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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of September 6, 2006 (the "Effective Date"), is made by and among AVM-2005, LLC, an Arizona limited liability company, as buyer (in such capacity, "Buyer"), SIGNAL PEAK WATER COMPANY, INC., an Arizona corporation, ("Company") and SAN TAN UTILITIES, LLC, an Arizona limited liability company, (collectively with Company, "Seller").

WITNESSETH:

WHEREAS, Adcox is the sole shareholder of record, beneficial owner and operator of Seller, which provides drinking water to approximately 36 customers in Pinal County, Arizona; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, certain assets of Company pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the premises and promises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Defined Terms. When used in this Agreement, each of the terms set forth in this Article 1 has the meaning indicated below; other terms are defined throughout the body of this Agreement:

"Affiliate" of any Person means any Person directly or indirectly controlled by such Person. For purposes of this definition, "control" (including, with correlative meaning, the terms "controlling" and "controlled") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning ascribed thereto in the preamble.

"Assets" shall include, without limitation, the following (except to the extent constituting Excluded Assets): (i) all machinery, pipes, fixtures, Real Property, equipment, computers and related software, furniture, supplies, tools, parts, vehicles and other tangible personal property (including those previously ordered and in transit), if any; (ii) all supplies, materials, spare parts and other inventory (including those previously ordered and in transit), if any; (iii) all prepayments and prepaid expenses and deposits, including customer deposits related to the Business as of the Closing Date; (iv) all Intellectual Property and other Intangible Property, if any; (v) all rights existing under agreements to which the Company is a party as of the Closing Date, if any; (vi) all purchasing and sales records, books and ledgers and files and business records of the Company (copies of which may be retained by Company), if any; (vii) all accounts and other receivables of the Company, if any; (viii) all goodwill of the Business as a going concern and associated with any of the foregoing, if any; (ix) the rights to all telephone numbers used by the Company, if any; and (x) all claims, causes of action, warranties, rights of recovery and rights of set-off of any kind, if any, and (y) all other water rights and documents used in connection with the Business, including but not limited to all rights to all certificates of convenience and necessity.

"Business" means the business of Signal Peak Water Company, Inc., an Arizona corporation, which comprises the delivery of water to approximately 36 residents of Pinal County, Arizona and related products and services.

Arizona Corporation Commission
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"Business Day" means any day, other than a Saturday, Sunday or a holiday that commercial banks are open for business in Phoenix, Arizona.

"Buyer" has the meaning ascribed thereto in the preamble, as may be modified by Section 11.6.

"Buyer Indemnified Parties" shall have the meaning ascribed thereto in Section 10.3.

"Closing" shall mean the closing of the sale of the Assets to Buyer as provided for herein in Article 7.

"Closing Date" shall have the meaning ascribed thereto in Section 7.1.

"Code" means the Internal Revenue Code of 1986, as amended, as in effect as of the date of this Agreement and any future provisions thereof.

"Company Bank Accounts" shall mean the bank accounts of Company as set forth on Schedule 3.1(r).

"Contractual Obligation" means, as to any Person, any provision of any material security issued by such Person or of any material agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Earnest Money Deposit" shall mean, collectively, the Initial Earnest Money Deposit and the Additional Earnest Money Deposit, if any.

"Effective Date" shall have the meaning set forth in the first paragraph of this Agreement.

"Environment" means soil, land surface or subsurface strata, real property, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins and wetlands), groundwater, water body sediments, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource.

"Environmental Law" means any Law with respect to the preservation of the Environment, including but not limited to any Law whatsoever relating to Hazardous Materials, drinking water, surface water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water run-off, noises, odors, air quality, air emissions, waste emissions or wells. Without limiting the generality of the foregoing, the term will encompass each of the following statutes and the regulations promulgated thereunder, and any similar applicable state, local or foreign Law, each as amended:

- (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980;
- (b) the Solid Waste Disposal Act;
- (c) the Hazardous Materials Transportation Act;
- (d) the Toxic Substances Control Act;
- (e) the Clean Water Act;
- (f) the Clean Air Act;
- (g) the Safe Drinking Water Act;
- (h) the National Environmental Policy Act of 1969;

- (i) the Superfund Amendments and Reauthorization Act of 1986;
- (j) Title III of the Superfund Amendments and Reauthorization Act;
- (k) the Federal Insecticide, Fungicide and Rodenticide Act;
- (l) the provisions of the Occupational Safety and Health Act of 1970 relating to the handling of and exposure to Hazardous Materials and similar substances; and
- (m) the National Environmental Policy Act.

"Environmental Liabilities" means all Losses incurred:

- (a) to comply with any Environmental Law;
- (b) as a result of a Release of any Hazardous Materials; or,
- (c) as a result of any environmental conditions present at, created by or arising out of the past or present operations of Company through the Closing Date, or of any prior owner or operator of a facility or site that Company now owns or operates, or has previously owned or operated.

"Environmental Permit" means any Permit or authorization from any Governmental Authority required under, issued pursuant to, or authorized by any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all regulations promulgated thereunder.

"Escrow Agent" shall have the meaning as set forth in Section 2.1.

"Excluded Assets" shall mean (i) Seller's rights under this Agreement; (ii) Unassignable Contracts (as defined below); (iii) all assets set forth on Schedule 3.1(t) attached hereto; (iv) all minute books and stockholder and stock transfer records and similar corporate records of the Company; (v) all original Tax Returns of the Company and any documents relating thereto; (vi) the amount of funds set forth in the depository bank accounts listed on Schedule 3.1(r), attached hereto; and (vii) all assets set forth on Schedule 3.1(k) which shall be prepared by Buyer and delivered to Seller on or prior to the Closing.

"Final Returns" shall have the meaning ascribed thereto in Section 3.1(m).

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government including but not limited to, the Arizona Corporation Commission and the Arizona Department of Water Resources.

"Hazardous Materials" means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance that is defined, determined or identified as hazardous, toxic or controlled under any Environmental Law or the Release of which is prohibited under any Environmental Law. Without limiting the generality of the foregoing, the term will include, without limitation:

- (a) "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, or Title III of the Superfund Amendments and Reauthorization Act and regulations promulgated thereunder, each as amended;

- (b) "hazardous waste" as defined in the Solid Waste Disposal Act and regulations promulgated thereunder, each as amended;
- (c) "hazardous materials" as defined in the Hazardous Materials Transportation Act and the regulations promulgated thereunder, each as amended;
- (d) "chemical substance or mixture" as defined in the Toxic Substances Control Act and regulation promulgated thereunder, each as amended;
- (e) petroleum and petroleum products and byproducts and;
- (f) asbestos.

"Intellectual Property" means all of the following owned by, issued to, or licensed to the Company and used in the conduct of the Business, along with all associated income, royalties, damages and payments due from or payable by any third party, and all other corresponding rights: (i) patents, patent applications, patent disclosures and inventions and any reissues, continuations, continuations-in-part, divisions, extensions or reexaminations thereof; (ii) trademarks, service marks, trade dress, Internet domain names or uniform resource locators, logos, slogans, trade names and corporate names and all registrations and applications for registration thereof, together with all goodwill associated therewith; (iii) copyrights and original works of authorship, and all registrations and applications for registration thereof; (iv) mask works and all registrations and applications for registration thereof; (v) computer software; (vi) trade secrets, confidential information and proprietary data and information, financial and accounting data, customer and supplier lists and related information; (vii) all other intellectual property rights; and (viii) all copies and tangible embodiments of the foregoing.

