of the financing documents.

"Condemnation Proceeds" means all awards, judgments, settlements, and other proceeds of any Taking.

"Deed of Trust" means this Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Event of Default" has the meaning specified in the Loan Agreement.

"Governmental Authority" means any government, any court, and any agency, authority, body, bureau, department, or instrumentality of any government.

"Grants" means each and all of the grant in trust, the Assignment of Leases and Rents, and the grant of a Security Interest in Section 3 hereof.

"Impositions" means all of the following relating to any or all of the Trust Property: (i) real property taxes and assessments (general and special); (ii) personal property taxes; (iii) other taxes and assessments of any kind or nature that are assessed or imposed upon or in respect of the Trust Property or that may result in a Lien or Encumbrance upon any of the Trust Property.

"Improvements" means all buildings, structures, and other improvements and all additions or alterations thereto or replacements thereof, now or in the future located or being constructed on the Land.

"Indenture" means as defined in the Recitals.

"Land" means the real property described in Exhibit A hereto.

"Leases" mean, respectively, each and all leases, subleases, assignments of leases, licenses, concessions, and other agreements, arrangements, and understandings, whether written or oral, in effect now or in the future, as they may be amended, modified, extended, renewed, restated, and supplemented from time to time, that grant to any Person a possessory interest in, or the right to occupy or use, all or any part of the Trust Property and all guaranties of and security for the obligations of Trustors thereunder.

"Lien or Encumbrance" and "Liens and Encumbrances" mean, respectively, each and all of the following: (a) any lease or other right to use; (b) any assignment as security, conditional sale, grant in trust, lien, mortgage, pledge, security interest, title retention arrangement, other encumbrance, or other interest or right securing the payment of money or the performance of any other liability or obligation, whether voluntarily or involuntarily created and whether arising by agreement, document, or instrument, pursuant to any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; and (c) any option, right of first refusal, or other interest or right.

"Obligations" means:

(a) All indebtedness and obligations of Trustor pursuant to the Loan Agreement and the Note, including with respect to the Series 2006 Bonds, any Additional Bonds, any additional indebtedness or the other financing documents, including, without limitation, (i) all amounts now or hereafter advanced and outstanding with respect to the Loan, (ii) all interest, fees and charges now or hereafter existing with respect to the Loan, (iii) all other obligations, indebtedness and liabilities of Trustor to Beneficiary due or to become due, absolute or contingent, now or hereafter arising (A) with respect to the Loan, (B) with respect to indemnities pursuant to the Loan Agreement, the Note or this Deed of Trust, or (C) as a result of a breach of any covenant, representation or warranty pursuant to the Loan Agreement, the Note or other financing documents, (iv) all obligations of Trustor to reimburse or pay costs or expenses pursuant to the Loan Agreement or other financing documents, (v) all other amounts allocated to Trustor and for which Trustor is obligated pursuant to the Loan Agreement, the Note or other

financing documents and (vi) all other advances made by Beneficiary with respect to the Loan after an Event of Default pursuant to the Loan Agreement or other financing documents.

(b) Payment and performance of each other obligation of, and compliance with each term and condition applicable to, Trustor with respect to the Loan, the Loan Agreement, the Note, this Deed of Trust and the other financing documents.

(c) Payment and performance of all other obligations of Trustor to Beneficiary evidenced by the Note or other agreement, document, or instrument stating that the payment or performance thereof is secured by this Deed of Trust.

.For the benefit of Beneficiary only, compliance with and performance of any and all Requirements.

"Party" means each and all of Trustor and each other Person that from time to time is obligated to Beneficiary pursuant to any financing document or grants any property, interests in property, or rights to property to secure any or all Obligations.

"Permitted Encumbrances" means those exceptions specifically described on Schedule B to First American Title Insurance Company Title Insurance Policy No. NCS-122963-PHX1 related to the Land.

"Person" or words importing persons means firms, associations, corporations, companies, partnerships (including, without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Rents" means all present and future avails, fees, income, issues, profits, receipts, rents, revenues, royalties, and other benefits owing to or derived by Trustor directly or indirectly from, or relating to, any of the Trust Property (including, without limitation, all security deposits and advance rents and all amounts payable to Trustor pursuant to the Leases).

"Requirements" means any and all obligations, other terms and conditions, requirements, and restrictions in effect now or in the future by which Trustor or any or all of the Trust Property is bound and which are otherwise applicable to any or all of the Trust Property, construction of any Improvements, or occupancy, operation, ownership, or use of the Trust Property (including, without limitation, such obligations, other terms and conditions, restrictions, and requirements imposed by: (i) any law, ordinance, regulation, or rule (federal, state, or local); (ii) any Approvals and Permits; (iii) any prior encumbrances; (iv) any condition, covenant, restriction, easement, right-of-way, or reservation applicable to the Trust Property; (v) any insurance policies; (vi) any other agreement, document, or instrument to which Trustor is a party or by which Trustor or any or all Trust Property or the business or operations of Trustor is bound; or (vii) any judgment, order, or decree of any arbitrator, other private adjudicator, or Governmental Authority to which Trustor is a party or by which Trustor or any of the Trust Property is bound.

"Taking" means a taking of any or all of the Trust Property, any interest therein, or any right thereto for public or quasi-public use by the power of eminent domain, by condemnation

(including, without limitation, inverse condemnation), or by any event in lieu thereof and any damage to any of the Trust Property as the result of any taking of any other part of the Trust Property or any property in the vicinity of the Trust Property.

“Transfer” and “Transfers” mean, respectively, each and all of the following:

(a) Any or all of the Trust Property, or any interest or right of Trustor in or to any or all Trust Property is conveyed to, or becomes vested in, any Person, other than Trustee, Trustor, and Beneficiary, voluntarily or involuntarily (including, without limitation, as a result of the exercise of any rights of a member in Trustor to purchase any portion of the Trust Property), except for the disposition of any Equipment, Fixtures, and other tangible personal property that are worn out and are replaced by similar property of equal or greater value;

(b) The occurrence of any event that results in any option, right of first refusal, other right to acquire, or any other claim, interest, or right in, to, or against, any or all of the Trust Property being held by a Person other than Trustor, Trustee, or Beneficiary, whether occurring voluntarily or involuntarily and whether arising by agreement, pursuant to any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; or

(c) Trustor enters into any agreement the performance of which would result in a Transfer pursuant to clauses (a) through (b), inclusive, above, and the consummation of such agreement is not expressly conditional upon the prior written consent of Beneficiary in its absolute and sole discretion.

“Trust Property” means all right, title and interest of Trustor in and to the Land; the Improvements; the Leases; the Rents; all equipment and fixtures attached to, incorporated in, located in or on, or used in the occupation, operation, or use of the Land or the Improvements; all General Intangibles related to the Land, the Improvements, or such Equipment or Fixtures; all Approvals and Permits; all grazing and range rights relating or pertaining to the Land; all waters, water rights and powers (whether riparian, appropriative, or otherwise and whether or not appurtenant and whether groundwater or surface water) shares of stock and certificates evidencing the same; all irrigation water rights; all grandfathered groundwater rights; all ditches and ditch rights; all reservoirs and all reservoir rights; all gas, oil, minerals, coal, and other substances of any kind or character underlying the Land; all appendages, appurtenances, covenants, easements, hereditaments, liberties, privileges, rights of way, tenements, and other rights benefiting, or otherwise relating to the Land and/or the Improvements or any owner, occupier, or user thereof; and all books and records and all computer disks, computer tapes, and other record keeping media relating to any of the foregoing; all rights pursuant to any covenants, conditions and restrictions affecting the Land, all rights pursuant to any contracts and agreements related to the Land and the improvements thereof, or any portion thereof, and all Proceeds and Products of the foregoing.

“Uniform Commercial Code” means Title 47 of the Arizona Revised Statutes.

3. GRANTS.

3.1 Grant in Trust. Trustor irrevocably grants, transfers, conveys, and assigns to Trustee, in trust, WITH THE POWER OF SALE, for the benefit of Beneficiary to secure

payment and performance of the Obligations, all present and future right, title, interest, and claims of Trustor in and to the Trust Property.

3.2 Assignment of Leases and Rents. Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary all the Rents of the Trust Property, and hereby gives to and confers upon Beneficiary the right, power and authority to collect the Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all Rents and apply the same to the payment of the Obligations pursuant to the Loan Agreement. Trustor hereby authorizes and directs the lessees, tenants and occupants to make all payments pursuant to the Leases directly to Beneficiary upon written demand by Beneficiary, without further consent of Trustor; provided, however, that Trustor shall have the right to collect such Rents (but not more than one (1) year in advance unless the written approval of Beneficiary is first obtained), and to retain and enjoy same, so long as an Event of Default shall not have occurred hereunder or pursuant to the other financing documents. The assignment of the Rents of the Trust Property in this Section is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

3.3 Collection Upon an Event of Default. Upon the occurrence of an Event of Default, Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon the Land and take possession of the Trust Property, or any part thereof, and, with or without such entry or taking possession, in its own name sue for or otherwise collect the Rents (including, without limitation, those past due and unpaid) and apply the same, less costs and expenses of operation and collection (including, without limitation, attorneys' fees) to the payment of the Obligations pursuant to the Loan Agreement. The collection of such Rents, or the entering upon and taking possession of the Trust Property, or the application of the Rents as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Trustor also hereby authorizes Beneficiary upon such entry, at its option, to take over and assume the management, operation and maintenance of the Trust Property and to perform all acts pursuant to the Loan Agreement that Beneficiary deems necessary and proper and to expend such sums out of Rents as may be needed in connection therewith, in the same manner and to the same extent as Trustor theretofore could do (including, without limitation, the right to enter into new Leases, to cancel, surrender, alter or amend the terms of, and/or renew existing Leases, and/or to make concessions to tenants). Trustor hereby releases all claims of any kind or nature against Beneficiary arising out of such management, operation and maintenance, excepting the liability of Beneficiary to account as hereinafter set forth.

3.4 Application of Rents. Upon such entry, Beneficiary shall, after payment of all property charges and expenses (including, without limitation, reasonable compensation to such managing agent as it may select and employ) and after the accumulation of a reserve to meet requisite amounts, credit the net amount of the Rents received by it to the Obligations, but the manner of the application of such net income and which items shall be credited in accordance with the Loan Agreement. Beneficiary shall not be accountable for more monies than it actually receives from the Trust Property; nor shall it be liable for failure to collect Rents. Beneficiary

shall make reasonable efforts to collect Rents, reserving, however, within its own absolute and sole discretion, the right to determine the method of collection and the extent to which enforcement of collection of Rents shall be prosecuted and Beneficiary's judgment shall be deemed conclusive and reasonable.

3.5 Mortgagee in Possession. It is not the intention of the parties hereto that an entry by Beneficiary upon the Land pursuant to the terms of this instrument shall make Beneficiary a party in possession in contemplation of the law, except at the option of Beneficiary.

3.6 Indemnity. Trustor hereby agrees to indemnify and hold harmless Beneficiary for, from and against any and all losses, liabilities, obligations, claims, demands, damages, penalties, judgments, costs, and expenses, including legal fees and expenses, howsoever and by whomsoever asserted, arising out of or in any way connected with this assignment; and all such losses, liabilities, obligations, claims, demands, damages, penalties, judgments, costs and expenses shall be deemed added to the indebtedness secured hereby and shall be secured by any and all other instruments securing said indebtedness.

3.7 No Obligation to Perform. Nothing contained herein shall operate or be construed to obligate Beneficiary to perform any obligations of Trustor pursuant to any of the Leases (including, without limitation, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee pursuant to any such Lease shall have been joined as a party defendant in any action to foreclose and the estate of such lessee shall have been thereby terminated). Prior to actual entry into and taking possession of the Land by Beneficiary, this assignment shall not operate to place upon Beneficiary any responsibility for the operation, control, care, management or repair of the Trust Property or any portion thereof, and the execution of this assignment by Trustor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Trust Property is and shall be that of Trustor, prior to such actual entry and taking of possession.

3.8 Grant of Security Interest. Trustor grants to Beneficiary a security interest in all present and future right, title, interest, and claims of Trustor in and to any equipment and fixtures located at or on the Land, the Trustor's general intangibles, and all other personal property included in the Trust Property to secure payment and performance of the Obligations. This Deed of Trust is a security agreement and a financing statement for all purposes of the Uniform Commercial Code. Upon its recording in the real property records, this Deed of Trust shall be effective as a financing statement filed as a fixture filing.

3.9 Indemnification; Subrogation; Waiver of Offset.

A. If Beneficiary is made a party to any litigation concerning the Note, this Deed of Trust, any of the financing documents, the Trust Property or any part thereof or interest therein, or the occupancy of the Trust Property by Trustor, then Trustor shall indemnify, defend and hold Beneficiary harmless for, from and against all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment. Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary reasonable attorneys' fees and

expenses incurred by Beneficiary, whether or not an action is actually commenced against Trustor by reason of its breach.

B. Trustor waives any and all right to claim or recover against Beneficiary, its successors and assigns, their directors, officers, employees, agents and representatives, for loss of or damage to Trustor, the Trust Property, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by this Deed of Trust.

C. All sums payable by Trustor pursuant to this Deed of Trust shall be paid without notice (except for such notice as may be expressly required hereunder or pursuant to the other financing documents), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Property or any part thereof; (ii) any restriction or prevention of or interference by any Person (as defined below) with any use of the Trust Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim that Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms of the financing documents or of any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

4. TRUSTOR REPRESENTATIONS AND WARRANTIES. Trustor represents and warrants to Beneficiary as of the date of this Deed of Trust:

4.1 Ownership of Trust Property. Trustor is the legal and beneficial owner of the Trust Property and is seized of good and merchantable title in and to the Trust Property, subject only to Permitted Encumbrances.

4.2 Validity and Priority of Grants. The Grants (i) are legal, valid, binding, and enforceable, subject to bankruptcy, creditors' rights and other equitable remedies and (ii) are first priority, except as set forth in the Permitted Encumbrances. Upon completion of all filings and recordings required pursuant to applicable law, the Grant of the Security Interest herein shall be perfected.

5. TRUSTOR COVENANTS. Until any Commitment terminates in full and until the Obligations are paid and performed in full, Trustor agrees that, unless Beneficiary otherwise agrees in writing in Beneficiary's absolute and sole discretion:

5.1 Transfers; Liens and Encumbrances; Defense of Trustor's Title and of Grants. Trustor shall not and shall not suffer to occur any Transfer. Notwithstanding the foregoing, no provision of this Deed of Trust shall prohibit or otherwise limit any Transfer permitted, authorized or approved pursuant to the Loan Agreement. Except for the Permitted Encumbrances, Trustor shall not place and shall not suffer to exist any Lien or Encumbrance, regardless of whether junior or senior to this Deed of Trust.

5.2 Inspection and Verification. Beneficiary and such persons as Beneficiary may designate shall have the right, at any reasonable time from time to time, (i) to enter upon the Land and Improvements and any other premises at which Trust Property or any of the books and records included in Trust Property are located, (ii) to inspect the Trust Property (including, without limitation, conducting environmental assessments and testing and taking air, soil, and water samples) and such books and records, (iii) to make extracts and copies from such books and records, and (iv) to verify pursuant to reasonable procedures determined by Beneficiary the amount, condition, quality, quantity, status, validity, and value of, or any other matter relating to, the Trust Property (including, without limitation, in the case of Trust Property that is in the possession of a third Person, contacting the third Person for the purpose of making such verification). Trustor shall provide Beneficiary with access to the Trust Property, whether or not in the possession or under the control of Trustor. Trustor hereby authorizes all Persons that have possession of any of the Trust Property or any such books and records to furnish the Beneficiary with information about and from and access to such Trust Property and books and records. Beneficiary shall have the absolute right to share any information from any such inspection with any other Person holding an interest or participation in any of the Obligations.

5.3 Further Assurances. Trustor shall promptly execute, acknowledge, deliver, and permit to be duly filed and recorded all such additional agreements, documents, and instruments (including, without limitation, financing statements) and take all such other actions as Beneficiary or Trustee may reasonably request from time to time to better assure, preserve, and protect the Grants, the perfection of the Security Interest and the priority of the Grants.

5.4 Impositions and Utility and Services Charges.

A. Payment of Impositions and Utility and Services Charges. Trustor shall pay, prior to delinquency, all Impositions. Upon request by Beneficiary, Trustor shall deliver to Beneficiary within thirty (30) days after the date upon which any Imposition is due and payable by Trustor official receipts of the appropriate taxing authority or other payee, or other proof satisfactory to Beneficiary, evidencing payment. Trustor shall pay when due all utility and services charges relating to the Trust Property. If requested by Beneficiary in its absolute and sole discretion, Beneficiary will obtain and Trustor will pay for a tax reporting service.

B. Assessment. Trustor shall not initiate or suffer to occur or exist the joint assessment of any or all of the Trust Property with any other real property not included in the Trust Property or which is not otherwise encumbered by another deed of trust in favor of Beneficiary as security for the Obligations.

5.5 No Obligations and Limit of Liability of Beneficiary and Trustee. Beneficiary and Trustee do not assume and shall have no liability or obligation for any liabilities or

obligations of Trustor relating to the Trust Property. In exercising its rights and remedies in the financing documents and pursuant to applicable law, in performing any obligations to Trustor, and in acting or omitting to act in respect of the Trust Property and this Deed of Trust, Beneficiary and Trustee and their respective stockholders, directors, officers, employees, agents, and representatives shall have no liability or responsibility whatsoever (including, without limitation, any liability or obligation for any injury to the assets, business, operations, or property of Trustor), other than for each its respective gross negligence or willful misconduct only. In addition, Beneficiary and Trustee shall not be obligated to take any of the following actions, even if demanded by Trustor, (i) to sell or otherwise dispose of any Trust Property in the possession of Beneficiary or Trustee that is fluctuating in value, (ii) to make any inquiry as to the nature or sufficiency of any payment received by Beneficiary, (iii) to present or file any claim or notice, (iv) to enforce or preserve the rights of Trustor against any other Person, (v) to notify Trustor with respect to the payment or performance or non-payment or non-performance of any third Person obligations included in the Trust Property, (vi) to enforce the payment or performance by any third Person of obligations included in the Trust Property, or (vii) to notify Trustor of any other occurrence relating to the Trust Property or any obligor of the Trust Property.

5.6 Costs and Expenses of Performance of Trustor Covenants. Trustor will perform all Obligations at its sole cost and expense.

5.7 Actions by Beneficiary or Trustee; Power of Attorney.

A. If Trustor fails to pay or perform any of the Obligations of Trustor, Beneficiary and/or Trustee, each in its absolute and sole discretion, may pay or perform the same in such manner and to such extent as it determines necessary or appropriate in its absolute and sole discretion (i) without obligation so to do, (ii) without releasing Trustor from such Obligations, (iii) without affecting the failure to perform such Obligations as an Event of Default, and (iv) without demand or notice upon Trustor. The rights contained in this Section 5.7 are in addition to the rights described in Section 5.12.

B. Without limiting their general powers, whether conferred herein, in another financing document, or by law, upon an Event of Default or in exercising their rights pursuant to Section 5.7(A), Beneficiary and Trustee shall each acting alone have the right but not the obligation to take any or all actions (in its own name or in the name of Trustor at the risk of Trustor) that Beneficiary may determine (in its sole and absolute discretion) to defend, preserve and/or protect the rights, title and interests of Beneficiary and Trustee hereunder, which actions may include, without limitation, (i) entering upon the Land and the Improvements or any other premises where any Trust Property is located, to take possession of any or all Trust Property, to remove any or all Trust Property, to exclude therefrom Trustor and all others claiming under Trustor, and in this regard Trustor agrees and hereby authorizes any Person having possession of any or all Trust Property to grant Beneficiary access to such premises, to give Beneficiary possession of such Trust Property, and to permit Beneficiary to remove such Trust Property; (ii) maintaining, managing, operating, preserving, protecting, reclaiming, recovering, refurbishing, repairing, restoring, shipping, and storing the Trust Property; (iii) making additions, alterations, and improvements to the Trust Property to keep the Trust Property in good condition and repair and to facilitate lease, sale, or other disposition of the Trust Property; (iv) exercising

and enforcing the rights, remedies, and privileges of Trustor with respect to the Trust Property; (v) completing any Improvements in the process of construction or contemplated by or described in any related Loan Agreement between Trustor and Beneficiary; (vi) performing or causing compliance with the Requirements; (vii) obtaining and maintaining the Approvals and Permits; (viii) adjusting, compromising, defending, depositing a bond or giving security in connection with any claims related to the Trust Property, (ix) discharging, enforcing, making demands related to, paying or otherwise obtaining the discharge or release, prosecuting, releasing, settling, terminating, or waiving any rights, remedies and obligations of Trustor with respect to the Trust Property, any obligations of any Person included in the Trust Property, or any claim or legal proceeding by or against Trustor relating to any or all Trust Property (including, without limitation, claims pursuant to insurance policies, claims for any Taking, and claims against Trustor or the Trust Property that Beneficiary or Trustee believes to be valid, regardless of whether actually valid); (x) commencing, appearing and participating in, prosecuting, and terminating any legal proceeding relating to (A) the Trust Property, (B) any or all Grants, (C) the perfection or priority of any or all Grants, or (D) the rights or remedies of Trustee or Beneficiary pursuant to the financing documents or the law; and (xi) paying from the Beneficiary's or Trustee's own funds or from proceeds of advances of any unadvanced portion of any commitment, which advances Trustor hereby authorizes Beneficiary to make for account of Trustor, all costs, expenses, and fees (including, without limitation, attorneys' fees and costs of legal proceedings) related to any of the foregoing incurred by the Beneficiary and Trustee, which costs, expenses, and fees, if paid from the Beneficiary's or Trustee's own funds, Trustor agrees to pay to Beneficiary and Trustee within fifteen (15) days after a written demand therefor together with interest thereon at the Default Interest Rate from the date incurred until paid in full. Such interest shall accrue on the basis of a 360-day year and actual days elapsed.

C. Subject to any notice and cure rights set forth in this Deed of Trust or in any of the other financing documents, Trustor hereby appoints Beneficiary as Trustor's attorney-in-fact to perform Trustor's obligations pursuant to this Deed of Trust upon a failure by Trustor to do so and to take the other actions described in Section 5.7(B) as and when provided in such section. This appointment is coupled with an interest and is irrevocable. Any Person may rely conclusively upon an oral or written statement by Beneficiary that this appointment as attorney-in-fact remains in full force and effect and that the conditions for Beneficiary to exercise the powers granted herein are satisfied, and no confirmation by Trustor shall be required. Without limiting the generality of the foregoing, Beneficiary shall have the powers as attorney-in-fact to do the things described in Section 5.7(B) and Section 5.12 as and when provided in such sections.

D. Nothing in this Deed of Trust shall relieve Trustor of any of its obligations pursuant to this Deed of Trust or pursuant to any other agreement, document, or instrument or limit the rights and remedies of Trustee or Beneficiary.

5.8 Mortgagee in Possession. Any entry by Beneficiary upon the Trust Property, any collection by Beneficiary of the Rents, any appointment of a receiver, and any other actions by Beneficiary shall not make Beneficiary a party in possession in contemplation of the law, except at the option of Beneficiary.

5.9 Appointment of Successor Trustee. Beneficiary may, from time to time, by written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in the county in which the Trust Property is located and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder, and such successor(s) shall, without conveyance from the Trustee predecessor, succeed to all estate, obligations, powers, remedies, rights, and title of such predecessor.

5.10 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and without affecting the personal liability of any Person for any of the Obligations or any or all Grants, Trustee may (i) reconvey any part of the Trust Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any amendment, modification, extension, renewal, restatement, or supplement of or to this Deed of Trust or any agreement, document, or instrument subordinating any or all Grants. Trustee may, but shall be under no obligation to, appear in or defend any claim or legal proceeding purporting to affect the Trust Property, Trustor's or Trustee's right, title, or interest in the Trust Property, or any or all Grants or the priority of any or all Grants. Trustor agrees to pay Trustee's normal fees for any of the foregoing actions and for any such actions for which Trustee does not have established fees, all costs, expenses, and fees incurred by Trustee in taking such actions (including, without limitation, attorney's fees and costs of legal proceedings which may include the allocated cost of in-house counsel and staff).

5.11 Leases and Rents. The assignment of Leases and Rents in this Deed of Trust may be enforced by Beneficiary in its absolute and sole discretion. Beneficiary shall be accountable only for Rents for which it receives and is able to retain final payment. Any purchaser at a trustee's sale or foreclosure sale may, if it so elects in writing, be subrogated to and succeed to all the rights of Trustor pursuant to any or all Leases.

5.12 Permitted Encumbrances. Trustor agrees to perform all obligations and to comply with all terms and conditions in or relating to each Permitted Encumbrances. Trustor agrees to promptly notify Beneficiary in writing of any default by any party to any Permitted Encumbrances, of any condition or event that with notice, passage of time, or both would become such a default, and of any alleged such condition, default, or event and to deliver to Beneficiary copies of all notices, demands, complaints, or other communications received or given by Trustor with respect to any such actual or alleged condition, default, or event.

5.13 EVENTS OF DEFAULT. The occurrence of any Event of Default, as such term is defined in the Loan Agreement shall be deemed to be an "Event of Default" by the Trustor pursuant to this Deed of Trust.

6. RIGHTS AND REMEDIES OF BENEFICIARY AND TRUSTEE. Upon occurrence of an Event of Default, Beneficiary may, at its option, in its absolute and sole discretion and without demand or notice, do any or all of the following:

6.1 Acceleration of Obligations. Declare any or all Obligations to be immediately due and payable, whereupon such Obligations shall be immediately due and payable.

6.2 Possession of the Trust Property. Either in person or by agent, with or without bringing any action or legal proceeding, and without regard to the adequacy of its security, enter upon the Land and any other premises in which Trust Property is located, and take possession of all or part of the Trust Property, remove any or all Trust Property, exclude therefrom Trustor and all others claiming under Trustor, and take any or all actions described in Section 5.7 and Section 5.12. Upon request of Beneficiary, Trustor shall surrender possession of the Trust Property to Beneficiary or its agent.

6.3 Appointment of Receiver. As a matter of right and without notice to Trustor or anyone claiming under Trustor, without regard to the then value of the Trust Property or any other property, interests in property, or rights to property securing the Obligations, without regard to the solvency of Trustor, and without regard to any other matters normally taken into account by courts in the discretionary appointment of a receiver, Beneficiary shall be entitled to appointment of a receiver to take possession of any or all Trust Property. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and shall also have all the powers of Beneficiary set forth in Sections 5.7 and 5.12. It is the intention of Trustor that Beneficiary be entitled to appointment of a receiver with the foregoing powers upon occurrence of an Event of Default and application by Beneficiary therefor. Trustor hereby irrevocably consents to the appointment as receiver of such Person as is designated by Beneficiary, which Person may be an officer or employee of Beneficiary, and to the grant of the above referenced powers to such receiver. Trustor agrees that a receiver may be appointed without notice to Trustor whatsoever and hereby waives notice. Trustor waives any right to suggest or nominate any Person as receiver in opposition to the Person designated by Beneficiary.

6.4 Foreclosure of Deed of Trust as a Mortgage. Foreclose this Deed of Trust as a mortgage.

6.5 Power of Sale. Cause the Trustee to exercise of the power of sale herein in accordance with applicable law.

6.6 Personal Property.

A. Exercise any or all rights and remedies of a secured party pursuant to the Uniform Commercial Code as to personal property included in the Trust Property. As to such personal property, Beneficiary may elect to proceed pursuant to the Uniform Commercial Code or may proceed as to both real and personal property included in the Trust Property in accordance with its rights and remedies as to real property, as provided in Section 47-9501.D of the Uniform Commercial Code. In the event Beneficiary does not make such election and proceeds as to the personal property included in the Trust Property separately pursuant to the Uniform Commercial Code, Beneficiary shall have, among others, the following rights and remedies:

B. To give written notice to Trustor to hold all proceeds of such personal property in the form received as trustee for Beneficiary, in which event, Trustor shall hold such proceeds for Beneficiary in the form received by Trustor, assign or endorse such proceeds to Beneficiary in the form received by Trustor, and deliver such proceeds to Beneficiary for

application to the Obligations whether or not due in such order as Beneficiary shall determine in its absolute and sole discretion.

C. To exercise all other rights and remedies available to Beneficiary (including, without limitation, the rights and remedies provided in the Uniform Commercial Code). In this regard, Beneficiary may, among any other rights and remedies, lease, sell, or otherwise dispose of any or all personal property included in the Trust Property at public or private lease, sale, or other disposition for cash, upon credit, in exchange for other property, or for future delivery as Beneficiary shall determine appropriate. As to sale or other disposition of such personal property, except as to such personal property that is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market as to which no notice shall be required, Beneficiary will give Trustor reasonable notice of the time and place of any public lease, sale, or other disposition or of the time after which any private lease, sale, or other disposition is to be made. Trustor agrees that any such notice shall be sufficient if given at least fifteen (15) days prior to such lease, sale, or other disposition.

6.7 Beneficiary May Purchase at Foreclosure Sale, Trustee's Sale, or Uniform Commercial Code Sale. Beneficiary may be a purchaser at any foreclosure, trustee's, Uniform Commercial Code, or other sale of any or all of the Trust Property. Beneficiary may pay the purchase price at any sale by crediting the amount of the purchase price against the Obligations.

6.8 Other Rights and Remedies. Exercise any and all other rights and remedies of Beneficiary. All rights and remedies of Beneficiary shall be cumulative and non-exclusive and may be exercised concurrently or consecutively at the option of Beneficiary and in such order as Beneficiary shall determine in its absolute and sole discretion. Exercise of any right or remedy of Beneficiary will not preclude simultaneous or subsequent exercise of any other right or remedy. Delay in exercise or failure to exercise any right or remedy of Beneficiary shall not be a waiver thereof or of the right to exercise the same right or remedy on any subsequent occasion. No exercise by Beneficiary or Trustee of any right or remedy pursuant to this Deed of Trust, any other agreement, document, or instrument, or pursuant to law and no application to the Obligations of any Condemnation Proceeds, insurance proceeds, partial payment, Rents, or any other amount shall cure or waive any Event of Default or invalidate any act done in response to any Event of Default. No acceptance of any late payments shall be a waiver of the time of the essence provision.

7. APPLICATION OF PROCEEDS. After an Event of Default, all cash and checks included in Trust Property and all proceeds of Trust Property received by Beneficiary will be applied by Beneficiary to the Obligations, whether or not due, pursuant to the Loan Agreement. Any Trust Property remaining after payment of the Obligations in full will be paid in accordance with the Loan Agreement. Any Trust Property in the form of a check shall be credited against the Obligations only upon expiration of such period of time after receipt thereof by Beneficiary as Beneficiary determines is reasonably sufficient to allow for clearance or payment thereof. Any other Trust Property will be credited against the Obligations only upon conversion into cash and receipt of such cash by Beneficiary. Each such credit shall, however, be conditional upon final payment to Beneficiary of the item giving rise to such credit.

8. TRUSTOR WAIVER OF RIGHTS. Trustor hereby fully and completely waives, releases and relinquishes: (i) except to the extent required pursuant to any of the other financing documents, all notices to Trustor or to any other person, including but not limited to, notices of the acceptance of this Deed of Trust or the creation, renewal, extension, modification or accrual of any of the Obligations owed to Beneficiary and enforcement of any right or remedy with respect thereto, and notice of any other matters relating thereto; (ii) diligence and demand of payment, presentment, protest, dishonor and notice of dishonor; (iii) any statute of limitations affecting any Trustor's liability hereunder or the enforcement thereof; (iv) all defenses and claims based on principles of suretyship and/or guaranty; (v) any and all rights, benefits, and defenses pursuant to any statutes or rules now or hereafter in effect that purport to confer specific rights upon, or make specific defenses or procedures available to, guarantors or sureties; and (vi) any and all benefits of the law and rules of any jurisdiction that conflict with any provision of this Deed of Trust, including, but not limited to, all rights and defenses arising out of an election of remedies by Beneficiary. Trustor further waives, to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of any property, and (b) all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the Obligations and marshaling in the event of foreclosure of any lien.

9. STATEMENTS BY TRUSTOR. Trustor shall, within ten (10) days after written notice thereof from Beneficiary, deliver to Beneficiary a written statement confirming the unpaid amount of the Obligations and stating whether any claim, counterclaim, defense, or offset exists against the Obligations.

10. SUBROGATION. To the extent that proceeds of any Obligation secured by this Deed of Trust are used to pay any outstanding Lien or Encumbrance on the Trust Property, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and Liens and Encumbrances held by any owner or holder of such outstanding Lien or Encumbrance, irrespective of whether such Lien or Encumbrance is released.

11. ACCEPTANCE BY TRUSTEE. Trustee accepts the grant in trust herein when this Deed of Trust is duly executed, acknowledged, and recorded.

12. NOTICES. Except to the extent that telephonic notice by Beneficiary to Trustor may be permitted pursuant to the Loan Agreement, all demands or notices pursuant to this Deed of Trust will be in writing and mailed or delivered to the respective party hereto at the address specified on the first page of this Deed of Trust, or such other address as will have been specified in a written notice. Any demand or notice mailed will be mailed first-class mail, postage-prepaid, return-receipt-requested and will be effective upon the actual receipt by the addressee.

13. RECONVEYANCE BY TRUSTEE.

13.1 Obligations Performed in Full. Upon receipt of written notice by Beneficiary to Trustee that any Commitment has terminated and all Obligations have been paid and performed in full, Trustee will reconvey the then remainder of the Trust Property held by Trustee to "the persons legally entitled thereto". In addition, Trustee may, upon receipt of written notice from

Beneficiary and in accordance with the terms and conditions of the Loan Agreement, release any portion of the Trust Property from the lien of this Deed of Trust. Any release or conveyance pursuant to this Section shall be without warranty.

13.2 Release of Inadequate, Obsolete Items. Notwithstanding any other provision of this Section, in any instance where the Company in its sound discretion determines that any item of machinery or equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such item of equipment from the Trust Property and sell, trade in, exchange or otherwise dispose of the same (as a whole or in part) free of the lien and security interest created by this Deed of Trust without any responsibility or accountability to the Authority or the Beneficiary therefor, provided that the Company substitutes and installs anywhere in the Trust Property other items of machinery or equipment deemed necessary or useful and having equal or greater utility (but not necessarily having the same function) in the operation of the Trust Property and provided further such removal and substitution shall not impair operating utility.

13.3 Circumstances When Release Not Required. The provisions of this Section shall not be construed to (1) restrict the Company's rights pursuant to the Loan Agreement to make replacements, additions, alterations, changes, modifications and improvements to the Trust Property, to install and remove equipment free and clear of the lien and security interest created herein, to sell, lease or otherwise dispose of Property comprising the Trust Property free and clear of the lien and security interest created herein, or to merge, consolidate or sell or convey substantially all of the Trust Property free and clear of the lien and security interest created herein or to exercise any other of its rights with respect to the Trust Property pursuant to and in accordance with the provisions of the Loan Agreement, or (2) require, as a condition to the exercise of any such rights pursuant to the Loan Agreement, compliance with the provisions of this Section for release of any such Trust Property from this Deed of Trust pursuant to this Section.

14. GOVERNING LAW. This Deed of Trust shall be governed and interpreted in accordance with the laws of the State of Arizona. If any provision of this Deed of Trust shall be held to be illegal, invalid or unenforceable for any reason pursuant to present or future laws effective during the term of this Deed of Trust, such provision shall be fully severable. This Deed of Trust shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Deed of Trust; and the remaining provisions of this Deed of Trust shall remain in full force and effect, and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Deed of Trust. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Deed of Trust a provision as similar in terms to such severed illegal, invalid, or unenforceable provision as may be possible and legal, valid and enforceable.

15. PROVISIONS IN OTHER FINANCING DOCUMENTS GOVERN THIS DEED OF TRUST. This Deed of Trust is subject to certain terms and provisions in the other financing documents, to which reference is made for a statement of such terms and provisions.

16. CONSTRUCTION DEED OF TRUST. If this is a construction deed of trust, it is entitled to the priorities of Section 47-9313.F of the Uniform Commercial Code.

17. LOAN AGREEMENT CONTROLS. In the event of any inconsistency between the terms of this Deed of Trust and the Loan Agreement, the terms of the Loan Agreement shall govern.

18. CHANGE, DISCHARGE, TERMINATION, OR WAIVER. No provision of this Deed of Trust may be changed, discharged, terminated, or waived except in a writing signed by the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of Beneficiary to exercise and no delay by Beneficiary in exercising any right or remedy pursuant to the financing documents or pursuant to the law shall operate as a waiver thereof.

19. ATTORNEYS' FEES. If any or all of the Obligations are not paid when due or if an Event of Default occurs, Trustor agrees to pay all costs of enforcement and collection and preparation therefore (including, without limitation, reasonable attorney's fees) whether or not any action or proceeding is brought (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level)), together with interest therein from the date of demand at the Default Rate.

20. BINDING EFFECT. The financing documents will be binding upon, and inure to the benefit of, Trustor, Trustee and Beneficiary and their respective successors and assigns. Trustor may not delegate its obligations pursuant to the financing documents.

21. TIME OF THE ESSENCE. Time is of the essence with regard to the each provision of the financing documents as to which time is a factor.

22. APPLICATION OF FUNDS. Notwithstanding any provision to the contrary herein, all gross revenues, insurance benefits, condemnation awards or any other revenue received by Trustor as a result of the Trust Property shall be applied and used in accordance with the Loan Agreement.

23. INDEMNIFICATION; HOLD HARMLESS.

23.1 Trustor hereby indemnifies and holds Beneficiary, Trustee, holders and their successors and assigns harmless from all liability, damage or expense incurred by Beneficiary or from any claims whatsoever hereunder or pursuant to the Leases, including, without limitation, any claims with respect to Rents paid directly to Beneficiary, Trustee, the holders and their successors and assigns and claims by tenants for security deposits; provided that such liability, damage or expense shall not have been caused by the gross negligence or willful misconduct of Beneficiary, Trustee, the holders and their successors and assigns. All amounts indemnified against hereunder, including attorneys' fees and expenses, if paid by Beneficiary, Trustee, the holders and their successors and assigns shall bear interest from the date of any such payment at the Default Rate and shall be payable by trustor immediately without demand and shall be secured hereby.

23.2 Except for gross negligence or willful misconduct, Beneficiary shall not be liable for any act or omission or error of judgment. Beneficiary may rely on any document believed by Beneficiary in good faith to be genuine. All money received by beneficiary shall, until used or applied as herein provided or as provided in the Loan Agreement, be held in trust, but need not

be segregated (except to the extent required by law), and Beneficiary shall not be liable for interest thereon. Trustor hereby indemnifies beneficiary against all liability and expenses that Beneficiary may incur in the performance of its duties hereunder except for liability and expenses resulting from the gross negligence or willful misconduct of the Beneficiary.

23.3 Regardless of whether any site assessments are conducted hereunder, Trustor shall defend, indemnify and hold harmless Beneficiary, Trustee and the holders from any and all liabilities (including strict liability), actions, demands, penalties, losses, costs or expenses (including without limitation, attorneys' fees and expenses, and remedial costs), suits, costs of any settlement or judgment and claims of any and every kind whatsoever that may now or in the future (whether before or after the release of this Deed of Trust) be paid, incurred or suffered by or asserted against Beneficiary, the Trustee, or the holders by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Land or in the groundwater beneath the Land, of any hazardous materials or any hazardous materials contamination or arsenic contamination, or arise out of or result from the environmental condition of the Land or the applicability of any governmental requirements relating to hazardous materials (including, without limitation, cercla or any federal, state or local so-called "superfund" or "superlien" law, statute, law, ordinance, code, rule, regulation, order or decree), or resulting from a court order, judicial decree or other form of action by any Governmental Authority requiring the investigation, monitoring or remediation of specific groundwater contamination beneath the Land or arsenic contamination on or beneath the Land, regardless of whether or not caused by or within the control of Trustor or Beneficiary. The representations, covenants, warranties and indemnifications contained in this Section shall survive the release of this Deed of Trust.

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EXHIBIT A

Legal Description

PARCEL NO. 1:

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 9 SOUTH, RANGE 17 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28;

THENCE NORTH 52 DEGREES 59 MINUTES 37 SECONDS EAST FOR A DISTANCE OF 1280.96 FEET TO A POINT;

THENCE NORTH 57 DEGREES 29 MINUTES 40 SECONDS EAST FOR A DISTANCE OF 272.14 FEET TO A POINT;

THENCE NORTH 34 DEGREES 56 MINUTES 36 SECONDS WEST FOR A DISTANCE OF 71.30 FEET TO THE POINT OF BEGINNING OF THE LAND TO BE DESCRIBED;

THENCE NORTH 34 DEGREES 56 MINUTES 36 SECONDS WEST FOR A DISTANCE OF 721.58 FEET TO A FENCE CORNER;

THENCE SOUTH 56 DEGREES 40 MINUTES 25 SECONDS WEST FOR A DISTANCE OF 162.85 FEET TO A FENCE CORNER;

THENCE NORTH 43 DEGREES 17 MINUTES 57 SECONDS WEST FOR A DISTANCE OF 492.68 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 54 DEGREES 59 MINUTES 48 SECONDS EAST FOR A DISTANCE OF 930.19 FEET TO A FENCE CORNER;

THENCE NORTH 70 DEGREES 19 MINUTES 33 SECONDS EAST FOR A DISTANCE OF 359.58 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 31 DEGREES 08 MINUTES 24 SECONDS EAST FOR A DISTANCE OF 817.73 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 00 DEGREES 27 MINUTES 52 SECONDS EAST FOR A DISTANCE OF 491.92 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 57 DEGREES 29 MINUTES 40 SECONDS WEST FOR A DISTANCE OF 682.12 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 56 DEGREES 22 MINUTES 51 SECONDS WEST FOR A DISTANCE OF 77.91 FEET TO THE POINT OF BEGINNING;

EXCEPT THE OIL AND GAS AS RESERVED TO THE UNITED STATES.

PARCEL NO. 2:

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 9 SOUTH, RANGE 17 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28;

THENCE NORTH 55 DEGREES 18 MINUTES 39 SECONDS EAST FOR A DISTANCE OF 2638.18 FEET TO THE POINT OF BEGINNING OF THE LAND TO BE DESCRIBED;

THENCE NORTH 28 DEGREES 29 MINUTES 25 SECONDS WEST FOR A DISTANCE OF 1112.39 FEET TO THE PC OF A CURVE BEING A SET ONE-HALF INCH REBAR;

THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 502.16 FEET AND AN ARC LENGTH OF 102.53 FEET, BEING SUBTENDED BY A CHORD OF NORTH 34 DEGREES 20 MINUTES 28 SECONDS WEST FOR A DISTANCE OF 102.35 FEET TO THE PT OF A CURVE BEING A SET ONE-HALF INCH REBAR;

THENCE NORTH 43 DEGREES 47 MINUTES 47 SECONDS EAST FOR A DISTANCE OF 643.53 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 54 DEGREES 59 MINUTES 48 SECONDS EAST FOR A DISTANCE OF 16.88 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 11 DEGREES 22 MINUTES 05 SECONDS WEST FOR A DISTANCE OF 162.93 FEET TO THE CORNER OF A CHAINLINK FENCE;

THENCE NORTH 55 DEGREES 50 MINUTES 36 SECONDS EAST FOR A DISTANCE OF 870.90 FEET TO THE CORNER OF A CHAINLINK FENCE;

First American Title Insurance Company

\$2,650,000
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL
WASTEWATER REVENUE BONDS
(SAN MANUEL FACILITY PROJECT)
SERIES 2006

BOND PURCHASE AGREEMENT

June 23, 2006

The Industrial Development Authority
of the County of Pinal
Florence, Arizona

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants contained in this Bond Purchase Agreement (which includes the Letter of Representation of Coronado Utilities, Inc. (the "Company") attached hereto as Exhibit A) and upon the terms and conditions contained herein, the undersigned, RBC Dain Rauscher Inc., doing business as RBC Capital Markets (the "Underwriter"), hereby offers to enter into the following agreement with The Industrial Development Authority of the County of Pinal (the "Authority") for the sale and purchase of the bonds described above. Upon written acceptance of this offer by the Authority, this Bond Purchase Agreement will be binding upon the Authority and the Underwriter. This offer is made subject to the Authority's written acceptance before 11:59 p.m., M.S.T., on June 23, 2006, and, if not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to the Authority's acceptance. Terms not otherwise defined in this Bond Purchase Agreement will have the meanings set forth in the Limited Offering Memorandum.

The Authority's Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the "Series 2006 Bonds") shall be as described in, and shall be executed and delivered pursuant to a resolution adopted by the Board of Directors of the Authority on May 10, 2006 (the "Resolution") and the provisions of a Trust Indenture, dated as of June 1, 2006 (the "Indenture"), between the Authority and Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Authority will loan the proceeds from the sale of the Series 2006 Bonds to the Company pursuant to a Loan Agreement, dated as of June 1, 2006 (the "Loan Agreement"), between the Authority and the Company to finance the Project. The payments made by the Company pursuant to the Loan Agreement will be used to pay the principal of, premium, if any, and interest on the Series 2006 Bonds. To evidence its payment obligations pursuant to the Loan Agreement, the Company will execute and deliver to the Authority its Promissory Note (the "Note"). The Company's obligations pursuant to the Loan Agreement will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as

of June 1, 2006 (the "Deed of Trust"), from the Company, as trustor, to the Trustee, as trustee, for the benefit of the Trustee, as beneficiary. The proceeds from the sale of the Series 2006 Bonds will be used to pay the costs of acquiring the Project, funding a debt service reserve fund and paying the costs of issuance of the Series 2006 Bonds.

The Series 2006 Bonds will be offered by means of the Preliminary Limited Offering Memorandum, dated June 13, 2006, as supplemented by the Supplement to the Preliminary Limited Offering Memorandum, dated June 22, 2006 (together, and including the cover page and all appendices, the "Preliminary Limited Offering Memorandum") and the final Limited Offering Memorandum, dated the date of this Bond Purchase Agreement (including the cover page and all appendices, the "Limited Offering Memorandum"). The Authority and the Company will execute and deliver a tax certificate and agreement regarding Federal tax matters (the "Tax Certificate") regarding exclusion of interest on the Series 2006 Bonds from gross income for income tax purposes.

This Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Certificate, the Series 2006 Bonds and related documents are collectively referred to as the "Authority Documents."

The Letter of Representation (in the form set forth as Exhibit A hereto), the Loan Agreement, the Note, the Tax Certificate, the Deed of Trust and related documents are collectively referred to as the "Company Documents."

1. Purchase and Sale of the Series 2006 Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase, and the Authority hereby agrees to cause to be sold and delivered to the Underwriter, all, but not less than all, of the Series 2006 Bonds. Inasmuch as this purchase and sale represents a negotiated transaction, the Authority understands, and hereby confirms, that the Underwriter is not acting as a fiduciary or agent of the Authority but rather is acting solely in its capacity as an Underwriter for its own account.

(b) The principal amount of the Series 2006 Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule I hereto.

(c) The purchase price for the Series 2006 Bonds shall be \$2,752,793.50 (the "Purchase Price"). The Purchase Price represents:

Par Amount of Bonds	\$2,650,000.00
Plus Reoffering Premium	155,793.50
(Less Underwriter's Discount)	(53,000.00)
Purchase Price	<u>\$2,752,793.50</u>

2. Offering of the Series 2006 Bonds by the Underwriter.

(a) The Underwriter intends to offer the Series 2006 Bonds on a limited basis only, involving no general solicitation, and only to "institutional investors" as defined in Rule 501(a)(1) of Regulation D promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act") or to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act, in compliance with the Securities Act, applicable state securities laws, and the rules and regulations thereunder. Each initial purchaser of the Series 2006 Bonds will be required to execute an Investor Letter in substantially the form attached as Exhibit B hereto.

