



0000094356

**ORIGINAL**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**RECEIVED**

Arizona Corporation Commission

**DOCKETED**

MAR - 6 2009

2 COMMISSIONERS

- 3 KRISTIN K. MAYES, Chairman
- 4 PAUL NEWMAN
- 5 GARY PIERCE
- 6 SANDRA D. KENNEDY
- 7 BOB STUMP

2009 MAR -6 P 2: 06

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY	
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8 IN THE MATTER OF THE APPLICATION OF  
 9 FISHER'S LANDING WATER AND SEWER  
 10 WORKS, LLC FOR APPROVAL OF A RATE  
 11 APPLICATION FOR WATER COMPANIES  
 12 WITH ANNUAL GROSS OPERATING  
 13 REVENUES (INCLUDING REQUESTED RATE  
 14 RELIEF) OF LESS THAN \$250,000.

DOCKET NO. WS-04047A-07-0700

15 IN THE MATTER OF THE APPLICATION OF  
 16 FISHER'S LANDING WATER AND SEWER  
 17 WORKS, LLC FOR APPROVAL OF A RATE  
 18 APPLICATION FOR WASTEWATER  
 19 COMPANIES WITH ANNUAL GROSS  
 20 OPERATING REVENUES (INCLUDING  
 21 REQUESTED RATE RELIEF) OF LESS THAN  
 22 \$250,000.

DOCKET NO. WS-04047A-07-0708

**STAFF'S NOTICE OF FILING**

23 On December 19, 2007, Fisher's Landing Water and Sewer Works, LLC, ("Company") filed  
 24 before the Arizona Corporation Commission ("Commission") separate applications for permanent  
 25 increases in water and wastewater rates.

26 On May 19, 2008, the separate dockets were consolidated.

27 On October 24, 2008, the Commission's Hearing Division issued a Recommended Opinion  
 28 and Order ("ROO") for the consolidated dockets.

On October 31, 2008, the Company filed its exceptions to the ROO.

On January 30, 2009, Commission Utilities Division Staff ("Staff") issued a Supplemental  
 Staff Report ("Supplement"). The Company did not file a response to the Supplement.

On February 24, 2009, the Hearing Division issued a Procedural Order directing Staff to file  
 with Docket Control "all of the information that it has received from the Company since the  
 Company filed its exceptions on October 31, 2008."

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Staff hereby provides the following documentation in conjunction with that Procedural Order:

1. The lease executed on October 30, 2008 between Fisher's Landing Water and Sewer Works, LLC. And Northwest Development Company, Inc.
2. Information obtained from the Yuma County Assessor's Office, and
3. Staff Second Set of Data Requests, complete with the Company's responses.

RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of March, 2009.

By

  
\_\_\_\_\_  
Kevin O. Torrey  
Attorney, Legal Division  
1200 West Washington  
Phoenix, Arizona 85007  
(602) 542-3402

Original and 13 copies of the foregoing filed this 6<sup>th</sup> day of March, 2009 with:

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

Copy of the foregoing mailed this 6<sup>th</sup> day of March, 2009 to:

Don Fisher, Partner  
Fisher's Landing Water  
and Sewer Works, LLC  
Post Office Box 72188  
Yuma, Arizona 85365-0188

  
\_\_\_\_\_

**EXHIBIT 1**

OPEN MEETING AGENDA ITEM

attach

DIRECTOR

ARIZONA CORPORATION COMMISSION  
Commission's Docket Control  
1200 West Washington Street  
Phoenix, Arizona, 85007-2927

OCT 31 2008

Docket No's: WS-04047A-07-0700 and WS-04047A-07-0708  
FISHER'S LANDING WATER AND SEWER WORKS, LLC.

Subject: Exception to the OCRB valuation listed at Item #39 in the Recommendation by Administrative Law Judge Sarah N. Hapring, dated October 24, 2008.

Item's not presented with Fisher's Landing Water and Sewer Works, LLC, ( the Company), financial information is the value of leasing 20 acres of private land upon which the waste water evaporating pools are located. The lease agreement for the 20 acres requires lease payments of \$6,666.00 per month or \$79,992.00 on an annual basis. A copy of the lease agreement is attached, exhibit #1.

The above mentioned 20 acres is owned by Northwest Development Company, a California Corporation, who purchased the property from Don & Roberta J Fisher and A.W. Ferguson and Louise H. Ferguson Trust, dated 8-1-2004 on September 2, 2004 for \$900,000.00. Pages from the web site of the Yuma County Assessors' office that reflect the ownership and the purchase price, are attached, exhibits #2 and #3.

Northwest Development Company is owned by Greg Brown who along with his wife Donna own a 75% ownership in Fishers Landing, Inc., (a 98.99% owner of Fishers Landing Water and Sewer Works, LLC).

The reason the lease did not come to the attention of the Commission Staff is because the Company has not had the capital or net income, ( Water and Waste Water combined), to make the payments and also provide for working capital and expansion of the plant to handle more volume and storage capacity. Mr. Brown's company, Northwest Development Company, has not required current lease payments but has not forgiven the Company for lease payments past due because of the lack of capital.

We respectively believe that the OCRD of the Waste Water portion of the Company should include the capitalized cost of the lease payments or the value of the 20 acres, and accordingly taken into consideration in setting the new rates.

Don Fisher  
Don Fisher, Partner, Fishers Landing Water and Sewer Works, LLC

80/03/08/01 DOCKET CONTROL Date

2008 OCT 31 P 2:08

RECEIVED

## LEASE

This Lease is made and entered into on 8-31-04, 2004, by and between Fisher's Landing Water and Sewer Works, LLC, an Arizona limited liability company (hereinafter "Lessee"), and Northwest Development Company, Inc., a California corporation (hereinafter "Lessor"), with reference to the following facts:

## RECITALS

A. This Lease is made and entered into pursuant to a Master Agreement for Purchase and Sale of Fisher's Landing and Sewer Plant, and for Leaseback, by and between Northwest Development Company, Gregory M. Brown, Donna C. Brown, Donald Fisher, Roberta Fisher, Albert W. Ferguson, and Louise Ferguson, Fisher's Landing, Inc., an Arizona corporation, and Fisher's Landing Water and Sewer Works, LLC.

B. Under the Master Agreement, Lessor agreed to acquire from Donald Fisher, Roberta Fisher, Albert W. Ferguson and Louise Ferguson that certain 20 acre tract of land upon which Lessee currently operates sewer ponds. As part of the Master Agreement, Lessee agreed to leaseback the property from Lessor upon the terms and conditions more fully provided herein.

C. Lessee is now and has been occupying the Premises and operating sewer and water treatment facilities thereon, including but not limited to sewer ponds, pursuant to an assignment of an existing lease between Fisher's Landing, Inc., and Lessor's predecessor's in title, the Fishers and the Fergusons. This lease is intended to supersede all prior leases.

NOW, THEREFORE, the parties hereto agree as follows:

1. Lessor, for and in consideration of the rent to be paid by Lessee and of the covenants and provisions to be kept and performed by Lessee under the terms of this lease, hereby leases to Lessee, and Lessee agrees to lease from Lessor, the property described in Exhibit A attached hereto, consisting of approximately 20 acres. Said property is improved with sewer ponds and related facilities, hereinafter "the Improvements". The term "Premises" as used in this Lease shall mean both the property and the Improvements.

2. Original Term. This Lease shall be for a period of ten years, commencing upon close of escrow for the purchase of the Premises by Lessor ("Escrow") and ending ten years after such close of Escrow, unless terminated earlier pursuant to the provisions of this Lease.

3. Holding Over. In the event Lessee holds over and continues in possession of the Premises after expiration of the Original Term, Lessee's continued occupancy of the Premises shall be considered a month-to-month tenancy subject to all the terms and conditions of this Lease.

4. Rent. Lessee agrees to pay to Lessor a fixed rental of \$80,000 per year for the use and occupancy of the Premises, payable in monthly installments of \$6,666 per month, payable on the first

day of each and every month commencing on the first day of the next calendar month following the month in which Escrow closes, at the office of Lessor at 3511 Camino Del Rio South, Suite 408, San Diego, CA 92108, or at any other place or places as Lessor may from time to time designate by written notice delivered to Lessee. The rent for the partial calendar months occurring at the commencement and termination of the term of this Lease shall be pro rated accordingly.

5. Permitted Use. During the term of this Lease, the Premises shall be used for the exclusive purpose of operating and conducting sewer and/or water treatment operations, and for uses normally incident to that purpose, and for no other purpose. Lessee shall not use or permit the Premises to be used for any other purpose, without the prior written consent of Lessor.

6. Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on the Premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance on the Premises; and Lessee shall not use or permit the use of the Premises for any unlawful purpose.

7. Compliance with Law. Lessee shall, at Lessee's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state, and county or municipal, including those requiring capital improvements to the Premises, including, but not limited to, any additional water and/or sewer treatment or conveyance facilities.

8. Payment of Utilities. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from, all charges for the furnishing of gas, water, sewer, electricity, telephone service, garbage pickup and disposal, and other public utilities to the Premises during the term of this Lease. All such charges shall be paid by Lessee directly to the provider of the service and shall be paid as they become due and payable but in any event before delinquency.

9. Miscellaneous Taxes. Lessee shall pay before they become delinquent all taxes, assessments, and other charges levied or imposed by any governmental entity on the Premises, including, without limitation, any and all sewer and water treatment and conveyance facilities.

10. Real Property Taxes. All real property taxes and assessments levied or assessed against the Premises by any governmental entity, including any special assessments imposed on or against the Premises for the construction or improvement of public works in, on, or about the Premises, shall be paid, before they become delinquent, by Lessee.

11. Condition of Premises. Lessee is now and has been in possession of the Premises under prior leases, and has operated sewer treatment facilities thereon, and acknowledges that it alone is responsible and liable for the condition of the Premises, including, but not limited to, the presence of sewer sludge and other by products of it's operations. Lessee therefore accepts the Premises, as well as the Improvements located on the Premises, in their present condition and represents and warrants to Lessor that the Premises and Improvements are in good, clean, safe, and tenantable condition as of the date of this Lease. Lessee further agrees with and represents to Lessor that the Premises have been inspected by Lessee, that it has received assurances acceptable to Lessee

by means independent of Lessor or any agent of Lessor of the truth of all facts material to this Lease, and that the Premises are being leased by Lessee as a result of its own inspection and investigation and not as a result of any representations made by Lessor or any agent of lessor except those expressly set forth in this Lease.

12. Maintenance by Lessee. Lessee shall, at its own cost and expense, keep and maintain all portions of the Premises and all improvements located on the Premises in good order and repair and in as safe and clean a condition as they were prior to commencement of Lessee's operations, reasonable wear and tear excepted. Lessee's obligation to repair shall specifically include, without limitation, all sewer and/or water treatment facilities, conveyance facilities, and related improvements incidental thereto, and timely clean up of any sewer sludge and/or other by products or waste resulting from or related to its operation and use of the facilities, whether occurring before or after commencement of this Lease.

13. Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to the Premises or to any Improvements on the Premises without the prior written consent of Lessor. Lessor shall not unreasonably withhold this consent. Lessee shall keep the Premises free and clear from any and all liens, claims, demands for work performed, materials furnished, or operations conducted on the Premises at the instance or request of Lessee. Furthermore, any and all alterations, additions, improvements, and fixtures made or placed in or on the Premises by Lessee or any other person shall, on expiration or earlier termination of this Lease, become the property of Lessor and remain on the Premises, unless, within ninety days after lease expiration or termination, Lessor gives Lessee written notice that the Improvements are to be removed, in which event the improvements shall be deemed the property of Lessee and Lessee shall cause such improvements to be removed at it's own expense as and when reasonably directed by Lessor.

14. Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Lessee is complying with the terms of this Lease, for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in the Premises, or for the purpose of performing Lessor's duties under this Lease.

15. Surrender of Premises. On expiration or earlier termination of this Lease, Lessee shall promptly surrender and deliver the Premises to Lessor, in as good condition as prior to the commencement of Lessee's operations, excluding reasonable wear and tear.

16. Hold Harmless. Lessee agrees to protect, indemnify, and save Lessor harmless from and against any and all liability to third parties resulting from Lessee's occupation and use of the Premises, whether occurring before or after commencement of this Lease, specifically including, without limitation, any claim, liability, loss, or damage arising by reason of death or injury to any person; any work performed on the Premises or materials furnished to the Premises at the instance or request of Lessee or any agent or employee of Lessee; and Lessee's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on

Lessor or the leased Premises by any duly authorized governmental agency or political subdivision.

17. Insurance. Lessee shall, at its own cost and expense, procure and maintain during the entire term of this Lease public liability insurance and property damage insurance issued by an insurance company acceptable to Lessor and insuring Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this Lease in amounts not less than \$1,000,000 for injury to or death of any person, and aggregate limits of \$2,000,000 for injury to or death of two or more persons as a result of any one accident or incident; and \$1,000,000 for damage to or destruction of any property of others.

18. Fire and Extended Coverage Insurance. Lessee shall, during the term of this Lease, procure, carry, and pay for fire and extended coverage insurance, insuring all Improvements on the Premises for full replacement value. The policy shall name Lessor as an additional insured and shall be issued by a responsible insurance company authorized to do business in Arizona.

19. Cancellation Requirements. Each of the insurance policies shall be in a form reasonably satisfactory to Lessor and shall carry an endorsement that, before changing or cancelling any policy, the issuing insurance company shall give Lessor at least thirty days prior written notice. Duplicate originals or certificates of all such insurance policies shall be delivered to Lessor.

20. Destruction of Premises. If at any time during the original term of this Lease, the Improvements on the Premises are damaged or destroyed by any cause, Lessee shall promptly repair, rebuild, or restore the Improvements to substantially the same condition as the Improvements were in at the time delivered to Tenant at the commencement of this Lease.

21. Condemnation. If at any time during the term of this Lease, title and possession of all of the Premises is taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of 12:01 a.m. of the date actual physical possession of the Premises is taken by the agency or entity exercising the power of eminent domain, and both Lessor and Lessee shall thereafter be released from all obligations under this Lease, except those described at Section Number 22.

22. Condemnation Award. If at any time during the term of this Lease, title and/or possession of all or any portion of the premises is taken under the power of eminent domain by any public or quasi-public agency or entity, the compensation or damages for the taking shall be awarded to and be the sole property of Lessor. Lessee hereby waives any and all rights to share in any damages or award.

23. No Assignment or Encumbrance. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the Improvements that may now or hereafter be constructed or installed on the Premises without first obtaining the express written consent of Lessor. Lessee shall not sublet the Premises or any part of the Premises without the prior written consent of Lessor. A consent by Lessor to one assignment,

one subletting, or one occupation of the Premises by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation of the Premises by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Lessor, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease.

24. Default. Any failure by Tenant to perform any of its covenants or agreements under this Lease shall be a material default and breach of this Lease.

25. Option to Terminate for Breach. In the event of any default or breach by Lessee under this Lease, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the right to terminate this Lease and all rights of Lessee hereunder by giving written notice of the termination. No act of Lessor shall be construed as terminating this Lease except written notice given by Lessor to Lessee advising Lessee that Lessor elects to terminate the Lease. In the event that Lessor elects to terminate this Lease, Lessor may recover from Tenant all damages and remedies, including unpaid rent to the end of the Lease, allowed in law or in equity.

