



BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER BUCKEYE,
INC. FOR AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-02451A-06-0792

NOTICE OF FILING

Water Utility of Greater Buckeye ("WUGB") provides a copy of the Line Extension Agreement with Talas Homes, which has previously been provided to Commission Staff at their request. Under this agreement, on-site facilities will be constructed by the developer and will be considered Advances-in-aid-of-Construction ("AIAC").

RESPECTFULLY SUBMITTED this 5th day of September 2007.

ROSHKA, DEWULF & PATTEN, PLC

By
Michael W. Patten
Timothy J. Sabo
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Original and 13 copies of the foregoing
filed this 5th day of September 2007 with:

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

1 Copy of the foregoing hand-delivered/mailed
2 this 5th day of September 2007 to:

3 Lyn A. Farmer, Esq.
4 Chief Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington Street
8 Phoenix, Arizona 85007

9 Christopher C. Kempley, Esq.
10 Chief Counsel, Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Ernest G. Johnson, Esq.
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 By *Rebecca Amador*

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27

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
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TELEPHONE NO 602-256-6100
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TALAS HOMES

WATER UTILITY OF GREATER BUCKEYE, INC.
3800 NORTH CENTRAL AVENUE, SUITE 770
PHOENIX, ARIZONA 85012
Phone: (602) 224-0711 FAX (602) 224-5455

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EXHIBITS

- Exhibit A - Legal Description of Property
- Exhibit B - Water-Related Facilities Plans for
Project No. _____ Sheet Nos. _____ to _____.
- Exhibit C - Cost Estimate for Water-Related Facilities
- Exhibit D - Company's Special Provisions

WATER UTILITY OF GREATER BUCKEYE, INC.
3800 NORTH CENRAL AVENUE, SUITE 770
PHOENIX, ARIZONA 85012
Phone: (602) 224-0711 FAX (602) 224-5455

LINE EXTENSION AGREEMENT

THIS AGREEMENT, made this 5th day of April, 2006, by and between WATER UTILITY OF GREATER BUCKEYE, INC., an Arizona corporation ("Company") and Talas Construction Corporation, an Arizona Corporation ("Applicant");

WHEREAS, Company has the Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service west of West Phoenix Estates X to the 311 Avenue and McDowell Road subdivision known as Montana Vista, consisting of approximately 53 lots of 35,000 square feet or more and more specifically described on EXHIBIT A attached hereto and incorporated herein by this reference (the "Property");

WHEREAS, Applicant owns and intends to develop the Property and has requested Company to provide water service to the Property;

WHEREAS, certain Water-Related Facilities must be designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property;

WHEREAS, Applicant is willing to finance, design, install and construct said Water-Related Facilities, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and as a predicate to the Property receiving water service, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water-Related Facilities set forth in those certain engineering plans, dated February 3, 2006, drafted by Sage Engineering Corp., consisting of 6 pages not attached hereto but incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. No other or further amendments shall be permitted without written authorization of Company. The facilities to be constructed pursuant to the Plans are hereinafter referred to as the "Water-Related Facilities". Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant shall design construct and install the Water-Related Facilities and shall pay all of the costs related thereto and/or arising directly or indirectly from this Agreement or any undertaken in the performance thereof, including, but not limited to, the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, known or unknown, present or future regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Time of Payment: Applicant, prior to Company's written acceptance of the Water-Related Facilities, shall pay all costs incurred by Applicant with any third party in the performance of this Agreement. Prior to Company's written acceptance of the Water-Related Facilities, but not later than thirty (30) days after completing construction, Applicant shall pay Company Five Percent (5%) of the total cost of construction, as determined by Paragraph 4 hereof, up to a maximum of Ten Thousand Dollars (\$10,000.00) as and for Company's cost of engineering, computer modeling analysis, inspection, administrative overhead, and attorneys' fees incurred in connection with this Agreement. All other costs payable by Applicant to Company hereunder shall be due and payable the later of: a) prior to the Company's written acceptance of the Water-Related Facilities, or b) within fifteen (15) days of receiving a bill therefore. Interest shall accrue on any unpaid balance at the rate of 1.5% per month. All sums paid by the Applicant pursuant to this Paragraph 3 and supported by documentation as required by Paragraph 5, shall be deemed advances-in-aid-of-

construction refundable as set forth in Paragraph 6 hereof.