The Underwriter agrees that it shall not offer any Series 2006 Bonds in any manner that would cause the issuance and sale of the Series 2006 Bonds to violate the Securities Act or, assuming compliance with the terms and conditions of this Bond Purchase Agreement, any state securities or "Blue Sky" laws or require registration pursuant thereto, nor has it authorized, nor will it authorize, any person to act in such manner.

(b) The Underwriter intends to offer the Series 2006 Bonds at the offering prices or yields set forth in Schedule I, and based upon those initial offering prices or yields, the Underwriter would receive compensation of \$53,000.00.

3. Exemption from Disclosure Rule. The Series 2006 Bonds will be issued in the initial authorized denominations of \$500,000 each, except that one Series 2006 Bond will be in the initial denomination of \$150,000, and will be sold to no more than 35 investors, each of whom the Underwriter reasonably believes: (i) by reason of the investor's business or financial experience, is capable of evaluating the merits and risks of an investment in the Series 2006 Bonds and (ii) is acquiring the Series 2006 Bonds for its own account, for investment only and not with a view toward the resale or distribution thereof. Accordingly Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934 (the "Disclosure Rule") is not applicable to the primary offering of the Series 2006 Bonds.

4. The Limited Offering Memorandum.

(a) The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the offering, sale and distribution of the Series 2006 Bonds. The Authority consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the offering of the Series 2006 Bonds.

(b) The Authority hereby authorizes the Limited Offering Memorandum and the information therein to be used by the Underwriter in connection with the offering and the sale of the Series 2006 Bonds. The Authority shall provide, or cause to be provided, to the Underwriter as soon as practicable after the Authority's acceptance of this Bond Purchase Agreement (but, in any event, not later than seven (7) business days after the Authority's acceptance of this Bond Purchase Agreement and in sufficient time to accompany any confirmation that requests payment from any investor) copies of the Limited Offering Memorandum which are complete as of the date of delivery to the Underwriter in such quantity as the Underwriter shall request.

(c) If, after the date of this Bond Purchase Agreement to and including the Closing date the Authority becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Authority will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter or the Authority, such fact or event requires a supplement or amendment to the Limited Offering Memorandum, the Authority will forthwith prepare and furnish, at the Authority's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Limited Offering Memorandum so that the statements in the Limited Offering Memorandum as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Limited Offering Memorandum will comply with law. If such notification shall be subsequent to the Closing, the Authority shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum.

5. Representations, Warranties, and Covenants of the Authority. The undersigned on behalf of the Authority, but not individually, hereby represents and warrants to and covenants with the Underwriter that:

(a) The Authority is a nonprofit corporation duly created, organized and existing pursuant to the laws of the State of Arizona (the "State") and has full legal right, power and authority, and on the Closing date will have full legal right, power and authority (i) adopt the Resolution, (ii) to enter into, execute and deliver the Authority Documents, (iii) to cause the sale, issuance and delivery of the Series 2006 Bonds to the Underwriter as provided herein, and (iv) to carry out and consummate the transactions contemplated by the Resolution, the Authority Documents and the Limited Offering Memorandum, and the Authority has complied, and will at the Closing be in compliance in all material respects, with the terms of the Authority Documents;

(b) The Authority has duly authorized all necessary action to be taken by it for (i) the execution and delivery of the Authority Documents and the execution, delivery and sale of the Series 2006 Bonds, (ii) the approval, execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Series 2006 Bonds and the Authority Documents and (iii) the consummation by it of all other transactions contemplated by the Authority Documents and the Limited Offering Memorandum, and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Authority in order to carry out, give effect to, and consummate the transactions contemplated by the Authority Documents and the Limited Offering Memorandum;

(c) The Authority Documents constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Series 2006 Bonds, when issued, delivered

and paid for in accordance with the Indenture and this Bond Purchase Agreement, will constitute legal, valid and binding obligations entitled to the benefits of the Indenture and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(d) The Authority is not in breach of or default in any material respect pursuant to any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Authority pursuant to any of the foregoing; and the execution and delivery of the Series 2006 Bonds and the Authority Documents and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or material default pursuant to any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority to be pledged to secure the Series 2006 Bonds or pursuant to the terms of any such law, regulation or instrument, except as provided by the Series 2006 Bonds, the Authority Documents and the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Authority of its obligations pursuant to the Authority Documents and the Series 2006 Bonds have been duly obtained, except for such approvals, consents and orders as may be required pursuant to the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Series 2006 Bonds;

(f) The Series 2006 Bonds conform to the descriptions thereof contained in the Limited Offering Memorandum under the caption "THE SERIES 2006 BONDS" and the proceeds of the sale of the Series 2006 Bonds will be applied generally as described in the Limited Offering Memorandum under the captions "THE PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

(g) There is no litigation, action, suit, proceeding, referendum, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2006 Bonds or the collection of loan payments promised for the payment of principal of and interest on the Series 2006 Bonds pursuant to the Loan Agreement or in any way contesting or affecting the validity or

enforceability of the Series 2006 Bonds or the Authority Documents, or contesting the exclusion from gross income of interest on the Series 2006 Bonds for Federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or any supplement or amendment thereto, or contesting the powers of the Authority or any authority for the issuance of the Series 2006 Bonds, the execution and delivery of the other Authority Documents, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2006 Bonds or the Authority Documents;

(h) As of the date thereof, the Preliminary Limited Offering Memorandum as it relates to the Authority did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Authority's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (c) of Section 4 of this Bond Purchase Agreement) at all times subsequent thereto during the period up to and including the Closing date, the Limited Offering Memorandum as it relates to the Authority does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (c) of Section 4 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Limited Offering Memorandum as so supplemented or amended as it relates to the Authority will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Authority will apply, or cause to be applied, the proceeds from the sale of the Series 2006 Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for Federal income tax purposes or State income tax purposes of the interest on the Series 2006 Bonds;

(l) The Authority will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to qualify the Series 2006 Bonds for offer and sale pursuant to the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and determine the eligibility of the Series 2006 Bonds for investment pursuant to the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Series 2006 Bonds (provided, however, that the Authority will not be required to qualify as a foreign corporation or to file any general or special consents to service of process pursuant to the laws of any jurisdiction) and will advise the

Underwriter immediately of receipt by the Authority of any notification with respect to the suspension of the qualification of the Series 2006 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The Authority has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Authority that are not described in the Limited Offering Memorandum, whether or not arising from transactions in the ordinary course of business, and prior to the Closing there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Authority, and the Authority is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Authority, would have a materially adverse effect on the financial condition of the Authority;

(n) The Authority has fully submitted to the Arizona Department of Revenue the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Authority pursuant to Section 35-501(B) of the Arizona Revised Statutes and will file the information relating to the Series 2006 Bonds required to be submitted to the Arizona Department of Revenue pursuant thereto within sixty (60) days of the date of Closing;

(o) The Authority shall execute and deliver prior to the Closing, and in time for the Closing to occur at the specified time, the documents required to cause the Series 2006 Bonds to be eligible for deposit with DTC (as defined herein) or other securities depositories;

(p) The Authority is in compliance with all continuing disclosure undertakings pursuant to the Disclosure Rule;

(q) Prior to the Closing the Authority will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Series 2006 Bonds without the prior approval of the Underwriter, which approval will not be withheld unreasonably; and

(r) Any certificate signed by any official of the Authority authorized to do so in connection with the transactions contemplated by this Bond Purchase Agreement shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

6. Closing.

(a) At 8:00 a.m. M.S.T., on June 28, 2006, or at such other time and date as shall have been mutually agreed upon by the Authority, the Company and the Underwriter (the "Closing"), the Authority will, subject to the terms and conditions hereof, cause the Series 2006 Bonds to be delivered to the Underwriter in the aggregate principal amount of each such maturity duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Series 2006 Bonds as set forth in Section 1 of this Bond Purchase

Agreement by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Authority. The Closing shall take place at the offices of Bond Counsel, or such other place as shall have been mutually agreed upon by the Authority, the Company and the Underwriter.

(b) Delivery of the Series 2006 Bonds shall be made through the facilities of The Depository Trust Company ("DTC"), New York, New York. The Series 2006 Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one certificate for each maturity of the Series 2006 Bonds, registered in the name of Cede & Co., all as provided in the Indenture, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

7. Closing Conditions. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority contained herein and in reliance upon the representations, warranties and agreements of the Company contained in the Letter of Representation, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority of its respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations pursuant to this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Series 2006 Bonds shall be conditioned upon the performance by the Authority of its obligations to be performed hereunder and pursuant to such documents and instruments, and the performance of the Company of its obligations to be performed pursuant to such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Authority and the Company of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The representations and warranties of the Company contained in the Letter of Representation shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(c) The Authority and the Company shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it prior to or at the Closing;

(d) At the time of the Closing, (i) the Authority Documents, the Company Documents and the Series 2006 Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Limited Offering Memorandum shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Authority required to be taken by the Authority and all actions of the Company required to be taken by the Company shall have been performed in order for Bond Counsel and Underwriter's Counsel to deliver their respective opinions referred to hereafter;

(e) At the time of Closing, all official action of the Authority relating to the Series 2006 Bonds and the Authority Documents and all corporate action of the Company relating to the Company Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(f) At or prior to the Closing, the Authority Documents shall have been duly executed and delivered by the Authority, the Company Documents shall have been duly executed and delivered by the Company and the Trustee shall have duly executed and delivered the Series 2006 Bonds;

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Authority or the Company, from that set forth in the Limited Offering Memorandum that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Series 2006 Bonds on the terms and in the manner contemplated in the Limited Offering Memorandum;

(h) Neither the Authority nor the Company shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Bond Purchase Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Limited Offering Memorandum, and each supplement or amendment thereto, if any, and the reports and audits referred to or appearing in the Limited Offering Memorandum;

(2) Executed Authority Documents with only such supplements or amendments as may have been agreed to by the Underwriter;

(3) Executed Company Documents with only such supplements or amendments as may have been agreed to by the Underwriter;

(4) The executed Letter of Representation in substantially the form attached hereto as Exhibit A;

(5) Executed Investor Letters in substantially the form attached hereto as Exhibit B;

(6) The approving opinion of Bond Counsel with respect to the Series 2006 Bonds, in substantially the form attached to the Limited Offering Memorandum;

(7) The supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) The Authority Documents have been duly authorized, executed and delivered by the Authority, and, to the extent applicable, constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors rights,

(ii) The Series 2006 Bonds are exempted securities with respect to the Securities Act and Securities Exchange Act of 1934, as amended, and it is not necessary, in connection with the offering and sale of the Series 2006 Bonds, to register the Series 2006 Bonds pursuant to the Securities Act or to qualify the Indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The statements and information contained in the Limited Offering Memorandum under the captions "INTRODUCTION," "THE SERIES 2006 BONDS," "PLAN OF FINANCE," "SECURITY AND SOURCES OF PAYMENT," "TAX EXEMPTION," and "AMORTIZABLE PREMIUM," insofar as such statements purport to summarize certain provisions of the Series 2006 Bonds, certain provisions of the Indenture, the Loan Agreement and the Deed of Trust, or the effect of Federal and State income tax laws, taken as a whole fairly and accurately summarized the matters purported to be summarized therein;

(8) An opinion of Counsel to the Authority, addressed to the Underwriter, to the effect that:

(i) The Authority is a nonprofit corporation, duly incorporated and existing pursuant to the laws of the State and has full legal right, power and authority (A) to adopt the Resolution, (B) to enter into, execute and deliver the Authority Documents, (C) to issue, sell and deliver the Series 2006 Bonds to the Underwriter as provided herein, and (D) to carry out and consummate the transactions contemplated by the Resolution and Authority Documents and, to the best of their knowledge, the Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Authority Documents as they pertain to such transactions;

(ii) The Resolution was duly and validly adopted in compliance with all applicable procedural requirements of the Authority;

(iii) The Authority Documents have been duly authorized, executed and delivered by the Authority;

(iv) The distribution of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum has been duly authorized by the Authority;

(v) The statements and information contained in the Limited Offering Memorandum under the captions "THE AUTHORITY," and "LITIGATION," and "APPROVAL OF LEGAL MATTERS" as they relate to the Authority are true, correct and complete in all material respects and do not omit any material fact necessary to make the statements and information therein not misleading in any material respect;

(vi) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the signer after due inquiry, threatened against the Authority, affecting the corporate existence of the Authority, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2006 Bonds or in any way contesting or affecting the validity or enforceability of the Series 2006 Bonds, the Authority Documents, or contesting the exclusion from gross income of the interest on the Series 2006 Bonds for Federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or any supplement or amendment thereto, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2006 Bonds or the Authority Documents; and

(vii) The execution and delivery of the Authority Documents and compliance by the Authority with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the Authority a material breach of or a default pursuant to any agreement or instrument to which the Authority is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Authority is subject;

(9) An opinion of Counsel to the Company, addressed to the Underwriter, to the effect that:

(i) The Company is an Arizona corporation, duly formed, validly existing, and in good standing under the laws of the State of Arizona.

(ii) The Company has the requisite corporate power and corporate authority to (A) enter into, execute and deliver the Company Documents, (B) carry out the terms and conditions applicable to it under the Company Documents, and (C) impose, collect and pledge the wastewater collection and treatment service fees and charges as provided in the Company Documents.

(iii) The execution, delivery, and performance of the Company Documents by the Company have been duly authorized by all requisite corporate action on the part of the Company.

(iv) The Company Documents have been duly executed and delivered by the Company.

(v) The Company Documents are valid, binding and enforceable obligations of the Company.

(vi) No consent, approval, authorization, or other action by, or filing with, any federal, state, or local governmental authority is required in connection with the execution and delivery by the Company of the Company Documents and the consummation of the transactions contemplated thereby by the Company or, if any of the foregoing is required, it has been obtained.

(vii) To our knowledge, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the information or statements contained in the Limited Offering Memorandum, nothing has come to the attention of the attorneys in our firm rendering legal services in connection with our representation of the Company which has caused us to believe that the information in the Limited Offering Memorandum under the captions "SECURITY AND SOURCES OF PAYMENT -- "Payment from Company Revenues" and "--Rate Covenant," "THE COMPANY AND ITS AFFILIATES," and "THE PROJECT" (except for any financial, demographic or statistical data and information, all as to which no opinion or view is expressed), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

(viii) Based solely upon our knowledge, the representations of the Company in the Officer's Certificate and our review of the Litigation Searches, there is no pending or overtly threatened litigation, arbitration, mediation, or other alternative dispute resolution proceeding against the Company, affecting the corporate existence of the Company, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2006 Bonds or the collection of wastewater collection and treatment service fees and charges securing the payment of principal of and interest with respect to the Series 2006 Bonds pursuant to the Indenture or in any way contesting or affecting the validity or enforceability of the Company Documents, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or any supplement or amendment thereto, or contesting the powers of the Company.

(ix) The execution and delivery of the Company Documents by the Company and consummation of the transactions contemplated thereby by the

Company will not violate any applicable law, rule or regulation affecting the Company.

(x) Based solely upon our knowledge, the representations of the Company in the Officer's Certificate, and our review of the Litigation Searches, the execution and delivery of the Company Documents by the Company and the consummation of the transactions contemplated thereby by the Company will not violate any judgment, order or decree of any court or governmental agency to which the Company is a party or by which it is bound.

(xi) Based solely upon our knowledge, the representations of the Company in the Officer's Certificate, and our review of those material agreements disclosed to us by the Company on the Material Agreements Certificate, the execution and delivery of the Company Documents by the Company and the consummation of the transactions contemplated thereby by the Company will not cause a breach or default of such material agreements.

(10) A certificate, dated the date of Closing, of the Authority to the effect that to the best knowledge of the signer (i) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Authority to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Authority, (c) contest the validity, due authorization and execution of the Series 2006 Bonds or the Authority Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Authority from functioning and collecting payments pursuant to the Loan Agreement; (iii) the resolutions of the Authority authorizing the execution, delivery and/or performance of the Limited Offering Memorandum, the Series 2006 Bonds and Authority Documents have been duly adopted by the Authority, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Authority has occurred since the date of the Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the date of the Closing, the Limited Offering Memorandum as of the Closing does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(11) A certificate, dated the date of Closing, of the Company to the effect that to the best knowledge of the signer (i) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the officials of the Company to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Company, (c) contest the validity, due authorization and execution of the

Company Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Company from functioning and collecting revenues, including the collection of wastewater collection and treatment service fees and charges, securing the payment of the principal of and interest on the Series 2006 Bonds; (ii) the resolutions of the Company authorizing the execution, delivery and/or performance of the Company Documents have been duly adopted by the Company, are in full force and effect and have not been modified, amended or repealed, and (iii) to the best of its knowledge, no event affecting the Company has occurred since the date of the *Limited Offering Memorandum* which should be disclosed in the *Limited Offering Memorandum* for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the *Limited Offering Memorandum* is correct in all material respects and, as of the date of the *Limited Offering Memorandum* did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(12) The Tax Certificate in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Series 2006 Bonds will be used in a manner that would cause the Series 2006 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Authority there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(13) A certificate of the Trustee to the effect that (i) the Series 2006 Bonds have been duly executed and delivered by an authorized officer of the Trustee; (ii) the Indenture has been duly executed and delivered by an authorized officer of the Trustee; and (iii) the actions of the Trustee authorizing the execution and delivery and/or performance of the Indenture by the Trustee have been duly adopted by the Trustee, are in full force and effect and have not been modified, amended or repealed;

(14) Any other certificates and opinions required by the Indenture for the issuance thereunder of the Series 2006 Bonds;

(15) The filing copy of the Information Return Form 8038-G (IRS) for the Series 2006 Bonds;

(16) The filing copy of the Report of Bond and Security Issuance for the Arizona Department of Revenue pursuant to Section 35-501(B) of the Arizona Revised Statutes;

(17) The Depository Trust Company Blanket Letter of Representations;
and

(18) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Authority's representations and warranties contained herein and of the statements and information contained in the Limited Offering Memorandum and the due performance or satisfaction by the Authority on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Authority, respectively.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement will be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Authority is unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2006 Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2006 Bonds are terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriter, the Authority or the Company shall be under any further obligation hereunder, except that the respective obligations of the Authority, the Company and the Underwriter set forth in Section 9 hereof shall continue in full force and effect.

8. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Series 2006 Bonds if, between the date of this Bond Purchase Agreement and the Closing, the market price or marketability of the Series 2006 Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Arizona Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, Federal income taxation or State income taxation upon interest received on obligations of the general character of the Series 2006 Bonds or, with respect to State taxation, of the interest on the Series 2006 Bonds as described in the Limited Offering Memorandum, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the Federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Series 2006 Bonds, including any or all underlying arrangements, are not exempt from registration pursuant to or other requirements of the Securities Act, or that the Indenture are not exempt from qualification pursuant to or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Series 2006 Bonds, including any or all underlying arrangements, as contemplated hereby or by the Limited Offering Memorandum or otherwise, is or would be in violation of the Federal securities law as amended and then in effect;

(c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Series 2006 Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restriction (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by Federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Series 2006 Bonds or as to obligations of the general character of the Series 2006 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(f) any amendment to the Federal or state Constitution or action by any Federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Authority, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the levy of taxes to pay principal of and interest on the Series 2006 Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Bond Purchase Agreement any materially adverse change in the affairs or financial condition of the Authority or the Company;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or an escalation of existing hostilities or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise; or

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum, or

(k) the purchase of and payment for the Series 2006 Bonds by the Underwriter, or the resale of the Series 2006 Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. Expenses.

(a) The Underwriter will be under no obligation to pay, and the Authority will pay, but only from proceeds of the sale of the Series 2006 Bonds, any expenses incident to the performance of the Authority's obligations hereunder or related to the costs of issuance of the Series 2006 Bonds, including, but not limited to (i) the cost of preparation and printing of the Series 2006 Bonds, (ii) the fees and disbursements of Bond Counsel, the Authority and the Company, and (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Company.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Bond Purchase Agreement; (ii) all advertising expenses in connection with the offering of the Series 2006 Bonds; and (iii) all other expenses incurred by it in connection with the offering of the Series 2006 Bonds.

(c) If this Bond Purchase Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Authority or the Company to comply with the terms or to fulfill any of the conditions of this Bond Purchase Agreement, the Authority or the Company will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Bond Purchase Agreement or the offering contemplated hereunder from any sources legally available to it for such purposes.

10. Notices. Any notice or other communication to be given to the Authority pursuant to this Bond Purchase Agreement may be given by delivering the same in writing to The Industrial Development Authority of the County of Pinal c/o William F. Wilder, Ryley Carlock & Applewhite, One North Central Avenue, Suite 1200, Phoenix, Arizona 85004 and any notice or other communication to be given to the Underwriter pursuant to this Bond Purchase Agreement may be given by delivering the same in writing to RBC Capital Markets, 2398 E. Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Terry Maas.

11. Parties in Interest. This Bond Purchase Agreement constitutes the entire agreement between us and is made solely for the benefit of the Authority, the Company, and the Underwriter (including successors or assigns of the Underwriter) and no other person shall

acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement may not be assigned by the Authority or the Company. All of the Authority's 's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Series 2006 Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

12. Effectiveness. This Bond Purchase Agreement shall become effective upon the acceptance hereof by the Authority and shall be valid and enforceable at the time of such acceptance.

13. Choice of Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the law of the State.

14. Severability. If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

15. Business Day. For purposes of this Bond Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

16. Section Headings. Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

17. Counterparts. This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

18. Notice Concerning Cancellation of Contracts. To the extent applicable by provision of law, the parties hereto acknowledge that this Bond Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Underwriter. This Bond Purchase Agreement shall become a binding agreement between you and the Underwriter when at least one counterpart of this Bond Purchase Agreement shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

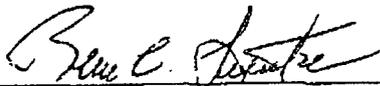
RBC CAPITAL MARKETS

By 
Authorized Officer

Accepted and agreed to as of the date
first written above.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By:



Title:

President

SCHEDULE 1

\$2,650,000
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL
WASTEWATER REVENUE BONDS
(SAN MANUEL FACILITY PROJECT)
SERIES 2006

Bonds Dated: June 28, 2006

MATURITY SCHEDULE

<u>Date (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2026	2,650,000	6.250%	5.750%

Redemption

The Series 2006 Bonds are subject to redemption prior to stated maturity as follows:

Mandatory Redemption Upon a Determination of Taxability. In the event of a Determination of Taxability, the Series 2006 Bonds are subject to mandatory redemption in whole at a redemption price equal to 106% of the outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Trustee, but in no event later than 90 days following the Determination of Taxability. Within five Business Days following receipt by the Trustee of written notice of the occurrence of a Determination of Taxability, the Trustee will give written notice thereof to Authority and to the Owners of all Series 2006 Bonds Outstanding.

Optional Redemption. The Series 2006 Bonds are not subject to optional redemption prior to their stated maturity.

Extraordinary Optional Redemption. The Series 2006 Bonds are also subject to redemption in the event of the exercise by the Company of its option (subject to compliance with Section 4.03 of the Indenture) to direct the redemption of the Series 2006 Bonds upon the condemnation, destruction or sale of all or a significant portion of the Project, as described in Section 6.01 of the Loan Agreement, at any time in whole or in part, by the payment of the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption but without premium.

Mandatory Sinking Fund Redemption. The Series 2006 Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus

accrued interest to the redemption date without premium on June 1 in the following years and principal amounts (unless and to the extent of a credit applied against any such amount as provided in this Indenture):

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$75,000	2018	140,000
2009	80,000	2019	150,000
2010	85,000	2020	160,000
2011	90,000	2021	170,000
2012	100,000	2022	180,000
2013	105,000	2023	190,000
2014	110,000	2024	200,000
2015	115,000	2025	215,000
2016	125,000	2026*	230,000
2017	130,000		

* Final Maturity

Any redemptions of less than all Outstanding Series 2006 Bonds will initially be applied to the single Series 2006 Bond in the original principal amount of \$150,000 until paid in full. Thereafter, each Outstanding Series 2006 Bond will be subject to mandatory redemption in increments of \$5,000 on each redemption date *pro rata* based on the principal amount of such Series 2006 Bonds to be redeemed in relation to the total principal amount of all Series 2006 Bonds Outstanding on such date.

EXHIBIT A
FORM OF
LETTER OF REPRESENTATION FROM
CORONADO UTILITIES, INC.

June 23, 2006

RBC Capital Markets
Phoenix, Arizona

The Industrial Development Authority
of the County of Pinal
Florence, Arizona

\$2,650,0000 The Industrial Development Authority of the County of Pinal
Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006

Ladies and Gentlemen:

Reference is made to a Bond Purchase Agreement, dated June 23 2006 (the "Bond Purchase Agreement"), between RBC Capital Markets (the "Underwriter") and The Industrial Development Authority of the County of Pinal (the "Authority"), pursuant to which the Authority has agreed to sell to the Underwriter, and the Underwriter has agreed to purchase from the Authority, the bonds identified above (the "Series 2006 Bonds"). The proceeds from the sale of the Bonds will be used to provide financing for the Project as more fully described in a Loan Agreement, to be dated as of June 1, 2006 (the "Loan Agreement"), between the Authority and Coronado Utilities, Inc. (the "Company"). In order to evidence its obligations pursuant to the Loan Agreement, the Company will execute and deliver a Promissory Note (the "Note") to the Authority. Pursuant to a Trust Indenture to be dated as of June 1, 2006 (the "Indenture"), the Authority will assign to Wells Fargo Bank, N.A., as trustee (the "Trustee"), its right, title and interest in and pursuant to the Note and the Loan Agreement including, but not limited to, its right to receive payments thereunder.

All terms used and not defined herein shall have the same meaning as used in the Bond Purchase Agreement to which reference is made for a more complete description of the transactions summarized herein. This Letter of Representation, the Loan Agreement, the Note, the Tax Certificate, the Deed of Trust and related documents are collectively referred to as the "Company Documents."

1. Representations, Warranties and Agreements of the Company.

The undersigned on behalf of the Company, but not individually, hereby represents and warrants to and agrees with the Authority and the Underwriter that:

(a) The Company is validly existing corporation duly created, organized and existing pursuant to the laws of the State, and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver the Company Documents, (ii) to carry out and consummate the transactions contemplated by the Company Documents and the Limited Offering Memorandum, and (iii) to impose, collect and pledge the wastewater collection and treatment service fees and charges contemplated in the Company Documents and the Limited Offering Memorandum, has complied, and will at the Closing be in compliance in all respects, with the terms of the Company Documents as they pertain to such transactions;

(b) By all necessary corporate action of the Company prior to or concurrently with the acceptance hereof, the Company has duly authorized all necessary action to be taken by it for (i) the approval, execution and delivery of, and the performance by the Company of the obligations on its part, contained in the Company Documents and (ii) the consummation by it of all other transactions contemplated by the Limited Offering Memorandum, the Company Documents, and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Company in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Limited Offering Memorandum;

(c) The Company Documents constitute legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(d) The Company is not in breach of or default in any material respect pursuant to any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Company is a party or to which the Company is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Company pursuant to any of the foregoing; and the execution and delivery of the Company Documents and compliance with the provisions on the Company's part contained therein, will not conflict with or constitute a material breach of or default pursuant to any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Company is a party or to which the Company is or to which any of its property or assets are otherwise subject;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Company of its obligations pursuant to the Company Documents have been duly obtained;

(f) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Company after due inquiry, threatened against the Company, affecting

the existence of the Company or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the collection of revenues securing the payment of principal of and interest on the Series 2006 Bonds pursuant to the Indenture or in any way contesting or affecting the validity or enforceability of the Company Documents, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or any supplement or amendment thereto, or contesting the powers of the Company or any authority for the execution and delivery of the Company Documents, nor, to the best knowledge of the Company, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Company Documents;

(g) As of the date thereof, the Preliminary Limited Offering Memorandum did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances pursuant to which they were made, not misleading;

(h) At the time of the Company's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (c) of Section 4 of the Bond Purchase Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Limited Offering Memorandum as it relates to the Company does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(i) If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (c) of Section 4 of the Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(j) The financial statements of, and other financial information regarding the Company, in the Limited Offering Memorandum fairly present the financial position and results of the Company as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the Limited Offering Memorandum or financial statements); Since June 15, 2006, the Company has not incurred any material liabilities, direct or contingent, nor has there been any material change in the financial position, results of operations or condition, financial or otherwise, of the Company that are not disclosed in the Limited Offering Memorandum, whether or not arising from transactions in the ordinary course of business and prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Company, is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Company, would have a materially adverse effect on the financial condition of the Company, or on the imposition, collection or pledge of revenues for the payment of the Series 2006 Bonds;

(k) Prior to the Closing the Company will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which secure the Series 2006 Bonds without prior approval of the Underwriter, which approval will not be withheld unreasonably, and

(l) Any certificate signed by any official of the Company authorized to do so in connection with the transactions contemplated by this Bond Purchase Agreement shall be deemed a representation and warranty by the Company to the Underwriter and the Authority as to the statements made therein.

(m) The representations, covenants and agreements set forth herein shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter or the Authority and shall survive execution and delivery of the Series 2006 Bonds, and the Company Documents.

Very truly yours,

CORONADO UTILITIES, INC., an Arizona corporation

By: _____

Accepted as of the date first above written:

RBC CAPITAL MARKETS

By: 
Title: DIRECTOR

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL

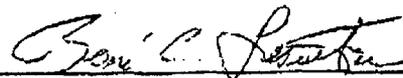
By: 
Title: _____

EXHIBIT B

FORM OF INVESTOR LETTER

June 23, 2006

Pinal County, Arizona

RBC Capital Markets

The Industrial Development Authority of the
County of Pinal

Wells Fargo Bank, N.A.,

Re: \$2,650,000 The Industrial Development Authority of the County of Pinal
Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the
"Series 2006 Bonds") and Coronado Utilities, Inc. (the "Company")

Ladies and Gentlemen:

The undersigned, _____ (the "Purchaser"), has purchased a principal amount of \$ _____ of the Series 2006 Bonds bearing the number _____. In connection with such purchase, The Industrial Development Authority of the County of Pinal (the "Authority") and Pinal County, Arizona (the "County") require that the Purchaser make certain representations as to the Purchaser's willingness to accept the risks of investing in the Series 2006 Bonds, the Purchaser's investigation of such risks, and such other matters. Accordingly, the Purchaser represents and warrants to the Authority, the County, and the other addressees hereof as follows:

1. Qualification. The Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D of the rules governing the limited offer and sale of securities without registration pursuant to the Securities Act of 1933, as amended (the "Securities Act") or a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act.

2. No Registration. The Purchaser acknowledges that the Series 2006 Bonds are not currently required to be, have not been, and are not intended to be, registered pursuant to the Securities Act or registered or otherwise qualified pursuant to the securities laws of any state or other jurisdiction that any sale or other transfer of the Series 2006 Bonds may be made only in accordance with such laws. The Purchaser assumes all responsibility for complying with any applicable Federal and state securities laws with respect to any transfer of the Series 2006 Bonds or any interest therein, and agrees to hold the Authority Parties (defined below) harmless for, from and against any and all liabilities, claims, damages or losses resulting directly or indirectly from such failure to comply.

3. Restrictions on Transfers. The Purchaser may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any of its interest in the Series 2006 Bonds except to a broker-dealer in connection with a sale to a "Sophisticated Municipal Market Professional" within the meaning of, and in compliance with the requirements of, the Indenture and except in Authorized Denominations, unless the principal amount of the Series 2006 Bond to

be sold or transferred is already less than the Authorized Denomination and the transaction involves the entire principal amount of such Series 2006 Bond.

4. Independent Evaluation; Waiver of Authority's Due Diligence; Release. The Purchaser has independently evaluated the factors associated with its investment decision. The Purchaser acknowledges receipt of and has reviewed the Preliminary Limited Offering Memorandum, including the cover page and all appendices, dated June 13, 2006, as supplemented by the Supplement to the Preliminary Limited Offering Memorandum, dated June 22, 2006 (together, the "Preliminary Limited Offering Memorandum"). The Purchaser has been given full and complete access to and has been furnished with all other information requested by the Purchaser regarding the Company, and has conducted such other investigations relating to the Authority, the Company, the Project, and the Series 2006 Bonds, as in the opinion of the Purchaser was necessary in connection with its purchase of the Series 2006 Bonds. The Purchaser acknowledges that the Authority, the members of its Board of Directors, its officers, counsel, advisors and agents and the County and the members of the Pinal County Board of Supervisors, employees, and agents of any of the foregoing (each individually an "Authority Party" and all collectively the "Authority Parties") have not undertaken to furnish information to the Purchaser, or to ascertain the accuracy or completeness of any information that may have been furnished to the Purchaser by or on behalf of the Authority or the Company relating to the operations, financial condition or future prospects of the Company or the Project and that none of the Authority Parties have made any representations concerning the accuracy or completeness of any information supplied to the Purchaser or relating to the Company and the Project. The Purchaser hereby waives any requirements of due diligence in investigation or inquiry on the part of any of the Authority Parties and all claims, actions, or causes of action which the Purchaser may have directly or indirectly from or relating to any action which the Authority and its Board of Directors or the Pinal County and its Board of Supervisors took, or could have taken, in connection with the issuance and sale of the Series 2006 Bonds to the Purchaser.

5. Business Buying Securities. The Purchaser is a bank, a savings institution, an insurance company, a securities dealer, or an agency or instrumentality of the United States or of a state thereof, or a person, a principal part of whose business consists of buying securities.

6. Sophistication. The Purchaser is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Series 2006 Bonds, and it is capable of and has made its own investigation of the Company and the Project in connection with its decision to purchase the Series 2006 Bonds.

7. Investment Purpose. The Purchaser is purchasing the Series 2006 Bonds for not more than one account for investment and not with a view to distribution, transfer, or resale thereof, provided that the disposition of the Series 2006 Bonds shall at all times be within the sole control of the Purchaser, within the constraints referenced herein.

8. Legal Authorization. The Purchaser is duly and legally authorized to purchase the Series 2006 Bonds, and the Purchaser is duly and legally authorized to execute this Investor Letter. The Purchaser has satisfied itself that the Series 2006 Bonds are a lawful investment for it pursuant to all applicable laws.

9. Special Limited Obligations. The Purchaser understands that the Series 2006 Bonds are special limited, and not general, obligations of the Authority payable solely from the revenues received by Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Purchaser understands that the Series 2006 Bonds are not secured by any obligations or the pledge of any monies received or to be received from taxation or from the State of Arizona (the "State") or any political subdivision or taxing district thereof (including, without implied limitation, the Authority or the County), and that the Series 2006 Bonds will never represent or constitute a general obligation, debt, or bonded indebtedness of the County, the State, or any political subdivision thereof, and that no right will exist to have taxes levied by the County, the State, or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on the Series 2006 Bonds, and that payment of the principal of, premium, if any, and interest on the Series 2006 Bonds depends upon the general credit of the Company and upon the revenues from the Project. The Purchaser understands that the Authority has no taxing power.

10. Survival. All representations of the Purchaser contained herein shall survive the sale and delivery of the Series 2006 Bonds to the Purchaser as representations of fact existing as of the date of execution and delivery of this Investor Letter.

11. Defined Terms. The initial capitalized terms not defined herein shall have the meaning ascribed to such terms in the Indenture which secures the payment of the Series 2006 Bonds.

12. Waiver of Due Diligence. Notwithstanding anything to the contrary herein, the Purchaser waives any requirement of due diligence and investigation or inquiry on the part of Pinal County, the Authority and the Trustee.

13. Reliance. We have received, reviewed and relied upon copies of the Preliminary Limited Offering Memorandum in making our decision to purchase the Series 2006 Bonds.

The above representations are provided solely for the benefit of the addressees of this Investor Letter and may not be relied upon by or furnished to any other person without our prior written consent.

(Purchaser)

By: _____
(Signature)

Name: _____
(Print)

[NOTE: must be Chief Financial Officer or
other Executive Officer]

PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED
PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED

Note Amount	Date of Note	Maturity
\$2,650,000	June 28, 2006	June 1, 2025

Note No. 1

Coronado Utilities, Inc., an Arizona corporation (the "Company"), for value received, promises to pay to The Industrial Development Authority of the County of Pinal (the "Authority") the principal sum of

TWO MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$2,650,000)

and to pay (A) interest on the unpaid balance of such principal sum from time to time after the date of this Note at the interest rate or interest rates borne by the Series 2006 Bonds (as hereinafter defined) and (B) interest on overdue principal at the interest rate provided pursuant to the terms of the Series 2006 Bonds.

This Note has been executed and delivered by the Company pursuant to a certain Loan Agreement, dated as of June 1, 2006 (the "Agreement"), by and between the Authority and the Company and has been assigned and transferred by the Authority to Wells Fargo Bank, N.A., as trustee (the "Trustee"), pursuant to an assignment, as hereinafter defined. Terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and the Indenture, as defined below.

Pursuant to the Agreement, the Authority has loaned to the Company the proceeds received from the sale of \$2,650,000 aggregate principal amount of The Industrial Development Authority of the County of Pinal, Wastewater Revenue Bonds (San Manuel Facility Project), dated the date hereof (the "Series 2006 Bonds"), to assist the Company in financing the Project. The Company has agreed to repay such Loan by making Loan Payments at the times and in the amounts set forth in this Note. The Series 2006 Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, a Trust Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the Authority and the Trustee. The Company's obligations with respect to the Agreement and this Note are secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of June 1, 2006, from the Company, as grantor and debtor, to the Trustee, for the Authority as beneficiary and secured party. All right, title and interest of the Authority in, to and pursuant to the Deed of Trust has been assigned to the Trustee as security for the Company's obligations pursuant to the Agreement and the Note.

To provide funds to pay the Debt Service Charges on the Series 2006 Bonds as and when due (each such day being a "Loan Payment Date"), the Company hereby agrees to and shall

make Loan Payments in the amounts set forth on Schedule I attached hereto, as may be revised from time to time to account for any prepayment of the Loan in accordance with the Loan Agreement. In addition, to provide funds to pay the Debt Service Charges on the Series 2006 Bonds as and when due at any other time, the Company hereby agrees to and shall make Loan Payments in the required amount on any other date on which Debt Service Charges on the Series 2006 Bonds shall be due and payable, whether upon acceleration, call for redemption or otherwise.

If payment or provision for payment in accordance with the Indenture is made in respect of the Debt Service Charges on the Series 2006 Bonds from moneys other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Debt Service Charges have been made. The Company shall receive a credit against its obligation to make Loan Payments hereunder to the extent of the moneys delivered to the Trustee for the payment of Debt Service Charges and any other amounts on deposit in the Bond Fund and available to pay Debt Service Charges on the Series 2006 Bonds pursuant to the Indenture. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be payable in lawful money of the United States of America, in immediately available funds, and shall be made to the Trustee at its corporate trust office for the account of the Authority, deposited in the Series 2006 Bond Fund and used as provided in the Indenture.

The obligation of the Company to make the payments required hereunder shall be absolute and unconditional and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Company may have or assert against the Authority, the Trustee or any other Person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Agreement. Any prepayment related to an extraordinary optional redemption of the Bonds is also subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default pursuant to Section 7.01 of the Agreement shall have occurred, the unpaid principal amount of and any premium and accrued interest on this Note may be declared or may become due and payable as provided in Section 7.02 of the Agreement; provided that any annulment of a declaration of acceleration with respect to the Series 2006 Bonds pursuant to the Indenture shall also constitute an annulment of any corresponding declaration with respect to this Note.

The Company hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Trustee.

The Company hereby certifies that all conditions, acts and things required to exist, happen and be performed precedent to and in the issuance of this Note, exist, have happened and

ENDORSEMENT AND ASSIGNMENT

FOR VALUE RECEIVED, THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL (the "Authority"), hereby endorses and sells, assigns and transfers, without recourse, unto Wells Fargo Bank, N.A., as trustee (the "Trustee") pursuant to the Trust Indenture, dated as of June 1, 2006, by and between the Trustee and the Authority, the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

IN WITNESS WHEREOF, the undersigned has hereunto set hand as of this 28th day of June, 2006.

SPECIMEN

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By Gene C. Lutz
Its President

SCHEDULE I

LOAN PAYMENT SCHEDULE

See Attached

SPECIMEN

SCHEDULE I-1

Payment Date	Interest Paid	Principal Paid	Principal Balance	Payment
1 7/1/2006	(\$1,353.67)	\$0.00	\$2,650,000.00	(\$1,353.67)
2 8/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
3 9/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
4 10/1/2006	(13,536.66)	0.00	2,650,000.00	(13,536.66)
5 11/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
6 12/1/2006	(13,536.66)	0.00	2,650,000.00	(13,536.66)
7 1/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
8 2/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
9 3/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
10 4/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
11 5/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
12 6/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
13 7/1/2007	(13,802.08)	(6,250.00)	2,643,750.00	(20,052.08)
14 8/1/2007	(13,802.08)	(6,250.00)	2,637,500.00	(20,052.08)
15 9/1/2007	(13,802.08)	(6,250.00)	2,631,250.00	(20,052.08)
16 10/1/2007	(13,802.08)	(6,250.00)	2,625,000.00	(20,052.08)
17 11/1/2007	(13,802.08)	(6,250.00)	2,618,750.00	(20,052.08)
18 12/1/2007	(13,802.08)	(6,250.00)	2,612,500.00	(20,052.08)
19 1/1/2008	(13,802.08)	(6,250.00)	2,606,250.00	(20,052.08)
20 2/1/2008	(13,802.08)	(6,250.00)	2,600,000.00	(20,052.08)
21 3/1/2008	(13,802.08)	(6,250.00)	2,593,750.00	(20,052.08)
22 4/1/2008	(13,802.08)	(6,250.00)	2,587,500.00	(20,052.08)
23 5/1/2008	(13,802.08)	(6,250.00)	2,581,250.00	(20,052.08)
24 6/1/2008	(13,802.08)	(6,250.00)	2,575,000.00	(20,052.08)
25 7/1/2008	(13,411.46)	(6,666.67)	2,568,333.33	(20,078.13)
26 8/1/2008	(13,411.46)	(6,666.67)	2,561,666.67	(20,078.13)
27 9/1/2008	(13,411.46)	(6,666.67)	2,555,000.00	(20,078.13)
28 10/1/2008	(13,411.46)	(6,666.67)	2,548,333.33	(20,078.13)
29 11/1/2008	(13,411.46)	(6,666.67)	2,541,666.67	(20,078.13)
30 12/1/2008	(13,411.46)	(6,666.67)	2,535,000.00	(20,078.13)
31 1/1/2009	(13,411.46)	(6,666.67)	2,528,333.33	(20,078.13)
32 2/1/2009	(13,411.46)	(6,666.67)	2,521,666.67	(20,078.13)
33 3/1/2009	(13,411.46)	(6,666.67)	2,515,000.00	(20,078.13)
34 4/1/2009	(13,411.46)	(6,666.67)	2,508,333.33	(20,078.13)
35 5/1/2009	(13,411.46)	(6,666.67)	2,501,666.67	(20,078.13)
36 6/1/2009	(13,411.46)	(6,666.67)	2,495,000.00	(20,078.13)
37 7/1/2009	(12,994.79)	(7,083.33)	2,487,916.67	(20,078.13)
38 8/1/2009	(12,994.79)	(7,083.33)	2,480,833.33	(20,078.13)
39 9/1/2009	(12,994.79)	(7,083.33)	2,473,750.00	(20,078.13)
40 10/1/2009	(12,994.79)	(7,083.33)	2,466,666.67	(20,078.13)
41 11/1/2009	(12,994.79)	(7,083.33)	2,459,583.33	(20,078.13)
42 12/1/2009	(12,994.79)	(7,083.33)	2,452,500.00	(20,078.13)
43 1/1/2010	(12,994.79)	(7,083.33)	2,445,416.67	(20,078.13)
44 2/1/2010	(12,994.79)	(7,083.33)	2,438,333.33	(20,078.13)
45 3/1/2010	(12,994.79)	(7,083.33)	2,431,250.00	(20,078.13)
46 4/1/2010	(12,994.79)	(7,083.33)	2,424,166.67	(20,078.13)

47	5/1/2010	(12,994.79)	(7,083.33)	2,417,083.33	(20,078.13)
48	6/1/2010	(12,994.79)	(7,083.33)	2,410,000.00	(20,078.13)
49	7/1/2010	(12,552.08)	(7,500.00)	2,402,500.00	(20,052.08)
50	8/1/2010	(12,552.08)	(7,500.00)	2,395,000.00	(20,052.08)
51	9/1/2010	(12,552.08)	(7,500.00)	2,387,500.00	(20,052.08)
52	10/1/2010	(12,552.08)	(7,500.00)	2,380,000.00	(20,052.08)
53	11/1/2010	(12,552.08)	(7,500.00)	2,372,500.00	(20,052.08)
54	12/1/2010	(12,552.08)	(7,500.00)	2,365,000.00	(20,052.08)
55	1/1/2011	(12,552.08)	(7,500.00)	2,357,500.00	(20,052.08)
56	2/1/2011	(12,552.08)	(7,500.00)	2,350,000.00	(20,052.08)
57	3/1/2011	(12,552.08)	(7,500.00)	2,342,500.00	(20,052.08)
58	4/1/2011	(12,552.08)	(7,500.00)	2,335,000.00	(20,052.08)
59	5/1/2011	(12,552.08)	(7,500.00)	2,327,500.00	(20,052.08)
60	6/1/2011	(12,552.08)	(7,500.00)	2,320,000.00	(20,052.08)
61	7/1/2011	(12,083.33)	(8,333.33)	2,312,666.67	(20,416.67)
62	8/1/2011	(12,083.33)	(8,333.33)	2,305,333.33	(20,416.67)
63	9/1/2011	(12,083.33)	(8,333.33)	2,298,000.00	(20,416.67)
64	10/1/2011	(12,083.33)	(8,333.33)	2,290,666.67	(20,416.67)
65	11/1/2011	(12,083.33)	(8,333.33)	2,283,333.33	(20,416.67)
66	12/1/2011	(12,083.33)	(8,333.33)	2,276,000.00	(20,416.67)
67	1/1/2012	(12,083.33)	(8,333.33)	2,268,666.67	(20,416.67)
68	2/1/2012	(12,083.33)	(8,333.33)	2,261,333.33	(20,416.67)
69	3/1/2012	(12,083.33)	(8,333.33)	2,254,000.00	(20,416.67)
70	4/1/2012	(12,083.33)	(8,333.33)	2,246,666.67	(20,416.67)
71	5/1/2012	(12,083.33)	(8,333.33)	2,239,333.33	(20,416.67)
72	6/1/2012	(12,083.33)	(8,333.33)	2,232,000.00	(20,416.67)
73	7/1/2012	(11,562.50)	(8,750.00)	2,224,666.67	(20,312.50)
74	8/1/2012	(11,562.50)	(8,750.00)	2,217,333.33	(20,312.50)
75	9/1/2012	(11,562.50)	(8,750.00)	2,210,000.00	(20,312.50)
76	10/1/2012	(11,562.50)	(8,750.00)	2,202,666.67	(20,312.50)
77	11/1/2012	(11,562.50)	(8,750.00)	2,195,333.33	(20,312.50)
78	12/1/2012	(11,562.50)	(8,750.00)	2,188,000.00	(20,312.50)
79	1/1/2013	(11,562.50)	(8,750.00)	2,180,666.67	(20,312.50)
80	2/1/2013	(11,562.50)	(8,750.00)	2,173,333.33	(20,312.50)
81	3/1/2013	(11,562.50)	(8,750.00)	2,166,000.00	(20,312.50)
82	4/1/2013	(11,562.50)	(8,750.00)	2,158,666.67	(20,312.50)
83	5/1/2013	(11,562.50)	(8,750.00)	2,151,333.33	(20,312.50)
84	6/1/2013	(11,562.50)	(8,750.00)	2,144,000.00	(20,312.50)
85	7/1/2013	(11,015.63)	(9,166.67)	2,136,666.67	(20,182.29)
86	8/1/2013	(11,015.63)	(9,166.67)	2,129,333.33	(20,182.29)
87	9/1/2013	(11,015.63)	(9,166.67)	2,122,000.00	(20,182.29)
88	10/1/2013	(11,015.63)	(9,166.67)	2,114,666.67	(20,182.29)
89	11/1/2013	(11,015.63)	(9,166.67)	2,107,333.33	(20,182.29)
90	12/1/2013	(11,015.63)	(9,166.67)	2,100,000.00	(20,182.29)
91	1/1/2014	(11,015.63)	(9,166.67)	2,092,666.67	(20,182.29)
92	2/1/2014	(11,015.63)	(9,166.67)	2,085,333.33	(20,182.29)
93	3/1/2014	(11,015.63)	(9,166.67)	2,078,000.00	(20,182.29)
94	4/1/2014	(11,015.63)	(9,166.67)	2,070,666.67	(20,182.29)
95	5/1/2014	(11,015.63)	(9,166.67)	2,063,333.33	(20,182.29)
96	6/1/2014	(11,015.63)	(9,166.67)	2,056,000.00	(20,182.29)
97	7/1/2014	(10,442.71)	(9,583.33)	2,048,666.67	(20,026.04)
98	8/1/2014	(10,442.71)	(9,583.33)	2,041,333.33	(20,026.04)

