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COMMISSIONERS

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

AZ CORP COMMISSION
DOCKET CONTROL

2007 OCT 19 P 4: 01

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0307

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-05-0307

Global Water-Palo Verde Utilities Company and Global Water-Santa Cruz Water
Company (collectively, "Global" Water") files its Amended Franchise Agreements.

RESPECTFULLY SUBMITTED this 19th day of October 2007.

ROSHKA DEWULF & PATTEN, PLC

By

Timothy J. Sabo
Michael W. Patten
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

Arizona Corporation Commission
DOCKETED
OCT 19 2007

DOCKETED BY *ne*

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing
filed this 19th day of October 2007, with:

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

5 Copies of the foregoing hand-delivered/mailed
6 this 19th day of October 2007, to:

7 Yvette Kinsey, Esq.
Administrative Law Judge
8 Hearing Division
Arizona Corporation Commission
9 1200 West Washington
Phoenix, Arizona 85007

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

13 Ernest G. Johnson, Esq.
14 Director, Utilities Division
Arizona Corporation Commission
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By Albee Amund

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When recorded mail to:

Clerk of the Board Office
P.O. Box 827
Florence, Arizona 85232



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLER

DATE/TIME: 09/27/07 1230
FEE: \$0.00
PAGES: 22
FEE NUMBER: 2007-108949

(The above space reserved for recording information)

CAPTION HEADING

Palo Verde Utilities Company L.L.C. Wastewater Utility Franchise Expansion.

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT. THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT HAND CORNER IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY RECORDER'S OFFICE.

Expansion and Amendment Of The Palo Verde Utilities Company Franchise

WHEREAS, Palo Verde Utilities Company, LLC had received a wastewater franchise from Pinal County to establish and maintain wastewater services on December 3, 1997 (1998-007179), amended on September 24, 2003 (2003-067753) (hereinafter "Existing Franchise"); and

WHEREAS, Palo Verde Utilities Company, LLC an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining sewer 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 "Expansion").

WHEREAS, upon filing of Palo Verde Utilities Company LLC's application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 a.m. on September 19, 2007, at the Pinal County Board of Supervisors' Hearing Room, Administration Building A, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 a.m. on September 19, 2007; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune and the Casa Grande Dispatch 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 & Blade Tribune and Casa Grande Dispatch published on August 30, 2007, September 6, 2007 and September 13, 2007; and the matter being called for hearing at 9:30 a.m., on September 19, 2007 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 amend an existing franchise under its general police powers in such matters.

Second Amended
Palo Verde Utilities Company

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing 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: Palo Verde Utilities Company, LLC, an Arizona limited liability company, its successors and assigns
- E. Grantee's Facilities: sewer lines and related appurtenances

Section 2: GRANT

A. Grantor, on September 19, 2007, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Second Amended Franchise") for the purpose of constructing, operating and maintaining sewer lines and related appurtenances along, under and across public streets, alleys and highways, 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 Expansion and the Existing Franchise (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Second Amended 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 and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

Second Amended
Palo Verde Utilities Company

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require the 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 Amendment 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 Second Amended 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 and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the Second Amended Franchise which may become obsolete or impractical; and to impose such additional conditions upon the 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 a public hearing, if such is legally required or requested by grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Second Amended Franchise herein granted shall expire on the date provided for in the Original Franchise, or upon any prior forfeiture; and upon its termination, Grantee shall cease to exercise under the terms of the Second Amended Franchise the privileges herein granted. In the event Grantee desires a renewal of the Second Amended 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 Second Amended Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Second Amended Franchise, or any renewal thereof, the grantee shall remove its facilities from the streets, alleys, ways, highways and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six months of such termination, County may deem any property not removed as having been abandoned.

Second Amended
Palo Verde Utilities Company

Section 4: REGULATION

Grantee, its successors and assigns shall be subject to reasonable regulations for the maintenance by grantee, its successors and assigns, of such portion of the public streets, alleys and highways used for the purpose of the Second Amended Franchise now in force or that may hereafter be enacted and inconsistent herewith.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Prior to the beginning of any construction for installation of sewer lines and related appurtenances, the Grantee, its successors and assigns will submit a plan of proposed construction to the Pinal County Engineer and will not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee under the Second Amended 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 Second Amended 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 in the highways or streets and for the proper restoration of such highways, streets and structures, and for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Second Amended Franchise by grantee shall impose upon County the duty to maintain any public street, alley or highway unless County accepts said public street, alley or highway 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 Second Amended Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects be adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained so as not to interfere with the use and enjoyment of the public streets, alleys and highways. All of Grantee's Facilities erected by Grantee shall be maintained in a safe, suitable, substantial condition and in good order and repair.