26. Continuation After Breach. If Lessee breaches this Lease and abandons the Premises before the natural expiration of the term of the Lease, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover the rent specified in this Lease as it becomes due under this Lease.

27. Reletting After Breach. In the event Lessee breaches this Lease, Lessor may enter on and relet the Premises or any part of the Premises to a third party or third parties for any term, at any rental, and on any other terms and conditions that Lessor, in its sole discretion, may deem advisable, and shall have the right to make alterations and repairs to the Premises. Lessee shall be liable for all of Lessor's costs in reletting, including, but not limited to, repair and renovation costs required for the reletting. In the event Lessor relets the premises, Lessee shall pay all rent due under and at the time specified in this Lease, less any amount or amounts actually received by Lessor from the reletting.

28. Remedies Cumulative. The remedies hereinabove granted to Lessor shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or provided in this Lease.

29. Arbitration. The parties hereto agree to submit any dispute or controversy hereunder to binding arbitration. The parties recognize and agree that by agreeing to binding arbitration they are giving up the right to trial by court or jury.

30. Attorney's Fees. In any dispute or controversy resulting in arbitration or any other

action or proceeding hereunder, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs from the non-prevailing party.

31. Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Lessor and Lessee, but nothing in this section shall be construed as a consent to Lessor to any assignment of this Lease or any interest therein by Lessee, except as provided hereinabove.

Executed on August 31 2004 Yuma, <sup>Arizona</sup>~~California~~

Dated: 8-31-2004

Lessor

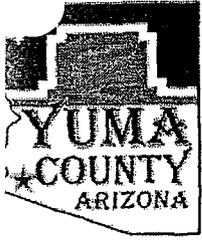
By:   
Gregory M. Brown President Northwest Developmental  
Co. Inc. a California corporation

Dated: 8-31-2004

Lessee

By:   
Gregory M. Brown President of  
Fisher's Landings Inc. Member  
Fisher's Landings Water and Sewer  
Works, LLC

**EXHIBIT 2**



# Account Detail

General Information (as of 10:33 am, October 30, 2008)

Account: R0032063 Tax District: 0111  
 Parcel: 1410702002028 Mill Levy: 10.774\*  
 Account Type: Status: A

\* This Mill Levy is from the most recent tax roll. It may change on future tax rolls.

- New Search
- Assessment History
- Tax Totals
- Characteristics
- Sales History
- Tax Details
- Photo
- Sketch
- Tax Authorities

## Owner Information

Owner: NORTHWEST DEVELOPMENT  
 Name: COMPANY  
 Address: C/O FISHERS LANDING WATER-  
 SEWER WORKS  
 STAR RT 4 BOX 45  
 YUMA, AZ 85364

## Legal Description

SECT, TWN, RNG: 20-05S-21W DESC: PT SEC  
 20 BEG AT SW COR SEC 20 TH N ON W SEC  
 LINE 1199.64' TH NELY 2400.40' TO TRUE  
 POB TH NW 600' TH NE 1452' TH SE 600' TH  
 SW 1452' TO POB STATE PATENT 53-98722-  
 01 ACCOUNT IS FOR MAP PURPOSES  
 ONLY. DO NOT POST VALUES TO THIS  
 ACCOUNT. PROPERTY ASSESSED UNDER  
 ACCOUNT U-54.

## Situs (Site Location)

YUMA 85365

Agent:  
 Yuma County  
 Title:  
 ASSESSOR  
 Connected As:  
 Patrick HARVEY

## 2009 Assessment Information

	Actual Value	Assessed Value	Acres	Square Feet	Taxable Value
Land	700,000	154,000	20	0	
Improvements	0	0	0	0	
Exempt	0	0	0	0	
<b>Total</b>	<b>700,000</b>	<b>154,000</b>	<b>20.00</b>	<b>0</b>	<b>154,000</b>



# Sales History

General Information (as of 10:33 am, October 30, 2008)

Account: R0032063 Tax District: 0111  
 Parcel: 1410702002028 Account N/A  
 Type:

- New Search
- Profile
- Assessment History
- Characteristics
- Tax Details
- Tax Totals
- Photo
- Sketch
- Tax Authorities

## History

Sale Date	Type	Reception	Book	Page	Grantor	Grantee	Amount
09/02/2004	3	2004032182	N/A	N/A	FISHER DON & ROBERTA J UND 1/2 INT JT	NORTHWEST DEVELOPMENT COMPANY	N/A
09/02/2004	3	2004032182	N/A	N/A	FERGUSON A W & LOUISE H TRUST 8-1-84 &	NORTHWEST DEVELOPMENT COMPANY	900,000
05/22/1997	6	1997013389	N/A	N/A	N/A	N/A	N/A

ent:  
 na County  
 e:  
 SESSOR  
 nected As:  
 rick HARVEY

**EXHIBIT 3**

**Brendan Aladi**

---

**From:** Kevin Torrey  
**Sent:** Tuesday, November 25, 2008 4:27 PM  
**To:** Katrin Stukov; Brendan Aladi  
**Subject:** FW: FISHER'S LANDING WATER & SEWER WORKS, LLC  
**Attachments:** Purchase, 20 Acres.pdf; Nortized Lease Agree.pdf; Master Agreement.pdf; R E Tax Record.pdf; Certificates of Ins.pdf

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**From:** Patrick I. Harvey [mailto:pat@pihcpa.com]  
**Sent:** Tuesday, November 25, 2008 4:13 PM  
**To:** Kevin Torrey  
**Subject:** Fw: FISHER'S LANDING WATER & SEWER WORKS, LLC

Dear Mr. Torrey, please find supporting documents attached:

20 Acre Purchase documents  
Notarized Lease Agreement  
Master Agreement  
Real Estate Tax Record  
Certificates of Insurance

Thanks, Patrick Harvey, CPA

*Fisher's Landing Water  
& Sewer Works, LLC*

**Arizona Corporation Commission  
STAFF's Second SET OF DATA REQUESTS TO  
FISHER'S LANDING WATER AND SEWER  
DOCKET NO. WS-04047A-07-0708 (Sewer)**

BCA 2.1 – Please verify that the actual cost of the land to the lessor was \$900,000. If not, explain and provide the cost.

BCA 2.2 – What portion of the land is used exclusively for the evaporation pools? If any portion of the 20 acres is used for purposes other than evaporation pools, specify the portion of the land, in acres, used for those other purposes, and identify those other purposes.

BCA 2.3 – Please provide a schedule showing the dates and amounts of all payments on the lease from its inception, and provide supporting documentation.

BCA 2.4 – Please provide a notary or other evidence showing that the lease agreement was signed on August 31, 2004.

BCA 2.5 - Explain the basis for determining the rental rates (\$6,666 per month), and provide support to show that the rental rates for this non-arm's length transaction were established at fair market value.

BCA 2.6 – Please explain why the unpaid lease obligations are not reflected as liabilities on the balance sheet submitted in the rate application.

BCA 2.7 – Please provide supporting documentation showing all efforts made by the lessor to recover the delinquent payments.

BCA 2.8 – Please explain why the Company did not file a rate case earlier, if the Company did not have sufficient revenues to pay for the lease obligations.

BCA 2.9 – Please provide supporting documentation showing that the Company (Lessee) satisfied the following obligations per the lease agreement from the inception of the lease:

- a. Real property taxes.
- b. Miscellaneous taxes imposed by government entities.
- c. Public liability and property damage insurance.
- d. Fire and extended coverage insurance.

Arizona Corporation Commission

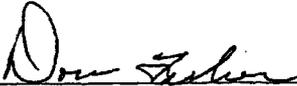
To: Kevin O' Torrey  
ktorrey@azcc.gov

Brendan C. Aladi  
baladi@azcc.gov

Re: Staff's Second Set of Data Requests to Fisher's Landing Water and Sewer Works,  
LLC  
Docket No. WS-04047A-07-0708

Gentlemen,

Please find the responses to your data requests outlined in your letter of November 10, 2008, attached. The supporting documents will be sent to you in several different e-mails in order to not overload with one large email.

  
\_\_\_\_\_  
Don Fisher, Partner, Fishers Landing Water  
and Sewer Works, LLC

11/25/08  
Date

ARIZONA CORPORATION COMMISSION  
Commission's Docket Control  
1200 West Washington Street  
Phoenix, Arizona, 85007-2927

Docket No's: WS-04047A-07-0700 and WS-04047A-07-0708  
FISHER'S LANDING WATER AND SEWER WORKS, LLC.

Subject: Staff's Second Set of Data Requests to Fisher's Landing Water and Sewer Works, LLC, Docket No. WS-04047A-07-0708, Dated November 10, 2008,  
**Responses to Data to Second Set of Data Requests.**

**BCA 2.1** Please verify that the actual cost of the land to the lessor was \$900,000. If not, explain and provide the cost.

Response: The cost of the land is recorded in escrow by Chicago Title Insurance Company, DBA, Yuma Title, 1706 S. 4th Avenue, Yuma Arizona, 85364, Tele No. 928-782-9212 Closing date August 12, 2004, copy attached. This response and the copy is provided by Patrick I. Harvey, CPA, 2450 S 4th Ave., Suite 100B Yuma, Az., 85364 Tele, 928-344-1370 Supporting documents labeled, "**Purchase, 20 Acres**"

**BCA 2.2** What portion of the land is used exclusively for the evaporation pools? If any portion of the 20 acres is used for purposes other than evaporation pools, specify the portion of the land, in acres, used for those other purposes, and identify those other purposes.

Response: According to Don Fisher, (Partner, Fisher's Landing Water and Sewer Works, LLC, ) P.O. Box 72188, Yuma, Az., 85365, 928-783-6513, sewer evaporation ponds occupy approximately 5 acres and another space approximately 10' by 10' is occupied by a monitoring well. The remainder of the 20 acres is vacant land. Sewer pipes run underground to the evaporation ponds.

**BCA 2.3** Please provide a schedule showing the dates and amounts of all payments on the lease from its inception, and provide supporting documentation.

Response: There is no record of any payments made on the lease. My firm has recorded the checks and reconciled the records with their bank statements since the inception of the lease. I have reviewed the financial "books" of the company and find no record of any payments made on the lease. Patrick I. Harvey, CPA, 2450 S. 4th Ave., suite 100B, Yuma, Az., 85364, Tele 928-344-1370

**BCA 2.4** Please provide a notary or other evidence showing that the lease agreement was signed on August 31, 2004.

**BCA 2.4, Continued.**

Response: The copy of the lease that was provided to you reflected that the lease agreement was not notarized. Therefore, a statement by Mr., Gregory M. Brown, President of Northwest Development Company and also President of Fisher's Landing, Inc., that has been notarized is attached. Provided by, Gregory M. Brown, 10765 Woodside Avenue, Suite A, Santee, Calif., 92071, Tele 619-778-1694  
Supporting documents labeled, "**Notarized Lease Agree**"

**BCA 2.5** Explain the basis for determining the rental rates (\$6,666 per month), and provide support to show that the rental rates for this non-arm's length transaction were established at fair market value.

Response: The sale of the 20 acres to Northwest Development Co., was part of a master contract. Mr. and Mrs. Don Fisher, (Fisher), Mr. and Mrs. A.W. Ferguson, (Ferguson), sold the 20 acres to Northwest Development Company for \$900,000.00. Also, included in the sale was 75% of the common stock of Fisher's Landing, Inc., for \$2,600,000.00. Fisher and Ferguson still own 25% of the common stock of Fisher's Landing, Inc. The 20 acre parcel of land was sold subject to a leaseback provision that provided for rents of \$80,000.00 annual or \$6,666.00 per month. Please reconsider your assessment that the amount of the rents was not an arm's length transaction. A copy of the master contract is attached. This response and documents presented by Patrick I. Harvey, CPA, 2450 S. Fourth Avenue, Yuma, Arizona, 85364  
Tele, 928-344-1370  
Supporting documents labeled, "**Master Agreement**"

**BCA 2.6** Please explain why the unpaid lease obligations are not reflected as liabilities on the balance sheet submitted in the rate application.

Response: The failure to report the liabilities for real estate lease payments was an oversight on the part of the accountant preparing the rate application. The financial statements for the year ended 12/31/2006 that were submitted with the rate application were prepared on the cash basis of accounting and only reflects actual checks paid. This response is offered by Patrick I Harvey, CPA, 2450 S. Fourth Avenue, Suite 100B, Yuma, Arizona, 85364

**BCA 2.7** Please provide supporting documentation showing all efforts made by the lessor to recover the delinquent payments.

Response: According to Gregory M. Brown, President of Northwest Development Company, owner of the leased property, no effort has been made to collect the rent payments to date. Mr. Brown's address is 10765 Woodside Avenue, Suite A, Santee, Calif., 92071, tele 619-778-1694

**BCA 2.8** Please explain why the Company did not file a rate case earlier, if the Company did

BCA 2.8, Continued.

not have sufficient revenues to pay for the lease obligations.

Response: The Company is aware that revenues are not sufficient to cover the cost of the lease payments on an annual basis. The Company's owners plan to expand the development in the areas where the Company provides service for water and sewer and thereby additional revenue from that development to cover the cost of the lease. However, the completion of a long term lease with the Arizona Land Department has taken many years more than was ever foreseen and the long term lease is required for such development. Had the Company's owners been aware of the length of time that would be required, a rate application review would have been made in a earlier year. This information is provided by Don Fisher, P.O. Box 72188, Yuma, Arizona, 85365

**BCA 2.9** Please provide supporting documentation showing that the Company (Lessee) satisfied the following obligations per the lease agreement from the inception of the lease:

- a. Real property taxes.
- b. Miscellaneous taxes imposed by government entities.
- c. Public liability and property damage insurance.
- d. Fire arid extended coverage insurance.

Response: Please find attached a record of Real property tax payments made by Fisher's Landing Water and Sewer Works, LLC provided by the Yuma County Assessor's office. This information is on-line at <http://itax.co.yuma.az.us:8080/itax/Taxlogon.jsp> Presented by Patrick I Harvey, CPA, 2450 S. Fourth Avenue, Suite 100B, Yuma, Arizona, 85364  
Supporting documents labeled, "**R E Tax Record**"

The Company is covered by insurance protection. Fisher's Landing Water and Sewer Works, LLC is covered by a larger policy that also includes Fisher's Landing, Inc., Please see Certificate of Liability Insurance and Evidence of Commercial Property Insurance statements attached. Documents were provided by Douglas A. Pancrazi, A.T. Pancrazi Insurance, 333 West 8th Street, Yuma, Arizona, 85364 Tele 928-783-3345  
Supporting documents labeled, "**Certificates of Ins**"



CHICAGO TITLE INSURANCE COMPANY

CLOSER: Cindy C. De La Pena
DATE OF PRINTING: 09/02/04
TIME OF PRINTING: 10:26

B. TYPE OF LOAN

1. [ ] FHA 2. [ ] FmHA 3. [ ] CONV. UNINS.
4. [ ] VA 5. [ ] CONV. INS.
6. File Number: 163262 PAY 000163262-001 CCD YUM
7. Loan Number
8. Mortgage Insurance Case Number

FINAL SETTLEMENT STATEMENT
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: STARKER SERVICES, as Qualified Intermediary for
ADDRESS: NORTHWEST DEVELOPMENT COMPANY, a California corporation

E. NAME OF SELLER: A.W. FERGUSON and LOUISE H. FERGUSON, SEE ATTACHED
ADDRESS:

F. NAME OF LENDER:
ADDRESS:

G. PROPERTY LOCATION: Parcel No. 107-02-002B
Yuma Arizona 85364

H. SETTLEMENT AGENT: CHICAGO TITLE INSURANCE COMPANY
ADDRESS: DBA YUMA TITLE, 1706 S. 4th Avenue
Yuma Arizona 85364
I. SETTLEMENT DATE: August 31, 2004
PLACE OF SETTLEMENT: DBA YUMA TITLE, 1706 S. 4th Avenue
ADDRESS: Yuma Arizona 85364

J. SUMMARY OF BORROWER'S TRANSACTION K. SUMMARY OF SELLER'S TRANSACTION

Table with 4 columns: Item number, Description, Amount, and Item number. Rows include 101. Contract sales price (900,000.00), 102. Personal Property, 103. Settlement charges to borrower (75,512.50), 104-105. Adjustments for items paid by seller in advance, 106-109. City/town taxes, County taxes, Assessments, 110. Stock Certificate Purchase (100,000.00), 111-112.