SPECIAL

99	9/1/2014	(10,442.71)	(9,583.33)	1,976,250.00	(20,026.04)
100	10/1/2014	(10,442.71)	(9,583.33)	1,966,666.67	(20,026.04)
101	11/1/2014	(10,442.71)	(9,583.33)	1,957,083.33	(20,026.04)
102	12/1/2014	(10,442.71)	(9,583.33)	1,947,500.00	(20,026.04)
103	1/1/2015	(10,442.71)	(9,583.33)	1,937,916.67	(20,026.04)
104	2/1/2015	(10,442.71)	(9,583.33)	1,928,333.33	(20,026.04)
105	3/1/2015	(10,442.71)	(9,583.33)	1,918,750.00	(20,026.04)
106	4/1/2015	(10,442.71)	(9,583.33)	1,909,166.67	(20,026.04)
107	5/1/2015	(10,442.71)	(9,583.33)	1,899,583.33	(20,026.04)
108	6/1/2015	(10,442.71)	(9,583.33)	1,890,000.00	(20,026.04)
109	7/1/2015	(9,843.75)	(10,416.67)	1,879,583.33	(20,260.42)
110	8/1/2015	(9,843.75)	(10,416.67)	1,869,166.67	(20,260.42)
111	9/1/2015	(9,843.75)	(10,416.67)	1,858,750.00	(20,260.42)
112	10/1/2015	(9,843.75)	(10,416.67)	1,848,333.33	(20,260.42)
113	11/1/2015	(9,843.75)	(10,416.67)	1,837,916.67	(20,260.42)
114	12/1/2015	(9,843.75)	(10,416.67)	1,827,500.00	(20,260.42)
115	1/1/2016	(9,843.75)	(10,416.67)	1,817,083.33	(20,260.42)
116	2/1/2016	(9,843.75)	(10,416.67)	1,806,666.67	(20,260.42)
117	3/1/2016	(9,843.75)	(10,416.67)	1,796,250.00	(20,260.42)
118	4/1/2016	(9,843.75)	(10,416.67)	1,785,833.33	(20,260.42)
119	5/1/2016	(9,843.75)	(10,416.67)	1,775,416.67	(20,260.42)
120	6/1/2016	(9,843.75)	(10,416.67)	1,765,000.00	(20,260.42)
121	7/1/2016	(9,192.71)	(10,833.33)	1,754,166.67	(20,026.04)
122	8/1/2016	(9,192.71)	(10,833.33)	1,743,333.33	(20,026.04)
123	9/1/2016	(9,192.71)	(10,833.33)	1,732,500.00	(20,026.04)
124	10/1/2016	(9,192.71)	(10,833.33)	1,721,666.67	(20,026.04)
125	11/1/2016	(9,192.71)	(10,833.33)	1,710,833.33	(20,026.04)
126	12/1/2016	(9,192.71)	(10,833.33)	1,700,000.00	(20,026.04)
127	1/1/2017	(9,192.71)	(10,833.33)	1,689,166.67	(20,026.04)
128	2/1/2017	(9,192.71)	(10,833.33)	1,678,333.33	(20,026.04)
129	3/1/2017	(9,192.71)	(10,833.33)	1,667,500.00	(20,026.04)
130	4/1/2017	(9,192.71)	(10,833.33)	1,656,666.67	(20,026.04)
131	5/1/2017	(9,192.71)	(10,833.33)	1,645,833.33	(20,026.04)
132	6/1/2017	(9,192.71)	(10,833.33)	1,635,000.00	(20,026.04)
133	7/1/2017	(8,515.63)	(11,666.67)	1,623,333.33	(20,182.29)
134	8/1/2017	(8,515.63)	(11,666.67)	1,611,666.67	(20,182.29)
135	9/1/2017	(8,515.63)	(11,666.67)	1,600,000.00	(20,182.29)
136	10/1/2017	(8,515.63)	(11,666.67)	1,588,333.33	(20,182.29)
137	11/1/2017	(8,515.63)	(11,666.67)	1,576,666.67	(20,182.29)
138	12/1/2017	(8,515.63)	(11,666.67)	1,565,000.00	(20,182.29)
139	1/1/2018	(8,515.63)	(11,666.67)	1,553,333.33	(20,182.29)
140	2/1/2018	(8,515.63)	(11,666.67)	1,541,666.67	(20,182.29)
141	3/1/2018	(8,515.63)	(11,666.67)	1,530,000.00	(20,182.29)
142	4/1/2018	(8,515.63)	(11,666.67)	1,518,333.33	(20,182.29)
143	5/1/2018	(8,515.63)	(11,666.67)	1,506,666.67	(20,182.29)
144	6/1/2018	(8,515.63)	(11,666.67)	1,495,000.00	(20,182.29)
145	7/1/2018	(7,786.46)	(12,500.00)	1,482,500.00	(20,286.46)
146	8/1/2018	(7,786.46)	(12,500.00)	1,470,000.00	(20,286.46)
147	9/1/2018	(7,786.46)	(12,500.00)	1,457,500.00	(20,286.46)
148	10/1/2018	(7,786.46)	(12,500.00)	1,445,000.00	(20,286.46)
149	11/1/2018	(7,786.46)	(12,500.00)	1,432,500.00	(20,286.46)
150	12/1/2018	(7,786.46)	(12,500.00)	1,420,000.00	(20,286.46)

151	1/1/2019	(7,786.46)	(12,500.00)	1,407,500.00	(20,286.46)
152	2/1/2019	(7,786.46)	(12,500.00)	1,395,000.00	(20,286.46)
153	3/1/2019	(7,786.46)	(12,500.00)	1,382,500.00	(20,286.46)
154	4/1/2019	(7,786.46)	(12,500.00)	1,370,000.00	(20,286.46)
155	5/1/2019	(7,786.46)	(12,500.00)	1,357,500.00	(20,286.46)
156	6/1/2019	(7,786.46)	(12,500.00)	1,345,000.00	(20,286.46)
157	7/1/2019	(7,005.21)	(13,333.33)	1,331,666.67	(20,338.54)
158	8/1/2019	(7,005.21)	(13,333.33)	1,318,333.33	(20,338.54)
159	9/1/2019	(7,005.21)	(13,333.33)	1,305,000.00	(20,338.54)
160	10/1/2019	(7,005.21)	(13,333.33)	1,291,666.67	(20,338.54)
161	11/1/2019	(7,005.21)	(13,333.33)	1,278,333.33	(20,338.54)
162	12/1/2019	(7,005.21)	(13,333.33)	1,265,000.00	(20,338.54)
163	1/1/2020	(7,005.21)	(13,333.33)	1,251,666.67	(20,338.54)
164	2/1/2020	(7,005.21)	(13,333.33)	1,238,333.33	(20,338.54)
165	3/1/2020	(7,005.21)	(13,333.33)	1,225,000.00	(20,338.54)
166	4/1/2020	(7,005.21)	(13,333.33)	1,211,666.67	(20,338.54)
167	5/1/2020	(7,005.21)	(13,333.33)	1,198,333.33	(20,338.54)
168	6/1/2020	(7,005.21)	(13,333.33)	1,185,000.00	(20,338.54)
169	7/1/2020	(6,171.88)	(14,166.67)	1,171,833.33	(20,338.54)
170	8/1/2020	(6,171.88)	(14,166.67)	1,158,666.67	(20,338.54)
171	9/1/2020	(6,171.88)	(14,166.67)	1,145,500.00	(20,338.54)
172	10/1/2020	(6,171.88)	(14,166.67)	1,132,333.33	(20,338.54)
173	11/1/2020	(6,171.88)	(14,166.67)	1,119,166.67	(20,338.54)
174	12/1/2020	(6,171.88)	(14,166.67)	1,106,000.00	(20,338.54)
175	1/1/2021	(6,171.88)	(14,166.67)	1,092,833.33	(20,338.54)
176	2/1/2021	(6,171.88)	(14,166.67)	1,079,666.67	(20,338.54)
177	3/1/2021	(6,171.88)	(14,166.67)	1,066,500.00	(20,338.54)
178	4/1/2021	(6,171.88)	(14,166.67)	1,053,333.33	(20,338.54)
179	5/1/2021	(6,171.88)	(14,166.67)	1,040,166.67	(20,338.54)
180	6/1/2021	(6,171.88)	(14,166.67)	1,027,000.00	(20,338.54)
181	7/1/2021	(5,286.46)	(15,000.00)	1,013,833.33	(20,286.46)
182	8/1/2021	(5,286.46)	(15,000.00)	1,000,666.67	(20,286.46)
183	9/1/2021	(5,286.46)	(15,000.00)	987,500.00	(20,286.46)
184	10/1/2021	(5,286.46)	(15,000.00)	974,333.33	(20,286.46)
185	11/1/2021	(5,286.46)	(15,000.00)	961,166.67	(20,286.46)
186	12/1/2021	(5,286.46)	(15,000.00)	948,000.00	(20,286.46)
187	1/1/2022	(5,286.46)	(15,000.00)	934,833.33	(20,286.46)
188	2/1/2022	(5,286.46)	(15,000.00)	921,666.67	(20,286.46)
189	3/1/2022	(5,286.46)	(15,000.00)	908,500.00	(20,286.46)
190	4/1/2022	(5,286.46)	(15,000.00)	895,333.33	(20,286.46)
191	5/1/2022	(5,286.46)	(15,000.00)	882,166.67	(20,286.46)
192	6/1/2022	(5,286.46)	(15,000.00)	869,000.00	(20,286.46)
193	7/1/2022	(4,348.96)	(15,833.33)	855,833.33	(20,182.29)
194	8/1/2022	(4,348.96)	(15,833.33)	842,666.67	(20,182.29)
195	9/1/2022	(4,348.96)	(15,833.33)	829,500.00	(20,182.29)
196	10/1/2022	(4,348.96)	(15,833.33)	816,333.33	(20,182.29)
197	11/1/2022	(4,348.96)	(15,833.33)	803,166.67	(20,182.29)
198	12/1/2022	(4,348.96)	(15,833.33)	790,000.00	(20,182.29)
199	1/1/2023	(4,348.96)	(15,833.33)	776,833.33	(20,182.29)
200	2/1/2023	(4,348.96)	(15,833.33)	763,666.67	(20,182.29)
201	3/1/2023	(4,348.96)	(15,833.33)	750,500.00	(20,182.29)
202	4/1/2023	(4,348.96)	(15,833.33)	737,333.33	(20,182.29)

203	5/1/2023	(4,348.96)	(15,833.33)	660,833.33	(20,182.29)
204	6/1/2023	(4,348.96)	(15,833.33)	645,000.00	(20,182.29)
205	7/1/2023	(3,359.38)	(16,666.67)	628,333.33	(20,026.04)
206	8/1/2023	(3,359.38)	(16,666.67)	611,666.67	(20,026.04)
207	9/1/2023	(3,359.38)	(16,666.67)	595,000.00	(20,026.04)
208	10/1/2023	(3,359.38)	(16,666.67)	578,333.33	(20,026.04)
209	11/1/2023	(3,359.38)	(16,666.67)	561,666.67	(20,026.04)
210	12/1/2023	(3,359.38)	(16,666.67)	545,000.00	(20,026.04)
211	1/1/2024	(3,359.38)	(16,666.67)	528,333.33	(20,026.04)
212	2/1/2024	(3,359.38)	(16,666.67)	511,666.67	(20,026.04)
213	3/1/2024	(3,359.38)	(16,666.67)	495,000.00	(20,026.04)
214	4/1/2024	(3,359.38)	(16,666.67)	478,333.33	(20,026.04)
215	5/1/2024	(3,359.38)	(16,666.67)	461,666.67	(20,026.04)
216	6/1/2024	(3,359.38)	(16,666.67)	445,000.00	(20,026.04)
217	7/1/2024	(2,317.71)	(17,916.67)	427,083.33	(20,234.38)
218	8/1/2024	(2,317.71)	(17,916.67)	409,166.67	(20,234.38)
219	9/1/2024	(2,317.71)	(17,916.67)	391,250.00	(20,234.38)
220	10/1/2024	(2,317.71)	(17,916.67)	373,333.33	(20,234.38)
221	11/1/2024	(2,317.71)	(17,916.67)	355,416.67	(20,234.38)
222	12/1/2024	(2,317.71)	(17,916.67)	337,500.00	(20,234.38)
223	1/1/2025	(2,317.71)	(17,916.67)	319,583.33	(20,234.38)
224	2/1/2025	(2,317.71)	(17,916.67)	301,666.67	(20,234.38)
225	3/1/2025	(2,317.71)	(17,916.67)	283,750.00	(20,234.38)
226	4/1/2025	(2,317.71)	(17,916.67)	265,833.33	(20,234.38)
227	5/1/2025	(2,317.71)	(17,916.67)	247,916.67	(20,234.38)
228	6/1/2025	(2,317.71)	(17,916.67)	230,000.00	(20,234.38)
229	7/1/2025	(1,197.92)	(19,166.67)	210,833.33	(20,364.58)
230	8/1/2025	(1,197.92)	(19,166.67)	191,666.67	(20,364.58)
231	9/1/2025	(1,197.92)	(19,166.67)	172,500.00	(20,364.58)
232	10/1/2025	(1,197.92)	(19,166.67)	153,333.33	(20,364.58)
233	11/1/2025	(1,197.92)	(19,166.67)	134,166.67	(20,364.58)
234	12/1/2025	(1,197.92)	(19,166.67)	115,000.00	(20,364.58)
235	1/1/2026	(1,197.92)	(19,166.67)	95,833.33	(20,364.58)
236	2/1/2026	(1,197.92)	(19,166.67)	76,666.67	(20,364.58)
237	3/1/2026	(1,197.92)	(19,166.67)	57,500.00	(20,364.58)
238	4/1/2026	(1,197.92)	(19,166.67)	38,333.33	(20,364.58)
239	5/1/2026	(1,197.92)	(19,166.67)	19,166.67	(20,364.58)
240	6/1/2026	(1,197.92)	(19,166.67)	(0.00)	(20,364.58)

(\$2,107,890.63)

(\$2,650,000.00)

\$2,650,000
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL
WASTEWATER REVENUE BONDS
(SAN MANUEL FACILITY PROJECT)
SERIES 2006

TAX CERTIFICATE AND AGREEMENT

THIS TAX CERTIFICATE AND AGREEMENT (the "Tax Certificate and Agreement") is made and entered into June 28, 2006, by and between the **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL** (the "Authority") and **CORONADO UTILITIES, INC.**, an Arizona corporation ("Coronado"), in connection with the authorization, issuance and sale by the Authority, and the delivery on the date hereof, of its Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006, in the aggregate principal amount of \$2,650,000 (the "Series 2006 Bonds"), pursuant to a Trust Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the Authority and Wells Fargo Bank, N.A., as trustee (the "Trustee").

The undersigned representative of the Authority is an officer of Authority who is charged, along with others, with the responsibility for issuing the Series 2006 Bonds. The undersigned representatives of Coronado and the Trustee are authorized representatives acting for and on behalf of Coronado and the Trustee, respectively, in executing or acknowledging this Tax Certificate and Agreement.

This Tax Certificate and Agreement sets forth various facts regarding the Series 2006 Bonds and establishes the expectations of the Authority and Coronado as to future events regarding the Series 2006 Bonds and the use of Series 2006 Bond proceeds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations promulgated pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Notwithstanding any other provision of this Tax Certificate and Agreement, any representation, covenant, or agreement contained herein on behalf of the Authority is made and given solely based on the representations, covenants, and agreements being made herein by Coronado, except as to matters within the Authority's sole control and knowledge.

This Tax Certificate and Agreement also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2006 Bonds in order that the interest on the Series 2006 Bonds will be excluded from gross income for Federal income tax purposes.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and Coronado hereby certify, covenant, represent and agree as follows:

ARTICLE I

GENERAL

Section 1.1 Authorization. The Series 2006 Bonds are being issued and sold by the Authority pursuant to Chapter 5, Title 35 of the Arizona Revised Statutes (the "Act"), and pursuant to the Indenture, which has been executed and delivered by the Authority pursuant to a Resolution adopted by the Board of Directors of the Authority on May 10, 2006.

Section 1.2 Definitions. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Indenture or, if not defined in the Indenture, in Sections 103 and 141 through 150 of the Code and the Income Tax Regulations promulgated pursuant thereto, including those Income Tax Regulations promulgated pursuant to Section 103(c) of the Internal Revenue Code of 1954 that are applicable pursuant to the Code (collectively, the "Regulations").

Section 1.3 Purpose of the Series 2006 Bonds. The Series 2006 Bonds are being issued for the following purposes:

(a) to finance the acquisition, construction and equipping of a wastewater treatment facility and the construction and installation of an effluent line as more fully described in Exhibit A to the Loan Agreement, dated as of June 1, 2006 (the "Loan Agreement"), by and between the Authority and Coronado (the "Project"); and

(b) to fund a reasonably required reserve fund; and

(c) to pay that portion of the costs of issuance of the Series 2006 Bonds allocated to the underwriter's discount.

The proceeds of the Series 2006 Bonds will be used to make a loan (the "Loan") to Coronado pursuant to the Loan Agreement.

Section 1.4 Basis for Certificate and Reliance on Other Parties. This Tax Certificate and Agreement is based on facts, estimates, and circumstances in existence on the date hereof, which is the Closing Date of the Series 2006 Bonds, and to the best knowledge, information and belief of the undersigned, the expectations set forth in this Tax Certificate and Agreement are reasonable. The expectations of the Authority and Coronado concerning certain uses of the proceeds of the Series 2006 Bonds and other matters are based in whole or in part on representations and certifications of other parties set forth in this Tax Certificate and Agreement and other certifications delivered concurrently herewith, including representations and certificates of RBC Dain Rauscher Inc. d/b/a RBC Capital Markets, as underwriter (the "Underwriter"). Neither Coronado nor the Authority is aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any

representation or certification made in this Tax Certificate and Agreement or the accompanying certificates.

Section 1.5 Facility Qualification. The Series 2006 Bonds are being issued to finance sewage facilities, as set forth in Code Section 142(a)(5) and Regulations §1.103-8(f). At least 95% of the proceeds of the Series 2006 Bonds will be expended for such sewage facilities. The Project will serve the general public pursuant to Regulations §1.103-8(f)(1)(i). The Project will consist of a "sewage facility," which includes generally property used for the preliminary, primary or secondary treatment of waste water or the advanced or tertiary treatment of waste water to the extent used in connection with and after secondary treatment, or property used for the collection, storage, use, processing, or final disposal of waste water or sewage sludge or septage, and property functionally related and subordinate to such property, all as more fully defined in Regulations §1.142(a)(5)-1(b).

Section 1.6 Single Issue for Arbitrage Purposes. No other obligations of the Authority (i) are being sold at substantially the same time (within 15 days) as the Series 2006 Bonds, (ii) are being sold pursuant to the same plan of financing, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2006 Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 Bonds Not Hedge Bonds. Coronado reasonably expects to spend at least eighty-five percent (85%) of the spendable proceeds of the Series 2006 Bonds to carry out the governmental purposes for which the Series 2006 Bonds are issued within three years following the date of issuance. Not more than fifty percent (50%) of the proceeds of the Series 2006 Bonds will be invested in investments having a substantially guaranteed yield for four (4) years or more.

Section 1.8 Issuance Costs. Proceeds of the Series 2006 Bonds being used to pay the costs of issuing the Series 2006 Bonds, including underwriter's discount thereon, do not exceed two percent (2%) of the amount of Sale Proceeds of the Series 2006 Bonds. Issuance costs of the Series 2006 Bonds in excess of the 2% amount will be paid by the Trustee from moneys derived from the sale of preferred stock in Coronado and deposited by Coronado in the Equity Fund.

Section 1.9 Volume Cap. The Authority obtained an allocation of private activity volume cap, as attached on Exhibit B attached hereto, for the Series 2006 Bonds, as required pursuant to Code Section 146(a), because the Project qualifies as sewage facilities, an exempt facility pursuant to Code Section 142(a)(5).

Section 1.10 No Sale of Facilities. Coronado does not expect to sell or otherwise dispose of its interest in the facilities financed by the Series 2006 Bonds before the maturity or retirement of the Series 2006 Bonds, except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation, or except to controlled affiliates or affiliates under common control with Coronado.

Section 1.11 Economic Life of Financed Facilities and Weighted Average Maturity of the Series 2006 Bonds. The average reasonably expected economic lives of the sewage facilities financed with the proceeds of the Series 2006 Bonds is at least equal to 15 years. The weighted average maturity of the Series 2006 Bonds, as determined by the Underwriter, is 12.73 years. Therefore, the weighted average maturity of the Series 2006 Bonds is not more than 120% of the remaining average economic lives of the facilities financed or refinanced with the proceeds of the Series 2006 Bonds.

Section 1.12 Public Approval. In accordance with the requirements of Section 147(f) of the Code, the Series 2006 Bonds were approved by the Board of Supervisors of the County of Pinal on May 10, 2006, following a public hearing that was held on May 10, 2006, with respect to the issuance of the Series 2006 Bonds after reasonable public notice thereof was published in the *Casa Grande Dispatch* on April 25, 2006.

Section 1.13 Limitation of Liability and Responsibility. Notwithstanding any other provision contained herein, the representations, warranties, and obligations of the Authority pursuant to this Tax Certificate and Agreement are subject to the same limitations of liability and source of payment as specified in the Indenture, and the Authority will have the same rights and interests with respect to the transactions contemplated hereby (including but not limited to the right to indemnification) as the Authority has with respect to the transactions contemplated by the Indenture. Without limitation of the foregoing, in no event will the Authority be responsible for ensuring actual compliance with the rebate, investment, and yield restrictions contained in this Tax Certificate and Agreement unless the applicable funds are in the Authority's actual possession and control. If a consent or other action on the part of the Authority is required pursuant hereto, the Authority will have no obligation to act unless first requested to do so, and the Authority shall have no obligation to expend time or money, or otherwise incur liability, unless satisfactory indemnity has been furnished to it.

Section 1.14 EIN and Sequence of Issue. The Authority's Federal employer identification number is 52-1374287. Coronado's Federal employer identification number is 20-1757433. For purposes of filing Form 8038, the Series 2006 Bonds are to be designated as report number 1-02.

ARTICLE II

ARBITRAGE

Section 2.1 Initial Offering to the Public. The Underwriter has certified to the Authority and Coronado that the initial offering price of the Series 2006 Bonds is as set forth in the Certificate of the Underwriter of even date herewith, all within the meaning of Code Sections 148(h) and 1273(b)(1).

Section 2.2 Reasonable Expectations. This Article II states the reasonable expectations, statements of facts and estimates of the Authority and Coronado with respect to the amount and use of the proceeds of the Series 2006 Bonds and certain other funds. On the basis of the following, it is not expected that the Series 2006 Bonds will be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 2.3 Sale Proceeds.

(a) Sources of Proceeds. As more fully described on Exhibit A, attached hereto, the original proceeds of the Series 2006 Bonds are as follows:

Par Amount	\$2,650,000.00
Plus: Amortizable Premium	<u>\$155,793.50</u>
Sale Proceeds	<u>\$2,805,793.50</u>
Less: Underwriter's Discount	(\$53,000.00)
Net Sale Proceeds	<u>\$2,752,793.50</u>

(b) Uses of Proceeds. The sale proceeds of the Series 2006 Bonds (\$2,805,793.50), less an underwriter's discount of \$53,000, are expected to be needed and fully expended as follows:

(i) An amount of \$2,630,293.50 be deposited in the Project Fund and used to pay a portion of the costs of financing the Project.

(ii) An amount of \$122,500.00 will be deposited in the Debt Service Reserve Fund as a debt service reserve for the Series 2006 Bonds and used, if necessary, to pay principal of and interest on the Series 2006 Bonds.

(c) Equity Contribution. In addition to the proceeds of the Series 2006 Bonds, Coronado has sold its preferred stock and will deposit \$570,000 from the sale proceeds of the preferred stock (the "**Equity Contribution**") into the Equity Fund to pay a portion of the costs of issuing the Series 2006 Bonds and the costs of financing the Project.

Section 2.4 No Overissuance. The total proceeds to be received from the sale of the Series 2006 Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Series 2006 Bonds are issued, as described above.

Section 2.5 Funds and Accounts.

(a) General. The following funds and accounts are created and established pursuant to the Indenture:

- (i) Bond Fund;
- (ii) Debt Service Reserve Fund;
- (iii) Project Fund;
- (iv) Equity Fund; and
- (v) Rebate Fund.

The Authority and Coronado certify that the following subsections accurately reflect various matters relating to these funds.

(vi) Bond Fund. The Bond Fund is established as a separate deposit account to pay principal of, premium (if any) and interest on the Series 2006 Bonds when due. The Trustee will deposit upon receipt all Revenues (generally the Loan Payments), and any other amounts which are to be applied to the payment of Debt Service Charges. Moneys in the Bond Fund will be applied only to the payment of Debt Service Charges when due. The Bond Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year, and is expected to be depleted at least once each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on investment of the moneys in the Bond Fund for the immediately preceding bond year, or (ii) one-twelfth (1/12th) of the debt service on the Series 2006 Bonds for the immediately preceding bond year. Amounts deposited in the Bond Fund will be expended to pay debt service on the Series 2006 Bonds within thirteen (13) months from the date of deposit by the Trustee pursuant to the Indenture.

Accordingly, amounts deposited into the Bond Fund for the purpose of paying current debt service on the Series 2006 Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such funds and, thereafter, at a yield not materially higher than the yield on the Series 2006 Bonds. For investments of amounts in the Bond Fund, materially higher means one-thousandth of one percentage point (0.001%).

(b) Debt Service Reserve Fund. The Debt Service Reserve Fund is established to provide for the payment of principal and interest on the Series 2006 Bonds in the event, for any reason, amounts in the Bond Fund prove insufficient for such purpose. Initially, the Trustee will deposit \$122,500 from the proceeds of the Series 2006 Bonds into the Debt Service Reserve Fund. Thereafter, commencing September 1, 2006, and continuing monthly until September 1, 2007, an amount of \$10,208.34 will be deposited into the Debt Service Reserve Fund until the amount therein equals the Debt Service Reserve Fund Requirement. Earnings on moneys invested in the Debt Service Reserve Fund, to the extent such earnings cause amounts in the Debt Service Reserve Fund to exceed the Debt Service Reserve Requirement, will be transferred to the Bond Fund and used to pay debt service on the Series 2006 Bonds on the next interest payment date. At no time will the aggregate amount held in the Debt Service Reserve Fund with respect to the Series 2006 Bonds that is invested at a yield "materially higher" than the yield on the Series 2006 Bonds exceed the least of (i) 10% of the principal amount of the Series 2006 Bonds (\$265,000), (ii) Maximum Annual Debt Service on the Series 2006 Bonds (initially, \$245,000) or (iii) 125% of the average annual debt service on the Series 2006 Bonds (initially, \$297,368.16). In this case, the Debt Service Reserve Fund will equal the amount in clause (ii) above. The establishment and funding of the Debt Service Reserve Fund were vital and necessary factors in marketing the Series 2006 Bonds to the public and the Debt Service Reserve Fund constitutes a reasonably required reserve or replacement fund within the meaning of Section 148(d) of the Code.

Amounts deposited in the Debt Service Reserve Fund may be invested at an unrestricted yield and will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

(c) Project Fund. On or prior to the date hereof, Coronado has entered into binding contracts or commitments obligating it to spend at least five percent (5%) of the net sale proceeds of the Series 2006 Bonds allocated to the capital expenditures for acquiring, constructing and equipping the Project (\$137,639.68). It is expected that the work of acquiring, constructing and equipping the Project will continue to proceed with due diligence through not later than three (3) years from the date hereof, at which time all of the proceeds of the Series 2006 Bonds, including investment proceeds, will have been expended for the Project. The Authority and Coronado reasonably expect to spend, and Coronado covenants and agrees to spend, at least 85% of the net sale proceeds of the Series 2006 Bonds on the capital costs of the Project by the date that is three years from the Closing Date, that is by June 28, 2009.

Moneys in the Project Fund may be invested at an unrestricted yield for a period not exceeding three (3) years from the date hereof and, thereafter, at a yield not materially higher than the yield on the Series 2006 Bonds. For investments of amounts described in the preceding sentence, the term "materially higher" means one-eighth of one percentage point. Amounts in the Project Fund will be subject to the arbitrage rebate requirements of Section 148(f) of the Code, except to the extent such amounts together with amounts in the Costs of Issuance Fund qualify for any of the spending exceptions set forth in Regulations §1.148-7.

(d) Equity Fund. At or before the time of closing, Coronado will deposit \$570,000 into the Equity Fund, representing a cash contribution derived from the sale of preferred stock in Coronado, to pay a portion of the costs of issuance of the Series 2006 Bonds and other costs and expenses of the Project. (Proceeds of the 2006 Bonds will be used only to pay the underwriter's discount, which is equal to 2% of the proceeds of the Series 2006 Bonds.) Accordingly, moneys deposited in the Equity Fund will not be subject to the arbitrage rebate requirements of Code Section 148(f).

(e) Rebate Fund. The Authority and Coronado have covenanted not to use moneys in any fund or account in connection with the Series 2006 Bonds in a manner which would cause the Series 2006 Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Fund is created pursuant to the Indenture and will be funded to the extent required either from transfers from the other funds and accounts established pursuant to the Indenture or from Coronado's general funds. The Trustee shall deposit into the Rebate Fund any payments received in accordance with this Tax Certificate and Agreement for purposes of paying rebate to the United States Treasury Department and so identified. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Series 2006 Bonds.

Section 2.6 No Replacement. Other than Series 2006 Bond proceeds, neither the Authority nor Coronado nor any person related to either of them within the meaning of Section 147(a) of the Code (a "Related Person") has on hand any funds which could legally and practically be used for the purposes for which the Series 2006 Bonds are being issued, which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Series 2006 Bond proceeds will be used (i) directly or indirectly to replace funds of the Authority, Coronado or any Related Person to either of them that could be used for the purpose for which the Series 2006 Bonds are being issued, or (ii) to replace any

proceeds of any prior issuance of obligations by the Authority, Coronado or any Related Person to either of them.

Section 2.7 No Other Sinking or Pledged Funds. Except for the Bond Fund and the Debt Service Reserve Fund referred to in Section 2.5, no other funds or accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held or the source thereof) which are expected to be used or available to pay, directly or indirectly, principal or interest on the Series 2006 Bonds, or restricted so as to give reasonable assurance of their availability for such purposes.

Section 2.8 Investment of Proceeds. No portion of the Series 2006 Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2006 Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2006 Bonds.

Section 2.9 No Abusive Arbitrage Device. Coronado certifies, warrants and covenants that the Series 2006 Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Code Section 148 and the related Regulations, thereby enabling to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Series 2006 Bonds.

Section 2.10 No Reimbursement Bonds. The Authority has not adopted a resolution that would satisfy the requirements for an official intent pursuant to Regulations §1.150-2(e). Therefore, Coronado's ability to reimburse itself from proceeds of the Series 2006 Bonds for expenditures made prior to the issuance of the Series 2006 Bonds is limited to reimbursement of the following costs:

(i) Costs of issuance of the Series 2006 Bonds and an amount not in excess of the lesser of \$100,000 or 5% of the proceeds of the Series 2006 Bonds, the lesser amount in this case being \$100,000; and

(ii) Any preliminary expenditures up to an amount not in excess of 20% of the issue price of the Series 2006 Bonds relating to the capital expenditures for the Project (that is, an amount of \$561,158.70). Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

Any such reimbursements will be made within 30 days following the issuance of the Series 2006 Bonds, that is by July 27, 2006.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 Yield. For purposes of this Tax Certificate and Agreement, yield is calculated as set forth in Section 148(h) of the Code and Regulations §§1.148-4 and 1.148-5. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable amounts of principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation.

The yield on the Series 2006 Bonds is computed as of the issue date of the Series 2006 Bonds and will not be affected by subsequent unexpected events, unless Coronado enters into a hedging transaction (within the meaning of Regulations §1.148-4(h)), or there occurs a transfer, waiver, modification or similar transaction involving any right that is part of the terms of any of the Series 2006 Bonds. Any Underwriter' discount, issuance costs or costs of carrying or repaying the Series 2006 Bonds shall not be taken into account in calculating yield on the Series 2006 Bonds. None of the Series 2006 Bonds (i) is subject to optional early redemption within five years after the issue date, or (ii) bears interest at increasing interest rates (i.e., a stepped coupon bond), or (iii) is issued at an issue price that exceeds the stated redemption price at maturity ("SRPM") by more than 0.0025 multiplied by the product of the SRPM and the number of complete years to the first optional redemption date for the Series 2006 Bonds.

Coronado certifies, based upon representations of the Underwriter, that the issue price of the Series 2006 Bonds is \$2,805,793.50, which represents the price at which the Series 2006 Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For the purposes hereof, yield is calculated on a 360-day year basis with interest compounded semiannually. The yield on the Series 2006 Bonds on an aggregate basis, as computed by the Underwriter, is 5.5696843%.

Section 3.2 Yield on the Loan. All payments to be made by Coronado to the Trustee pursuant to the Loan Agreement are to be applied to payment of the Debt Service Charges on the Series 2006 Bonds, and investment income on such payments is to be credited against amounts required to be paid by Coronado. The administrative costs of issuing, carrying or repaying the Series 2006 Bonds will be borne by Coronado and paid by it either directly or by reimbursement of such payments made by the Authority, and the present value of any such payments which reimburse the Authority is not expected to exceed the present value of such costs paid by the Authority (using as a discount rate the yield on the Series 2006 Bonds).

In determining the yield on the Loan made pursuant to the Indenture, each payment made pursuant thereto is reduced by certain amounts, the aggregate present value (using as a discount rate the yield on the Series 2006 Bonds) of which is equal to or less than the present value of the costs of issuing, carrying or repaying the Series 2006 Bonds. Payments pursuant to the Indenture are treated as paid by Coronado when Coronado ceases to receive the benefit of earnings on such payments. Based upon the foregoing, it is expected that the yield on the Loan made pursuant to the Loan Agreement will not exceed the yield on the Series 2006 Bonds by more than one and one-half percentage points.

ARTICLE IV

REBATE

Section 4.1 Undertakings. The Authority and Coronado have covenanted to comply with certain requirements of the Code. The Authority and Coronado acknowledge that the Regulations apply to these undertakings, including the proper method for computing whether any rebate amount is owing to the Federal government pursuant to Section 148(f) of the Code and Regulations §§1.148-0 through 1.148-11. The Authority and Coronado covenant that they will undertake to determine (or have determined on their behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code and the Regulations promulgated thereunder from time to time and will undertake to comply with any requirements that may be applicable to the Series 2006 Bonds. The Authority and Coronado will undertake the methodology described in this Article IV of this Tax Certificate and Agreement, except to the extent inconsistent with any requirements of present or future law, the Regulations or any future guidance issued by the Internal Revenue or the United States Treasury, or if the Authority or Coronado receive an opinion of Bond Counsel to the effect that another methodology will comply with such requirements.

Section 4.2 Rebate Fund. A special fund designated the "Rebate Fund" has been established pursuant to the Indenture. The Trustee shall keep the Rebate Fund separate and apart from all other funds and moneys held by it.

Section 4.3 Recordkeeping. Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Regulations §1.148-1(b)) of the Series 2006 Bonds must be maintained by the Trustee, on behalf of the Authority and Coronado, including: (i) purchase date; (ii) purchase price; (iii) information establishing fair market value on the date such investment being allocated to Gross Proceeds of the Series 2006 Bonds, and thus is a Nonpurpose Investment, and on the date it ceases to be allocated to Gross Proceeds of the Series 2006 Bonds, and thus is not a Nonpurpose Investment; (iv) any accrued interest paid or received; (v) face amount; (vi) coupon rate; (vii) periodicity of interest payments; (viii) disposition price; (ix) disposition date; and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Regulations §1.148-3) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Series 2006 Bonds.

Section 4.4 Rebate Requirement Calculation and Payment.

(a) Coronado represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Series 2006 Bonds consistent with the rules described in this Section 4.4. Coronado will select a first rebate computation date which is not later than five years after the date of issuance of the Series 2006 Bonds, and will select subsequent rebate computation dates that are not later than five years after the previous computation date. Coronado will prepare and deliver or cause to be prepared and delivered to the Trustee the calculation of the rebate amount (i) within fifty-five (55) days after the first rebate computation date and each computation date thereafter so long as any Series 2006 Bonds remain Outstanding, and (ii) within fifty-five (55) days after the first date on which there

are no Outstanding Series 2006 Bonds. Not later than fifty-five (55) days after the first rebate computation date and each computation date thereafter so long as any Series 2006 Bond remains unpaid, and within fifty-five (55) days after the last Series 2006 Bond is paid, Coronado shall deposit with the Trustee or direct the Trustee to transfer from designated funds an amount necessary to increase or decrease the sum held by the Trustee in the Rebate Fund to the rebate amount.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no Outstanding Series 2006 Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Trustee shall pay to the United States Treasury, pursuant to instructions from Coronado, out of designated funds (i) not later than sixty (60) days after the end of each five (5) year period beginning with the date hereof, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Series 2006 Bonds, calculated as of the date of such payment, and (ii) not later than sixty (60) days after the first date when there are no Outstanding Series 2006 Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no Outstanding Series 2006 Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Regulations §§1.148-1 through 1.148-11 and as determined by or on behalf of Coronado.

(d) Each payment required to be made pursuant hereto and relating to the Series 2006 Bonds shall be filed with the Internal Revenue Service Center, designated in the then-applicable Internal Revenue Service forms and instructions on or before the date such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T or the form then in effect. Coronado and the Trustee must retain records of the calculations required by this Section 4.4 until three (3) years after the retirement of the last obligation of the Series 2006 Bonds.

Section 4.5 Valuation of Investments.

(a) General Rule. Except as otherwise provided in this Section 4.5, for all purposes of Code Section 148, the value of an investment allocated to the Series 2006 Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount Method. A plain par investment (as defined in Regulations §1.148-1(b)) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) Present Value Method. An investment whose yield is fixed and determinable on the issue date (a "fixed rate investment") may be valued at its present value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial

conventions used to compute the yield on the Series 2006 Bonds (*i.e.*, 360-day year of 30-day months with interest compounded semiannually). The present value of an investment on a date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in Sections 4.5(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities market, within the meaning of Code Section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Sections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Series 2006 Bonds or first ceases to be allocated to the Series 2006 Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Allocations from Commingled Funds. Notwithstanding Subsection 4.4(b) hereof, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Regulations §1.148-6(e)(5)(iii).

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States of America; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(g) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) Coronado made (or had made on its behalf) a bona fide solicitation for the purchase of the guaranteed investment contract that satisfied all of the following requirements:

(A) the bid specifications were in writing and were timely forwarded to potential providers;

(B) the bid specifications included all material terms of the bid (i.e., terms that may have directly or indirectly affected the yield or the cost of the guaranteed investment contract);

(C) the bid specifications included a statement notifying potential providers that submission of a bid is a representation (I) that the potential provider did not consult with any other potential provider about its bid, (II) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with Coronado or any other person (whether or not in connection with the Series 2006 Bonds), and (III) that the bid is not being submitted solely as a courtesy to Coronado or any other person for purposes of satisfying the requirements of Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations (relating to receipt of at least three bids and at least one bid from a reasonably competitive provider of guaranteed investment contracts);

(D) the terms of the bid specifications were commercially reasonable (i.e., there were legitimate business purposes for the terms other than to increase the purchase price or reduce the yield of the guaranteed investment contract);

(E) the terms of the solicitation took into account Coronado's reasonably expected deposit and drawdown schedule for the amounts to be invested;

(F) all potential providers had an equal opportunity to bid (e.g., no potential provider was given the opportunity to review other bids before providing a bid); and

(G) at least three reasonably competitive providers (i.e., providers with an established industry reputation as a competitive provider of guaranteed investment contracts) were solicited for bids;

(ii) the bids received by Coronado met all of the following requirements:

(A) Coronado received at least three bids from providers that Coronado solicited under a bona fide solicitation meeting the requirements of paragraph (f)(i) above and that did not have a material financing interest in the Series 2006 Bonds (e.g., the lead underwriter in a negotiated underwriting until 15 days after the delivery date of the Series 2006 Bonds, any financial advisor to Coronado with respect to the purchase of the guaranteed investment contract at the time the bid specifications are forwarded to potential providers, and any provider that is related to such party);

(B) at least one of the three bids described in paragraph (f)(ii)(A) above was from a reasonably competitive provider of guaranteed investment contracts, within the meaning of Regulations §1.148-5(d)(6)(iii)(A)(7); and

(C) any agent used to conduct the bidding process did not bid to provide the guaranteed investment contract; and

(D) the winning bid was the highest yielding bona fide bid (determined net of any broker's fees).

ARTICLE V

OTHER MATTERS

Section 5.1 Authority. The undersigned are authorized representatives of the Authority and Coronado, respectively, and are acting for and on behalf of the Authority and Coronado, respectively, in entering into this Tax Certificate and Agreement. To the best knowledge and belief of the undersigned representatives of the Authority and Coronado, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 The Trustee. The Trustee shall act as specifically provided herein and in the Indenture and may exercise such additional powers as are reasonably incidental hereto and thereto and the liability of the Trustee hereunder shall be subject to the limitations contained in Article IX of the Indenture. The Trustee shall act as the agent of and on behalf of the Authority and any act required to be performed by the Authority as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee may consult with legal counsel selected by it (the reasonable fees of such counsel shall be paid by Coronado) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it.

Section 5.3 Reliance. Coronado and the Authority hereby acknowledge and agree that the certifications, representations, and warranties set forth in this Tax Certificate and Agreement may be relied upon by Snell & Wilmer L.L.P., Bond Counsel, in rendering its opinions with respect to the Series 2006 Bonds. To the best of the undersigned's knowledge, information and belief, there are no other facts, estimates or circumstances that would materially change any of the foregoing certifications. The representations in this Tax Certificate and Agreement are made for the benefit of the purchasers of the Series 2006 Bonds and Snell & Wilmer L.L.P., Bond Counsel, and may be relied upon by the purchasers of the Series 2006 Bonds and said Bond Counsel in determining whether or not the Series 2006 Bonds constitute "arbitrage bonds" within the meaning of Code Section 148 and the Regulations, and whether or not the interest on the Series 2006 Bonds is excludable from Federal income taxes.

Section 5.4 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, Coronado hereby agrees to instruct the Trustee to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

(B) at least one of the three bids described in paragraph (f)(ii)(A) above was from a reasonably competitive provider of guaranteed investment contracts, within the meaning of Regulations §1.148-5(d)(6)(iii)(A)(7); and

(C) any agent used to conduct the bidding process did not bid to provide the guaranteed investment contract; and

(D) the winning bid was the highest yielding bona fide bid (determined net of any broker's fees).

ARTICLE V

OTHER MATTERS

Section 5.1 Authority. The undersigned are authorized representatives of the Authority and Coronado, respectively, and are acting for and on behalf of the Authority and Coronado, respectively, in entering into this Tax Certificate and Agreement. To the best knowledge and belief of the undersigned representatives of the Authority and Coronado, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 The Trustee. The Trustee shall act as specifically provided herein and in the Indenture and may exercise such additional powers as are reasonably incidental hereto and thereto and the liability of the Trustee hereunder shall be subject to the limitations contained in Article IX of the Indenture. The Trustee shall act as the agent of and on behalf of the Authority and any act required to be performed by the Authority as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee may consult with legal counsel selected by it (the reasonable fees of such counsel shall be paid by Coronado) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it.

Section 5.3 Reliance. Coronado and the Authority hereby acknowledge and agree that the certifications, representations, and warranties set forth in this Tax Certificate and Agreement may be relied upon by Snell & Wilmer L.L.P., Bond Counsel, in rendering its opinions with respect to the Series 2006 Bonds. To the best of the undersigneds' knowledge, information and belief, there are no other facts, estimates or circumstances that would materially change any of the foregoing certifications. The representations in this Tax Certificate and Agreement are made for the benefit of the purchasers of the Series 2006 Bonds and Snell & Wilmer L.L.P., Bond Counsel, and may be relied upon by the purchasers of the Series 2006 Bonds and said Bond Counsel in determining whether or not the Series 2006 Bonds constitute "arbitrage bonds" within the meaning of Code Section 148 and the Regulations, and whether or not the interest on the Series 2006 Bonds is excludable from Federal income taxes.

Section 5.4 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, Coronado hereby agrees to instruct the Trustee to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section 5.5 Filing Requirements. Coronado shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (including, but not limited to, Form 8038 and Form 8038-T).

Section 5.6 De Minimis Exception to Rebate. For any Bond Year in which earnings on the bona fide debt service fund (*i.e.*, the Bond Fund) are less than \$100,000, the amounts in such account and the earnings thereon will be excluded from the calculation of the rebate amount. For any Bond Year in which the earnings on such bona fide debt service fund are equal to or greater than \$100,000, the amounts in such account and the earnings thereon will be included in the calculation of the rebate amount.

Section 5.7 Amendment and Supplementation.

(a) Notwithstanding any other provision herein, the parties hereby agree to amend, supplement or modify this Tax Certificate and Agreement to the extent necessary to maintain the exclusion of interest on the Series 2006 Bonds from gross income for Federal tax purposes as required pursuant to an opinion of Bond Counsel.

(b) Notwithstanding any other provision herein, this Tax Certificate and Agreement may not be amended, supplemented or modified except in accordance with an approving opinion of Bond Counsel.

Section 5.8 Multiple Counterparts. This Tax Certificate and Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 5.9 Survival of Defeasance. Notwithstanding anything in this Tax Certificate and Agreement or any other provisions of the Indenture to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate and Agreement shall survive the defeasance or payment in full of the Series 2006 Bonds.

Section 5.10 Permitted Changes; Opinion of Bond Counsel. The yield restrictions contained in Section 2.5 or any other restriction or covenant contained herein need not be observed or may be changed if the Authority, the Trustee and Coronado receive an opinion of Bond Counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Series 2006 Bonds for Federal income tax purposes.

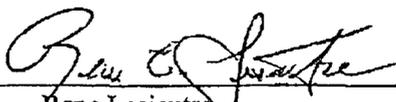
Section 5.11 Successors and Assigns. The terms, provisions, covenants and conditions of this Tax Certificate and Agreement will bind and inure to the benefit of the respective successors and assigns of the Authority, Coronado and the Trustee.

