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Transcript Exhibit(s)

Docket #(s): W-20689A-09-0327

W-04236A-09-0327

Exhibit # : A1-A20, S1

Arizona Corporation Commission
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EXHIBIT
A-1
ADMITTED

Exhibit A-1
Robert P. Zammit

June 29, 2009
Joint Application

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85701

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
SANDRA D. KENNEDY
PAUL NEWMAN
BOB STUMP

IN THE MATTER OF THE JOINT APPLICATION OF TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. AND GARY SMYTH FOR AN OPINION AND ORDER (i) AUTHORIZING SALE OF WATER SYSTEM ASSETS, AND (ii) TRANSFERRING CERTIFICATE OF CONVENIENCE AND NECESSITY	)	DOCKET NO. W-04236A-09-____ JOINT APPLICATION

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

Pursuant to A.R.S. § 40-285 and A.R.S. § 40-282, Tierra Linda Homeowners Association, Inc. ("Tierra Linda"), an Arizona non-profit corporation, and Gary Smyth ("Smyth"), an individual, by and through undersigned counsel, submit this Joint Application for an Opinion and Order of the Commission (i) authorizing the sale and transfer of the water system assets of Tierra Linda to Smyth, and (ii) transferring Tierra Linda's certificate of convenience and necessity ("CC&N") to Smyth, as more fully described below. In support of this Joint Application, Tierra Linda and Smyth submit the following information.

I.

IDENTITY OF APPLICANTS

Tierra Linda was incorporated in Arizona on May 18, 1992 to represent future homeowners in Tierra Linda Nueva Subdivision in Pima County, Arizona. In that regard, attached hereto as Appendix "A," and incorporated herein by this reference, is a Certificate of Good Standing for Tierra Linda, as issued by the Commission on June 15, 2009. Tierra Linda's functions and responsibilities are governed by a Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva ("CC&Rs"), which were recorded in Pima County on August 9, 2005 in Docket 12612, beginning at page 7587. Included among

those responsibilities is the ownership and operation of a domestic water system for the benefit of Tierra Linda's members.

Smyth is an individual who resides in Tucson, Arizona. For 32 years, he has owned and operated Smyth Steel. Among its other business activities, Smyth Steel provides the following construction and installation services to water utility systems located within the State of Arizona: storage reservoirs, booster stations, hydro pneumatic tanks, arsenic treatment facilities, piping, electrical panels and SCAIDA systems. In addition, in 2008, Smyth acquired Lakewood Water Company ("Lakewood") through a stock purchase. Lakewood is subject to regulation by the Commission, and currently is providing water service to approximately 300 residential customers.

II.

BACKGROUND AND PROPOSED TRANSACTION DESCRIPTION

Attached hereto as Appendix "B," and incorporated herein by this reference, is a legal description of the water service area which was certificated to Tierra Linda by Decision No. 67104, as issued on July 9, 2004. Attached hereto as Appendix "C," and incorporated herein by this reference, is a map which depicts Tierra Linda's certificated water service area. Tierra Linda currently provides water service to approximately 50 residential customers. As currently platted, Tierra Linda's certificated service area has the potential for a total of 190 residential customer connections.

Tierra Linda's current water system was funded through a combination of (i) advances-in-aid of construction, (ii) contributions-in-aid of construction and (iii) equity provided by Tierra Linda Development, L.L.C. ("Development"), an Arizona limited liability company. Prior to Development providing the aforesaid water system funding, Tierra Linda and Development reached an agreement in principle as to the terms and conditions which would govern Development's provision of such funds. However, due to inadvertence, that agreement in principle was not reduced to writing until recently. As a consequence, and as a prerequisite to the proposed transaction which is the subject of this Joint Application, Tierra Linda is contemporaneously requesting Commission approval of a June 16, 2009 Water Main Extension

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Agreement For Developer-Installed On-Site and Off-Site Facilities ("Facilities Agreement") entered into by Tierra Linda and Developer.[1] A copy of the aforesaid Facilities Agreement is attached hereto as Appendix "D," and incorporated herein by this reference. Upon Commission approval of the Facilities Agreement, Tierra Linda will have full legal title to the water system assets herein proposed to be sold to Smyth.

Tierra Linda's current water system possesses the capability to provide adequate and reliable service on an ongoing basis to its existing customer load. However, over time the water system will require significant additional capital expenditures, including a second well and possibly arsenic treatment facilities. In that regard, Tierra Linda does not desire to collect reserve funds from its members for future capital expenditures, maintenance and repairs; and, it prefers to convey the existing water system to a qualified successor. Accordingly, attached hereto as Appendix "E," and incorporated herein by this reference, is a copy of a Certificate of Resolution of Tierra Linda's Board of Director's conditionally approving a sale of the Tierra Linda water system to Smyth.

In turn, Smyth is quite familiar with the Tierra Linda water system, having constructed and installed it; and, he is desirous of acquiring the same. In addition, he has the knowledge and means to competently operate and expand the system now and in the future consistent with the needs of the water system's customers. In that regard, attached hereto as Appendix "F," and incorporated herein by this reference, is a financial statement for Smyth which readily attests to his financial solvency.

Accordingly, on June 16, 2009, Tierra Linda and Smyth entered into an Asset Purchase Agreement by means of which Smyth would acquire Tierra Linda's water system assets and CC&N, subject to prior Commission approval. A copy of that agreement is attached hereto as Appendix "G," and incorporated herein by this reference.

[1] The original of the Facilities Agreement, together with the requisite number of copies, is being filed with the Commission's Utilities Division concurrent with the filing of this Joint Application.

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Tubac, Arizona 85646
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III.

MISCELLANEOUS INFORMATION

A. Contact Information.

The contact person and contact information for Tierra Linda in connection with this Joint Application are as follows:

Robert P. Zammit
4729 E. Sunrise Drive #311
Tucson, Arizona 85718
Phone: (520) 529-1330
Fax: (520) 529-1312

The contact person and contact information for Smyth in connection with this Joint Application are as follows:

Gary Smyth
c/o Smyth Steel
4010 East Illinois
Tucson, Arizona 85714
Phone: (520) 750-8719
Fax: (520) 750-9544

B. Water System Assets.

Attached hereto as Appendix "H," and incorporated herein by this reference is a list of the water system assets Tierra Linda will convey to Smyth in the event of Commission approval of the Asset Purchase Agreement and transfer of Tierra Linda's CC&N to Smyth.

C. Water System Personnel.

Tierra Linda currently does not have any full- or part-time employees in connection with its operation and maintenance of the Tierra Linda water system. Rather, it contracts for provision of the necessary services. In the event of Commission approval of the proposed transaction and transfer of the CC&N, Smyth will operate and maintain the water system with employees of Smyth Steel and/or contract for provision of the necessary services as appropriate.

D. "Meter Deposits" Defined.

As used in Section 13.3.4 of the attached Asset Purchase Agreement, the phrase "meter deposits" includes refunds due on any meter and service line deposits actually made by homeowner.

E. Notice of Proposed Transaction.

Finally, Tierra Linda intends to provide written notice to its members of the proposed transaction with Smyth once (i) the Commission's Utilities Division has issued a Sufficiency Letter with regard to this Joint Application, and (ii) the Commission's Hearing Division has set a hearing date. A copy of the currently contemplated form of written notice is attached hereto as Appendix "I," and is incorporated herein by this reference.

IV.

CONCLUSION

WHEREFORE, Tierra Linda and Smyth hereby request that the Commission issue an Opinion and Order (i) authorizing the sale and transfer of Tierra Linda's water system assets to Smyth pursuant to the provisions of the Asset Purchase Agreement, and (ii) transferring Tierra Linda's CC&N to Smyth.

Dated this 16th of June 2009.

Respectfully submitted,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.
Attorney for Tierra Linda Homeowners Association, Inc. and Gary Smyth

The original and thirteen (13) copies of the foregoing Joint Application will be filed this 25th day of June 2009 with:

Docket Control
Arizona Corporation Commission
c/o 400 W. Congress, Suite 218
Tucson, Arizona 85701

A copy of the same served by first class mail this same date to:

Hon. Lyn Farmer
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2927

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

Hon. Jane Rodda
Arizona Corporation Commission
400 West Congress, Suite 218
Tucson, Arizona 85701

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

Appendix "A"

Tierra Linda Homeowners Association, Inc.
(Certificate of Good Standing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

******TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.******

a domestic nonprofit corporation organized under the laws of the State of Arizona, did incorporate on May 18, 1992.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Nonprofit Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-3122, 10-3123, 10-3125, & 10-11622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 15th Day of June, 2009, A. D.

Interim Executive Director

Order Number: 360157

Appendix "B"

Tierra Linda Homeowners Association, Inc.
(Legal Description)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

PARCEL A

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the north quarter corner of said Section 29, marked by a General Land Office brass capped pipe and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, southerly along west line of the northeast quarter of said Section 29, S 00° 13' 24" E, 45.00 feet (calculated) to a point on the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, said point being the TRUE POINT OF BEGINNING of Parcel "A" herein described;

THENCE from said TRUE POINT OF BEGINNING, easterly along said south right-of-way line, N 89° 49' 46" E, 339.01 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly and along the west line of Lot 11 as shown on the plat of Tierra Linda, a subdivision of said Pima County recorded in Book 17 of Maps and Plats at Page 92 thereof, S 00° 09' 39" E, 624.72 feet (Record), S 00° 10' 41" E, 626.26 feet (calculated), to the southwest corner thereof, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said southwest corner, easterly along the south line of Lots 11, 12, and 13 of said recorded subdivision,
N 89° 50' 21" E, 922.53 feet (Record)
N 89° 51' 90" E, 923.97 feet (calculated)
N 89 °49' 46" E, 925.11 feet (measured) to the southeast corner of said Lot 13, marked by a ½" diameter rebar with registration tag RLS 15933;

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THENCE leaving said southeast corner, southerly along the west right-of-way line of Via Socorro as shown on the plat of said Tierra Linda

S 00° 16' 51" E, 1465.00 feet (Record)
S 00° 17' 12" E, 1465.00 feet (calculated)
S 00° 15' 53" E, 1465.55 feet (measured) to the northeast corner of a parcel recorded in Docket 11488 at Page 4197 thereof, records of said Pima County, marked by a ½" rebar;

THENCE leaving said northeast corner, westerly along the north line of said recorded parcel and the westerly prolongation thereof, S 89° 50' 21" W (Record), S 89° 51' 38" W, 926.57 feet (calculated) to a point thereon;

THENCE leaving said north line, northwesterly, N 33° 16' 52" W, 276.55 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 181.14 feet to a calculated point;

THENCE leaving said point southeasterly S 85° 57' 43" E, 104.77 feet to a calculated point;

THENCE leaving said point, northwesterly, N 06° 20' 24" W, 282.28 feet to a calculated point;

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

Appendix "C"