"Knowledge" means facts or circumstances actually known to, or that should have been reasonably known by, any individual party or any executive officers or directors of a party.

"Law" means any constitutional provision, statute, law, rule, regulation, Permit, decree, injunction, judgment, order, ruling, determination, finding or writ of any Governmental Authority.

"Liability" or "Liabilities" mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether due or to become due), including without limitation any liability for Taxes.

"Lien" or "Liens" mean any mortgage, pledge, security interest, charge, claim or other encumbrance, other than

- (a) mechanics', materialmen's and similar liens with respect to amounts not yet due and payable;
- (b) liens for Taxes not yet due and payable; and
- (c) liens securing rental payments under capital lease arrangements.

"Losses" means any and all Liabilities, obligations, judgments, Liens, injunctions, charges, orders, decrees, rulings, damages, dues, assessments, Taxes, losses, fines, penalties, expenses, fees, costs (including reasonable attorneys' and expert witness fees and disbursements in connection with investigating, defending or settling any action or threatened action), or amounts paid in settlement.

"Material Adverse Effect" means a material adverse effect on the business, assets, results of operations or financial condition of Company, or on the ability of Seller to perform its respective obligations under this Agreement.

"Permit" or "Permits" mean any license, permit, franchise, certificate of authority or order, or any waiver of the foregoing, issued by any Governmental Authority.

"Person" means an individual or any corporation, association, partnership, limited liability company, joint venture, estate, trust, joint-stock company, unincorporated organization or other legal entity, or any government, or any agency or political subdivision thereof.

"Post Closing Date Audits" shall have the meaning ascribed thereto in Section 10.2.

"Pro-forma Return" shall have the meaning ascribed thereto in Section 3.1(m).

"Purchase Price" has the meaning ascribed thereto in Section 2.1.

"Real Property" means, collectively, (a) all of Seller's right, title and interest in and to any and all real property interests including but not limited to appurtenances, hereditaments, easements, reversions, and remainders pertaining to and used in connection with the Business (collectively, the "Real Property Interests") and any of the structures or improvements located thereon (collectively, the "Improvements") including, but not limited to, all of the (i) development rights and credits, air rights, water, water rights, and water stock relating to the Real Property Interests, (b) strips and gores, streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected to the Real Property Interests, (c) minerals, oil, gas, and other hydrocarbon substances in and under, or that may be produced from the Real Property Interests.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding, burying, abandoning or disposing into the Environment.

"Requirement of Law" means as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Safety Liabilities and Costs" means all Losses incurred as a result of any health or safety conditions present at, created by or arising out of the past or present operations of Company through the Closing Date.

"Seller Indemnified Parties" shall have the meaning ascribed thereto in Section 10.2.

"Seller" has the meaning ascribed thereto in the preamble.

"Subsidiaries" shall have the meaning ascribed thereto in Section 3.1(t).

"Tax" or "Taxes" mean any and all taxes, levies, duties, tariffs, imposts, or other assessments, charges or fees, including, without limitation, income, gross receipts, excise, real or personal property, sales, value added, use, license, stamp, transfer, payroll, unemployment, withholding (including but not limited to Foreign Interest in Real Property Transfer Act withholding and in any type whatsoever), social security, workers' compensation, franchise, capital, stamp, estate, estimated income or other governmental taxes, imposed by any government or subdivision or agency thereof, whether of the United States or a foreign country, on Company and/or any of its

respective business activities; and such term shall include any and all interest, penalties or additions to Tax attributable to such taxes, levies or assessments.

"Title Company" shall mean First American Title Insurance Company, Attn: Carol Peterson, 2425 Camelback, Suite 300, Phoenix, Arizona 85016, Tel. No. (602) 567-8100, Fax No. (602) 567-8101.

"Transaction" means and includes all of the factual elements relevant to the expected Tax treatment of any investment, entity, plan, or arrangement, and includes any series of steps carried out as part of a plan, and any series of substantially similar transactions entered into in the same taxable year. The foregoing definition shall be interpreted consistently with Treasury Regulations Section 1.6011-4(b)(1) and any successor provisions of the Treasury Regulations.

"Treasury Regulations" means regulations (including temporary regulations) published by the U.S. Treasury Department pursuant to the Code, including successor provisions to such regulations.

"Unassignable Contracts" means any contract not permitted to be assigned to Buyer, or not permitted to be assigned without the consent of the other party to such agreement (other than Seller) and the applicable consent is not obtained.

Section 1.2 Interpretation. In this Agreement, unless the contrary intention appears:

- (a) a reference to an Article, Section or Exhibit is a reference to an Article or Section of, or Exhibit to, this Agreement and references to this Agreement include any recital in, or Exhibit to, this Agreement;
- (b) any agreement referred to herein shall mean such agreement as amended, supplemented and modified as of the Closing Date to the extent permitted by the applicable provisions thereof, and shall include all exhibits, schedules, and other documents or agreements attached thereto;
- (c) a reference to a statute, ordinance, code or other law includes regulations under it and consolidations, amendments, reenactments or replacements thereof;
- (d) the singular includes the plural and vice versa; and
- (e) whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation."

ARTICLE 2

PURCHASE AND SALE OF ASSETS; REVIEW

Section 2.1 Purchase and Sale. Upon the terms and subject to the conditions set forth herein, Seller shall sell, convey, transfer, assign and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller, all of the Assets, including but not limited to those Assets set forth on Schedule 3.1(k) to this Agreement, for an aggregate purchase price of Three Hundred Thousand and No/100 United States Dollars (US\$300,000.00) (the "Purchase Price"). On or before the Effective Date, Buyer shall deliver to Carol Peterson, First American Title Company (the "Escrow Agent") a sum equal to \$10,000.00 (the "Initial Earnest Money Deposit"). Provided this Agreement is not earlier terminated, Buyer shall deliver to Escrow Agent a sum equal to \$15,000.00 (the "Additional Earnest Money Deposit") on or prior to the expiration of the Review Period, and, at Closing, Buyer shall, upon satisfaction or waiver of all the conditions in Section 6.1 of this Agreement, and once all of the necessary documents have been delivered (or the delivery of such documents has been waived) to Buyer in accordance with Section 7.2 of this Agreement, pay to Seller the remaining unpaid Purchase Price in immediately available U.S. funds by

wire transfer in accordance with the wire instructions attached hereto as Exhibit A. Seller, upon satisfaction or waiver of all of the conditions in Section 6.2 and once all of the necessary documents have been delivered to Seller (or the delivery of such documents has been waived) in accordance with Section 7.4, shall transfer the Assets to Buyer.

Section 2.2 Due Diligence Materials. From and after the Effective Date until this Agreement is terminated pursuant to the terms hereof or the Closing occurs, Seller shall provide Buyer with access to all information (the "Due Diligence Materials") with respect to the assets, liabilities, and operations of the Company including, but not limited to, (a) all documents and information related to the real property owned and/or leased by the Company; (b) Company financial reports, financial statements and Tax returns; (c) Company business books and corporate records; (d) materials related to any of the representations or warranties set forth in this Agreement, and (e) all agreements, governmental permits or licenses, operating and service contracts, agreements for the purchase or sale of supplies, products or other personal property or for the furnishing or receipt of services, agreements concerning confidentiality or noncompetition, service contracts, utility contracts, all rights relating to the ownership, management and operation of the assets and the business to which the Company is a party or by which it may be bound and all agreements under which the consequences of a default or termination could have an adverse effect on the business, financial condition, operations, results of operations, or future prospects of the Company (the "Operating Agreements"). In the event that this Agreement is terminated, Buyer shall return the Due Diligence Materials to Seller.