Section 5.12 Headings. The headings of this Tax Certificate and Agreement are inserted for convenience only and will not be deemed to constitute a part of this Tax Certificate and Agreement.

Section 5.13 Termination. Notice is hereby given that this Tax Certificate and Agreement is subject to the provisions of Section 38-511 of the Arizona Revised Statutes, which provides for termination hereof under certain circumstances.

DATED as of this _____ day of _____, 2006.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By: 
Rene Lesieutre
President

CORONADO UTILITIES, INC.

By: _____
Jason Williamson
President

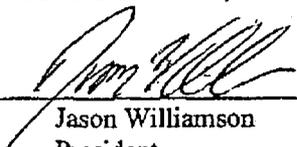
[SIGNATURE PAGE TO TAX CERTIFICATE]

DATED as of this _____ day of _____, 2006.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By: _____
Rene Lesieutre
President

CORONADO UTILITIES, INC.

By:  _____
Jason Williamson
President

[SIGNATURE PAGE TO TAX CERTIFICATE]

ACKNOWLEDGMENT

The undersigned officer of Wells Fargo Bank, N.A., as Trustee, hereby acknowledges receipt of the foregoing Tax Certificate and Agreement. The Trustee further acknowledges the undertakings made by the Authority and Coronado herein and in the Indenture with respect to the tax-exempt status of interest on the Series 2006 Bonds and agrees to follow all reasonable instructions received from the Authority and Coronado in furtherance of such undertakings, subject to the terms of the Indenture.

Wells Fargo Bank, N.A., as Trustee

By:



Brenda Black
Vice President

[ACKNOWLEDGMENT PAGE TO TAX CERTIFICATE]

TRUST INDENTURE

By and Between

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL**

and

**WELLS FARGO BANK, N.A.,
as trustee**

Relating to

**\$2,650,000
Wastewater Revenue Bonds
(San Manuel Facility Project)
Series 2006**

Dated as of June 1, 2006

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of June 1, 2006, is entered into by and between THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL, an Arizona nonprofit corporation (the "Authority") incorporated with the consent of Pinal County, Arizona (the "County"), and designated by statute as a political subdivision of the State of Arizona (the "State"), and WELLS FARGO BANK, N.A., a national banking association duly authorized to exercise corporate trust powers in the State, as trustee (the "Trustee") (capitalized terms used herein but not defined above or in the recitals and granting clauses are defined in Article I hereof):

WITNESSETH:

WHEREAS, the Authority is authorized pursuant to Chapter 5, Title 35 of the Arizona Revised Statutes (the "Act"), to issue revenue bonds to finance the costs of acquiring, constructing and installing projects (as defined in the Act); and

WHEREAS, on May 10, 2006, the Authority passed, adopted and approved a resolution (the "Bond Resolution") authorizing the issuance and sale, pursuant to and in accordance with the Act, of its Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the "Series 2006 Bonds"), the proceeds of which will be loaned by the Authority to Coronado Utilities, Inc., an Arizona corporation (the "Company"), to enable the Company (a) to finance the construction and equipping of a new wastewater collection and treatment facility (the "New Facility") to replace the existing wastewater treatment facility located in San Manuel, Pinal County, Arizona (the "Existing Facility") previously owned and operated by BHP Copper Inc. ("BHP"), (b) to finance the construction and installation of an effluent line to the San Manuel Golf Course (collectively, the "Project"), and (c) to fund a debt service reserve fund related to the bonds; and

WHEREAS, the Project constitutes a "project" within the meaning of the Act; and

WHEREAS, the Series 2006 Bonds are to be issued by the Authority pursuant to this Indenture in one series in the aggregate original principal amount of \$2,650,000 for the purposes described above; and

WHEREAS, the Series 2006 Bonds will be secured by a pledge and assignment of the Revenues and otherwise as described herein; and

WHEREAS, in order to provide for the financing of the Project and the payment of certain costs of issuance, simultaneously with the execution and delivery of this Indenture, the Authority and the Company will enter into a Loan Agreement, dated as of the date hereof (together with any amendments thereto, the "Loan Agreement"), pursuant to which the Company covenants, among other things, to make payments in amounts and at times which will be sufficient to pay when due the principal of, premium if any, and interest on the Series 2006 Bonds; and

WHEREAS, the loan of the proceeds of the Series 2006 Bonds pursuant to the Loan Agreement will be evidenced by the Loan Agreement and a promissory note, dated the Closing

Date (the "Note"), executed and delivered by the Company to the Authority, which Note will be endorsed by the Authority and delivered to the Trustee; and

WHEREAS, the Company's obligations pursuant to the Loan Agreement will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") with respect to the real and personal properties comprising the Project; and

WHEREAS, all acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Series 2006 Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Series 2006 Bonds will exist, will have happened and will have been performed (1) to make the Series 2006 Bonds, when issued, delivered and authenticated, valid special limited obligations of the Authority in accordance with the terms hereof and (2) to make this Indenture a valid, binding and legal trust agreement for the security of the Series 2006 Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of principal of, any premium and interest on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Owners, and for other good and valuable consideration, the receipt of which is acknowledged, the Authority has executed and delivered this Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Authority in, to and under (1) the Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Authority pursuant to the Loan Agreement in respect of repayment of the Loan and all moneys and investments in the Project Fund, the Equity Fund, the Debt Service Reserve Fund and the Bond Fund, (2) the Loan Agreement, except for the Unassigned Authority's Rights, (3) the Note, and (4) the Deed of Trust (collectively, the "Trust Estate"); provided, however, that in no event shall amounts held by the Trustee in the Rebate Fund established pursuant to Section 5.12 hereof be included in the Trust Estate or otherwise be subject to the lien of this Indenture;

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof:

(A) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds issued or to be issued pursuant to and secured by this Indenture;

(B) for the enforcement of the payment of the principal of and interest and any premium on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture; and

(C) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture;

in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege pursuant to this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided however, that:

(x) if the principal of the Bonds and the interest due or to become due thereon together with any premium required by redemption of any of the Bonds prior to maturity shall be well and truly paid at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged as provided in Article IX hereof; and

(y) if there shall have been paid (or provision for payment shall have been made) to the Authority, the Trustee, the Registrar and the Paying Agent all sums of money due or to become due to them in accordance with the terms and provisions hereof and of the Loan Agreement, then this Indenture and the rights hereby granted shall cease and terminate; otherwise this Indenture is and will remain in full force and effect.

It is further declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that all Revenues assigned hereby are to be dealt with and disposed of pursuant to, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture and the Authority has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Owners, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. *Definitions.* In addition to the words and terms defined in the recitals above and elsewhere in this Indenture, the words and terms defined in this Section shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, or which are otherwise defined terms pursuant to the Loan Agreement, as hereinafter defined, shall have the meanings assigned to them in the Loan Agreement.

"Additional Bonds" means bonds, in addition to the Series 2006 Bonds, which may be issued pursuant to this Indenture.

"Additional Notes" means any promissory note or notes, in addition to the Note, delivered by the Company to the Authority and assigned to the Trustee in connection with the issuance of Additional Bonds, as provided in the Loan Agreement.

"Authority's Governing Body" means the Board of Directors of the Authority.

"Authority's Unassigned Rights" means the Authority's Unassigned Rights, as defined in the Loan Agreement.

"Authorized Authority Representative" means the President or any Vice President of the Authority and any other individual designated as such by any of such individuals.

"Authorized Denomination" means, with respect to the Series 2006 Bonds, initial denominations of not less than \$500,000 each, subject to reduction as provided herein and provided that all of the Series 2006 Bonds owned of record or beneficially by any Person shall comprise an Authorized Denomination.

"Authorized Company Representative" means the person or persons designated at the time to act on behalf of the Company by written instrument furnished to the Authority and the Trustee, containing the specimen signature of such person or persons and signed by any officer of the Company. Such instrument may designate an alternate or alternates.

"Bonds" means the Series 2006 Bonds and any Additional Bonds Outstanding from time to time.

"Bond Counsel" means Snell & Wilmer L.L.P. or an attorney-at-law or firm of attorneys (other than an employee of the Company but including any law firm serving as counsel to the Company) satisfactory to the Authority and nationally recognized as being experienced in matters relating to the tax exemption of interest on bonds of states and political subdivisions.

"Bond Fund" means the fund established pursuant to Section 5.05 hereof.

"Bond Purchase Agreement" means, as to the Series 2006 Bonds, the Bond Purchase Agreement, dated as of June 23, 2006, by and between the Authority and the Underwriter and, with respect to any Additional Bonds, any similar agreement.

"Bond Resolution" means (A) when used with reference to the Series 2006 Bonds, the resolution adopted on May 10, 2006 by of the Authority's Governing Body providing for their issuance and approving the Loan Agreement, this Indenture, the Bond Purchase Agreement and related matters; and (B) when used with reference to an issue of Additional Bonds, the resolution and supplemental resolution, if any, of the Authority's Governing Body providing for the issuance of the Additional Bonds and approving any amendment or supplement to this Indenture and the Loan Agreement and related matters.

"Business Day" means a day of the year other than (A) a Saturday or Sunday, (B) a day on which commercial banks located in the city in which the designated trust office of the Trustee is located are required or authorized to remain closed or (C) a day on which the New York Stock Exchange is closed.

"Closing Date" means, with respect to the Series 2006 Bonds, the date of delivery of and payment for the Bonds, being June 28, 2006 and, with respect to any series of Additional Bonds, the date of delivery of and payment for such Additional Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and Sections of the Code include relevant applicable regulations and proposed regulations thereunder (and pursuant to the related provisions of the Internal Revenue Code of 1954, as amended) and any successor provisions to those Sections, regulations or proposed regulations.

"County" means Pinal County, Arizona.

"Debt Service Charges" means, for any series of Bonds, the principal of, premium, if any, and interest on such series of Bonds for any period or payable at any time, whether due on an Interest Payment Date, at maturity or upon acceleration or mandatory redemption.

"Debt Service Reserve Fund" means the fund established pursuant to Section 5.06 hereof.

"Debt Service Reserve Fund Requirement" means, as of the date of calculation, an amount equal to the least of (i) 10% of the principal amount of all Series 2006 Bonds and Additional Bonds then Outstanding (initially, \$265,000), (ii) Maximum Annual Debt Service on the Series 2006 Bonds and any Additional Bonds then Outstanding (initially, \$245,000) or (iii) 125% of the average annual debt service on the Series 2006 Bonds and any Additional Bonds then Outstanding (initially, \$297,368.16).

"Deed of Trust" means the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof, from the Company, as trustor and debtor, to the Trustee, as trustee, for the benefit of the Authority, as beneficiary and secured party, with respect to the real property, personal property and fixtures constituting the Project and certain leases and rents due to the Company.

"Determination of Taxability" means the Trustee's receipt of a final determination by the Internal Revenue Service to the effect that interest on the Bonds is includable in the gross income of the Owners of the Bonds for Federal income tax purposes.

"Eligible Investments" means any of the following investments, so long as such investments at the time of investment are legal investments pursuant to the laws of the State for the moneys proposed to be invested therein:

1. Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are

backed by the full faith and credit of the United States of America. These include, but are not limited to:

- United States Treasury obligations
All direct or fully guaranteed obligations, except zero coupon bonds
 - Farmers Home Administration
Certificates of beneficial ownership
 - General Services Administration
Participation certificates
 - U.S. Maritime Administration
Guaranteed Title XI financing
 - Small Business Administration
Guaranteed participation certificates
Guaranteed pool certificates
 - Government National Mortgage Association ("GNMA")
GNMA-guaranteed participation certificates
 - United States Department of Housing & Urban Development
Local authority bonds
 - United States Treasury Obligations, State and Local Government Series
 - Veterans Administration
Guaranteed REMIC
Pass-through Certificates
2. Federal Housing Administration Debentures
3. Obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States of America:
- Federal Home Loan Mortgage Corp. ("FHLMC")
Participation certificates (excluded are stripped mortgage securities)
Senior debt obligations
 - Farm Credit System (Formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives)
Consolidated system wide bonds and notes
 - Federal Home Loan Banks ("FHL Banks")
Consolidated debt obligations
 - Federal National Mortgage Association ("FNMA")
Senior debt obligations
 - Student Loan Marketing Association ("SLMA")
Senior debt obligations (Excluding securities that do not have a fixed par value and/or whose terms do not include a fixed dollar amount payable at maturity or call date.)
LOC-backed issues
 - Financing Corp. ("FICO")
Debt obligations
 - Resolution Funding Corp. ("REFCORP")
Debt obligations

4. Federal funds, unsecured certificates of deposit, time deposits, and banker's acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "A-1+" by the one of the Rating Services.

5. Deposits that are fully insured by the Federal Deposit Insurance Corp. ("FDIC"), including the Bank Insurance Fund ("BIF") and the Savings Association Insurance Fund ("SAIF").

6. (a) Debt obligations rated "AAA" by one of the Rating Services, excluding securities that do not have a fixed par value and/or whose terms do not include a fixed dollar amount payable at maturity or call date.

(b) Pre-refunded municipals rated "AAA" by one of the Rating Services.

7. Commercial paper rated "A-1+" by one of the Rating Services maturing in not more than 365 days.

8. Investments in money market funds rated "AAAm" or "AAAm-G" by one of the Rating Services.

9. Repurchase agreements with any transferor with debt rated at least "A" or commercial paper rated "A-1+" by one of the Rating Services; provided, however, that if the debt of any transferor is subsequently rated below "A," the transferor may post collateral sufficient to sustain or maintain an "A" debt rating by one of the Rating Services.

10. Guaranteed investment contracts or similar funding agreements issued by insurance companies, the long-term corporate debt of which, at the time of investment, is rated "A+" or better by one of the Rating Services and "A1" or better by Moody's Investors Service, Inc.

Notwithstanding the foregoing, any Eligible Investment must be limited to those instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. If the obligation is rated, it should not have an "r" highlighter affixed to its rating. Interest should be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index.

"Equity Fund" means the fund established pursuant to Section 5.04 hereof.

"Event of Default" means any of the events described in Section 7.01 hereof.

"Extraordinary Services" and "Extraordinary Expenses" means any services rendered and any reasonable expenses properly incurred by the Trustee pursuant to this Indenture, other than Ordinary Services and Ordinary Expenses.

"Fiscal Year" means the period beginning each January 1st and ending on the succeeding December 31st.

"Government Obligations" means (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (ii) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (iii) securities which represent an interest in the obligations described in (i) and (ii) above.

"Indenture" means this Trust Indenture, as amended or supplemented from time to time.

"Interest Payment Date" means, (A) as to the Series 2006 Bonds, each June 1 and December 1, commencing December 1, 2006, and (B) as to any Additional Bonds, the date or dates designated as an Interest Payment Date or Dates in the applicable Supplemental Indenture or Bond Resolution.

"Loan" means the loan by the Authority to the Company of the proceeds received from the sale of the Bonds.

"Loan Payments" means the amounts required to be paid by the Company in repayment of the Loan pursuant to the provisions of the Note and Section 4.01 of the Loan Agreement.

"Maximum Annual Debt Service" means the largest amount of Debt Service Charges payable for the then-current or any future Fiscal Year.

"Majority of Bondholders" means, with respect to any series of Bonds, the Owners of a majority in principal amount of the Outstanding Bonds of that series and, if not so limited, means the Owners of a majority in principal amount of all Outstanding Bonds.

"Note" means the promissory note of the Company, dated the Closing Date, issued in the form attached to the Loan Agreement as Exhibit C in the initial principal amount of \$2,650,000 evidencing the obligation of the Company to make Loan Payments.

"Ordinary Services" and **"Ordinary Expenses"** means those standard and customary services normally rendered, and those reasonable expenses normally incurred, by a trustee pursuant to instruments similar to this Indenture.

"Outstanding Bonds", "Bonds Outstanding" or "Outstanding" with reference to the Bonds, means, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered, by the Trustee pursuant to this Indenture, except:

(A) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption on or prior to that date;

(B) Bonds, or the portion thereof, the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or any Paying Agent pursuant to this Indenture on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are

to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Owners of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(C) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(D) Bonds in lieu of which others have been authenticated pursuant to Section 3.02 of this Indenture;

provided that, in determining whether the Owners of the requisite percentage of Bonds have concurred in any demand, direction, request, notice, consent, waiver or other action pursuant to this Indenture, Bonds that are owned by the Company or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, further, that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only such Bonds which the Trustee knows are so owned shall be disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for such purpose if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

"Owner" means the Person in whose name a Bond is registered on the Register.

"Paying Agent" means any bank or trust company designated as a Paying Agent by or in accordance with Section 6.12 of this Indenture.

"Person," or words importing persons, means firms, associations, corporations, companies, partnerships (including, without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, public or governmental bodies, other legal entities and natural persons.

"Predecessor Bond" means, with respect to any particular Bond, every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered pursuant to Section 3.06 of this Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 3.06, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

"Prime Rate" means the prime rate or base rate as announced by Wells Fargo Bank from time to time.

"Project Fund" means the fund established pursuant to Section 5.03 hereof.

"Rating Services" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service.

"Rebate Fund" means the fund established pursuant to Section 5.12 hereof.

"Register" means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to Section 3.05 hereof.

"Registrar" means the Trustee until a successor Registrar shall have become such pursuant to applicable provisions of this Indenture.

"Regular Record Date" means, with respect to any Bond, the 15th day of the month (whether or not a Business Day) immediately preceding each Interest Payment Date for the Bonds.

"Revenues" means (A) the Loan Payments, (B) all of the moneys received or to be received by the Authority or the Trustee in respect of repayment of the Loan, (C) all moneys and investments in the Bond Fund and (D) all income and profit from the investment of the foregoing moneys.

"Secretary" means the Secretary of the Authority.

"Series 2006 Bonds" means the Authority's Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 3.04 hereof.

"Sophisticated Municipal Market Professional" or **"SMMP"** means a Person, other than a natural person, with total assets of at least \$100 million invested in municipal securities in its portfolio and/or under its management, which a broker-dealer of the Bonds has reasonable grounds to conclude (i) has timely access to publicly available material facts concerning the Bonds; (ii) is capable of independently evaluating the investment risk and market value of the Bonds; and (iii) is making independent decisions about its investments in municipal securities, and other known facts do not contradict such a conclusion.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into by and between the Authority and the Trustee in accordance with Article VIII hereof.

"Trustee" means the Person at the time acting as trustee pursuant to this Indenture, initially, Wells Fargo Bank, N.A., and any successor trustee determined or designated in accordance with the provisions of this Indenture.

"Underwriter" means, as to the Series 2006 Bonds, RBC Capital Markets and, as to any series of Additional Bonds, the underwriter thereof.

Section 1.02. *Interpretation.* Any reference herein to the Authority or to any officer, employee or official thereof includes entities, officers, employees or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Any reference to a section or provision of the Arizona Constitution or the Act, or to a section, provision or chapter of the Arizona Revised Statutes, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of rights or obligations of the Authority, the Owners, the Trustee, the Registrar, any Paying Agent or the Company pursuant to this Indenture, the Bond Resolution, the Bonds, the Bond Purchase Agreement, the Note or any other instrument or document entered into in connection with any of the foregoing, including, without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times, and from the sources provided in the Bond Resolution and this Indenture, except as permitted herein.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa. The terms "hereof," "hereby," "herein," "hereto," "hereunder," "hereinafter" and similar terms refer to this Indenture; and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of this Indenture. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.03. *Captions and Headings.* The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS; ADDITIONAL BONDS

Section 2.01. *Authorized Amount of Bonds.* No Bonds may be issued pursuant to the provisions of this Indenture except in accordance with this Article. The total authorized principal amount of Series 2006 Bonds which shall be issued pursuant to the provisions of this Indenture is \$2,650,000. The Authority may issue, sell and deliver one or more series of Additional Bonds for the purposes, upon satisfaction of the conditions and in the manner provided herein.

Section 2.02. *Issuance of Bonds.* The Authority shall, issue, sell and deliver the Bonds to provide funds to finance the Project. The Series 2006 Bonds shall be designated "The Industrial Development Authority of the County of Pinal, Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006", shall be in the aggregate original principal amount of \$2,650,000; shall be issuable, unless a Supplemental Indenture shall have been executed and delivered pursuant to Section 8.02 hereof, only in fully registered form, substantially as set forth in Exhibit A to this Indenture; shall be dated the date of their initial delivery; shall be numbered in such manner as determined by the Trustee in order to distinguish each Series 2006 Bond from any other Series 2006 Bond; shall be in initial denominations of \$500,000 each, subject to reduction as provided herein; and shall be subject to extraordinary optional and mandatory redemption in the amounts, upon the conditions and at the times and prices set forth herein. Upon any exchange or transfer and surrender of any Bond in accordance with the provisions

hereof, the Authority shall execute and the Trustee shall authenticate and deliver one or more new Bond in exchange therefor as provided herein.

Section 2.03. *Maturity and Interest.* The Series 2006 Bonds shall mature on June 1, 2026, subject to prior redemption as set forth in Section 4.01 hereof, and shall bear interest at the rate of 6.25% percent per annum from the date thereof until paid. Interest on the Bonds shall be payable on each Interest Payment Date, or in the case of transfer or exchange, from the most recent Interest Payment Date to which interest has been paid or provided for pursuant to this Indenture. Interest on the Bonds shall be calculated on the basis of a 360-day year of 12 30-day months.

Section 2.04. *Delivery of the Bonds.* Upon the execution and delivery of this Indenture, and satisfaction of the conditions established herein by the Authority and in the Bond Purchase Agreement by the Underwriter for delivery of the Bonds, including the Trustee's receipt of a request from and authorization by the Authority to authenticate and deliver the Bonds to the Underwriter upon payment to the Trustee of the amount specified therein, the Authority shall execute the Bonds and deliver them to the Trustee. Thereupon, the Trustee shall authenticate the Bonds and deliver them to the Underwriter and deposit the proceeds from the sale thereof as provided in Section 5.02 hereof.

Section 2.05. *Issuance and Delivery of Additional Bonds.* At the request of the Company, the Authority may (but shall not be required to) issue Additional Bonds from time to time for the purpose of financing or refinancing the acquisition of land, facilities, improvements or equipment of the Company, or for refunding obligations of the Company previously issued, in accordance with the Act, provided that the following conditions have been met:

- (A) No Event of Default has occurred and is continuing;
- (B) At the time of issuance of the Additional Bonds, there is no deficiency in the Bond Fund or the Debt Service Reserve Fund;
- (C) At the time of issuance of the Additional Bonds, a deposit is made to the Debt Service Reserve Fund in an amount sufficient to cause the balance in the Debt Service Reserve Fund to equal the aggregate Debt Service Reserve Fund Requirement for all Outstanding Bonds, including the proposed Additional Bonds;
- (D) A deed of trust, security agreement or fixture filing with respect to the land, facilities, improvements and equipment to be financed with the Additional Bonds;
- (E) A certificate of the Company from an Authorized Company Representative is delivered to the Trustee warranting that either:
 - (1) the net operating revenues of the Company for any 12 consecutive months during the 18 months preceding the date of issuance of the Additional Bonds were not less than 1.50 times the sum of the actual Debt Service Charges on the Bonds for the immediately preceding 12 months, plus the average annual Debt Service Charges for the proposed Additional Bonds as certified by a qualified engineering, auditing, or other firm; or

(2) the net operating revenues of the Company, as projected for the next ensuing three Fiscal Years by a qualified engineering, auditing, or other firm (including any rate increases instituted by the Company), are not less than 1.25 times the average annual Debt Service Charges for the ensuing three Fiscal Years on all Outstanding Bonds, including the proposed Additional Bonds.

(F) Any Additional Bonds shall be on a parity with the Bonds and any Additional Bonds theretofore or thereafter issued and Outstanding as to the assignment to the Trustee of the Authority's right, title and interest in the Revenues, the Loan Agreement and the Note to provide for payment of Debt Service Charges thereon; provided, that nothing herein shall prevent payment of Debt Service Charges on any series of Additional Bonds from (1) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2006 Bonds and any one or more series of Additional Bonds, or (2) not being secured or protected from sources or by property or instruments applicable to the Series 2006 Bonds or one or more series of Additional Bonds.

Before the Trustee shall authenticate and deliver any Additional Bonds, the Trustee shall receive the following items:

- (1) Original executed counterparts of any amendments or supplements to the Loan Agreement and the Indenture entered into in connection with the issuance of the Additional Bonds, which are necessary or advisable, in the opinion of Bond Counsel, to provide that the Additional Bonds will be issued in compliance with the provisions of this Indenture.
- (2) One or more Additional Notes, as required by the Loan Agreement, in an aggregate principal amount equal to the aggregate principal amount of the Additional Bonds.
- (3) A copy of the written request from the Company to the Authority for issuance of the Additional Bonds.
- (4) A copy of the applicable Bond Resolution, certified by the Secretary of the Authority.
- (5) A request and authorization to the Trustee on behalf of the Authority, executed by an Authorized Authority Representative, to authenticate and deliver the Additional Bonds to, or on the order of, the purchaser thereof upon payment to the Trustee of the amount specified therein (including without limitation, any accrued interest), which amount shall be deposited as provided in the applicable Bond Resolution or Supplemental Indenture.
- (6) The written opinion of counsel, who may be counsel for the Authority, reasonably satisfactory to the Trustee, to the effect that: (a) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Indenture; (b) the issuance of the Additional Bonds has been duly authorized; (c) all filings and recordings required to be made

pursuant to Section 10.02(c) of this Indenture have been made; and (d) all conditions precedent to the delivery of the Additional Bonds have been fulfilled.

(7) A written opinion of Bond Counsel (who also may be the counsel to which reference is made in subparagraph (F)(6), to the effect that: (a) when executed for and in the name and on behalf of the Authority and when authenticated and delivered by the Trustee, such Additional Bonds will be valid and binding special obligations of the Authority enforceable in accordance with their terms and will be secured hereunder equally and on a parity with all other Bonds at the time Outstanding hereunder as to the assignment to the Trustee of the Authority's right, title and interest in the Revenues, the Loan Agreement, and the Notes (except as to any provision made therefor by or pursuant to Sections 4.04, 5.08 or 5.09 hereof) and the moneys and investments therein to provide for payment of Debt Service Charges on the Bonds; and (b) the issuance of the Additional Bonds will not result in the interest on the Series 2006 Bonds and any Additional Bonds Outstanding immediately prior to that issuance becoming includable in gross income of the Owner (other than a substantial user of the Project) for Federal income tax purposes.

(8) A written opinion of counsel to the Company, reasonably satisfactory to the Trustee, to the effect that any Additional Notes and the amendments or supplements to the Loan Agreement have been duly authorized, executed and delivered by the Company, and that the Loan Agreement, as amended or supplemented, and any Additional Notes constitute legal, valid and binding obligations of the Company, in accordance with their respective terms, subject to customary exceptions reasonably satisfactory to the Trustee for bankruptcy, insolvency and similar laws and the application of equitable principles.

When (a) the documents listed above have been received by the Trustee, and (b) the Additional Bonds have been executed and authenticated, the Trustee shall deliver the Additional Bonds to or on the order of the purchaser thereof, but only upon payment to the Trustee of the specified amount (including without limitation, any accrued interest) set forth in the request and authorization to which reference is made in paragraph (F) above.

Section 2.06. *Book-Entry Only System.* It is intended that the Bonds be registered so as to participate in a securities depository book-entry-only system with The Depository Trust Company ("DTC"), as set forth herein. The Bonds shall be initially issued in the form of a separate, single fully-registered Bond for each of the maturities of the Bonds. The Authority and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to implement the book-entry-only system, including a representation letter in the form customarily required by DTC (the "Representation Letter"). In the event of any conflict between the terms of any such letter or agreement, including the Representation Letter, and the terms of this Indenture, the terms of this Indenture shall control. DTC may exercise the rights of an Owner only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority, the Trustee and the Company shall have no responsibility or obligation to any broker-

dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant") or to any Person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such Person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Authority, the Trustee and the Company shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (B) the delivery to any DTC Participant or any Indirect Participant or any other person, other than an Owner, of any notice with respect to the Bonds, including any notice of redemption, (C) the payment to any DTC Participant or Indirect Participant or any other Person, other than an Owner, of any amount with respect to principal of, premium, if any, or interest on, the Bonds or (D) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued pursuant to Section 2.07 hereof and the Bonds are registered in the name of Cede & Co., as nominee for DTC, the Authority, the Trustee and the Company shall treat DTC, or any successor securities depository, as, and deem DTC, or any such successor securities depository, to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (1) the payment of principal and interest on the Bonds, (2) giving notice of redemption and other matters with respect to the Bonds, (3) registering transfers with respect to the Bonds and (4) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks being mailed to the registered owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.07. Successor Securities Depository; Transfers Outside Book-Entry Only System. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority or the Company, with the consent of the other, but without the consent of any other person, may terminate the services of DTC with respect to the Bonds. If the Company is in default in respect of any of its obligations with respect to the Loan Agreement or the Bonds, the Authority shall not be required to obtain the consent of the Company if it elects to terminate the services of DTC. Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to the foregoing provisions, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Authority, at the expense of the Company, is obligated to deliver Bond certificates to the Beneficial Owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging Bonds shall designate to the Trustee in writing, in accordance with the provisions of

this Indenture. The Authority may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, qualified to act as such pursuant to Section 17(a) of the Securities Exchange Act of 1934, as amended, as may be acceptable to the Authority, or such depository's agent or designee.

ARTICLE III

TERMS OF BONDS GENERALLY

Section 3.01. *Form of Bonds.* The Series 2006 Bonds, the certificate of authentication and the form of assignment shall be substantially in the respective forms thereof set forth in Exhibit A to this Indenture with, in the case of Additional Bonds, any omissions, insertions and variations which may be authorized or permitted by the Bond Resolution authorizing, or the Supplemental Indenture entered into in connection with, those Additional Bonds, all consistent with this Indenture.

All Bonds, unless a Supplemental Indenture shall have been executed and delivered pursuant to Section 8.02 hereof, shall be in fully registered form, and, except as provided in Section 3.04 hereof, the Owner of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

The Bonds of one series shall bear any designations which may be necessary or advisable to distinguish them from Bonds of any other series. The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law.

Bonds of any maturity may be initially issued in temporary form exchangeable for definitive Bonds of the same maturity when ready for delivery. The temporary Bonds shall be of such denomination or denominations as may be determined by the Authority and shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same form and manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds at the Company's expense (and without cost to the owners of such temporary Bonds), and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the principal trust office of the Trustee. The Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive registered Bonds of the same series and maturity of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 3.02. *Execution and Authentication of Bonds.* The Bonds shall be signed by manual or facsimile signature of the President or Vice President of the Authority and the Secretary or the Assistant Secretary of the Authority shall attest the same by manual or facsimile signature. The Bonds shall be authenticated by the Trustee upon initial issuance, and thereafter, by the manual signature of an authorized signatory of the Trustee. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be that officer before the issuance of the Bond, the officer's signature or the facsimile thereof nevertheless shall

be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Bond may be executed on behalf of the Authority by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit pursuant to this Indenture unless and until a certificate of authentication, substantially in the form set forth in Exhibit A to this Indenture, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

Section 3.03. *Source of Payment of Bonds; Limited Obligations.* To the extent provided in and except as otherwise permitted by this Indenture, (1) the Bonds and the Debt Service Charges thereon shall be payable equally and ratably solely from the Revenues, and (2) the payment of Debt Service Charges on the Bonds shall be secured by the assignment of Revenues hereunder and by this Indenture; provided, however, that payment of Debt Service Charges on any series of Additional Bonds may be otherwise secured and protected from sources or by property or instruments not applicable to the Bonds and any one or more series of Additional Bonds or not secured and protected from sources or by property or instruments applicable to the Bonds or one or more series of Additional Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS PLEDGED PURSUANT TO THIS INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NEVER CONSTITUTE A GENERAL OBLIGATION, A DEBT, AN INDEBTEDNESS, OR OTHER FINANCIAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE COUNTY, OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES. THE BONDS SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE AUTHORITY, THE COUNTY OR THE STATE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE AUTHORITY'S GOVERNING BODY, OR THE OFFICERS, COUNSEL OR AGENTS OF THE AUTHORITY, OR OF ANY SUCCESSOR THERETO, PURSUANT TO ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

Section 3.04. *Payment and Ownership of Bonds.* The principal of and any premium on any Bond shall be payable when due to an Owner upon presentation and surrender of such Bond at the designated trust office of the Trustee or at the office, designated by the Trustee, of any Paying Agent. Interest on any Bond shall be paid on each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on or before that date to the person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein. Notwithstanding the foregoing, interest and mandatory sinking fund redemption principal payments on any Bond shall be paid by wire transfer in immediately available funds to the bank account number and address filed with the Trustee by such Owner, upon such Owner's payment of any cost therefor.

If and to the extent, however, that the Authority shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable by the Authority to the Person who was the Owner of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date; when moneys become available for payment of the interest, (A) the Trustee shall, pursuant to Section 7.06(D) hereof, establish a Special Record Date for the payment of that interest, which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (B) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to such Owner at its address as it appears on the Register no fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Owners of such Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Debt Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee or any Paying Agent.

Subject to the foregoing, each Bond delivered pursuant to this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section 3.04 and the first paragraph of Section 3.06 hereof, (x) the Owner of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, (y) payment of or on account of the Debt Service Charges on any Bond shall be made only to or upon the order of that Owner or its duly authorized attorney in the manner permitted by this Indenture, and (z) neither the Authority, the Trustee, the Registrar nor any Paying Agent shall, to the extent permitted by law, be affected by notice to the contrary. All such payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including, without limitation, the interest thereon, to the extent of the amount or amounts so paid.

Section 3.05. *Transfer and Exchange of Bonds.* So long as any of the Bonds remain Outstanding, the Authority will cause the Register to be maintained and kept at the designated office of the Registrar.

Unless otherwise provided in the applicable Bond Resolution or Supplemental Indenture, Bonds may be exchanged, at the option of their Owner, for Bonds of the same series and of any

Authorized Denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds being exchanged. The exchange shall be made upon presentation and surrender of the Bonds being exchanged at the designated office of the Registrar for that series of Bonds, together with an assignment duly executed by the Owner or its duly authorized attorney in any form which shall be satisfactory to the Registrar.

Any Bond may be transferred upon the Register, upon presentation and surrender thereof at the designated office of the Registrar for the series thereof, together with an assignment duly executed by the Owner or its duly authorized attorney in any form which shall be satisfactory to the Registrar and accompanied by such other documents as are required by the Registrar or Authority in connection with the transfer thereof to a Sophisticated Municipal Market Professional. Upon transfer of any Bond and on request of the Registrar, the Authority shall execute in the name of the transferee, and the Registrar shall authenticate and deliver a new Bond or Bonds of the same series, of any Authorized Denomination or denominations, in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds presented and surrendered for transfer.

In all cases in which Bonds shall be exchanged or transferred hereunder, the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. The exchange or transfer may be made subject to the payment of applicable taxes and/or reasonable transfer charges, which shall be paid before a new Bond is delivered.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority, evidencing the same debt, and entitled to the same benefits pursuant to this Indenture, as the Bonds surrendered upon transfer or exchange. Neither the Authority nor the Registrar shall be required to make any exchange or transfer of a Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds of such series and ending at the close of business on the day of such mailing or to transfer or exchange any Bonds selected for redemption, in whole or in part.

In case any Bond is redeemed in part only, on or after the redemption date and upon presentation and surrender of the Bond, the Authority shall cause execution of, and the Registrar for the series of that Bond shall authenticate and deliver, a new Bond or Bonds of the same series in Authorized Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond redeemed in part. It shall not be necessary to deliver a new Bond or Bonds upon a partial redemption of a Bond if notation of partial redemption of Bonds shall be made on the Bond in such manner as is mutually agreed upon by the Trustee and the Owner.

For purposes of this Section the Trustee shall establish the designated office of the Registrar. Such office shall be that of the Trustee so long as the Trustee is the sole Registrar hereunder.

Section 3.06. *Mutilated, Lost, Wrongfully Taken or Destroyed Bonds.* If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Authority

and the Registrar or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Registrar or the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination and of the same series as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (1) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Registrar or the Trustee, and (2) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Authority and the Registrar evidence of the loss, wrongful taking or destruction satisfactory to the Authority and the Registrar, together with indemnity to the Authority, the Registrar, the Trustee and the Company satisfactory to each of them, and payment of any out of pocket costs of the Authority.

If any lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Authorized Company Representative may direct the Trustee to pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Authority, the Registrar and the Trustee may charge the Owner of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Bond issued pursuant to this Section by reason of any Bond being lost, wrongfully taken or destroyed (1) shall constitute, to the extent of the Outstanding principal amount of the Bond lost, taken or destroyed, a contractual obligation of the Authority, regardless of whether the lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (2) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and Outstanding hereunder.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 3.07. Cancellation of Bonds. Except as provided in Section 3.05 hereof, any Bonds surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be canceled upon presentation and surrender thereof to the Registrar, the Trustee or any Paying Agent. Any Bond canceled by the Trustee or a Paying Agent shall be transmitted promptly to the Registrar by the Trustee or Paying Agent.

The Authority, or the Company on behalf of the Authority, may deliver at any time to the Registrar for cancellation any Bonds previously authenticated and delivered hereunder, which the Authority or the Company may have acquired in any manner whatsoever. All Bonds so delivered shall be canceled promptly by the Registrar. Certification of the surrender and cancellation shall be made to the Authority and the Trustee by the Registrar at least once each calendar year. Those canceled bonds shall be destroyed by the Registrar by shredding or incineration. Upon request, the Registrar shall provide certificates describing the destruction of canceled Bonds to the Authority, the Trustee and the Company.

Section 3.08. *Restrictions on Transfer of the Bonds.*

(A) The offer and sale of the Bonds will not be registered pursuant to the Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction, and shall be offered and sold in reliance on exemptions from the registration requirements of such laws. The transfer, pledge or other disposition of the Bonds is subject to the restrictions set forth in this Indenture, and the Bonds shall bear a legend describing such restrictions on transfer.

(B) Anything herein to the contrary notwithstanding, an Owner of the Series 2006 Bonds may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any of its interest in the Series 2006 Bonds except to a broker-dealer in connection with a sale to a Sophisticated Municipal Market Professional and except in Authorized Denominations, unless the principal amount of the Series 2006 Bond to be sold or transferred is already less than the initial Authorized Denomination and the transaction involves the entire principal amount of such Series 2006 Bond.

ARTICLE IV

REDEMPTION OF THE SERIES 2006 BONDS

Section 4.01. *Terms of Redemption of the Bonds.* The Bonds are subject to redemption prior to stated maturity as follows:

(A) *Mandatory Redemption Upon a Determination of Taxability.* Upon the occurrence of a Determination of Taxability, the Bonds are subject to mandatory redemption in whole at a redemption price equal to 106% of the outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Trustee, but in no event later than 90 days following the Determination of Taxability. The occurrence of a Determination of Taxability with respect to the Bonds will not constitute an Event of Default pursuant to this Indenture.

Within five Business Days following receipt by the Trustee of written notice of a Determination of Taxability, the Trustee shall give written notice thereof to the Owners of all Bonds Outstanding and shall also give written notice to the Authority.

(B) *Optional Redemption.* The Series 2006 Bonds are not subject to optional redemption prior to stated maturity.

(C) *Extraordinary Optional Redemption.* The Bonds are also subject to redemption in the event of the exercise by the Company of its option (subject to compliance with Section 4.03 hereof) to direct such redemption upon occurrence of any of the events described in Section 6.01 of the Loan Agreement, in whole or in part, at any time, by the payment of the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption but without premium.

(D) *Mandatory Sinking Fund Redemption of the Series 2006 Bonds.* The Series 2006 Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date but without premium on

June 1 in the following years and principal amounts (unless and to the extent of a credit against any such amount applied as provided in this Indenture):

Year	Principal Amount	Year	Principal Amount
2008	\$75,000	2018	140,000
2009	80,000	2019	150,000
2010	85,000	2020	160,000
2011	90,000	2021	170,000
2012	100,000	2022	180,000
2013	105,000	2023	190,000
2014	110,000	2024	200,000
2015	115,000	2025	215,000
2016	125,000	2026*	230,000
2017	130,000		

* Final Maturity

Each Outstanding Series 2006 Bond shall be subject to mandatory redemption in increments of \$5,000 on each redemption date *pro rata* based on principal amount of such Series 2006 Bonds to be redeemed in relation to the total principal amount of all Series 2006 Bonds outstanding on such date.

In lieu of redeeming the Bonds pursuant to this Section 4.01(D), the Trustee may, at the written request of the Company given to the Trustee not more than 45 days nor less than 30 days preceding the next applicable sinking fund redemption date, use such funds otherwise available hereunder for redemption of the Bonds to purchase the Bonds then subject to redemption in the open market, such Bonds to be delivered to the Trustee for the purpose of cancellation. Each Bond (or portion thereof) so delivered shall be credited by the Trustee at the principal amount thereof against the obligation of the Authority on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund redemption schedule on such date shall be accordingly reduced.

Section 4.02. Election to Redeem. Except in the case of redemption pursuant to any mandatory sinking fund requirements, Bonds shall be redeemed only by written notice from the Company to the Trustee on behalf of the Authority which notice shall specify the redemption date and the principal amount of each maturity of Bonds to be redeemed, and shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Section 4.03. Notice of Redemption. Unless waived by any Owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar or the Trustee on behalf of the Authority by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption (except in the case of a redemption pursuant to Section 4.01(A) hereof, in which case such notice shall be given at least five days and not more than 15 days prior to the date fixed for redemption) to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal trust office of the Registrar.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(F) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the identifying or CUSIP numbers of Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the scheduled maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(G) Except in the case of a mandatory redemption pursuant to Section 4.01(A) hereof, each further notice of redemption shall be sent at least 30 days before the redemption date by registered or certified mail or overnight delivery service to one or more Nationally Recognized Municipal Securities Information Repository that disseminates notices of redemption of obligations such as the Bonds.

(H) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 4.04. Payment of Redeemed Bonds. Notice having been mailed to the registered owner of the Bond or Bonds to be redeemed in the manner provided in Section 4.04 hereof, and, in the event of extraordinary optional redemption pursuant to Section 4.01(C) hereof, upon money being deposited as and if required by Section 4.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date, and upon

presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the redemption date.

Subject to the provisions of Article IX hereof, if money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee or any Paying Agent on the redemption date, so as to be available therefor on that date, and if notice of redemption has been deposited in the mail to the registered Owner of the Bond or Bonds to be redeemed as aforesaid, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the redemption date, or such notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate or rates as they would have borne had they not been called for redemption.

All moneys deposited in the Bond Fund and held by the Trustee or a Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Owners thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds, except as provided in Section 3.05 hereof.

Section 4.05. *Variation of Redemption Provisions.* The provisions of this Article IV, insofar as they apply to redemptions of any series of Additional Bonds, may be varied by the Supplemental Indenture providing for that series.

Section 4.06. *Purchase of Bonds in Lieu of Redemption.*

(A) The Company shall have the right to purchase not less than all Bonds called for redemption pursuant to Section 4.01 hereof, in lieu of such redemption, at a purchase price equal to the applicable redemption price, plus accrued interest to the purchase date (which purchase date shall be the date such Bonds would otherwise have been redeemed in accordance with the applicable provisions of Section 4.01 hereof). In order to exercise such right to purchase Bonds in lieu of redemption, the Company shall deliver to the Trustee before 12:00 noon New York time on the Business Day immediately preceding such redemption date notice of the exercise of such right, together with moneys sufficient to pay the applicable redemption price, plus accrued interest thereon, to such redemption date. In the event the Trustee shall have received a written direction from the Company to purchase Bonds in the manner permitted hereby, and shall have on deposit funds to be applied to the purchase of Bonds in lieu of such redemption, the Trustee shall purchase such Bonds and deliver the same to the Company.

(B) All moneys received by the Trustee from the Company for the purchase of Bonds in lieu of redemption pursuant to paragraph (A) above shall be deposited by the Trustee in a segregated subaccount of the Bond Fund (or, in the event moneys held by the Trustee are to be applied for such purchase as contemplated by the last sentence in paragraph (A) above, such moneys shall be transferred by the Trustee to a segregated subaccount of the Bond Fund) and held in trust for the benefit of the Owners of the Bonds to be purchased in lieu of redemption. The Trustee, on behalf of the Company shall pay from such segregated subaccount of the Bond Fund the applicable redemption price of Bonds purchased in lieu of redemption to the former Owners of the Bonds upon delivery of such Bonds to the Trustee. If for any reason an Owner

fails to deliver a Bond or Bonds to the Trustee for purchase in lieu of redemption, then from and after the date set for such redemption, such Bond or Bonds, in the hands of such Owner, shall cease to bear interest to such Owner, and the rights of such Owner shall be limited to the receipt of funds representing payment of principal of such Bond or Bonds and interest thereon to the redemption date. On such purchase date, the Authority shall execute and the Trustee shall authenticate for delivery to the Company, as the Owner, a new Bond or Bonds in replacement of the Bond or Bonds not so delivered and the Trustee shall hold the moneys deposited in a segregated subaccount of the Bond Fund to pay the redemption price of such Bond or Bonds in trust for the person failing to so deliver the Bond or Bonds to the Trustee for redemption, without liability for interest thereon. The replacement of any such previously Outstanding Bond shall not be deemed to create any new indebtedness, but such Bond as is issued in replacement shall be deemed to evidence the indebtedness previously evidenced by the Bond not so delivered.

(C) No purchase of Bonds pursuant to this section or advance by or use of any funds of the Company to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or a prepayment of the amounts due from the Company pursuant to the Loan Agreement or of any portion thereof. Such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds, and such Bonds shall remain Outstanding.

Section 4.07. *Purchase at Any Time.* The Trustee, upon the written request of the Authority or the Company, shall purchase Bonds as specified by the Authority or the Company, as applicable in the open market at a price not exceeding a price set by the Authority or the Company, as applicable. Such purchase of Bonds shall be made with funds provided by the Authority or the Company, as applicable, and not with any portion of the Trust Estate. Upon purchase by the Trustee, such Bonds shall be treated as delivered for cancellation pursuant to Section 3.07 hereof. Nothing in this Indenture shall prevent the Authority or the Company from purchasing Bonds on the open market without the involvement of the Trustee and delivering such Bonds to the Trustee for cancellation pursuant to Section 3.07 hereof. Bonds purchased which are subject to the sinking fund redemption schedule in Section 4.01(D) hereof shall be credited against future sinking fund redemption payments in accordance with Section 4.01(D) hereof. The principal amount of Bonds to be redeemed by optional redemption pursuant to this Indenture may be reduced by the principal amount of Bonds purchased by the Authority or the Company, at the request of the Company, and delivered to the Trustee for cancellation at least forty-five (45) days prior to the redemption date.

ARTICLE V

PROVISIONS AS TO FUNDS AND PROJECT

Section 5.01. *Trust Funds Pledged and Assigned to the Trustee.* The proceeds of the Bonds and all payments, revenues and income receivable by the Authority pursuant to the Loan Agreement and pledged and assigned by this Indenture to the Trustee, together with the balance of the Trust Estate, are to be paid directly to the Trustee and, subject to the provisions of this Indenture, disbursed or deposited by it as described in this Article V and held in trust for the purposes set forth herein, and shall not be subject to any lien, levy, garnishment or attachment by any creditor of the Authority or the Company, nor shall they be subject to any assignment or

hypothecation by the Company. The Trustee shall at all times maintain accurate records of deposits into such funds and the sources and timing of such deposits.

