



0000087604

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

ATTORNEYS AT LAW

TEMPE OFFICE

4500 S. LAKESHORE DRIVE

SUITE 339

TEMPE, ARIZONA 85282

ORIGINAL

RICHARD L. SALLQUIST

PHONE (480) 839-5202

FACSIMILE (480) 345-0412

E-MAIL dick@sd-law.com

August 12, 2008

HAND DELIVERY

Ms. Kay Kilger

Arizona Corporation Commission

Utilities Division

1200 West Washington Street

Phoenix, Arizona 85007

Re: Livco Water Company; Docket Nos. W-02121A-07-0506 & W-02121A-07-0688;
Decision No. 70308; Compliance Filing

Dear Ms. Kilger:

Enclosed are 15 copies of the executed WIFA Loan Agreement as required by the subject Decision.

In the event you have any questions, or we can provide further information, please do not hesitate to contact the undersigned.

Sincerely,

Richard L. Sallquist

cc: Hearing Division
Legal Division
Utilities Division
Jenni Wicks

Arizona Corporation Commission
DOCKETED

AUG 12 2008

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

2008 AUG 12 P 12:54

RECEIVED

Loan Agreement

between

Water Infrastructure Finance Authority of Arizona
(the "Authority")

and

Livco Water Co.
(the "Local Borrower")

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of July 25, 2008

**WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA
LOAN AGREEMENT**

This Loan Agreement (as it may be amended or supplemented from time to time, this "Agreement") is made and entered into as of the date set forth below by and between Borrower and Lender set forth below.

This Loan Agreement includes the attached Exhibits and the attached Standard Terms and Conditions. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and Standard Terms and Conditions.

Section 1. Party Names And Addresses.

Borrower:	Livco Water Co.
Borrower Mailing Address:	PO Box 659 Concho, Arizona 85924 (928) 337-2266 (928) 337-3578
Attention:	Rick Kautz, President
Borrower Business Office Address:	#1 County Road 5100 Concho, Arizona 85924
Lender:	Water Infrastructure Finance Authority of Arizona
Lender Address:	1110 West Washington Street, Suite 290 Phoenix, Arizona 85007
Attention:	Executive Director

Section 2. Loan Information. The terms of the Loan include the terms set forth in the Exhibits, which are part of this Agreement:

Exhibit A	Financial Assistance Terms and Conditions
Exhibit B	Technical Terms and Conditions
Exhibit C	Reporting Requirements
Exhibit D	Debt Service Reserve and Replacement Reserve Provisions
Exhibit E	Limits on Additional Indebtedness without Lender Consent
Exhibit F	Form of Promissory Note
Exhibit G	Form of Opinion of Counsel to Borrower
Exhibit H	Borrower Disclosure

Section 3. The Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower by means of one or more advances ("Advances") in an aggregate principal amount not to exceed the Loan Amount (the "Commitment"). The unadvanced portion of the Commitment shall expire on but not include the earliest of (i) the date on which the Loan has been fully advanced by Lender, or (ii) the first Principal Repayment Date set forth in the Exhibit A. The obligation of Borrower to repay the Loan is evidenced by the Promissory Note in the form attached hereto as Exhibit F, dated of even date herewith, of Borrower payable to Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time (the "Note"). In the event of a conflict between the Note and this Agreement, the terms of this Agreement shall be deemed controlling. The Loan shall not constitute a revolving loan, and amounts repaid may not be reborrowed.

Section 4. Advances. Lender may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. In making Advances, Lender shall be entitled to rely upon, and shall incur no liability to Borrower in acting upon, any request made by a person identifying himself or herself as one of the persons authorized by Borrower to request Advances. Advances of the Loan will be made only upon satisfaction of the conditions set forth in this Agreement, including the following:

(a) Lender has received a draw request from Borrower, in form and substance satisfactory to Lender, not less than ten (10) days prior to the date for which such Advance is requested, specifying the amount and purpose of the Advance requested. Lender will furnish an acceptable form of draw request to Borrower. Lender may revise the form of draw request from time to time.

(b) Except as hereinafter provided, disbursements shall be made only upon certification of an authorized officer of Lender that such disbursement is proper. An authorized officer of Lender shall approve disbursements in payment of the invoices, demands for payment, approved contractors' estimates or other evidence of cost incurrence directly to the persons or entities entitled to payment or to Borrower in the case of reimbursement for costs of services already paid, and shall provide Borrower with a copy of the approval and the date approved.

(c) Lender has received such other items or documents as Lender may reasonably require.

Section 5. Payment Of Principal, Interest And Fees. The outstanding principal balance of the Loan, together with all unpaid accrued interest due under the Note, shall be paid by "automatic debit" from the Borrower Deposit Account. The Borrower Deposit Account shall be a Demand Deposit Account in the name of the Borrower, Account Number 0118006148 maintained with National Bank of Arizona. Borrower shall cause monthly payments to be made by direct debit to the Lender in accordance with routing instructions within Exhibit A.

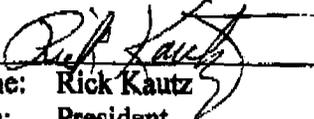
Section 6. Loan And Security Documents. The Loan shall be secured by the Continuing Security Agreement of even date herewith executed by Borrower for the benefit of Lender (the "Continuing Security Agreement") granting Lender a security interest in the collateral described therein by the provisions of this Agreement providing for the holding of, and granting Lender a

therein by the provisions of this Agreement providing for the holding of, and granting Lender a security interest in, the Debt Service Reserve Fund and the Replacement Reserve Fund (as described in Exhibit D). The Continuing Security Agreement, any Deed of Trust and any other agreements, documents or instruments securing the Loan are referred to as the "Security Documents". This Agreement, the Note, the Security Documents and any other agreements, documents or instruments evidencing, securing or otherwise relating to the Loan, and all exhibits thereto, are referred to as the "Loan Documents".

IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hererof.

DATED as of July 25, 2008.

Livco Water Co.

By: 
Name: Rick Kautz
Title: President

Water Infrastructure Finance Authority of Arizona

By: 
Judy Navarrete
Executive Director