Section 2.3 Review Period. Buyer shall have until 5:00 p.m., Phoenix time on October 25, 2006 (the "Review Period") to determine whether to continue with the transaction, at its sole cost and expense, based upon Due Diligence Materials, the assets, the business and the general feasibility of the transactions contemplated by this Agreement and such physical inspections and other investigations of the assets and the business as Buyer deemed necessary in its sole discretion and shall be deemed to have accepted the same unless written notice of the rejection and termination is given to Seller on or before the expiration of the Review Period. In the event that the Buyer rejects or is deemed to have rejected the feasibility of the transaction prior to the expiration of the Review Period, then the Earnest Money Deposit shall be immediately refunded by Escrow Agent to Buyer without further instruction and Buyer and Seller shall have no further rights or obligations hereunder. Seller shall cooperate with Buyer in its due diligence efforts.

Section 2.4 Records Search. Buyer may obtain, at its sole cost and expense, a Tax, bankruptcy, litigation and liens and encumbrances search of the records of the Arizona Secretary of State, the county recorder, the Superior Court of the State of Arizona, and the US Bankruptcy Court District of Arizona.

Section 2.5 Good Standing. Within twenty (20) days following the Effective Date, Seller will furnish to Buyer a good standing certificate for the Company from the Arizona Corporation Commission and Tax letters of good standing from the applicable city and county governments (if such service is available to taxpayers in such locales), and a Tax letter of good standing for the Company from the State of Arizona.

Section 2.6 Inspections. Buyer and its agents, contractors, engineers, surveyors, attorneys, and employees (collectively, "Consultants") shall have the right from time to time, beginning with the Effective Date until the Closing, to enter onto the property of the Company (the "Property"):

- (a) To conduct and make any and all customary studies, tests, examinations, inquiries, and inspections, or investigations (collectively, the "Inspections") of or concerning the Property, including, without limitation, engineering and feasibility studies, evaluation of drainage and flood plain, soil tests for bearing capacity and percolation and surveys, including topographical surveys. Such right to perform Inspections shall continue until the earlier of the termination of this Agreement or the Closing;

- (b) To confirm any and all matters which Buyer may reasonably desire to confirm with respect to the Property; and
- (c) To ascertain and confirm the suitability of the property for Buyer's intended use of the Property.

Buyer shall give notice to Seller a reasonable time prior to entry onto the Property and shall permit Seller to have a representative present during all Inspections conducted at the Property. Buyer shall take all reasonable actions and implement all protections necessary to ensure that all actions taken in connection with the investigations and inspections of the Property, and all equipment, materials and substances generated, used or brought onto the Property, pose no material threat to the safety of persons or the environment and cause no material damage to the Property or other property of Seller or other persons. Buyer shall be permitted to perform any invasive tests on the Property reasonably requested by Buyer's Consultants without Seller's prior written consent.

Section 2.7 Excluded Liabilities. Notwithstanding anything to the contrary, Buyer shall not assume or become liable for, and shall not be deemed to have assumed or have become liable for, any Liabilities of the Company, whether related to the purchased Assets or otherwise, regardless or when asserted, except for Liabilities related to contracts included in the Assets being purchased by Buyer and only as to Liability arising due to Buyer's actions on or after the Closing Date. Without limiting the generality of the foregoing, Buyer shall not assume or become liable for the following (whether or not they would otherwise be considered Assumed Liabilities): (i) any of the Company's Liabilities under this Agreement; and (ii) any Liabilities of the Company with respect to any Taxes for any period, including, but not limited to, any sales, income, or transaction privilege Taxes.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Section 3.1 Representations of Seller. Seller represents, warrants and covenants to Buyer that the following shall be true and correct as of the Closing Date:

- (a) Government and Other Consents. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required to be obtained or made, and no consent of any third party is required to be obtained by Seller for the due execution, delivery and performance by Seller of this Agreement and consummation of this transaction, except such notifications of changes in ownership, officers and directors, as required by applicable law, and the approval of this transaction by the Arizona Corporation Commission which will have been obtained prior to the Closing Date.
- (b) No Violation of Statute or Breach of Contract. Except as otherwise disclosed on Schedule 3.1(b) attached hereto, Seller is not in default under or in violation of:
 - (i) any applicable Requirement of Law; or
 - (ii) any Contractual Obligation to which Seller is a party. Seller has not received notice that any Person claims that Seller has committed such a default or violation. The execution of this Agreement by Seller will not constitute a default under or a violation of any Requirement of Law nor any Contractual Obligation to which Seller is a party.
- (c) Enforceable Obligations. This Agreement has been duly executed and delivered on behalf of Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar

laws affecting the enforcement of creditors' rights generally and by general principles of equity.

- (d) No Litigation. Except as otherwise disclosed on Schedule 3.1(d) attached hereto, no litigation, investigation by any Governmental Authority or proceeding of or before any arbitrator or Governmental Authority is pending or, to the Knowledge of Seller, threatened by or against Seller with respect to Company, this Agreement or any of the transactions contemplated hereby.
- (e) Ownership of the Shares. Seller is the owner of issued and outstanding shares of the Company, and such shares are free and clear of any liens, claims or encumbrances.
- (f) Disclosure. No representation or warranty made by Seller in this Agreement and no writing, certificate, exhibit, list or other document furnished by Seller to Buyer in connection with this Agreement or exhibit attached hereto contains, or will contain, any untrue statement of a material fact or omits or will omit any material fact necessary in order to make the statements and information contained therein not misleading.
- (g) Seller's Assets. Seller, directly or indirectly, owns sufficient assets to cover all claims for indemnity that might be brought by the Seller Indemnified Parties pursuant to Article 10.
- (h) Organization, Standing and Qualification of Company. Company:
 - (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona; and
 - (ii) is duly qualified and in good standing in all jurisdictions in which it is doing business as required by the laws of that particular jurisdiction; and
 - (iii) has delivered, or caused to be delivered, to Buyer true, correct and complete copies of the articles of incorporation and by-laws of Company, and all amendments thereto.
- (i) Effect of Agreement. Execution and delivery of this Agreement by Seller, performance of the obligations of Seller hereunder, and consummation of the transactions contemplated hereby will not:
 - (i) cause Company to violate any Requirement of Law;
 - (ii) result in the breach of, or be in conflict with, any term, covenant or provision of any Contractual Obligation of Company; or
 - (iii) result in the creation or imposition of any lien, pledge, mortgage, claim, charge or encumbrance upon any assets of Company.
- (j) Closing Returns. Within twenty (20) days from the Effective Date, Seller has furnished, or caused to be furnished, Buyer with pro-forma United States federal corporate income Tax returns with respect to Company's interim Tax period from January 1, 2006 through the Closing Date, (the "Pro-forma Returns"), and final United States federal and Arizona State corporate income Tax returns for Company's fiscal year ending December 31, 2005, (the "Final Returns"), which Final Returns shall have been filed prior to or on the Closing Date. The Pro-forma Returns and the Final Returns have been prepared by Company based upon financial statements that have been prepared in accordance with GAAP method accounting principles consistently applied throughout the periods indicated, and are complete and accurate in all material respects, and fairly present the assets and liabilities

of Company as of the Closing Date or December 31, 2005, as the case may be. Buyer acknowledges that the Pro-forma Returns and the Final Returns were previously provided to Buyer for its review.