Second Amended
Palo Verde Utilities Company

Section 8: EXPANSION

Grantee will, from time to time, during the term of the Second Amended Franchise make such enlargements and extensions of its sewer 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 Grantee's rules and regulations.

Section 9: RELOCATION

A. During the term of the Second Amended Franchise whenever County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public streets, alleys and highways in the Franchise Area during the term of the Second Amended Franchise, then and in such event, Grantee, its successors or assigns, at its own expense, shall promptly, upon reasonable notice, make such changes in the location, structure or alignment of its sewer lines and related appurtenances as the public officials in charge of such work may deem necessary.

B. After thirty (30) days notice to Grantee, of needed changes or corrections and upon the failure of Grantee, to make such changes set forth in Section 9(A) above or to correct any damage to the right-of-way of any public street, alley or highway within the Franchise Area caused directly or indirectly by Grantee, its agents, successors or assigns, County or its successors shall have the right to make such changes or corrections at the expense of said Grantee, its successors or assigns, and such expenses shall be due and payable upon written demand by County or its successors to Grantee, its successors or assigns.

Section 10: LIABILITY

A. If any streets, highways, alleys, ways, bridges, sidewalks, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its employees, contractors, subcontractors or agents in the construction, installation, operation and maintenance of Grantee's Facilities under the Second Amended Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as soon as practicable and in as good condition as before Grantee's entry and to the satisfaction of County. If Grantee fails to make such restoration and repairs within a reasonable time as determined by County, then County may fix a reasonable time for such restoration and repairs and shall notify Grantee in writing of the restoration and repairs required and the time fixed for the performance thereof. Upon failure of Grantee to comply within the time specified, County may cause proper restoration and repairs to be made, and the expense of such work shall be paid by Grantee upon demand by County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance by Grantee its employees, contractors, subcontractors or agents of Grantee's Facilities under the Second Amended Franchise together with all physical damage which shall be done to such injured property through any act or omission of

Grantee, its employees, contractors, subcontractors or agents arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Second Amended Franchise that County shall not and does not by reason of the Second Amended 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 Second Amended Franchise agrees for itself, its successors and assigns that throughout the entire term of this franchise, Grantee, its successors and assigns, 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 by the construction, design, installation, operation or maintenance of any structure, equipment, sewer lines or related appurtenances by Grantee 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 Second Amended 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 days after the date this Second Amended Franchise is accepted by County. This Second Amended 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 Second Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Second Amended Franchise accepts the validity of the terms and conditions of the Second Amended 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 Second Amended 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 Second Amended 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 Second Amended Franchise not expressed therein. Grantee by its acceptance of the Second Amended 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 Second Amended Franchise.

Second Amended
Palo Verde Utilities Company

C. Grantee by its acceptance of the Second Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Second Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Second Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended Franchise, all of which will remain in full force and effect for the term of the Second Amended Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this agreement 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, complete the correction of such default or noncompliance, County shall have the right to revoke this agreement 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 Second Amended 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 Second Amended Franchise, where such seizure is not discharged within thirty (30) days, County may declare the Second Amended Franchise, along with the Original Franchise, 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 Second Amended Franchise, along with the Original 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 for the granting of the Second Amended Franchise.
- B. For any transfer or assignment of this Second Amended Franchise without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Second Amended Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Second Amended Franchise without the prior written consent of County. Said Board shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Second Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

Second Amended
Palo Verde Utilities Company

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal Street
Florence, Arizona 85232

Grantee:

Palo Verde Utilities Company, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

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 Second Amended 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 Second Amended Franchise and a waiver thereof at any time shall not affect any other time.

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 Second Amended Franchise.

Section 25: BOOKS AND RECORDS

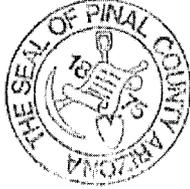
Grantee shall maintain records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee will make such records available to County upon County's request and without cost to County.

Section 26: AD VALOREM TAXES

Grantee shall pay its ad valorem taxes before they become delinquent.

Second Amended
Palo Verde Utilities Company

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 cause its official seal to be affixed on this 19th day of Sept, 2007.



PINAL COUNTY BOARD OF SUPERVISORS

David Snider
David Snider, Chairman

ATTEST:

Sheri Cluff
Sheri Cluff, Clerk of the Board

APPROVED AS TO FORM:

JAMES P. WALSH
PINAL COUNTY ATTORNEY

Rick V. Husk
Rick V. Husk
Deputy County Attorney

Second Amended
Palo Verde Utilities Company

Exhibit A

GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
PALO VERDE UTILITIES COMPANY
PINAL COUNTY, ARIZONA

TOWNSHIP 4 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THAT PORTION OF THE SOUTH HALF OF SECTION 14, TOWNSHIP 4 SOUTH, RANGE 2 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, LYING SOUTH OF THE UNION PACIFIC RAILROAD (FORMERLY THE SOUTHERN PACIFIC RAILROAD).