L. GROSS AMT DUE FROM BORROWER 1,075,512.50 M. GROSS AMT DUE TO SELLER 1,000,000.00

Table with 4 columns: Item number, Description, Amount, and Item number. Rows include 200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER, 201. Deposit or earnest money (1,110,000.00), 202. Principal amount of new loan(s), 203. Existing loan(s) taken subject to, 204-209. Adjustments for items unpaid by seller, 210-219. City/town taxes, County taxes, Assessments.

220. TOTAL PAID BY/FOR BORROWER 1,110,064.49 N. TOTAL REDUCTIONS AMT DUE SELLER 3,076.99

Table with 4 columns: Item number, Description, Amount, and Item number. Rows include 300. CASH AT SETTLEMENT FROM/TO BORROWER, 301. Gross amt due from borrower (1,075,512.50), 302. Less amts paid by/for borrower (1,110,064.49), 303. CASH (X) TO BORROWER (34,551.99), 500. CASH AT SETTLEMENT TO/FROM SELLER, 501. Excess deposit, 502. Settlement charges to seller (3,012.50), 503. Existing loan(s) taken subject to, 504. Payoff of first mortgage loan, 505. Payoff of second mortgage loan, 506-509. Adjustments for items unpaid by seller, 510-519. City/town taxes, County taxes, Assessments.

Certified to be a full, true and correct copy of the original.
YUMA TITLE & TRUST COMPANY
BY: [Signature]

ORD# / ABS# ESC#		PAY CCD YUM		SETTLEMENT CHARGES		TIME OF PRINT DATE OF PRINT	10:26 09/02/04
700. TOTAL SALES/BROKER'S COMMISSION based on price \$ 900,000.00 @ \$-						PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
Division of Commission (line 700) as follows:							
701. LB:	\$		to				
702. SB:	\$		to				
703. Commission paid at Settlement (Money retained by broker applied to commission \$ )							
704. Other sales agent charges:							
705. Additional commission: \$ to							
800. ITEMS PAYABLE IN CONNECTION WITH LOAN							
801. Loan Origination Fee \$							
802. Loan Discount %							
803. Appraisal Fee to							
804. Credit Report to							
805. Lender's Inspection Fee to							
806. Mortgage Insurance Application Fee to							
807. Assumption Fee to							
808.							
809.							
810.							
811.							
812.							
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE							
901. Interest from to @ \$ /day for 0 days							
902. Mortgage Insurance Premium for 0.00 months to							
903. Hazard Insurance Premium for 0.00 years to							
904.							
905.							
1000. RESERVES DEPOSITED WITH LENDER							
1001. Hazard insurance 0.00 month @ \$ per month							
1002. Mortgage insurance 0.00 month @ \$ per month							
1003. City property taxes 0.00 month @ \$ per month							
1004. County property taxes 0.00 month @ \$ per month							
1005. Annual assessments 0.00 month @ \$ per month							
1006. 0.00 month @ \$ per month							
1007. 0.00 month @ \$ per month						0.00	0.00
1008. Aggregate Accounting Adjustment							
1100. TITLE CHARGES							
1101. Settlement or Closing Fee to Yuma Title & Trust Company						462.50	462.50
1102. Abstract or title search to							
1103. Title examination to							
1104. Title insurance binder to							
1105. Document preparation to							
1106. Notary fees to							
1107. Attorney's fee to							
1108. Title insurance to Yuma Title & Trust Company							2,450.00
(includes above items numbers:)							
1109. Lender's coverage \$ 0.00 \$							
1110. Owner's coverage \$ 900,000.00 \$ 2,450.00							
1111.							
1112.							50.00
1113. Colorado River Endorsement							
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES							
1201. Recording fees: Deed \$ ; Mortgage \$ ; Release \$						50.00	50.00
1202. City/county tax/stamps: Deed \$ ; Mortgage \$							
1203. State tax/stamps: Deed \$ ; Mortgage \$							
1204.							
1205.							
1300. ADDITIONAL SETTLEMENT CHARGES							
1301. Survey to							
1302. Pest inspection to						75,000.00	
1303. Disbursement to Fisher's Landing, Inc.							
1304.							
1305.							
1306.							
1307.						75,512.50	3,012.50
1400. TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 502, Section K)							

D

ORD#/ABS#	163262	PAY	FINAL	TIME OF PRINT	10:26
ZSC#	000163262	CCD YUM	SUPPLEMENTAL PAGE	DATE OF PRINT	09/02/04

J. NAME OF BORROWER: NORTHWEST DEVELOPMENT COMPANY

E. NAME OF SELLER: A.W. FERGUSON and LOUISE H. FERGUSON, and Landamerica  
NAME OF SELLER: Exchange Company, as Qualified Intermediary for  
Don Fisher and Roberta J. Fisher

*D*

Recorded at the Request of:  
Yuma Title & Trust Company  
When Recorded, mail to:

NORTHWEST DEVELOPMENT COMPANY

Order No: 163262 YUM

### Warranty Deed

For the consideration of Ten Dollars, and other valuable consideration, I or we,

ALBERT WESLEY FERGUSON and LOUISE HADLEY FERGUSON, as Co-Trustees of THAT CERTAIN DECLARATION OF TRUST dated August 1, 1984, as to an undivided one half interest; AND DON FISHER and ROBERTA J. FISHER, husband and wife, as joint tenants with right of survivorship, as to an undivided one half interest do hereby convey to NORTHWEST DEVELOPMENT COMPANY, a California corporation

the following real property located in Yuma County, Arizona:  
Legal Description - Continued

Subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor warrants the title against all persons whomsoever.

Dated: August 30, 2004

Don Fisher  
Don Fisher  
Roberta J. Fisher  
Roberta J. Fisher

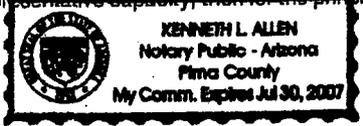
A. W. Ferguson  
A. W. Ferguson aka Albert Wesley Ferguson  
Louise H. Ferguson  
Louise H. Ferguson aka Louise Hadley Ferguson

State of ARIZONA } ss.  
County of Yuma

Date of Acknowledgement 8-31-2004

aka A.W. Ferguson and Louise H. Ferguson

Acknowledgement of Albert Wesley Ferguson and Louise Hadley Ferguson, as Co-Trustees of that certain Declaration of Trust dated 8/1/84 This instrument was acknowledged before me this date by the persons above-subscribed and if subscribed in a representative capacity, then for the principal named and in the capacity indicated.



Kenneth L. Allen  
Notary Public  
My commission expires:

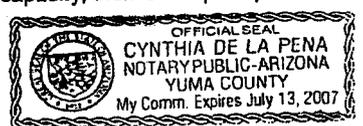
State of ARIZONA } ss.  
County of Yuma

Date of Acknowledgement 8/31/04

20 Acres

Acknowledgement of Don Fisher and Roberta J. Fisher

This instrument was acknowledged before me this date by the persons above-subscribed and if subscribed in a representative capacity, then for the principal named and in the capacity indicated.



Cynthia de la Pena  
Notary Public  
My commission expires: 7-13-07

## LEGAL DESCRIPTION

Order No: 163262 YUM

### PARCEL NO. 1:

That portion of the South Half of the North Half and the North Half of the South Half of Section 20, Township 5 South, Range 21 West, Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Commencing at the Southwest corner of said Section 20;  
Thence North  $00^{\circ}06'00''$  West, along the West line of said Section 20, a distance of 1199.64 feet to a point  
Thence North  $81^{\circ}13'40''$  East, a distance of 2400.40 feet to the point of beginning;

Thence North  $47^{\circ}27'05''$  West, a distance of 600.00 feet;  
Thence North  $42^{\circ}32'55''$  East, a distance of 1452.00 feet;  
Thence South  $47^{\circ}27'05''$  East, a distance of 600 feet;  
Thence South  $42^{\circ}32'55''$  West, a distance of 1452.00 feet to the true point of beginning,

Except all oil, gases, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, stone, metals, minerals, fossils and fertilizer of every name and description and except all uranium, thorium, or any other material which is or may be determined by the laws of the State of Arizona, the United States of America, or decisions of courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Section 37-231 Arizona Revised Statutes

### PARCEL NO. 2:

A non-exclusive easement for road right-of-way as shown in Document No. \_\_\_\_\_, records of Yuma County, Arizona.

This is to certify that the attached lease dated August 31, 2004, between Fisher's Landing Water and Sewer Works, LLC, an Arizona Limited Liability Company, the Lessee, and Northwest Development Company, Inc., a California Corporation, the Lessor, is a true and correct copy of the document signed by Gregory M. Brown as President of Northwest Development Company, Inc. and also as President of Fisher's Landing, Inc., as a member of Fisher's Landing Water and Sewer Works, LLC on August 31, 2004.

By: [Signature]  
Gregory M. Brown  
President, Northwest Development Company, Inc.

By: [Signature]  
Gregory M. Brown  
President, Fisher's Landing, Inc.  
Member, Fisher's Landing Water and Sewer Works, LLC

State of Arizona §  
County of Yuma §      Date of Acknowledgement \_\_\_\_\_

Acknowledgement of Gregory M. Brown

This instrument was acknowledged before me this date by the person(s) above-subscribed and if subscribed in a representative capacity, then for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public  
My commission expires:

BCA-2.4

This is to certify that the attached lease dated August 31, 2004, between Fisher's Landing Water and Sewer Works, LLC, an Arizona Limited Liability Company, the Lessee, and Northwest Development Company, Inc., a California Corporation, the Lessor, is a true and correct copy of the document signed by Gregory M. Brown as President of Northwest Development Company, Inc. and also as President of Fisher's Landing, Inc., as a member of Fisher's Landing Water and Sewer Works, LLC on August 31, 2004.

By: [Signature]  
Gregory M. Brown  
President, Northwest Development Company, Inc.

By: [Signature]  
Gregory M. Brown  
President, Fisher's Landing, Inc.  
Member, Fisher's Landing Water and Sewer Works, LLC

State of Arizona §  
County of Yuma §      Date of Acknowledgement \_\_\_\_\_

Acknowledgement of Gregory M. Brown

This instrument was acknowledged before me this date by the person(s) above-subscribed and if subscribed in a representative capacity, then for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public  
My commission expires:

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

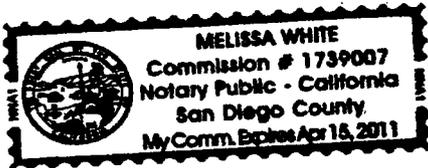
State of California

County of San Diego }

On November 21, 2008 before me, Melissa White, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Gregory M Brown  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Melissa White  
Signature of Notary Public

Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

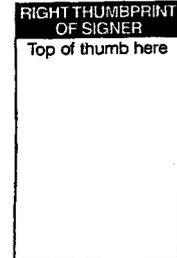
Signer Is Representing: \_\_\_\_\_



Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



BCA 2.5

LEASE

This Lease is made and entered into on 8-31-04, 2004, by and between Fisher's Landing Water and Sewer Works, LLC, an Arizona limited liability company (hereinafter "Lessee"), and Northwest Development Company, Inc., a California corporation (hereinafter "Lessor"), with reference to the following facts:

RECITALS

A. This Lease is made and entered into pursuant to a Master Agreement for Purchase and Sale of Fisher's Landing and Sewer Plant, and for Leaseback, by and between Northwest Development Company, Gregory M. Brown, Donna C. Brown, Donald Fisher, Roberta Fisher, Albert W. Ferguson, and Louise Ferguson, Fisher's Landing, Inc., an Arizona corporation, and Fisher's Landing Water and Sewer Works, LLC.

B. Under the Master Agreement, Lessor agreed to acquire from Donald Fisher, Roberta Fisher, Albert W. Ferguson and Louise Ferguson that certain 20 acre tract of land upon which Lessee currently operates sewer ponds. As part of the Master Agreement, Lessee agreed to leaseback the property from Lessor upon the terms and conditions more fully provided herein.

C. Lessee is now and has been occupying the Premises and operating sewer and water treatment facilities thereon, including but not limited to sewer ponds, pursuant to an assignment of an existing lease between Fisher's Landing, Inc., and Lessor's predecessor's in title, the Fishers and the Fergusons. This lease is intended to supersede all prior leases.

NOW, THEREFORE, the parties hereto agree as follows:

1. Lessor, for and in consideration of the rent to be paid by Lessee and of the covenants and provisions to be kept and performed by Lessee under the terms of this lease, hereby leases to Lessee, and Lessee agrees to lease from Lessor, the property described in Exhibit A attached hereto, consisting of approximately 20 acres. Said property is improved with sewer ponds and related facilities, hereinafter "the Improvements". The term "Premises" as used in this Lease shall mean both the property and the Improvements.

2. Original Term. This Lease shall be for a period of ten years, commencing upon close of escrow for the purchase of the Premises by Lessor ("Escrow") and ending ten years after such close of Escrow, unless terminated earlier pursuant to the provisions of this Lease.

3. Holding Over. In the event Lessee holds over and continues in possession of the Premises after expiration of the Original Term, Lessee's continued occupancy of the Premises shall be considered a month-to-month tenancy subject to all the terms and conditions of this Lease.

4. Rent. Lessee agrees to pay to Lessor a fixed rental of \$80,000 per year for the use and occupancy of the Premises, payable in monthly installments of \$6,666 per month, payable on the first

day of each and every month commencing on the first day of the next calendar month following the month in which Escrow closes, at the office of Lessor at 3511 Camino Del Rio South, Suite 408, San Diego, CA 92108, or at any other place or places as Lessor may from time to time designate by written notice delivered to Lessee. The rent for the partial calendar months occurring at the commencement and termination of the term of this Lease shall be pro rated accordingly.

5. Permitted Use. During the term of this Lease, the Premises shall be used for the exclusive purpose of operating and conducting sewer and/or water treatment operations, and for uses normally incident to that purpose, and for no other purpose. Lessee shall not use or permit the Premises to be used for any other purpose, without the prior written consent of Lessor.

6. Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on the Premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance on the Premises; and Lessee shall not use or permit the use of the Premises for any unlawful purpose.

7. Compliance with Law. Lessee shall, at Lessee's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state, and county or municipal, including those requiring capital improvements to the Premises, including, but not limited to, any additional water and/or sewer treatment or conveyance facilities.

