

**ORIGINAL**  
**LAS QUINTAS SERENAS WATER CO**



P.O. Box 68

Sahuarita, Arizona 85629

**RECEIVED**

Telephone: 520.625.8040 Facsimile: 520.648.3520

57

2007 MAY 25 A 11: 18

May 24, 2007

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
Docket Control  
1200 W. Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

MAY 25 2007

Subject: Financing Documents  
Docket No: W-01583A-06-0437

DOCKETED BY	nr
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To Whom It May Concern;

In accordance with the Arizona Corporation Commission Decision No. 69380, dated March 22, 2007, referencing docket number W-01583A-06-0437, as well as the Compliance Filing Instructions, I have enclosed an original plus thirteen (13) sets of financing documents, as issued by the Water Infrastructure Finance Authority of Arizona (WIFA), on the Application of Las Quintas Serenas Water Company for Authority to Incur Long-Term Indebtedness to Finance Water System Improvements for filing along with the Docket Control Cover Sheet.

The set of financing documents include a cover letter, Exhibit A of Loan Agreement – Revised 03/21/07 (Sections 1 and 2), and Exhibit F – Promissory Note.

It should be noted that WIFA, in approving the loan in question, increased the company's current loan amount of \$1,580,400.00 (ACC Decision No. 68718) by \$400,714.00 (ACC Decision No. 69380), totaling \$1,981,160.00. By combining the loans, no additional application or financial documents were required other than those listed above. And, as shown on the Loan Repayment Schedule (Exhibit A – Section 2), the Combined Interest and Fee Rate of 6.60% was carried over from the original loan to be applied to the current or increased loan amount.

If you have any questions, need clarification or additional information, please do not hesitate to contact me at the office, (520) 625-8040. If I am not available, please leave a brief message with a telephone number where I can contact you and I will return your call as soon as possible.

Sincerely,

Kaycee Conger; Administrative Manager  
Las Quintas Serenas Water Company

cc w/enclosures: Jane L. Rodda; Administrative Law Judge  
Ernest Johnson; Director, ACC Utilities Division  
Brian Bozzo; Manager, Compliance and Enforcement ACC Utilities Division  
Larry Robertson; Munger Chadwick, PLC  
correspondence file



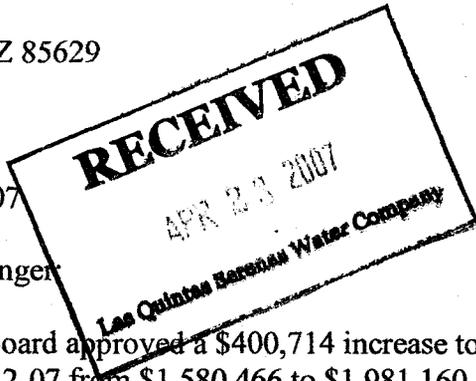
Janet Napolitano  
Governor

Stephen A. Owens  
Chairman

**Water Infrastructure Finance Authority of Arizona**

Judy Navarrete  
Interim Executive Director

Ms. Kaycee Conger  
Las Quintas Serenas Water Company  
PO Box 68  
Sahuarita, AZ 85629

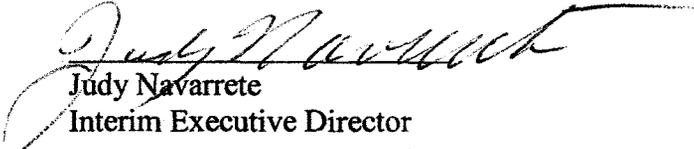


April 19, 2007

Dear Ms. Conger:

The WIFA Board approved a \$400,714 increase to Las Quintas Serenas Water Company Loan #920112-07 from \$1,580,466 to \$1,981,160.

The first loan payment is due September 1, 2007.