Section 5.02. *Application of Proceeds; Company Moneys.* The proceeds of the sale of the Bonds in the amount of \$2,752,793.50 together with \$570,000.00 representing a cash contribution from the Company shall be deposited in the Project Fund in accordance with Section 5.03 hereof, the Equity Fund in accordance with Section 5.04 hereof and in the Debt Service Reserve Fund in accordance with Section 5.06 hereof.

Section 5.03. *Creation of Project Fund; Disbursements and Records.* There is hereby established and ordered to be maintained as a separate deposit account (except when invested as provided hereinafter) in the custody of the Trustee, a trust fund designated "The Industrial Development Authority of the County of Pinal - San Manuel Facility Project Fund." The proceeds of the Bonds (except for any proceeds to be deposited to the Bond Fund for the payment of accrued interest on the Bonds) together with amounts received from the Company shall be deposited in the Project Fund as follows:

(A) the sum of \$2,630,293.50 representing a portion of the proceeds from the sale of the Series 2006 Bonds. Moneys held in the Project Fund shall be disbursed by the Trustee in accordance with the provisions of the Loan Agreement to pay the costs of acquiring, constructing, equipping and installing the Project, as provided in and subject to the Loan Agreement or to reimburse the Company for the payment of such costs. The Trustee is hereby authorized to make each disbursement required by the provisions of the Loan Agreement.

Unless otherwise set forth in the applicable Bond Resolution or Supplemental Indenture relating to the issuance of a series of Additional Bonds, there shall be deposited in the Project Fund the proceeds of the sale of any Additional Bonds, other than any proceeds representing accrued interest and capitalized interest which shall be deposited in the Bond Fund pursuant to Section 5.05 hereof.

If the unexpended proceeds of a prior issue of Bonds remain in the Project Fund upon the issuance of any Additional Bonds, the Trustee shall establish a separate subaccount within the Project Fund, for accounting purposes, for the deposit of the proceeds of the issue of Additional Bonds in accordance with this Section.

Pending disbursement pursuant to the Loan Agreement, the moneys and Eligible Investments to the credit of the Project Fund shall constitute a part of the Revenues assigned to the Trustee as security for the payment of the Debt Service Charges.

The Trustee shall cause to be kept and maintained for at least six years thereafter adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Authority or the Company, the Trustee shall file copies of the records pertaining to the Project Fund and all disbursements from such fund with the Authority and the Company.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and payable immediately pursuant to Section 7.03 hereof, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 5.04. *Creation of Equity Fund; Disbursements.* There is hereby established and ordered to be maintained as a separate deposit account (except when invested as provided hereinafter) in the custody of the Trustee, a trust fund designated "The Industrial Development Authority of the County of Pinal - San Manuel Facility Equity Fund." Amounts received as cash contributions from the Company including the sum of \$570,000 received from the Company as a cash contribution on the Closing Date. Moneys held in the Equity Fund shall be disbursed by the Trustee in accordance with the provisions of the Loan Agreement to pay the costs of acquiring, constructing, equipping and installing the Project, including the costs of issuance of the Series 2006 Bonds, as provided in and subject to the Loan Agreement or to reimburse the Company for the payment of such costs. No proceeds from the sale of the Series 2006 Bonds shall be used for the payment of costs of issuance other than for payment of the Underwriter's discount.

Upon the occurrence and continuance of an Event of Default hereunder as a result of which the principal amount of the Bonds has been declared to be due and payable immediately pursuant to Section 7.03 hereof, any moneys remaining in the Equity Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 5.05. *Creation of Bond Fund.* There is hereby established and ordered maintained as a separate deposit account (except when invested as hereinafter set forth) in the custody of the Trustee a trust fund designated "The Industrial Development Authority of the County of Pinal - San Manuel Facility Bond Fund." Unless otherwise set forth in a Supplemental Indenture relating to the issuance of a series of Additional Bonds, there shall be deposited in the Bond Fund (and credited, if required by this Indenture or the Loan Agreement to appropriate accounts therein), from the proceeds of the sale of the Bonds, any accrued interest paid by the purchasers of the Bonds and moneys deposited therein for the payment of interest costs during construction as set forth in Section 5.02 hereof.

Except as otherwise provided herein, the Trustee shall deposit in the Bond Fund upon receipt all Revenues paid to the Trustee by the Company, and any other amounts which, pursuant to the terms of this Indenture, the Note or the Loan Agreement are to be applied to the payment of Debt Service Charges. Except as provided herein, the Bond Fund (and accounts therein for which provision is made herein or in the Loan Agreement) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of Debt Service Charges as they fall due at stated maturity, or by redemption or pursuant to any mandatory sinking fund requirements or upon acceleration, all as provided herein and in the Loan Agreement.

The Trustee shall transmit to any Paying Agent, as appropriate, from moneys in the Bond Fund applicable thereto, amounts sufficient to make timely payments of interest, principal of and any premium on the Bonds to be made by the Paying Agent then due and payable. To the extent that the amount needed by any Paying Agent is not sufficiently predictable, the Trustee may make any credit arrangements with that Paying Agent which will permit those payments to be made. The Authority authorizes and directs the Trustee to cause withdrawal of moneys from the Bond Fund which are available for the purpose of paying, and are sufficient to pay, the interest, principal of and any premium on the Bonds as they become due and payable (whether on an Interest Payment Date, at stated maturity, by redemption or pursuant to any mandatory sinking

fund requirements), for the purposes of paying or transferring moneys to the Paying Agent which are necessary to pay such interest, principal and premium.

The provisions of this Section are subject to the provisions of Section 9.02 hereof.

Section 5.06. *Debt Service Reserve Fund.*

(A) Debt Service Reserve Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in this Indenture. On the Closing Date, an amount of \$122,500.00, representing a portion of the proceeds from the sale of the Series 2006 Bonds, shall be deposited into the Debt Service Reserve Fund. On September 1, 2006 and on the 1st day of each month thereafter through and including September 1, 2007, the Trustee shall deposit moneys received from the Company pursuant to Section 5.13(c) of the Loan Agreement to the Debt Service Reserve Fund, until (after taking into consideration amounts then on deposit in the Debt Service Reserve Fund) the amount on deposit in the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement with respect to the Series 2006 Bonds; provided, however, that the Trustee shall not be required to make any such transfers at any time the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement.

(B) The moneys in the Debt Service Reserve Fund and any investments held as a part of such fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee solely to the payment of the principal (including sinking fund installments) of and interest on the Bonds.

(C) On any date on which a payment is due to the Rebate Fund pursuant to Section 5.12 hereof but is not paid by the Company, the Trustee shall transfer from the Debt Service Reserve Fund to the Rebate Fund an amount (to the extent available) equal to such payment.

(D) If on the third Business Day prior to any Interest Payment Date the amount in the Bond Fund is less than the amount then required to pay the principal (including sinking fund installments) and interest then due on such Interest Payment Date on the Bonds, the Trustee shall apply the amount in the Debt Service Reserve Fund (after any required transfer to the Rebate Fund) to the extent necessary to meet the deficiency. The Company shall remain liable for any Loan Payments which it has not paid when due and any subsequent payment thereof shall be used to restore to the Debt Service Reserve Fund the funds so applied.

(E) Beginning on December 2, 2007, the Trustee shall value the Debt Service Reserve Fund on each June 2 or December 2 (each a "Valuation Date") at market value as determined by the Trustee pursuant to any reasonable method. If the amount in the Debt Service Reserve Fund on a Valuation Date of any year exceeds the Debt Service Reserve Fund Requirement, the Trustee shall transfer the excess to the Bond Fund to be applied to the payment of interest or principal on the Bonds on the next Interest Payment Date.

(F) If and to the extent that the amount in the Debt Service Reserve Fund (including any investment earnings thereon) on any Valuation Date is less than the Debt Service Reserve Fund Requirement as a result of a payment made pursuant to Section 5.12 hereof, the Company shall on or before the first day of each of the twelve succeeding months deposit into the Debt

Service Reserve Fund an amount which, together with amounts deposited in prior months pursuant to this Section 5.06, shall be, at least equal to 1/12th of the deficiency in the Debt Service Reserve Fund Requirement multiplied by the number of months elapsed since such Valuation Date.

Section 5.07. *Investment of Funds.* Except as hereinafter provided, moneys in the Project Fund, Equity Fund, Bond Fund, Debt Service Reserve Fund and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Company Representative. Investment of moneys in the Bond Fund shall mature or be redeemable without penalty at the option of the Trustee at the times and in the amounts necessary to provide moneys to pay Debt Service Charges as they become due at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements. Each investment of moneys in the Project Fund, Equity Fund, Bond Fund, Debt Service Reserve Fund and the Rebate Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments when necessary from such fund.

Subject to any directions from the Authorized Company Representative with respect thereto, and any restrictions contained in Section 5.12 hereof relating to the Rebate Fund, from time to time, the Trustee may sell Project Fund, Equity Fund, Bond Fund, Debt Service Reserve Fund and the Rebate Fund investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. Any of those investments may be purchased from or sold to the Trustee, the Registrar, a Paying Agent or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Bond Fund and Debt Service Reserve Fund at the best price reasonably obtainable to and at the times required for the purposes of paying Debt Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Authority and without restriction by reason of any order. An investment made from moneys credited to the Project Fund, Equity Fund, Bond Fund, Debt Service Reserve Fund and the Rebate Fund shall constitute part of that respective fund, and each respective fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto.

Money credited to any trust fund established and maintained hereunder which is uninvested pending disbursement or receipt of proper investment directions or as directed herein shall be invested by the Trustee in investments described in clause 8 of "Eligible Investments". The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments.

Unless otherwise agreed or directed in writing, an account statement delivered by the Trustee to the Company will be deemed to be conclusive evidence that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Company, unless the Company notifies the Trustee in writing to the contrary within thirty (30) days following the receipt of such statement.

Section 5.08. *Moneys to be Held in Trust.* Except where moneys have been deposited with or paid to the Trustee pursuant to an instrument restricting their application to particular Bonds, all moneys required or permitted to be deposited with or paid to the Trustee or any

Paying Agent pursuant to any provision of this Indenture or the Loan Agreement and to be used to pay Debt Service Charges, or the Note, and any investments thereof, shall be held by the Trustee or that Paying Agent in trust. Except for (1) moneys deposited with or paid to the Trustee or any Paying Agent for the redemption of Bonds, notice of the redemption of which shall have been duly given, (2) moneys held by the Trustee pursuant to Section 5.09 hereof and (3) moneys held in the Rebate Fund, all moneys described in the preceding sentence held by the Trustee or any Paying Agent shall be subject to the lien hereof while so held.

Section 5.09. *Nonpresentment of Bonds.* In the event that any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, or a check or draft for interest is uncashed, if moneys sufficient to pay the principal and premium, if any, then due on that Bond or to pay such check or draft shall have been made available to the Trustee for the benefit of its Owner, all liability of the Authority to that Owner for such payment of the principal and premium, if any, then due on the Bond or interest on such Bond represented by such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold those moneys, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Owner, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part pursuant to this Indenture or on, or with respect to, the principal and premium, if any, then due on that Bond or interest on such Bond represented by such check or draft.

Section 5.10. *Repayment to the Company from the Bond Fund.* Except as provided in Section 5.09 hereof, any amounts remaining in the Bond Fund (1) after all of the Outstanding Bonds shall be deemed paid and discharged pursuant to the provisions of this Indenture, and (2) after payment of all fees, charges and expenses of the Authority, the Trustee, the Registrar and any Paying Agent and of all other amounts required to be paid pursuant to this Indenture, the Loan Agreement and the Note, shall be paid to the Company, to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Section 5.11. *Compliance with Section 148 of the Code.* The Trustee shall cause to be kept and maintained adequate records relating to investment of all proceeds of the Bonds sufficient to permit the Company, on behalf of the Authority, to determine the amount of rebate, if any, required to be paid to the United States of America pursuant to Section 148 of the Code. The Authority, or the Trustee (if so directed on behalf of the Authority) are authorized pursuant to Section 2.03 of the Loan Agreement to employ a person or firm of its choice to assure compliance with the Section 148 of the Code and the fees and expenses of such employment shall be paid by the Company.

Section 5.12. *Rebate Fund.*

(A) The Trustee shall establish and maintain, a rebate fund designated "The Industrial Development Authority of the County of Pinal - San Manuel Facility Rebate Fund" until such time that the Trustee receives an opinion of Bond Counsel that the Bonds are no longer subject to a requirement of the Code that arbitrage profits be rebated to the United States of America. The Trustee shall make information regarding the Bonds and investments hereunder available to the Company and the Authority. The Trustee shall make deposits and disbursements from the

Rebate Fund in accordance with the written instructions received from the Company, shall invest the amounts held in the Rebate Fund pursuant to written instructions from the Company and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. Anything in this Indenture to the contrary notwithstanding, the immediately preceding sentence of this Indenture and subsections (B) and (C) hereof may be superseded or amended by new instructions delivered by the Company and accompanied by an opinion of Bond Counsel addressed to the Trustee to the effect that adherence to the new instructions will not cause interest on the Bonds to be included in gross income for Federal income tax purposes.

(B) If a deposit to the Rebate Fund is required as a result of the computations made or caused to be made by the Company, the Trustee shall upon receipt of written direction from the Company accept such payment for the benefit of the Company. If an amount in excess of that required to be rebated to the United States of America accumulates in the Rebate Fund, the Trustee shall upon written direction from the Company transfer such amount to the Company. Records of the determinations required by this Section and the instructions must be retained by the Trustee until six years after the Bonds are no longer Outstanding. Company shall be responsible for all costs associated with the ongoing calculation of arbitrage rebate, related reports and required filings with the Internal Revenue Service.

(C) Not later than 30 days after each fifth anniversary of the Closing Date (or such other date as the Company may choose, provided the Company receives an opinion of Bond Counsel that such change will not cause interest on the Bonds to be included in gross income for Federal income tax purposes) until final retirement of the Bonds, upon written direction from the Company, the Trustee shall pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. Not later than 30 days after the final retirement of the Bonds, upon written direction from the Company, the Trustee shall pay to the United States of America 100% of the balance of any amount required to be on deposit in the Rebate Fund or such lesser amount as the Company shall direct.

ARTICLE VI

THE TRUSTEE, REGISTRAR AND PAYING AGENT

Section 6.01. *Trustee's Acceptance and Responsibilities.* The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree:

(A) Prior to the occurrence of an Event of Default (as defined in Section 7.01 hereof) of which the Trustee has been notified, as provided in paragraph (L) of Section 6.02 hereof, or of which by the terms of such paragraph the Trustee is deemed to have notice, and after the cure or waiver of all Events of Default which may have occurred:

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(B) In case an Event of Default (of which the Trustee has been notified, or is deemed to have notice) has occurred and is continuing hereunder, the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise, as a prudent indenture trustee would exercise or use under the circumstances.

(C) No provisions of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (A)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (A)(2) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of a Majority of Bondholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, pursuant to this Indenture, as provided in Sections 7.04 and 7.05 hereof; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.01.

Section 6.02. *Certain Rights and Obligations of the Trustee.* Except as otherwise provided in Section 6.01 hereof:

(A) The Trustee (1) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable

therefor only in accordance with the standard specified above), (2) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (3) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority or the Company) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(B) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

- (1) any recital in this Indenture or in the Bonds;
- (2) the validity, priority, recording, rerecording, filing or re-filing of this Indenture or any Supplemental Indenture;
- (3) any instrument or document of further assurance or collateral assignment;
- (4) any financing statements or amendments thereto;
- (5) insurance of the Project or collection of insurance moneys;
- (6) the validity of the execution by the Authority of this Indenture, any Supplemental Indenture or instruments or documents of further assurance;
- (7) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby;
- (8) the value of or title to the Project; or
- (9) the maintenance of the security hereof;

except that, in the event that the Trustee enters into possession of any property pursuant to any provision of any instrument or document, the Trustee shall use due diligence in preserving that property. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Authority or the Company pursuant to the Loan Agreement except as set forth herein; but the Trustee may require of the Authority or the Company full information and advice as to the observance or performance of those covenants, agreements or obligations. Except as otherwise provided in Section 7.04 hereof, the Trustee shall have no obligation to observe or perform any of the duties of the Authority pursuant to the Loan Agreement.

(C) The Trustee shall not be accountable for the application by the Company or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(D) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or

document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(E) As to the existence or nonexistence of any fact for which the Authority or the Company may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Authority or the Company by an authorized officer or representative thereof as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified or of which the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the officer, or an assistant thereto, having charge of the appropriate records, to the effect that legislation has been enacted or adopted by the Authority in the form recited in that certificate, as conclusive evidence that the legislation has been duly enacted or adopted and is in full force and effect.

(F) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (1) may inspect and copy fully all books, papers and records of the Authority pertaining to the Project and the Bonds, and (2) may take any memoranda from and in regard thereto as the Trustee may desire.

(G) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(H) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate or partnership action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of this Indenture, if the Trustee deems it to be desirable for the purpose of establishing the right of the Authority to the authentication of any Bonds or the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(I) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken pursuant to Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all fees and expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Company shall reimburse the Trustee for all of the Trustee's fees and expenses pursuant to Section 6.03 hereof.

(J) Unless otherwise provided herein, all moneys received by the Trustee this pursuant to Indenture shall be held in trust for the purpose for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein.

(K) Any legislation enacted or adopted by the Authority, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(L) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in clauses (A) or (B) of Section 7.01 hereof, unless the Trustee is notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Authority, the Company or the Owner of any Outstanding Bond. In the absence of delivery of any such notice, the Trustee may assume conclusively that there is no such default or Event of Default, except as aforesaid.

Section 6.03. *Fees, Charges and Expenses of Trustee, Registrar and Paying Agents.* The Trustee, the Registrar and any Paying Agent shall be entitled to payment or reimbursement by the Company, as provided in the Loan Agreement, for reasonable fees for their respective Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for by their respective standard fee schedules shall be considered reasonable. It is hereby agreed that all fees and expenses of the Trustee (including reasonable counsel fees and expenses) are intended to constitute administrative expenses in any bankruptcy proceedings.

In the event that it should become necessary for any of the Trustee, the Registrar or any Paying Agent to perform Extraordinary Services, they shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. Without creating a default or an Event of Default hereunder, however, the Company may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the reasonableness of any fee, charge or expense.

Notwithstanding the foregoing, the Trustee, the Registrar and any Paying Agent shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by their neglect or willful misconduct. The payment to which the Trustee, the Registrar and any Paying Agent are entitled hereunder shall be made only from (1) the Additional Payments made by the Company pursuant to the Loan Agreement, or (2) from other moneys available therefor. Any amounts payable to the Trustee, the Registrar or any Paying Agent pursuant to this Section 6.03 shall be payable upon demand and shall bear interest from the date of demand therefor at a per annum interest rate equal to Prime Rate plus 2% per annum.

Section 6.04. *Intervention by Trustee.* The Trustee may intervene on behalf of the Owners, and shall intervene if requested to do so in writing by a Majority of Bondholders, in any judicial proceeding to which the Authority or the Company is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds. The rights and obligations of the Trustee pursuant to this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Sections 6.01 and 6.02 hereof before it takes action pursuant to this Section.

Section 6.05. *Successor Trustee.* Anything herein to the contrary notwithstanding,

(A) any corporation or association (1) into which the Trustee may be converted or merged, (2) with which the Trustee or any successor to it may be consolidated or (3) to which it may sell or transfer its assets and trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, *ipso facto*, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(B) that corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, shall be a trust company or a commercial bank having the powers of a trust company, authorized to exercise trust powers in the State, and shall have a reported capital and surplus of not less than \$50,000,000.

Section 6.06. *Appointment of Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation, the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that, (A) if there is litigation pursuant to this Indenture or other instruments or documents relating to the Bonds or the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default, or (B) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (1) exercise any of the powers, rights or remedies granted herein to the Trustee, (2) hold title to the properties, in trust, as granted herein, or (3) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant,

agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Should any instrument or document in writing from the Authority reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Authority. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

Section 6.07. *Resignation by the Trustee.* The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Authority, the Company, the Registrar and any Paying Agent by mailing written notice of the resignation to the Owners as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

Section 6.08. *Removal of the Trustee.* The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Authority, the Registrar, any Paying Agent and the Company, and signed by or on behalf of a Majority of Bondholders.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or a Majority of Bondholders.

Any removal of the Trustee shall take effect upon the appointment of a successor Trustee.

Section 6.09. *Appointment of Successor Trustee.* If (1) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (2) the Trustee shall be taken under the control of any public officer or officers, or (3) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Authority, with the written consent of the Company (so long as no event of default has occurred with respect to the Loan Agreement that is continuing); provided, however, that if a successor Trustee is not so appointed within ten days after (A) a notice of resignation or an instrument or document of removal is received by the Authority, as provided in Section 6.07 and 6.08 hereof, respectively, or (B) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Authority shall not have appointed a successor Trustee, a Majority of Bondholders may designate a successor Trustee by an instrument or document or concurrent instrument or documents in writing signed by or on behalf of those Owners. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Owner of any Bond

Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Authority, and the Company, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Authority or the Company, the predecessor Trustee (1) shall execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder, and (2) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys and after first deducting any fees and expenses owed to the Trustee) held by it as Trustee. Should any instrument or document in writing from the Authority be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Authority shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Indenture and shall cease to be Registrar and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities. The successor Trustee shall become custodian and, if applicable, Registrar and a Paying Agent.

Section 6.10. *Adoption of Authentication.* In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee or Registrar may adopt the certificate of authentication of any predecessor Trustee or Registrar and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee or Registrar may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee or Registrar.

Section 6.11. *Registrars.* The Trustee is hereby appointed as the initial Registrar and accepts such appointment.

(A) *Succession.* Anything herein to the contrary notwithstanding, any corporation or association (1) into which a Registrar may be converted or merged, (2) with which a Registrar or any successor to it may be consolidated, or (3) to which it may sell or transfer its assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, *ipso facto*, shall be and become successor Registrar to that Registrar hereunder and shall be vested with each and every power, right, duty,

obligation, discretion and privilege expressed or intended by this Indenture to be exercised by or vested in the predecessor Registrar, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

(B) *Resignation.* A Registrar may resign at any time by giving written notice of its resignation to the Authority, the Company, the Trustee and to each Paying Agent for any series of Bonds for which it is Registrar, at least 60 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice.

(C) *Removal.* The Registrar may be removed at any time by the Trustee or by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Authority, the Trustee and the Company, and signed by or on behalf of the Majority of Bondholders for which it is Registrar.

(D) *Appointment of Successors.* If (1) a Registrar shall resign, shall be removed, shall be dissolved or shall become otherwise incapable of acting hereunder, (2) a Registrar shall be taken under the control of any public officer or officers, (3) a receiver shall be appointed for a Registrar by a court, or (4) a Registrar shall have an order for relief entered in any case commenced by or against it pursuant to the Federal bankruptcy laws or commence a proceeding pursuant to any Federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it, and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a successor Registrar shall be appointed by the Authority with the written consent of the Company and the Trustee; provided, that if a successor Registrar is not so appointed within ten days after (A) a notice of resignation or an instrument or document of removal is received by the Authority, as provided above, or (B) the Registrar is dissolved, taken under control, becomes incapable of acting or a receiver is appointed, in each case, as provided above, then, if the Authority shall not have appointed a successor Registrar, the Trustee or the Owners of at least a Majority of Bondholders for which it is Registrar may designate a successor Registrar by an instrument or document or concurrent instruments or documents in writing signed by the Trustee, or in the case of the Owners, by or on behalf of those Owners.

Every successor Registrar appointed hereunder shall execute and acknowledge and shall deliver to its predecessor, the Authority, the Trustee, any Paying Agents and the Company, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests of its predecessor. Upon the written request of its successor, the Authority or the Company, a predecessor Registrar (1) shall execute and deliver an instrument or document transferring to its successor all of the properties, remedies, powers, rights, duties, obligations, provisions, privileges, claims, demands, causes of action, immunities, titles and interests of it as predecessor Registrar hereunder, and (2) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any canceled Bonds) held by it as Registrar. Should any instrument or document in writing from the Authority be requested by any successor Registrar for vesting and conveying

more fully and certainly in and to that successor the properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Authority shall execute, acknowledge and deliver that instrument or document.

The Trustee shall pay to any Registrar from time to time reasonable compensation as authorized in Section 6.03 hereof for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof.

The provisions of Section 3.05 and Subsection 6.02(D) hereof shall be applicable to any Registrar.

Section 6.12. *Appointment and Succession of Paying Agents.* The Trustee shall be a Paying Agent for the Bonds, and, with the consent of the Company, the Trustee may appoint an additional Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Debt Service Charges on the Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of any Paying Agent for the purposes of this Indenture, to the extent not specified herein.

Any corporation or association with or into which any Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Paying Agent shall be a party, or any corporation or association succeeding to the trust business of any Paying Agent, shall be the successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

Any Paying Agent may at any time resign by giving written notice of resignation to the Trustee, to the Registrar and to the Company. The Trustee may at any time terminate the agency of any Paying Agent by giving written notice of termination to such Paying Agent, to the Registrar and to the Company. Upon receiving such a notice of resignation or upon such termination, or in case at any time any Paying Agent shall cease to be eligible pursuant to this Section, the Trustee may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Company, the Authority and the Registrar and shall mail, within 10 days after that appointment, notice thereof to the Owners of such Bonds for which such successor is Paying Agent as their names and addresses appear on the Register on the date of that appointment.

The Trustee shall pay to any Paying Agent from time to time reasonable compensation as authorized in Section 6.03 hereof for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof.

The provisions of Section 3.04 and 3.05 and Subsection 6.02(D) hereof shall be applicable to any Paying Agent.

Section 6.13. *Dealing in Bonds.* The Trustee, a Registrar and a Paying Agent, their affiliates, and any directors, officers, partners, employees or agents thereof, in good faith, may

become the Owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee, the Registrar or a Paying Agent did not serve in those capacities.

Section 6.14. *Representations, Agreements and Covenants of Trustee.* The Trustee hereby represents that it is a national banking association duly organized and validly existing pursuant to the laws of the United States of America and duly authorized to exercise corporate trust powers in the State, and that it has an unimpaired reported capital and surplus of not less than \$50,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain duly authorized to exercise corporate trust powers and that it will maintain an unimpaired reported capital and surplus of not less than \$50,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any instrument or document providing security for any of the Bonds.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS

Section 7.01. *Defaults; Events of Default.* The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(A) Failure to pay when due any interest on any Bond;

(B) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise;

(C) Failure by the Authority to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice shall have been given, either by registered or certified mail, to the Authority and the Company specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of a Majority of Bondholders; and

(D) The occurrence and continuation of (1) an Event of Default as defined in Section 7.01 of the Loan Agreement or (2) a default pursuant to the Deed of Trust.

The term "default" or "failure" as used in this Article means (1) a default or failure by the Authority in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds, or (2) a default or failure by the Company pursuant to the Loan Agreement, in either case, exclusive of any additional period of grace or notice beyond that provided above or in the Loan Agreement.

Section 7.02. *Notice of Default.* If an Event of Default shall occur, within five days of obtaining knowledge of such Event of Default, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Authority, the Company, the Registrar, any

Paying Agent for the Bonds and any Owner of more than \$1,000,000 in aggregate principal amount of Outstanding Bonds.

Section 7.03. *Acceleration.* Upon the occurrence of an Event of Default, the Trustee may and, at the written direction of a Majority of Bondholders, shall declare, by a notice in writing delivered to the Authority and the Company, the principal of all Bonds then Outstanding (if not then due and payable), together with interest accrued thereon, to be due and payable immediately. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Sections 6.01 and 6.02 hereof before it takes action in reliance on this Section.

Any such declaration shall be by telephonic notice, immediately confirmed by notice in writing, to the Authority and the Company, and, upon said declaration, principal and interest on all Bonds shall become and be immediately due and payable. Immediately upon such declaration, the Trustee shall give written notice thereof to the Owners in the same manner as provided in Section 4.03 hereof with respect to the redemption of the Bonds. Such notice shall specify the date on which payment of principal and interest shall be tendered to the Owners of the Bonds. Interest shall accrue to the payment date determined by the Trustee pursuant to such declaration or the actual payment date, if later. Upon any declaration of acceleration hereunder, the Trustee shall immediately exercise such rights as it may have pursuant to the Loan Agreement and the Notes to declare all payments thereunder to be immediately due and payable.

Section 7.04. *Other Remedies; Rights of Owners.* With or without taking action pursuant to Section 7.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any other available remedy to enforce the payment of Debt Service Charges or the observance and performance of any other covenant, agreement or obligation pursuant to this Indenture, the Loan Agreement, the Notes or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is required to do so by a Majority of Bondholders, the Trustee (subject to the provisions of Sections 6.01 and 6.02 hereof and particularly subparagraph 6.01(C)(4) and subsection 6.02(I) of those Sections) shall exercise any rights and powers conferred by this Section and by Section 7.03 hereof.

No remedy conferred upon or reserved to the Trustee (or to the Owners) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Owners now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

As the assignee of all right, title and interest of the Authority in and to the Loan Agreement (except for the Unassigned Authority's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Authority pursuant to the Loan Agreement.

Section 7.05. *Right of Owners to Direct Proceedings.* Anything to the contrary in this Indenture notwithstanding, a Majority of the Bondholders shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; provided, that (1) any direction shall not be other than in accordance with the provisions of law and of this Indenture, (2) the Trustee shall be indemnified as provided in Sections 6.01 and 6.02 hereof and (3) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Section 7.06. *Application of Moneys.* After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken pursuant to the provisions of this Article or the provision of the Loan Agreement or the Note (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken pursuant to this Article VII) and all fees owing to the Trustee for Ordinary or Extraordinary Services and Expenses, all amounts owed to the Authority pursuant to the Unassigned Authority's Rights, and any amounts owed to the United States of America in accordance with Section 5.12 hereof, all moneys received by the Trustee, shall be applied as follows, subject to any provision made pursuant to Article V hereof:

(A) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of those moneys shall be deposited in the Bond Fund and shall be applied;

First, to the payment to the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second, to the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), whether pursuant to any mandatory sinking fund requirements, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they become due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(B) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all of those moneys shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over

principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(C) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled pursuant to the provisions of Section 7.10 hereof, subject to the provisions of paragraph (B) of this Section in the event that the principal of all of the Bonds shall become due and payable later, the moneys shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of Article V hereof.

(D) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of Section 3.04 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of and any premium on a Bond to the Owner thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully, subject to the provisions of Section 3.05 hereof.

Section 7.07. Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proof of claims) pursuant to this Indenture or pursuant to any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Owners as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.08. Rights and Remedies of Owners. An Owner shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(A) there has occurred and be continuing an Event of Default of which the Trustee has been notified or of which it is deemed to have notice,

(B) a Majority of Bondholders shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in Sections 6.01 and 6.02 hereof, and

(C) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent, in every case, to the institution of any suit, action or proceeding described above.

No one or more Owners of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Owner to enforce the payment of the Debt Service Charges on any Bond owned by that Owner at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 7.09. *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any remedy, right or power pursuant to this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Authority, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 7.10. *Waivers of Events of Default.* Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds.

There shall not be so waived, however, any Event of Default described in paragraphs (A) or (B) of Section 7.01 hereof nor shall any declaration of acceleration in connection therewith be rescinded or annulled except with the written consent of a Majority of Bondholders. In the case of the waiver, or rescission and annulment, of any Event of Default, the Authority, the Trustee and the Owners shall revert or be restored to their former positions and rights hereunder, respectively. No waiver of an Event of Default or rescission of any declaration thereof shall extend to any subsequent or other Event of Default or impair any remedy, right or power consequent thereon.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01. *Supplemental Indentures Generally.* The Authority and the Trustee may enter into indentures supplemental to this Indenture, as provided in this Article and pursuant to the other provisions therefor in this Indenture.

Section 8.02. *Supplemental Indentures Not Requiring Consent of Owners.* Without the consent of, or notice to, any of the Owners, the Authority and the Trustee, but with the prior consent of the Company, may enter into indentures supplemental to this Indenture which shall

not, in the opinion of the Authority and the Trustee, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(A) To cure any ambiguity, inconsistency or formal defect or omission in this Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Owners or the Trustee;

(C) To assign additional revenues pursuant to this Indenture;

(D) To accept additional security and instruments and documents of further assurance with respect to the Project;

(E) To add to the covenants, agreements and obligations of the Authority pursuant to this Indenture, other covenants, agreements and obligations to be observed for the protection of the Owners, or to surrender or limit any right, power or authority reserved to or conferred upon the Authority in this Indenture;

(F) To evidence any succession to the Authority and the assumption by its successor of the covenants, agreements and obligations of the Authority pursuant to this Indenture, the Loan Agreement and the Bonds;

(G) To permit the Trustee to comply with any obligations imposed upon it by law;

(H) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Paying Agent;

(I) To achieve compliance of this Indenture with any applicable Federal securities or tax law;

(J) To make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds in accordance with Section 2.05 hereof as do not adversely affect the Owners of Outstanding Bonds; and

(K) To permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners.

The provisions of Subsections 8.02(G) and (I) hereof shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Authority or any Owner of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 8.03. *Supplemental Indentures Requiring Consent of Owners.* Exclusive of Supplemental Indentures to which reference is made in Section 8.02 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the consent of a Majority of Bondholders, evidenced as provided in this Indenture, and with the consent of the

Company, the Authority and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture, or restricting in any manner the rights of the Owners. Nothing in this Section or in Section 8.02 hereof shall permit, or be construed as permitting:

(A) without the consent of the Owner of each Bond so affected, (1) an extension of the maturity of the principal of or the interest on any Bond, (2) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (3) a reduction in the amount or extension of the time of paying of any mandatory sinking fund requirements, or

(B) without the consent of the Owners of all Bonds then Outstanding, (1) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (2) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Authority shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (1) being satisfactorily indemnified with respect to its expenses in connection therewith, and (2) receipt of the Company's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first class mail, postage prepaid, to all Owners of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the 15th day preceding that mailing.

The Trustee shall not be subject to any liability to any Owner by reason of the Trustee's failure to mail, or the failure of any Owner to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

If the Trustee shall receive, within a period prescribed by the Authority, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by a Majority of Bondholders (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Owner, regardless of whether that Owner shall have consented thereto.

Any consent shall be binding upon the Owner of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Owner of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Owner has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Owner who gave the consent or by a subsequent Owner of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Owners of the required percentage of Bonds shall

have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Authority a written statement that the Owners of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Owners of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Owner shall have any right (A) to object to (1) the execution or delivery of the Supplemental Indenture, (2) any of the terms and provisions contained therein, or (3) the operation thereof, (B) to question the propriety of the execution and delivery thereof, or (C) to enjoin or restrain the Trustee or the Authority from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 8.04. *Consent of Company.* Anything contained herein to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with this Article VIII shall not become effective unless and until the Company shall consent in writing to the execution and delivery thereof.

Section 8.05. *Authorization to Trustee; Effect of Supplement.* The Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

- (A) that Supplemental Indenture shall form a part of this Indenture;
- (B) all terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;
- (C) this Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and
- (D) the respective rights, duties and obligations pursuant to this Indenture of the Authority, the Company, the Trustee, the Registrar, any Paying Agent and all Owners of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Authority. A copy of any Supplemental Indenture for which provision is made in this Article, shall be mailed by the Trustee to the Registrar and any Paying Agent. The Trustee shall not be required to execute any Supplemental Indenture containing provisions adverse to the Trustee.

Section 8.06. *Opinion of Counsel.* The Authority and the Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (1) any proposed Supplemental Indenture complies with the provisions

of this Indenture, and (2) it is proper for the Trustee to join in the execution of that Supplemental Indenture pursuant to the provisions of this Article. That counsel may be counsel for the Authority.

Section 8.07. *Modification by Unanimous Consent.* Notwithstanding anything contained elsewhere in this Indenture, the rights and obligations of the Authority and of the Owners, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (1) the Authority, (2) all of the Owners of the Bonds then Outstanding, (3) the Company, and (4) if such modifications or alterations contain provisions adverse to the Trustee, the Trustee.

ARTICLE IX

DEFEASANCE

Section 9.01. *Release of Indenture.* If (1) the Authority shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Owners of the Outstanding Bonds all Debt Service Charges due or to become due thereon, and (2) provision also shall be made for the payment of all other sums payable hereunder or pursuant to the Loan Agreement and the Notes, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof on the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and the covenants, agreements and obligations of the Authority hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.03 hereof, if applicable,

(A) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 9.03 hereof), and shall execute and deliver to the Authority any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Authority, and

(B) the Trustee and any other Paying Agents shall assign and deliver to the Authority any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund required to be held by the Trustee and the Paying Agents pursuant to Section 5.08 hereof or otherwise for the payment of Debt Service Charges.

Section 9.02. *Payment and Discharge of Bonds.* All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 9.01 hereof, if:

(A) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys for such purpose, or

(B) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference

is made in subparagraph (A) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Debt Service Charges on those Bonds, to their stated maturity or prior redemption date, as the case may be; provided, that the Rating Services shall have issued ratings of AAA and Aaa, respectively, with respect to the Bonds and, provided, further, that if any of the Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice.

Any moneys held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the owner of those obligations, shall be not later than the date or dates at which moneys will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held pursuant to this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 5.10 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 9.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Owner thereof as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds of a particular series are deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (B) of the first paragraph of this Section 9.02 and specify any date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the first paragraph of this Section 9.02.

Section 9.03. *Survival of Certain Provisions.* Notwithstanding the foregoing, any provisions of the Bond Resolution and this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory sinking fund requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, the Rebate Fund, and the duties of the Trustee, the Registrar and any Paying Agents, in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee, the Registrar, any Paying Agents and the Owners notwithstanding the release and discharge of this Indenture. The provisions of this Article and Section 6.03 hereof shall survive the release, discharge and satisfaction of this Indenture.

ARTICLE X

RIGHTS, COVENANTS AND AGREEMENTS OF THE AUTHORITY

Section 10.01. *Rights and Duties of the Authority.*

(A) *Rights of the Authority.* Notwithstanding any contrary provision in this Indenture, the Authority shall have the right to take any action or make any decision with respect to proceedings for indemnity against the liability of the Authority and its personnel and for collection or reimbursement from sources other than moneys or property held pursuant to this Indenture or subject to the lien hereof. The Authority may enforce its rights pursuant to the Loan Agreement which have not been assigned to the Trustee by legal proceedings for the specific performance of any obligation contained therein or herein or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Company of its obligations to the Authority pursuant to the Loan Agreement, including court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing such obligations.

(B) *Limitation of Actions.* The Authority shall not be required to monitor, or provide information or disclosures concerning the financial condition of the Company or other matters pertaining to the Bonds and shall not have any responsibility with respect to notices, certificates or other documents filed with it pursuant hereto or pursuant to the Loan Agreement. The Authority shall not be required to take notice of any breach or default except when given notice thereof by the Company, the Trustee or the Owners, as the case may be. The Authority shall not be required to take any action unless indemnity reasonably satisfactory to it is furnished for expenses or liability to be incurred in connection therewith (other than the giving of notice). Upon written request of the Trustee or the Owners, the Authority shall cooperate to the extent reasonably necessary to enable the Trustee to exercise any power granted to the Trustee hereby. The Authority shall be entitled to reimbursement from the Company in accordance with the provisions of the Loan Agreement.

(C) *Responsibility.* The Authority shall be entitled to the advice of counsel (who may be counsel for any party or for any Owner unless an opinion of independent counsel or an opinion of nationally-recognized bond counsel is required hereby) and shall be wholly protected as to any action taken or omitted to be taken in good faith in reliance on such advice. The Authority may rely conclusively on any notice, certificate or other document furnished to it pursuant hereto or the Loan Agreement or the Bond Purchase Agreement, and reasonably believed by it to be genuine. The Authority shall not be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or in good faith omitted to be taken by it because it was reasonably believe to be beyond the discretion or power conferred upon it or taken by it pursuant to any direction or instruction by which it is governed hereunder or omitted to be taken by it by reason of the lack of direction or instruction required for such action pursuant hereto, or be responsible for the consequences of any error in judgment reasonably made by it. When any payment, consent or other action by the Authority is called for by this Indenture or the Loan Agreement, the Authority may defer such action pending investigation or inquiry or receipt of such evidence, if any as it may reasonably require in support thereof. A permissive right or power to act on the part of the Authority shall not be construed as a requirement to act, and no delay in the exercise of any right or power shall affect the subsequent exercise thereof. The Authority shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any person or entity. No recourse shall be had by the Company, the Trustee or any Owner for any claim based on this Indenture or the Bonds against any of the Authority's directors, officers, counsel, financial advisors or agents

unless such claim is based upon the willful dishonesty or intentional violation of law of such person.

(D) *Financial Obligation.* Nothing contained in this Indenture shall in any way obligate the Authority to pay any debt or meet any financial obligations to any person at any time except from moneys received pursuant to the provisions of this Indenture or from the exercise of the Authority's rights hereunder. Nothing contained in this Indenture shall in any way obligate the Authority to pay such debts or meet such obligations from moneys received from the Authority's own purposes. The Bonds secured by this Indenture do not now and shall never constitute a general obligation or debt of the Authority nor a debt or pledge of the faith and credit of the State, or any other political subdivision thereof, and each covenant and undertaking by the Authority in this Indenture and in the Bonds to make payments is not a general obligation or debt of the Authority nor a debt or pledge of the faith and credit of the State, but is a special limited obligation payable solely from the revenues and funds pledged for their payment in accordance with this Indenture.

(E) *Limitation on Recourse and Liability.* No recourse pursuant to or upon any obligation, covenant or agreement herein or in any Bond, or pursuant to any judgment obtained against the Authority, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution, statute or otherwise or under any circumstances, shall be had against any director, officer, counsel, financial advisor or agent, as such past, present or future of the Authority, either directly or through the Authority, or otherwise, for the payment for or to the Authority or any receiver thereof, or for or to the holder of any Bond, of any sum that may be due and unpaid by the Authority upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such director, officer, counsel, financial advisor or agent, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Authority or any receiver thereof, or for or to the holder of any Bond, or any sum that remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and in consideration for its execution of this Indenture and the issuance of the Bonds.

Section 10.02. *Covenants and Agreements of the Authority.* In addition to any other covenants and agreements of the Authority contained in this Indenture or the Bond Resolution, the Authority further covenants and agrees with the Owners and the Trustee as follows:

(A) *Payment of Debt Service Charges.* The Authority will pay all Debt Service Charges, or cause them to be paid, solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture.

(B) *Revenues and Assignment of Revenues.* The Authority will not assign the Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof pursuant to this Indenture.

(C) *Recordings and Filings.* At the direction and expense of the Company, the Trustee on behalf of the Authority will cause this Indenture, and any related instrument or documents relating to the assignment made by it pursuant to this Indenture to secure the Bonds, to be recorded and filed in the manner and in the places (if any) which may be required by law in

order to preserve and protect fully the security of the Owners and the rights of the Trustee hereunder.

(D) *Inspection of Books.* All books, instruments and documents in the Authority's possession relating to the Project and the Revenues shall be open to inspection and copying (at the expense of the Person making such copies) at all times during the Authority's regular business hours by any accountants or other agents of the Trustee or the Company which the Trustee or the Company may designate from time to time.

(E) *Register.* At reasonable times and pursuant to reasonable regulations established by the Registrar, the Register may be inspected and copied (at the expense of the Person making such copies) by the Company, the Trustee, by Owners of 25% or more in aggregate principal amount of the Bonds then Outstanding, or a designated representative thereof.

(F) *Rights and Enforcement of the Loan Agreement.* The Trustee may enforce, in its name or in the name of the Authority, all rights for and on behalf of the Owners, except for Unassigned Authority's Rights, and may enforce all covenants, agreements and obligations of the Company pursuant to the Loan Agreement, regardless of whether the Authority is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Authority, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed pursuant to the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

Section 10.03. *Observance and Performance of Covenants, Agreements, Authority and Actions.* Subject to the limited sources of payment and liability provided hereunder, the Authority will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part pursuant to the Loan Agreement, this Indenture, the Bond Resolution and the Bonds which are executed, authenticated and delivered pursuant to this Indenture, and as provided in all proceedings of the Authority pertaining thereto.

The Authority further represents and warrants that:

(A) It is duly authorized by the laws of the State, particularly and without limitation the Act, to issue the Bonds and to execute and deliver this Indenture, the Loan Agreement, and the Bond Purchase Agreement.

(B) All actions required on its part to be performed for the issuance, sale and delivery of the Bonds and for the execution and delivery by the Authority of this Indenture, the Loan Agreement and the Bond Purchase Agreement have been or will be taken duly and effectively.

(C) The Bonds will be valid and enforceable special limited obligations of the Authority according to their terms.

Section 10.04. *Tax Covenants of Authority.* The Authority, to the extent within its control, covenants that it will not knowingly take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusions from gross income of

the interest on the Bonds for Federal income tax purposes. The Authority, to the extent within its control, will not knowingly directly or indirectly, use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, at the Company's expense, the Authority covenants that it will take, or require to be taken, all actions required of the Authority for the interest on the Bonds to be and remain excluded from the gross income of the owners thereof for Federal income tax purposes. If at any time the Company is of the opinion that for purposes of this Section 10.04 it is necessary for the Authority to take certain actions for the interest on the Bonds to be and remain excluded from the gross income of the owners thereof for Federal income tax purposes, the Company shall so instruct the Authority in writing, and the Authority shall take such action as may be necessary in accordance with such instructions; provided, however, that the Authority may require any such request to be accompanied by an opinion of Bond Counsel, at the Company's expense, substantially to the effect that compliance with such request is necessary for such purpose. Upon receipt of any such written request of the Authorized Company Representative, and at the Company's expense, the appropriate officers of the Authority are hereby authorized and directed to take any and all actions and make or give such reports and certifications as may be appropriate to assure such exclusion of interest from gross income for Federal income tax purposes.

The Authority has required the Company in the Loan Agreement to covenant that the Company will: (i) restrict the yield on investment-type property, (ii) make timely and adequate rebate payments to the Federal government if, and to the extent, required pursuant to the Tax Certificate and Agreement relating to the Bonds, (iii) maintain books and records and make calculations and reports, and (iv) refrain from certain uses of the proceeds of the Bonds and, as applicable, the property financed with such proceeds, all in such manner and to the extent necessary to assure the exclusion of interest on the Bonds from gross income for Federal income tax purposes pursuant to the Code.

ARTICLE XI

AMENDMENTS TO THE LOAN AGREEMENT, THE DEED OF TRUST AND THE NOTE

Section 11.01. *Amendments Not Requiring Consent of Owners.* Without the consent of or notice to the Owners, the Authority and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Note, and the Deed of Trust as may be required (1) by the provisions of the Loan Agreement, any Note or this Indenture, (2) in connection with the issuance of any Additional Bonds pursuant to this Indenture, (3) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, any Note, the Deed of Trust, or this Indenture, (4) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 8.02 hereof, or (5) in connection with any other change therein which is not to the prejudice of the Trustee or the Owners of the Bonds.

Section 11.02. *Amendments Requiring Consent of Owners.* Except for the amendments, changes or modifications contemplated by Section 11.01 hereof, neither the Authority nor the Trustee shall consent to:

(A) any amendment, change or modification of the Loan Agreement, any Note or the Deed of Trust which would change the amount or times as of which Loan Payments are required to be paid, without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Owners of all of the Outstanding Bonds affected by such amendment, change or modification, or

(B) any other amendment, change or modification of the Loan Agreement, any Note or the Deed of Trust without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt or the written consent thereto of a Majority of Bondholders affected by such amendment, change or modification.

The consent of such Owners shall be obtained as provided in Section 8.03 hereof with respect to Supplemental Indentures.