8. Payment of Utilities. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from, all charges for the furnishing of gas, water, sewer, electricity, telephone service, garbage pickup and disposal, and other public utilities to the Premises during the term of this Lease. All such charges shall be paid by Lessee directly to the provider of the service and shall be paid as they become due and payable but in any event before delinquency.

9. Miscellaneous Taxes. Lessee shall pay before they become delinquent all taxes, assessments, and other charges levied or imposed by any governmental entity on the Premises, including, without limitation, any and all sewer and water treatment and conveyance facilities.

10. Real Property Taxes. All real property taxes and assessments levied or assessed against the Premises by any governmental entity, including any special assessments imposed on or against the Premises for the construction or improvement of public works in, on, or about the Premises, shall be paid, before they become delinquent, by Lessee.

11. Condition of Premises. Lessee is now and has been in possession of the Premises under prior leases, and has operated sewer treatment facilities thereon, and acknowledges that it alone is responsible and liable for the condition of the Premises, including, but not limited to, the presence of sewer sludge and other by products of it's operations. Lessee therefore accepts the Premises, as well as the Improvements located on the Premises, in their present condition and represents and warrants to Lessor that the Premises and Improvements are in good, clean, safe, and tenantable condition as of the date of this Lease. Lessee further agrees with and represents to Lessor that the Premises have been inspected by Lessee, that it has received assurances acceptable to Lessee

by means independent of Lessor or any agent of Lessor of the truth of all facts material to this Lease, and that the Premises are being leased by Lessee as a result of its own inspection and investigation and not as a result of any representations made by Lessor or any agent of lessor except those expressly set forth in this Lease.

12. Maintenance by Lessee. Lessee shall, at its own cost and expense, keep and maintain all portions of the Premises and all improvements located on the Premises in good order and repair and in as safe and clean a condition as they were prior to commencement of Lessee's operations, reasonable wear and tear excepted. Lessee's obligation to repair shall specifically include, without limitation, all sewer and/or water treatment facilities, conveyance facilities, and related improvements incidental thereto, and timely clean up of any sewer sludge and/or other by products or waste resulting from or related to its operation and use of the facilities, whether occurring before or after commencement of this Lease.

13. Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to the Premises or to any Improvements on the Premises without the prior written consent of Lessor. Lessor shall not unreasonably withhold this consent. Lessee shall keep the Premises free and clear from any and all liens, claims, demands for work performed, materials furnished, or operations conducted on the Premises at the instance or request of Lessee. Furthermore, any and all alterations, additions, improvements, and fixtures made or placed in or on the Premises by Lessee or any other person shall, on expiration or earlier termination of this Lease, become the property of Lessor and remain on the Premises, unless, within ninety days after lease expiration or termination, Lessor gives Lessee written notice that the Improvements are to be removed, in which event the improvements shall be deemed the property of Lessee and Lessee shall cause such improvements to be removed at its own expense as and when reasonably directed by Lessor.

14. Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Lessee is complying with the terms of this Lease, for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in the Premises, or for the purpose of performing Lessor's duties under this Lease.

15. Surrender of Premises. On expiration or earlier termination of this Lease, Lessee shall promptly surrender and deliver the Premises to Lessor, in as good condition as prior to the commencement of Lessee's operations, excluding reasonable wear and tear.

16. Hold Harmless. Lessee agrees to protect, indemnify, and save Lessor harmless from and against any and all liability to third parties resulting from Lessee's occupation and use of the Premises, whether occurring before or after commencement of this Lease, specifically including, without limitation, any claim, liability, loss, or damage arising by reason of death or injury to any person; any work performed on the Premises or materials furnished to the Premises at the instance or request of Lessee or any agent or employee of Lessee; and Lessee's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on

Lessor or the leased Premises by any duly authorized governmental agency or political subdivision.

17. Insurance. Lessee shall, at its own cost and expense, procure and maintain during the entire term of this Lease public liability insurance and property damage insurance issued by an insurance company acceptable to Lessor and insuring Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this Lease in amounts not less than \$1,000,000 for injury to or death of any person, and aggregate limits of \$2,000,000 for injury to or death of two or more persons as a result of any one accident or incident; and \$1,000,000 for damage to or destruction of any property of others.

18. Fire and Extended Coverage Insurance. Lessee shall, during the term of this Lease, procure, carry, and pay for fire and extended coverage insurance, insuring all Improvements on the Premises for full replacement value. The policy shall name Lessor as an additional insured and shall be issued by a responsible insurance company authorized to do business in Arizona.

19. Cancellation Requirements. Each of the insurance policies shall be in a form reasonably satisfactory to Lessor and shall carry an endorsement that, before changing or cancelling any policy, the issuing insurance company shall give Lessor at least thirty days prior written notice. Duplicate originals or certificates of all such insurance policies shall be delivered to Lessor.

20. Destruction of Premises. If at any time during the original term of this Lease, the Improvements on the Premises are damaged or destroyed by any cause, Lessee shall promptly repair, rebuild, or restore the Improvements to substantially the same condition as the Improvements were in at the time delivered to Tenant at the commencement of this Lease.

21. Condemnation. If at any time during the term of this Lease, title and possession of all of the Premises is taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of 12:01 a.m. of the date actual physical possession of the Premises is taken by the agency or entity exercising the power of eminent domain, and both Lessor and Lessee shall thereafter be released from all obligations under this Lease, except those described at Section Number 22.

22. Condemnation Award. If at any time during the term of this Lease, title and/or possession of all or any portion of the premises is taken under the power of eminent domain by any public or quasi-public agency or entity, the compensation or damages for the taking shall be awarded to and be the sole property of Lessor. Lessee hereby waives any and all rights to share in any damages or award.

23. No Assignment or Encumbrance. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the Improvements that may now or hereafter be constructed or installed on the Premises without first obtaining the express written consent of Lessor. Lessee shall not sublet the Premises or any part of the Premises without the prior written consent of Lessor. A consent by Lessor to one assignment,

one subletting, or one occupation of the Premises by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation of the Premises by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Lessor, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease.

24. Default. Any failure by Tenant to perform any of its covenants or agreements under this Lease shall be a material default and breach of this Lease.

25. Option to Terminate for Breach. In the event of any default or breach by Lessee under this Lease, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the right to terminate this Lease and all rights of Lessee hereunder by giving written notice of the termination. No act of Lessor shall be construed as terminating this Lease except written notice given by Lessor to Lessee advising Lessee that Lessor elects to terminate the Lease. In the event that Lessor elects to terminate this Lease, Lessor may recover from Tenant all damages and remedies, including unpaid rent to the end of the Lease, allowed in law or in equity.

26. Continuation After Breach. If Lessee breaches this Lease and abandons the Premises before the natural expiration of the term of the Lease, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover the rent specified in this Lease as it becomes due under this Lease.

27. Reletting After Breach. In the event Lessee breaches this Lease, Lessor may enter on and relet the Premises or any part of the Premises to a third party or third parties for any term, at any rental, and on any other terms and conditions that Lessor, in its sole discretion, may deem advisable, and shall have the right to make alterations and repairs to the Premises. Lessee shall be liable for all of Lessor's costs in reletting, including, but not limited to, repair and renovation costs required for the reletting. In the event Lessor relets the premises, Lessee shall pay all rent due under and at the time specified in this Lease, less any amount or amounts actually received by Lessor from the reletting.

28. Remedies Cumulative. The remedies hereinabove granted to Lessor shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or provided in this Lease.

29. Arbitration. The parties hereto agree to submit any dispute or controversy hereunder to binding arbitration. The parties recognize and agree that by agreeing to binding arbitration they are giving up the right to trial by court or jury.

30. Attorney's Fees. In any dispute or controversy resulting in arbitration or any other

action or proceeding hereunder, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs from the non-prevailing party.

31. Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Lessor and Lessee, but nothing in this section shall be construed as a consent to Lessor to any assignment of this Lease or any interest therein by Lessee, except as provided hereinabove.

Executed on August 31 2004 Yuma, <sup>Arizona</sup>~~California~~

Dated: 8-31-2004

Lessor

By:   
Gregory M. Brown President Northwest Development  
Co. Inc. a California corporation

Dated: 8-31-2004

Lessee

By:   
Gregory M. Brown President -  
Fisher's Handling Inc. Member  
Fisher's Handling Water and Sewer  
Works, LLC

# FISHER'S LANDING/BROWN TRANSACTION AUGUST, 2004

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2	Purchase Agreement for 20 Acres
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4	Lease

**MASTER AGREEMENT FOR PURCHASE AND  
SALE OF FISHER'S LANDING AND SEWER PLANT,  
AND FOR LEASEBACK**

<b><u>EXH</u></b>	<b><u>DOCUMENT</u></b>
A	List of Improvements
B	Purchase and Sale Agreement and Escrow Instructions
C	Lease
D	Promissory Note
E	Special Joint Meeting of the Shareholders, Directors and Officers of Fisher's Landing, Inc., an Arizona Corporation, and Fisher's Landing Water & Sewer Works, LLC, an Arizona Limited Liability Company; July 23, 2004
F	Action by Directors
G	Fisher's Landing, Inc. List of Equipment (Rolling Stock)
H	List of Adverse Claims

**MASTER AGREEMENT FOR PURCHASE AND SALE  
OF FISHER'S LANDING AND SEWER PLANT, AND FOR LEASEBACK**

This agreement is entered into by and between **Gregory M. Brown and Donna C. Brown**, husband and wife, (hereinafter "Brown"); **Northwest Development Company**, a California corporation, (hereinafter "Northwest"); **Donald Fisher and Roberta J. Fisher**, husband and wife, (hereinafter "Fisher"); **Albert W. Ferguson and Louise Ferguson**, husband and wife, individually and as trustees UDT Ferguson Trust dated 8-1-84 (hereinafter "Ferguson"); **Fisher's Landing, Inc.**, an Arizona corporation, (hereinafter "FLI"); and **Fisher's Landing Water and Sewer Works, LLC**, an Arizona limited liability company, (hereinafter "FLWSW"), with reference to the following facts:

**RECITALS**

A. **The Lease:** FLI is the lessee under that certain existing 10 Year Commercial Lease Number 03-10113 with the Arizona State Land Department as lessor (hereinafter the "Lease") of certain resort property near Yuma, Arizona, owned by the Arizona State Land Department (hereinafter "ASLD"). The leased property consists of approximately 162 acres ("the Property"). Said Property is operated as a resort offering river oriented services and amenities such as RV parking, food, marina, and camping. Said Lease by its terms expires on May 31, 2007, however, pursuant to applicable Arizona law, FLI has the option to renew the Lease for consecutive 10 year lease terms.

B. **The Improvements:** FLI owns substantial improvements made on the Property, including, but not limited to, a boat repair shop, 300 recreational vehicle spaces, a post office, restaurant, store, boat ramp, dock, bar, marina, camp sites, and related improvements. A list of these improvements, hereinafter the "Improvements", is attached hereto as **Exhibit "A"**.

C. **The 20 Acre Property:** FLWSW provides sewer services to the Property pursuant to a lease and sewer hookup fee agreement with FLI, hereinafter the "Sewer Agreement". In order to provide this service, FLWSW leases from Fisher and Ferguson a separate 20 acre tract of land used for sewer ponds. Said 20 acre tract of land is hereinafter referred to as the "20 acre property."

D. **Relationship of Parties:** Brown is the sole and only shareholder of Northwest. Fisher and Ferguson are the sole and only shareholders, officers, and directors of FLI. FLI is the sole member of FLWSW.

E. **35 Year Lease Auction:** FLI has negotiated with ASLD to have a 35 year lease of the Property auctioned at public auction, with the understanding that FLI will be able to credit bid at the auction in an amount equal to the appraised value of the Lease, the Improvements, and the 20 acre property and related sewer service leases, which value the parties anticipate will be in the neighborhood of \$4.3 million. The parties have an expectation that FLI will be the successful bidder for the 35 year lease, assuming an auction actually occurs, however this agreement is not contingent on such events occurring.

F. **Intention to Buy and Sell:** Northwest desires to buy, and Fisher and Ferguson desire to sell, the 20 acre property, provided there is a leaseback agreement with FLWSW. Brown desires to buy, and Fisher and Ferguson desire to sell, 75% of the issued and outstanding stock in FLI, thereby transferring to Brown a controlling 75% interest in FLI. It is the desire and intent of the parties that these transactions be mutually dependent in that one is not to be consummated without the other, and each transaction is contingent upon the successful consummation of the other in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. **Purchase of 20 Acre Property:** Northwest, or assignee, agrees to purchase, and Fisher and Ferguson agree to sell, the 20 acre property for the sum of \$900,000, on the terms and conditions more particularly set forth in **Exhibit "B"** attached hereto and by this reference made a part hereof. FLWSW shall, concurrent with the execution of this agreement, execute the lease attached hereto as **Exhibit "C"**, which shall be effective upon close of the purchase escrow.

2. **Purchase of 75% Interest in FLI:** Brown agrees to buy and Fisher and Ferguson agree to sell a 75% interest in FLI.

(a) **Purchase Price:** The purchase price is \$2.6 million. Payment shall be as follows:

(i). \$100,000 at close of escrow for purchase of the 20 acre property;

(ii). The balance in the form of a purchase money note, amortized over ten years with simple interest at the rate of 6% per annum, payable in monthly installments of \$27,756, subject to the terms and conditions more fully set forth in the note, a copy of which is attached hereto as **Exhibit D**.

(b) **Transfer of Interest:** Fisher and Ferguson agree to do all things necessary and appropriate to effect the transfer of said interest, including, but not limited to, causing a reissuance of outstanding stock certificates to reflect that 75% of the outstanding stock has been issued to and is owned by and in the name of Greg Brown; causing FLI's books and records, including the stock register, to properly reflect said ownership interest; and complying with all requirements of law, such as applicable security regulations. Said stock shall contain the following restriction:

"This certificate is subject to that certain Master Agreement for Purchase and Sale of Fisher's Landing and Sewer Plant, and For Leaseback, between Gregory M. Brown and Donna C. Brown, husband and wife; Northwest Development Company, a California corporation; Donald and Roberta J. Fisher, husband and wife; Albert W. Ferguson and Louise Ferguson, husband and wife; Fisher's Landing, Inc., an Arizona corporation and Fisher's Landing Water and Sewer Company, L.L.C., an Arizona limited liability company, dated 8-20-2004 These shares are not transferable except upon payment in full of the promissory note described in paragraph 2(a)(ii) of said Master Agreement."

i. **Transfer of Automobile Liens:** Fisher and Ferguson covenant and agree to do all things necessary, individually and in their capacities as stockholders, directors, and officers of FLI, to cause the following automobiles, together with the accompanying liens, to be transferred out of the company, such that FLI has no further obligation or responsibility to pay the liens affecting said vehicles, all at no cost to FLI. The automobiles and automobile liens are: 2001 Chevy Silverado, GMAC lien \$6,800; 2002 Lincoln Towncar, Wells Fargo lien \$12,500; 2002 GMC 2500 HD Diesel Truck, GMAC lien \$12,000; 2001 Chevy Suburban, Zion Bank lien \$5,000. Fisher and Ferguson covenant to indemnify and hold FLI harmless from and against any and all liability, claims, costs, attorneys fees, judgments arising from said automobile liens.