PARCEL 2

SECTION 15 THROUGH 23, INCLUSIVE, AND SECTION 26 THROUGH 35, INCLUSIVE, TOWNSHIP 4 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 02 THROUGH 11, INCLUSIVE AND SECTION 13 THROUGH 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

SECTION 1 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTH HALF OF THE NORTH HALF OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 2, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 3, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 4, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 5, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE NORTH HALF OF THE NORTH HALF OF SECTION 6, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 4 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 16, TOWNSHIP 4 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE EAST HALF OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 4 SOUTH, RANGE 3 EAST, LYING NORTH OF THE UNION PACIFIC RAILROAD (FORMERLY THE SOUTHERN PACIFIC RAILROAD.)

TOWNSHIP 5 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 16 THROUGH SECTION 21, INCLUSIVE, AND SECTION 28 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE SOUTH HALF OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTH HALF OF SECTION 26, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTH HALF OF SECTION 27, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

SECTION 1 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 1 THROUGH SECTION 4, INCLUSIVE, AND SECTION 9 THROUGH SECTION 16, INCLUSIVE, AND SECTION 21 THROUGH SECTION 24, INCLUSIVE, TOWNSHIP 7 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 25, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 26, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 27, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 28, TOWNSHIP 7 SOUTH,
RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL
COUNTY, ARIZONA.

TOWNSHIP 4 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 17, 18 AND 19, TOWNSHIP 4 SOUTH RANGE 4 EAST, OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF SECTION 20, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF SECTION 21, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 11 THROUGH SECTION 14, INCLUSIVE, SECTION 23, SECTION 26 AND 27,
AND SECTION 31 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 4
EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY,
ARIZONA.

PARCEL 2

THE EAST HALF OF SECTION 15, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA
AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE EAST HALF OF SECTION 22, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA
AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA LYING SOUTH OF THE UNION PACIFIC RAILROAD (FORMERLY SOUTHERN PACIFIC RAILROAD).

PARCEL 5

THE WEST HALF OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

SECTION 28, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT ANY PORTION THEREOF LYING WITH THE AK-CHIN INDIAN RESERVATION.

PARCEL 7

SECTION 29, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT ANY PORTION THEREOF LYING WITH THE AK-CHIN INDIAN RESERVATION.

PARCEL 8

SECTION 30, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE WEST HALF OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

SECTION 2 THROUGH SECTION 11, INCLUSIVE, AND SECTION 14 THROUGH SECTION 22, INCLUSIVE, AND SECTION 27 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTH HALF OF SECTION 25, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER, AND THE THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE SOUTH HALF OF SECTION 26, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 1 THROUGH SECTION 24, INCLUSIVE, TOWNSHIP 7 SOUTH RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 25, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 26, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 27, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 28, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE NORTH HALF OF THE NORTH HALF OF SECTION 29, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE NORTH HALF OF THE NORTH HALF OF SECTION 30, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTH HALF OF SECTION 17, TOWNSHIP 5 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

SECTION 18, TOWNSHIP 5 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTHWEST QUARTER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF LOT 4 OF SECTION 31, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, GENERALLY KNOWN AS THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 31.

PARCEL 5

THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT THAT PORTION GENERALLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 8;
THENCE EAST 185.00 FEET ALONG THE NORTH LINE OF SECTION 8 TO THE POINT OF BEGINNING;
THENCE SOUTH 54 DEGREES EAST, 3317.47 FEET;
THENCE SOUTH 78 DEGREES EAST, 2617.87 FEET TO A POINT ON THE EAST LINE OF SECTION 8;
THENCE NORTH 2353.71 FEET ALONG THE EAST LINE OF SECTION 8;
THENCE WEST TO THE POINT OF BEGINNING.

PARCEL 4

THE NORTH HALF AND THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF AND THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

SECTION 20, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 8

THE SOUTH HALF OF SECTION ³⁰~~31~~, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 9

SECTION 31, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER
BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTIONS 6, 7, 18 AND 19, TOWNSHIP 7 SOUTH RANGE 5 EAST, OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

CONTAINING APPROXIMATELY 166,000 ACRES, MORE OR LESS. THIS AREA IS NOT
BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.




Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Palo Verde Utilities Company, LLC, an Arizona limited liability company, does hereby accept the _____, 2007, grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain sewer 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 described in the Application, which is made a part hereof.

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 Second Amended 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 the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.



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: 09/27/07 1230
FEE: \$0.00
PAGES: 2
FEE NUMBER: 2007-108950

(The above space reserved for recording information)

CAPTION HEADING

Acceptance of Palo Verde Utilities Company L.L.C. Wastewater Utility Franchise Expansion.

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT.
THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT HAND CORNER
IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY
RECORDER'S OFFICE.

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Palo Verde Utilities Company, LLC, an Arizona limited liability company, does hereby accept the September 19, 2007, grant of a Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain sewer 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 described in the Application, which is made a part hereof.

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 Second Amended 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 the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 21 day of September, 2007.

Palo Verde Utilities Company, LLC

Graham Symmonds

By: Graham Symmonds

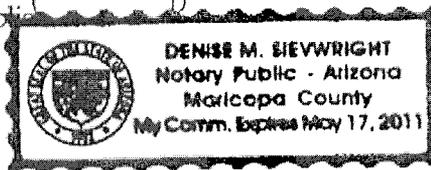
Title: SVP Regulatory Affairs + Compliance

STATE OF ARIZONA)
) ss.
County of MARICOPA)

The foregoing instrument was acknowledged before me this 21 day of September, 2007, by Graham Symmonds, SVP Regulatory Affairs + Compliance of Palo Verde Utilities Company LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein stated.

Denise M. Sievright
Notary Public

My Commission Expires: May 17, 2011



Debbie Amaral

From: Tim Sabo
Sent: Friday, October 19, 2007 1:59 PM
To: Debbie Amaral
Subject: FW: Franchise
Attachments: PVUC Wastewater Utility Franchise Expansion.pdf

Please prepare NOF – docket 05-0307

Timothy J. Sabo
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren, Suite 800
Phoenix, AZ 85004
Phone: 602-256-6100
Fax: 602-256-6800
email: tsabo@rdp-law.com

For more information about Roshka DeWulf & Patten, please see our website at www.rdp-law.com.

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From: Robin Bain [mailto:Robin.Bain@gwresources.com]
Sent: Friday, October 19, 2007 12:00 PM
To: Tim Sabo
Subject: FW: Franchise

Sorry I thought Nellie sent them to you too.



Robin E. Bain, P.E., DEE Phn 623.580.9600
Director of Regulatory Affairs Fax 623.518.4013
Robin.Bain@gwresources.com Cell 623.217.7202

Global Water
21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027

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From: Nellie Rios
Sent: Thursday, October 18, 2007 3:40 PM
To: Graham Symmonds; Robin Bain
Subject: Franchise