4. Actual Cost Shall Govern: The estimated total cost of the Water-Related Facilities is One hundred twenty eight thousand, nine hundred fifteen 00/XX Dollars (\$128,915) as shown on Exhibit C. Applicant acknowledges the estimate is non-binding and hereby agrees to pay the actual cost of the Water-Related Facilities.

5. Documentation: Applicant shall, as a condition of acceptance of the Water-Related Facilities by Company and not later than sixty (60) days after completing construction, furnish Company with:

a) copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water-Related Facilities;

b) lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water-Related Facilities;

c) receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water-Related Facilities;

d) "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water-Related Facilities; and

e) all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water-Related Facilities requested by Company.

6. Return of Advance: The cost of construction and installation of Water-Related Facilities advanced by Applicant pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 5 hereof, is subject to refund by Company to Applicant. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body

or pursuant to a cost adjustment mechanism approved by the ACC) derived from the provision of water served from each customer service line leading up to and taken from water mains installed by Applicant pursuant to this Agreement.

Refunds shall be payable for a period of ten (10) years commencing from the earlier of: 1) the date of Company's acceptance of the Water-Related Facilities, or b) the first day of the month following 365 days from the execution of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept. If Company does not exercise its right to purchase hereunder within 30 days after receipt of notice, the Company shall be deemed to have elected not to exercise its right to purchase and waives all rights hereunder.

8. Governmental Approvals: Prior to purchasing materials for or commencing construction of the Water-Related Facilities, Applicant shall pay for and provide to Company all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary to install, construct and maintain the Water-Related Facilities.

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Provision and Use of Wellsites, Booster Sites and Storage Tank Sites: Applicant agrees, at no cost to and in a form acceptable to Company, to establish and convey to Company the wellsite(s), herein identified as parcel A on the final plat of Montana Vista, booster site(s), and storage tank site(s) that Company, in its sole discretion, deems necessary for the location

of the Water-Related Facilities. It is understood Company shall have the right to reject any site offered or permit condition which Company and/or Company's engineers, in their sole discretion, do not feel appropriate or suitable for Company's needs and, in such circumstance, Applicant shall be obligated to establish and convey a replacement site therefore suitable to Company, at no cost to Company. Conveyance of such site(s) must be by warranty deed and free and clear of all liens and encumbrances whatsoever.

11. Obligation to Commence: Applicant shall commence construction of Water-Related Facilities no later than December 30, 2006. Should construction not commence within such period, or such longer period as mutually agreed to in writing or if Applicant fails to pursue completion with reasonable diligence as determined by Company, Company may cancel this Agreement upon ten (10) days written notice to Applicant. In the event the Agreement is canceled, neither party hereto shall have any further obligations to the other hereunder, except that Applicant shall be responsible and pay to Company an amount equal to the costs actually incurred by Company, including, but not limited to, engineering and legal fees and costs incurred in the preparation of this Agreement. Any advances Company has received in excess of the actual costs shall be refunded to Applicant.

12. Company's Right to Stop Work: If Applicant materially fails to perform in accordance with this Agreement, Company, by a written order signed by a duly designated representative of the Company, may order Applicant to stop, and Applicant shall stop construction and installation of the Water-Related Facilities, or any portion thereof, until the cause for such order has been eliminated.

13. Contractor's License: Unless another classification is appropriate, all construction, installation and connection of Water-Related Facilities shall be done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

14. Construction Standards: The size, design, type and quality of materials shall be in accordance with good utility practices, the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit D), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications shall meet or exceed the standards and specifications of the Maricopa Association of Governments, and

shall be approved in writing by Company before being submitted to ADEQ, or its designee, or the Arizona Corporation Commission ("ACC") for approval. Approval by Company will not be unreasonably withheld or delayed. Water-Related Facilities will be designed and constructed with sufficient capacity to accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity, without adversely impacting water service to other customers of Company. Upon the request of Company, the Water-Related Facilities or any portion thereof, shall be oversized, provided Company shall be responsible for and pay the incremental increase in costs and expenses related to the oversizing prior to the Applicant commencing work on such oversized facilities.