(c) **Shareholder Voting Agreement; Control of Company; Resignation of Directors and Appointment of New Directors and Officers:** Fisher and Ferguson acknowledge and agree that the effect of the purchase and sale of a 75% interest as described herein is intended to and does transfer a controlling majority interest in FLI to Brown, and that they will vote their shares as directed by Brown for the purpose of electing directors by consent without a meeting or at any regularly or specially called shareholders meeting, and shall vote while they remain as directors to appoint Brown as President and Chief Executive Officer of FLI. In furtherance thereof, Fisher and Ferguson shall, concurrent with the execution hereof, execute the resolutions attached hereto as **Exhibit "E"** appointing the Directors and Officers set forth therein. In addition, concurrent with the execution hereof, Brown, Fisher and Ferguson shall execute the Minutes, Waiver and Corporate Resolution set forth in **Exhibit "F"**, for the purpose of finalizing the old corporate business and beginning the new, as set forth therein. All of the above is to be effective upon payment of the purchase price in the manner described herein. Notwithstanding the foregoing, Brown agrees that Fisher and Ferguson shall continue to be responsible for managing the daily operations of FLI for two years from the date hereof, at which time all operations and decision making authority shall be vested solely in Brown. However, no decision affecting the value and/or disposition of FLI assets may be made or action taken without first obtaining Brown's written consent.

3. **Distribution of Proceeds In The Event of Auction:** Each of the parties agrees that in the event the Lease, Improvements and/or 20 acre property and related leases and assets are auctioned and are purchased at auction by a third party bidder, the auction proceeds which otherwise would be payable to said parties shall instead be paid as follows: first, to repay Northwest the \$900,000 purchase price, increased at the rate of six (6) per cent per annum from the date of Northwest's acquisition to the date of conveyance, for the 20 acre property; second, to repay Brown any principal he paid on the \$2.5 million promissory note, and third, to payment of the unpaid balance of the purchase money promissory note, including accrued interest, and fourth to the parties according to their respective interests. Said parties further agree that they will instruct ASLD and/or any other person or entity responsible for paying the auction proceeds to disburse such proceeds directly to Northwest and Brown to the extent necessary to comply with this paragraph.

4. **Living Space Provision:** Brown and Northwest agree that during the lifetimes of Donald Fisher and Roberta J. Fisher; Albert W. Ferguson and Louise Ferguson; and Kenneth L. Allen and Margaret S. Allen (hereinafter "Allen"), Brown and Northwest will provide, at no rental cost or charge for sewer or water, an appropriate a space designated by them for each family, respectively, to contain a double wide trailer or comparable manufactured home or park model home and a 20' x 50' slab within the boundaries of the commercial concession property leased from the ALSD by FLI. Said spaces shall be of good quality, location and access. Fisher, Ferguson and Allen agree to vacate their present spaces , which are located on premium land, it being acknowledged by the parties that it will be necessary for Brown and Northwest to use said premium land in order to accomplish their plans for the progress and future of FLI. Said rights to the spaces designated by Brown shall terminate upon the death of the surviving spouse of each couple named in this paragraph, as to each couples' space, respectively, or in the event FLI loses its lease for any reason. Any improvements made by Fisher, Ferguson and Allen on the new lot locations may be sold by Fisher, Ferguson and Allen, but the rights to such lot spaces are not assignable or transferable by Fisher, Ferguson and Allen.

Fisher, Ferguson and Allen shall not be required to vacate their present premises other than after the 2 year management period provided in Paragraph 2(c) above, or 6 months after written notice, whichever is shorter.

5. **Prohibition on Salaries:** None of the individual parties hereto shall be entitled to receive salaries or fees from FLI for services rendered in connection with daily operations of existing facilities. However, it is acknowledged and agreed that fees may be charged and or received when authorized by FLI for services and benefits provided in connection with anticipated expansion and or major improvement of the facilities operated by FLI. As stated in the promissory note, such fees, if any, shall not be deducted as an expenses in the determination of NOI under the terms of said note.

6. **Covenants, Representations, and Warranties:** FLI, Fisher, Ferguson, and FLWSW covenant, represent, and warrant as follows:

i. That the Improvements (1) have been constructed and installed in compliance with the requirements of ALSD, (2) have been approved by ALSD as improvements owned by and belonging to FLI under the terms of the Lease, (3) that FLI is the sole owner of all such improvements, (4) that the improvements are unencumbered and not subject to any adverse claims or liens of any kind or nature whatsoever.

ii. That there are no unpaid debts, taxes, governmental charges, or assessments of any kind or nature whatsoever, pending or affecting or which may affect or become a lien against the Property, the Improvements, or any of the rights to be transferred, conveyed or assigned by any of the parties hereunder.

ALSD as improvements owned by and belonging to FLI under the terms of the Lease, (3) that FLI is the sole owner of all such improvements, (4) that the improvements are unencumbered and not subject to any adverse claims or liens of any kind or nature whatsoever.

ii. That there are no unpaid debts, taxes, governmental charges, or assessments of any kind or nature whatsoever, pending or affecting or which may affect or become a lien against the Property, the Improvements, or any of the rights to be transferred, conveyed or assigned by any of the parties hereunder.

iii. That the Lease is a binding, valid obligation of the parties thereto, enforceable in accordance with its terms; and that FLI is not currently in default under the terms of the Lease, nor are there any conditions, events, or acts which, if not cured, could result in a default being declared under the terms of the Lease.

iv. That there are no hazardous substances or materials on the Property, or on the 20 acre property except as to fuels, oils, and solvents used in the operation of the resort concession. All fuel, oils and solvents are stored and contained in EPA approved above ground containers, and there are no violations of any environmental laws or regulations, whether federal, state, or local, arising from or connected with either of said properties or the stored materials, and FLI, FLSW, Fisher and Ferguson are otherwise in compliance with all of their environmentally related obligations under the terms of the Lease. Notwithstanding the above paragraph, Brown and Northwest are aware that FLI operations require the storage of and dispensing of gasoline for both water craft and automobiles, as well as oil, coolants and other solvents necessary for the operation of the boat repair shop, including, but not limited to batteries, which are sold, and cores, which are taken back and disposed of in compliance with environmental rules and regulations. Brown and Northwest are also aware that the sewer treatment plant contains evaporative ponds with effluent and sludge, which may or may not be considered, at some point, hazardous substances and materials.

v. That FLI is the sole and only owner of the personal property used in its business, a partial list of which is attached hereto as **Exhibit "G"**, and that such personal property is free of encumbrances, liens, and/or adverse claims.

vi. That FLI is a duly organized and existing Arizona corporation, in good standing and in compliance with the laws of that state; that the duly elected board of directors consists of Fisher and Ferguson; that the sole shareholders are Fisher and Ferguson, and that the total number of issued and outstanding shares of the corporation are 3,000 shares, of which 1500 are owned by Fisher and 1500 are owned by Ferguson's, that nothing contained in this agreement does or will when performed constitute a violation of any shareholders agreement, the by-laws of the company, or the articles of Incorporation.

vii. That FLWSW is a duly organized and existing limited liability company under the laws of the state of Arizona, in good standing and in compliance with the laws of that state; that the only member and sole manager of the company is FLI; that nothing contained in this agreement is in violation of any operating or other agreement or organizational document governing or relating to the powers, operation, and management of the company.

viii. That Fisher, Ferguson, FLI, and FLWSW have no obligations to any person or entity not a party to this agreement which are inconsistent with or would be violated by the terms of this agreement, or the performance thereof; that they have no debts or liabilities, and are not subject to any adverse claims, lawsuits, or threatened lawsuits, other than those, if any, disclosed in **Exhibit "H"** attached hereto.

ix. That all of the covenants, representations, and warranties enumerated above shall remain true, correct, and effective as of the date of close of escrow.

7. **Buyer's Representations and Warranties:** Buyer covenants, represents, and warrants that Northwest Development Company is a duly organized and existing California corporation, in good standing and in compliance with the laws of that State; that Gregory M. Brown is the duly authorized officer and director of said corporation and is authorized to enter into this agreement and the documents contemplated by this agreement on its behalf; that nothing contained in this agreement does or will when performed constitute a violation of any shareholder's agreement, the bylaws of the company, or the articles of incorporation. Brown and Northwest are aware of the requirements of the ASLD regarding the commercial concession lease, and the Arizona Corporation Commission as to ownership of stock in FLI and as to membership in FLWSW and operation under the Certificate of Convenience and Necessity by FLWSW. Brown and Northwest agree that they will not violate any of the rules and regulations required of Lessees with the ASLD, Stockholders in FLI and Members of FLWSW.

8. **Notices:** Any notices to be given or deliveries to be made pursuant to this Agreement shall be given or made, as the case may be via United States Postal Service, first class mail, postage prepaid; personal delivery; or delivery via a one day air courier service (such as, by way of example and not limitation, Federal Express, United Parcel Service, or Airborne Freight). Any item so delivered shall be deemed delivered five (5) workdays after mailing, two (2) weekdays after delivery to a one day air courier service, and upon delivery, in the case of personal delivery. Notices shall be made to the following addresses:

If to Brown:

Gregory M. Brown  
3511 Camino del Rio South, #408  
San Diego, CA 92108

If to FLI, FLWSW, Fisher, or Ferguson:

c/o Kenneth L. Allen  
P.O. Box 466  
Sonoita, AZ 85637

9. **Books and Records.** Fisher and Ferguson shall have reasonable access to the books and records, including financial records, of FLI and FLWSW, upon reasonable request. In addition, Brown will furnish, or cause to be furnished, quarterly financial statements to Fisher and Ferguson reflecting all income and expenses of the operations of FLI and FLWSW.

10. **Notices:** The addresses provided above may be changed at any time by written notice given in accordance with the provisions of this paragraph; provided, however, that there shall at no time be more than one address to which notices or payments must be sent for either any of the parties.

11. **Interpretation of Words:** A masculine pronoun wherever used herein shall be construed to include the feminine or neuter where appropriate. The singular form wherever used herein shall be construed to include the plural where appropriate.

12. **Entire Agreement:** This Agreement contains the entire understanding between the parties relating to the transactions contemplated by this Agreement. All other prior or contemporaneous agreements, understandings, representations and statements, whether direct or indirect, oral or written, are merged into and superseded by this Agreement, and shall be of no further force or effect.

13. **Modification.** This Agreement may not be waived, modified or terminated except by a written instrument subscribed by the party against whom such waiver, modification or termination is sought to be enforce.

14. **Time of the Essence:** Time is of the essence to this Agreement.
15. **Severability:** Each term, covenant, condition or provision of this Agreement shall be viewed as separate and distinct, and in the event that any such term, covenant, condition or provision shall be held by a court of competent jurisdiction to be invalid, the remaining provisions shall continue in full force and effect.
16. **Survival:** All obligations referred to herein to be performed at a time or times after the Exchange Closing, and all warranties and representations contained herein, shall survive the Exchange Closing.
17. **Successors:** This Agreement shall be binding upon and, except as herein provided to the contrary, inure to the benefit of the parties hereto and their respective successors and assigns.
18. **Captions:** The headings on the paragraphs herein are for convenience only; they form no part of this Agreement and shall not affect its interpretation.
19. **Exhibits and Sections:** All Exhibits to which reference is made in this Agreement are deemed to be incorporated herein. All references made to Sections herein are deemed to be made to Sections of this Agreement unless otherwise specified.
20. **Negotiation and Preparation of Agreement:** All parties have been represented by counsel in the negotiation and drafting of this Agreement. Any presumption that an ambiguity in this Agreement or any documents delivered pursuant hereto shall be construed against the document drafter or author is hereby waived and shall not apply with respect to any document interpretation.
21. **Governing Law and Venue:** This Agreement and the rights and obligations of the parties hereunder, and all of the rights and duties of the parties arising or relating in any way to this Agreement or the transactions contemplated hereby, shall be governed, and construed in accordance with, the laws of the State of Arizona. Any action or proceeding between the parties hereto, arising from or related this agreement or any of the transactions contemplated hereby, shall be brought in the County of Yuma, Arizona.
- 22.. **Attorneys' Fees:** If either party refers this Agreement to an attorney to assist in its enforcement following a dispute hereunder, then the prevailing party in any action on such dispute shall be entitled to an award from the other equal to all costs and attorneys' fees incurred in connection with such dispute.
23. **Counterparts:** This Agreement may be executed in several counterparts, each of which shall be deemed an original. Such counterparts constitute one and the same instrument, which may be sufficiently evidenced by one fully assembled counterpart bearing the signatures of each of the parties.

24. **Further Assurances:** Each of the parties hereto agrees to execute, deliver, acknowledge, file and record any and all further agreements, documents or instruments, and to take such further actions, as are reasonably necessary or appropriate in order to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence its rights hereunder.

25. **Arbitration of Disputes:** Any disputes regarding the enforcement, interpretation, or operation of this Agreement shall be submitted to binding arbitration, pursuant to Arizona Revised Statutes Section 12-1501, et seq., resolution to be determined pursuant to said statute and this Agreement, with right of discovery. The parties agree that any award made by the arbitrators, as provided, be entered as a judgment in Arizona Superior Court for Yuma County. The parties agree that, in lieu of arbitration, alternative dispute resolutions, such as mediation, can be used, provided the mediators are appointed as set forth below as the arbitrators.

(i) The Seller shall appoint one arbitrator, Buyer shall appoint one arbitrator, and those two appointed arbitrators shall appoint a third arbitrator. The decision of a majority of the arbitrators is binding to both parties, and the decision is not appealable, other than under the provisions of A.R.S. Section 12-1501, and specifically A.R.S. Section 12-1512.

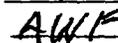
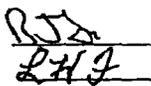
(ii) The fees and expenses of the arbitration shall be paid, as awarded by the arbitrators.

(iii) The hearing, proceedings and subpoena powers shall be pursuant to A.R.S. Section 12-1501, et seq.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY ARIZONA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF ARIZONA LAW. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

Buyer: 

Seller:   
 

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered on the date and year ~~first~~ set forth ~~above~~ 8-20-2004

Dated: 8-15-2004



Gregory M. Brown

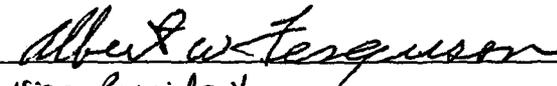


Donna C. Brown

Dated: 8-15-2004

Fisher's Landing, Inc.

By:   
Its: President

By:   
Its: vice president

Dated: 8-15-2004

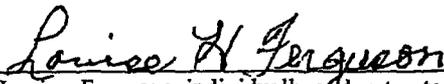
Fisher's Landing Water and Sewer Works LLC

By:   
Its: ~~General Partner~~ Member as  
President of Fisher's Landing Inc.