If the Authority and the Company shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, any Note or the Deed of Trust, except as provided by Section 11.01 hereof, and upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.03 hereof with respect to notice of Supplemental Indentures. This notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

ARTICLE XII

MISCELLANEOUS

Section 12.01. *Limitation of Rights.* With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Registrar, the Paying Agents, the Company and the Owners of the Bonds any legal or equitable right, remedy, power or claim pursuant to or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Company, the Trustee, the Registrar, the Paying Agents and the Owners of the Bonds, as provided herein.

Section 12.02. *Severability.* In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken pursuant to this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken pursuant to this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid or operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 12.03. *Notices.* Except as provided in Section 7.02 hereof or elsewhere herein, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is duly mailed by first class mail or delivered. Notices to the Authority, the Company and the Trustee shall be addressed as follows:

(a) If to the Authority

c/o William F. Wilder
Ryley Carlock & Applewhite
One North Central Avenue, Suite 1200
Phoenix, Arizona 85004
Attention: William F. Wilder
Telephone: (602) 440-4802
Facsimile: (602) 257-6902

(b) If to the Company:

Coronado Utilities, Inc.
6825 E. Tennessee Avenue, Suite 547
Denver, Colorado 80224
Attention: Jason Williamson
Telephone: (303) 333-1250
Facsimile: (303) 333-1257

(c) If to the Trustee:

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC S4101-22E, 22nd Floor
100 West Washington Street
Phoenix, Arizona 85003
Attention: Brenda Black
Telephone: (602) 378-2332
Facsimile: (602) 378-2333

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder to any of such parties also shall be given to the others. The foregoing parties may designate, by written notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by notice to the Authority and the Company, the addresses to which notices or copies thereof shall be sent for the Registrar and the Paying Agents.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Authority, the Registrar, the Paying Agents, the Company or the Owners of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 12.04. *Suspension of Mail.* If because of the suspension of delivery of first class mail, or for any other reason, the Trustee or any other Person shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Indenture, the Trustee or any other Person shall give such notice in such other manner as in the judgment of the Trustee or such Person shall most effectively approximate mailing thereof, and the giving of the notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirement for the mailing thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 12.05. *Payments Due on Saturdays, Sundays and Holidays.* If any Interest Payment Date, date of maturity of the principal of any Bonds, or date fixed for the redemption of any Bonds is not a Business Day, then payment of interest, principal and any redemption premium or any purchase price payment need not be made by the Trustee or any Paying Agent on that date, but that payment may be made on the next succeeding Business Day with the same force and effect as if that payment were made on the Interest Payment Date, date of maturity or date fixed for redemption, and no interest shall accrue for the period after that date.

Section 12.06. *Instruments of Owners.* Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required pursuant to this Indenture to be executed by any Owner may be in any number of concurrent writings of similar tenor and may be executed by that Owner in person or by an agent or attorney appointed in writing. Proof of (1) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (2) the execution of any writing appointing any agent or attorney, and (3) the ownership of Bonds, shall be sufficient for any of the purposes of this Indenture, if made on the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(A) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within the jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution;

(B) The fact of ownership of Bonds shall be proved by the Register maintained by the Registrar.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Owner of any Bond shall bind every further Owner of the same Bond, with respect to anything done or suffered to be done by the Authority, the Trustee, the Company, the Registrar or any Paying Agent pursuant to that writing.

Section 12.07. *Priority of this Indenture.* This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

Section 12.08. *Performance of Covenants by the Authority; Limitation of Liability.*

(A) The Authority covenants that it will not knowingly fail to perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority represents that it is duly authorized pursuant to the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, and to pledge its rights in the payments due pursuant to the Notes and the Loan Agreement in the manner and to the extent herein set forth, that all action on its part of the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof and hereof, subject to customary bankruptcy and insolvency exceptions.

(B) No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future official, officer, employee or agent of the Authority in his or her individual capacity, and neither any official of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No official, officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Indenture or the Act, provided such official, officer, employee or agent acts in good faith.

(C) No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Authority contained in any document executed by the Authority in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way except as may be payable from the repayments by the Company pursuant to the Loan Agreement and the proceeds of the Bonds. No failure of the Authority to comply with the term, condition, covenant or agreement herein or in any document executed by the Authority in connection with the issuance and sale of the Bonds shall subject the Authority to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Company pursuant to the Loan Agreement or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Authority except as may be payable from the repayments by the Company pursuant to the Loan Agreement or from the proceeds of the Bonds.

(D) No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, official,

member, employee or agent of the Authority, or of any successor public corporation, as such either directly or through the Authority or any successor public corporation, pursuant to any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, officials, members, employees or agents as such is hereby expressly waived and released as a condition of, and consideration for, the execution of this Indenture and the issuance of such Bonds.

Section 12.09. *Rating Categories.* Except as otherwise expressly provided herein, any reference herein to a rating category established by a Rating Service shall mean such category without regard to any modification thereof by the addition of a plus or minus sign or a number indicating relative standing within such category.

Section 12.10. *Binding Effect.* This Indenture shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 12.11. *Counterparts.* This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 12.12. *Governing Law.* This Indenture and the Bonds shall be deemed to be contracts made pursuant to the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 12.13. *Miscellaneous Provisions.*

(A) The Authority's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses pursuant to this Indenture, the Loan Agreement, the Bond Purchase Agreement and any related document shall survive final payment or defeasance of the Bonds.

(B) Any suit, action or proceeding involving the rights and obligations of the Authority pursuant to this Indenture, the Loan Agreement, the Bond Purchase Agreement and any related Document shall be brought in the Superior Court of the State of Arizona in and for Pinal County or the United States District Court for the District of Arizona.

(C) Notice is hereby given of the provisions of Section 38-511 of the Arizona Revised Statutes, which are incorporated herein to the extent applicable to contracts of the nature of this Indenture in accordance with the laws of the State.

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IN WITNESS WHEREOF, the Authority and Trustee have caused this Indenture to be duly executed in their respective names, all as of the date first above written.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By 
President

WELLS FARGO BANK, N.A., as Trustee

By 
Authorized Officer

[SIGNATURE PAGE TO TRUST INDENTURE]

EXHIBIT A
FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF THE CEDE & CO. OR TO SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC). ANY TRANSFER, PLEDGE OR OTHER USE THEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE BONDS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND HAVE BEEN OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS.

THE TRANSFER, PLEDGE OR OTHER DISPOSITION OF THE BENEFICIAL OWNERSHIP INTERESTS IN THIS BOND BY THE REGISTERED OWNER HEREOF IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THE INDENTURE, INCLUDING THE REQUIREMENT THAT (I) THE PURCHASE OR TRANSFER OF THIS BOND SHALL OCCUR ONLY IN CONNECTION WITH A SALE TO OR THROUGH A BROKER-DEALER TO A SOPHISTICATED MUNICIPAL MARKET PARTICIPANT AND (II) THE AGGREGATE PRINCIPAL AMOUNT OF ANY BOND PURCHASED OR TRANSFERRED SHALL NOT BE LESS THAN THE AUTHORIZED DENOMINATION OF SUCH BOND UNLESS THE PRINCIPAL AMOUNT OF THE BOND TO BE SOLD OR TRANSFERRED IS ALREADY LESS THAN THE AUTHORIZED DENOMINATION AND THE TRANSACTION INVOLVES THE ENTIRE PRINCIPAL AMOUNT OF SUCH BOND.

UNITED STATES OF AMERICA

STATE OF ARIZONA

The Industrial Development Authority of the County of Pinal
Wastewater Revenue Bond
(San Manuel Facility Project)
Series 2006

NO. R-1

\$2,650,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
6.250%	June 1, 2026	June 28, 2006	722051 AA 7

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

The Industrial Development Authority of the County of Pinal, an Arizona nonprofit corporation (the "Authority") incorporated with the consent of the County of Pinal (the

"County"), and designated by statute as a political subdivision of the State of Arizona (the "State"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the principal amount specified above on the aforesaid Maturity Date, unless this Bond is called for earlier redemption, and to pay from those sources interest thereon at the rate per annum specified above. Interest on this Bond accrues from the dated date of this Bond and is payable on each June 1 and December 1 (each, an "Interest Payment Date"), commencing December 1, 2006, until the principal amount is paid or duly provided for. Interest is calculated on the basis of a 360-day year consisting of 12 30-day months. This Bond bears interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date of initial delivery.

If any Interest Payment Date, date of maturity of this Bond, or date fixed for redemption of this Bond, is not a Business Day, then payment of the applicable interest, principal or redemption price may be made on the next succeeding Business Day with the same force and effect as if such payment were made on such Interest Payment Date, date of maturity or date fixed for redemption and no interest shall accrue for the period after such date. For the purposes hereof, "Business Day" means any day other than (1) a Saturday or Sunday, (2) a day on which commercial banks located in the city in which the principal trust office of the Trustee is located and is required or authorized to remain closed or (3) a day on which the New York, Stock Exchange is closed.

The principal of and premium, if any, on this Bond is payable upon presentation and surrender hereof at the principal corporate trust office of the Trustee, initially Wells Fargo Bank, N.A. (the "Trustee"). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more Predecessor Bonds) is registered (the "Owner") at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding each Interest Payment Date (the "Regular Record Date") on the registration books for this issue maintained by the Trustee, as Registrar, at the address appearing therein. Notwithstanding the foregoing, interest and mandatory sinking fund redemption principal on any Bond, at the request of such Owner, may be paid by wire transfer in immediately available funds to the bank account number and address filed with the Trustee by such Owner, upon payment by such Owner of any cost therefor. Any interest which is not timely paid or duly provided for ceases to be payable to the Owner hereof (or of one or more Predecessor Bonds) as of the Regular Record Date, and is payable to the Owner hereof (or of one or more Predecessor Bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date is to be mailed to Owners not less than ten days prior thereto. The principal and redemption price of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the Paying Agent.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS PLEDGED PURSUANT TO THE INDENTURE. THIS BOND AND THE INTEREST HEREON DO NOT CONSTITUTE A GENERAL OBLIGATION, A DEBT, AN INDEBTEDNESS, OR OTHER FINANCIAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OR ANY POLITICAL SUBDIVISION

THEREOF, WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES. THIS BOND DOES NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE AUTHORITY, THE COUNTY OR THE STATE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE AUTHORITY'S BOARD OF DIRECTORS, OR THE OFFICERS, COUNSEL OR AGENTS OF THE AUTHORITY, OR OF ANY SUCCESSOR THERETO, PURSUANT TO ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

This Bond is not entitled to any security or benefit pursuant to the Indenture nor is it valid nor does it become obligatory for any purpose until the certificate of authentication hereon has been executed.

This Bond is one of a duly authorized issue of Bonds of the Authority known as The Industrial Development Authority of the County of Pinal, Wastewater Revenue Bonds (San Manuel Facility Project), issued in the aggregate original principal amount of \$2,650,000. The Bonds are issued pursuant to a Trust Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the Authority and the Trustee. The Bonds are issued for the purpose of making a loan (the "Loan") to Coronado Utilities, Inc., an Arizona corporation (the "Company") pursuant to a Loan Agreement, dated as of even date with the Indenture (the "Loan Agreement"), by and between the Authority and the Company. The Bonds, together with any Additional Bonds which may be issued on a parity therewith pursuant to the Indenture, are collectively referred to herein as the "Bonds" and are special, limited obligations of the Authority, issued or to be issued pursuant to and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to the provisions of Chapter 5, Title 35 of the Arizona Revised Statutes (the "Act") and pursuant to a resolution adopted by the Board of Directors of the Authority.

Reference is made to the Indenture and the Loan Agreement for a more complete description of the Project (as defined in the Loan Agreement), the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured. All terms used herein with initial capitalization, where the rules of grammar or context do not otherwise require, have the meanings as set forth in the Indenture. Each Owner assents, by its acceptance hereof, to all of the provisions of the Indenture.

Pursuant to the Loan Agreement, the Company has executed and delivered to the Trustee the Company's promissory note dated of even date with the Bonds (the "Note"), in the principal amount of \$2,650,000. The Company is required by the Loan Agreement and the Note to make payments to the Trustee in amounts and at times necessary to pay the principal of and premium

(if any) and interest on the Bonds (the "Debt Service Charges"). In the Indenture, the Authority has assigned to the Trustee, to provide for the payment of the Debt Service Charges on the Bonds and any Additional Bonds, the Authority's right, title and interest in and to the Note and the Loan Agreement, except for the Unassigned Authority's Rights, as defined in the Loan Agreement. The Bonds are additionally secured by the delivery by the Company, as debtor and grantor, of a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated its date of delivery (the "Deed of Trust") to the Authority, as beneficiary and secured party, and assigned to the Trustee by the Indenture.

Copies of the Indenture, the Loan Agreement, the Note and the Deed of Trust are on file at the principal trust office of the Trustee.

The Debt Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided for in the Indenture (being, generally, the amounts payable pursuant to the Loan Agreement in repayment of the Loan, any unexpended proceeds of the Bonds and amounts deposited in the Bond Fund as defined and provided for in the Indenture, and are an obligation of the Authority only to the extent of the Revenues. The Bonds are not secured by a pledge of the faith and credit or the taxing power of the Authority, the County or the State or any political subdivision thereof.

No recourse pursuant to or upon any obligation, covenant, acceptance or agreement contained in the Indenture, or in any of the Bonds, or pursuant to any judgment obtained against the Authority or its Board of Directors or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, may be had against any member or officer, as such, past, present, or future, of the Authority, or its Board of Directors, whether directly or through the Authority, or otherwise, for the payment for or to the Authority or any receiver thereof, or for or to any Owner of any Bond, or otherwise, of any sum that may be due and unpaid by the Authority upon any of the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member or officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the Authority or any receiver thereof, or for or to the owner or any Owner of any Bond, or otherwise, of any sum that may remain due and unpaid upon any Bond, shall be deemed to be and is hereby expressly waived and released as a condition of and consideration for the execution and delivery of the Indenture and the issuance of the Bonds.

The Bonds are issuable only as fully registered bonds and shall be in the denomination of \$500,000 each.

The Indenture permits certain amendments or supplements to the Loan Agreement, the Indenture, the Note and the Deed of Trust not prejudicial to the Owners to be made without the consent of or notice to the Owners, and other amendments or supplements thereto to be made with the consent of a Majority of Bondholders.

REDEMPTION

The Bonds are subject to redemption prior to their stated maturity pursuant to prepaid first class mail by the Trustee at least 30 days prior to the redemption date (except in the case of a redemption described in paragraph (A) below, in which case notice is to be given at least five days prior to the redemption date), as follows:

(A) *Mandatory Redemption Upon a Determination of Taxability.* Upon the occurrence of a Determination of Taxability, as defined in the Indenture, the Bonds are subject to mandatory redemption in whole at a redemption price equal to 106% of the Outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Trustee, after consultation with the Company, but in no event later than 90 days following the exhaustion of any judicial or administrative remedy pursued by the Trustee following receipt by the Trustee of notice of a Determination of Taxability. The occurrence of a Determination of Taxability with respect to the Bonds will not constitute an Event of Default pursuant to the Indenture.

(B) *Optional Redemption.* The Bonds are not subject to optional redemption prior to stated maturity.

(C) *Extraordinary Optional Redemption.* The Bonds are also subject to redemption in the event of the exercise by the Company of its option (subject to compliance with Section 4.03 of the Indenture) to direct such redemption upon occurrence of any of the events described in Section 6.01 of the Loan Agreement, at any time in whole or in part, by the payment of the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption but without premium.

(D) *Mandatory Sinking Fund Redemption of the Bonds.* The Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date but without premium on June 1 in the following years and principal amounts (unless and to the extent of a credit against any such amount applied as provided in the Indenture):

Year	Principal Amount	Year	Principal Amount
2008	\$75,000	2018	140,000
2009	80,000	2019	150,000
2010	85,000	2020	160,000
2011	90,000	2021	170,000
2012	100,000	2022	180,000
2013	105,000	2023	190,000
2014	110,000	2024	200,000
2015	115,000	2025	215,000
2016	125,000	2026*	230,000
2017	130,000		

* Final Maturity

Each Outstanding Series 2006 Bond shall be subject to mandatory redemption in increments of \$5,000 on each redemption date *pro rata* based on principal amount of such Series 2006 Bonds to be redeemed in relation to the total principal amount of all Series 2006 Bonds outstanding on such date.

In lieu of redeeming the Bonds pursuant to this subsection (D), the Trustee may, at the written request of the Company given to the Trustee not more than 45 days nor less than 30 days preceding the next applicable sinking fund redemption date, use such funds otherwise available pursuant to the *Indenture for redemption of the Bonds to purchase the Bonds then subject to redemption in the open market, such Bonds to be delivered to the Trustee for the purpose of cancellation. Each Bond (or portion thereof) so delivered shall be credited by the Trustee at the principal amount thereof against the obligation of the Authority on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund redemption schedule on such date shall be accordingly reduced.*

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Authority or to have happened (1) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the Authority, and (2) precedent to and in the execution and delivery of the Indenture and the Loan Agreement; that payment in full for the Bonds has been received; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

IN WITNESS OF THE ABOVE, the President of The Industrial Development Authority of the County of Pinal has executed or caused this Bond to be executed by his manual or facsimile signature and attested to by the manual or facsimile signature of the Secretary, this 28th day of June, 2006.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By _____
President

Attest:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This bond is one of The Industrial Development Authority of the County of Pinal Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006.

DATE OF AUTHENTICATION AND REGISTRATION: June 28, 2006.

WELLS FARGO BANK, N.A., as Registrar

By: _____
Authorized Signature

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____
the within Bond and irrevocably constitutes and appoints _____ attorney to
transfer that Bond on the books kept for registration thereof, with full power of substitution in
the premises.

Dated: _____

Signature

Signature Guaranteed:

Signature guarantee should be made by a
guarantor institution participating in the
securities transfer agents medallion program
or in such other guarantee program acceptable
to the Trustee

NOTICE: The assignor's signature to this assignment must correspond with the name as it
appears upon the face of the within Bond in every particular, without alteration or
any change whatever.

TRANSFER FEE MAY BE REQUIRED

LOAN AGREEMENT

By and Between

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL**

and

CORONADO UTILITIES, INC.

\$2,650,000

**The Industrial Development Authority of the County of Pinal
Wastewater Revenue Bonds
(Sau Manuel Facility Project)
Series 2006**

Dated as of June 1, 2006

All of the rights, title and interest of The Industrial Development Authority of the County of Pinal (the "Authority") in and to this Loan Agreement (except for the Authority's Unassigned Rights, as defined herein) have been assigned to Wells Fargo Bank, N.A., as trustee (the "Trustee"), pursuant to that certain Trust Indenture, dated as of June 1, 2006, between the Authority and the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of June 1, 2006, by and between THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL, an Arizona nonprofit corporation (the "Authority"), incorporated with the consent of Pinal County, Arizona (the "County"), and designated by statute as a political subdivision of the State of Arizona (the "State"), and CORONADO UTILITIES, INC., an Arizona corporation (the "Company") (capitalized terms not defined above or in the recitals herein are defined in Article I hereof):

WITNESSETH:

WHEREAS, the Authority is authorized pursuant to Chapter 5, Title 35 of the Arizona Revised Statutes (the "Act"), to issue revenue bonds (a) to finance the construction and equipping of a new wastewater collection and treatment facility (the "New Facility") to replace the existing wastewater treatment facility located in San Manuel, Pinal County, Arizona (the "Existing Facility") previously owned and operated by BHP Copper Inc. ("BHP"), (b) to finance the construction and installation of an effluent line to the San Manuel Golf Course (collectively, the "Project," as further described in Exhibit A attached hereto) and (c) to fund a portion of the debt service reserve fund related to the bonds; and

WHEREAS, in order to provide for the financing of the Project concurrently with the execution and delivery of this Agreement, the Authority and Wells Fargo Bank, N.A., as trustee (with any successor trustee, the "Trustee"), will execute and deliver a Trust Indenture, dated as of the date hereof (including any amendments or supplements thereto, the "Indenture"), pursuant to which the Authority will issue \$2,650,000 in aggregate principal amount of its Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 (the "Series 2006 Bonds"), and pledge and grant to the Trustee a security interest in, among other things, all Loan Repayments to secure the payment of all principal of, premium, if any, and interest on the Series 2006 Bonds;

WHEREAS, the Company's obligations pursuant to the Loan Agreement will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") with respect to the real and personal properties comprising the Project; and

WHEREAS, the Series 2006 Bonds and any Additional Bonds issued pursuant to the Indenture will be secured by the pledge and assignment of the Revenues (as defined in the Indenture) and otherwise as described herein; and

WHEREAS, the Authority and the Company have determined to enter into this Agreement to set forth the terms and conditions of the Loan made pursuant to the Act for the financing of the Project;

NOW, THEREFORE, the Authority and the Company, each in consideration of the representations, warranties, covenants and agreements of the other set forth herein, mutually represent, warrant, covenant and agree as follows, to wit:

ARTICLE I

DEFINITIONS

Section 1.01. Use of Defined Terms. Words and terms defined in the Indenture shall have the same meanings when used herein, unless the context or use clearly indicates another meaning or intent. In addition, the words and terms set forth in Section 1.02 hereof shall have the meanings set forth therein unless the context or use clearly indicates another meaning or intent.

Section 1.02. Definitions. As used herein:

"Additional Payments" means the amounts required to be paid by the Company pursuant to the provisions of Section 4.02 hereof.

"Agreement" means this Loan Agreement, as amended or supplemented from time to time.

"Annual Debt Service" means the amount required to be paid by the Company during the relevant Fiscal Year with respect to the Bonds and any other Indebtedness then Outstanding or expected to be Outstanding during such Fiscal Year or required by the provisions of this Agreement to be included in such computation, plus interest thereon, in accordance with the terms of the instruments pursuant to which such Indebtedness exists.

"Authority's Unassigned Rights" means ~~all rights of the Authority to receive Additional Payments pursuant to Section 4.02 hereof, to be held harmless and indemnified pursuant to Section 5.03 hereof, to be reimbursed for attorney's fees and expenses pursuant to Section 7.04 hereof, and to give or withhold consent to amendments, changes, modifications, alterations and termination of this Agreement pursuant to Section 8.05 hereof, and further includes the Authority's rights regarding limited liability, payment or reimbursement of expenses, indemnification, notices, approvals, consents, requests and other communications to the extent set forth in the Indenture or in this Agreement.~~

"Completion Date" means the date of the substantial completion of the New Facility evidenced in accordance with the requirements of Section 3.07 hereof.

"Current Assets" means, as of any date of determination of the amount thereof, all assets of the Company which would, in accordance with GAAP, be classified as current assets on a balance sheet of the Company.

"Engineer" means an individual or firm acceptable to the Trustee and qualified to practice the profession of engineering or architecture pursuant to the laws of the State.

"Environmental Condition" means any condition, circumstance or activity that could result in recovery by any Person of any remedial or removal costs, response costs, natural resource damages or other costs, fines, penalties, expenses or damages arising from or relating to any personal injury or property damage or any alleged injury, threat of injury, harm or threat of harm to public health, safety or the environment.

"Environmental Requirement" means any Federal, state or local statute, resolution, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any common law doctrine or theory, any provisions or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to environmental, health or safety matters. Environmental Requirements include, without limitation, regulations and requirements imposed pursuant to the Clean Air Act, 42 U.S.C. § 7401 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. ("RCRA"), the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. ("CERCLA"), and any and all state law or local law counterparts, all as amended.

"Event of Default" means any of the events described in Section 7.01 hereof.

"GAAP" means generally accepted accounting principles.

"Indebtedness" means all items of indebtedness of the Company which, in accordance with GAAP, would be included as long-term indebtedness on the liabilities side of the Company's balance sheet, excluding the Company's current expenses, any operating line of credit (identified in writing and furnished to the Trustee) and any Subordinated Indebtedness.

"Indenture" means the Trust Indenture, dated as of even date herewith, by and between the Authority and the Trustee, as amended or supplemented from time to time.

"Limited Offering Memorandum" means the final Limited Offering Memorandum, dated June 28, 2006, with respect to the initial offering of the Series 2006 Bonds.

"Loan" means the loan by the Authority to the Company of the proceeds received from the sale of the Bonds.

"Loan Payment Date" means any date on which any of the Loan Payments are due and payable, whether in scheduled installments, upon acceleration, call for redemption or prepayment, or otherwise.

"Loan Payments" means the amounts required to be paid by the Company to the Trustee in repayment of the Loan pursuant to the provisions of the Note and Section 4.01 hereof.

"Note" means the promissory note of the Company, dated the Closing Date, in the form attached hereto as Exhibit C in the original principal amount of \$2,650,000 evidencing the obligation of the Company to make Loan Payments.

"Notice Address" means:

As to the Authority:

c/o William F. Wilder
Ryley Carlock & Applewhite
One North Central Avenue, Suite 1200
Phoenix, Arizona 85004
Attention: President
Telephone: (602) 440-4802
Facsimile: (602) 257-6902

As to the Company:

Coronado Utilities, Inc.
6825 E. Tennessee Avenue, Suite 547
Denver, Colorado 80224
Attention: Jason Williamson
Telephone: (303) 333-1250
Facsimile: (303) 333-1257

As to the Trustee:

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC S4101-22E, 22nd Floor
100 West Washington Street
Phoenix, Arizona 85003
Attention: Brenda Black
Telephone: (602) 378-2332
Facsimile: (602) 378-2333

or such additional or different address, of which notice is given pursuant to Section 8.02 hereof.

"Plans and Specifications" means the Company's plans and specifications for the construction and equipping of the Project, as amended from time to time.

"Project Site" means the real estate and interests in real estate constituting the site of the Project, as described in Exhibit B attached hereto and made a part hereof.

"Reporting Requirements" means the various restrictions, conditions and requirements, including certain arbitrage rebate reporting requirements, imposed by the Code relating to the exclusion from gross income for Federal income taxation purposes of interest on the Bonds.

"Series 2006 Bonds" means the Authority's Wastewater Revenue Bonds (San Manuel Facility Project), Series 2006 in the aggregate original principal amount of \$2,650,000.

"Subordinated Indebtedness" means any debt of the Company which is subordinated to the obligations pursuant to this Loan Agreement by virtue of the execution of a Subordination Agreement by the creditor defined and identified thereunder, in form satisfactory to the Trustee.

"Tax Certificate and Agreement" means the Tax Certificate and Agreement executed and delivered by and between the Authority and the Company, and acknowledged by the Trustee, with regard to compliance with applicable provisions of the Code.

Section 1.03. Interpretation.

(A) In this Agreement, unless the context otherwise requires:

(1) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Agreement;

(2) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) words importing persons shall include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(4) any headings preceding the text of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, ~~nor shall they affect its meaning, construction or effect.~~

(B) Whenever in this Agreement the Authority, the Company or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective permitted successors and permitted assigns, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Authority, the Company or the Trustee contained in this Agreement shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Authority or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Agreement.

(C) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the Authority, the Trustee and those specifically identified as third party beneficiaries hereof, including their respective agents, the Company or the Owners of the Bonds any right, remedy or claim pursuant to or by reason of this Agreement or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Agreement contained by or on behalf of the Authority or the Company shall be for the sole benefit of the Authority, the Company and the Trustee, including their respective agents and the Owners of the Bonds.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. *Express Warranties of the Authority; Exclusion of Other Warranties.*

(A) The Authority makes the following representations and warranties as the basis for the undertakings on the part of the Company herein contained:

(1) the Authority is validly organized and duly existing as an Arizona nonprofit corporation pursuant to Title 10 of the Arizona Revised Statutes and is designated a political subdivision of the State pursuant to the provisions of the Act;

(2) the issuance and sale of the Series 2006 Bonds, the execution and delivery of this Agreement and the Indenture, and the performance of all covenants and agreements of the Authority contained in this Agreement and the Indenture and all other acts and things required pursuant to the laws of the State to make this Agreement, the Indenture and the Series 2006 Bonds valid and binding obligations of the Authority in accordance with their terms, are authorized by the Act and have been duly authorized by the Authority; and

(3) the Authority has not pledged and will not pledge or grant (except as provided in the Indenture) any security interest in, or assign any of its rights pursuant to, this Agreement or the payments pursuant hereto, or the Revenues or income to be derived pursuant hereto, for any purpose other than to secure the Bonds.

(B) The Authority has not made an inspection of the Project, of the Plans and Specifications or of any fixture or other item constituting a portion thereof, and the Authority makes no warranty or representation, express or implied or otherwise, with respect to the same or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition or durability thereof, or as to the quality of the material or workmanship therein, it being agreed that all risks incident thereto are to be borne by the Company. In the event of any defect or deficiency of any nature in the Project or any fixture or other item constituting a portion thereof, whether patent or latent, the Authority shall have no responsibility or liability with respect thereto. The provisions of this paragraph have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the Authority, express or implied, with respect to the Project or any fixture or other item constituting a portion thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect.

Section 2.02. *General Representations, Warranties and Covenants of the Company.*
The Company hereby represents and warrants to and agrees with the Owners, the Authority and the Trustee as follows:

(A) The Company (1) is a corporation validly organized and duly existing pursuant to the laws of the State and is duly qualified to do business in the State; (2) has full power and authority pursuant to its organizational documents and the laws of the State to execute and deliver this Agreement, the Tax Certificate and Agreement, the Deed of Trust, the Bond

Purchase Agreement and the Note, to be bound by the terms of the Indenture and to perform its obligations hereunder and thereunder; and (3) by proper action has duly authorized the execution and delivery of this Agreement, the Tax Certificate and Agreement, the Deed of Trust, the Bond Purchase Agreement and the Note which, when validly executed and delivered by the other parties thereto, will constitute the legal, valid and binding agreements of the Company enforceable against the Company in accordance with their respective terms, except as the enforceability thereof may be subject to (A) the exercise of judicial discretion and general equitable principles, and (B) applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted or affecting creditors rights generally to the extent that the same may be constitutionally applied.

(B) The execution, delivery and performance of this Agreement, the Tax Certificate and Agreement, the Deed of Trust, the Bond Purchase Agreement and the Note and the consummation of the transactions herein and therein contemplated, will not, to the best of its knowledge, violate any law, regulation, resolution, judgment or court order of any Federal, state or local government, or conflict in any material respect with or constitute a material breach of or a material default with respect to the Company's organizational documents or pursuant to the terms and conditions of any instrument, document, agreement, commitment, indenture, security agreement, mortgage, lease or other writing to which the Company is a party or by which the Company, or a substantial portion of its assets, is bound.

(C) There are no actions, suits or proceedings pending against, or threatened against or affecting, the Company or the Project, or involving the validity or enforceability of the Series 2006 Bonds, this Agreement, the Deed of Trust, the Tax Certificate and Agreement, the Bond Purchase Agreement, the Note or the Indenture, at law or in equity, or before or by any governmental authority, except actions that, if adversely determined, would not materially impair the ability of the Company to perform the Company's obligations pursuant to this Agreement, the Deed of Trust, the Tax Certificate and Agreement, the Bond Purchase Agreement or the Note. The Company is not in default in any material respect pursuant to any mortgage, deed of trust, lease, loan or credit agreement, partnership agreement or other instrument to which the Company is a party or by which it is bound, except such defaults as may have been expressly waived in writing by the party with authority to waive such defaults.

(D) Any certificate signed by the Authorized Company Representative and delivered pursuant to the Indenture, this Agreement, the Deed of Trust, the Tax Certificate and Agreement, the Bond Purchase Agreement, the Note or any of the other related documents or to be executed and delivered in accordance with the Indenture shall be deemed a representation and warranty by the Company as to the statements made therein.

(E) To its knowledge, the Company has not entered into any agreement, or taken any action, that would limit, amend or modify the terms or effect of any provision of the Indenture, this Agreement, the Deed of Trust, the Tax Certificate and Agreement, the Bond Purchase Agreement or the Note by actions, by conduct of the parties, or otherwise.

(F) None of this Agreement or any other document, certificate, statement or information furnished to the Trustee or the Authority by or on behalf of the Company contains any untrue statement of a material fact or omits to state a material fact necessary in order to make

the statements contained herein and therein not misleading or incomplete as of the date hereof and as of the date of the issuance of the Series 2006 Bonds. It is specifically understood by the Company that all such statements, representations and warranties shall be deemed to have been relied upon by the Authority as an inducement to make the Loan made hereby and that, if any such statements, representations and warranties were materially incorrect at the time they were made or as of such date, the Authority may consider any such misrepresentation or breach an Event of Default hereunder.

(G) For the purposes of Section 147(b) of the Code, the average maturity of the Series 2006 Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

(H) The Company will throughout the term of this Agreement maintain its corporate existence, will remain duly qualified to transact business in the State and will not, without prior written notice to the Authority and prior written consent of a Majority of Bondholders (such consent not to be unreasonably withheld and to be deemed given if a Majority of Bondholders fail to object in writing within 45 days of delivery of a written request to consent) dissolve or otherwise dispose of all or substantially all of its assets, or consolidate with or merge into another business entity or permit any other business entity to consolidate with or merge into it.

(I) Every surviving, resulting or transferee entity and other Person referred to in this Section 2.02 shall be bound by all of the covenants and agreements of the Company herein and shall execute an appropriate instrument assuming such covenants and agreements.

(J) The obligations of the Company to make the payments required hereby shall be absolute and unconditional, and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstance whatsoever, including, without limitation, any defense, set-off, recoupment or counterclaim which the Company may have or assert against the Authority, the Trustee or any other Person.

(K) The Company's pro forma financial statements as of June 15, 2006, heretofore furnished to the Authority and the Underwriter present fairly the financial condition of the Company as of the respective dates thereof. Since the dates of the financial statements there has been no material adverse change in the condition, financial or otherwise, of the Company, other than as set forth therein. The Company did not and does not now have any material obligation, liability or commitment, direct or contingent, which is not reflected in the foregoing financial statements as of their dates.

(L) The Company has made or caused to be made all filings with, has obtained, and in the case of the permits required to be obtained from the Arizona Department of Environmental Quality reasonably expects to obtain such permits within 60 days following the issuance of the Series 2006 Bonds, all approvals and consents from all Federal, state and local regulatory agencies having jurisdiction to the extent, if any, which it is currently required to have or obtain pursuant to applicable laws and regulations in connection with the Project, the Indenture and this Agreement.

(M) To the best of the Company's knowledge, the Project does not and will not violate or conflict with any zoning, pollution, discrimination or other law, or any ordinance, order, rule, regulation or other legal requirement of any kind applicable thereto which is, in any manner, material to the Company's performance of its operations or its obligations pursuant to this Agreement. The Company shall not take any action or fail to take any action within its control, if such action or failure to act would cause the Authority to be in violation of any law in connection with the financing or operation of the Project.

(N) The Company has filed or caused to be filed and will file all Federal, state and local tax returns which are required to be filed by the Company, and has paid or caused to be paid and will pay all taxes as shown on said returns or on any assessment received by it to the extent that such taxes have become due.

(O) The Company shall not change its accounting policies without the prior written consent of a Majority of Bondholders, which consent may not be unreasonably withheld.

Section 2.03. Tax Covenants.

(A) The Company and the Authority agree to comply with the provisions of the Tax Certificate and Agreement. The Company and the Authority hereby covenant, represent, warrant and agree as follows: (1) the Company and the Authority will not knowingly take or permit any action to be taken that would adversely affect the exclusion from gross income for Federal income tax purposes of the interest on the Bonds and, if it should take or permit any such action, the Company and the Authority shall take all lawful actions within its power and control to rescind such action promptly upon having knowledge thereof; and (2) the Company and the Authority will take such action or actions, including amending this Agreement and the Note, as may be reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or, to the extent necessary in the opinion of Bond Counsel, proposed, by the United States Department of the Treasury or the Internal Revenue Service pertaining to obligations described in Section 103 of the Code. The Company and the Authority covenant and agree that they have not taken or permitted to be taken any action which will cause the interest on the Bonds to become includable in gross income for Federal income tax purposes; provided that none of the covenants and agreements contained in this Section 2.03 will require the Company or the Authority to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any generally applicable decisions of any court or administrative agency or other governmental body affecting the exclusion from gross income for Federal income tax purposes of interest on the Bonds; and provided further that the Authority's responsibilities, if any, pursuant to this paragraph shall be limited to actions within its control.

(B) At the direction of the Company, the Authority is authorized to employ a Person or firm of its choice to assure compliance with Section 148 of the Code and the fees and expenses of such employment shall be paid by the Company as further provided in Section 5.11 of the Indenture.

(C) The proceeds of the Series 2006 Bonds will be used only to acquire, construct, equip and install, as appropriate, the land, facilities and equipment comprising the Project and to fund a debt service reserve fund for the Bonds. No changes will be made in the Project and no actions will be taken by the Company which will in any way adversely affect the qualification of the Project as a "project" within the meaning of the Act or the tax-exempt status for Federal income tax purposes of interest on the Series 2006 Bonds to the Owners thereof. Except as expressly provided herein, the Company expects and intends to own the Project and operate it as a "project" within the meaning of the Act until the last day on which any of the Series 2006 Bonds are Outstanding pursuant to the Indenture.

(D) In the event of a Determination of Taxability, the Company shall (1) immediately notify the Trustee and Bond Counsel of such determination and (2) take such steps as are necessary to cause redemption of the Bonds in whole at the earliest practicable date.

(E) The Company recognizes that the facts, estimates and circumstances required to be set forth in the Tax Certificate and Agreement will be based upon the representations of the Company. The Company covenants to provide, or cause to be provided, such facts, estimates and circumstances as are reasonably necessary to enable the Authority to execute and deliver the Tax Certificate and Agreement. The Company further covenants that (1) such facts, estimates and circumstances will be based on the Company's reasonable expectations on the date of issuance of the Bonds and will, to the best of the knowledge of the officer or representative of the Company furnishing such facts, estimates and circumstances, be true, correct and complete as of that date, and (2) the Company will make reasonable inquiries to insure such truth, correctness and completeness. The Company recognizes that the Trustee will hold and invest the proceeds of the Series 2006 Bonds within its control in accordance with the expectations of the Authority set forth in the Tax Certificate and Agreement.

(F) The Company will assist the Authority in filing all appropriate returns, reports and attachments to income tax returns as are now or hereafter required by the provisions of the Code, including, without limitation, the Information Return for Private Activity Bond Issues (Form 8038) required pursuant to the Code. No proceeds of the Bonds shall be invested in federally-insured deposits or accounts except as part of a bona fide debt service fund or a reasonably required reserve fund. The Company covenants and agrees that it will not use or permit the use of any of the funds provided by the Authority hereunder or any other funds of the Company, directly or indirectly, or direct the Trustee to invest any funds held by it hereunder or pursuant to the Indenture, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would, or take or omit to take any other action that would, to the knowledge of the Company, cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder. In the event that at any time the Company is of the opinion or is otherwise aware or receives notice from the Authority or the Trustee that for purposes of this Section 2.03 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee pursuant to the Indenture, the Company shall take such actions as the Company believes are necessary in order to comply with these limitations pursuant to the Indenture. The Company covenants and agrees to comply with its covenants as set forth in the Tax Certificate and Agreement and to deposit with the Trustee

for rebate to the United States of America any amount which constitutes rebatable arbitrage earnings.

Section 2.04. Environmental Representations and Warranties. The Company represents and warrants to the Trustee, Authority and Owners that:

(A) To the Company's best knowledge, the Project, all activities thereon and the Company are currently and at all times have been in compliance with all applicable Environmental Requirements.

(B) As of the date of closing, neither the Project nor the Company is subject to any judgment, injunction, writ, order or agreement respecting any Environmental Requirement or Environmental Condition.

(C) As of the date of closing, neither the Project nor the Company are the subject of any litigation, administrative proceeding, order or investigation with respect to any Environmental Requirement or Environmental Condition at or concerning the Project or the Company that could result in liability to the Company, the Authority or the Trustee, and, to the best knowledge of the Company, there are no grounds on which such litigation, administrative proceeding, order or investigation might be commenced.

(D) As of the date of closing, there are no known Environmental Conditions at or concerning the Project or the Company, including but not limited to Environmental Conditions associated with or arising from underground storage tanks, polychlorinated biphenyls, asbestos, petroleum hydrocarbons, radon or "hazardous substances", as defined by CERCLA, that could have an adverse effect on the financial condition of the Company or the value of the Project as security for the Bonds or that could give rise to liability against the Authority or the Trustee.

(E) All future activities, operations and conditions on the Project will be conducted in compliance with all applicable Environmental Requirements. Any activities, operations and conditions not regulated by Environmental Requirements will be performed or handled in a manner consistent with standards, guidelines and practices established by Federal, state and local regulatory authorities, as well as any relevant industry standards. No Environmental Conditions will be allowed or created on the Project by the Company or others that could have a material adverse effect on the financial condition of the Company or the value of the Project as security for the Bonds or that could give rise to liability against the Authority or the Trustee.

The Company shall immediately notify the Authority and the Trustee upon learning or being notified of any Environmental Condition or non-compliance with any Environmental Requirement, at or concerning the Project or the Company, that may have a materially adverse effect on the financial condition of the Company or the operations at or value of the Project as security for the Bonds or that could give rise to liability against the Authority or the Trustee; shall take all steps necessary to immediately address such Environmental Condition or non-compliance; and shall keep the Authority and the Trustee apprised of its activities in this regard. Upon the receipt of such notice, the Trustee shall notify the Owners of the Bonds and may, but shall be under no obligation to do so unless directed to do so by a Majority of Bondholders, commission an investigation at the Company's expense of (1) the Project's compliance with

Environmental Requirements; and (2) the existence of Environmental Conditions at or concerning the Project, including but not limited to the conditions and concerns identified in paragraph (E) above. The Company shall cooperate in any such investigation and shall provide the Trustee, the Authority and their respective agents access to the Project and to relevant documents and information upon reasonable request. Any investigation commissioned pursuant to this Section 2.04 shall not limit or impair the representations and warranties made by the Company to the Authority and the Trustee pursuant to this Section 2.04.

The Company hereby agrees to indemnify, defend and hold harmless the Authority, the Owners and the Trustee and their respective agents, officers, officials, employees, subsidiaries, successors and assigns, to the fullest extent permitted by law, for, from and against any and all liabilities, losses, damages (including, but not limited to, punitive damages and natural resource damages), environmental response and clean up costs, fines, penalties and expenses (including, without limitation, reasonable counsel fees and costs and expenses incurred in investigating and defending against the assertion of such liabilities) any and all loss of value of the Project which may be asserted against or sustained or incurred by the Authority, the Owners or the Trustee by reason of the Company's breach of any of the provisions of this Section 2.04, including but not limited to a failure by the Company to comply with applicable Environmental Requirements at or in connection with the Project.

ARTICLE III

COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.01. *Acquisition and Completion of the Project.* The Company will acquire, construct and install the property comprising the Project with all reasonable dispatch, all on the Project Site and substantially in accordance with the Plans and Specifications. The Company will (A) pay when due all fees, costs and expenses incurred in connection with the foregoing from funds made available therefor in accordance with this Agreement or otherwise, unless any such fees, costs or expenses are being contested by the Company in good faith and by appropriate proceedings, (B) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable pursuant to the terms of any contract, order, receipt, writing and instruction in connection with the acquisition and installation of the Project, and (C) enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto.

Section 3.02. *Plans and Specifications.* The Company may revise the Plans and Specifications from time to time, provided that no such revision shall change the purposes of the Project to other than purposes permitted by the Act, increase the cost of the Project or reduce the economic life of the Project such that the weighted average maturity of the Bonds is greater than 120% of the economic life of the Project.

Section 3.03. *Issuance of the Series 2006 Bonds; Application of Proceeds.* To provide funds to make the Loan for purposes of assisting the Company in the financing of the Project or to reimburse the Company for the financing of the Project, the Authority will issue, sell and deliver the Series 2006 Bonds as provided in the Bond Purchase Agreement. The Series 2006 Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear

interest, will mature and will be subject to redemption as set forth therein. The Company hereby approves the terms and conditions of the Indenture and the Series 2006 Bonds, and the terms and conditions pursuant to which the Series 2006 Bonds will be issued, sold and delivered.

The proceeds from the sale of the Series 2006 Bonds shall be loaned by the Authority to the Company and paid over to the Trustee for the benefit of the Company and the Owners of the Series 2006 Bonds and deposited as provided in Section 5.02 of the Indenture. Pending disbursement pursuant to Section 3.04 hereof, the proceeds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Authority to the payment of Debt Service Charges as provided in the Indenture.

At the request of the Company, and for the purposes and upon fulfillment of the conditions specified in the Indenture, the Authority may, but is not obligated to, provide for the issuance, sale and delivery of Additional Bonds and loan the proceeds from the sale thereof to the Company.

Section 3.04. Disbursements from the Project Fund.

(A) Subject to the provisions below and to the representations, warranties and covenants contained herein and in the Tax Certificate and Agreement, disbursements from the Project Fund shall be made only to pay (or to reimburse the Company for payment of) the following Project costs:

(1) costs, expenses, fees and charges incurred directly or indirectly for or in connection with the acquisition, construction, equipping or installation of the Project, including costs incurred with respect to the Project for preliminary planning and studies; advance payments and deposits to contractors and suppliers; and legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(B) Any disbursements from the Project Fund shall be made by the Trustee only upon the written order of the Authorized Company Representative. Each such written order shall be in substantially the form of the disbursement request attached hereto as Exhibit D and shall be consecutively numbered and accompanied by invoices or other appropriate documentation supporting the payments or reimbursements requested and copies of all lien waivers. Any disbursement request for any property not described in, or the cost for which property is other than as described on Exhibit A attached hereto, shall be accompanied by evidence that the average reasonably expected economic life of such property (together with all other property theretofore financed by the Series 2006 Bonds) is not less than 120% of the average maturity of the Series 2006 Bonds or, if such evidence is not presented with the disbursement or at the request of the Trustee, by an opinion of Bond Counsel to the effect that such disbursement will not result in the interest on the Series 2006 Bonds becoming subject to Federal income taxation. In case any contract provides for the retention by the Company of a portion of the contract price, there shall be paid from the Project Fund only the net amount remaining after deduction of any such portion and, only when that retained amount is due and payable, may it be paid from the Project Fund.

(C) Any moneys remaining in the Project Fund on the Completion Date after payment, or provision for payment, of the costs of constructing, equipping and installing the Project described above shall, at the direction of the Authorized Company Representative, promptly be:

(1) used to acquire and install such additional personal property in connection with the Project as is designated by the Authorized Company Representative, and the acquisition and installation of which will be permitted pursuant to the Act, provided that disbursement for any such use is subject to subsection (B) above;

(2) used for the purchase of Series 2006 Bonds for the purpose of cancellation; or

(3) used to accomplish any combination of the foregoing as is provided in that direction.

In all cases such moneys shall be so used or applied only to the extent that such use or application will not adversely affect the exclusion of the interest on the Series 2006 Bonds from gross income for Federal income tax purposes.

(D) In the event that all of the Bonds are either redeemed or accelerated pursuant to the terms of the Indenture, any remaining funds in the Project Fund shall be transferred to the Bond Fund in connection therewith.

Section 3.05. *Disbursements from the Equity Fund.*

(A) Subject to the provisions below, disbursements from the Equity Fund shall be made only to pay (or to reimburse the Company for payment of) the following Project costs:

(1) financial, legal, accounting, printing and engraving fees, charges and expenses, and all other fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Series 2006 Bonds, including, without limitation, the fees and expenses of the Authority and its counsel and Bond Counsel, the fees and expenses of the Trustee, the fees and expenses of counsel to the Company and the fees and expenses of the Underwriter and its counsel; and

(2) costs, expenses, fees and charges incurred directly or indirectly for or in connection with the acquisition, construction, equipping or installation of the Project, including costs incurred with respect to the Project for preliminary planning and studies; advance payments and deposits to contractors and suppliers; and legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(B) Any disbursements from the Equity Fund for the purposes set forth in paragraph (2) above shall be made only after all moneys in the Project Fund have been expended as provided in Section 3.04 hereof. Any disbursements from the Equity Fund shall be made by the Trustee only upon the written order of the Authorized Company Representative. Each such written order shall be in substantially the form of the disbursement request attached hereto as

Exhibit E and shall be consecutively numbered and accompanied by invoices or other appropriate documentation supporting the payments or reimbursements requested and copies of all lien waivers. In case any contract provides for the retention by the Company of a portion of the contract price, there shall be paid from the Equity Fund only the net amount remaining after deduction of any such portion and, only when that retained amount is due and payable, may it be paid from the Equity Fund.