15. Inspection and Testing: Applicant shall comply with the inspection and testing requirements of Company and any governmental agency having jurisdiction over the construction, installation and connection of the Water-Related Facilities. Any inspection or testing requirement imposed by Company shall be reasonable and shall not cause Applicant unwarranted delays in the ordinary course of construction. Unless otherwise agreed, Applicant shall notify Company or Company's designated Engineer that Water-Related Facilities are ready for inspection and/or testing, prior to covering or otherwise limiting access to the facility and when inspection or testing is otherwise required. Company, or its designated Engineer shall make an initial inspection of the facility within forty-eight (48) hours after being so notified, excluding weekends and holidays. Inspection or testing by Company shall in no way relieve or limit Applicant's responsibility and liability for construction and installation of Water-Related Facilities in accordance with the terms of this Agreement; provided, however, if Applicant requires or otherwise obtains a performance bond acceptable to Company, Applicant may require Company to proceed solely against the bond to remedy defects and deficiencies in construction, materials and workmanship.

16. Acceptance of Facilities: No Water-Related Facilities will be deemed accepted unless a) accepted in writing by Company or b) documentation of conveyance has been delivered to and accepted by Company. Company shall not unreasonably refuse to accept Water-Related Facilities when offered by Applicant; provided, however, Company has no obligation to accept Water-Related Facilities, or any portion thereof, if a) not constructed in conformance with the Plans, b) determined to be unsatisfactory in any material respect upon inspection or testing, c) not paid for in full, d) lien-ed or encumbered in any way, e) not located on Company property, easement or right-of-way, or f) not supported by proper documentation. Within sixty (60) days of Applicant tendering the facilities for acceptance, Company shall provide written notification of any defects and items left to be completed. Applicant shall promptly correct all

defects and complete all items so identified.

17. Temporary Use of Facilities: Applicant irrevocably consents to Company's use of all or any portion of the Water-Related Facilities, without cost to Company, prior to formal acceptance thereof. Any water service provided by Company to the Property prior to written acceptance of the Water-Related Facilities as provided herein is provided on a temporary basis only, subject to termination on ten (10) days written notice that temporary service will no longer be available until Applicant meets all conditions precedent to acceptance of the Water-Related Facilities.

18. Risk of Loss: All risk of loss shall be with Applicant until written acceptance by Company of the Water-Related Facilities. Applicant shall repair or cause to be repaired promptly, at no cost to Company, all damage to the Water-Related Facilities caused by construction operations until all construction under this Agreement has been completed and accepted in writing by Company.

19. Performance Bond and Labor and Material (Payment) Bond: Upon Company's request, Applicant shall provide Company with Performance and Payment Bonds for 100% of the estimated cost set forth on Exhibit 2. Each Bond shall be executed by a Surety holding a Certificate of Authority to transact surety business in the State of Arizona issued by the Director of the Department of Insurance. The Bond shall be written or countersigned by an authorized representative of the Surety who is either a resident of the State of Arizona or whose principal office is maintained in the State of Arizona. The Bond shall have attached thereto a certified copy of the Power of Attorney for the signing official. The bonding company shall be rated "Best Rated A" or better by the A.M. Best Company and shall be otherwise acceptable to Company.

20. Title to Property in Utility: The Water-Related Facilities constructed pursuant to this Agreement shall become upon acceptance thereof by Company, and shall remain, the sole property of Company without the requirement of any written document of transfer to Company. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method hereinafter described. However, Applicant shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

21. Warranty: Unless otherwise provided in Exhibit B,

Applicant warrants to Company that all materials and equipment furnished under this Agreement will be new, and that the Water-Related Facilities will be of good quality, free from faults and defects. Applicant further guarantees the Water-Related Facilities for a period of two (2) years from the date of their acceptance by Company. Should any portion of the Water-Related Facilities need replacement or repair within two (2) years from the date of completion due to construction methods or material failure, Applicant shall replace such portion of the Water-Related Facilities at no cost to Company. If Applicant or its subcontractors fail within 30 days to replace or repair any portion of the Water-Related Facilities deemed to be needed, Company may cause said Water-Related Facilities to be replaced or repaired and Applicant agrees to pay all costs incurred therein; provided, however, if Applicant has obtained a performance bond which has been accepted by Company, Applicant may require Company to first proceed against the bond to remedy defects and deficiencies in construction, materials and workmanship. Any portion of the Water-Related Facilities not conforming to the Agreement, including substitutions not properly approved and authorized, may be considered defective. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water-Related Facilities.