- (k) Business and Assets. As of the Closing Date, Company is not engaged in any material business or material business activity other than the sale and transportation of drinking water to the customers listed on Schedule 3.1(k). The sole Assets of Company, cash in the Company Bank Accounts (in the amount of at least \$_____) and certain other remaining Assets, are set forth on Schedule 3.1(k), which schedule reflects these Assets as of the date hereof and as of the Closing Date. Prior to the Closing Date, no cash or other distributions shall be made to Seller or others that would reduce the amount of cash in the Company Bank Accounts to less than the amount necessary to cover all expenses up to and including Closing. Company owns all of the Assets free and clear of any liens, claims or encumbrances.
- (l) Absence of Liabilities. Except for liabilities and obligations arising out of or resulting from United States federal, state and local income taxes attributable to income earned during its Tax year beginning January 1, 2006, Company does not have any existing debt, liability, or obligation as of the Closing Date of any nature, absolute or contingent, asserted or unasserted, liquidated or unliquidated other than as specifically set forth on Schedule 3.1(l).
- (m) Tax Returns and Payments. All Tax returns (including, but not limited to, federal, state and local Tax returns) and reports required to be filed by Company on or prior to the Closing Date have been filed prior to the Closing Date. All Taxes shown on such returns or reports or otherwise due and payable by Company (in each case, including penalties and interest) have been paid. Except for United States federal, state and local taxes attributable to income earned during the Tax year commencing on January 1, 2006, Seller does not have Knowledge of any deficiency assessments against Company with respect to any Taxes. Neither Seller nor Company is a party to or has Knowledge of any outstanding agreements or waivers extending the statute of limitations applicable for assessment or collection for any Taxes, or for the filing of any Tax return by Company for any period. Company is not now, nor has it ever been, a party to any Tax sharing agreement. No Tax returns of Company have been examined by the Internal Revenue Service or any other taxing authority. Seller has heretofore made available to Buyer copies of all Tax returns or reports Company filed for the last five (5) years, prior to the Closing.
- (n) Contracts. Except as set forth on Schedule 3.1(n) attached hereto, Company is not a party to any contracts, personal property leases, licenses, agreements or other Contractual Obligations, written or oral, absolute or contingent. There are no defaults or breaches, or to Seller's Knowledge, threatened defaults or breaches by Company of any prior contract or Contractual Obligation.
- (o) Litigation. Except as set forth on Schedule 3.1(o), there is no claim, action, suit, arbitration, investigation or other proceeding against Company, its predecessors, subsidiaries, if any, or Affiliates pending or, to Seller's Knowledge, threatened before or by any court, administrative or regulatory body, or other Governmental Authority. Additionally, there is no outstanding order, judgment, writ, injunction or decree of any court, arbitrator or Governmental Authority against Company or any of its assets, properties or business.
- (p) Judgments. Company is not subject to or bound by any judgment, decree, order or settlement that could have a Material Adverse Effect on Company.

- (q) Employees. At or prior to the Closing Date, Company shall have terminated all employee contracts, if any, with no liability to Company. As of the Closing Date, Company does not have any employees. Company does not now, and has never been, a party to an "employee benefit plan" as defined in Section 3(3) of ERISA.
- (r) Bank Accounts, Powers of Attorney, Signatories. Schedule 3.1(r) attached hereto lists
- (i) the names and addresses of each person holding a power of attorney on behalf of Company;
 - (ii) the names and addresses of the banks or other financial institutions in which Company has an account deposit or safe-deposit box, including the number of such account, deposit and safe-deposit box (the "Company Bank Accounts"); and
 - (iii) a list of persons authorized as signatories on the Company Bank Accounts.
- (s) Insurance. As of the Closing Date, Company has no insurance policies in effect other than those set forth on Schedule 3.1(s), and with respect to insurance previously maintained by or on behalf of Company there are no claims or notice of any claims currently pending.
- (t) Subsidiaries. Company does not have any direct or indirect ownership interest in the capital stock or other equity securities of any corporation, limited liability company or other legal entity (collectively, "Subsidiaries"). Company does not have any obligation to acquire, any capital stock or other equity securities of any Person. Company has no liability associated with any former Subsidiaries as of the Closing Date.
- (u) Minute Books. The stock books, stock ledgers and minute books of Company have previously been made available to Buyer for review, to the extent that such records and books exist.
- (v) WARN Act. Neither Company nor Seller has affected any "plant closing" or "mass layoff" (as such terms are defined in the Worker Adjustment and Retraining Notification Act ("WARN Act") as amended.
- (w) Investment Company. Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.
- (x) Company Environmental Matters. At all times on and prior to the Closing Date:
- (i) Company, and any predecessor entity as so construed under any applicable Environmental Law, to the Knowledge of Company, or Seller, has been in compliance in all respects with all applicable Environmental Laws;
 - (ii) Company has been in compliance with the conditions of all Environmental Permits required with respect to the Real Property and for the conduct of the business of Company in the manner conducted;
 - (iii) there are no past or present events, conditions or circumstances related to environmental or health and safety matters to the Knowledge of Company, or Seller, that reasonably could be expected to violate any Environmental Law or Permit;
 - (iv) to the Knowledge of Company or Seller, there are no circumstances or conditions present at or arising out of the present or former assets, properties, leaseholds,

businesses or operations of Company in respect of off-site storage, transportation or disposal of, or any off-site Release of Hazardous Materials that reasonably could be expected to give rise to any Environmental Liabilities to Company;

- (v) to the Knowledge of Company or Seller, there are no circumstances or conditions present at or arising out of the present or former assets, properties, leaseholds, businesses or operations of Company, including but not limited to any on-site storage, use, disposal or Release of Hazardous Materials, that reasonably may be expected to give rise to any Environmental Liabilities or Safety Liabilities and Costs;
- (vi) neither Company nor Seller, nor the present or past assets, properties, business, leaseholds or operations of Company has received or been subject to any outstanding order, decree, judgment, complaint, agreement, claim, citation, or notice or is subject to any ongoing judicial or administrative proceeding indicating that Company, or the past or present assets, properties, business, leasehold or operations of Company are, or may be:
 - (A) in violation of any Environmental Laws;
 - (B) responsible for the on-site or off-site storage or Release of any Hazardous Materials; or
 - (C) liable for any Environmental Liabilities or Safety Liabilities and Costs; and
- (vii) neither Company nor Seller has any reason to believe that Company will become subject to a matter identified in Section 3.1(x)(vi); and, no investigation or review with respect to such matters has been made by Company or for Company, and none is pending or, to the Knowledge of Company and Seller, threatened, nor has any Governmental Authority or other third-party indicated an intention to conduct the same.
- (y) Compliance with Applicable Laws and Rules. Both Seller and Company represent and warrant to Buyer that both are in compliance with the International Money Laundering Abatement and Anti-Terrorist Act of 2001, as amended, the USA Patriot Act of November 26, 2001 and any and all other applicable rules and regulations thereunder promulgated by the United States government.
- (z) IRC Elections. Neither Company nor Seller has made an election pursuant to section 882(d) or section 897(i) of the Code.
- (aa) Authorization of Transaction. The Company has all requisite corporate power and authority and all material licenses, permits and authorizations necessary to own and operate its properties, to carry on its business as now conducted, to execute and deliver this Agreement, and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms and conditions.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Section 4.1 Representations of Buyer. Buyer hereby represents and warrants to Seller that the following are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