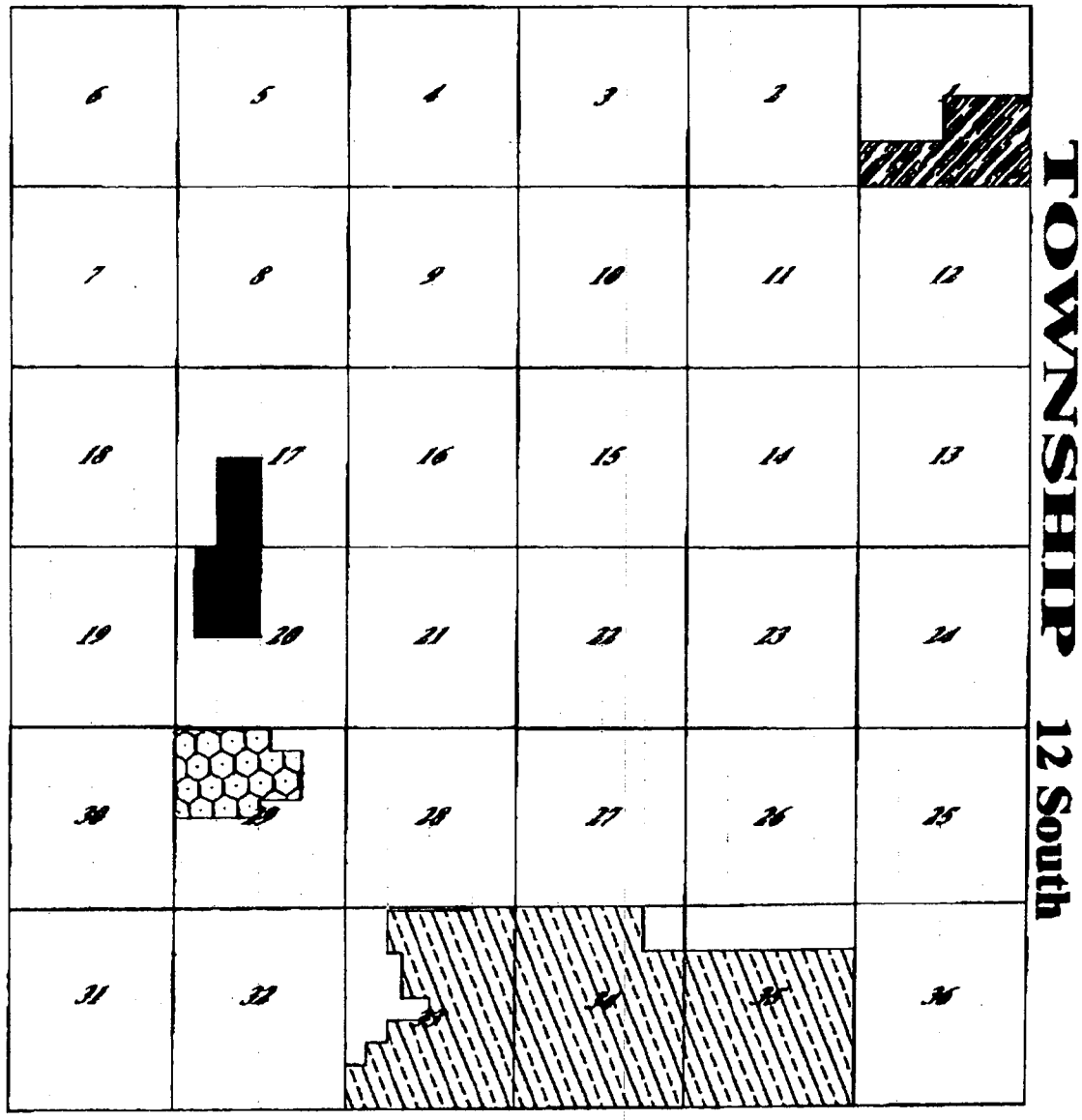
Tierra Linda Homeowners Association, Inc.
(Map)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Map No. 10

COUNTY: *Pima*

RANGE 11 East



W-2126 (2)
Avra Water Cooperative, Inc.

W-4236 (1)
Tierra Linda Homeowners Association, Inc.

(4)
Cortaro-Marana Irrigation District

(4)
Town of Marana (Nonjurisdictional)
(Palo Verde System)

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Appendix "D"

Tierra Linda Homeowners Association, Inc.
(Tierra Linda Development, L.L.C.
Facilities Agreement for Developer-Installed
On-Site and Off-Site Facilities)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

WATER MAIN EXTENSION AGREEMENT
FOR DEVELOPER-INSTALLED, ON-SITE AND OFF-SITE FACILITIES
for the
Tierra Linda Nueva
Phase 1 and Phase 2 Onsite and Offsite

THIS WATER MAIN EXTENSION AGREEMENT (this "Agreement") is entered into as of the 10 day of JUNE 2009, by and between the TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation (hereinafter referred to as the "Company"), and TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter referred to as "Applicant").

RECITALS:

A. Company holds a Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service in and around Tierra Linda Nueva, including Lot Nos. 50-56, 64-119, and 177-190 ("Phase 1"), and Lot Nos. 35-49, 57-63, and 151-176 (Phase 2") as more specifically described on Exhibit A attached hereto and incorporated herein by this reference (collectively the "Property"); and

B. Certain on-site and off-site water facilities have been designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property; and

C. Applicant is the sole beneficiary of Title Security Agency of Arizona Trust No. 939, which is fee title owner of the Property, and, having developed the Property, Applicant has financed, designed, installed and constructed the necessary on-site and off-site water facilities pursuant to its request of Company to provide water service to the Property, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water Facilities set forth in engineering plans WATER DISTRIBUTION SYSTEM TO SERVE PHASE 1, Lots 50-56, 64-119, and 177-190, Chris Brozek, Engineer, dated 10/15/04, WATER DISTRIBUTION SYSTEM TO SERVE PHASE II, Lots 35-49, 57-63, and 151-176, Chris Brozek, Engineer, dated October 15, 2004, *AND TIERRA LINDA WATER PLANT, Westland Resources, Engineer, dated April 16, 2004,* incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. The on-site and off-site facilities constructed pursuant to the Plans are hereinafter referred to as the "Water Facilities." Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant has designed, constructed and installed the Water Facilities and paid all of the costs related thereto, and has completed

and paid the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Advance in Aid of Construction. Upon the mutual execution of this Agreement, the Applicant shall convey the Water Facilities to Company, and pay Company One Hundred Dollars ($100.00), as and for Company's costs. The actual expenses incurred by Applicant in the construction of the Water Facilities together with Company's costs, as supported by documentation as required by Paragraph 5, shall be deemed as follows: (i) Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) as advances-in-aid of construction, (ii) Two Hundred Six Thousand Three Hundred Twenty-Six Dollars ($206,326) as contributions-in-aid of construction, and (iii) One Hundred Eight-Six Thousand Seven Hundred Twenty-Three Dollars ($186,723) as equity. The aforesaid Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) of advances-in-aid of construction shall be subject to the prospect of refund pursuant to Paragraph 6 hereof.

4. Actual Costs Shall Govern: The total cost of the Water Facilities is One Million Fifty-Eight Thousand Three Hundred Fifty-Nine Dollars ($1,058,359) as shown on Exhibit C. Applicant has paid the actual cost of the Water Facilities, and agrees to provide Company with as-built costs, together with all receipts in connection therewith, upon the execution of this Agreement.

5. Documentation: Applicant has, as a condition of acceptance of the Water Facilities by Company, furnished Company with:

5.1 copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water Facilities;

5.2 lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water Facilities;

5.3 receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities;

5.4 "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water Facilities; and

5.5 all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water Facilities requested by Company.

6. Refund of Advance: Applicant's costs for the construction and installation of the Water Facilities, to be advanced by Applicant to Company pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 4 hereof, are subject to refund by Company to Applicant, in accordance with this section. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body or

pursuant to a cost adjustment mechanism approved by the ACC) derived from the provision of water served from each customer service line of each customer located within the Property leading up to and taken from water mains installed by Applicant pursuant to this Agreement. Refunds for revenues received from customers receiving water from the facilities constructed pursuant to this agreement shall be payable for a period of ten (10) years commencing on the Effective Date of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept.

8. Governmental Approvals: Applicant shall pay for and provide to Company copies of all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary for Applicant to install, construct and maintain the Water Facilities, including the Approval(s) To Construct and Approval(s) of Construction issued by the Pima County Department of Environmental Quality, attached hereto as Exhibit "D", and the Water Use Data Sheet attached as Exhibit "E".

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Time of Construction: Applicant and Company acknowledge that construction of the Water Facilities has been completed as of the Effective Date of this Agreement.

11. Contractor's License: Applicant and Company acknowledge that all construction, installation and connection of Water Facilities has been done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

12. Construction Standards: The Applicant and Company acknowledge that the size, design, type and quality of materials are in accordance with good utility practices and the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit B), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications meet or exceed the standards and specifications of the Pima County Health Department, and are hereby approved by the Company. The Water Facilities have been designed and constructed with sufficient capacity

to accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity.

13. Inspection and Testing: Applicant has complied with the inspection and testing requirements of Company, and Company acknowledges that any governmental agency having jurisdiction over the construction, installation and connection of the Water Facilities have approved the Water Facilities.

14. Acceptance of Facilities: The Water Facilities will be deemed accepted as of the date that this Agreement is entered upon by Applicant and Company.

15. Risk of Loss: All risk of loss shall be with Applicant until the effective date of this Agreement.

16. Title to Property: The Water Facilities constructed pursuant to this Agreement shall become the property of Company upon the effective date of this Agreement, and shall remain the sole property of Company without the requirement of further written documents of transfer. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method herein described. However, Applicant shall furnish any document pertaining to ownership and title as may reasonably be requested by Company including documents which evidence or confirm transfer of possession to Company of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

17. Warranty: Unless otherwise provided in Exhibit B, Applicant warrants to Company that all materials and equipment furnished under this Agreement were new at the time of installation, and that the Water Facilities are of good quality, free from faults and defects. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water Facilities.

18. Indemnification:

18.1 Applicant shall indemnify and hold harmless Company, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought on account of Applicant's action or inaction, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein;

18.2 Company shall indemnify and hold harmless Applicant, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Company, its agents, servants, employees, contractors or subcontractors in the execution of Company's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought

on account Company's action or inaction, Company will assume the defense at Company's own expense and will pay all judgments rendered therein;

18.3 The provisions of this Paragraph shall survive termination of this Agreement.

19. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water Facilities has been completed and accepted in writing by Company, and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

20. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features.

21. Non-Agents: It is agreed that Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Company and shall not incur any costs or expenses on behalf of Company.

22. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Tierra Linda Development, LLC
6262 N. Swan Rd., Suite 125
Tucson, AZ 85718

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Tierra Linda Homeowners Association, Inc.
c/o Tierra Linda Homeowners Association Water Company
PO Box 69868
Tucson, AZ 85737

or to such other addresses or addressees as Company may advise Applicant in writing.

23. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall only assign its rights, obligations and interests in this Agreement to a successor-in-interest that agrees in writing to assume all of Applicant's obligations to Company under this Agreement.

24. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

25. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

26. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

27. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

28. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company or Applicant until such time as it is executed by all parties and approved by the staff of the Utilities Division of the Commission.

29. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

COMPANY
Tierra Linda Homeowners Ass'n, Inc.
an Arizona public service corporation

By: ROBERT P. ZAMMIT
Title: PRESIDENT
Date: 6/23/09

Approved: _____

Date: _____
Utilities Division:
Arizona Corporation Commission

APPLICANT
Tierra Linda Development, LLC,
an Arizona limited liability
company

By: ROBERT P. ZAMMIT
Title: MANAGER
Date: 6/23/09

APPROVED: _____

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the MANAGER of TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public

OFFICIAL SEAL
DEBORAH A NELSON
PIMA CO

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the PRESIDENT of TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

1923623

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public

DEBORAH [illegible] NELSON

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Exhibit "A"

[Legal description of the Subdivision follows
behind this page]

Lots 1 through 190 and Common Areas "A" and "B" of Tierra Linda Nueva, according to the Map or Plat thereof of record in the Office of the County Recorder, Pima County, Arizona, in Book 59 of Maps and Plats, Page 3.

PARCEL A

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the north quarter corner of said Section 29, marked by a General Land Office brass capped pipe and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, southerly along west line of the northeast quarter of said Section 29, S 00° 13' 24" E, 45.00 feet (calculated) to a point on the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, said point being the TRUE POINT OF BEGINNING of Parcel "A" herein described;

THENCE from said TRUE POINT OF BEGINNING, easterly along said south right-of-way line, N 89° 49' 46" E, 339.01 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly and along the west line of Lot 11 as shown on the plat of Tierra Linda, a subdivision of said Pima County recorded in Book 17 of Maps and Plats at Page 92 thereof, S 00° 09' 39" E, 624.72 feet (Record), S 00° 10' 41" E, 626.26 feet (calculated), to the southwest corner thereof, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said southwest corner, easterly along the south line of Lots 11, 12, and 13 of said recorded subdivision,
N 89° 50' 21" E, 922.53 feet (Record)
N 89° 51' 90" E, 923.97 feet (calculated)
N 89 °49' 46" E, 925.11 feet (measured) to the southeast corner of said Lot 13, marked by a ½" diameter rebar with registration tag RLS 15933;

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DOCUMENT CONTROL

THENCE leaving said southeast corner, southerly along the west right-of-way line of Via Socorro as shown on the plat of said Tierra Linda

S 00° 16' 51" E, 1465.00 feet (Record)
S 00° 17' 12" E, 1465.00 feet (calculated)
S 00° 15' 53" E, 1465.55 feet (measured) to the northeast corner of a parcel recorded in Docket 11488 at Page 4197 thereof, records of said Pima County, marked by a ½" rebar;

THENCE leaving said northeast corner, westerly along the north line of said recorded parcel and the westerly prolongation thereof, S 89° 50' 21" W (Record), S 89° 51' 38" W, 926.57 feet (calculated) to a point thereon;

THENCE leaving said north line, northwesterly, N 33° 16' 52" W, 276.55 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 181.14 feet to a calculated point;

THENCE leaving said point southeasterly S 85° 57' 43" E, 104.77 feet to a calculated point;

THENCE leaving said point, northwesterly, N 06° 20' 24" W, 282.28 feet to a calculated point;

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

Exhibit "B"
[Engineering Plans for the Water Facilities]

Contract Notes

1 All design standards, materials and workmanship are to be in accordance with Tucson Water Standard Specifications and details, 2001 Edition. Tucson Water Standards Detail No. 105 "General Contract Notes" shall apply to and become an integral part of this contract (substitute "Tierra Linda Homeowners Association Water Company" for references to "Tucson Water"), unless otherwise specified herein.

2 All PVC pipe installed for this project shall be Class 200, unless otherwise specified.

3 Water service will be provided as shown on this plan. Any changes to parcel configuration may necessitate additional requirements.

4 This water system is designed to accommodate 1500 G.P.M. fire flow. Fire flow must be met prior to construction.

5 Owner/Developer is responsible for reflective street markers at hydrants.

6 All fire hydrant laterals shall be D.I. pipe, Cl. 350.

7 This plan meets the minimum pressure and storage requirements as set forth in Arizona Administrative Code (AAC) R18-4-502 and 503.

8 All fittings shall be restrained per Tucson Water Standard Detail 600 or approved engineers calculations.

9 New water main shall be installed with 44" of minimum cover per Tucson Water SD#105, unless otherwise indicated on these plans.

10 Separate meters will be required for irrigation purposes. Domestic and irrigation service shall not be interconnected. Backflow preventers shall be installed with irrigation services.

11 Meter boxes installed in vehicular travel areas shall conform to Tucson Water Standard #309.

12 All stations of DVA's (Drain Valve Assemblies) per TW SD#400 are to the end cap of pipe.

13 Contractor shall supply all stakes set for the lines, levels and measurements of the work in their proper places, and it shall be certified by a Registered Land Surveyor. Any expense incurred in replacing any stakes which the contractor or his subordinates may have failed to preserve shall be the contractor's responsibility.

14 Contractor shall be responsible for the care, maintenance, repair or replacement of existing improvements in the work area which have been removed or damaged during the course of construction. All repair, replacement, or cleanup shall be done to the satisfaction of the Owner.

15 Contractor is required to contact Blue Stake (1-800-782-5348) 48 hours prior to any excavation to determine accurate utility locations.

16 Contractor shall furnish, haul and apply all construction water. This includes water required for compaction and dust control, filling, disinfection and flushing. Please obtain information and meter (backflow if required) from Tierra Linda Homeowners Association Water Company.

17 Tierra Linda Homeowners Association Water Company and their Engineer shall review all shop drawings and equipment submittals for compliance with plans and specifications.

18 Disinfection shall be performed in accordance with A.D.H.S. Engineering Bulletin No. 8.

19 All ductile iron pipe and fittings shall be cement-mortar lined in accordance with AWWA C-104. All underground ductile iron pipe shall be wrapped per AWWA C-105.

20 All transitions between ductile iron and steel piping shall be made using approved adaptors and flange insulation kits per Tucson Water Standard Detail 704 (submittal required).

21 All below ground piping shall be thrust blocked per Tucson Water SD#610, unless noted otherwise. Mechanical joint restrained fittings (Mega Lug, Lok-Tyte, Lok-Fast or equal) can be used in place of thrust blocking. All joints within site shall be mechanically restrained joints if underground, or welded steel if above ground.

22 Upon commencement of work, traffic control devices shall be posted and maintained by Contractor until such time as the work is completed. All warning signs, barricades, etc, shall be in accordance with the manual pursuant to Arizona Revised Statutes 28-650.

23 A qualified Registered Engineer or Land Surveyor must certify that this project was constructed in substantial conformance with the approved plans prior to requesting final inspection/certification of occupancy or release of assurances for this project.

24 Contractor shall co-ordinate and pay all inspections, testing and retesting fees required by the Department of Environmental Quality prior to releasing of "Approval of Construction".

25 Contractor shall comply with all applicable Occupational Safety and Health Administration regulations.

26 Contractor shall obtain all permits required by governmental agencies.

27 Omissions or conflicts between various elements of the drawing notes and details shall be brought to the attention of the Engineer and resolved before proceeding with the work.

28 If unanticipated conditions are encountered during the course of construction and are beyond the scope of design, the Engineer shall submit the necessary revised or supplemental improvement plans for review and approval by Tierra Linda Homeowners Assoc. Water Company.

29 A copy of this plan shall be kept in an easily accessible location on the site at all times during construction.

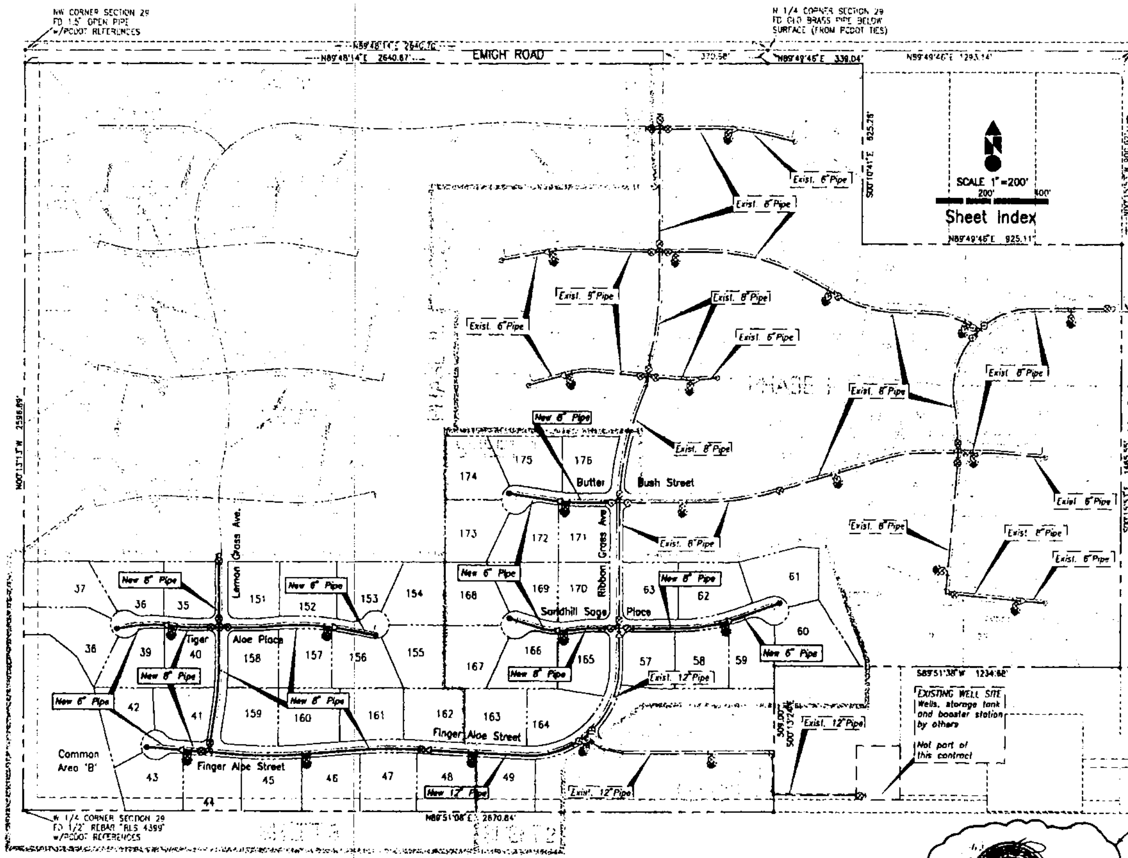
30 Existing utilities are shown based upon information available. Contractor shall verify location of existing utilities prior to commencing construction.

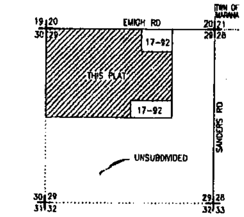
31 All concrete shall comply with COT/PC SSPI Section 1006, Class S, 3000 PSI compressive strength at 28 days, unless otherwise specified.

32 Installing water meters in driveway areas will not be allowed, unless location is reviewed and approved by Tierra Linda Homeowners Association Water Company or by their representative. Only No. 2 cast iron boxes (traffic rated) will be accepted for meters installed in these approved areas.

33 Water construction shall not commence until Pima County Department of Environmental Quality (PCDEQ) has issued a Certificate of Approval to Construct for this project.