10/19/2007



Nellie Rios

Water Reporting -Regulatory Affairs
nellie.rios@gwresources.com

Phn 623.580.9600

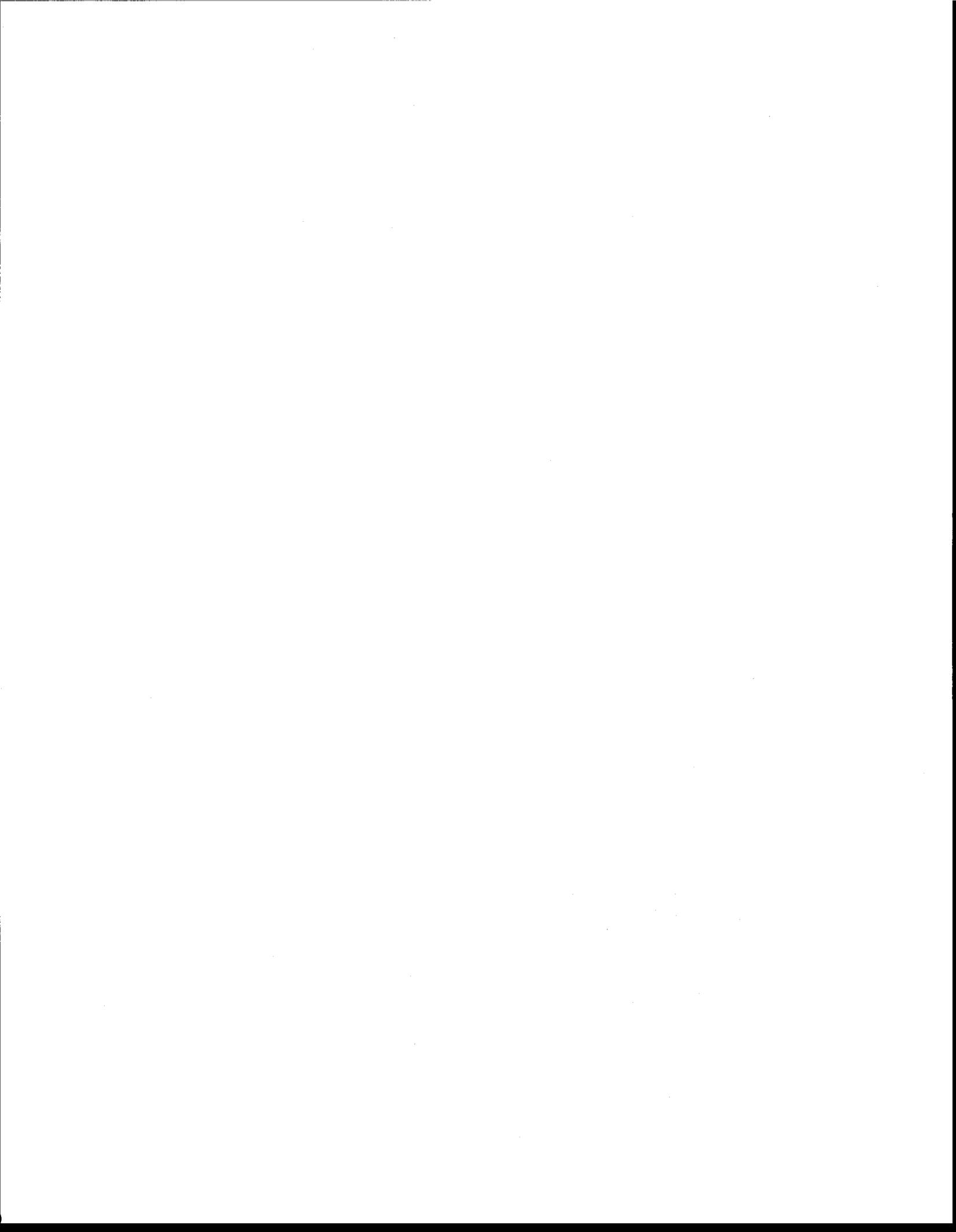
Fax 623.580.9659

Global Water
21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027

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82

When recorded mail to:

Clerk of the Board Office
P.O. Box 827
Florence, Arizona 85232



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE/TIME: 09/27/07 1230
FEE: \$0.00
PAGES: 22
FEE NUMBER: 2007-108947

(The above space reserved for recording information)

CAPTION HEADING

Santa Cruz Water Company L.L.C. Water Utility Franchise Expansion.

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT. THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT HAND CORNER IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY RECORDER'S OFFICE.

Expansion and Amendment Of The Santa Cruz Water Company Franchise

WHEREAS, Santa Cruz Water Company, LLC had received a water franchise from Pinal County to establish and maintain domestic water services on December 3, 1997 (1998-003073), amended on September 24, 2003 (2003-067751) (hereinafter "Existing Franchise"); and

WHEREAS, Santa Cruz Water Company, LLC, an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining domestic water system 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 "Expansion").

WHEREAS, upon filing of Santa Cruz Water Company LLC's application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 a.m. on September 19, 2007, at the Pinal County Board of Supervisors' Hearing Room, Administration Building A, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 a.m. on September 19, 2007; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune and Casa Grande Dispatch 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 & Blade Tribune and Casa Grande Dispatch published on August 30, 2007, September 6, 2007 and September 13, 2007; and the matter being called for hearing at 9:30 a.m., on September 19, 2007, 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 amend an existing franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing 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: Santa Cruz Water Company, LLC, an Arizona limited liability company, its successors and assigns
- E. Grantee's Facilities: domestic water lines and related appurtenances

Section 2: GRANT

A. Grantor, on September 19, 2007, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Second Amended Franchise") for the purpose of constructing, operating and maintaining domestic water system lines and related appurtenances along, under and across public streets, alleys and highways, 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 Expansion and the Existing Franchise (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Second Amended 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 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 sewers, gutters, or improvements to its public highways, streets and alleys,