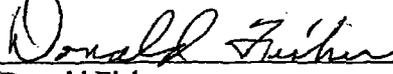
Dated: 8-16-2004

  
Albert W. Ferguson, individually and as trustee UDT 8-1-84

Dated: 8-16-2004

  
Louise Ferguson, individually and as trustee UDT 8-1-84

Dated: 8-15-2004

  
Donald Fisher

Dated: 8-15-2004

  
Roberta J. Fisher

**ACKNOWLEDGMENT**

State of California

County of San Diego } ss.

on Aug 19, 2004 before me, Teresa L. Morris (here insert name)

Notary Public, personally appeared GREGORY - M BROWN  
DONNA C BROWN

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me all that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Signature Teresa L. Morris

(affix seal)

**ATTENTION NOTARY:** Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document \_\_\_\_\_  
Number of Pages \_\_\_\_\_ Date of Document \_\_\_\_\_  
Signer(s) Other Than Named Above \_\_\_\_\_



**Lawyers Title Company**  
Subsidiary of  
**Lawyers Title Insurance Corporation**

OFFICES IN:

**LOS ANGELES COUNTY**  
800 E. Colorado Blvd.  
Pasadena, CA 91101  
(818) 304-2700

**ORANGE COUNTY**  
18551 Von Karman Ave.  
Ste. 100/200  
Irvine, CA 92612  
(714) 223-5575

**INLAND EMPIRE**  
1845 Business Center Dr  
Suite 200  
San Bernardino  
CA 92408  
(800) 676-2582

**SAN DIEGO COUNTY**  
4542 Ruffner St.  
San Diego, CA 92111  
(619) 278-4171

**SANTA BARBARA COUNTY**  
200 E. Carrillo St.  
Santa Barbara, CA 93101  
(805) 965-7091

**VENTURA COUNTY**  
751 Dally Dr., Suite 100,  
Camarillo, CA 93010  
(818) 889-6631  
(805) 484-2701

**EXHIBIT A**  
**IMPROVEMENTS**

*Description Of The Current Improvements:* About 28 acres located along or near the site's Colorado River frontage and the property's entry roadway are improved with a mixed-use development comprised of Residential uses (Mobile Home Park and RV Park), supplemented by Commercial Uses (Commercial and Boating). In addition, about 12.12 acres are currently in use as a dirt landing strip. As stated earlier, about 70 acres are considered to be unusable due to topographical and flood issues, with the remaining roughly 53 acres currently being used for open space, roadways, or primitive campground areas. The following paragraphs and facing page map provide details regarding the existing improvements.

*Mobile Home Park:* Originally developed in 1963. All 121 spaces have water, sewer, electric, telephone, and concrete slab. Streets and spaces are gravel, with no curbs or gutters. The electric is above ground. There is a small block laundry building and 2 small block restroom buildings used for storage. This area has no recreational facilities.

*Pruitt City, RV Park:* The first 111 spaces were developed in 1974. All of these spaces have water, sewer, electric, telephone, and concrete slab. The streets and spaces are only dirt graded. There is a wood frame laundry facility comprising about 500 square feet. There is also a park office, comprised of a singlewide mobile home.

*Pruitt City, Park Models:* These 47 spaces were developed in 1997. All spaces have water, sewer, electric, telephone, and concrete slab. This section has asphalt-paved streets with concrete curbs.

*RV Park (Camp Ground):* This site was originally developed in 1956. 25 of the 57 spaces have water, sewer, electric, and telephone. The streets and spaces are gravel, with no curbs or gutters. Electric is above ground. There is a block laundry/public restroom building that contains about 1,100 square feet.

*Fisher Residences and Employee Housing Area:* The original Fisher house was built in 1953, and is comprised of random rock exterior walls on concrete slab with wood-frame gabled roof. This structure also includes a covered patio with concrete slab and low rock walls. The current Fisher house is comprised of a roughly 1,152 square foot 1979 double wide mobile home adjoined to a 1,120 square foot wood frame house built in 1970. This structure includes an enclosed patio with low rock wall, carport and BBQ. Adjacent south of Fisher's current residence is a shop building that includes about 440 square feet of storage and about 1,280 square feet of covered carport. Also included is an older singlewide mobile home that is currently used by the Fisher family as a guesthouse.

The employee housing is comprised of ten individual mobile home spaces with water, sewer, electric, telephone, and concrete slab. This site is situated north of Restaurant/Bar/Store. The streets and spaces are gravel, with no curbs or gutters. The electric is above ground.

*Ferguson Residence:* This site includes a 1969 doublewide mobile home measuring about 1,440 square feet, with two additions, screened patio, storage and carport. The structure was remodeled in the mid 1980's.

*Primitive Camp Sites:* This site includes 14 campsites developed in 1980, which are comprised of cleared areas with various combinations of tables, benches and BBQ's.

*Storage Yards:* Developed in 1980, these yards are used by tenants for outside storage and by the Applicant for the storage of large machinery, and the subject's trash compactor. There is also a roughly 480 square foot wooden framed storage building used for storage (by the Applicant) and for processing of hunting meats (by tenants).

*Boat Shop and Post Office and "The Pavilion":* The Boat Shop and Post Office, built in 1964, arc comprised of a roughly 2,170 square foot wood frame building with a roughly 800 square foot wood frame canopy. The Pavilion is comprised of a metal canopy covering a concrete paved area measuring about 1,500 square feet and includes a large brick BBQ.

*Launching Area:* This area includes asphalt-paved parking with two boat launches, a 320 square foot wood frame Bait and Tackle Shop, a 400 square foot Fuel Dock with two fuel dispensers (1 twin/1 single), and a 120 square foot Gas Island with a 680 square foot concrete slab and two dispensers (one regular unleaded, one aviation fuel). In addition, there is a roughly 400 linear foot reinforced block retaining wall. All of these improvements were built in 1980.

*Boat Docks:* There are about 80 slips of wood construction that were originally developed in 1989.

*Restaurant/Bar/Store:* This building is a roughly 5,400 square foot pre-engineered steel building on a concrete slab with about 1,200 square feet of covered patios. About 3,500 square feet are dedicated to restaurant bar use, with remainder for store, operations office, restrooms and regular and cold storage. This building was constructed in 1981.

*Parking Lot:* Asphalt-paved, striped, and includes about 60 spaces. Located adjacent east of the Restaurant/Bar/Store.

*Fuel Storage:* Steel tanks on reinforced concrete saddles; 1--5,000 gallon, 1--4,000 gallon, 2--1,000 gallon, and 1--500 gallon, located north of the parking lot.

*Air Strip:* Dirt strip with telephone pole and windsock. No lighting or other improvements.

*Water System:* Water system draws from Martinez Lake and a 400' deep well. System includes a 10,000-gallon storage tank, with a 500-gallon pressure tank with booster pump. The system serves the existing subject improvements and about 55 residential users in the immediate area. The system was developed in 1970 and includes pumps, filters, and chlorinators.

*Wastewater System:* The wastewater system was also developed in 1970 and includes three test wells with depths of 90', 68', and 100', all with electric pumps, 2 lift stations, and an offsite evaporation pond located on fee land held by the current lessee, which is not included in this analysis.

PURCHASE AND SALE AGREEMENT

AND

ESCROW INSTRUCTIONS

**PURCHASE AND SALE AGREEMENT  
AND ESCROW INSTRUCTIONS**

THIS AGREEMENT dated as of the day of \_\_\_\_\_, 2004, by and between **Donald Fisher, Roberta J. Fisher, Albert W. Ferguson and Louise Ferguson**, (hereinafter collectively referred to as "Seller"); and **Gregory M. Brown and Donna C. Brown**, husband and wife, (hereinafter "Brown"), and **Northwest Development Company**, a California corporation, (hereinafter "Northwest"), (hereinafter collectively referred to as "Buyer") is entered into with reference to the recitals set forth in Article 1 below and constitutes (a) a contract of purchase-and-sale between the parties; and (b) escrow instructions to **Yuma Title**, 1706 S. 4<sup>th</sup> Avenue, Yuma, Arizona 85365 (hereinafter "Escrow Agent"), the consent of which appears at the end hereof.

ARTICLE 1

RECITALS

1.1 **Ownership and Description.** Seller owns and holds the fee title to the real property described in **Exhibit "1"** attached hereto and depicted on **Exhibit "2"**, attached hereto (hereinafter "Property"), Seller also owns collectively 3,000 shares of stock in Fisher's Landing, Inc. (hereinafter "Stock").

1.2 **Other Agreements.** Seller and Buyer have entered into a Master Agreement for Purchase and Sale of Fisher's Landing and Sewer Plant, and Leaseback (herein "Master Agreement"). The purpose of this agreement is to carry out certain covenants contained in said Master Agreement pertaining to the purchase and sale of the Property and the Stock.

1.3 **Intention.** Buyer desires to purchase and Seller desires to sell, the Property and the Stock pursuant to the terms and conditions set forth in this Agreement.

ARTICLE 2

AGREEMENT OF SALE

2.1 **Purchase Price for the Property.** Seller hereby agrees to sell, and Northwest hereby agrees to purchase, through escrow, the Property for a total purchase price of Nine Hundred Thousand Dollars (\$900,000), subject to the terms and conditions set forth herein. The total purchase price shall be payable in cash through escrow on or before the closing.

2.2 **Purchase Price for the Stock.** Seller hereby agrees to sell, and Brown agrees to buy, a seventy-five percent interest in Fisher's Landing, Inc., being Two Thousand Two Hundred Fifty (2,250) shares of stock, for the price of Two Million Six Hundred Thousand Dollars (\$2,600,000), as follows:

2.2.1 Cash at the close of escrow in the sum of \$100,000;

2.2.2 The balance in a secured promissory note in the form of **Exhibit "3"** attached hereto.

### ARTICLE 3

#### OPENING OF ESCROW

Concurrent with the execution of this Agreement, Buyer and Seller shall cause an escrow for the purpose of the sale of the Property and the Stock to be opened at Yuma Title, 1706 S. 4<sup>th</sup> Avenue, Yuma, Arizona 85365. This Agreement shall constitute escrow instructions.

### ARTICLE 4

#### TITLE

4.1 **Grant Deed.** Seller shall convey title to the Property to Northwest by Grant Deed using Escrow Agent's usual form. Title shall be free of all monetary liens and encumbrances except non-delinquent real property taxes and subject only to such other matters as are allowed pursuant to Article 10.1.3.

### ARTICLE 5

#### CONDITIONS PRECEDENT AND COVENANTS

5.1 **Conditions.** The close of escrow is subject to the following conditions precedent, which are solely for the benefit of Buyer:

5.1.1 **Title Policy.** Escrow Agent is able to procure the title policy as required in Article 10.1.3, subject only to (1) non-delinquent real property taxes and assessments; (2) Items appearing in a preliminary report of title which have been expressly approved in a separate writing signed by Buyer; (3) any voluntary liens or encumbrances imposed by Buyer.

5.1.2 Seller has delivered to Buyer a lease of the Property duly executed by Fishers Landing Water and Sewer Works, LLC, in the form and content of **Exhibit "4"** attached hereto.

5.1.3 Seller has deposited in escrow certificates of stock in Fisher's Landing, Inc., showing Two Thousand Two Hundred Fifty (2,250) shares issued in the name of Gregory M. Brown and Donna C. Brown, husband and wife, together with certified resolutions of all of the officers, shareholders and directors of Fisher's Landing, Inc., authorizing the issuance of such shares and certifying and attesting that such shares represent seventy-five percent (75%) of the issued and outstanding shares of Fisher's Landing, Inc.

5.2 **Waiver of Conditions.** The foregoing conditions precedent may be waived and if so waived, shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (a) in writing signed by Buyer; and (b) delivered to Escrow Agent on or before five calendar days prior to the closing date.

5.3 **Non-Satisfaction of Conditions.** In the event the foregoing conditions are neither satisfied nor waived within the time specified therefor, Buyer may terminate the escrow by written demand therefor delivered to the other party and Escrow Agent. The making of such demand shall be optional, not mandatory; no delay in the making of such demand shall affect the rights hereunder of the Buyer. In the event such demand is made:

(a) Escrow Agent shall return to every party the funds and documents theretofore deposited by such party unless Escrow Agent decides (in its uncontrolled discretion) the protection of its interest requires otherwise; in which case Escrow Agent will interplead the deposited funds and documents in a Court of competent jurisdiction.

(b) Each party shall pay one-half (½) of Escrow Agent's fees and incurred expenses, if any. Said return of funds and/or documents shall not affect the right of Buyer to obtain the specific performance hereof or to recover for breach of this contract (including, but not limited to, recovery of any sums paid pursuant to the preceding sentence).

## ARTICLE 6

### OBLIGATIONS AND DISCLOSURES

6.1 **Escrow Non-Liability.** Escrow Agent shall have no concern with or liability or responsibility for this Article.

6.2 **Right of Entry.** During the term of the escrow, Buyer and his representatives, agents and independent contractors shall have the right to enter on to the Property for the purpose of obtaining any and all information regarding the Property as Buyer deems appropriate, including, but not by way of limitation, engineering and survey studies. Buyer agrees to and does hereby hold Seller harmless from and against any loss, liability or damage resulting from the activities of Buyer, his representatives, agents and independent contractors, or anyone acting pursuant to authorization from Buyer, in relation to the Property and from and against any mechanics' liens or claims of lien resulting therefrom; provided, however, that Buyer shall not be liable or responsible for damage to

the Property which is reasonably necessary to the investigation of its physical characteristics, including soils tests and surveying. Buyer shall, however, at his sole cost and expense, return the Property as nearly as is practicable to its physical condition immediately prior to his activities thereon and shall repair any physical damage resulting from his activities thereon.

6.3 **Right of Inquiry.** During the term of this escrow, Buyer and his representatives, employees, agents and independent contractors shall have the right to (a) meet with all city, county, district and other governmental entities and agencies and with all persons or other entities with whom Seller or others have contractual arrangements in connection with or relating to the Property; and (b) discuss with any such entities, agencies or persons the terms of this Agreement, the terms of any contractual arrangements between Seller and any such entity, agency or person and Buyer's proposed development of the Property.

6.4 **Hazardous Materials.** Seller warrants that it has no actual knowledge of the existence of Hazardous Materials on the Property.

## ARTICLE 7

### SELLER'S DELIVERIES TO ESCROW

7.1 Seller shall deliver to Escrow Agent prior to the Closing Date the following:

7.1.1 Grant Deed on Escrow Agent's usual form, conveying the Property to Northwest, executed and acknowledged by Seller and/or such other persons as the title insurer may require in order to issue the title policy.

7.1.2 **The IRC Certificate.** A certificate pursuant to IRC Section 1445, in form and of content set forth in Exhibit, signed by Seller and certifying that Seller is not a nonresident alien or foreign corporation, foreign partnership, foreign trust or foreign estate.

7.1.3 **Fisher's Landing Stock, Resolutions, and Certificates:** Certificates of stock in Fisher's Landing, Inc., showing Two Thousand Two Hundred Fifty (2,250) shares issued in the name of Gregory M. Brown and Donna C. Brown, husband and wife, together with resolutions signed by one hundred percent of the shareholders, officers and directors of Fisher's Landing, Inc., and certified by its secretary, authorizing the issuance of such shares and certifying and attesting that such shares represent seventy-five percent (75%) of the issued and outstanding shares of Fisher's Landing, Inc.

ARTICLE 8

BUYER'S DELIVERIES TO ESCROW

Buyer shall deliver to Escrow Agent, prior to the Closing Date, the following: (a) Cash pursuant to Section 2.1 and 2.2.1; and (b) such sums as are necessary to pay Buyer's escrow and other charges, pursuant to Article 11. All such documents shall be fully executed and if to be recorded, shall also be acknowledged.

ARTICLE 9

CLOSE OF ESCROW

Escrow shall close on or before August 31, 2004, ("Closing Date") as provided in this Agreement.

ARTICLE 10

THE CLOSING

10.1 **Closing Procedure.** Escrow Agent shall close the escrow by recording the following documents in the following order: (a) Grant Deed; (b) such other documents as may be necessary to procure the title policy; and (c) delivering funds and documents as set forth in the Section entitled "Escrow Agent's Delivery of Funds and Documents" if, AND ONLY IF, each of the following conditions have been satisfied:

10.1.1 **Delivery of Funds and Instruments.** All funds and instruments described in Articles 7 and 8 have been delivered to Escrow Agent.