34 Prior to final acceptance of the water system by Tierra Linda Homeowners Association Water Company and after all new water pipe and its appurtenances have been installed, an inspection for proper installation and location of all meter stops and boxes, valve B&C's, etc. will be done by Tierra Linda Homeowners Association Water Company and/or their representatives. All repairs and adjustments shall be completed by Contractor/Developer before final acceptance by Tierra Linda Homeowners Association Water Company. Water service will not be granted until a letter of final acceptance is issued by Tierra Linda Homeowners Association Water Company.





Location Map

SECTION 29,
T.12 S., R.11 E., G.& S.R.B.& M.,
PIMA COUNTY, ARIZONA
SCALE 3"=1 MILE

Legend

- NEW WATER MAIN & VALVE
- NEW FIRE HYDRANT
- NEW SINGLE WATER SERVICE, SIZE PER PLAN
- NEW SPLIT WATER SERVICE, SIZE PER PLAN
- B.C. SURVEY MONUMENT COT/PC SD#103
- PROPOSED PAVEMENT
- PROPOSED 8'X6' ELECTRIC EASEMENT

TW SD#

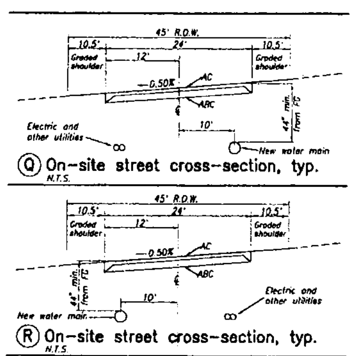
COT/PC SD

Basis of Bearings

The North line of the Northwest Quarter of Section 29, as shown on the plat of Tierra Linda Lots 1-49, recorded in Book 17 of Maps and Plats at Page 92. Bearing North 89 degrees 48 minutes 14 seconds East.

Basis of Elevation

Pima County GPS survey point "NN-91", aluminum cap on aluminum tube imbedded in concrete, stamped "Pima County GPS survey point DOT & FCD NN-91 1991", S71°30'07"E 107.6' from SE corner Section 29. Elevation 2093.77 NAVD 88.



(Q) On-site street cross-section, typ.
N.T.S.

(R) On-site street cross-section, typ.
N.T.S.

Owner
Tierra Linda Homeowners Association
c/o Developer

Developer
Tierra Linda Development, L.L.C.
attn: Robert P. Zammit
6262 N. Swan Road, Suite 125
Tucson AZ 85718
Phone (520) 529-1330

Consultant
CHRISTOPHER BROZEK AICP PE
1212 N. Sawtelle Tucson AZ 85716
520/326-3502
CB FILE 20228.02

Two working days before you dig
CALL FOR THE BLUE STAKES
1-800-782-5348
Blue Stake Center

NO.	BY	DATE	REVISION	APPR.	DATE
1	GGF	[illegible]	AS BUILT DRAWING	KLW	[illegible]

ACCEPTED:

[illegible] PBD — FIRE DEPARTMENT — DATE 11/3/04

[illegible] Pres. — TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY — DATE 11-15-04

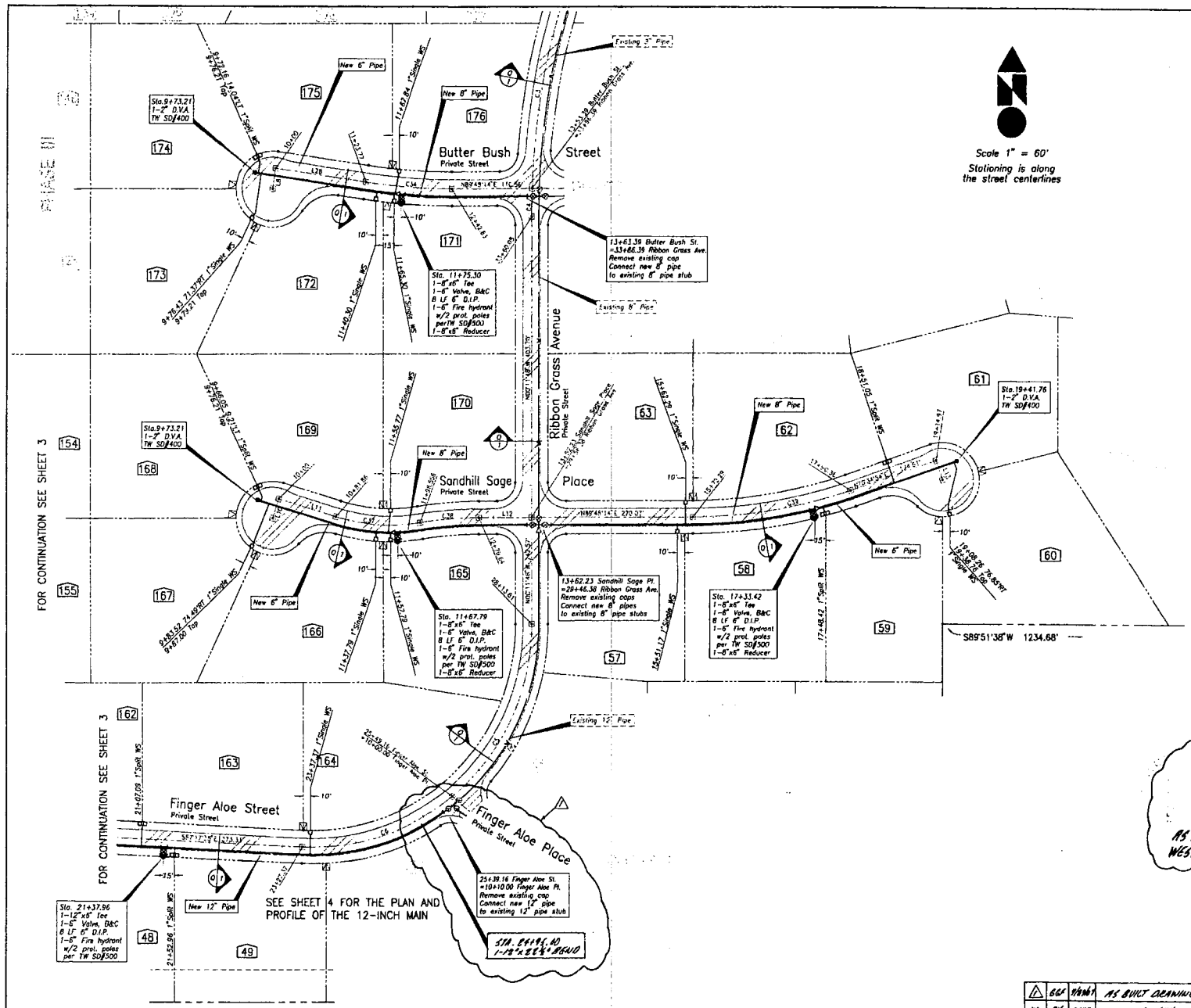
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 1/2004	FIELD BOOK NO.	SHEET 1 OF 4
DRAWN BY AC	DATE 1/2004	SCALE VERT: N.A. HORIZ: 1"=60'	PLAN NO.
CHECKED BY CB	DATE 7/20/04		

PLAN NO.

AS-BUILT REVIEW
INSPECTOR INITIALS [illegible]



Scale 1" = 60'
Stationing is along the street centerlines

Curve Data

ID	DELTA DEGREES	RADIUS FEET	LENGTH FEET	TANGENT FEET	CHORD FEET
C3	20°55'37"	1000.00	365.25	184.68	363.22
C4	2°04'49"	1000.00	36.31	18.16	36.31
C5	50°32'39"	300.00	264.65	141.63	256.15
C6	42°21'33"	300.00	221.79	116.24	216.77
C34	8°31'38"	800.00	119.06	59.64	118.95
C37	26°44'51"	250.00	116.71	59.44	115.65
C38	9°17'25"	500.00	81.07	40.63	80.98
C39	19°13'20"	650.00	218.07	110.07	217.05

Line Data

ID	BEARING	DISTANCE
L8	N08°19'52"E	27.50'
L10	N17°15'40"E	27.50'
L11	N72°44'20"W	81.86'
L12	N89°48'14"E	72.59'
L13	N19°25'06"W	27.50'
L28	N81°40'08"W	123.77'

Note to Contractor
For drain valve assembly see Contract Note No.12, cover sheet.

AS BUILT DRAWING PER WESTLAND RESOURCES INC.

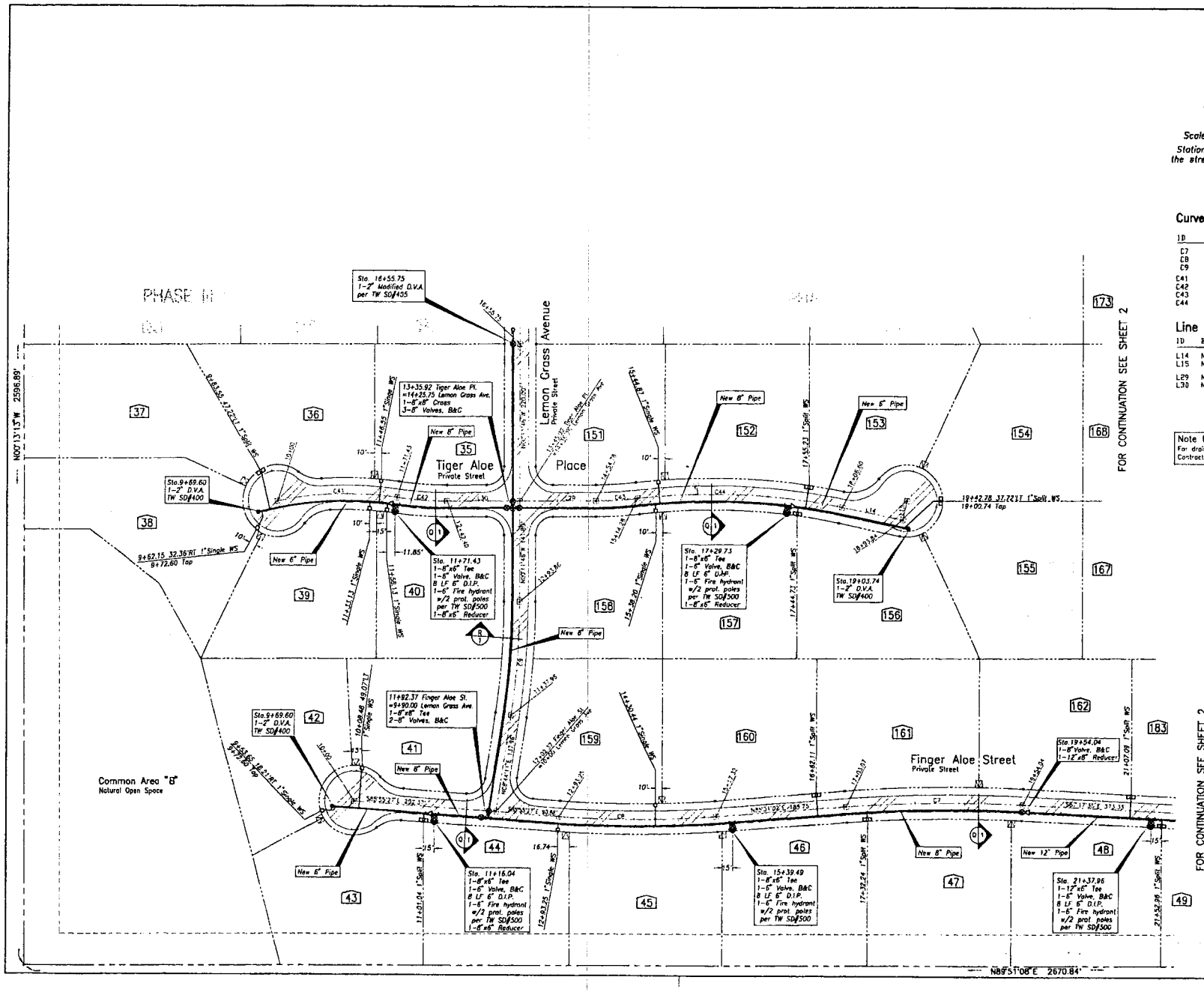
CALL FOR THE BLUE STAKES
1-800-782-5348
Blue Stake Center

TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 1/2004	FIELD BOOK NO.	SHEET 2 OF 4
DRAWN BY AC	DATE 1/2004	SCALE VERT. N.A. HORIZ. 1"=60'	PLAN NO.
CHECKED BY CB	DATE 7/20/04		

NO.	BY	DATE	REVISION	APPR.	DATE
1	GGF	9/28/07	AS BUILT DRAWING	KLW	9/28/07

PLAN No.