  
Judy Navarrete  
Interim Executive Director

Attachment

**Exhibit A of Loan Agreement - Revised 3/21/07**

**Section 1: Financial Assistance Terms and Conditions  
Las Quintas Serenas Water  
19-Apr-07**

**Loan Number**..... 920112-07  
**Closing Date**..... 04/01/07

**Financial Assistance Terms and Conditions**

Original Loan Amount as of the Closing Date..... \$ 1,981,160.00  
 Final Loan Amount as of Release of Retention..... \$ 1,981,160.00  
 Loan Term..... 20  
~~Fixed Monthly Payment~~..... ~~09/01/07~~  
 Final Fixed Monthly Payment..... 02/01/27

**Debt Service Reserve Fund Requirements (Held by WIFA)**

Total Reserve Amount..... \$ 180,871.08  
 Monthly Deposit..... \$ 3,014.52  
 Reserve Funded by (Date)..... 08/01/12

**Repair and Replacement Fund Requirement (Held by Borrower)**

Begin Funding on (Date)..... 09/01/12  
 Annual Amount..... \$ 36,174.22  
 Monthly Deposit..... \$ 3,014.52

**Monthly Payment**

**Period #7 - 1st Debt Service Payment**

Maximum Payment (Includes interest payable from Closing to 1st Payment)..... \$ 60,926.30  
 Minimum Payment ..... \$ 18,087.11

*WIFA will calculate the first payment due on Period #7; payment will depend on actual loan draws.*

Periods #8 through #66..... \$ 18,087.11  
 Periods #67 through #120..... \$ 15,072.59  
 Periods #121 through #180..... \$ 15,072.59  
 Periods #181 through #240..... \$ 15,072.59

**Section 2: Loan Repayment Schedule, Repayment Periods 1 through 80**  
**Las Quintas Serenas Water**  
**19-Apr-07**

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
1	03/01/07	6.600%	0.00	41	07/01/10	6.600%	18,087.11
2	04/01/07	6.600%	0.00	42	08/01/10	6.600%	18,087.11
3	05/01/07	6.600%	0.00	43	09/01/10	6.600%	18,087.11
4	06/01/07	6.600%	0.00	44	10/01/10	6.600%	18,087.11
5	07/01/07	6.600%	0.00	45	11/01/10	6.600%	18,087.11
6	08/01/07	6.600%	0.00	46	12/01/10	6.600%	18,087.11
7	09/01/07	6.600%	60,926.30	47	01/01/11	6.600%	18,087.11
8	10/01/07	6.600%	18,087.11	48	02/01/11	6.600%	18,087.11
9	11/01/07	6.600%	18,087.11	49	03/01/11	6.600%	18,087.11
10	12/01/07	6.600%	18,087.11	50	04/01/11	6.600%	18,087.11
11	01/01/08	6.600%	18,087.11	51	05/01/11	6.600%	18,087.11
12	02/01/08	6.600%	18,087.11	52	06/01/11	6.600%	18,087.11
13	03/01/08	6.600%	18,087.11	53	07/01/11	6.600%	18,087.11
14	04/01/08	6.600%	18,087.11	54	08/01/11	6.600%	18,087.11
15	05/01/08	6.600%	18,087.11	55	09/01/11	6.600%	18,087.11
16	06/01/08	6.600%	18,087.11	56	10/01/11	6.600%	18,087.11
17	07/01/08	6.600%	18,087.11	57	11/01/11	6.600%	18,087.11
18	08/01/08	6.600%	18,087.11	58	12/01/11	6.600%	18,087.11
19	09/01/08	6.600%	18,087.11	59	01/01/12	6.600%	18,087.11
20	10/01/08	6.600%	18,087.11	60	02/01/12	6.600%	18,087.11
21	11/01/08	6.600%	18,087.11	61	03/01/12	6.600%	18,087.11
22	12/01/08	6.600%	18,087.11	62	04/01/12	6.600%	18,087.11
23	01/01/09	6.600%	18,087.11	63	05/01/12	6.600%	18,087.11
24	02/01/09	6.600%	18,087.11	64	06/01/12	6.600%	18,087.11
25	03/01/09	6.600%	18,087.11	65	07/01/12	6.600%	18,087.11
26	04/01/09	6.600%	18,087.11	66	08/01/12	6.600%	18,087.11
27	05/01/09	6.600%	18,087.11	67	09/01/12	6.600%	15,072.59
28	06/01/09	6.600%	18,087.11	68	10/01/12	6.600%	15,072.59
29	07/01/09	6.600%	18,087.11	69	11/01/12	6.600%	15,072.59
30	08/01/09	6.600%	18,087.11	70	12/01/12	6.600%	15,072.59
31	09/01/09	6.600%	18,087.11	71	01/01/13	6.600%	15,072.59
32	10/01/09	6.600%	18,087.11	72	02/01/13	6.600%	15,072.59
33	11/01/09	6.600%	18,087.11	73	03/01/13	6.600%	15,072.59
34	12/01/09	6.600%	18,087.11	74	04/01/13	6.600%	15,072.59
35	01/01/10	6.600%	18,087.11	75	05/01/13	6.600%	15,072.59
36	02/01/10	6.600%	18,087.11	76	06/01/13	6.600%	15,072.59
37	03/01/10	6.600%	18,087.11	77	07/01/13	6.600%	15,072.59
38	04/01/10	6.600%	18,087.11	78	08/01/13	6.600%	15,072.59
39	05/01/10	6.600%	18,087.11	79	09/01/13	6.600%	15,072.59
40	06/01/10	6.600%	18,087.11	80	10/01/13	6.600%	15,072.59