22. Insurance: Applicant or its subcontractors shall secure and maintain until acceptance of the Water-Related Facilities, the following insurance in the name of Applicant, naming Company as additional insured with respect to claims which may arise out of or result from Applicant's acts, operations or negligence or those of its subcontractors, or anyone directly or indirectly employed by any of them including officers, employees, agents or representatives for matters related to this Agreement. The coverage shall be provided on an "occurrence" basis rather than a "claims made" basis, shall be provided without offset against Company's existing insurance and provide for a minimum of thirty (30) days notice to Company prior to cancellation, reduction in coverage or other substantial modification. Applicant shall provide a Certificate of Insurance which sets forth the following minimum amounts and types of coverage:

<u>TYPE OF COVERAGE</u>	<u>AMOUNT NO LESS THAN</u>
Workers' Compensation	Statutory
Employers Workers' Compensation Liability	\$100,000 each accident \$100,000 disease each employee \$500,000 disease aggregate
Commercial General Liability (including contractual liability for this Contract;	\$1,000,000 per occurrence \$2,000,000 aggregate combined single limit

broad form property damage;
completed operations; and
explosion, collapse and
underground coverage)

Vehicle Liability \$1,000,000 combined single
(including owned, hired and limit
non-owned coverages)

Applicant shall submit to Company proof of the required insurance prior to commencing construction of the Water-Related facilities pursuant to this Agreement and/or at such other time(s) as deemed appropriate by Company. Applicant shall obtain the above-described insurance from insurance companies which are duly authorized to issue such policies in the State of Arizona, "Best Rated A" or better than the A.M. Best Company, and otherwise acceptable to Company. Applicant shall maintain such insurance coverage until all the Work has been completed and the Water-Related Facilities has been accepted in writing by Company.

Company shall not be obligated to review any of the Applicant's Certificates of Insurance, insurance policies or endorsements or to advise Applicant of any deficiencies in such documents and any receipt of copies or review by Company of such documents shall not relieve Applicant from or be deemed a waiver of Company's right to insist on strict fulfillment of Applicant's obligations under this paragraph.

23. Protection of Persons and Property: Applicant and its employees, officers, agents, contractors, subcontractors, heirs and assigns shall adopt every practical means and comply with all laws, ordinances and regulations in order to minimize interferences to traffic, and to avoid inconveniences, discomfort, loss damage and injury to persons and property, including the provision of adequate dust control measures during the construction, installation or connection of the Water-Related Facilities. All obstruction to traffic shall be guarded. Neither Applicant nor any subcontractor shall trespass upon private property. Applicant shall protect against injury or damage to pipes, sewer conduits, electrical conduits, lawns, gardens, shrubbery, trees, fences, or other structures or property, public and/or private, encountered in the performance of this Agreement. Applicant shall be responsible and liable for any injury or damage to persons or property, directly or indirectly, resulting from the actions or inactions of Applicant, its officers, directors, agents, employees and representatives; including contractors completing the Water-Related Facilities; excepting injury or damage arising from the negligence of public enemy, inevitable accidents, fire, explosions, strikes, riots, war or any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Company's production, storage, transmission or distribution

facilities.

24. Indemnification: Applicant shall indemnify and hold harmless Company, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein. The provisions of this Paragraph shall survive termination of this Agreement.

25. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water-Related Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

Applicant is requesting retail potable water service to the Property for domestic use only. Company does not hereby agree to furnish water for industrial, lake, irrigation, golf course or any other non-domestic purpose, but may do so if so agreed by separate agreement. COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water-Related Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water-Related Facilities has been completed and accepted in writing by Company; and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

26. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features. Applicant shall take all steps necessary, including restricting outside lawns and vegetation through recorded covenants, conditions and restrictions, to limit total water usage on the Property, and on individual lots and facilities within the Property a) to levels at or below the gallons per capita per day standard recognized by the Arizona Department of Water Resources for Company and b) in accordance with any other water use standard applicable to Company and set by law, regulation, order or tariff.

27. Non-Agents: It is agreed that Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Company and shall not incur any costs or expenses on behalf of Company.

28. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Mr. Brady Bartlett, President
Talas Homes
604 W. McKellips, Suite 2
Mesa, AZ 85201

with a faxed copy to: (480) 610-8401

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Water Utility of Greater Buckeye, Inc.
3800 North Central Avenue, Suite 770
Phoenix, Arizona 85012
ATTN: J. John Mihlik, President

with a faxed copy to: (602) 224-5455

or to such other addresses or addressees as Company may advise Applicant in writing.

29. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Company, which consent shall not be unreasonably withheld, and any attempted assignment without such consent shall be void and of no effect.

30. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

31. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

32. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

33. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

34. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company

or Applicant until such time as it is executed by all parties and actually approved by the ACC and/or the Utilities Division thereof.

35. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

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

WATER UTILITY GREATER BUCKEYE, INC.,

an Arizona Corporation

By: _____

J. John Mihlik, President

Talas Construction
Corporation,
an Arizona Corporation

By: _____

Brady Bartlett, President

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

On this 5th day of April, 2006, before me, the undersigned, a Notary Public, personally appeared J. John Mihlik who acknowledged himself to be the President of Water Utility of Greater Buckeye, Inc., an Arizona corporation and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

Jill Karpinski



JILL KARPINSKI
Notary Public - Arizona
Maricopa County
Expires 04/15/09

Notary Public

STATE OF ARIZONA)
) ss.
COUNTY OF Maricopa)

On this 4th day of April, 2006, before me, the undersigned, a Notary Public, personally appeared Brady Bartlett who acknowledged himself to be the President of Talas Construction Corporation, an Arizona corporation, and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires: Sept. 14, 2009

[Signature], acknowledgment of
a:\lineex.val signature, only, for Brady Bartlett

Notary Public



Exhibit A
Legal Description of Property

That portion of Section 1, Township 1 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows;

BEGINNING at the North quarter corner of said Section 1;

THENCE South $0^{\circ}19'17''$ East, a distance of 298.56 feet;

THENCE South $89^{\circ}37'52''$ West, a distance of 800.00 feet;

THENCE South $46^{\circ}59'19''$ West, a distance of 136.03 feet;

THENCE North $89^{\circ}55'22''$ West, a distance of 916.11 feet;

THENCE North $0^{\circ}19'44''$ West, a distance of 397.72 feet;

THENCE South $89^{\circ}55'22''$ East, a distance of 1,816.17 feet to the TRUE POINT OF BEGINNING.

Lots 3 and 4 and the South half of the Northwest quarter of Section 1, Township 1 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona

EXCEPT the South half of the Southeast quarter of the Northwest quarter of said Section 1, and

EXCEPT the Southwest quarter of the Northwest quarter of said Section 1, and

EXCEPT the South half of the South half of said Lot 4, and

EXCEPT that portion lying within the West 50 acres of the Northwest quarter of said Section 1, and

EXCEPT that portion of Section 1, Township 1 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows;

BEGINNING at the North quarter corner of said Section 1;

THENCE South $0^{\circ}19'17''$ East, a distance of 298.56 feet;

THENCE South $89^{\circ}37'52''$ West, a distance of 800.00 feet;

THENCE South $46^{\circ}59'19''$ West, a distance of 136.03 feet;

THENCE North $89^{\circ}55'22''$ West, a distance of 916.11 feet;

THENCE North $0^{\circ}19'44''$ West, a distance of 397.72 feet;

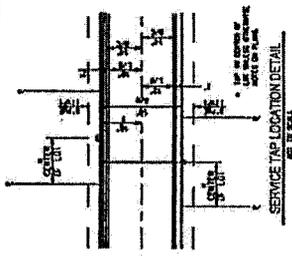
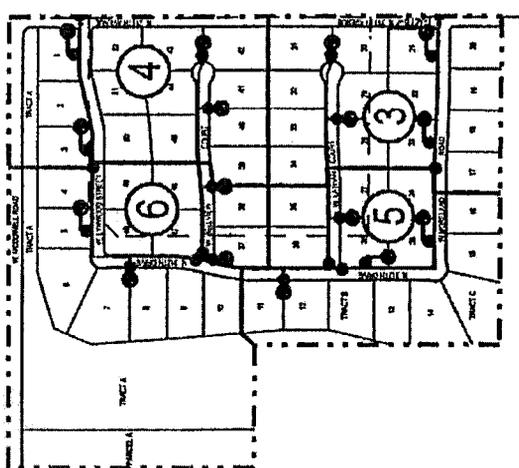
THENCE South $89^{\circ}55'22''$ East, a distance of 1,816.17 feet to the TRUE POINT OF BEGINNING.