Scale 1" = 60'
Stationing is along the street centerlines

PLAN No. ____

Curve Data

ID	DELTA DEGREES	RADIUS FEET	LENGTH FEET	TANGENT FEET	CHORD FEET
C7	7°11'23"	2000.00	250.97	125.65	250.80
C8	8°33'32"	1500.00	224.07	112.24	223.86
C9	8°55'58"	1000.00	155.90	78.11	155.75
C41	19°38'39"	500.00	171.43	86.56	170.59
C42	8°07'59"	500.00	70.97	35.55	70.91
C43	6°49'05"	500.00	59.50	29.78	59.46
C44	18°35'35"	900.00	292.32	147.46	291.04

Line Data

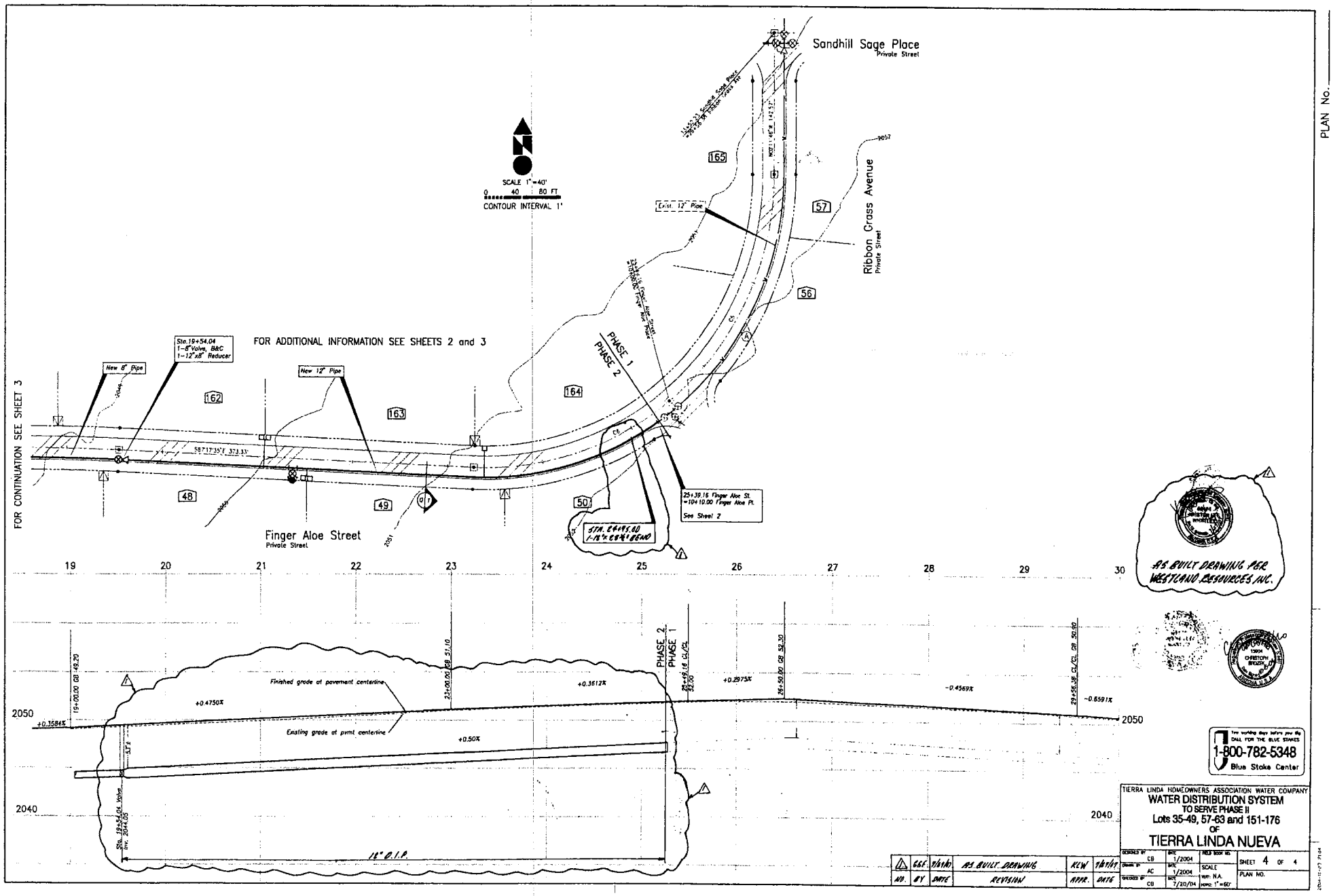
ID	BEARING	DISTANCE
L14	N78°24'16"W	87.24'
L15	N11°35'44"E	27.50'
L29	N89°48'14"E	108.86'
L30	N89°48'14"E	103.52'

Note to Contractor
For drain wave assembly see Contract Note No.12, cover sheet

Two working days before you dig
CALL FOR THE BLUE STAKES
1-800-782-5348
Blue Stake Center

TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 1/2004	FIELD BOOK NO.	SHEET 3 OF 4
DRAWN BY AC	DATE 1/2004	SCALE HOR: N.A. VERT: 1"=60'	PLAN NO.
CHECKED BY CB	DATE 7/20/04		

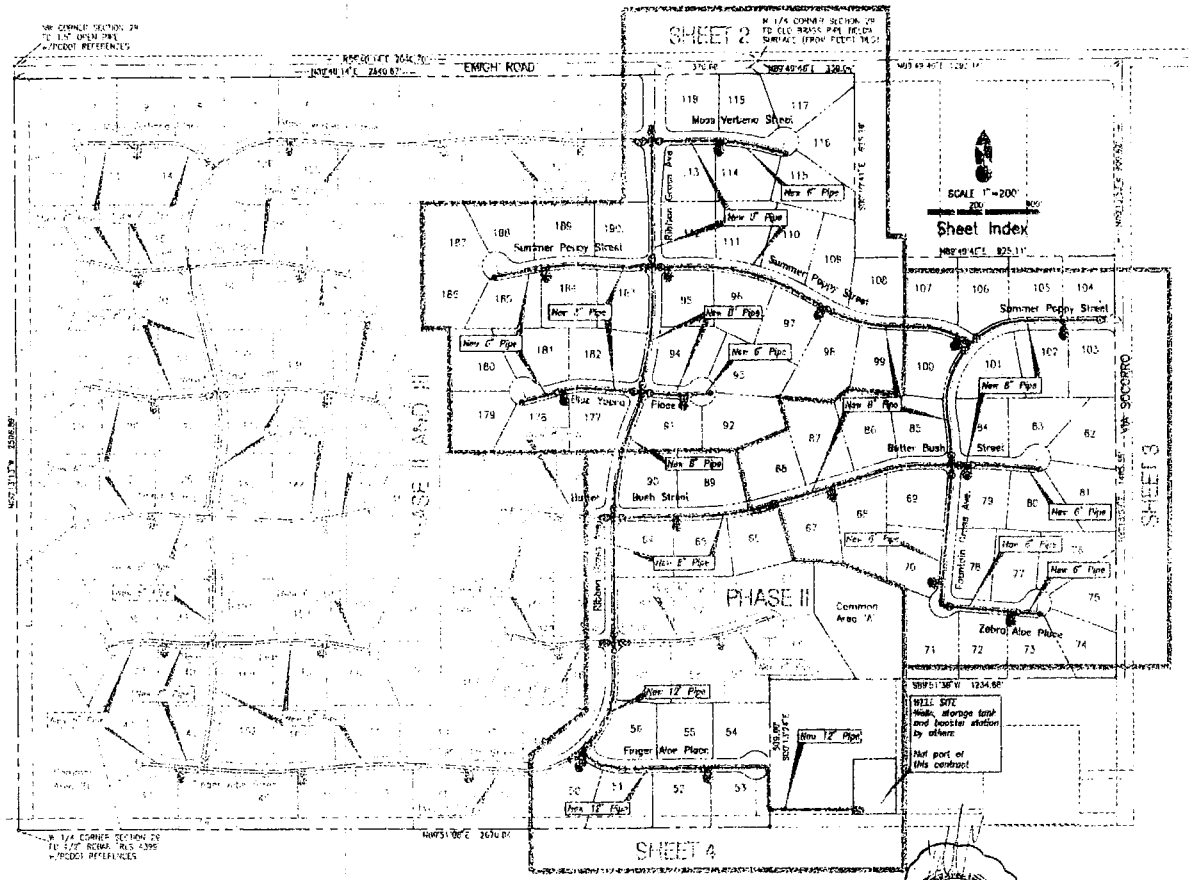


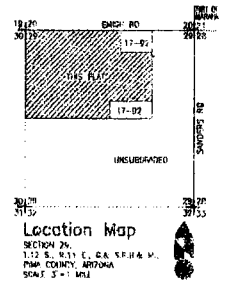
Sandhill Sage Place
Private Street
Ribbon Grass Avenue
Private Street
SCALE 1"=40'
0 40 80 FT
CONTOUR INTERVAL 1'
FOR ADDITIONAL INFORMATION SEE SHEETS 2 and 3
FOR CONTINUATION SEE SHEET 3
New 8" Pipe
Sta.19+54.04
1-8" Valve, B&C
1-12"x8" Reducer
New 12" Pipe
Exist. 12" Pipe
PHASE 1
PHASE 2
25+39.16 Finger Aloe St.
=10+10.00 Finger Aloe Pl.
See Sheet 2
Finger Aloe Street
Private Street
Finished grade at pavement centerline
Existing grade at pvmt centerline
+0.3584%
+0.4750%
+0.50%
+0.3612%
+0.2975%
-0.4569%
-0.6591%
12" D.I.P.
2050
2040
AS BUILT DRAWING PER WESTLAND RESOURCES INC.
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA
SHEET 4 OF 4
PLAN NO.
AS BUILT DRAWING
REVISION

PLAN No.