**Section 2: Loan Repayment Schedule, Repayment Periods 81 through 160**  
**Las Quintas Serenas Water**  
**19-Apr-07**

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
81	11/01/13	6.600%	15,072.59	121	03/01/17	6.600%	15,072.59
82	12/01/13	6.600%	15,072.59	122	04/01/17	6.600%	15,072.59
83	01/01/14	6.600%	15,072.59	123	05/01/17	6.600%	15,072.59
84	02/01/14	6.600%	15,072.59	124	06/01/17	6.600%	15,072.59
85	03/01/14	6.600%	15,072.59	125	07/01/17	6.600%	15,072.59
86	04/01/14	6.600%	15,072.59	126	08/01/17	6.600%	15,072.59
87	05/01/14	6.600%	15,072.59	127	09/01/17	6.600%	15,072.59
88	06/01/14	6.600%	15,072.59	128	10/01/17	6.600%	15,072.59
89	07/01/14	6.600%	15,072.59	129	11/01/17	6.600%	15,072.59
90	08/01/14	6.600%	15,072.59	130	12/01/17	6.600%	15,072.59
91	09/01/14	6.600%	15,072.59	131	01/01/18	6.600%	15,072.59
92	10/01/14	6.600%	15,072.59	132	02/01/18	6.600%	15,072.59
93	11/01/14	6.600%	15,072.59	133	03/01/18	6.600%	15,072.59
94	12/01/14	6.600%	15,072.59	134	04/01/18	6.600%	15,072.59
95	01/01/15	6.600%	15,072.59	135	05/01/18	6.600%	15,072.59
96	02/01/15	6.600%	15,072.59	136	06/01/18	6.600%	15,072.59
97	03/01/15	6.600%	15,072.59	137	07/01/18	6.600%	15,072.59
98	04/01/15	6.600%	15,072.59	138	08/01/18	6.600%	15,072.59
99	05/01/15	6.600%	15,072.59	139	09/01/18	6.600%	15,072.59
100	06/01/15	6.600%	15,072.59	140	10/01/18	6.600%	15,072.59
101	07/01/15	6.600%	15,072.59	141	11/01/18	6.600%	15,072.59
102	08/01/15	6.600%	15,072.59	142	12/01/18	6.600%	15,072.59
103	09/01/15	6.600%	15,072.59	143	01/01/19	6.600%	15,072.59
104	10/01/15	6.600%	15,072.59	144	02/01/19	6.600%	15,072.59
105	11/01/15	6.600%	15,072.59	145	03/01/19	6.600%	15,072.59
106	12/01/15	6.600%	15,072.59	146	04/01/19	6.600%	15,072.59
107	01/01/16	6.600%	15,072.59	147	05/01/19	6.600%	15,072.59
108	02/01/16	6.600%	15,072.59	148	06/01/19	6.600%	15,072.59
109	03/01/16	6.600%	15,072.59	149	07/01/19	6.600%	15,072.59
110	04/01/16	6.600%	15,072.59	150	08/01/19	6.600%	15,072.59
111	05/01/16	6.600%	15,072.59	151	09/01/19	6.600%	15,072.59
112	06/01/16	6.600%	15,072.59	152	10/01/19	6.600%	15,072.59
113	07/01/16	6.600%	15,072.59	153	11/01/19	6.600%	15,072.59
114	08/01/16	6.600%	15,072.59	154	12/01/19	6.600%	15,072.59
115	09/01/16	6.600%	15,072.59	155	01/01/20	6.600%	15,072.59
116	10/01/16	6.600%	15,072.59	156	02/01/20	6.600%	15,072.59
117	11/01/16	6.600%	15,072.59	157	03/01/20	6.600%	15,072.59
118	12/01/16	6.600%	15,072.59	158	04/01/20	6.600%	15,072.59
119	01/01/17	6.600%	15,072.59	159	05/01/20	6.600%	15,072.59
120	02/01/17	6.600%	15,072.59	160	06/01/20	6.600%	15,072.59