Exhibit B

Water-Related Facilities Plans

MONTAÑA VISTA WATER PLAN

A PORTION OF SECTION 1, TOWNSHIP 1 NORTH,
RANGE 5 WEST OF THE GILA & SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA



ESTIMATED QUANTITIES:

ITEM	QUANTITY	UNIT
12" WATER MAIN	100	LINEAL FEET
6" WATER MAIN	100	LINEAL FEET
4" WATER MAIN	100	LINEAL FEET
12" WATER MAIN	100	LINEAL FEET
6" WATER MAIN	100	LINEAL FEET
4" WATER MAIN	100	LINEAL FEET
12" WATER MAIN	100	LINEAL FEET
6" WATER MAIN	100	LINEAL FEET
4" WATER MAIN	100	LINEAL FEET

SPECIAL NOTES:

- THE WATER MAINS SHALL BE INSTALLED AT A MINIMUM OF 48" BELOW FINISHED GRADE.
- ALL WATER MAINS SHALL BE INSTALLED IN ACCORDANCE WITH THE MARICOPA COUNTY WATER MAIN SPECIFICATIONS.
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- ALL WATER MAINS SHALL BE INSTALLED IN ACCORDANCE WITH THE MARICOPA COUNTY WATER MAIN SPECIFICATIONS.

UTILITY CONFLICTS:

NO CONFLICTS WERE IDENTIFIED DURING THE FIELD SURVEY.

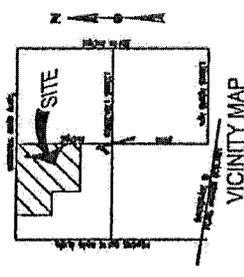
UTILITY	DEPTH	DATE
WATER	48"	02/01/2006
SEWER	48"	02/01/2006
ELECTRICITY	48"	02/01/2006
TELEPHONE	48"	02/01/2006

AS BUILT CERTIFICATION:

I, THE ENGINEER, HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS WATER PLAN IS A TRUE AND CORRECT REPRESENTATION OF THE AS BUILT CONDITIONS.

MARICOPA COUNTY ENVIRONMENTAL SERVICES DEPARTMENT:

APPROVED FOR THE MARICOPA COUNTY ENVIRONMENTAL SERVICES DEPARTMENT:



WATER UTILITIES OF GREATER BUCKEYE, INC.

THE WATER MAINS SHALL BE INSTALLED IN ACCORDANCE WITH THE MARICOPA COUNTY WATER MAIN SPECIFICATIONS.

APPROVAL BLOCK:

DATE: 02/01/2006

BY: [Signature]

DEFINITION OF ABBREVIATIONS:

1. 12" WATER MAIN

2. 6" WATER MAIN

3. 4" WATER MAIN

4. 12" WATER MAIN

5. 6" WATER MAIN

6. 4" WATER MAIN

M.A.S. STANDARD DETAILS:

SEE M.A.S. STANDARD DETAILS FOR WATER MAINS.

DEVELOPER:

GREATER BUCKEYE, INC.

ENGINEER:

ALBERTO GARCIA, P.E.

WATER SYSTEM OWNER/OPERATOR:

GREATER BUCKEYE, INC.

INDEX OF SHEETS:

1. WATER MAINS

2. SERVICE TAPS

3. VALVES

4. METER

CONTACT INFORMATION:

ALBERTO GARCIA, P.E.