Contract Notes

1. All design standards, materials and workmanship are to be in accordance with Tucson Water Standard Specifications and details, 2001 Edition. Tucson Water Standards Detail No. 105 "General Contract Notes" shall apply to and become an integral part of this contract (substitute "Tierra Linda Homeowners Association Water Company" for references to "Tucson Water").
2. All PVC pipe installed for this project shall be Class 200, unless otherwise specified.
3. Water service will be provided as shown on this plan. Any changes to parcel configuration may necessitate additional requirements.
4. This water system is designed to accommodate 1500 G.P.M. fire flow. Fire flow must be met prior to construction.
5. Owner/Developer is responsible for reflective street markers at hydrants.
6. All fire hydrant laterals shall be C.I. pipe, Cl. 350.
7. This plan meets the minimum pressure and storage requirements as set forth in Arizona Administrative Code (AAC) R18-4-502 and 503.
8. All fittings shall be restrained per Tucson Water Standard Detail 600 or approved engineer calculations.
9. New water main shall be installed with 36" of minimum cover per Tucson Water SD#605, unless otherwise indicated on these plans.
10. Separate meters will be required for irrigation purposes. Domestic and irrigation service shall not be interconnected. Backflow preventers shall be installed with irrigation services.
11. Water boxes installed in vehicular travel areas shall conform to Tucson Water Standard #309.
12. All stations of DWA's (Drain Valve Assemblies) per TW SD#400 are to the end cap of pipe.
13. Contractor shall supply all stakes set for the lines, levels and measurements of the work in their proper places, and it shall be certified by a Registered Land Surveyor. Any expense incurred in replacing any stakes which the contractor or his subordinates may have failed to preserve shall be the contractor's responsibility.
14. Contractor shall be responsible for the care, maintenance, repair or replacement of native improvements in the work area which have been removed or damaged during the course of construction. All repair replacement, or restoration shall be done to the satisfaction of the Owner.
15. Contractor is required to contact Blue Stake (1-800-782-5348) 48 hours prior to any excavation to determine accurate utility locations.
16. Contractor shall furnish, haul and apply all construction water. This includes water required for compaction and dust control, filling, disinfection and flushing. Please obtain information and meter (backflow if required) from Tierra Linda Homeowners Association Water Company.
17. Tierra Linda Homeowners Association Water Company and their Engineer shall review all shop drawings and equipment submittals for compliance with plans and specifications.
18. Disinfection shall be performed in accordance with A.D.H.S. Engineering Bulletin No. 8.
19. All ductile iron pipe and fittings shall be cement-mortar lined in accordance with AWWA C-104. All underground ductile iron pipe shall be wrapped per AWWA C-105.
20. All transitions between ductile iron and steel piping shall be made using approved adapters and flange insulation kits per Tucson Water Standard Detail 704 (submittal required).
21. All below ground piping shall be thrust blocked per Tucson Water SD#610, unless noted otherwise. Mechanical joint restrainer fittings (Mega Lug, Lok-Lyte, Lok-Foot or equal) can be used in place of thrust blocking. All joints within site shall be mechanically restrained joints if underground, or welded steel if above ground.
22. Upon commencement of work, traffic control devices shall be posted and maintained by Contractor until such time as the work is completed. All warning signs, barricades, etc. shall be in accordance with the manual pursuant to Arizona Revised Statutes 28-850.
23. A qualified Registered Engineer or Land Surveyor must certify that the project was constructed in substantial conformance with the approved plans prior to requesting final inspection/certification of occupancy or release of assurances for this project.
24. Contractor shall co-ordinate and pay all inspections, testing and retesting fees required by the Department of Environmental Quality prior to releasing of "Approval of Construction".
25. Contractor shall comply with all applicable Occupational Safety and Health Administration regulations.
26. Contractor shall obtain all permits required by governmental agencies.
27. Omissions or conflicts between various elements of the drawing notes and details shall be brought to the attention of the Engineer and resolved before proceeding with the work.
28. If unanticipated conditions are encountered during the course of construction and are beyond the scope of design, the Engineer shall submit the necessary revised or supplemental improvement plans for review and approval by Tierra Linda Homeowners Assoc. Water Company.
29. A copy of this plan shall be kept in an easily accessible location on the site at all times during construction.
30. Existing utilities are shown based upon information available. Contractor shall verify location of existing utilities prior to commencing construction.
31. All concrete shall comply with COT/PC SSPI Section 1006, Class S, 3000 PSI compressive strength at 28 days, unless otherwise specified.
32. Installing water meters in driveway areas will not be allowed, unless location is reviewed and approved by Tierra Linda Homeowners Association Water Company or by their representative. Only No. 2 cast iron boxes (traffic rated) will be accepted for meters installed in these designated areas.
33. Water construction shall not commence until Pima County Department of Environmental Quality (PCDEQ) has issued a Certificate of Approval to Construct for this project.
34. Prior to final acceptance of the water system by Tierra Linda Homeowners Association Water Company and after all new water pipe and its appurtenances have been installed, an inspection for proper installation and location of all meter stops and boxes, valve B&C's, etc. will be done by Tierra Linda Homeowners Association Water Company and/or their representatives. All repairs and adjustments shall be completed to Contractor/Developer before final acceptance by Tierra Linda Homeowners Association Water Company. Water service will not be granted until a letter of final acceptance is issued by Tierra Linda Homeowners Association Water Company.





Legend

- NEW WATER MAIN & VALVE
- NEW FIRE HYDRANT
- NEW SINGLE WATER SERVICE, SIZE PER PLAN
- NEW SPLIT WATER SERVICE, SIZE PER PLAN
- B.C. SURVEY MONUMENT COT/PC SDM103
- PROPOSED PAVEMENT
- PROPOSED 8'WC ELECTRIC EASEMENT

Basis of Bearings

The North line of the Northeast Quarter of Section 29, as shown on the plat of Tierra Linda Lots 1-49, recorded in Book 17 of Maps and Plats at Page 92. Bearing North 89 degrees 48 minutes 14 seconds East.

Basis of Elevation

Pima County GPS survey point "NN-91", aluminum cap on aluminum tube imbedded in concrete, stamped "Pima County GPS survey point DOT & FCD NN-91 1991", S71°30'07"E 107.6' from SE corner Section 29. Elevation 2093.77 NAVD 88.

Owner

Tierra Linda Homeowners Association
c/o Developer

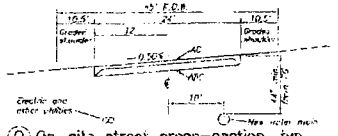
Developer

Tierra Linda Development, L.L.C.
attn: Robert P. Zemmel
6262 N. Swan Road, Suite 125
Tucson, AZ 85718
Phone (520) 529-1330

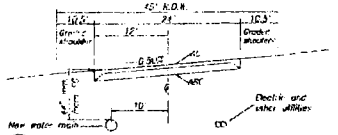
Consultant

CHRISTOPHER BROZEK, AICP PE
12212 N. Sonoglin, Tucson AZ 85716
PH 520/326-3502

AS BUILT DRAWING PER WESTLAND RESOURCES INC.



Ⓠ On-site street cross-section, typ.
N.T.S.



Ⓡ On-site street cross-section, typ.
N.T.S.

The verbiage and boxes are for use by the Blue Stake Center

1-800-782-5348
Blue Stake Center

NO	BY	DATE	REVISION	APPR.	DATE
1	LGEF	8/1/06	AS BUILT DRAWING	MET	8/1/06

ACCEPTED:

DEPARTMENT — DATE

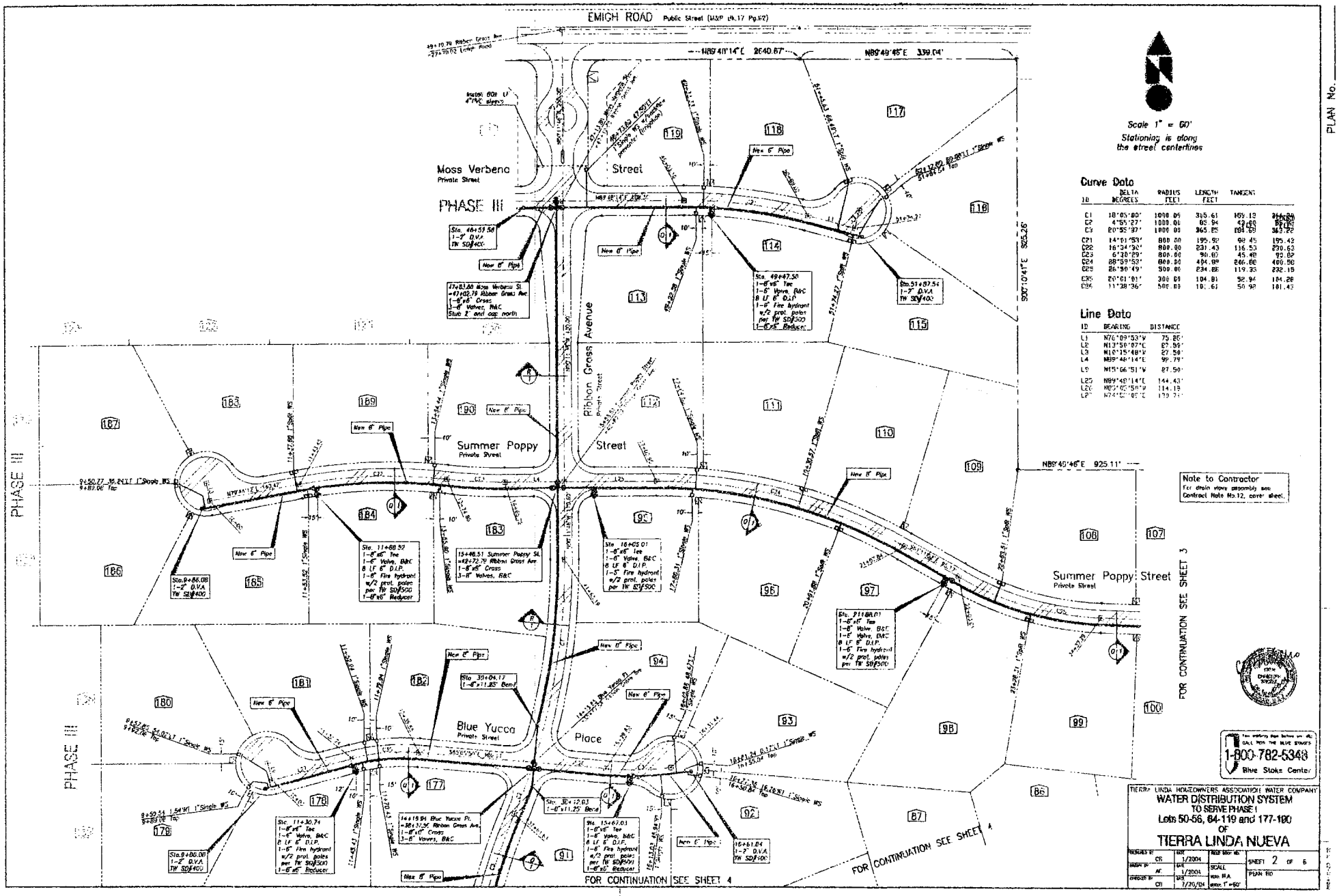
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY — 8-18-04 DATE

TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-56, 64-113 and 177-190
OF
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 7/2001	PROJ. BASE NO.	SHEET 1 OF 6
DRAWN BY AC	DATE 1/2004	SCALE HOR. N.A.	PLAN NO.
CHECKED BY CB	DATE 7/20/04	VERT. 1"=60'	

PLAN No.