and for that purpose, to require the 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 Amendment 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 Second Amended 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 and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the Second Amended Franchise which may become obsolete or impractical; and to impose such additional conditions upon the 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 a public hearing, if such is legally required or requested by grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Second Amended Franchise herein granted shall expire on the date provided for in the Original Franchise, or upon any prior forfeiture; and upon its termination, Grantee shall cease to exercise under the terms of the Second Amended Franchise the privileges herein granted. In the event Grantee desires a renewal of the Second Amended 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 Second Amended Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Second Amended Franchise, or any renewal thereof, the grantee shall remove its facilities from the streets, alleys, ways, highways and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee, its successors and assigns shall be subject to reasonable regulations for the maintenance by grantee, its successors and assigns, of such portion of the public streets, alleys and highways used for the purpose of the Second Amended Franchise now in force or that may hereafter be enacted and inconsistent herewith.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Prior to the beginning of any construction for installation of water lines and related appurtenances, the Grantee, its successors and assigns will submit a plan of proposed construction to the Pinal County Engineer and will not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee under the Second Amended 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 Second Amended 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 in the highways or streets and for the proper restoration of such highways, streets and structures, and for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Second Amended Franchise by grantee shall impose upon County the duty to maintain any public street, alley or highway unless County accepts said public street, alley or highway 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 Second Amended Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects be adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained so as not to interfere with the use and enjoyment of the public streets, alleys and highways. All of Grantee's Facilities erected by Grantee shall be maintained in a safe, suitable, substantial condition and in good order and repair.

Section 8: EXPANSION

Grantee will, from time to time, during the term of the Second Amended Franchise make such enlargements and extensions of its domestic water 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 Grantee's rules and regulations.

Section 9: RELOCATION

A. During the term of the Second Amended Franchise whenever County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public streets, alleys and highways in the Franchise Area during the term of the Second Amended Franchise, then and in such event, Grantee, its successors or assigns, at its own expense, shall promptly, upon reasonable notice, make such changes in the location, structure or alignment of its sewer lines and related appurtenances as the public officials in charge of such work may deem necessary.

B. After thirty (30) days notice to Grantee, of needed changes or corrections and upon the failure of Grantee, to make such changes set forth in Section 9(A) above or to correct any damage to the right-of-way of any public street, alley or highway within the Franchise Area caused directly or indirectly by Grantee, its agents, successors or assigns, County or its successors shall have the right to make such changes or corrections at the expense of said Grantee, its successors or assigns, and such expenses shall be due and payable upon written demand by County or its successors to Grantee, its successors or assigns.

Section 10: LIABILITY

A. If any streets, highways, alleys, ways, bridges, sidewalks, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its employees, contractors, subcontractors or agents in the construction, installation, operation and maintenance of Grantee's Facilities under the Second Amended Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as soon as practicable and in as good condition as before Grantee's entry and to the satisfaction of County. If Grantee fails to make such restoration and repairs within a reasonable time as determined by County, then County may fix a reasonable time for such restoration and repairs and shall notify Grantee in writing of the restoration and repairs required and the time fixed for the performance thereof. Upon failure of Grantee to comply within the time specified, County may cause proper restoration and repairs to be made, and the expense of such work shall be paid by Grantee upon demand by County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance by Grantee its employees, contractors, subcontractors or agents, of Grantee's Facilities under the Second Amended Franchise together with all physical damage which shall be done to such injured property through any act or omission of Grantee, its employees, contractors, subcontractors or agents arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Second Amended Franchise that County shall not and does not by reason of the Second Amended 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 Second Amended Franchise agrees for itself, its successors and assigns that throughout the entire term of this franchise, Grantee, its successors and assigns, 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 by the construction, design, installation, operation or maintenance of any structure, equipment, sewer lines or related appurtenances by Grantee 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 Second Amended 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 days after the date this Second Amended Franchise is accepted by County. This Second Amended 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 Second Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Second Amended Franchise accepts the validity of the terms and conditions of the Second Amended 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 Second Amended 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 Second Amended 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 Second Amended Franchise not expressed therein. Grantee by its acceptance of the Second Amended 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 Second Amended Franchise.

C. Grantee by its acceptance of the Second Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Second Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Second Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended 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 Second Amended Franchise, all of which will remain in full force and effect for the term of the Second Amended Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this agreement 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, complete the correction of such default or noncompliance, County shall have the right to revoke this agreement 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 Second Amended 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 Second Amended Franchise, where such seizure is not discharged within thirty (30) days, County may declare the Second Amended Franchise, along with the Original Franchise, 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 Second Amended Franchise, along with the Original 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 for the granting of the Second Amended Franchise.
- B. For any transfer or assignment of this Second Amended Franchise without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Second Amended Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Second Amended Franchise without the prior written consent of County. Said Board shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Second Amended 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

Second Amended
Santa Cruz Water Company Franchise

Grantee:

Santa Cruz Water Company, LLC.
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

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 Second Amended 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 Second Amended Franchise and a waiver thereof at any time shall not affect any other time.

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 Second Amended Franchise.

Section 25: BOOKS AND RECORDS

Grantee shall maintain records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee will make such 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 cause its official seal to be affixed on this 19th day of Sept, 2007.