10.1.2 **Satisfaction of Conditions.** The conditions set forth in Article 5.1 have been, or upon such closing shall be, satisfied or waived

10.1.3 **Title Policy.** Escrow Agent has procured Yuma Title Company's CLTA equivalent policy of title insurance with liability in the amount of the Purchase Price, insuring that fee title to the Property vests in Northwest subject only to non-delinquent city and county general and special taxes, and the matters pursuant to Article 5.1.1. Northwest shall have the option to specify the substitution of an ALTA policy instead of CLTA equivalent policy by giving written notice to Seller and Escrow Agent, provided the same does not delay the close of escrow.

10.2 **Early Closing.** If all of the conditions set forth in Articles 10.1.1 through 10.1.3 become satisfied at a date earlier than the Closing Date, Escrow Agent shall so close the escrow at such earlier date.

**10.3 Failure to Close - Termination.** If Escrow Agent cannot close the escrow on or before the Closing Date, the escrow shall be terminated and Escrow Agent shall comply with Article 10.3.1.

**10.3.1 Procedure on Termination.** In the event of such termination, (a) Escrow Agent shall return to each party the funds and documents deposited by such party, unless Escrow Agent decides (in its uncontrolled discretion) the protection of its interests requires otherwise; and (b) each party shall pay one-half of Escrow Agent's fees and incurred expenses, if any.

**10.3.2 Effect of Termination.** Said return of funds and/or other documents shall not affect the right of Buyer to obtain the specific performance hereof, or the demanding party to recover against the other party for breach of this contract (including, but not limited to, recovery of any sums paid pursuant to Article 10.3.1).

## ARTICLE 11

### PRORATION, FEES AND COSTS

**11.1 Taxes.** Escrow Agent will prorate (i.e., apportion) between the parties, in cash, to the close of the escrow, only county, city and special district (if any) taxes, based on the latest information available to Escrow Agent.

**11.1.1 Basis of Proration.** Prorations will be made on the basis of a thirty (30) day month.

**11.1.2 Seller's Payment of Charges and Fees.** Seller will pay (a) County Documentary Transfer Tax, in the amount Escrow Agent determines to be required by law; (b) the CLTA Title Policy premium; (c) one-half of Escrow Agent's fee; (d) fees for beneficiaries' statements; (e) usual Seller's document-drafting and recording charges; and (f) user tax, if any.

**11.1.3 Buyer's Payment of Charges and Fees.** Buyer will pay (a) one-half of Escrow Agent's fee; and (b) usual Buyer's document-drafting and recording charges. If Buyer elects to require an ALTA policy of title insurance, Buyer shall pay the difference in cost only between the cost of the CLTA policy title premium and the ALTA title policy premium.

## ARTICLE 12

### ESCROW AGENT'S DELIVERY OF FUNDS AND DOCUMENTS

**12.1 Recordation of Documents.** Escrow Agent will cause the County Recorder of Yuma County, Arizona to mail the Grant Deed (each other document which is herein expressed to be, or by general usage is, recorded) after recordation, to the grantee or beneficiary acquiring rights under said document.

12.2 **Delivery of Documents.** Escrow Agent will, at close of escrow, deliver by United States Mail (or will hold for personal pickup, if requested) each non-recorded document received hereunder by Escrow Agent to the payee acquiring rights under said document.

12.3 **Delivery of Funds.** Escrow Agent will, at the close of the Escrow, deliver by United States Mail (or will hold for personal pickup, if requested) (a) to Seller, or order, any funds and documents Seller will be entitled to; and (b) to Buyer, or order, any excess funds theretofore delivered to Escrow Agent or Buyer.

12.4 **Tax Stamps.** Escrow Agent will, following the recording of the Grant Deed, place documentary transfer tax stamps on said Deed.

### ARTICLE 13

#### SELLER'S WARRANTIES

13.1 **Authority.** Seller warrants that it has the Authority to enter into this Agreement, and that it knows of no actions, claims, claims for possession, including adverse possession, or litigation pending concerning the Property as of the date of this Agreement. Seller will advise Buyer if it becomes aware of any such action, claims, claims for possession, or litigation concerning the Property after the date of this Agreement. Seller represents and warrants: Seller has not received notice from any governmental agency of any uncured violation of law or governmental regulation affecting the Property; and to the best of Seller's knowledge, there are no off-record leases (except as listed in Exhibit B attached hereto), easements or other encumbrances affecting any part of the Property.

13.2 **Incorporation of Representations and Warranties.** Seller hereby incorporates its representations and warranties contained in the Master Agreement.

### ARTICLE 14

#### BUYER'S WARRANTIES

14.1 **Authority.** Buyer warrants that it has the Authority to enter into this Agreement.

14.2 **Completion of Pre-Closing Obligations.** To the extent that any of the preclosing obligations set forth in Article 8 have not been completed or performed prior to the close or consummation of this escrow, the same shall remain in full force and effect as post-closing obligations. In addition to the foregoing, Buyer shall not unreasonably withhold its approval or execution of any document required to effectuate the foregoing.

ARTICLE 15

SURVIVAL OF AGREEMENT

To the extent that they constitute an agreement between Seller and Buyer, the executory provisions of this Agreement and the covenants of Buyer to Seller and Seller to Buyer shall survive the close and consummation of this Escrow and shall remain in full force and effect.

ARTICLE 16

ASSIGNMENT BY BUYER

16.1 **Right to Assign.** Buyer shall have the right or power to assign its rights hereunder only with the written consent of seller, which consent shall not be unreasonably withheld.

16.2 **Effect of Assignment.** In the event of any assignment, the assignee shall be and become obligated under the terms of this Agreement (i) as the grantee of the Seller's Grant Deed, (ii) as the insured under the Title Policy, and (iii) as the person(s) having the right or obligation to (a) deliver statements, (b) deliver documents, (c) give approvals, (d) waive conditions, or (e) make demands, all as may be permitted or required by this Agreement.

16.3 **Assignor's Liability.** No assignment of Buyer's rights hereunder shall relieve the assignor of any of its obligations hereunder.

ARTICLE 17

LIQUIDATED DAMAGES

17.1 **Escrow Non-Liability.** Escrow Agent shall have no concern with or liability or responsibility for this Article.

17.2 **Liquidated Damage Fixed.** The parties have discussed and negotiated, in good faith, upon the question of the damages to be suffered by Seller in the event Buyer breaches this Agreement, and have endeavored to reasonably estimate such damages, and they hereby agree that (a) such damages are and will be impracticable or extremely difficult to fix; (b) liquidated damages in the amount of One Hundred Thousand Dollars (\$100,000) are reasonable if Buyer breaches this Agreement; (c) in the event of such breach, Seller shall be entitled to and shall receive such damages; (d) any funds and instruments of Buyer held by Seller at the time of such breach shall, if retained by Seller, be credited to such liquidated damages; and (e) such liquidated damages shall be Seller's sole remedy for such breach.

Buyer's initials: \_\_\_\_\_

Seller's initials: \_\_\_\_\_  
\_\_\_\_\_

ARTICLE 18

REAL ESTATE COMMISSION

Each party warrants to the other that the warranting party has incurred no obligation for a real estate broker's or salesman's commission by reason of this Agreement or the transaction contemplated hereby for which the other party would be liable.

ARTICLE 19

NOTICES

Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed delivered as of actual personal delivery or except as to Escrow Agent who may use regular mail, as of the second business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller, to: Gregory M. Brown  
3511 Camino del Rio South, #408  
San Diego, CA 92108

If to Buyer, to: c/o Kenneth L. Allen  
P.O. Box 466  
Sonoita, AZ 85637

If to Escrow Agent, to: Yuma Title  
1706 S. 4<sup>th</sup> Avenue  
Yuma, Arizona 85365

or such other address or to such other person as any party shall designate to the others for such purpose in the manner herein above set forth.

ARTICLE 20

EXTENT OF ESCROW AGENT'S RESPONSIBILITIES

20.1 **Escrow Agent Liability.** Escrow Agent shall not be liable for any of its acts or omissions unless the same shall constitute negligence or willful misconduct.

20.2 **Informing Parties.** Escrow Agent shall have no obligation to inform any party of any other transaction or of facts within Escrow Agent's knowledge, even though the same concerns the Property, provided such matters do not prevent Escrow Agent's compliance with this Agreement.

20.3 **Responsibility for Documents.** Escrow Agent shall not be responsible for (a) the sufficiency or correctness as to form or the validity of any document deposited with Escrow Agent; (b) the manner of execution of any such deposited document, unless such execution occurs in Escrow Agent's premises and under its supervision; or (c) the identity, Authority, or rights of any persons executing any document deposited with Escrow Agent.

20.4 **Conflicting Demands and Claims.** Should Escrow Agent receive or become aware of conflicting demands or claims with respect to the escrow, the rights of any party hereto, or funds, documents or property deposited with Escrow Agent, Escrow Agent shall have the right to discontinue any further acts until such conflict is resolved to its satisfaction, and it shall have the further right to commence or defend any action for the determination of such conflict. The parties shall, immediately after demand therefor by Escrow Agent, reimburse Escrow Agent (in such respective proportions as the Court shall determine) any reasonable attorney's fees and court costs incurred by Escrow Agent pursuant to this Paragraph.

## ARTICLE 21

### GENERAL PROVISIONS

21.1 **Arbitration of Disputes.** Any disputes regarding the enforcement, interpretation, or operation of this Agreement shall be submitted to binding arbitration, pursuant to Arizona Revised Statutes Section 12-1501, et seq., resolution to be determined pursuant to said statute and this Agreement, with right of discovery. The parties agree that any award made by the arbitrators, as provided, be entered as a judgment in Arizona Superior Court for Yuma County. The parties agree that, in lieu of arbitration, alternative dispute resolutions, such as mediation, can be used, provided the mediators are appointed as set forth below as the arbitrators.

21.1.1 The Seller shall appoint one arbitrator, Buyer shall appoint one arbitrator, and those two appointed arbitrators shall appoint a third arbitrator. The decision of a majority of the arbitrators is binding to both parties, and the decision is not appealable, other than under the provisions of A.R.S. Section 12-1501, and specifically A.R.S. Section 12-1512.

21.1.2 The fees and expenses of the arbitration shall be paid, as awarded by the arbitrators.

21.1.3 The hearing, proceedings and subpoena powers shall be pursuant to A.R.S. Section 12-1501, et seq.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY ARIZONA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. IF YOU REFUSE TO SUBMIT

TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF ARIZONA LAW. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

Seller: \_\_\_\_\_  
\_\_\_\_\_

Buyer: \_\_\_\_\_

21.2 **Captions.** Captions in this Agreement are inserted for convenience of reference only and do not define, define or limit the scope or the intent of this Agreement or any of the terms hereof.

21.3 **Cash Defined.** Whenever used in this Agreement the term "cash" means currency, cashier's checks, or Federal Funds wire transferred into Escrow Agent's bank account.

21.4 **Construction.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

21.5 **Counterparts.** This Agreement may be executed in duplicate originals or in any number of counterparts, and the signature pages of each counterpart may be removed and attached to one agreement which shall be deemed an original, and shall constitute one instrument.

21.6 **Entire Agreement.** This Agreement, together with the separate Master Agreement, contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

21.7 **Escrow Defined.** Whenever used in this Agreement the term "Escrow" shall mean the Escrow created by this Agreement.

21.8 **Exhibits.** All exhibits referred to herein and attached hereto are a part hereof.

21.9 **Gender.** The use herein of (a) the neuter gender includes the masculine and the feminine; and (b) the singular number includes the plural, whenever the context so requires.

21.10 **Good Faith.** Seller and Buyer agree to execute all such instruments and documents and to take all actions as may be required in order to consummate the purchase and sale contemplated herein, and to use their best efforts to accomplish the close of this escrow in accordance with the provisions hereof.

**21.11 Hazardous Materials.** "Hazardous Materials" means flammable explosives, radioactive materials, hazardous wastes, petroleum products, toxic substances and related materials including, but not limited to, those substances defined as "hazardous substances," "hazardous materials", or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the California Hazardous Waste Control Act and the Carpenter-Presley-Tanner Hazardous Substance Account Act, Cal. Health & Safety Code Section 25100, et seq., and Section 25300, et seq., the Safe Drinking Water and Toxic Enforcement Act, Cal. Health & Safety Code Section Act, Cal. Water Code Section 13000, et seq., and in the regulations adopted and publications promulgated pursuant to all such federal and state laws. Notwithstanding the above paragraph, Brown and Northwest are aware that FLI operations require the storage of and dispensing of gasoline for both water craft and automobiles, as well as oil, coolants and other solvents necessary for the operation of the boat repair shop, including, but not limited to batteries, which are sold, and cores, which are taken back and disposed of in compliance with environmental rules and regulations. Brown and Northwest are also aware that the sewer treatment plant contains evaporative ponds with effluent and sludge, which may or may not be considered, at some point, hazardous substances and materials.

**21.12 Attorney's Fees.** In the event either party commences an action, proceeding or arbitration relating to or arising out of this Agreement, including for the judicial interpretation, enforcement or rescission hereof, the party awarded attorney's fees pursuant to Paragraph 21.1 of this Agreement shall be entitled to a judgment or award against the other pursuant to the terms of the award.

**21.13 Modification.** No modification, waiver, amendment, discharge change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

**21.14 Possession.** Escrow shall have no concern or liability for this matter. Possession of the subject Property will be delivered to Buyer as of the close of escrow.

**21.15 Severability.** In the event any term, covenant, condition, provision or agreement herein contained is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such term, covenant, condition, provision or agreement shall in no way affect any other term, covenant, condition, provision or agreement herein contained.

**21.16 Successors.** All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors, assigns, trusts and beneficiaries thereof.

**21.17 Survival.** All obligations referred to herein to be performed at a time or times after the close of the escrow, and all warranties and representations contained herein, shall survive the

close of the escrow and the delivery of Seller's Grant Deed.

21.18 **Time of Essence.** Time is of the essence of this Agreement. THIS AGREEMENT has been executed in Yuma County, Arizona, as of the date set forth at the beginning hereof.

BUYER: NORTHWEST DEVELOPMENT COMPANY

By: \_\_\_\_\_  
Gregory M. Brown, President

SELLER: \_\_\_\_\_  
\_\_\_\_\_



whether withholding is required and the Transferee may face liabilities if any statement in this certificate is false.

5. The Transferor hereby indemnifies the Transferee, and agrees to hold the Transferee harmless, from any liability or cost which such Transferee may incur as a result of: (i) the Transferor's failure to pay any U.S. Federal income tax which the Transferor is required to pay under applicable U.S. law, or (ii) any false or misleading statement contained herein. Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete; I further declare that I have Authority to sign this document on behalf of the Transferor. Executed in Yuma County, Arizona on \_\_\_\_\_, 2004.

TRANSFEROR:

one subletting, or one occupation of the Premises by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation of the Premises by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Lessor, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease.

24. Default. Any failure by Tenant to perform any of its covenants or agreements under this Lease shall be a material default and breach of this Lease.