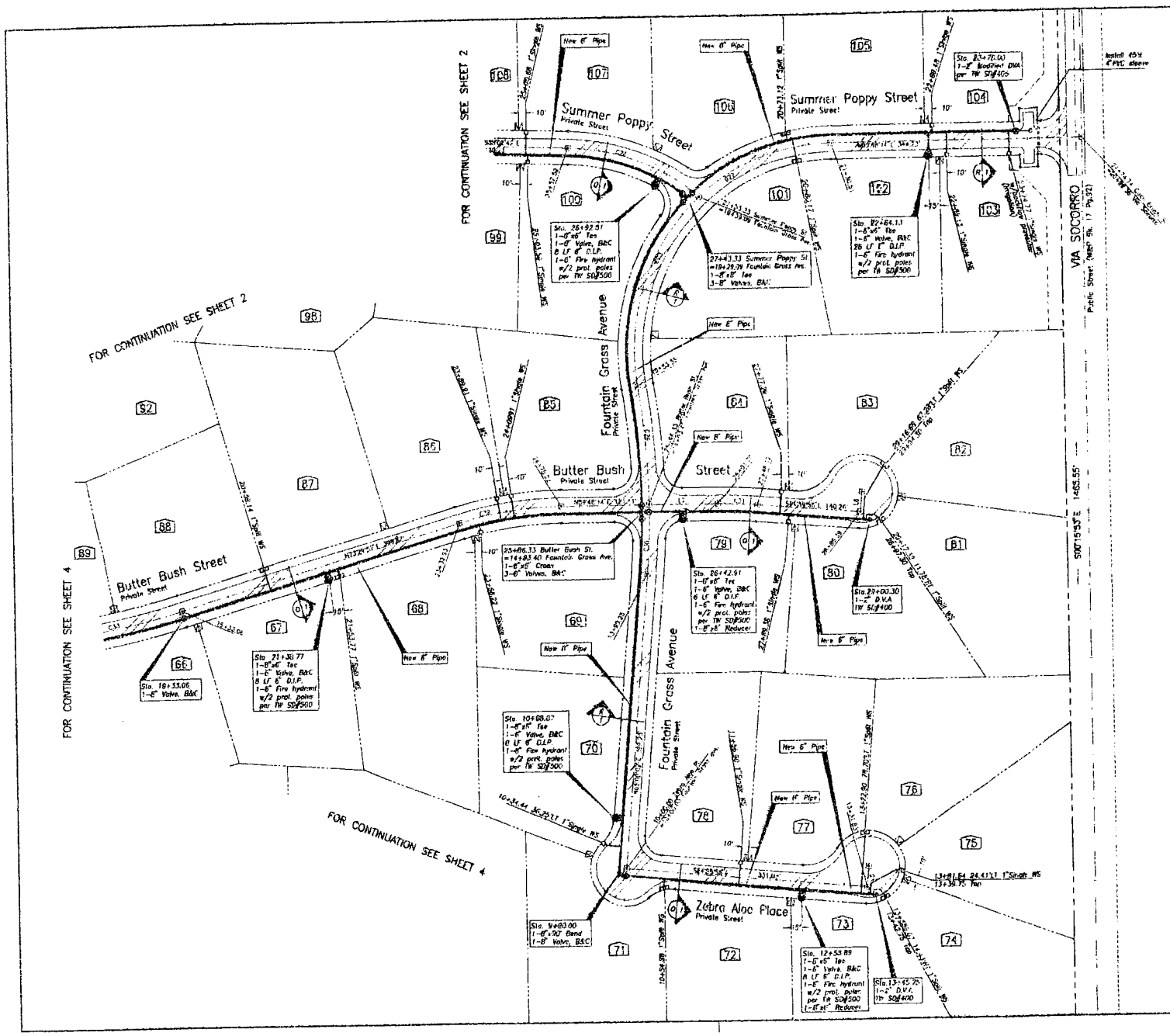


Curve Data

ID	DELTA DEGREES	RADIUS FEET	LENGTH FEET	TANGENT	
C1	18°05'00"	1000.00	315.61	159.13	[illegible]
C2	4°55'27"	1000.00	85.94	42.98	[illegible]
C3	20°55'37"	1000.00	365.85	184.69	363.22
C21	14°01'53"	800.00	195.92	98.45	195.42
C22	16°34'30"	800.00	231.43	116.53	230.63
C23	6°30'29"	800.00	90.87	45.48	90.82
C24	28°59'53"	800.00	404.89	206.88	400.50
C25	26°30'49"	500.00	234.88	119.33	232.15
C35	20°01'01"	300.00	104.81	52.94	104.28
C36	11°38'36"	500.00	101.61	50.92	101.43

Line Data

ID	BEARING	DISTANCE
L1	N76°09'53"W	75.26'
L2	N13°50'07"E	27.50'
L3	N10°15'48"W	27.50'
L4	N89°48'14"E	92.79'
L9	N15°06'51"W	27.50'
L25	N89°48'14"E	144.43'
L26	N05°05'58"W	114.19
L27	N74°50'05"E	130.74'



Curve Data

ID	DELTA DEGREES	RADIUS FEET	LENGTH FEET	TANGENT FEET	CHORD FEET
C26	37°23'45"	300.00	195.80	101.53	192.35
C27	41°20'31"	275.00	198.43	103.75	194.15
C28	58°01'55"	275.00	278.55	152.53	266.76
C29	9°10'35"	1000.00	160.16	80.25	159.95
C30	5°23'39"	1000.00	94.15	47.11	94.11
C31	5°11'49"	600.00	54.42	27.23	54.40
C32	16°18'16"	500.00	142.26	71.63	141.80
C33	16°18'16"	1000.00	284.57	143.25	283.61

Line Data

ID	BEARING	DISTANCE
L5	N00°00'00"E	37.50'
L6	N00°43'22"E	27.59'
L7	N89°48'14"E	95.37'

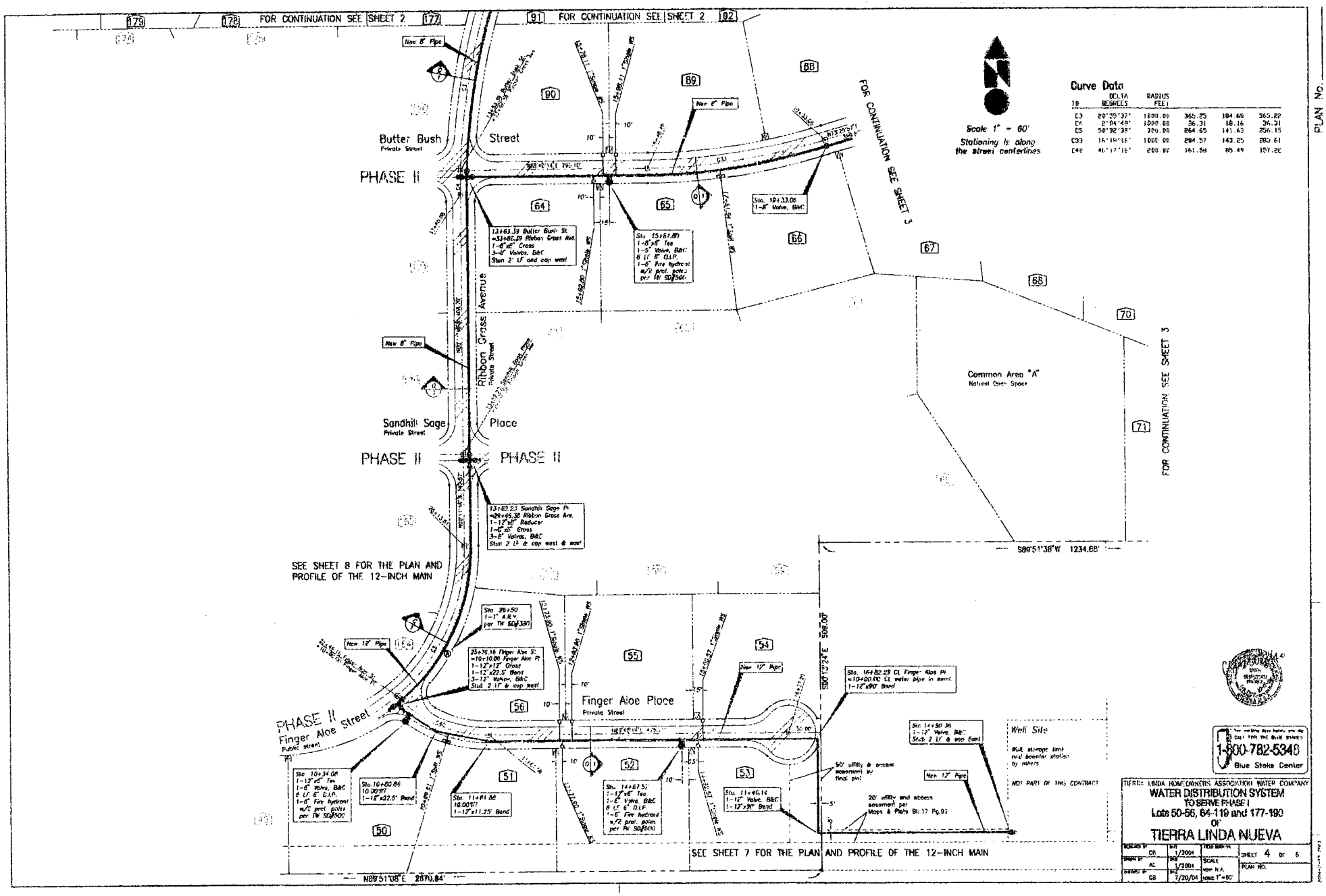
Note to Contractor
For drain valve assembly see
Contract Note No.17, cover sheet

CALL FOR THE BLUE STAKES
1-800-782-5348
Blue Stake Center

TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-68, 64-119 and 177-190
OF
TIERRA LINDA NUEVA