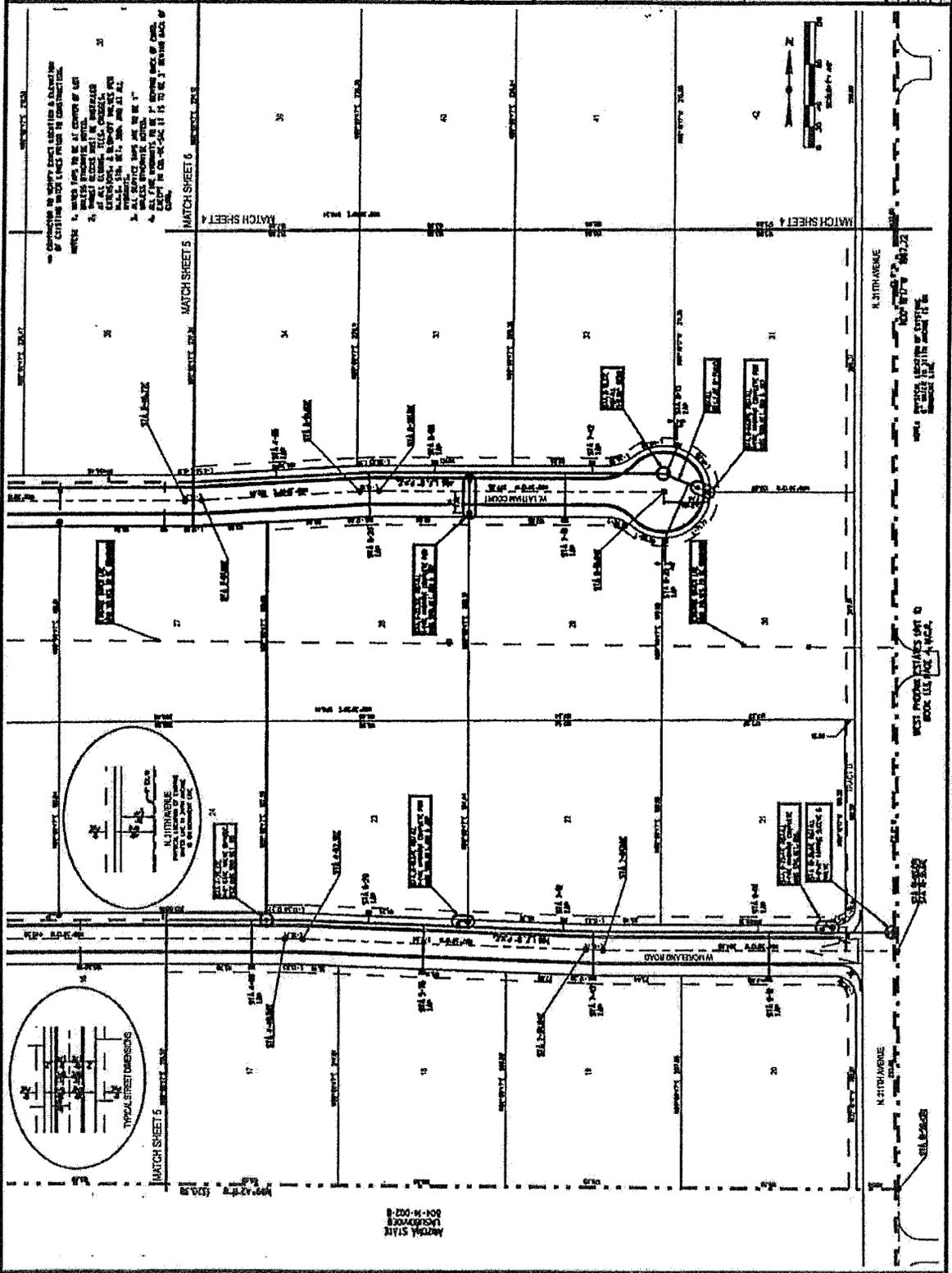
1000 N. CENTRAL AVENUE, SUITE 100

PHOENIX, AZ 85004

PHONE: 602-955-1234

FAX: 602-955-1234

EMAIL: AGARCIA@GBCI.COM



1. CONSTRUCTION OF WATER MAIN SHALL BE IN ACCORDANCE WITH THE CITY OF BUTTE WATER MAIN SPECIFICATIONS.

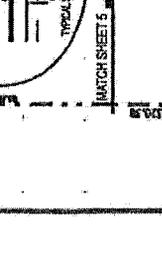
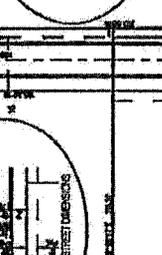
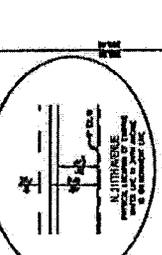
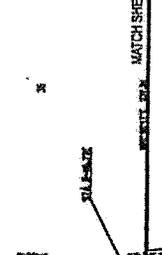
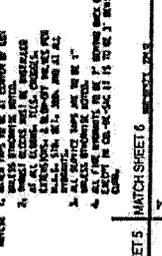
2. ALL WATER MAINS SHALL BE 12" DIAMETER UNLESS OTHERWISE NOTED.

3. ALL WATER MAINS SHALL BE 15' DEEP UNLESS OTHERWISE NOTED.

4. ALL WATER MAINS SHALL BE 15' DEEP UNLESS OTHERWISE NOTED.

5. ALL WATER MAINS SHALL BE 15' DEEP UNLESS OTHERWISE NOTED.

6. ALL WATER MAINS SHALL BE 15' DEEP UNLESS OTHERWISE NOTED.



WEST PROPOSED STAINES UNIT TO BE LOCATED AS SHOWN ON SHEET 1374005-01.

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MONTANA STATE ENGINEERING CORPORATION
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 BUTTE, MONTANA 59717

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