(C) Any moneys remaining in the Equity Fund on the Completion Date after payment, or provision for payment, of the costs of constructing, equipping, installing and financing the Project described above shall promptly be returned to the Company.

(D) In the event that all of the Bonds are either redeemed or accelerated pursuant to the terms of the Indenture, any remaining funds in the Equity Fund shall be transferred to the Bond Fund in connection therewith.

Section 3.06. *Company Required to Pay Costs in Event Project Fund and Equity Fund Insufficient.* If moneys in the Project Fund and the Equity Fund are not sufficient to pay all costs of the Project, the Company will nonetheless complete the Project in accordance with the Plans and Specifications and, unless Additional Bonds shall have been issued for that purpose, shall pay all such additional costs of the Project from the Company's own funds. The Company shall not be entitled to any reimbursement for any such additional costs of the Project from the Authority, the Trustee or any Owner; nor shall it be entitled to any abatement, diminution or postponement of its obligation to make the Loan Payments.

~~**Section 3.07. *Completion Date.*** The Company shall notify the Authority and the Trustee of the Completion Date by a certificate signed by the Authorized Company Representative stating:~~

(A) the date on which the Project was substantially completed, which date will not be later than three years after initial delivery of the Series 2006 Bonds and will not, in the opinion of Bond Counsel delivered concurrently with the certificate, cause interest on the Series 2006 Bonds to become includable in gross income for Federal income tax purposes;

(B) that the acquisition and installation of the property comprising the Project has been accomplished in such a manner as to conform with the Plans and Specifications and all applicable planning, building, environmental and other similar governmental regulations;

(C) that, except as provided in subsection (D) of this Section, all costs of that acquisition and installation then or theretofore due and payable have been paid; and

(D) any amounts which the Trustee will retain in the Project Fund and the Equity fund for the payment of costs of the Project not yet due or for liabilities which the Company is contesting or which otherwise should be retained and the reasons such amounts should be retained.

That certificate shall state that it is given without prejudice to any rights against third parties which then exist or subsequently may come into being. The Authorized Company Representative shall include with the certificate a statement specifically describing all items of

personal property comprising a part of the Project. The certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in subsections (A) through (C) of this Section.

Section 3.08. *Investment of Fund Moneys.* At the written request of the Authorized Company Representative, any moneys held as part of the Bond Fund, the Project Fund, the Equity Fund, the Debt Service Reserve Fund or the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments. The Authority and the Company each hereby covenants that it will restrict that investment and reinvestment, and the use of the proceeds of the Bonds, in such manner and to such extent, if any, as may be necessary after taking into account reasonable expectations at the time of delivery of and payment for the Bonds, so that the Bonds will not constitute arbitrage bonds pursuant to Section 148 of the Code.

The Company shall provide the Authority with, and the Authority may base its certifications as authorized by the Bond Resolution on, a certificate of the Company for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Company on the date of delivery of and payment for the Bonds regarding the amount and use of the proceeds of the Bonds and the facts, estimates and circumstances on which those expectations are based.

Section 3.09. *Rebate Fund.* The Company agrees to make such payments to the Trustee as are required of it pursuant to Section 5.12 of the Indenture or as required by this Agreement. The obligation of the Company to make such payments shall remain in effect and be binding upon the Company notwithstanding the release and discharge of the Indenture. No provision of this Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations, except as provided in the Indenture.

ARTICLE IV

LOAN BY AUTHORITY; REPAYMENT OF THE LOAN; LOAN PAYMENTS AND ADDITIONAL PAYMENTS

Section 4.01. *Loan Repayment; Delivery of Notes.* The Authority shall make the Loan to the Company upon the terms and conditions of this Agreement. In consideration of and in repayment of the Loan, the Company shall make, as *Loan Payments*, payments sufficient in time and amount to pay when due all Debt Service Charges, all as more particularly provided in the Note and any Additional Note. The Company will execute and deliver the Note concurrently with the execution and delivery of this Agreement. All Loan Payments shall be paid to the Trustee in accordance with the terms of the Notes and the assignment thereof to the Trustee for the account of the Authority and shall be held and applied in accordance with the provisions of the Indenture and this Agreement.

In connection with the issuance of any series of Additional Bonds permitted pursuant to the terms of the Indenture, the Company shall execute and deliver to the Trustee an Additional Note in a form substantially similar to the form of the Note. All such Additional Notes shall:

(A) provide for payments of interest equal to the payments of interest on the corresponding Additional Bonds;

(B) require payments of principal and prepayments and any premium equal to the payments of principal, redemption payments and sinking fund payments and any premium on the corresponding Additional Bonds;

(C) require all payments on any such Additional Notes to be made no later than the due dates for the corresponding payments to be made on the corresponding Additional Bonds; and

(D) contain by reference or otherwise optional and mandatory prepayment provisions and provisions in respect of the optional and mandatory acceleration or prepayment of principal and any premium corresponding with the redemption and acceleration provisions of the corresponding Additional Bonds.

Upon payment in full, in accordance with the Indenture, of the Debt Service Charges on any series of Bonds, whether at maturity or by redemption or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, the Note issued concurrently with those corresponding Bonds shall be deemed fully paid, the obligations of the Company thereunder shall be terminated, and any such Note shall be surrendered by the Trustee to the Company, and shall be canceled by the Company.

~~Except for such interest of the Company as may hereafter arise pursuant to Section 5.07 or 5.08 of the Indenture, the Company and the Authority each acknowledge that neither the Company nor the Authority has any interest in the Bond Fund and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Owners.~~

Section 4.02. Additional Payments.

(A) The Company shall pay to or reimburse the Trustee, the Registrar and any Paying Agent for their reasonable fees, charges and expenses for acting as such pursuant to the Indenture.

(B) The Company shall, within thirty (30) days following receipt of demand therefor by the Authority, pay to or reimburse the Authority for all costs and expenses incurred by the Authority in connection with the Bonds or the Project, including, without limitation, each and all of the following:

(i) all indemnity payments;

(ii) all expenses incurred or advances made by the Authority in connection with the Project, the Bonds, the Indenture, the Loan Agreement or any related documents, including, without limitation, its reasonable attorneys' fees and expenses and its reasonable financial advisor's fees and expenses;

(iii) the fees and expenses of any arbitrage rebate consultants and any disclosure agents; and

(iv) all fees, costs and expenses incurred by the Authority, its directors and officers, its legal counsel and any other persons engaged to represent or advise the Authority in connection with all proceedings relating to the issuance and sale of the Bonds, and in connection with all matters and proceedings related to the Bonds arising subsequent to their issuance and sale. In addition, the Company agrees to pay to the Authority such sums as the Authority determines to be the Company's pro rata share of the Authority's reasonable annual operating expenses but in no event shall the amount thereof be less than \$1,000 per annum; provided, however, the Company will not be required to make any payment of the Company's share of such expenses if payment would violate the provisions of any covenant or certificate of the Authority given with regard to arbitrage bonds; and the Authority will remit to the Company its proportionate share of any amount of expenses the collection of which the Authority has been advised would cause the Bonds to become arbitrage bonds.

If the cost and expenses described above are not paid within thirty (30) days following receipt of the Authority's demand for payment (the "Delinquency Date"), such costs and expenses shall bear interest from the Delinquency Date at a rate equal to the prime rate as announced from time to time at the Trustee bank plus three percent (3%) per annum until paid.

Section 4.03. *Place of Payments.* The Company shall make all Loan Payments directly to the Trustee at its designated trust office or other office designated in writing to the Company. Additional Payments shall be made directly to the Person or entity to whom or to which they are due.

Section 4.04. *Obligations Unconditional.* The obligations of the Company to make Loan Payments, Additional Payments and any payments required of the Company hereof shall be absolute and unconditional, and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever, including, without limitation, any defense, set-off, recoupment or counterclaim which the Company may have or assert against the Authority, the Trustee, any Paying Agent or any other Person; provided that the Company may contest or dispute the amount of any such obligation (other than Loan Payments) so long as such contest or dispute does not result in an Event of Default pursuant to the Indenture.

Section 4.05. *Assignment of Agreement and Revenues.* To secure the payment of Debt Service Charges, the Authority will assign to the Trustee, by the Indenture, all its right, title and interest in and to the Revenues, the Agreement (except for Authority's Unassigned Rights), the Note and the Deed of Trust. The Company hereby agrees and consents to that assignment.

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.01. *Rights of Inspection.* Subject to reasonable security and safety regulations and upon reasonable notice, the Authority and the Trustee, and their respective agents, shall have the right during normal business hours to inspect the Project. In addition, within 30 days following receipt of the Company's annual financial statements pursuant to

Section 5.12(A) hereof, any Owner may cause an inspection of the Company's books and records to be made by a certified public accountant or firm of such accountants to verify the information in such financial statements; any such inspection shall be at the expense of the Owner requesting the same unless the inspection reveals that the Company's operating revenues are overstated by more than 5%, or that the Company's operating expenses are understated by more than 5%, in either of which events such inspection shall be at the expense of the Company.

Section 5.02. Sale, Lease or Grant of Use by Company. The Company hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, without obtaining the prior written consent of the Authority and a Majority of Bondholders, and delivering to the Authority and the Trustee the following:

(A) evidence satisfactory to the Authority that the transferee has assumed, in writing, the Company's duties and obligations pursuant to this Agreement and the Tax Certificate and Agreement,

(B) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Company pursuant to this Agreement and that this Agreement is binding on the transferee,

(C) an opinion of nationally-recognized bond counsel to the effect that such sale, transfer and disposition, and the use of the Project by the transferee and any related party, will not cause interest payable on the Bonds to become includable in the gross income of the owners thereof for Federal income tax purposes, and

(D) such other opinions, certifications, documents and proceedings as the Authority may reasonably request.

Section 5.03. Indemnification.

(A) The Company will pay, and will protect, defend, indemnify and save harmless, (i) the Authority, and its directors, officers, counsel, financial advisors, employees, and agents, and the County and its officers, council members, counsel, financial advisors, employees and agents (collectively, the "Authority Indemnified Persons"), and (ii) the Trustee and its directors, officers, employees, counsel and agents (the "Trustee Indemnified Parties") (the Authority Indemnified Parties and the Trustee Indemnified Parties are sometimes collectively referred to herein as the "Indemnified Parties") for, from and against all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and costs), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of every kind, character and nature whatsoever (collectively, the "Liabilities") directly or indirectly arising from or relating to the Loan, this Agreement, the Project, the authorization, issuance, sale and delivery of the Bonds (including, without limitation, the intended exclusion of interest on the Bonds from the gross income of the owner thereof, other than a substantial user of the Project, for Federal income tax purposes), or the administration of the trust estate created by the Indenture, including but not limited to the following:

(1) the acquisition, use, non-use, or condition of the Project or any part thereof during the Company's ownership of the Project, including any Environmental Condition;

(2) any violation by the Company of any agreement or condition of this Agreement, the Tax Certificate and Agreement, the Deed of Trust or any related contract;

(3) violation by the Company of any contract, agreement or restriction relating to the Project;

(4) violation by the Company of any law, ordinance or regulation affecting the Project or any part thereof or the ownership, operation or use thereof during the Company's ownership of the Project;

(5) any untrue statement or misleading statement, or alleged untrue or misleading statement, of a material fact contained in the Limited Offering Memorandum or any other disclosure document pertaining to the Bonds or arising out of or based upon any omission or alleged omission from the Limited Offering Memorandum or any other disclosure document pertaining to the Bonds of any material fact necessary in order to make the statements made therein, in light of the circumstances in which they are made, not misleading, whether upon the initial issuance or sale of the Bonds or in connection with any continuing disclosure with respect to the Bonds, except insofar as any such losses, claims, damages, liabilities or expenses are caused by any untrue or misleading statement or omission or alleged untrue or misleading statement or omission made in reliance upon and in conformity with written information furnished by the Authority and contained in the section of the Limited Offering Memorandum captioned "THE AUTHORITY";

(6) any statement, information or certificate furnished by the Company to the Authority which is misleading, untrue or incorrect in any material respect; and

(7) any breach of any of the representations, warranties or agreements of the Company contained in this Agreement,

provided, however, that nothing in this Section 5.03 shall be deemed to provide indemnification to an Indemnified Party with respect to Liabilities arising from the fraud, gross negligence, or willful act, omission or other misconduct of such Indemnified Party (including breaches or violations of this Agreement, the Indenture or the Deed of Trust by the Authority) and, in the case of counsel to the Authority or counsel to the Trustee, nothing in this Section 5.03 shall be *deemed to provide indemnification for such counsel in connection with any claim or liability, or any alleged claim or liability, arising from their respective legal opinions in connection with the initial sale and delivery of the Bonds.*

(B) Any party entitled to indemnity shall, promptly upon the receipt of a written threat or other evidence of the commencement of any action to which the Company's indemnification obligations are claimed to apply, notify the Authorized Company Representative in writing of such threat, provided, that the failure to give such notice shall not result in the loss of rights to indemnity pursuant to the provisions hereof, except that the liability of the Company shall be reduced by the amount of any loss, damage or expense incurred by the Company as the result of such failure to give notice. The Company may, or if so requested by the Indemnified Party shall, participate therein and assume the defense thereof, with counsel satisfactory to such Indemnified Party and the Company. If the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the Indemnified Party), or if the Company shall, after notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matters on behalf of, for the account of, and at the risk of, the Company, and the Company shall be responsible for the reasonable fees, costs and expenses of the Indemnified Party in conducting its defense.

If the indemnification provided for herein is unavailable to or insufficient to hold the Authority harmless with respect to any such losses, claims, damages, or liabilities (or actions with respect thereto) referred to herein for reasons other than as specified in clause (A)(5) above, then the Company shall contribute the amount paid or payable by the Authority as a result of such losses, claims, damages or liabilities (or actions with respect thereto) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Authority, on the other hand, from the issuance of the Bonds. If, however, the apportionment provided by the immediately preceding sentence is not permitted by applicable law, then the Company shall contribute to such amount paid or payable by the Authority in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, on the one hand, and the Authority, on the other hand, with respect to the actions or omissions which resulted in or increased such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by

the Company, on the one hand, and the Authority, on the other hand, shall be deemed to be in the same proportion as the total net proceeds from the issuance (before deducting expenses) received by the Company bears to the total fees received by the Authority from the Company in connection with the Bonds.

The Company and the Authority agree that it would not be just and equitable if contribution pursuant to this Section 5.03 were determined by *pro rata* allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this Section 5.03. The amount paid or payable by the Authority as a result of any such losses, claims, damages or liabilities (or action with respect thereto) referred to above in this Section 5.03 shall be deemed to include any legal or other expense reasonably incurred by the Authority in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.03, the Authority shall not be required to contribute any amount in excess of the fees the Authority received from the Company. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(C) The Indemnified Parties, other than the Authority, shall be considered to be third party beneficiaries of this Agreement for the purposes of this Section 5.03. The provisions of this Section 5.03 are in addition to any liability which the Company may otherwise have and shall survive any termination of this Agreement or the payment or provision for payment of the Loan.

Section 5.04. *Assignment by Authority.* Except for the assignment of this Agreement to the Trustee, the Authority shall not attempt to further assign, transfer or convey its interest in the Revenues or this Agreement or create any pledge or lien of any form or nature with respect to the Revenues or the payments hereunder.

Section 5.05. *Company's Performance Pursuant to Indenture.* The Company, for the benefit of the Authority and each Owner, shall do and perform all acts and things required or contemplated in the Indenture to be done or performed by the Company. The Company is a third party beneficiary of certain provisions of the Indenture, and Section 12.01 of the Indenture is hereby incorporated herein by reference.

Section 5.06. *Compliance with Laws.* The Company shall, throughout the term of this Agreement, promptly comply or cause compliance in all material respects with all laws, ordinances, resolutions, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project or to the Company's operation of the Project. Notwithstanding the foregoing, the Company shall have the right to contest or cause to be contested the legality or the applicability of any such law, ordinance, resolution, order, rule, regulation or requirement so long as, in the opinion of counsel satisfactory to the Trustee, such contest shall not in any way materially adversely affect or impair the obligations of the Company hereunder or any right or interest of the Trustee in, to and pursuant to the Indenture, this Agreement or the Project.

Section 5.07. Taxes, Permits, Utility and Other Charges. The Company shall pay and discharge or cause to be paid and discharged, promptly as and when the same shall become due and payable, all taxes and governmental charges of any kind whatsoever that may be lawfully assessed against the Authority, the Trustee or the Company with respect to the Project or any portion thereof. The Company may in good faith contest or cause to be contested any such tax or governmental charge, and in such event may permit such tax or governmental charge to remain unsatisfied during the period of such contest and may appeal therefrom unless in the opinion of counsel satisfactory to the Trustee by such action any right or interest of the Trustee in, to and pursuant to the Indenture or this Agreement shall be materially endangered or the Project or any part thereof shall become subject to imminent loss or forfeiture, in which event such tax or governmental charge shall be paid prior to any such loss or forfeiture. Should the Company make modifications to the Project, the Company shall procure any and all necessary building permits, other permits, licenses and other authorizations required for the lawful and proper acquisition, construction, equipping and installation of the property comprising the Project and for the lawful and proper use and operation of the Project.

Section 5.08. Maintenance and Modification of the Project. The Company agrees that at all times during the term of this Agreement, the Company will, at the Company's own expense, maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that the Company will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it.

In addition, the Company may make substitutions, additions, modifications and improvements to the Project from time to time as the Company, in its discretion, deems to be desirable for the Company's use, the costs of which remodeling, substitutions, additions, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company and be included pursuant to the terms of this Agreement as part of the Project.

Section 5.09. Liability and Casualty Insurance. The Company agrees to insure or cause the Project to be insured against loss or damage of the kinds usually insured against by companies similarly situated, including, without limiting the foregoing, liability, fire and uniform standard extended coverage, vandalism and malicious mischief endorsements, business interruption (in an insured amount not less than one year's Annual Debt Service) and boiler insurance, including use and occupancy coverage, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than the full insurable value of the Project, and with such deductible provisions as are customarily included by companies similarly situated. The term "full insurable value," as used herein, shall mean the actual replacement value, without deduction for physical depreciation. Alternatively, the Company may insure or cause to be insured such property pursuant to a blanket insurance policy or policies which cover not only such property but other properties. The Company shall cause the Trustee to be named as an additional insured on all insurance required hereunder and copies of any and all insurance policies to be supplied to the Trustee.

The Company shall certify in writing to the Trustee its compliance with the provisions of this Section 5.09 on or before each June 1 during the term of this Agreement, commencing June 1, 2007.

Section 5.10. Permitted Indebtedness. The Company shall not incur, or otherwise become liable in respect of, any Indebtedness senior or superior to the Company's obligations pursuant to this Loan Agreement. In addition, the Company shall not incur, or otherwise become liable in respect of, any other Indebtedness unless:

(A) such Indebtedness has been deemed by the Company to be in the best interests of the current and long-term operations of the Company; and

(B) the Company has delivered to the Trustee a certificate of an Authorized Company Representative warranting that either:

(i) the net operating revenues for any 12 consecutive months during the 18 months preceding the date of issuance of the additional Indebtedness were not less than 1.50 times the sum of the actual Debt Service Charges on the Bonds for the immediately preceding 12 months, plus the average annual Debt Service Charges for the proposed additional Indebtedness as certified by a qualified engineering, auditing, or other firm; or

(ii) the net operating revenues, as projected for each of the next ensuing three Fiscal Years by a qualified engineering, auditing, or other firm (including any rate increases instituted by the Company) are not less than 1.25 times the average annual Debt Service Charges for the ensuing three Fiscal Years on all Outstanding Bonds including the proposed additional Indebtedness.

Section 5.11. Rate Covenant.

(A) Subject to any limitations imposed by law, the Company shall use its best efforts to charge and collect rates and fees for wastewater services provided by the Project which are sufficient to pay customary operation and maintenance expenses of the Project and which, when combined with other gross revenues of the Company, are adequate to generate net operating revenues in each Fiscal Year at least equal to 1.25 times Annual Debt Service on the Bonds.

(B) The Company will demonstrate its compliance with this Section 5.11 by providing the report described in Section 5.12(C) hereto.

Section 5.12. Company To Provide Financial Statements and Certifications. The Company hereby covenants to provide or cause to be provided to the Trustee and to each Owner:

(A) Not later than one-hundred-eighty (180) days following the end of each of the Company's Fiscal Years, audited annual financial statements of the Company for the Fiscal Year then ended;

(B) Not later than forty-five (45) days after the close of each quarter of each Fiscal Year, copies of the Company's unaudited financial statements as of the end of such quarter;

(C) Not later than one-hundred-twenty (180) days following the end of each of the Company's Fiscal Years, a certificate signed by the manager of the Company and a certified public accountant or firm of such accountants substantially to the effect that the Company has caused a review of its operations and its compliance with the provisions of this Agreement during such Fiscal Year to be made and that, on the basis thereof, no Event of Default has occurred or, if an Event of Default has occurred, a description thereof and the Company's plan to cure the same and the status thereof; and

(D) Not later than one-hundred-twenty (180) days following the end of each of the Company's Fiscal Years, a certificate signed by the manager of the Company, certified by the Company's auditor, showing for the preceding Fiscal Year:

(1) Net operating revenues; and

(2) Annual Debt Service requirements for such Fiscal Year and the two succeeding Fiscal Years.

If the statement filed shows that net operating revenues are less than 1.25 times such Annual Debt Service requirement for the Bonds, the Company will promptly institute appropriate proceedings with the Arizona Corporation Commission to enable the Company to increase its rates and fees to a level sufficient to meet the required levels; although there can be no assurance that the Arizona Corporation Commission will approve such increases.

Any rate changes approved by the Arizona Corporation Commission shall be effectuated ~~as promptly as possible, but in no event longer than ninety (90) days following such approval,~~ unless otherwise prohibited by the Arizona Corporation Commission.

Section 5.13. Revenue Pledge. The Company hereby pledges and assigns in trust to the Trustee all gross revenues of the Company derived from the operation of the Project or otherwise and, for such purpose, agrees to deposit all receipts and income derived from whatever source promptly in Account No. WF7318833048 which account will be maintained at Wells Fargo Bank located in Aurora, Colorado (the "Bank"), subject to the Restricted Account Agreement, dated as of June 28, 2006, among the Company, the Bank and the Trustee, subject to the right of the Company to withdraw and use moneys on deposit in such account as follows:

(A) to pay the ordinary and necessary operating expenses of the Project as and when required;

(B) to pay or provide for the payment of Loan Payments pursuant to this Agreement;

(C) to fund the Debt Service Reserve Fund in accordance with Section 5.06 of the Indenture; and

(D) to pay dividends or otherwise make distributions to the shareholders of the Company.

ARTICLE VI

PREPAYMENT OF THE LOAN AND REDEMPTION OF THE BONDS

Section 6.01. *Prepayment of the Loan.* The Company shall have, subject to the conditions hereinafter imposed, the option to prepay the entire unpaid principal balance of the Loan (except that prepayment may be in part at the Company's option in the event that a portion of the Project is condemned or sold as provided in subparagraphs (B) and (C) hereof) prior to the payment and discharge of the Outstanding Bonds in accordance with the applicable provisions of the Indenture (including the redemption prices stated therein) only upon the occurrence of any of the following events:

(A) The Project has been damaged or destroyed to such an extent that (1) the Project or any significant part thereof cannot reasonably be expected to be restored, within a period of 12 months, to the condition thereof immediately preceding such damage or destruction or (2) normal use and operation of the Project or any significant part thereof is reasonably expected to be prevented for a period of three consecutive months.

(B) Title to, or the temporary use of, all or a significant part of the Project or the Project Site has been taken pursuant to the exercise of the power of eminent domain (1) to such extent that the Project or the Project Site cannot reasonably be expected to be restored within a period of three months to a condition of usefulness comparable to that existing prior to the taking or (2) as a result of the taking, normal use and operation of the Project or the Project Site is reasonably expected to be prevented for a period of three consecutive months.

(C) Sale of the Project approved as provided in Sections 2.02(H) and 5.02 hereof.

In connection with any prepayment, the Company shall pay, or cause to be paid to the Trustee, an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium, if any, and any interest to accrue with respect to the Loan and such Bonds between the prepayment date and the redemption date, together with all fees, costs and expenses in connection with such redemption. To exercise any prepayment option pursuant to this Section, the Company shall, within ninety (90) days following the event authorizing the exercise of that option, give notice to the Authority and to the Trustee specifying the date of prepayment of the Loan, which date shall be not more than ninety (90) days from the date that notice is mailed. The rights and options granted to the Company in this Section may be exercised whether or not the Company is in default hereunder; provided, that such default will not relieve the Company from performing those actions which are necessary to exercise any such right or option granted hereunder.

Section 6.02. *Mandatory Redemption of the Bonds.* If, as provided in the Bonds and the Indenture, the Bonds become subject to mandatory redemption pursuant to Section 4.01(A) of the Indenture, upon the date fixed for redemption of the Bonds, the Company shall pay to the Trustee moneys sufficient to pay in full the Bonds in accordance with the mandatory redemption provisions relating thereto set forth in the Indenture.

Section 6.03. *Actions by Authority.* At the request of the Company or the Trustee, the Authority shall take all actions required of it pursuant to the applicable provisions of the Indenture or the Bonds to effect the redemption of all or a portion of the Bonds pursuant to this Article VI.

Section 6.04. *Purchase of Bonds in Lieu of Redemption.* Pursuant to Section 4.07 of the Indenture, the Company shall have the right to purchase Bonds called for redemption pursuant to Section 4.01 of the Indenture, in lieu of such redemption, at a purchase price equal to the applicable redemption price, plus accrued interest to the purchase date (which purchase date shall be the date such Bonds would otherwise have been redeemed in accordance with the applicable provisions of Section 4.01 of the Indenture).

No purchase of Bonds pursuant to Section 4.07 of the Indenture shall be deemed to be a prepayment of the amounts due from the Company hereunder or of any portion thereof. Such purchase shall not operate to extinguish or discharge this Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. *Events of Default.* Each of the following shall be an Event of Default:

(A) The Company fails to pay when due any Loan Payment.

(B) ~~The Company fails to observe and perform any other agreement, term, covenant or condition contained in this Agreement or otherwise imposed on the Company with respect to the Project by the Authority or the Arizona Corporation Commission, and the continuation of such failure for a period of 30 days after notice thereof has been given to the Company by the Authority or the Trustee, or for such longer period as the Authority and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Company institutes curative action within the applicable period and diligently pursues that action to completion.~~

(C) The Company: (1) admits in writing its inability to pay its debts generally as they become due; (2) has an order for relief entered in any case commenced by or against it pursuant to the Federal bankruptcy laws, as now or hereafter in effect; (3) commences a proceeding pursuant to any other Federal or state bankruptcy, insolvency, reorganization or similar law, or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or permits the proceeding to remain undismissed and unstayed for 90 days; (4) makes an assignment for the benefit of creditors; or (5) has a receiver or trustee appointed for it or for the whole or any substantial part of its property.

(D) An "Event of Default" as defined in Section 7.01 of the Indenture.

The declaration of an Event of Default pursuant to subsection (C) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of Federal

bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 7.02. Remedies on Default. Whenever an Event of Default has happened and is continuing, any one or more of the following remedial steps may be taken:

(A) If and only if acceleration of the principal amount of the Bonds has been declared pursuant to Section 7.03 of the Indenture, the Trustee shall declare all Loan Payments and the Notes to be immediately due and payable, whereupon the same shall become immediately due and payable.

(B) The Authority or the Trustee may, upon receipt of written direction from Owners of 51% or more in aggregate principal amount of the Bonds then outstanding, without any further demand or notice, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due pursuant to this Agreement, the Note or the Deed of Trust, or enforce the performance and observance of any other obligation or agreement of the Company pursuant to those instruments.

Notwithstanding the foregoing, neither the Trustee nor the Authority shall be obligated to take any action which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Trustee and the Authority at no cost or expense to the Trustee and the Authority. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Debt Service Charges collected pursuant to action taken pursuant to this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 5.10 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable shall also constitute an annulment of any corresponding declaration made pursuant to paragraph (A) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.03. No Remedy Exclusive. No remedy conferred upon or reserved to the Authority or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or any Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.04. *Agreement to Pay Attorneys' Fees and Expenses.* Regardless of whether any action or proceeding is commenced, the Company shall pay all costs and expenses of the Authority or the Trustee, as appropriate, (including, without limitation, reasonable attorneys' fees and costs) incurred by the Authority or the Trustee in connection with (a) collecting, compromising, and enforcing payment of this Agreement, the Indenture, the Tax Certificate and Agreement, the Deed of Trust and any related contract; (b) preserving, exercising and enforcing the rights and remedies of the Authority with respect to this Agreement, the Indenture, the Tax Certificate and Agreement, the Deed of Trust and any related contract; and (c) protecting, defending and preserving the validity and priority of the liens and security interests granted to the Authority pursuant to the Loan Agreement and the Deed of Trust. In addition, the Company shall pay all costs and expenses of the Authority in connection with negotiating, preparing, executing and delivering any and all amendments, modifications and supplements of or to this Agreement, the Indenture, the Tax Certificate and Agreement, the Deed of Trust and any related contract. All such amounts, together with any disbursements of the proceeds of the Bonds made by the Authority pursuant to this Agreement, the Indenture, the Tax Certificate and Agreement and the Deed of Trust, will be added to the amount due pursuant hereto, will be secured by all security interests and liens securing the Company's obligations, will be due and payable immediately on demand and will bear interest, thereafter, at the Default Rate. In the event of any court proceedings, attorneys' fees and costs will be set by the court and not by the jury and will be included in any judgment obtained by the Authority.

Section 7.05. *No Waiver.* No failure by the Authority or the Trustee to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Company to observe or comply with any provision hereof.

Section 7.06. *Notice of Default.* The Company or the Authority shall notify the Trustee, and the Trustee shall notify each Owner of Outstanding Bonds immediately, if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 7.07. *Default by Authority.* Except as required by applicable law, the Authority shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Company if an Event of Default should occur hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. *Term of Agreement.* This Agreement shall be and remain in full force and effect from the date of initial delivery of the Series 2006 Bonds until such time as all of the Bonds issued pursuant to the Indenture shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Company pursuant to this Agreement and the Notes shall have been paid, except for obligations of the Company pursuant to Sections 4.02 and 7.04 hereof and any provisions hereof pertaining to (i) the tax-exempt status of the interest on the Bonds (including, but not limited to provisions concerning any rebate

required pursuant to the provisions of Section 148 of the Code), (ii) the interpretation of this Agreement, (iii) the governing law, (iv) the forum for resolving disputes, (v) the Authority's right to rely on facts or certificates in accordance with the provisions hereof, (vi) the immunity of the Authority's directors, officers, counsel, financial advisors and agents, and (vii) the Authority's lack of pecuniary liability shall survive and remain in full force and effect.

Section 8.02. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, and addressed to the appropriate Notice Address or any other means by which proof of receipt or delivery is provided. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Authority, the Company, any Owner as required, or the Trustee shall also be given to the others. The Company, the Authority and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.03. Extent of Covenants of the Authority. All covenants, obligations and agreements of the Authority contained in this Agreement or the Indenture shall be effective to the extent authorized and permitted by applicable law.

Section 8.04. Assignment; Third Party Beneficiaries. This Agreement may not be assigned by the Company (except in connection with a sale, lease or grant of use pursuant to Section 5.02 hereof) and may not be assigned by the Authority except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Debt Service Charges. This Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places. Each of the Indemnified Parties, other than the Authority, is intended to be a third party beneficiary of this Agreement. .

Section 8.05. Amendments and Supplements. Except as otherwise expressly provided in this Agreement, any Note or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Agreement or any Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the applicable provisions of Article XI of the Indenture.

Section 8.06. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.07. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein, is determined by a court of competent jurisdiction to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.08. Governing Law. This Agreement shall be deemed to be a contract made pursuant to the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.09. Amounts Remaining in Funds. Any amounts in the Bond Fund remaining unclaimed by the Owners of Bonds for three years after the due date thereof (whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements or otherwise), shall be paid to the Company. With respect to the principal of and any premium and interest on the Bonds to be paid from moneys paid to the Company pursuant to the preceding sentence, the Owners of the Bonds entitled to those moneys shall look solely to the Company for the payment of those moneys.

Further, any amounts remaining in the Bond Fund (subject to any limitations in the Indenture) and any other special funds or accounts (other than the Rebate Fund) created pursuant to this Agreement or the Indenture after all of the outstanding Bonds shall be deemed to have been paid and discharged pursuant to the provisions of the Indenture and all other amounts required to be paid pursuant to this Agreement, the Note and the Indenture have been paid, shall be paid (to the extent that those moneys are in excess of the amounts necessary to effect the payment and discharge of the outstanding Bonds) to the Company.

Section 8.10. Obligations of Successor Company. Anything herein to the contrary notwithstanding, (A) in the event of a transfer of the Project by the Company to another Person in accordance with the terms of this Agreement, the obligations of such other Person pursuant to this Agreement with respect to indemnification shall relate only to actions, events or circumstances arising or occurring, regardless of when discovered, on or after the date on which such other Person acquired the Project, and (B) the obligations of the Company pursuant to this Agreement with respect to indemnification shall survive a transfer of the Project to another Person and shall continue in full force and effect with respect to the Company. No assumptions by another Person of the liabilities of the Company in connection with an acquisition of the Project shall be deemed to constitute an assumption of the indemnification obligations of the Company without an express waiver by the other Person of the provisions of this Section 8.10.

Section 8.11. No Liability for Consents or Appointments. Whenever any provision herein provides for the giving of consent or direction by the Authority, the Authority shall not be liable to the Company, the Trustee or to any Owner of Bonds for the giving of such consent or direction or for the withholding of such consent or direction. The Authority shall have no liability for appointments which are required to be made by it pursuant to the Indenture, this Agreement or any related documents.

Section 8.12. Miscellaneous Provisions.

(A) The Authority's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses pursuant to the Indenture, this Agreement or any related documents shall survive final payment or defeasance of the Bonds.

(B) Any suit, action or proceeding involving the rights and obligations of the Authority pursuant to the Indenture, this Agreement or any related documents shall be brought in

the Superior Court of the State of Arizona in and for Pinal County or in the United States Court for the District of Arizona.

(C) The Trustee, the Authority and the Owners may have reasonable access to, inspect, examine and make copies of the books, records, accounts and financial data of the Company pertaining to the Project.

(D) Notice is hereby given of the provisions of Section 38-511 of the Arizona Revised Statutes, which, by this reference, are incorporated herein to the extent applicable to contracts of the nature of this Agreement.

Section 8.13. *Reliance by Authority on Facts or Certificates.* Anything in this Loan Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Authority may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Authority by the Trustee or the Company as to the existence of any fact or state of affairs required hereunder to be noticed by the Authority.

Section 8.14. *Immunity of Authority's Directors, Officers, Counsels, Financial Advisors and Agents.* No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Agreement, the Indenture, the Tax Certificate and Agreement, or any related documents, or any Bond, or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise or agreement of the Authority contained in any agreement, instrument or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any Indemnified Party, whether by ~~virtue of any constitutional provision, statute or rule of law, or by the enforcement of any~~ assessment or penalty or otherwise, it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any Indemnified Party, either directly or by reason of any of the obligations, covenants, promises or agreements entered into by the Authority with the Company or the Trustee to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, or agent is expressly waived and released by the execution of the Bonds, this Agreement, the Indenture and the Tax Certificate and Agreement, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Agreement, the Indenture and the Tax Certificate and Agreement.

Section 8.15. *No Pecuniary Liability of Authority.* No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Authority in connection with the Project or the issuance, sale or delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in the Indenture. No failure of the Authority to comply with any term, covenant or agreement contained in the Bonds, this Agreement or the Indenture, or in any document executed by the Authority in connection with the Project or the issuance and sale of the Bonds, shall subject the Authority to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the revenues pledged for the payment of the Bonds or other revenues derived from this Agreement. Nothing herein shall preclude a proper party in interest

from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein; provided that no costs, expenses or other monetary relief shall be recoverable from the Authority, except as may be payable from the revenues pledged in the Indenture for the payment of the Bonds or other revenue derived from this Agreement. No provision, covenant or agreement contained in, or any obligations imposed upon the Authority, or the breach thereof, shall constitute an indebtedness of the Authority within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against its general credit. In making the agreements, provisions and covenants set forth in this Agreement, the Authority has not obligated itself, except with respect to the application of the revenues pledged in the Indenture for the payment of the Bonds or other revenues derived from this Agreement or the Indenture.

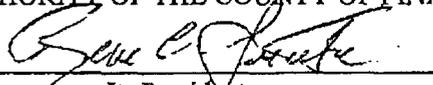
Section 8.16. Authority's Performance. None of the provisions of this Agreement shall require the Authority to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged pursuant to the Indenture, or the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense and liability which may be incurred thereby. The Authority shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or provided by the Trustee or the Company. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions expressly contained in this Agreement, the Indenture and any and every Bond executed, ~~authenticated and delivered pursuant to the Indenture; provided however, that (a) the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Company or the Trustee, and (b) the Authority shall have received any instrument to be so executed.~~

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IN WITNESS WHEREOF, the Authority and the Company have caused this Agreement to be duly executed in their respective names, all as of the date first above written.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By



Its President

CORONADO UTILITIES, INC.

By

Its President

IN WITNESS WHEREOF, the Authority and the Company have caused this Agreement to be duly executed in their respective names, all as of the date first above written.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By _____
Its President

CORONADO UTILITIES, INC.

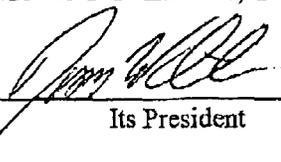
By  _____
Its President

EXHIBIT A

THE PROJECT

The Project will include the construction of a Santec® 0.350 million gallon per day ("MGD") activated sludge plant, which incorporates de-nitrification in the secondary treatment process. The Project will also include grit and solids removal, influent flow metering, flow equalization, sludge treatment and handling, disinfection, standby power, and ancillary laboratory and control buildings. The primary permitted discharge will be by way of an effluent lift station and reclaimed water line which will send treated effluent to the San Manuel Golf Course.

EXHIBIT B
THE PROJECT SITE

See Attached

PARCEL NO. 1:

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 9 SOUTH, RANGE 17 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28;

THENCE NORTH 52 DEGREES 59 MINUTES 37 SECONDS EAST FOR A DISTANCE OF 1280.96 FEET TO A POINT;

THENCE NORTH 57 DEGREES 29 MINUTES 40 SECONDS EAST FOR A DISTANCE OF 272.14 FEET TO A POINT;

THENCE NORTH 34 DEGREES 56 MINUTES 36 SECONDS WEST FOR A DISTANCE OF 71.30 FEET TO THE POINT OF BEGINNING OF THE LAND TO BE DESCRIBED;

THENCE NORTH 34 DEGREES 56 MINUTES 36 SECONDS WEST FOR A DISTANCE OF 721.58 FEET TO A FENCE CORNER;

THENCE SOUTH 56 DEGREES 40 MINUTES 25 SECONDS WEST FOR A DISTANCE OF 162.85 FEET TO A FENCE CORNER;

THENCE NORTH 43 DEGREES 17 MINUTES 57 SECONDS WEST FOR A DISTANCE OF 492.68 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 54 DEGREES 59 MINUTES 48 SECONDS EAST FOR A DISTANCE OF 930.19 FEET TO A FENCE CORNER;

THENCE NORTH 70 DEGREES 19 MINUTES 33 SECONDS EAST FOR A DISTANCE OF 359.58 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 31 DEGREES 08 MINUTES 24 SECONDS EAST FOR A DISTANCE OF 817.73 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 00 DEGREES 27 MINUTES 52 SECONDS EAST FOR A DISTANCE OF 491.92 FEET TO A SET ONE-HALF INCH REBAR;

THENCE SOUTH 57 DEGREES 29 MINUTES 40 SECONDS WEST FOR A DISTANCE OF 682.12 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 56 DEGREES 22 MINUTES 51 SECONDS WEST FOR A DISTANCE OF 77.91 FEET TO THE POINT OF BEGINNING;

EXCEPT THE OIL AND GAS AS RESERVED TO THE UNITED STATES.

PARCEL NO. 2:

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 9 SOUTH, RANGE 17 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28;

THENCE NORTH 55 DEGREES 18 MINUTES 39 SECONDS EAST FOR A DISTANCE OF 2638.18 FEET TO THE POINT OF BEGINNING OF THE LAND TO BE DESCRIBED;

THENCE NORTH 28 DEGREES 29 MINUTES 25 SECONDS WEST FOR A DISTANCE OF 1112.39 FEET TO THE PC OF A CURVE BEING A SET ONE-HALF INCH REBAR;

THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 502.16 FEET AND AN ARC LENGTH OF 102.53 FEET, BEING SUBTENDED BY A CHORD OF NORTH 34 DEGREES 20 MINUTES 28 SECONDS WEST FOR A DISTANCE OF 102.35 FEET TO THE PT OF A CURVE BEING A SET ONE-HALF INCH REBAR;

THENCE NORTH 43 DEGREES 47 MINUTES 47 SECONDS EAST FOR A DISTANCE OF 643.53 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 54 DEGREES 59 MINUTES 48 SECONDS EAST FOR A DISTANCE OF 16.88 FEET TO A SET ONE-HALF INCH REBAR;

THENCE NORTH 11 DEGREES 22 MINUTES 05 SECONDS WEST FOR A DISTANCE OF 162.93 FEET TO THE CORNER OF A CHAINLINK FENCE;

THENCE NORTH 55 DEGREES 50 MINUTES 36 SECONDS EAST FOR A DISTANCE OF 870.90 FEET TO THE CORNER OF A CHAINLINK FENCE;

First American Title Insurance Company

EXHIBIT C

PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED
PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED

Note Amount	Date of Note	Maturity
\$2,650,000	June 28, 2006	June 1, 2025

Note No. 1

Coronado Utilities, Inc., an Arizona corporation (the "Company"), for value received, promises to pay to The Industrial Development Authority of the County of Pinal (the "Authority") the principal sum of

TWO MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$2,650,000)

and to pay (A) interest on the unpaid balance of such principal sum from time to time after the date of this Note at the interest rate or interest rates borne by the Series 2006 Bonds (as hereinafter defined) and (B) interest on overdue principal, at the interest rate provided pursuant to the terms of the Series 2006 Bonds.

This Note has been executed and delivered by the Company pursuant to a certain Loan Agreement, dated as of June 1, 2006 (the "Agreement"), by and between the Authority and the Company and has been assigned and endorsed by the Authority to Wells Fargo Bank, N.A., as trustee (the "Trustee"), pursuant to a Indenture, as hereinafter defined. Terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and the Indenture, as defined below.

Pursuant to the Agreement, the Authority has loaned to the Company the proceeds received from the sale of \$2,650,000 aggregate principal amount of The Industrial Development Authority of the County of Pinal, Wastewater Revenue Bonds (San Manuel Facility Project), dated the date hereof (the "Series 2006 Bonds"), to assist the Company in financing the Project. The Company has agreed to repay such Loan by making Loan Payments at the times and in the amounts set forth in this Note. The Series 2006 Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, a Trust Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the Authority and the Trustee. The Company's obligations with respect to the Agreement and this Note are secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of June 1, 2006, from the Company, as grantor and debtor, to the Authority, as beneficiary and secured party. All right, title and interest of the Authority in, to and pursuant to the Deed of Trust has

been assigned to the Trustee as security for the Company's obligations pursuant to the Agreement and the Note.

To provide funds to pay the Debt Service Charges on the Series 2006 Bonds as and when due (each such day being a "Loan Payment Date"), the Company hereby agrees to and shall make Loan Payments in the amounts set forth on Schedule I attached hereto, as may be revised from time to time to account for any prepayment of the Loan in accordance with the Loan Agreement. In addition, to provide funds to pay the Debt Service Charges on the Series 2006 Bonds as and when due at any other time, the Company hereby agrees to and shall make Loan Payments in the required amount on any other date on which Debt Service Charges on the Series 2006 Bonds shall be due and payable, whether upon acceleration, call for redemption or otherwise.

If payment or provision for payment in accordance with the Indenture is made in respect of the Debt Service Charges on the Series 2006 Bonds from moneys other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Debt Service Charges have been made. The Company shall receive a credit against its obligation to make Loan Payments hereunder to the extent of the moneys delivered to the Trustee for the payment of Debt Service Charges and any other amounts on deposit in the Bond Fund and available to pay Debt Service Charges on the Series 2006 Bonds pursuant to the Indenture. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be payable in lawful money of the United States of America, in immediately available funds, and shall be made to the Trustee at its corporate trust office for the account of the Authority, deposited in the Series 2006 Bond Fund and used as provided in the Indenture.

The obligation of the Company to make the payments required hereunder shall be absolute and unconditional and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Company may have or assert against the Authority, the Trustee or any other Person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Agreement. Any prepayment related to an extraordinary optional redemption of the Bonds is also subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default pursuant to Section 7.01 of the Agreement shall have occurred, the unpaid principal amount of and any premium and accrued interest on this Note may be declared or may become due and payable as provided in Section 7.02 of the Agreement; provided that any annulment of a declaration of acceleration with respect to the Series 2006 Bonds pursuant to the Indenture shall also constitute an annulment of any corresponding declaration with respect to this Note.

The Company hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Trustee.

The Company hereby certifies that all conditions, acts and things required to exist, happen and be performed precedent to and in the issuance of this Note, exist, have happened and have been performed, and that the issuance of this Note have been duly authorized by the Company.

IN WITNESS WHEREOF, the Company has executed this Note as of the date first above written.

CORONADO UTILITIES, INC.