- (a) Existence. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona.
- (b) Corporate Authorization; No Violation. The execution, delivery and performance by Buyer of this Agreement are within Buyer's limited liability company powers, have been duly authorized by all necessary corporate action and do not contravene in any material respect any Requirement of Law or any Contractual Obligation of Buyer.
- (c) Enforceable Obligations. This Agreement has been duly executed and delivered on behalf of Buyer and constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.
- (d) No Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the Knowledge of Buyer, threatened by or against Buyer or any of its subsidiaries, or Affiliates, if any, with respect to this Agreement or any of the transactions contemplated hereby.
- (e) Disclosure. No representation or warranty by Buyer contained in this Agreement and no schedule, certificate or exhibit required to be furnished to Seller pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit any material fact necessary in order to make the statements and information contained therein not misleading.
- (f) Effect of Agreement. Execution and delivery of this Agreement by Buyer, performance of the obligations of Buyer hereunder, and consummation of the transactions contemplated hereby will not:
 - (i) cause Buyer to violate any Requirement of Law;
 - (ii) result in the breach of, or be in conflict with, any term, covenant or provision of any Contractual Obligation of Buyer; or
 - (iii) result in the creation or imposition of any lien, pledge, mortgage, claim, charge or encumbrance upon any assets of Buyer.
- (g) Buyer's Assets. Buyer, directly or indirectly, owns sufficient assets to cover all claims for indemnity that might be brought by the Buyer Indemnified Parties pursuant to Article 10.

ARTICLE 5

COVENANTS

Section 5.1 Seller's Covenants. Seller hereby covenant to Buyer as follows:

- (a) Incurrence of Liabilities. Prior to the Closing, Seller shall not cause or permit Company to, without the express prior written consent of Buyer, incur or agree to incur, any liability or obligation, absolute or contingent, or take any action outside the ordinary course of business for Company.
- (b) Merger, Consolidation, Establishment of Business Organization. Prior to the Closing, Seller shall not cause, or permit Company to enter into, any merger, consolidation, reorganization, or liquidation, or enter into or participate in the establishment of any joint venture, partnership, corporation, company or other business organization.

- (c) Litigation. Prior to the Closing, Seller shall advise Buyer in writing promptly of the commencement of any litigation, proceeding or government investigation, in which Seller or Company has been made a party, and of which Seller or Company, as the case may be, has Knowledge.
- (d) Books and Records. Prior to the Closing, Seller shall cause Company to maintain its books, accounts and records in the usual and ordinary manner on a basis consistent with prior years.
- (e) Tax Returns. Seller shall cause Company to prepare, at Company's own cost and expense, all United States federal, state and local income and other Tax returns for all periods ending prior to the Closing Date that Company is obligated to file prior to the Closing Date, and to pay all Taxes shown as due on such returns, including any penalties and/or interest accrued thereon.
- (f) Transfer Taxes. Seller shall bear all share transfer taxes, recording fees and other sales, transfer, use, purchase, stamp or similar taxes (collectively, the "Transfer Taxes") resulting from or arising out of the transactions contemplated by this Agreement.
- (g) Title Company Policy and Endorsements. Seller covenants to use best efforts to execute any and all necessary documents and to perform all other reasonably necessary actions for the Title Company to issue its extended ALTA owners policy with such endorsements as reasonably requested by Buyer.

ARTICLE 6

CONDITIONS TO CLOSING

Section 6.1 Conditions Precedent to Obligations of Buyer. All of the obligations of Buyer under this Agreement with respect to the purchase and acceptance of the Assets and payment therefor shall be subject to the satisfaction of each of the following conditions, any or all of which may be waived, in whole or in part, by Buyer prior to or at the Closing:

- (a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects when made and as of the Closing.
- (b) Covenants. Seller shall have observed and performed in all material respects all covenants to be observed and performed by Seller as of the Closing Date in accordance with the provisions of this Agreement.
- (c) Closing Documents. Each and every document and instrument required by Section 7.2 to be delivered to Buyer at or before the Closing Date shall have been delivered to Buyer.
- (d) Satisfaction of Conditions. All other conditions for the benefit of Buyer contained herein shall have been either satisfied or waived by Buyer prior to or at the Closing.
- (e) Approvals and Consents. All consents and approvals or the absence of disapprovals within applicable time periods, of Governmental Authorities (or exemptions from the requirements therefor), and all approvals of any third party, the granting or absence of which is necessary for the consummation of the transactions contemplated by this Agreement by Seller, shall have been obtained or, in the case of such disapprovals, shall be absent, and consent and approval of this transaction from the Arizona Corporation Commission shall have been obtained.

- (f) Assets. Company shall have, at the Closing Date, only the assets set out in Schedule 3.1(k) under the heading "Closing Assets."
- (g) Benefit Plan Obligations. Seller and Company shall provide to Buyer a certificate at closing stating that any and all obligations of Company under any health insurance, pension and other benefit plans covering employees, officers, directors and other personnel of the Company existing on or before the Closing Date shall have been (a) terminated as of or prior to the Closing Date or (b) transferred to a third party such that the Company has no remaining obligations under such benefit plans.
- (h) Title Company is unconditionally committed to issue insurance acceptable to Buyer in Buyer's sole discretion for the Real Property.

Section 6.2 Conditions Precedent to Obligations of Seller. All of the obligations of Seller hereunder with respect to the sale and delivery of the Assets are subject to the satisfaction of each of the following conditions, any or all of which may be waived, in whole or in part, by Seller prior to or at the Closing:

- (a) Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects as of the Closing Date.
- (b) Covenants. Buyer shall have observed and performed in all material respects all covenants to be observed and performed by Buyer as of the Closing Date in accordance with the provisions of this Agreement.
- (c) Closing Documents. Each and every document and instrument required by Section 7.4 to be delivered to Seller on or before the Closing shall have been delivered to Seller.
- (d) Satisfaction of Conditions. All other conditions for the benefit of Seller contained herein shall have been either satisfied or waived by Seller prior to or at the Closing.

ARTICLE 7

THE CLOSING

Section 7.1 Time and Place. The "Closing" shall take place on or before November 17, 2006 at 10:00 a.m. Pacific Standard Time at the offices of Kutak Rock, LLP, located at 8601 N. Scottsdale Road, Suite 300, Scottsdale, Arizona 85253, or at such other time and place as the parties may agree. Notwithstanding any other provision in this Agreement, Seller may, in Seller's sole discretion change the closing date from November 17, 2006 to January 5, 2007 by providing written notice to Buyer and Title Company prior to November 3, 2006. If Seller does not notify Buyer of the change, the closing shall occur as scheduled. The date on which the Closing occurs is herein referred to as the "Closing Date." The Closing will be deemed to have occurred only once all deliveries have been made and/or received, as applicable, in accordance with Section 2.1 and Section 7.2

Section 7.2 Deliveries to Be Made by Seller at the Closing. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following instruments in form and substance reasonably satisfactory to Buyer and Buyer's counsel:

- (a) A certificate of good standing for Company and a certified copy of Company's Articles of Incorporation, both issued by the Secretary of State of the State of Arizona not more than thirty (30) days prior to the Closing Date;
- (b) Special Warranty Deed in the form attached hereto as Exhibit C or such other documents as reasonably required by Title company and Buyer to transfer the Real Property;

- (c) Bill of Sale;
- (d) The original Tax clearance good standing certificates required in Section 2.5;
- (e) The statements of account for the Company Bank Accounts as of the Closing Date;
- (f) All of Company's contracts and written agreements, copies of its books and records and all other data relating to the business of Company;
- (g) Owner's title policy from the Title Company as set forth in the Buyer's closing instruction letter, and such other endorsements reasonably requested by Buyer and paid for by Buyer;
- (h) A Written Consent of Seller authorizing the execution and delivery of this Agreement and the performance by Seller of its obligations hereunder; and
- (i) An Officer's Certificate with respect to the office and authority of the officer of Seller executing this Agreement, duly executed by an officer of Seller.