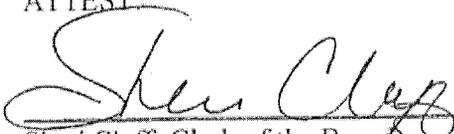


PINAL COUNTY BOARD OF SUPERVISORS

David Snider
David Snider, Chairman

Second Amended
Santa Cruz Water Company Franchise

ATTEST:



Sheri Cluff, Clerk of the Board



APPROVED AS TO FORM:

JAMES P. WALSH
PINAL COUNTY ATTORNEY



Rick V. Husk
Deputy County Attorney

Exhibit A

GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
SANTA CRUZ WATER COMPANY
PINAL COUNTY, ARIZONA

TOWNSHIP 4 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THAT PORTION OF THE SOUTH HALF OF SECTION 14, TOWNSHIP 4 SOUTH, RANGE 2 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, LYING SOUTH OF THE UNION PACIFIC RAILROAD (FORMERLY THE SOUTHERN PACIFIC RAILROAD).

PARCEL 2

SECTION 15 THROUGH 23, INCLUSIVE, AND SECTION 26 THROUGH 35, INCLUSIVE, TOWNSHIP 4 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 02 THROUGH 11, INCLUSIVE AND SECTION 13 THROUGH 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

SECTION 1 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 2 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTH HALF OF THE NORTH HALF OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 2, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 3, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 4, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 5, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE NORTH HALF OF THE NORTH HALF OF SECTION 6, TOWNSHIP 7 SOUTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 4 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 16, TOWNSHIP 4 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE EAST HALF OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 4 SOUTH, RANGE 3 EAST, LYING NORTH OF THE UNION PACIFIC RAILROAD (FORMERLY THE SOUTHERN PACIFIC RAILROAD.)

TOWNSHIP 5 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 16 THROUGH SECTION 21, INCLUSIVE, AND SECTION 28 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE SOUTH HALF OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTH HALF OF SECTION 26, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTH HALF OF SECTION 27, TOWNSHIP 5 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

SECTION 1 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 1 THROUGH SECTION 4, INCLUSIVE, AND SECTION 9 THROUGH SECTION 16, INCLUSIVE, AND SECTION 21 THROUGH SECTION 24, INCLUSIVE, TOWNSHIP 7 SOUTH RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 25, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 26, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 27, TOWNSHIP 7 SOUTH, RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 28, TOWNSHIP 7 SOUTH,
RANGE 3 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL
COUNTY, ARIZONA.

TOWNSHIP 4 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 17, 18 AND 19, TOWNSHIP 4 SOUTH RANGE 4 EAST, OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF SECTION 20, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF SECTION 21, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 4 EAST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 11 THROUGH SECTION 14, INCLUSIVE, SECTION 23, SECTION 26 AND 27,
AND SECTION 31 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 5 SOUTH RANGE 4
EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY,
ARIZONA.

PARCEL 2

THE EAST HALF OF SECTION 15, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA
AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE EAST HALF OF SECTION 22, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA
AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA LYING SOUTH OF THE UNION PACIFIC RAILROAD (FORMERLY SOUTHERN PACIFIC RAILROAD).

PARCEL 5

THE WEST HALF OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

SECTION 28, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT ANY PORTION THEREOF LYING WITH THE AK-CHIN INDIAN RESERVATION.

PARCEL 7

SECTION 29, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT ANY PORTION THEREOF LYING WITH THE AK-CHIN INDIAN RESERVATION.

PARCEL 8

SECTION 30, TOWNSHIP 5 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE WEST HALF OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

SECTION 2 THROUGH SECTION 11, INCLUSIVE, AND SECTION 14 THROUGH SECTION 22, INCLUSIVE, AND SECTION 27 THROUGH SECTION 36, INCLUSIVE, TOWNSHIP 6 SOUTH RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTH HALF OF SECTION 25, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER, AND THE THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE SOUTH HALF OF SECTION 26, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTION 1 THROUGH SECTION 24, INCLUSIVE, TOWNSHIP 7 SOUTH RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE NORTH HALF OF THE NORTH HALF OF SECTION 25, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE NORTH HALF OF THE NORTH HALF OF SECTION 26, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE NORTH HALF OF THE NORTH HALF OF SECTION 27, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF OF THE NORTH HALF OF SECTION 28, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE NORTH HALF OF THE NORTH HALF OF SECTION 29, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE NORTH HALF OF THE NORTH HALF OF SECTION 30, TOWNSHIP 7 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 5 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTH HALF OF SECTION 17, TOWNSHIP 5 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

SECTION 18, TOWNSHIP 5 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

THE SOUTHWEST QUARTER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 4

THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF LOT 4 OF SECTION 31, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, GENERALLY KNOWN AS THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 31.