25. Option to Terminate for Breach. In the event of any default or breach by Lessee under this Lease, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the right to terminate this Lease and all rights of Lessee hereunder by giving written notice of the termination. No act of Lessor shall be construed as terminating this Lease except written notice given by Lessor to Lessee advising Lessee that Lessor elects to terminate the Lease. In the event that Lessor elects to terminate this Lease, Landlord may recover from Tenant all damages and remedies, including unpaid rent to the end of the Lease, allowed in law or in equity.

26. Continuation After Breach. If Lessee breaches this Lease and abandons the Premises before the natural expiration of the term of the Lease, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover the rent specified in this Lease as it becomes due under this Lease.

27. Reletting After Breach. In the event Lessee breaches this Lease, Lessor may enter on and relet the Premises or any part of the Premises to a third party or third parties for any term, at any rental, and on any other terms and conditions that Lessor, in its sole discretion, may deem advisable, and shall have the right to make alterations and repairs to the Premises. Lessee shall be liable for all of Lessor's costs in reletting, including, but not limited to, repair and renovation costs required for the reletting. In the event Lessor relets the premises, Lessee shall pay all rent due under and at the time specified in this Lease, less any amount or amounts actually received by Lessor from the reletting.

28. Remedies Cumulative. The remedies hereinabove granted to Lessor shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or provided in this Lease.

29. Arbitration. The parties hereto agree to submit any dispute or controversy hereunder to binding arbitration. The parties recognize and agree that by agreeing to binding arbitration they are giving up the right to trial by court or jury.

30. Attorney's Fees. In any dispute or controversy resulting in arbitration or any other



## Account Detail

General Information (as of 11:06 am, November 24, 2008)

Account: U0000054 Tax District: 0111  
 Parcel: Mill Levy: 10.774\*  
 Account Type: Status: A

\* This Mill Levy is from the most recent tax roll. It may change on future tax rolls.

- New Search
- Assessment History
- Tax Totals
- Characteristics
- Sales History
- Tax Details
- Photo
- Sketch
- Tax Authorities

### Owner Information

Owner Name: FISHERS LANDING WATER-SEWER WORKS LLC  
 Address: PO BOX 72188  
 YUMA, AZ 85365

### Legal Description

CENTRALLY VALUED PROPERTY ACCOUNT  
 55-518 PARCEL NUMBER 107-02-002B

Client: Yuma County  
 Title: ASSESSOR  
 Connected As: Patrick HARVEY

### Situs (Site Location)

YUMA 85365

### 2009 Assessment Information

	Actual Value	Assessed Value	Acres	Square Feet	Taxable Value
Land	0	0	0	0	
Improvements	0	0	0	0	
Exempt	0	0	0	0	
Total	null	null	0.00	0	null



## Tax Details

General Information (as of 11:06 am, November 24, 2008)

Account: U0000054 Area ID: 0111  
 Parcel: null Account Type: N/A

- New Search
- Profile
- Assessment History
- Tax Totals
- Characteristics
- Sales History
- Photo
- Tax Authorities

Client:  
 Yuma County  
 Title:  
 ASSESSOR  
 Connected As:  
 Patrick HARVEY

### Tax Details

Year	Transaction Type	Date	Amount	Payor	Description
2008	TAXPMTF	10/08/08	-13.19	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2008	TAXPMTF	10/08/08	-2,276.83	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2008	TAXPMTF	10/08/08	-695.62	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2008	TAXCHG	01/01/08	26.38	N/A	TAX ROLL TRANSFER
2008	TAXCHG	01/01/08	1,391.24	N/A	TAX ROLL TRANSFER
2008	TAXCHG	01/01/08	4,553.66	N/A	TAX ROLL TRANSFER
2007	TAXPMTS	12/24/07	-11.87	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2007	TAXPMTS	12/24/07	-2,176.96	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2007	TAXPMTS	12/24/07	-696.77	FISHERS LANDING WATER-SEWER WORKS LLC	N/A
2007	TAXPMTF	12/11/07	-11.87	FISHERS LANDING WATER-SEWER WORKS	N/A

2007	INTCHGF	12/11/07	.32	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	INTPMTF	12/11/07	-.32	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	TAXPMTF	12/11/07	-696.77	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	INTPMTF	12/11/07	-18.58	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	INTCHGF	12/11/07	18.58	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	INTPMTF	12/11/07	-58.05	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	INTCHGF	12/11/07	58.05	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	TAXPMTF	12/11/07	-2,176.96	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2007	TAXCHG	01/01/07	23.74	N/A	TAX ROLL TRANSFER
2007	TAXCHG	01/01/07	4,353.92	N/A	TAX ROLL TRANSFER
2007	TAXCHG	01/01/07	1,393.54	N/A	TAX ROLL TRANSFER
2006	TAXPMTF	10/12/06	-8.42	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2006	TAXPMTF	10/12/06	-1,378.85	FISHERS LANDING WATER- SEWER WORKS	N/A

2006	TAXPMTF	10/12/06	-486.46	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2006	TAXPMTS	04/05/07	-8.42	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2006	TAXPMTS	04/05/07	-486.46	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2006	TAXPMTS	04/05/07	-1,378.85	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2006	TAXCHG	01/01/06	16.84	N/A	TAX ROLL TRANSFER
2006	TAXCHG	01/01/06	2,757.70	N/A	TAX ROLL TRANSFER
2006	TAXCHG	01/01/06	972.92	N/A	TAX ROLL TRANSFER
2005	TAXPMTW	10/07/05	-14.40	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2005	TAXPMTW	10/07/05	-1,919.30	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2005	TAXPMTW	10/07/05	-590.86	FISHERS LANDING WATER- SEWER WORKS LLC	N/A
2005	TAXCHG	01/01/05	14.40	N/A	TAX ROLL TRANSFER
2005	TAXCHG	01/01/05	590.86	N/A	TAX ROLL TRANSFER
2005	TAXCHG	01/01/05	1,919.30	N/A	TAX ROLL TRANSFER

Book 209

<b>ACORD. CERTIFICATE OF LIABILITY INSURANCE</b>		OPID DP <b>FISHE-1</b>	DATE (MM/DD/YYYY) <b>11/14/08</b>
PRODUCER  <b>ATP &amp; Associates, LLC</b> P.O. Box 6049 Yuma AZ 85366 Phone: 928-783-3345 Fax: 928-783-1131		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED  <b>Fisher's Landing, Inc. :</b> <b>Fisher's Landing Water &amp; Sewer, LLC</b> P.O. Box 72277 Yuma AZ 85365-0277		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: <b>Auto Owners Insurance Co.</b>	<b>18988</b>
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L	LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS								
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GENL AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJEC <input type="checkbox"/> LOC	9346254594557707	08/04/08	08/04/09	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>50,000</b> MED EXP (Any one person) \$ <b>5,000</b> PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COMP/OP AGG \$ <b>2,000,000</b>								
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	9568824401	08/04/08	08/04/09	COMBINED SINGLE LIMIT (Ea accident) \$ <b>1,000,000</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
A		GARAGE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OTHER THAN AUTO	9568824400	08/04/08	08/04/09	AUTO ONLY - EA ACCIDENT \$ <b>1000000</b> OTHER THAN AUTO ONLY: EA ACC \$ <b>1000000</b> AGG \$ <b>2000000</b>								
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$								
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>WC STATUTORY LIMITS</td> <td>OTHER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>F.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>F.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATUTORY LIMITS	OTHER	E.L. EACH ACCIDENT	\$	F.L. DISEASE - EA EMPLOYEE	\$	F.L. DISEASE - POLICY LIMIT	\$
WC STATUTORY LIMITS	OTHER													
E.L. EACH ACCIDENT	\$													
F.L. DISEASE - EA EMPLOYEE	\$													
F.L. DISEASE - POLICY LIMIT	\$													
		OTHER												

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS  
**Landlord as Additional Insured**

<b>CERTIFICATE HOLDER</b>  Northwest Development Co Greg Brown 3511 Camino Del Rio South #410 San Diego CA 92108	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <b>Douglas A. Pancrazi</b>
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**ACORD EVIDENCE OF COMMERCIAL PROPERTY INSURANCE DP** DATE (MM/DD/YYYY)  
11/14/2008

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER NAME, CONTACT PERSON AND ADDRESS  <b>ATP &amp; Associates, LLC</b> P.O. Box 6049 Yuma AZ 85366	PHONE (AG, No, Ext): <b>928-783-3345</b> FAX (AG, No): <b>928-783-1131</b> E-MAIL ADDRESS:	COMPANY NAME AND ADDRESS  <b>Auto Owners Insurance Co.</b> PO Box 30278 Lansing MI 48909-7778	NAIC NO:
CODE: 25011300      SUB CODE:	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
AGENCY CUSTOMER ID #: <b>FISHE-1</b> NAMED INSURED AND ADDRESS: <b>Fishers Landing, Inc.</b> <b>Fishers Landing Water &amp; Sewer</b> P.O. Box 72277 Yuma AZ 85365-0277	LOAN NUMBER	POLICY NUMBER <b>9346254501689008</b>	
ADDITIONAL NAMED INSURED(S)	EFFECTIVE DATE <b>08/04/08</b>	EXPIRATION DATE <b>08/04/09</b>	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:			

**PROPERTY INFORMATION (Use additional sheets if more space is required)**

LOCATION/DESCRIPTION: **Water Treatment Plant**  
**001**  
**Martinez Lake off Hwy 95**  
**Yuma AZ 85365**

<b>COVERAGE INFORMATION</b>		CAUSE OF LOSS FORM	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL	OTHER
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: <b>\$ 21000</b>		DED: <b>1000</b>				
	YES	NO				
BUSINESS INCOME / RENTAL VALUE		<input checked="" type="checkbox"/>	IF YES, LIMIT:	Actual Loss Sustained	# of months:	
BLANKET COVERAGE		<input checked="" type="checkbox"/>	IF YES, indicate amount of insurance on properties identified above: \$			
TERRORISM COVERAGE		<input checked="" type="checkbox"/>	Attach signed Disclosure Notice / DEC			
IS COVERAGE PROVIDED FOR "CERTIFIED ACTS" ONLY?		<input checked="" type="checkbox"/>	IF YES, SUB LIMIT:	DED:		
IS COVERAGE A STAND ALONE POLICY?		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
DOES COVERAGE INCLUDE DOMESTIC TERRORISM?		<input checked="" type="checkbox"/>	IF YES, SUB LIMIT:	DED:		
COVERAGE FOR MOLD		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
MOLD EXCLUSION (if "YES", specify organization's form used)		<input checked="" type="checkbox"/>				
REPLACEMENT COST		<input checked="" type="checkbox"/>				
AGREED AMOUNT		<input checked="" type="checkbox"/>				
COINSURANCE		<input checked="" type="checkbox"/>	IF YES, <b>90 %</b>			
EQUIPMENT BREAKDOWN (if Applicable)		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
LAW AND ORDINANCE - Coverage for loss to undamaged portion of building		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
- Demolition Costs		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
- Incr. Cost of Construction		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
EARTHQUAKE (if Applicable)		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
FLOOD (if Applicable)		<input checked="" type="checkbox"/>	IF YES, LIMIT:	DED:		
WIND / HAIL (if Separate Policy)		<input type="checkbox"/>	IF YES, LIMIT:	DED:		
PERMISSION TO WAIVE SUBROGATION PRIOR TO LOSS		<input checked="" type="checkbox"/>				

**REMARKS - Including Special Conditions (Use additional sheets if more space is required)**  
 Water & Sewer Facility

**CANCELLATION**  
 THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW **10** DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

**ADDITIONAL INTEREST**

NAME AND ADDRESS  <b>Pacific Century Bank</b>  <b>1600 S 4th Avenue</b> <b>Yuma AZ 85364</b>	LENDER SERVICING AGENT NAME AND ADDRESS  AUTHORIZED REPRESENTATIVE <b>Douglas A. Pancrazi</b>
<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE	

~~1000~~ x 6 = 24  
250 Acres

In addition, the approval to operate will not be issued until an operation and maintenance manual is approved by the Department, and a certified plant operator has been employed to operate the facility.

The setback requirements listed above do not apply to lagoons or ponds. These types of treatment plants will be reviewed on an individual basis. It is recommended that wastewater treatment lagoon be located not closer than 1000 feet from the nearest property line.

*and holding ponds for treated effluent be located not closer than 250 feet (no controls - Table VI-1), or about 6 acre lot.*

C. EFFLUENT QUALITY.

Selection of the sewage treatment process shall be based upon the method of effluent disposal and the ability of the process to meet the effluent standards presented in Chapter II.

D. DESIGN.

1. Type of Treatment - The Engineer should give careful consideration of the type of treatment needed to achieve the goals outlined below before selecting the appropriate treatment process.

- a. Discharge Standards - The quality of effluent achieved by a given process should be evaluated on the basis of consistency in meeting established effluent standards.
- b. Operation Supervision - An optimization of manhours necessary to oversee plant operations and assure process balance and consistency in meeting effluent standards is an important part of process selection.

The type of supervision and operation each process must have to achieve the prescribed treatment level should be carefully analyzed. Each process should be evaluated based upon, but not limited to:

- 1) Operator educational level needed,
  - 2) Number of personnel required for proper operation,
  - 3) Sophistication of laboratory monitoring.
- c. Value Engineering - Value engineering is concerned with eliminating or modifying all items that contribute to the cost of a project but is not necessary for needed performance, quality, maintainability, reliability, or interchangeability. Specifically, value engineering should be a systematic creative effort directed toward an analysis of each item in the process to assure that it performs essential functions at the lowest over-all cost. The over-all cost should include, but not be limited to, costs of acquisition, construction, operation, repair, and replacement.

Value engineering should play a major role in equipment and treatment process selection.

B. PLANT LOCATION.

The treatment works site should be selected after careful analysis and study of the following factors:

- (1) Flood potential
- (2) Noise potential
- (3) Odor potential
- (4) Direction of prevailing winds
- (5) Seasonal accessibility
- (6) Anticipated growth patterns in the vicinity of the proposed plant site
- (7) Possible elimination of sewage pump station upstream of the treatment works
- (8) Disposal of waste solids
- (9) Foundation conditions and topography

To avoid local objections, sewage treatment plants other than individual residential plants shall be located at the distances from contiguous property lines shown in Table VI - 1.

Table VI - 1

Minimum Setback vs. Treatment Plant Size

PLANT SIZE 10 <sup>3</sup> GPD	Distance (Feet)		
	(1) No Controls	<i>alexander</i> <i>shrub</i> (2) Aesthetic, Noise & Odor Control or Signature	(3) Enclosure with Noise & Odor Control or Signature
5 - 25	250	100	25
25 - 100	350	200	50
100 - 500	500	300	100
500 - 1	750	500	• 300
1 MGD	1000	750	• 500

*adjustment*  
✓ Lagoons/pond (w/untreated sewer)

→ 1,000  
\*Will be reviewed on each individual project. *no setback for holding ponds for treated effluent*

Column 1 requires the minimum setback with no controls.

Column 2 requires a minimum setback for a plant with aesthetic controls with the option of additional noise and odor control or the signatures of all property owners within the allowable setback.

Column 3 requires a minimum setback for a plant which is enclosed in a covered structure with the option of additional noise control and odor control or the signatures of all property owners within the allowable setback.

Noise control is defined as a sound level at the nearest existing property line not to exceed 50 db on the A network of a sound level meter. Aesthetic control is defined as landscaping in addition to chainlink fences or earthen berms.