Section 7.3 Transfer of Control. Simultaneously with the deliveries described in Sections 7.2 and 7.4, Seller shall take all additional actions that are reasonably necessary to place Buyer in actual possession and control of the Assets. In connection with such transfer, Seller will cooperate with Buyer in its efforts to continue and maintain for the benefit of Buyer those business relationships of Seller existing prior to the Closing and relating to the business to be operated by Buyer after the Closing, including relationships with lessors, employees, regulatory authorities, licensors, customers, suppliers and others, and Seller will satisfy the Liabilities of the Company and Seller in a manner that is not detrimental to any of such relationships. Seller will refer to Buyer all inquiries relating to such Business. Neither Seller nor any of its officers, employees, agents or shareholders shall take any action that would tend to diminish the value of the Assets after the Closing or that would interfere with the Business of Buyer to be engaged in after the Closing, including disparaging the name or Business of Buyer.

Section 7.4 Deliveries to be Made by Buyer at the Closing. At the Closing, Buyer shall deliver or cause to be delivered to Seller:

- (a) The Purchase Price shall be delivered to Seller in accordance with the provisions of Section 2.1;
- (b) A written consent of Buyer authorizing the execution and delivery of this Agreement and the performance by Buyer of its obligations hereunder;
- (c) An officer's certificate with respect to the office and authority of the officer of Buyer executing this Agreement, duly executed by an officer of Buyer;
- (d) A certificate of good standing for Buyer and a certified copy of Buyer's Articles of Organization, both issued by the Secretary of State of the State of Arizona not more than thirty (30) days prior to the Closing Date;

ARTICLE 8

POST-CLOSING COVENANTS

Section 8.1 Assistance with Preparation of Financial Statements, Tax Returns, Etc. For a period of not less than one (1) year after the Closing, Seller shall provide to Buyer, at Buyer's written request, and at the sole expense and cost of Buyer, reasonable cooperation and assistance in connection with the preparation of financial statements, Tax returns and annual reports.

Section 8.2 Further Assurances. Seller and Buyer covenant that they shall cooperate and take any such actions to execute further instruments and documents as shall reasonably be requested by either party to carry out the transactions contemplated by this Agreement, so long as the execution of such documents or such requested actions do not violate any Requirement of Law.

Section 8.3 Reportable Transactions. For federal income Tax purposes, neither Seller, Buyer nor Company, nor their respective Affiliates, will report the transactions contemplated by this Agreement (separately or in combination) as direct or indirect participation by them in a reportable transaction for purposes of Treasury Regulations Section 1.6011-4.

Section 8.4 No Contractual Protection. Neither Seller nor Company shall obtain Contractual Protection with respect to the transactions contemplated by this Agreement.

Section 8.5 Employee Reporting. Seller shall, at the appropriate time subsequent to the Closing Date, prepare and file on behalf of Company any and all necessary Form W-2's, Form 1099's, payroll Tax returns and related documentation with respect to each and every individual that was an employee of Company prior to the Closing Date for periods that end on or prior to the Closing Date.

ARTICLE 9

TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the transactions herein contemplated may be abandoned at any time prior to or at the Closing:

- (a) by written mutual consent of Seller and Buyer;
- (b) by Seller upon a five (5) day written notice as set forth in Section 11.2, if there has been a material misrepresentation or a material breach of a warranty or covenant contained herein or in any exhibit, schedule or certificate delivered by Buyer, as the case may be, in connection with this Agreement;
- (c) by Buyer upon a five (5) day written notice as set forth in Section 11.2, if there has been a material misrepresentation or a material breach of a warranty or covenant contained herein or in any exhibit, schedule or certificate delivered by Seller, as the case may be, in connection with this Agreement; or
- (d) by Buyer if any of the conditions to its or their obligations specified in Article 6 have not been satisfied within 180 days following the Effective Date of this Agreement.

Section 9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1 hereto, all further obligations of Seller or Buyer under this Agreement shall terminate without liability to Seller or Buyer.

ARTICLE 10

INDEMNIFICATION

Section 10.1 Survival of Representations. The parties agree that, notwithstanding any right or ability of Buyer to fully investigate the affairs of Company, any knowledge of facts determined or determinable by Buyer pursuant to such investigation or right or ability to investigate, Buyer has the right to rely fully upon the representations, warranties, covenants and agreements of Seller contained in this Agreement and on the accuracy of any Schedule, Exhibit, document or certificate annexed hereto or delivered to Buyer pursuant hereto. All representations and warranties of the parties contained herein shall survive the Closing until the expiration of the time periods set forth in Section 10.4.

Section 10.2 Indemnification by Seller. Seller shall indemnify and hold harmless Buyer, Company and each of its Affiliates and the officers, partners, directors, employees, agents, successors and assigns thereof (the "Seller Indemnified Parties") from any loss, damage, liability or expense (including, without limitation, expenses of investigation and reasonable attorneys' fees and expenses and costs incurred in connection with any action, suit, cause or proceeding brought against any thereof) incurred or suffered by the Seller Indemnified Parties, and arising out of or resulting from:

- (a) any breach or inaccuracy of any representation or warranty made by Seller in this Agreement, including without limitation Section 3.1(l) relating to the Absence of Liabilities of Company;
- (b) any breach of any covenant made by Seller herein or failure by Seller to properly or effectively make any delivery required to be made by Seller under Articles 6 or 7;
- (c) all audits or examinations (the "Post Closing Date Audits") by any Governmental Authority pertaining to any Tax returns filed in connection with any Tax-year or period ending prior to the Closing Date ; provided, however, that the same damages may not be collected more than once; or
- (d) any and all liabilities of Company arising prior to the Closing Date.

Section 10.3 Indemnification by Buyer. Buyer shall indemnify and hold harmless Seller and its respective Affiliates and the officers, partners, directors, employees, agents, successors and assigns of any of them (the "Buyer Indemnified Parties"), from any loss, damage, liability or expense (including, without limitation, expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding brought against any thereof) incurred or suffered by the Buyer Indemnified Parties, and arising out of or resulting from:

- (a) any breach or inaccuracy of any representation or warranty made by Buyer in this Agreement, or
- (b) any breach of any covenant made by Buyer herein or failure by Buyer to properly or effectively make any delivery required to be made by Buyer under Articles 6 or 7; provided, however, that the same damages may not be collected more than once.

Section 10.4 Time Periods. The indemnification obligations under this Article 10 shall continue for such time as specified below:

- (a) as to representations and warranties set forth in Sections 3.1(l), 3.1(m), and 3.1(o), and the covenants contained in Section 8.1, until the lapse of the statute of limitations applicable to the matters described therein; and
- (b) as to all other representations and warranties and breaches of any other covenant or undertaking, for the lesser of the applicable statute of limitations or three (3) years following the Closing Date.

Any claim or demand against Seller, Company or Buyer, of which notice has been given pursuant to Section 10.5 on or prior to the expiration of the related period, shall continue to be subject to indemnification hereunder, the expiration of such period notwithstanding.

Section 10.5 Notice and Defense.