## Section 2: Loan Repayment Schedule, Periods 161 through 240

Las Quintas Serenas Water

19-Apr-07

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
161	07/01/20	6.600%	15,072.59	201	11/01/23	6.600%	15,072.59
162	08/01/20	6.600%	15,072.59	202	12/01/23	6.600%	15,072.59
163	09/01/20	6.600%	15,072.59	203	01/01/24	6.600%	15,072.59
164	10/01/20	6.600%	15,072.59	204	02/01/24	6.600%	15,072.59
165	11/01/20	6.600%	15,072.59	205	03/01/24	6.600%	15,072.59
166	12/01/20	6.600%	15,072.59	206	04/01/24	6.600%	15,072.59
167	01/01/21	6.600%	15,072.59	207	05/01/24	6.600%	15,072.59
168	02/01/21	6.600%	15,072.59	208	06/01/24	6.600%	15,072.59
169	03/01/21	6.600%	15,072.59	209	07/01/24	6.600%	15,072.59
170	04/01/21	6.600%	15,072.59	210	08/01/24	6.600%	15,072.59
171	05/01/21	6.600%	15,072.59	211	09/01/24	6.600%	15,072.59
172	06/01/21	6.600%	15,072.59	212	10/01/24	6.600%	15,072.59
173	07/01/21	6.600%	15,072.59	213	11/01/24	6.600%	15,072.59
174	08/01/21	6.600%	15,072.59	214	12/01/24	6.600%	15,072.59
175	09/01/21	6.600%	15,072.59	215	01/01/25	6.600%	15,072.59
176	10/01/21	6.600%	15,072.59	216	02/01/25	6.600%	15,072.59
177	11/01/21	6.600%	15,072.59	217	03/01/25	6.600%	15,072.59
178	12/01/21	6.600%	15,072.59	218	04/01/25	6.600%	15,072.59
179	01/01/22	6.600%	15,072.59	219	05/01/25	6.600%	15,072.59
180	02/01/22	6.600%	15,072.59	220	06/01/25	6.600%	15,072.59
181	03/01/22	6.600%	15,072.59	221	07/01/25	6.600%	15,072.59
182	04/01/22	6.600%	15,072.59	222	08/01/25	6.600%	15,072.59
183	05/01/22	6.600%	15,072.59	223	09/01/25	6.600%	15,072.59
184	06/01/22	6.600%	15,072.59	224	10/01/25	6.600%	15,072.59
185	07/01/22	6.600%	15,072.59	225	11/01/25	6.600%	15,072.59
186	08/01/22	6.600%	15,072.59	226	12/01/25	6.600%	15,072.59
187	09/01/22	6.600%	15,072.59	227	01/01/26	6.600%	15,072.59
188	10/01/22	6.600%	15,072.59	228	02/01/26	6.600%	15,072.59
189	11/01/22	6.600%	15,072.59	229	03/01/26	6.600%	15,072.59
190	12/01/22	6.600%	15,072.59	230	04/01/26	6.600%	15,072.59
191	01/01/23	6.600%	15,072.59	231	05/01/26	6.600%	15,072.59
192	02/01/23	6.600%	15,072.59	232	06/01/26	6.600%	15,072.59
193	03/01/23	6.600%	15,072.59	233	07/01/26	6.600%	15,072.59
194	04/01/23	6.600%	15,072.59	234	08/01/26	6.600%	15,072.59
195	05/01/23	6.600%	15,072.59	235	09/01/26	6.600%	15,072.59
196	06/01/23	6.600%	15,072.59	236	10/01/26	6.600%	15,072.59
197	07/01/23	6.600%	15,072.59	237	11/01/26	6.600%	15,072.59
198	08/01/23	6.600%	15,072.59	238	12/01/26	6.600%	15,072.59
199	09/01/23	6.600%	15,072.59	239	01/01/27	6.600%	15,072.59
200	10/01/23	6.600%	15,072.59	240	02/01/27	6.600%	15,072.59

**Exhibit F**  
**PROMISSORY NOTE**

\$1,981,160

Arizona  
April 19, 2007

For Value Received, Las Quintas Serenas Water Company ("Borrower"), promises to pay to WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA ("Lender") or order the aggregate principal amount outstanding on Borrower's loan as shown on Lender's records which shall at all times be conclusive and govern, with interest thereon at an annual rate equal to six and six tenths (6.60%). Interest shall be calculated on a 360-day year for all advances, but, in any case, shall be computed for the actual number of days in the period for which interest is charged. Principal and interest shall be payable at the times and in the manner set forth in the Loan Agreement (as hereinafter defined).

