



ORIGINAL

W-02784A-09-0276
W-20682A-09-0276

AGREEMENT

This agreement (the "Agreement") is entered into as of the 1st of June, 2009, by and between Tonto Creek Utility Co. ("Party One") and Tonto Creek Water Co. LLC ("Party Two") (collectively the "Parties"). This agreement is contingent on the approval of application to the Arizona Corporation Commission for a Transfer of Assets and a transfer of Certificate of Convenience and Necessity. The closing will take place as of the date of approval by the Arizona Corporation Commission.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained in this Agreement, it is hereby agreed by and between the Parties as follows:

1) PARTY ONE OBLIGATIONS.

Party One does hereby covenant and agree that it shall:

Transfer ownership of all the assets of the "Tonto Creek Utility Co." including, but not limited to, structures, improvements, wells, springs, pumping equipment, distribution reservoirs and standpipes, distribution mains, services, meters, tools, and miscellaneous equipment. Transfer ownership of Lot 23A (Parcel Identification 927-21-001 7 APN #303-03-24A) located in Tonto Creek Estates. Assume responsibility for any existing taxes, liens, encumbrances, or any other issues prior to the finalized contract date.

2) PARTY TWO OBLIGATIONS.

Party Two does hereby covenant and agree that it shall:

Assume ownership, and pay \$20,000, for all of the above mentioned items under "Tonto Creek Water Co. LLC" including the purchase Lot 23A (Parcel Identification 927-21-001 1 APN #303-03-24A) located in Tonto Creek Estates. Assume responsibility for any future taxes, liens, encumbrances or any other issues after the finalized contract date.

3) REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

A. Party One hereby represents and warrants:

There are no outstanding issues concerning "Tonto Creek Utility Co.", are in compliance with all county and state ordinances, and in good standing with the Arizona Corporation Commission. Party One has a good and marketable title to the assets being sold. The assets will be free from encumbrances at closing. There are no judgments claims, liens or proceedings pending against Party One, the business or the assets being sold, and none will be pending at closing. Party One transfers property "as is and where is".

Party One will make a full refund of all Main Extension Agreements, and meter and service line installation deposits due at closing.

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- B. Party Two has inspected the tangible assets that Party Two is purchasing and the premises covered by the purchase and is satisfied with their condition.

4) ARBITRATION.

The Parties agree that any dispute or controversy arising out of this Agreement shall be settled by Arbitration to be held in Gila county, state of Arizona, in accordance with the rules then in effect of the American Arbitration Association. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the Parties. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The Parties shall each pay one-half of the costs and expenses of such arbitration, and each of the parties shall separately pay counsel fees and expenses.

5) GENERAL PROVISIONS.

A. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by delivery, by facsimile or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective party as follows:

If to Party One:
Tonto Creek Utility Co.
HC 2 Box 94-G
Payson, Arizona 85541

If to Party Two:
Tonto Creek Water Co. LLC
4486 E. Ford Ave.
Gilbert, Arizona 85234

B. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by the Parties, and their respective successors, assigns, heirs, executors and administrators; provided, that neither party may assign any duties or her rights hereunder without the written consent of the other party.

C. Waiver and Amendment. Neither party may waive any of the terms or conditions of this Agreement, nor may this Agreement be amended or modified, except by a duly signed writing referring to the specific provision to be waived, amended or modified.

D. Entire Agreement. This Agreement constitutes the entire agreement with respect to the subject matter hereof, and supersedes all other prior agreements and understandings, both written and oral, among the parties hereto and their affiliates.

E. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

F. Governing Law. This Agreement shall be governed by the laws of the state of Arizona, without regard to its conflicts of law provisions.

G. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties, with the full intent of releasing all claims. The Parties acknowledge that:

- (i) they have read this Agreement;
- (ii) they have been represented, or, in the alternative, have had the opportunity to obtain representation, in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice;
- (iii) they understand the terms and consequences of this Agreement and of the releases it contains; and
- (iv) they are fully aware of the legal and binding effect of this Agreement.

H. Counterparts/Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. For purposes of this Agreement, use of a facsimile, e-mail or other electronic medium shall have the same force and effect as an original signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PARTY ONE:

Tonto Creek Utility Co.
Pam Fisher
Pam Fisher (Secretary/Treasurer)
Jerry Fisher
Jerry Fisher (President)

PARTY TWO:

Tonto Creek Water Co. LLC
Julie A. Rea
Julie A. Rea (President/General Manager)
James C. Rea
James C. Rea (Vice President)

State of Arizona
County of Gila
On this 5TH day of NOVEMBER 2009,
before me personally appeared and
acknowledged that he/she executed the same.
 *Margie S. Chapman*
Notary Public

11/12/09 for James and Julie Rea only

Jolie M. Donahue

OFFICIAL SEAL
JOLIE M. DONAHUE
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires Oct. 5, 2012

In Jerry & Pam Fisher only

[Faint signature area]