- (a) Buyer, Company and Seller, shall promptly notify all other parties of any claim, suit or demand of which the notifying party has actual knowledge that entitles it to indemnification under this Article 10 (the date that the notifying party receives actual knowledge of the claim, suit or demand, shall be the "Actual Knowledge Date"); provided, however, that, in any event, the notifying party shall so notify the other on or before the expiration of thirty (30) days from the Actual Knowledge Date. The failure of the notifying party to give such notice on or before the expiration of thirty (30) days from the Actual Knowledge Date shall affect the liability of the indemnifying party only if and to the extent that such failure prejudiced the indemnifying party.

- (b) If the liability or damage for which indemnification is sought is asserted by a third party, the indemnifying party shall have, at its election, the right to defend any such matter at its sole cost and expense through counsel chosen by it and reasonably acceptable to the other party (provided that the indemnifying party shall have no such right if it is contesting liability under Section 10.6(a)). If the indemnifying party so undertakes to defend, the indemnifying party shall notify the indemnified party hereto of its intention to do so. The indemnifying party must defend such matter diligently or the indemnified party may assume control of the defense of such matter. The indemnifying party shall not, without the indemnified party's written consent (such consent not to be unreasonably withheld), settle or compromise any claim or consent to an entry of judgment that does not include, as an unconditional term thereof, a release of the indemnified party or parties. Each party agrees in all cases to cooperate with the defending party and its counsel in the defense of any such liabilities or claims. The defending party and the non-defending party or parties may be represented by the same counsel unless such representation would be inappropriate due to conflicts of interests between them. In addition, the non-defending party or parties shall at all times be entitled to monitor and participate in such defense through the appointment of counsel of its or their own choosing, at its or their own cost and expense. In defending a third party claim, an indemnifying party may not take any position that is adverse to the interests of the indemnified party with respect to such claim.

ARTICLE 11

MISCELLANEOUS

Section 11.1 Severability. If any provision of this Agreement is judicially or administratively interpreted or construed as being in violation of any applicable law or regulation in any state or country, such provision shall be inoperative in each such state or country and the remainder of this Agreement shall remain binding upon the parties hereto in each such state or country with the Agreement as a whole unaffected elsewhere to the extent permitted by law, and to the extent that enforcement of the remainder of this Agreement without the illegal, unenforceable or void provision would not be inconsistent with the intent of the parties as evidenced in this Agreement.

Section 11.2 Notices and Other Communications. Every notice or other communication that is required or contemplated by this Agreement to be given by either party shall be in writing and shall be delivered either by:

- (a) personal delivery;

- (b) postage prepaid return receipt requested certified mail or the equivalent of certified mail under the laws of the country where mailed;

- (c) facsimile transmission; or

(d) Federal Express or other reputable overnight courier service;

with proof of receipt to the party for whom intended at the address set forth on Schedule 11.2 to this Agreement or at such other address as the intended recipient previously shall have designated by written notice delivered in accordance with this Section 11.2 to the other parties. Any notice or other communication sent by certified mail or the equivalent shall be deemed to have been delivered to and received by the intended recipient on the date it is officially recorded as delivered by return receipt or equivalent. Any notice or other communication delivered in person or sent by overnight courier service shall be deemed to have been delivered to and received by the intended recipient on the date of delivery. Any notice or other communication delivered by facsimile transmission, with proof of such transmission evidencing date, time and destination facsimile number, shall be deemed to have been delivered and received by the intended recipient on the day immediately following the date of the successful and confirmed transmission of such facsimile. A copy of any notice or other communication sent to Buyer or Seller shall be sent to Buyer's counsel or Seller's counsel, as the case may be, as set forth on Schedule 11.2.

Section 11.3 Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, even where such executed counterpart was delivered via facsimile transmission, but all such separate counterparts shall constitute only one and the same instrument.

Section 11.4 Governing Law; Jurisdiction. The validity, construction and enforceability of this Agreement shall be governed in all respects by the law of the State of Arizona without regard to its conflicts of laws rules. In respect of any actions for injunctive or other equitable relief hereunder, any action or proceeding may be brought against any party in the state or federal courts located in the city of Phoenix and each of the parties consents to the jurisdiction of such courts in any such action or proceeding and waives any objection to venue laid therein. Process in any such action or proceeding may be served on any party anywhere in the world.

Section 11.5 Written Agreement to Govern. This Agreement sets forth the entire understanding and supersedes all prior and contemporaneous agreements among the parties relating to the subject matter contained herein and merges all prior and contemporaneous discussions among them, and no party shall be bound by any condition, representation, warranty, covenant or provision other than as expressly stated in or contemplated by this Agreement or as subsequently shall be set forth in writing and executed by duly authorized representatives of the parties hereto.

Section 11.6 Assignability. Neither this Agreement nor any right hereunder is assignable in whole or in part, by Seller without the express written consent of Buyer and any such attempted assignment shall be void and unenforceable. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties hereto. Buyer shall have the right to assign this Agreement and any such assignment shall relieve Buyer of all liability hereunder.

Section 11.7 No Waiver of Rights. All waivers hereunder must be made in writing, and failure of any party at any time to require another party's performance of any obligation under this Agreement shall not affect the right subsequently to require performance of that obligation. Any waiver of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision or a waiver or modification of the provision.

Section 11.8 Expenses. Each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including all attorneys' fees.

Section 11.9 Attorneys' Fees. If any action or proceeding shall be commenced to enforce this Agreement or any right arising in connection with this Agreement, the prevailing party in such action or proceeding shall be entitled to recover from the other party or parties the reasonable attorneys' fees, costs and expenses incurred by such prevailing party in connection with such action or proceeding.

Section 11.10 Further Assurances. At any time before or after the Closing, each of the parties hereto shall, at the request of any other party hereto, perform such acts, execute and deliver such instruments (including without limitation powers of attorney necessary to control an audit), and documents and do all such other things consistent with the terms of this Agreement as may be reasonably necessary to accomplish the transactions contemplated in this Agreement or to otherwise carry out the purpose of this Agreement.

Section 11.11 Confidentiality. Whether or not the transactions contemplated hereby are consummated, the parties shall keep, and shall cause each of their respective Affiliates, advisors, agents and representatives to keep, confidential all information and materials regarding any other party. The Company and the stockholders shall not, and shall not permit their Affiliates, advisors, representatives and agents to, disclose the terms and provisions of this Agreement without the prior written consent of Buyer. If the transactions contemplated hereby are not consummated, Buyer and each of its Affiliates, advisors, representatives and agents shall maintain the confidentiality of all non-public, proprietary information obtained during its due diligence review of the Company. If the transactions contemplated by this Agreement are consummated, the Company and the stockholders shall treat and hold as confidential any information concerning the Business and/or the affairs of the Company that is not already generally available to the public (the "Confidential Information") and refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to Buyer or destroy, at the request of Buyer, all tangible embodiments (and all copies) of the Confidential Information which are in his possession or under his control; provided that the Company and the Stockholders may disclose the Confidential Information to the extent necessary to complete federal, state or local personal income tax returns. The foregoing notwithstanding, Confidential Information may be disclosed to the extent a party becomes legally compelled to do so by deposition, interrogatory, subpoena, civil investigation, demand or similar legal process.

Section 11.12 Schedules and Exhibits. All Schedules and Exhibits referred to in and attached to this Agreement are incorporated herein by reference as if fully set forth in the text hereof.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first written above.