Lender and Borrower have established specific instructions and procedures by which draws against said credit will be presented for disbursement pursuant to the terms and conditions of that certain Loan Agreement of even date herewith (the "Loan Agreement"), but nothing contained herein shall create a duty on the part of Lender to make said disbursement if Borrower is in default. The undersigned shall not be entitled to total disbursements hereunder exceeding one million nine hundred eighty one thousand one hundred sixty dollars and NO/100 (\$1,981,160) lesser amount determined in accordance with the Loan Agreement with respect to the Loan (as defined in the Loan Agreement).

All amounts payable hereunder shall be paid in lawful money of the United States. Principal and interest shall be payable at 1110 W. Washington, Suite 290, Phoenix, AZ, 85007, or at such other place as the holder hereof may designate. Borrower may prepay the Loan, in whole or in part, at any time without premium or penalty pursuant to Section 1(a) of the Standard Terms and Conditions relating to the Loan.

Absent a default under this Note or the Loan Agreement, any payments received by the holder hereof shall be applied first to sums, other than principal and interest, due the holder hereof, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal. Any payments received by the holder hereof after any Event of Default (as defined in the Loan Agreement) shall be applied to the amounts specified in this paragraph in such order as the holder hereof may, in its sole discretion, elect.

If any payment of interest and/or principal is not received by the holder hereof when such payment is due, then, as additional remedies, (a) a late charge of six percent (6%) of the amount due and unpaid will be added to the delinquent amount for any payment past due in excess of fifteen (15) days and (b) all past due payments of principal and/or interest shall bear interest from their due date until paid at an annual rate equal to the sum of (i) six percent (6%) and (ii) the interest rate specified herein, payable on demand (the "Default Rate").

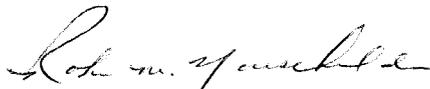
This Note shall become immediately due and payable at the option of the holder hereof without presentment or demand or any notice to Borrower or any other person obligated hereon, upon default in the payment of any of the principal hereof or any interest thereon when due, or if any event occurs or condition exists which authorizes the acceleration of the maturity hereof under the Loan Agreement. Time is of the essence with regard to all payment obligations in this Note. Failure to exercise any remedy or right hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

In the event any holder hereof utilizes the services of an attorney in attempting to collect the amounts due hereunder or to enforce the terms hereof or of any agreements related to this indebtedness, or if any holder hereof becomes party plaintiff or defendant in any legal proceeding in relation to the property described in any instrument securing this Note or for the recovery or protection of the indebtedness evidenced hereby, Borrower, its successors and assigns, shall repay to such holder hereof, on demand, all costs and expenses so incurred, including reasonable attorney's fees, including those costs, expenses and attorney's fees incurred after the filing by or against the Borrower of any proceeding under any chapter of the Bankruptcy Code, or similar federal or state statute, and whether incurred in connection with the involvement of any holder hereof as creditor in such proceedings or otherwise.

Borrower and all sureties, endorsers and guarantors of this Note waive demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notice, filing of suit and diligence in collecting this Note or the release of any party primarily or secondarily liable hereon and further agree that it will not be necessary for any holder hereof, in order to enforce payment of this Note by any of them, to first institute suit or exhaust its remedies against any maker or others liable herefor, and consent to any extension or postponement of time or payment of this Note or any other indulgence with respect hereto without notice thereof to any of them.

Notwithstanding any provision contained herein to the contrary, the applicable rate of interest agreed to herein shall include the applicable interest rate described herein, in accordance with the terms of this Note, and any additional charges, costs and fees incident to this loan to the extent they are deemed to be interest under applicable Arizona law. Should the applicable rate of interest as calculated under this Note exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Las Quintas Serenas Water Company

By  \_\_\_\_\_

Name: Rohn Householder

Title: LQS Board Secretary/Treasurer

"Borrower"