By _____
Its President

ENDORSEMENT AND ASSIGNMENT

FOR VALUE RECEIVED, THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PINAL (the "Authority"), hereby endorses and sells, assigns and transfers, without recourse, unto Wells Fargo Bank, N.A., as trustee (the "Trustee") pursuant to the Trust Indenture, dated as of June 1, 2006, by and between the Trustee and the Authority, the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

IN WITNESS WHEREOF, the undersigned has set his hand as of the 28th day of June, 2006.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PINAL

By _____
Its

SCHEDULE I TO EXHIBIT C

LOAN PAYMENT SCHEDULE

See Attached

	Payment Date	Interest Paid	Principal Paid	Principal Balance	Payment
1	7/1/2006	(\$1,353.67)	\$0.00	\$2,650,000.00	(\$1,353.67)
2	8/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
3	9/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
4	10/1/2006	(13,536.66)	0.00	2,650,000.00	(13,536.66)
5	11/1/2006	(13,987.88)	0.00	2,650,000.00	(13,987.88)
6	12/1/2006	(13,536.66)	0.00	2,650,000.00	(13,536.66)
7	1/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
8	2/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
9	3/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
10	4/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
11	5/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
12	6/1/2007	(13,802.08)	0.00	2,650,000.00	(13,802.08)
13	7/1/2007	(13,802.08)	(6,250.00)	2,643,750.00	(20,052.08)
14	8/1/2007	(13,802.08)	(6,250.00)	2,637,500.00	(20,052.08)
15	9/1/2007	(13,802.08)	(6,250.00)	2,631,250.00	(20,052.08)
16	10/1/2007	(13,802.08)	(6,250.00)	2,625,000.00	(20,052.08)
17	11/1/2007	(13,802.08)	(6,250.00)	2,618,750.00	(20,052.08)
18	12/1/2007	(13,802.08)	(6,250.00)	2,612,500.00	(20,052.08)
19	1/1/2008	(13,802.08)	(6,250.00)	2,606,250.00	(20,052.08)
20	2/1/2008	(13,802.08)	(6,250.00)	2,600,000.00	(20,052.08)
21	3/1/2008	(13,802.08)	(6,250.00)	2,593,750.00	(20,052.08)
22	4/1/2008	(13,802.08)	(6,250.00)	2,587,500.00	(20,052.08)
23	5/1/2008	(13,802.08)	(6,250.00)	2,581,250.00	(20,052.08)
24	6/1/2008	(13,802.08)	(6,250.00)	2,575,000.00	(20,052.08)
25	7/1/2008	(13,411.46)	(6,666.67)	2,568,333.33	(20,078.13)
26	8/1/2008	(13,411.46)	(6,666.67)	2,561,666.67	(20,078.13)
27	9/1/2008	(13,411.46)	(6,666.67)	2,555,000.00	(20,078.13)
28	10/1/2008	(13,411.46)	(6,666.67)	2,548,333.33	(20,078.13)
29	11/1/2008	(13,411.46)	(6,666.67)	2,541,666.67	(20,078.13)
30	12/1/2008	(13,411.46)	(6,666.67)	2,535,000.00	(20,078.13)
31	1/1/2009	(13,411.46)	(6,666.67)	2,528,333.33	(20,078.13)
32	2/1/2009	(13,411.46)	(6,666.67)	2,521,666.67	(20,078.13)
33	3/1/2009	(13,411.46)	(6,666.67)	2,515,000.00	(20,078.13)
34	4/1/2009	(13,411.46)	(6,666.67)	2,508,333.33	(20,078.13)
35	5/1/2009	(13,411.46)	(6,666.67)	2,501,666.67	(20,078.13)
36	6/1/2009	(13,411.46)	(6,666.67)	2,495,000.00	(20,078.13)
37	7/1/2009	(12,994.79)	(7,083.33)	2,487,916.67	(20,078.13)
38	8/1/2009	(12,994.79)	(7,083.33)	2,480,833.33	(20,078.13)
39	9/1/2009	(12,994.79)	(7,083.33)	2,473,750.00	(20,078.13)
40	10/1/2009	(12,994.79)	(7,083.33)	2,466,666.67	(20,078.13)
41	11/1/2009	(12,994.79)	(7,083.33)	2,459,583.33	(20,078.13)
42	12/1/2009	(12,994.79)	(7,083.33)	2,452,500.00	(20,078.13)
43	1/1/2010	(12,994.79)	(7,083.33)	2,445,416.67	(20,078.13)
44	2/1/2010	(12,994.79)	(7,083.33)	2,438,333.33	(20,078.13)
45	3/1/2010	(12,894.79)	(7,083.33)	2,431,250.00	(20,078.13)
46	4/1/2010	(12,994.79)	(7,083.33)	2,424,166.67	(20,078.13)

47	5/1/2010	(12,994.79)	(7,083.33)	2,417,083.33	(20,078.13)
48	6/1/2010	(12,994.79)	(7,083.33)	2,410,000.00	(20,078.13)
49	7/1/2010	(12,552.08)	(7,500.00)	2,402,500.00	(20,052.08)
50	8/1/2010	(12,552.08)	(7,500.00)	2,395,000.00	(20,052.08)
51	9/1/2010	(12,552.08)	(7,500.00)	2,387,500.00	(20,052.08)
52	10/1/2010	(12,552.08)	(7,500.00)	2,380,000.00	(20,052.08)
53	11/1/2010	(12,552.08)	(7,500.00)	2,372,500.00	(20,052.08)
54	12/1/2010	(12,552.08)	(7,500.00)	2,365,000.00	(20,052.08)
55	1/1/2011	(12,552.08)	(7,500.00)	2,357,500.00	(20,052.08)
56	2/1/2011	(12,552.08)	(7,500.00)	2,350,000.00	(20,052.08)
57	3/1/2011	(12,552.08)	(7,500.00)	2,342,500.00	(20,052.08)
58	4/1/2011	(12,552.08)	(7,500.00)	2,335,000.00	(20,052.08)
59	5/1/2011	(12,552.08)	(7,500.00)	2,327,500.00	(20,052.08)
60	6/1/2011	(12,552.08)	(7,500.00)	2,320,000.00	(20,052.08)
61	7/1/2011	(12,083.33)	(8,333.33)	2,311,666.67	(20,416.67)
62	8/1/2011	(12,083.33)	(8,333.33)	2,303,333.33	(20,416.67)
63	9/1/2011	(12,083.33)	(8,333.33)	2,295,000.00	(20,416.67)
64	10/1/2011	(12,083.33)	(8,333.33)	2,286,666.67	(20,416.67)
65	11/1/2011	(12,083.33)	(8,333.33)	2,278,333.33	(20,416.67)
66	12/1/2011	(12,083.33)	(8,333.33)	2,270,000.00	(20,416.67)
67	1/1/2012	(12,083.33)	(8,333.33)	2,261,666.67	(20,416.67)
68	2/1/2012	(12,083.33)	(8,333.33)	2,253,333.33	(20,416.67)
69	3/1/2012	(12,083.33)	(8,333.33)	2,245,000.00	(20,416.67)
70	4/1/2012	(12,083.33)	(8,333.33)	2,236,666.67	(20,416.67)
71	5/1/2012	(12,083.33)	(8,333.33)	2,228,333.33	(20,416.67)
72	6/1/2012	(12,083.33)	(8,333.33)	2,220,000.00	(20,416.67)
73	7/1/2012	(11,562.50)	(8,750.00)	2,211,250.00	(20,312.50)
74	8/1/2012	(11,562.50)	(8,750.00)	2,202,500.00	(20,312.50)
75	9/1/2012	(11,562.50)	(8,750.00)	2,193,750.00	(20,312.50)
76	10/1/2012	(11,562.50)	(8,750.00)	2,185,000.00	(20,312.50)
77	11/1/2012	(11,562.50)	(8,750.00)	2,176,250.00	(20,312.50)
78	12/1/2012	(11,562.50)	(8,750.00)	2,167,500.00	(20,312.50)
79	1/1/2013	(11,562.50)	(8,750.00)	2,158,750.00	(20,312.50)
80	2/1/2013	(11,562.50)	(8,750.00)	2,150,000.00	(20,312.50)
81	3/1/2013	(11,562.50)	(8,750.00)	2,141,250.00	(20,312.50)
82	4/1/2013	(11,562.50)	(8,750.00)	2,132,500.00	(20,312.50)
83	5/1/2013	(11,562.50)	(8,750.00)	2,123,750.00	(20,312.50)
84	6/1/2013	(11,562.50)	(8,750.00)	2,115,000.00	(20,312.50)
85	7/1/2013	(11,015.63)	(9,166.67)	2,105,833.33	(20,182.29)
86	8/1/2013	(11,015.63)	(9,166.67)	2,096,666.67	(20,182.29)
87	9/1/2013	(11,015.63)	(9,166.67)	2,087,500.00	(20,182.29)
88	10/1/2013	(11,015.63)	(9,166.67)	2,078,333.33	(20,182.29)
89	11/1/2013	(11,015.63)	(9,166.67)	2,069,166.67	(20,182.29)
90	12/1/2013	(11,015.63)	(9,166.67)	2,060,000.00	(20,182.29)
91	1/1/2014	(11,015.63)	(9,166.67)	2,050,833.33	(20,182.29)
92	2/1/2014	(11,015.63)	(9,166.67)	2,041,666.67	(20,182.29)
93	3/1/2014	(11,015.63)	(9,166.67)	2,032,500.00	(20,182.29)
94	4/1/2014	(11,015.63)	(9,166.67)	2,023,333.33	(20,182.29)
95	5/1/2014	(11,015.63)	(9,166.67)	2,014,166.67	(20,182.29)
96	6/1/2014	(11,015.63)	(9,166.67)	2,005,000.00	(20,182.29)
97	7/1/2014	(10,442.71)	(9,583.33)	1,995,416.67	(20,026.04)
98	8/1/2014	(10,442.71)	(9,583.33)	1,985,833.33	(20,026.04)

99	9/1/2014	(10,442.71)	(9,583.33)	1,976,250.00	(20,026.04)
100	10/1/2014	(10,442.71)	(9,583.33)	1,966,666.67	(20,026.04)
101	11/1/2014	(10,442.71)	(9,583.33)	1,957,083.33	(20,026.04)
102	12/1/2014	(10,442.71)	(9,583.33)	1,947,500.00	(20,026.04)
103	1/1/2015	(10,442.71)	(9,583.33)	1,937,916.67	(20,026.04)
104	2/1/2015	(10,442.71)	(9,583.33)	1,928,333.33	(20,026.04)
105	3/1/2015	(10,442.71)	(9,583.33)	1,918,750.00	(20,026.04)
106	4/1/2015	(10,442.71)	(9,583.33)	1,909,166.67	(20,026.04)
107	5/1/2015	(10,442.71)	(9,583.33)	1,899,583.33	(20,026.04)
108	6/1/2015	(10,442.71)	(9,583.33)	1,890,000.00	(20,026.04)
109	7/1/2015	(9,843.75)	(10,416.67)	1,879,583.33	(20,260.42)
110	8/1/2015	(9,843.75)	(10,416.67)	1,869,166.67	(20,260.42)
111	9/1/2015	(9,843.75)	(10,416.67)	1,858,750.00	(20,260.42)
112	10/1/2015	(9,843.75)	(10,416.67)	1,848,333.33	(20,260.42)
113	11/1/2015	(9,843.75)	(10,416.67)	1,837,916.67	(20,260.42)
114	12/1/2015	(9,843.75)	(10,416.67)	1,827,500.00	(20,260.42)
115	1/1/2016	(9,843.75)	(10,416.67)	1,817,083.33	(20,260.42)
116	2/1/2016	(9,843.75)	(10,416.67)	1,806,666.67	(20,260.42)
117	3/1/2016	(9,843.75)	(10,416.67)	1,796,250.00	(20,260.42)
118	4/1/2016	(9,843.75)	(10,416.67)	1,785,833.33	(20,260.42)
119	5/1/2016	(9,843.75)	(10,416.67)	1,775,416.67	(20,260.42)
120	6/1/2016	(9,843.75)	(10,416.67)	1,765,000.00	(20,260.42)
121	7/1/2016	(9,192.71)	(10,833.33)	1,754,166.67	(20,026.04)
122	8/1/2016	(9,192.71)	(10,833.33)	1,743,333.33	(20,026.04)
123	9/1/2016	(9,192.71)	(10,833.33)	1,732,500.00	(20,026.04)
124	10/1/2016	(9,192.71)	(10,833.33)	1,721,666.67	(20,026.04)
125	11/1/2016	(9,192.71)	(10,833.33)	1,710,833.33	(20,026.04)
126	12/1/2016	(9,192.71)	(10,833.33)	1,700,000.00	(20,026.04)
127	1/1/2017	(9,192.71)	(10,833.33)	1,689,166.67	(20,026.04)
128	2/1/2017	(9,192.71)	(10,833.33)	1,678,333.33	(20,026.04)
129	3/1/2017	(9,192.71)	(10,833.33)	1,667,500.00	(20,026.04)
130	4/1/2017	(9,192.71)	(10,833.33)	1,656,666.67	(20,026.04)
131	5/1/2017	(9,192.71)	(10,833.33)	1,645,833.33	(20,026.04)
132	6/1/2017	(9,192.71)	(10,833.33)	1,635,000.00	(20,026.04)
133	7/1/2017	(8,515.63)	(11,666.67)	1,623,333.33	(20,182.29)
134	8/1/2017	(8,515.63)	(11,666.67)	1,611,666.67	(20,182.29)
135	9/1/2017	(8,515.63)	(11,666.67)	1,600,000.00	(20,182.29)
136	10/1/2017	(8,515.63)	(11,666.67)	1,588,333.33	(20,182.29)
137	11/1/2017	(8,515.63)	(11,666.67)	1,576,666.67	(20,182.29)
138	12/1/2017	(8,515.63)	(11,666.67)	1,565,000.00	(20,182.29)
139	1/1/2018	(8,515.63)	(11,666.67)	1,553,333.33	(20,182.29)
140	2/1/2018	(8,515.63)	(11,666.67)	1,541,666.67	(20,182.29)
141	3/1/2018	(8,515.63)	(11,666.67)	1,530,000.00	(20,182.29)
142	4/1/2018	(8,515.63)	(11,666.67)	1,518,333.33	(20,182.29)
143	5/1/2018	(8,515.63)	(11,666.67)	1,506,666.67	(20,182.29)
144	6/1/2018	(8,515.63)	(11,666.67)	1,495,000.00	(20,182.29)
145	7/1/2018	(7,786.46)	(12,500.00)	1,482,500.00	(20,286.46)
146	8/1/2018	(7,786.46)	(12,500.00)	1,470,000.00	(20,286.46)
147	9/1/2018	(7,786.46)	(12,500.00)	1,457,500.00	(20,286.46)
148	10/1/2018	(7,786.46)	(12,500.00)	1,445,000.00	(20,286.46)
149	11/1/2018	(7,786.46)	(12,500.00)	1,432,500.00	(20,286.46)
150	12/1/2018	(7,786.46)	(12,500.00)	1,420,000.00	(20,286.46)

151	1/1/2019	(7,786.46)	(12,500.00)	1,407,500.00	(20,286.46)
152	2/1/2019	(7,786.46)	(12,500.00)	1,395,000.00	(20,286.46)
153	3/1/2019	(7,786.46)	(12,500.00)	1,382,500.00	(20,286.46)
154	4/1/2019	(7,786.46)	(12,500.00)	1,370,000.00	(20,286.46)
155	5/1/2019	(7,786.46)	(12,500.00)	1,357,500.00	(20,286.46)
156	6/1/2019	(7,786.46)	(12,500.00)	1,345,000.00	(20,286.46)
157	7/1/2019	(7,005.21)	(13,333.33)	1,331,666.67	(20,338.54)
158	8/1/2019	(7,005.21)	(13,333.33)	1,318,333.33	(20,338.54)
159	9/1/2019	(7,005.21)	(13,333.33)	1,305,000.00	(20,338.54)
160	10/1/2019	(7,005.21)	(13,333.33)	1,291,666.67	(20,338.54)
161	11/1/2019	(7,005.21)	(13,333.33)	1,278,333.33	(20,338.54)
162	12/1/2019	(7,005.21)	(13,333.33)	1,265,000.00	(20,338.54)
163	1/1/2020	(7,005.21)	(13,333.33)	1,251,666.67	(20,338.54)
164	2/1/2020	(7,005.21)	(13,333.33)	1,238,333.33	(20,338.54)
165	3/1/2020	(7,005.21)	(13,333.33)	1,225,000.00	(20,338.54)
166	4/1/2020	(7,005.21)	(13,333.33)	1,211,666.67	(20,338.54)
167	5/1/2020	(7,005.21)	(13,333.33)	1,198,333.33	(20,338.54)
168	6/1/2020	(7,005.21)	(13,333.33)	1,185,000.00	(20,338.54)
169	7/1/2020	(6,171.88)	(14,166.67)	1,170,833.33	(20,338.54)
170	8/1/2020	(6,171.88)	(14,166.67)	1,156,666.67	(20,338.54)
171	9/1/2020	(6,171.88)	(14,166.67)	1,142,500.00	(20,338.54)
172	10/1/2020	(6,171.88)	(14,166.67)	1,128,333.33	(20,338.54)
173	11/1/2020	(6,171.88)	(14,166.67)	1,114,166.67	(20,338.54)
174	12/1/2020	(6,171.88)	(14,166.67)	1,100,000.00	(20,338.54)
175	1/1/2021	(6,171.88)	(14,166.67)	1,085,833.33	(20,338.54)
176	2/1/2021	(6,171.88)	(14,166.67)	1,071,666.67	(20,338.54)
177	3/1/2021	(6,171.88)	(14,166.67)	1,057,500.00	(20,338.54)
178	4/1/2021	(6,171.88)	(14,166.67)	1,043,333.33	(20,338.54)
179	5/1/2021	(6,171.88)	(14,166.67)	1,029,166.67	(20,338.54)
180	6/1/2021	(6,171.88)	(14,166.67)	1,015,000.00	(20,338.54)
181	7/1/2021	(5,286.46)	(15,000.00)	1,000,000.00	(20,286.46)
182	8/1/2021	(5,286.46)	(15,000.00)	985,000.00	(20,286.46)
183	9/1/2021	(5,286.46)	(15,000.00)	970,000.00	(20,286.46)
184	10/1/2021	(5,286.46)	(15,000.00)	955,000.00	(20,286.46)
185	11/1/2021	(5,286.46)	(15,000.00)	940,000.00	(20,286.46)
186	12/1/2021	(5,286.46)	(15,000.00)	925,000.00	(20,286.46)
187	1/1/2022	(5,286.46)	(15,000.00)	910,000.00	(20,286.46)
188	2/1/2022	(5,286.46)	(15,000.00)	895,000.00	(20,286.46)
189	3/1/2022	(5,286.46)	(15,000.00)	880,000.00	(20,286.46)
190	4/1/2022	(5,286.46)	(15,000.00)	865,000.00	(20,286.46)
191	5/1/2022	(5,286.46)	(15,000.00)	850,000.00	(20,286.46)
192	6/1/2022	(5,286.46)	(15,000.00)	835,000.00	(20,286.46)
193	7/1/2022	(4,348.96)	(15,833.33)	819,166.67	(20,182.29)
194	8/1/2022	(4,348.96)	(15,833.33)	803,333.33	(20,182.29)
195	9/1/2022	(4,348.96)	(15,833.33)	787,500.00	(20,182.29)
196	10/1/2022	(4,348.96)	(15,833.33)	771,666.67	(20,182.29)
197	11/1/2022	(4,348.96)	(15,833.33)	755,833.33	(20,182.29)
198	12/1/2022	(4,348.96)	(15,833.33)	740,000.00	(20,182.29)
199	1/1/2023	(4,348.96)	(15,833.33)	724,166.67	(20,182.29)
200	2/1/2023	(4,348.96)	(15,833.33)	708,333.33	(20,182.29)
201	3/1/2023	(4,348.96)	(15,833.33)	692,500.00	(20,182.29)
202	4/1/2023	(4,348.96)	(15,833.33)	676,666.67	(20,182.29)

203	5/1/2023	(4,348.96)	(15,833.33)	660,833.33	(20,182.29)
204	6/1/2023	(4,348.96)	(15,833.33)	645,000.00	(20,182.29)
205	7/1/2023	(3,359.38)	(16,666.67)	628,333.33	(20,026.04)
206	8/1/2023	(3,359.38)	(16,666.67)	611,666.67	(20,026.04)
207	9/1/2023	(3,359.38)	(16,666.67)	595,000.00	(20,026.04)
208	10/1/2023	(3,359.38)	(16,666.67)	578,333.33	(20,026.04)
209	11/1/2023	(3,359.38)	(16,666.67)	561,666.67	(20,026.04)
210	12/1/2023	(3,359.38)	(16,666.67)	545,000.00	(20,026.04)
211	1/1/2024	(3,359.38)	(16,666.67)	528,333.33	(20,026.04)
212	2/1/2024	(3,359.38)	(16,666.67)	511,666.67	(20,026.04)
213	3/1/2024	(3,359.38)	(16,666.67)	495,000.00	(20,026.04)
214	4/1/2024	(3,359.38)	(16,666.67)	478,333.33	(20,026.04)
215	5/1/2024	(3,359.38)	(16,666.67)	461,666.67	(20,026.04)
216	6/1/2024	(3,359.38)	(16,666.67)	445,000.00	(20,026.04)
217	7/1/2024	(2,317.71)	(17,916.67)	427,083.33	(20,234.38)
218	8/1/2024	(2,317.71)	(17,916.67)	409,166.67	(20,234.38)
219	9/1/2024	(2,317.71)	(17,916.67)	391,250.00	(20,234.38)
220	10/1/2024	(2,317.71)	(17,916.67)	373,333.33	(20,234.38)
221	11/1/2024	(2,317.71)	(17,916.67)	355,416.67	(20,234.38)
222	12/1/2024	(2,317.71)	(17,916.67)	337,500.00	(20,234.38)
223	1/1/2025	(2,317.71)	(17,916.67)	319,583.33	(20,234.38)
224	2/1/2025	(2,317.71)	(17,916.67)	301,666.67	(20,234.38)
225	3/1/2025	(2,317.71)	(17,916.67)	283,750.00	(20,234.38)
226	4/1/2025	(2,317.71)	(17,916.67)	265,833.33	(20,234.38)
227	5/1/2025	(2,317.71)	(17,916.67)	247,916.67	(20,234.38)
228	6/1/2025	(2,317.71)	(17,916.67)	230,000.00	(20,234.38)
229	7/1/2025	(1,197.92)	(19,166.67)	210,833.33	(20,364.58)
230	8/1/2025	(1,197.92)	(19,166.67)	191,666.67	(20,364.58)
231	9/1/2025	(1,197.92)	(19,166.67)	172,500.00	(20,364.58)
232	10/1/2025	(1,197.92)	(19,166.67)	153,333.33	(20,364.58)
233	11/1/2025	(1,197.92)	(19,166.67)	134,166.67	(20,364.58)
234	12/1/2025	(1,197.92)	(19,166.67)	115,000.00	(20,364.58)
235	1/1/2026	(1,197.92)	(19,166.67)	95,833.33	(20,364.58)
236	2/1/2026	(1,197.92)	(19,166.67)	76,666.67	(20,364.58)
237	3/1/2026	(1,197.92)	(19,166.67)	57,500.00	(20,364.58)
238	4/1/2026	(1,197.92)	(19,166.67)	38,333.33	(20,364.58)
239	5/1/2026	(1,197.92)	(19,166.67)	19,166.67	(20,364.58)
240	6/1/2026	(1,197.92)	(19,166.67)	(0.00)	(20,364.58)

(\$2,107,890.63)

(\$2,650,000.00)

EXHIBIT D

FORM OF DISBURSEMENT REQUEST

REQUEST NO. ___ REQUESTING DISBURSEMENT OF FUNDS
FROM PROJECT FUND PURSUANT TO SECTION 3.04 OF THE
LOAN AGREEMENT, BY AND BETWEEN THE
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL AND
CORONADO UTILITIES, INC.

Pursuant to Section 3.04 of the Loan Agreement, dated as of June 1, 2006 (the "Agreement"), by and between The Industrial Development Authority of the County of Pinal (the "Authority") and Coronado Utilities, Inc. (the "Company"), the undersigned Authorized Company Representative hereby requests and authorizes Wells Fargo Bank, N.A., as trustee (the "Trustee"), of the Project Fund created by the Indenture, as defined in the Agreement, to pay to the Company or to the Person(s) listed on the Disbursement Schedule attached hereto out of the moneys on deposit in the Project Fund the aggregate sum of \$ _____, to pay such Person(s) or to reimburse the Company in full, as indicated in the Disbursement Schedule, for advances, payments and expenditures made by it in connection with the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(A) Each item for which disbursement is requested hereunder is properly due and payable out of the Project Fund in accordance with the terms and conditions of the Agreement and none of those items has formed the basis for any disbursement heretofore made from the Project Fund;

(B) Each such item is or was necessary in connection with the acquisition, construction or installation of the property comprising the Project, as defined in the Agreement;

(C) Each item for which disbursement is requested hereunder was included in the description of the Project on Exhibit A to the Loan Agreement as of the date of original delivery; provided that if any such item was not so included, attached hereto are: (1) a revised description of the Project, which revised Project constitutes a "project" within the meaning of the Act and was included within the project described in the TEFRA notice published pursuant to Section 147(f) of the Code, and (2) either a computation evidencing that the average reasonably expected economic life of the facilities which have been and will be paid for with moneys in the Project Fund is not less than 120% of the average maturity of the Series 2006 Bonds or an Opinion of Bond Counsel as required by Section 3.04 of the Loan Agreement;

(D) All amounts required to be retained by the Company pursuant to any contract related to the item for which disbursement is requested hereunder have been retained by the Company;

(E) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto; and

(F) This statement constitutes the approval of the Company of each disbursement hereby requested and authorized.

IN WITNESS WHEREOF, the Authorized Company Representative has set his hand as of the _____ day of _____, ____.

Authorized Company Representative

EXHIBIT E

FORM OF DISBURSEMENT REQUEST

REQUEST NO. ___ REQUESTING DISBURSEMENT OF FUNDS
FROM EQUITY FUND PURSUANT TO SECTION 3.05 OF THE
LOAN AGREEMENT, BY AND BETWEEN THE
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PINAL AND
CORONADO UTILITIES, INC.

Pursuant to Section 3.05 of the Loan Agreement, dated as of June 1, 2006 (the "Agreement"), by and between The Industrial Development Authority of the County of Pinal (the "Authority") and Coronado Utilities, Inc. (the "Company"), the undersigned Authorized Company Representative hereby requests and authorizes Wells Fargo Bank, N.A., as trustee (the "Trustee"), of the Equity Fund created by the Indenture, as defined in the Agreement, to pay to the Company or to the Person(s) listed on the Disbursement Schedule attached hereto out of the moneys on deposit in the Equity Fund the aggregate sum of \$ _____, to pay such Person(s) or to reimburse the Company in full, as indicated in the Disbursement Schedule, for advances, payments and expenditures made by it in connection with the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(G) Each item for which disbursement is requested hereunder is properly due and payable out of the Equity Fund in accordance with the terms and conditions of the Agreement and none of those items has formed the basis for any disbursement heretofore made from the Equity Fund;

(H) Each such item is or was necessary in connection with the acquisition, construction or installation of the property comprising the Project, as defined in the Agreement, or issuing the Series 2006 Bonds;

(I) All amounts required to be retained by the Company pursuant to any contract related to the item for which disbursement is requested hereunder have been retained by the Company;

(J) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto; and

(K) This statement constitutes the approval of the Company of each disbursement hereby requested and authorized.

IN WITNESS WHEREOF, the Authorized Company Representative has set his hand as
of the _____ day of _____, _____.

Authorized Company Representative

EXHIBIT

C

RECEIVED

2006 MAR -7 1P 4: 34

AZ CORP COMMISSION
DOCUMENT CONTROL

1 FENNEMORE CRAIG, P.C.
A Professional Corporation
2 Jay L. Shapiro (No. 014650)
Patrick J. Black (No. 017141)
3 3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012
4 Telephone (602) 916-5000
5 Attorneys for Coronado Utilities, Inc.

6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7
8 IN THE MATTER OF THE
APPLICATION OF CORNADO
9 UTILITIES, INC. FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY
10 TO PROVIDE WASTEWATER SERVICE
IN PINAL COUNTY, ARIZONA.

DOCKET NO: SW-04305A-05-0086

11
12 IN THE MATTER OF THE
APPLICATION OF CORONADO
13 UTILITIES, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO
14 ISSUE SHORT AND LONG-TERM
DEBT INSTRUMENTS IN
15 CONNECTION WITH FINANCING
THE ACQUISITION OF THE
16 WASTEWATER UTILITY PLANT OF
BHP COPPER, INC. AND
17 CONSTRUCTING IMPROVEMENTS
THERE TO.

DOCKET NO. SW-04305A-05-0087

(Consolidated)

**NOTICE OF FILING SEWER
FRANCHISE**

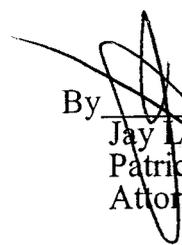
18
19 Coronado Utilities, Inc., an Arizona corporation, hereby submits this Notice of
20 Filing the Coronado Utilities, Inc. Sewer Franchise in the above-referenced matter.

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DATED this 7th day of March, 2006.

FENNEMORE CRAIG, P.C.

By  _____
Jay L. Shapiro
Patrick J. Black
Attorneys for Coronado Utilities, Inc.

ORIGINAL and 15 copies of the foregoing filed this 7th day of March, 2006 with:

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

COPY of the foregoing hand-delivered this 7th day of March, 2006 to:

Jason Gellman
Arizona Corporation Commission
Legal Division
1200 West Washington Street
Phoenix, AZ 85007

COPIES of the foregoing sent via U.S. mail this 7th day of March, 2006 to:

Jane Rodda, Administrative Law Judge
Hearing Division
Arizona Corporation Commission
400 West Congress
Tucson, AZ 85701

Kim Eggleston
Park Management & Investments
7373 N. Scottsdale Road, Suite A-280
Scottsdale, AZ 85253

Gayle Carnes, Editor
San Manuel Miner
P.O. Box 60
San Manuel, AZ 85631

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Betty Thomas, Chairman
San Manuel Library
108 Fifth Avenue
San Manuel, AZ 85631

By Jandra Baker

1770420.1/12923.001

**AGENDA FORM
FOR
PINAL COUNTY BOARD of SUPERVISORS**

Budgeted: N/A
 Generates Revenue for County: No
 Revenue Generated : N/A
 Uses County Funds: No
 Source of Funds: N/A
 Cost to County: N/A
 Reduces/Contains: N/A
 Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A
 Two step competitive negotiation (PC1-347 D2) N/A
 Review of Qualifications (PC1-347D3) N/A
 Multi step sealed bidding (PC1-326) N/A
 Intergovernmental Agreement (PC1-1003) N/A
 Competitive sealed proposals RFP (PC1-329) N/A
 Expenditures for County: Other (PC1-____) N/A

1. REQUESTED BY:
 Fund No: 10 Dept No: 1037 Dept. Name: Assistant County Manager Director: Manuel González

2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION: Agenda Item for February 15, 2006
 9:30 a.m. PUBLIC HEARING to discuss, approve or disapprove the creation of the Coronado Utilities, Inc. sewer franchise, located in the community of San Manuel, Pinal County, Arizona.

3. MOTION: It is moved that the Pinal County Board of Supervisors . . .
 SUGGESTED MOTION: Approve the creation of the Coronado Utilities, Inc. sewer franchise and further move that the Board authorize its Chairman and Clerk to execute the documents as presented.

4. DEPARTMENT:
Sam D. Melvin 1/25/06
 Action Recommended by Date

7. ASSISTANT COUNTY MANAGER:
Manuel González 1/25/06
 Date
 Approve Disapprove

5. GRANTS AND CONTRACTS ADMINISTRATOR:

 Date
 Approve Disapprove

8. PURCHASING DEPARTMENT:

 Date
 Approve Disapprove

6. COUNTY ATTORNEY'S OFFICE:
[Signature] 1/25/06
 Date
 Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.

9. FINANCE OFFICE:

 Date
 Approve Disapprove

10. COUNTY MANAGER: _____
 Date
 APPROVE DISAPPROVE

11. BOARD OF SUPERVISORS:
 Action Taken: Approve Amend Disapprove Delete _____
 CHAIRMAN: [Signature] Date 2-15-06
 CLERK OF THE BOARD: [Signature] Date 2-15-06

18



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTTLE

When recorded mail to:

Clerk of the Board Office
P.O. Box 827
Florence, Arizona 85232

DATE/TIME: 02/17/06 1647
FEE: \$0.00
PAGES: 18
FEE NUMBER: 2006-024095

(The above space reserved for recording information)

CAPTION HEADING

Sewer franchise

Creation of the Coronado Utilities, Inc. Sewer franchise
located in the community of San Manuel, Pinal County, Arizona.

When recorded mail to:

Clerk of the Board
P.O. Box 827
Florence, Arizona 85232

Creation Of The Coronado Utilities Inc. Sewer Franchise

WHEREAS, Coronado Utilities Inc. , an Arizona Corporation, duly authorized to conduct business in the State of Arizona, has filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining wastewater lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Application").

WHEREAS, upon filing of the Application for the public utility franchise, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 9:30 a.m. on February 15, 2006, at the Pinal County Board of Supervisors' Hearing Room, Administration Building A, Florence, Arizona.

WHEREAS, said Application having come before this Board for hearing at 9:30 a.m. on February 15, 2006; and it appearing from the affidavit of the publishers of the Florence Reminder and Blade Tribune, and the San Manuel Miner, that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade Tribune published on January 26, 2006 , February 2, 2006 and February 9, 2006 and the San Manuel Miner published on January 25, 2006, February 1, 2006 and February 8, 2006 and the matter being called for hearing at 9:30 a.m. on February 15, 2006 and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to create a wastewater franchise under Arizona Revised Statute §40-283, as well as other applicable sections.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this franchise shall have the following meanings:

- A. County: Pinal County, Arizona.
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors.
- D. Grantee: Coronado Utilities Inc., an Arizona Corporation, its successors and assigns.

E. Grantee's Facilities: Wastewater structures, equipment, lines, plants and related appurtenances.

Section 2: GRANT

A. Grantor, on February 15, 2006, hereby grants to Grantee, for a period of twenty-five years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining wastewater lines and related appurtenances along, under and across public streets, alleys and highways, and other rights of way, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways, rights of way and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing water lines, sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require Grantee at Grantee's own expense to remove Grantee's Facilities to conform thereto and facilitate the same.

(3) Grantor makes no assurances that through its grant of this Franchise Agreement to Grantee that Grantor will endorse, support, or otherwise encourage approval of Grantee's 208 Plan Amendment, Certificate of Need and Necessity, permit requests, zoning, or any other approval from a governmental or regulatory agency.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys, rights of way and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after thirty (30) days written notice to Grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon Grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after thirty (30) days and a public hearing, if such is legally required or requested by Grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Franchise herein granted shall expire on February 15, 2021; and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise, Grantee shall remove Grantee's Facilities from the streets, alleys, ways, highways, rights of way and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six (6) months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee shall be subject to reasonable regulations for the maintenance by Grantee of such portion of the public streets, alleys, rights of way and highways altered, damaged or destroyed by Grantee, its agents, employees or contractors, in exercising the privileges granted by the Franchise, including, but not limited to provisions for repair as set forth in Section 9(B) herein.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Before beginning any construction for installation of Grantee's Facilities, Grantee shall submit a plan of proposed construction to the Pinal County Engineer and shall not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee, its agents, employees or contractors, under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper County officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures, highways, streets, or rights of way and for the proper restoration of such structures, highways, streets, or rights of way, for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by Grantee shall impose upon County the duty to maintain any public street, alley, highway or right of way unless County accepts said public street, alley, highway or right of way into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's Facilities to insure the proper performance of the terms of the Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained in good order and repair so as not to interfere with the use, enjoyment or safety of the public streets, alleys, highways or rights of way.

Section 8: EXPANSION

Grantee may from time to time, during the term of the Franchise make such enlargements and extensions of its wastewater system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with County rules and regulations.

Section 9: RELOCATION; REPAIR

A. During the term of the Franchise, if County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public street, alley, highway, or right of way in the Franchise Area, then and in such event, Grantee, at its own expense, shall promptly make such changes in the location, structure or alignment of its wastewater lines and related appurtenances as the County Engineer or his/her designee may deem necessary as provided in Section 9(B).

B. Within sixty (60) days after receiving written notice from County of needed changes or corrections in Grantee's Facilities, and upon the failure of Grantee to make such changes or corrections as set forth in Section 9(A) or to correct any damage to any public street, alley, highway or right-of-way within the Franchise Area caused directly or indirectly by Grantee, its agents, employees or contractors, County shall have the right to make, or cause such changes or corrections to be made at the expense of Grantee. In the event that any changes, corrections or repairs are deemed an emergency by County, Grantee, upon receipt of notice of such an emergency, shall make such changes, corrections or repairs deemed necessary by County to provide for health and safety concerns. In the event that Grantee does not make the necessary changes, corrections or repairs within a reasonable period of time, County may make, or cause such changes, corrections or repairs to be made at the expense of Grantee. Any expenses incurred for such changes, corrections or repairs shall be due and payable within thirty (30) days of written demand by County to Grantee.

Section 10: LIABILITY

A. If any public street, highway, alley, way, bridge, sidewalk, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its agents, employees or contractors, in the construction, design, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as provided in Section 9(B), in as good condition as before Grantee's entry and to the satisfaction of County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its agents, employees or contractors, arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Franchise agrees that throughout the entire term of this Franchise, Grantee, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused in whole or in part by the construction, design, installation, operation or maintenance of Grantees Facilities by Grantee, its agents, employees or contractors, within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty (30) days after the date this Franchise is approved by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon Grantee's own investigation and understanding of the power and authority of the County to grant this Franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona.

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which shall remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this Franchise or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time and not longer than sixty (60) days, complete the correction of such default or noncompliance, County shall have the right to revoke this Franchise and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare this Franchise, and any expansion hereto, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

A. For false or misleading statements in, or material omissions from the application for and the hearing on the granting of the Franchise.

- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of Grantor. Grantor shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal Street
Florence, Arizona 85232

Grantee:

Coronado Utilities Inc.
6825 E. Tennessee Ave., Suite 547
Denver, Colorado 80224

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other reservation of rights or remedies.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

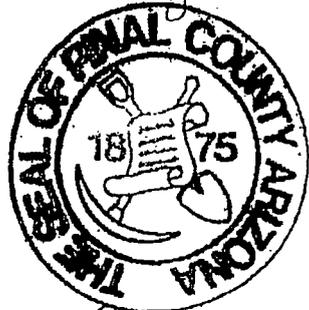
Section 25: BOOKS AND RECORDS

Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee shall make such books and records available to County upon County's request and without cost to County.

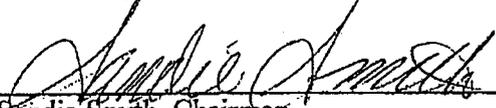
Section 26: AD VALOREM TAXES

Grantee shall pay its ad valorem taxes before they become delinquent.

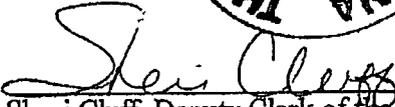
IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and caused its official seal to be affixed on February 16, 2006



PINAL COUNTY BOARD OF SUPERVISORS


Sandie Smith, Chairman

ATTEST:


Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

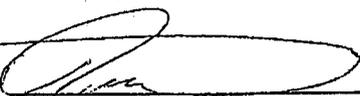
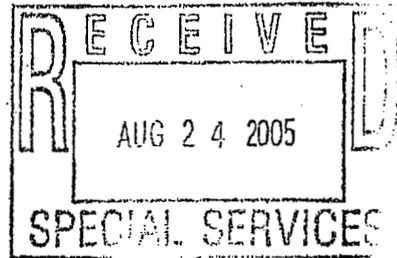

Rick Husk, Deputy County Attorney

Exhibit A



Mr. Gary Medina
Pinal County Special Services
P.O. Box 827
Florence, AZ 85232

Re: Coronado Utilities Inc. - Application for Sewer Utility Franchise

Dear Mr. Medina:

Coronado Utilities Inc., an Arizona corporation, hereby makes application for a Sewer Utility Franchise in Pinal County. Coronado is currently in the application process with ADEQ and the ACC to obtain the authority to provide regulated sewer service to the San Manuel community. Enclosed, please find the legal description and maps of the proposed service area along with a check in the amount of \$200.00 to cover the cost of the application fee.

We appreciate your prompt response and thank you for your assistance. Feel free to contact me at any time if you have questions.

Sincerely,

Jason Williamson
President, Coronado Utilities
Phone: (303) 333-1250
Email: jw@pivotalcompanies.com

Legal Description of The San Manuel Sewer District

That part of Section 24 and 25, Township 9 South, Range 16 East, and Sections 19,20,28,29,30,31,32 and 33, Township 9 South, Range 17 East, and Sections 4,5 and 6, Township 10 South, Range 17 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows;

Commencing at the southeast corner of the above mentioned Section 5, Township 10 South, Range 17 East, said point being the point of beginning of the land to be described, (The basis of bearing is the south line of the southeast quarter of Section 5, Township 10 South, Range 17 East being north 89 degrees 57 minutes 50 seconds West).

THENCE North 89 degrees 57 minutes 50 seconds West for a distance of 2650.23 feet along the south line of said Section 5 to the south quarter corner being a found GLO brass cap dated 1924.

THENCE North 89 degrees 56 minutes 30 seconds West for a distance of 2645.27 feet along the south line of said Section 5 to the southwest corner being a found GLO brass cap dated 1924.

THENCE South 89 degrees 40 minutes 58 seconds West for a distance of 2638.79 feet along the south line of said Section 6 to the south quarter corner being a found GLO brass cap dated 1924

THENCE South 89 degrees 37 minutes 16 seconds West for a distance of 2632.37 feet along the south line of said Section 6 to a found GLO stone.

THENCE North 00 degrees 05 minutes 24 seconds West for a distance of 5538.15 feet along the west line of said Section 6 to a found brass cap, being the intersection of Township 9 and 10 South, and Range 16 and 17 East.

THENCE North 00 degrees 54 minutes 22 seconds West for a distance of 5291.81 feet along the west line of said Section 31 to the northwest corner being a found 5/8 inch rebar.

THENCE North 00 degrees 56 minutes 15 seconds West for a distance of 2662.69 feet along the west line of said Section 30 to the west quarter corner being a found 3/4 inch open pipe.

THENCE North 00 degrees 59 minutes 01 seconds West for a distance of 2322.17 feet along the west line of said Section 30 to a found aluminum cap LS 4154 on the south line of the San Manuel Golf Course.

THENCE North 66 degrees 21 minutes 49 seconds West for a distance of 801.59 feet along the south line of the San Manuel Golf Course to a found aluminum cap LS 4154.

THENCE North 66 degrees 22 minutes 41 seconds West for a distance of 1887.00 feet along the south line of the San Manuel Golf Course to a found Aluminum cap LS 4154.

THENCE North 00 degrees 00 minutes 54 seconds East for a distance of 1201.47 feet along the west line of the San Manuel Golf Course to a found Aluminum cap LS 4154 on the south right-of-way line of highway 76.

THENCE South 67 degrees 01 minutes 57 seconds East for a distance of 1855.09 feet along the south right-of-way line of highway 76 to a ADOT monument ¼ inch steel pin at station 119+00.

THENCE South 67 degrees 02 minutes 16 seconds East for a distance of 797.52 feet along the south right-of-way line of highway 76 to a found aluminum cap LS 4154 at station 111+03.30.

THENCE North 00 degrees 56 minutes 02 seconds West for a distance of 1658.80 feet along the west line of said Section 19 to the west quarter corner being a found ¾ inch rebar.

THENCE North 00 degrees 56 minutes 39 seconds West for a distance of 556.81 feet along the west line of said Section 19 to a point on the south line of San Manuel Airport lease.

THENCE North 56 degrees 09 minutes 30 seconds West for a distance of 47.31 feet along the south line of San Manuel Airport lease to a set ½ inch rebar.

THENCE along a curve to the left having a radius of 11535.71 feet, and an arc length of 1216.19 feet subtended by a cord of North 52 degrees 00 minutes 23 seconds West for a distance of 1215.61 feet along the south line of the San Manuel airport lease to a set ½ inch rebar.

THENCE North 33 degrees 50 minutes 30 seconds East for a distance of 1156.98 feet to a point.

THENCE South 56 degrees 09 minutes 30 seconds East for a distance of 9318.47 feet to a point on the north fence line of the Commodity Warehouse.

THENCE North 90 degrees 00 minutes 00 seconds East for a distance of 4960.97 feet to a point.

THENCE South 33 degrees 57 minutes 38 seconds East for a distance of 3504.07 feet to a point on a fence corner.

THENCE South 15 degrees 52 minutes 36 seconds West for a distance of 8527.39 feet to a set ½ inch rebar on the west right-of-way line of Highway 76.

THENCE South 00 degrees 00 minutes 00 seconds East for a distance of 4680.74 feet to a point on the south line of said Section 4.

THENCE South 89 degrees 54 minutes 01 seconds West for a distance of 1173.24 feet along the south line of said Section 4, to the point of beginning of the land described.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 5104.38 acres more or less.

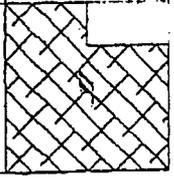
COUNTY of Pinal

RANGE 16 East

TOWNSHIP 9 South

 W-1445 (34)(5)
Arizona Water Company (Oracle)

 Colorado Utilities, Inc.
SW-4305-05-086
Application for CC&N for Sewer

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

COUNTY OF Pinal

RANGE 17 East

TOWNSHIP 9 South

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



W-1445 (34)(3)
Arizona Water Company (San Manuel)



Coronado Utilities, Inc.
SW-4305-05-086
Application for CC&N for Sewer

COUINITY: Pinal

RANGE 17 East

TOWNSHIP 10 South

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



W-1445 (34)(3)
Arizona Water Company (San Manuel)



Corenado Utilities, Inc.
SW-4305-95-086
Application for CC&N for Sewer

Exhibit B

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Coronado Utilities Inc., an Arizona Corporation, does hereby accept the grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain wastewater lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 2006.

Coronado Utilities Inc.

By: _____

Title: _____

STATE OF ARIZONA)
County of _____) ss.

The foregoing instrument was acknowledged before me this ___ day of _____, 2006, by _____ of Coronado Utilities Inc., an Arizona Corporation, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Notary Public

My Commission Expires:

PUBLIC NOTICE

CORONADO UTILITIES INC. SEWER COMPANY SEWER FRANCHISE REQUEST

The Pinal County Board of Supervisors hereby gives notice that it will conduct a Public Hearing in the Board of Supervisors Hearing Room located in Administrative Building No. 1, 31 N. Pinal Street, Florence, Arizona, at 9:30 a.m., on the 15th day of February, 2006 to hear any affected persons wishing to speak for or against the application of Coronado Utilities Inc. for a sewer franchise in the community of San Manuel, Pinal County, Arizona.

The requested franchise area is located as follows:

- Those portions of Section 24 and 25, all within Township 9 South, Range 16 East, Gila & Salt River Base and Meridian, Pinal County; Arizona.
- Sections 19, 20, 28, 29, 30, 31, 32 and 33, all within Township 9 South, Range 17 East, Gila & Salt River Base and Meridian, Pinal County, Arizona.
- Sections 4, 5 and 6, Township 10 South, Range 17 East, Gila & Salt River Base and Meridian, Pinal County, Arizona.

Objections and/or comments are due during the public comment period, which ends at the conclusion of the public hearing. Any objection shall state the name and mailing address of the objector, be signed by the objector, their agent or attorney, and clearly set forth the reasons why the franchise should not be issued. Send objections/comments to Clerk of the Board, Pinal County Board of Supervisors, P. O. Box 827, Florence, AZ 85232 or deliver to 31 N. Pinal Street, Administration Building A, Florence, Arizona.

Notice is further given that: no prevailing objections or good cause arising, the Board of Supervisors intends to grant the requested franchise.

S/Terry Doolittle
Terry Doolittle, County Manager

No. of Publications (3):
Florence Reminder & Blade Tribune
Dates Published: January 26, & February 2 and 9, 2006

2



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLER

When recorded mail to:

Clerk of the Board Office
P.O. Box 827
Florence, Arizona 85232

DATE/TIME: 02/17/06 1647
FEE: \$0.00
PAGES: 2
FEE NUMBER: 2006-024096

(The above space reserved for recording information)
CAPTION HEADING

Acceptance of the Coronado Utilities, Inc. Sewer franchise by it's President, Jason Williamson.

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Coronado Utilities Inc., an Arizona Corporation, does hereby accept the February 15, 2006 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain wastewater lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this 15th day of February, 2006.

Coronado Utilities Inc.

By: [Signature]

Title: President

STATE OF ARIZONA)
County of Pinal) ss.

The foregoing instrument was acknowledged before me this 15th day of Feb., 2006, by Jason Williamson of Coronado Utilities Inc., an Arizona Corporation, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

[Signature]

Notary Public