SELLER:

SAN TAN UTILITIES, LLC,
an Arizona limited liability company

By: _____
Name: _____
Title: _____

SIGNAL PEAK WATER COMPANY, INC.,
an Arizona corporation

By: _____
Name: _____
Title: _____

BUYER:

AVM - 2005, LLC,
an Arizona limited liability company

By: AREAD, INC., an Arizona
corporation, its Manager

By: [Signature]
Name: Dariman Applebaum
Title: pres.

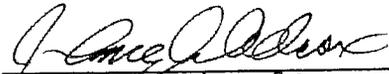
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first written above.

SELLER:

SAN TAN UTILITIES, LLC,
an Arizona limited liability company

By: 
Name: J. DOUGLAS ADCOX
Title: MANAGING MEMBER

SIGNAL PEAK WATER COMPANY, INC.,
an Arizona corporation

By: 
Name: J. DOUGLAS ADCOX
Title: PRES

BUYER:

AVM – 2005, LLC,
an Arizona limited liability company

By: AREAD, INC., an Arizona
corporation, its Manager

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO SIGNAL PEAK WATER COMPANY ASSET PURCHASE AGREEMENT]

EXHIBIT A
WIRE INSTRUCTIONS

Correspondent Bank:

ABA #:

Account Number:

Account Name:

EXHIBIT C

SPECIAL WARRANTY DEED

When Recorded, Return to:

Susan E. Klemmer, Esq.
Kutak Rock, LLP
8601 N. Scottsdale Road
Suite 300
Scottsdale, Arizona 85253

SPECIAL WARRANTY DEED

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, SIGNAL PEAK WATER COMPANY, INC., an Arizona corporation (the "Grantor"), hereby grants, sells, and conveys to _____, a _____ corporation (the "Grantee"), the real property located in Pinal County, Arizona and described on Exhibit A attached hereto and incorporated herein by this reference, together with (a) all buildings, structures, and improvements located thereon, (b) all development rights and credits, air rights, water, water rights, and water stock relating to the real property, (c) all right, title, and interest of Grantor in and to all strips and gores, streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected to the real property, (d) minerals, oil, gas, and other hydrocarbon substances in and under, or that may be produced from, the real property, and (e) any other rights, appurtenances, hereditaments, easements, reversions, and remainders pertaining to such real property or used in connection therewith;

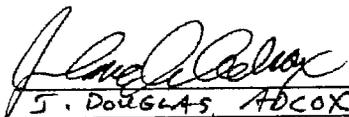
SUBJECT ONLY TO those matters set forth on Exhibit B attached hereto and incorporated herein by this reference (the "Permitted Exceptions").

AND GRANTOR hereby binds itself and its successors and assigns to warrant and defend the title as against the acts of Grantor and none other, subject only to the Permitted Exceptions.

IN WITNESS WHEREOF, the undersigned has executed this Special Warranty Deed as of this ____ day of _____, 2006.

GRANTOR:

SIGNAL PEAK WATER COMPANY, INC.,
an Arizona corporation

By: 

Name: _____

Title: _____

J. DOUGLAS ADCOX
PRES

SCHEDULE 3.1(b)

VIOLATION OF STATUTE OR BREACH OF CONTRACT INVOLVING SELLER

Schedule 3.1(b)

SCHEDULE 3.1(d)
LITIGATION INVOLVING SELLER

SCHEDULE 3.1(k)

CLOSING ASSETS

(Including List of Customers of Company)

SCHEDULE 3.1(I)

LIABILITIES

SCHEDULE 3.1(n)

CONTRACTS

SCHEDULE 3.1(o)

LITIGATION

SCHEDULE 3.1(r)

BANK ACCOUNTS AND POWERS OF ATTORNEY

Bank:
Account Name:
Account Number:

Signatories on Account: J. Douglas Adcox

SCHEDULE 3.1(s)

COMPANY DEBT

SCHEDULE 3.1(t)
EXCLUDED ASSETS

SCHEDULE 3.1(u)

BUYER'S LIST OF
ADDITIONAL EXCLUDED ASSETS

SCHEDULE 11.2

NOTICES

Seller at:

J. Douglas Adcox
P. O. Box 9602
Chandler Heights, AZ 85227

Buyer at:

AVM – 2005, LLC
15051 N. Kierland Boulevard, Suite 200
Scottsdale, AZ 85254
Attn: Jack Fields, Executive Vice President
Phone: (480) 998-5440
Fax: (480) 998-5442

with a copy to:

Kutak Rock LLP
Suite 300
8601 North Scottsdale Road
Scottsdale, AZ 85253-2742
Attn: Susan E. Klemmer, Esq.
Phone: (480) 429-5000
Fax: (480) 429-5001

Signal Peak Water Company

Listing of Assets

6/22/07

- 1-1 -inch Backflow valve assembly
- 6,600-feet of 4-inch PVC waterline
- 37-3/4-inch water meters and boxes
- Various fittings, saddles and corp. stops
- Rights to certificate of convenience and necessity for Signal Peak Water Co.

BILL OF SALE

SIGNAL PEAK WATER COMPANY, INC., an Arizona corporation, whose business address is 24320 S. 183rd Place, Gilbert, AZ 85297 ("Seller"), for and in consideration of the payment of the amounts described in the Asset Purchase Agreement dated September 6, 2006 (as amended, the "Contract"), sells and delivers to AVM-2005, L.L.C., an Arizona limited liability corporation ("Buyer"), whose principal address is 15051 N. Kierland Blvd., Suite 200, Scottsdale, AZ 85254, and its successors and assigns: (i) all machinery, pipes, fixtures, equipment, computers and related software, furniture, supplies, tools, parts, vehicles and other tangible personal property (including those previously ordered and in transit), if any; (ii) all supplies, materials, spare parts and other inventory (including those previously ordered and in transit), if any; (iii) all prepayments and prepaid expenses and deposits, including customer deposits related to the Business as of the Closing Date; (iv) all Intellectual Property and other Intangible Property, if any; (v) all rights existing under agreements to which the Company is a party as of the Closing Date, if any; (vi) all purchasing and sales records, books and ledgers and files and business records of the Company (copies of which may be retained by the Company), if any; (vii) all accounts and other receivables of the Company, if any; (viii) all goodwill of the Business as a going concern and associated with any of the foregoing, if any; (ix) the rights to all telephone numbers used by the Company, if any; (x) all claims, causes of action, warranties, rights of recovery and rights of set-off of any kind, if any, and (y) all other water rights and documents used in connection with the Business, including but not limited to all rights to all certificates of convenience and necessity ("**Personal Property**"). Excluding, however: (a) Seller's rights under the Contract; (b) Unassignable Contracts (as defined in the Contract); (c) all minute books and stockholder and stock transfer records and similar corporate records of the Company; (d) all original Tax Returns of the Company and any documents relating thereto; and (e) the amount of funds set forth in the depository bank accounts listed on Schedule 3.1(r) attached to the Contract.

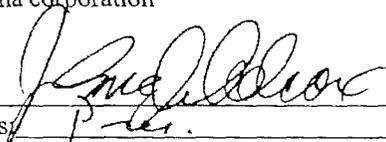
Seller represents and warrants to Buyer that Seller is the absolute owner of the Personal Property that Seller possesses all requisite power and authority to sell and deliver, and does hereby sell and deliver, the Personal Property free from all liens and encumbrances.

All capitalized terms not otherwise defined herein shall have the meanings as set forth in the Contract.

This Bill of Sale shall be effective as to the transfer of all of the above-described Personal Property as of May 4, 2007.

"Seller"

SIGNAL PEAK WATER COMPANY, INC., an
Arizona corporation

By: 

Its: _____