PARCEL 5

THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 2

THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 3

SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, EXCEPT THAT PORTION GENERALLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 8;
THENCE EAST 185.00 FEET ALONG THE NORTH LINE OF SECTION 8 TO THE POINT OF BEGINNING;
THENCE SOUTH 54 DEGREES EAST, 3317.47 FEET;
THENCE SOUTH 78 DEGREES EAST, 2617.87 FEET TO A POINT ON THE EAST LINE OF SECTION 8;
THENCE NORTH 2353.71 FEET ALONG THE EAST LINE OF SECTION 8;
THENCE WEST TO THE POINT OF BEGINNING.

PARCEL 4

THE NORTH HALF AND THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 5

THE NORTH HALF AND THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 6

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

SECTION 20, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 8

THE SOUTH HALF OF SECTION ³⁰~~37~~, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 9

SECTION 31, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER
BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 7 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

SECTIONS 6, 7, 18 AND 19, TOWNSHIP 7 SOUTH RANGE 5 EAST, OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

CONTAINING APPROXIMATELY 166,000 ACRES, MORE OR LESS. THIS AREA IS NOT
BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.



Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Santa Cruz Water Company, LLC, an Arizona limited liability company, does hereby accept the _____, 2007, grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain domestic water system 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 described in the Application, which is made a part hereof.

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 Second Amended 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 the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

8

When recorded mail to:

Clerk of the Board Office
P.O. Box 827
Florence, Arizona 85232



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTTLE

DATE/TIME: 09/27/07 1230
FEE: \$0.00
PAGES: 2
FEE NUMBER: 2007-108948

(The above space reserved for recording information)

CAPTION HEADING

Acceptance of Santa Cruz Water Company L.L.C. expansion Water Utility Franchise.

DO NOT DISCARD THIS PAGE. THIS COVER PAGE IS RECORDED AS PART OF YOUR DOCUMENT.
THE CERTIFICATE OF RECORDATION WITH THE FEE NUMBER IN THE UPPER RIGHT HAND CORNER
IS THE PERMANENT REFERENCE NUMBER OF THIS DOCUMENT IN THE PINAL COUNTY
RECORDER'S OFFICE.

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Santa Cruz Water Company, LLC, an Arizona limited liability company, does hereby accept the September 19, 2007, grant of a Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain domestic water system, 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 described in the Application, which is made a part hereof.

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 Second Amended 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 the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 21 day of September, 2007.

Santa Cruz Water Company, LLC

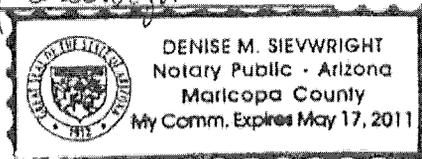
By: *Graham Symmonds*

Title: SUP Regulatory Affairs + Compliance

STATE OF ARIZONA)
) ss.
County of MARICOPA)

The foregoing instrument was acknowledged before me this 21 day of September, 2007, by Graham Symmonds, SUP Regulatory Affairs + Compliance of Santa Cruz Water Company LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein stated.

Denise M Sievwright
Notary Public



My Commission Expires: May 17, 2011

ARS	TITLE PAGE	NEXT DOCUMENT	PREVIOUS DOCUMENT
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10-1501. Authority to transact business required

A. A foreign corporation shall not transact business in this state until it is granted authority to transact business in this state as provided in this chapter from the commission.

B. The following activities, among others, do not constitute transacting business within the meaning of subsection A:

1. Maintaining, defending or settling any proceeding.
2. Holding meetings of the board of directors or shareholders or carrying on other activities concerning internal corporate affairs.
3. Maintaining bank accounts.
4. Maintaining offices or agencies for the transfer, exchange and registration of the corporation's own securities or maintaining trustees or depositaries with respect to those securities.
5. Selling through independent contractors.
6. Soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts.
7. Creating or acquiring indebtedness, mortgages and other security interests in real or personal property.
8. Securing or collecting debts or enforcing mortgages and security interests in property securing the same.
9. Owning, without more, real or personal property.
10. Conducting an isolated transaction that is completed within thirty days and that is not one in the course of repeated transactions of a like nature.
11. Transacting business in interstate commerce.
12. Being a limited partner of a limited partnership or a member of a limited liability company.

C. The list of activities in subsection B is not exhaustive.

D. This section does not apply to insurance corporations or any corporation transacting in this state only the business of lending monies to religious, social or benevolent associations.