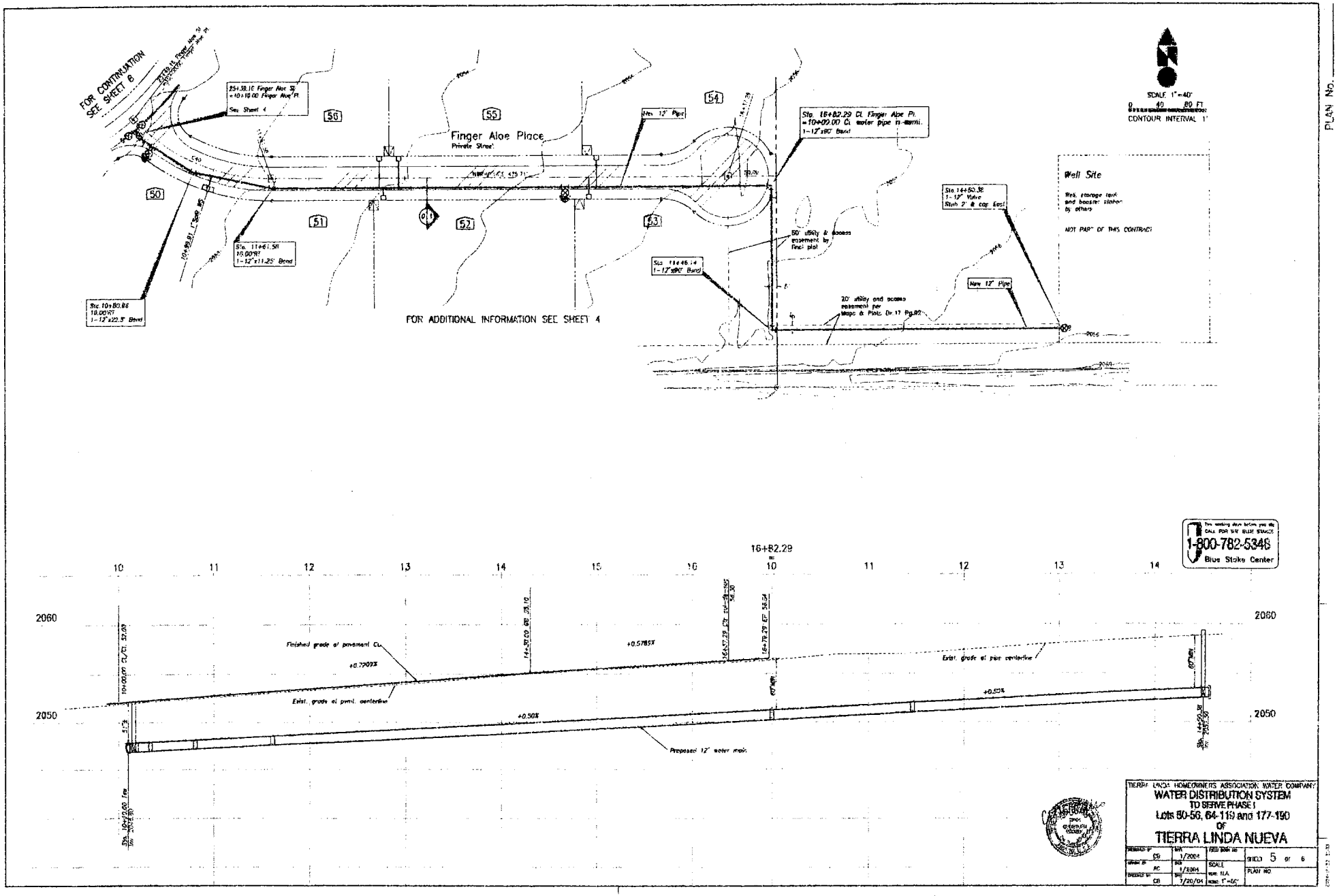
DESIGNED BY CB	DATE 1/2004	FIELD BOOK NO.	SHEET 3 OF 6
DRAWN BY AC	DATE 1/2004	SCALE	PLAN NO.
CHECKED BY CR	DATE 7/20/04	HORZ. N.A. VERT. 1"=60'	

PLAN No.

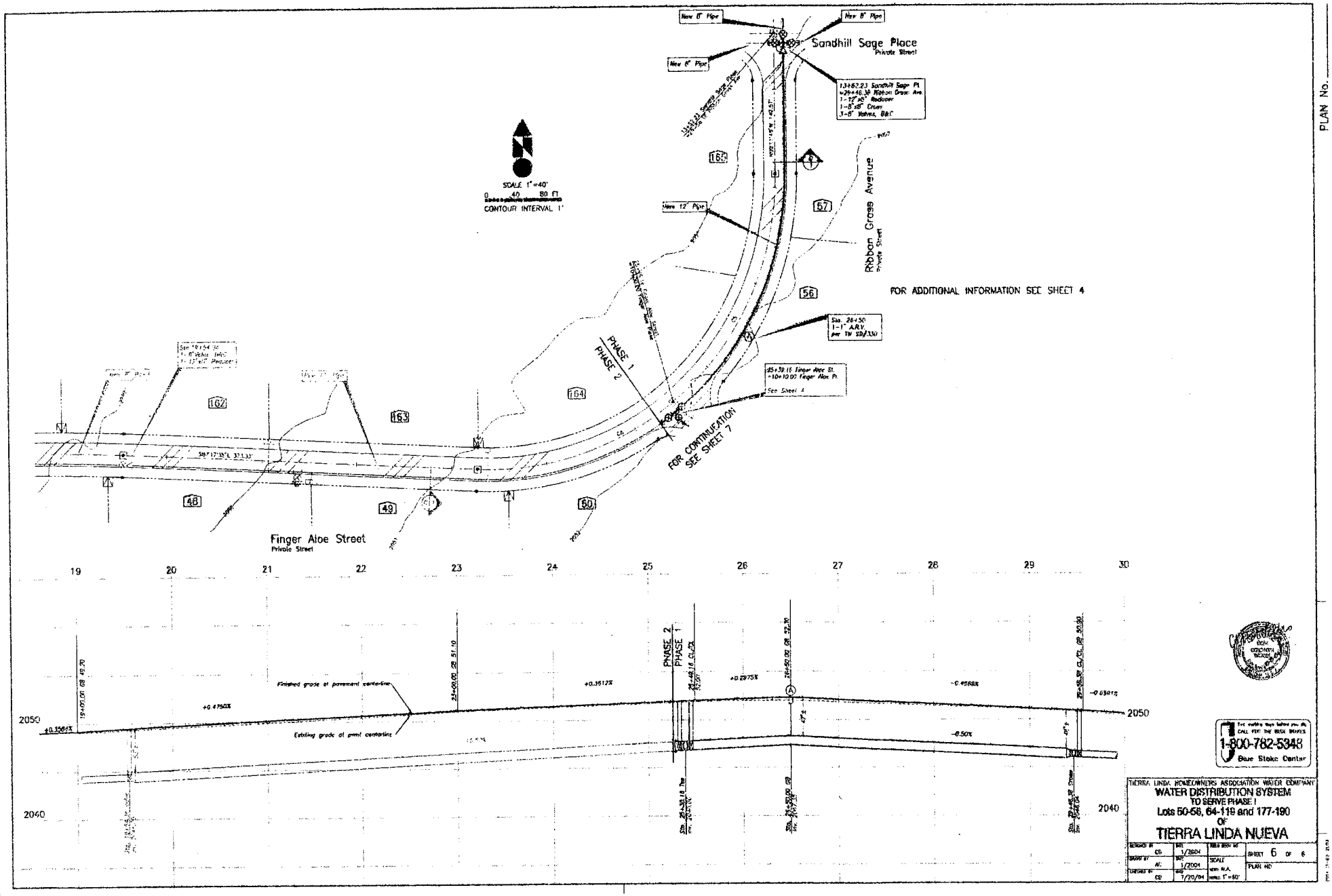


Curve Data

ID	DELTA DEGREES	RADIUS FEET			
C3	20°35'37"	1000.00	365.25	184.68	363.22
C4	2°04'49"	1000.00	36.31	18.16	36.31
C5	50°32'39"	300.00	264.65	141.63	256.15
C39	16°18'16"	1000.00	284.57	143.25	283.61
C40	46°17'16"	200.00	161.58	85.49	157.22



FOR CONTINUATION SEE SHEET 6
Finger Aloe Place
Private Street
Sta. 16+82.29 CL Finger Aloe Pl. =10+00.00 Cl. water pipe in-semi. 1-12"x90° Bend
Sta. 11+61.58 16.00'RT 1-12"x11.25° Bend
Sta. 10+80.86 16.00'RT 1-12"x22.5° Bend
Sta. 14+50.38 1-12" Valve Stub 2' & cap East
Sta. 11+46.14 1-12"x90° Bend
New 12" Pipe
60' utility & access easement by final plat
20' utility and access easement per Maps & Plats Dr.17 Pg.92
FOR ADDITIONAL INFORMATION SEE SHEET 4
Well Site
Well, storage tank and booster station by others
NOT PART OF THIS CONTRACT
SCALE 1"=40'
CONTOUR INTERVAL 1'
16+82.29
Finished grade at pavement CL
Exist. grade at pvmt. centerline
Exist. grade at pipe centerline
Proposed 12" water main
+0.7909%
+0.5785%
+0.50%
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-56, 64-119 and 177-190
OF
TIERRA LINDA NUEVA
SHEET 5 of 6
PLAN NO.


Sandhill Sage Place
Private Street
Ribbon Grass Avenue
Private Street
Finger Aloe Street
Private Street
New 8" Pipe
New 8" Pipe
New 8" Pipe
New 12" Pipe
SCALE 1"=40'
0 40 80 FT
CONTOUR INTERVAL 1'
FOR ADDITIONAL INFORMATION SEE SHEET 4
FOR CONTINUATION SEE SHEET 7
PHASE 1
PHASE 2
Finished grade at pavement centerline
Existing grade at pavement centerline
+0.4750%
+0.3612%
+0.2975%
-0.4568%
-0.6901%
-0.50%
2050
2040
19
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1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-56, 64-119 and 177-190
OF
TIERRA LINDA NUEVA
SHEET 6 OF 6
PLAN NO.
PLAN No.

Exhibit "C"

[Construction Cost for the Water Facilities]

COMPANY NAME Tierra Linda Homeowners Association, Inc.	2008

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	45,800	3,813	41,987
307	Wells and Springs	32,054	2,668	29,386
311	Pumping Equipment	185,397	57,937	127,460
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	195,918	10,873	185,045
331	Transmission and Distribution Mains	490,046	24,502	465,544
333	Services	35,822	2,982	32,840
334	Meters and Meter Installations	9,279	1,822	7,457
335	Hydrants	59,819	2,991	56,828
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	4,225	704	3,521
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,058,359	108,293	950,066

This amount goes on the Balance Sheet Acct. No. 108

Exhibit "D"

[Approval To Construct/Approval of Construction]

Water plant

915.05
A8210

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: INSTALLATION OF A NEW 280,000 GALLON STORAGE TANK, 1,600 –GALLON PER MINUTE BOOSTER STATION, AND AN EQUIPMENT UPGRADE OF AN EXISTING WELL (ADWR #55-801582, POE-001).

Location: T-12 -S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO21304 signed on May 25, 2004.

2. Original sealed Engineer's Certificate of Completion, sealed on February 2, 2006 by Mark F Taylor, P.E., Certificate No. 22999, dated and submitted after the completion of construction and final inspection.

3. 10 pages of as-built plans for above-described project dated February 11, 2006, sealed by Mark F Taylor, P.E., Certificate No. 22999, and approved for construction under PDEQ File No. PO21304, sealed on April 16, 2004 by Mark F Taylor, P.E., Certificate No. 22999.

4. Test results for pressure, chlorination and microbiological, signed by Scott Strimple, dated February 1, 2006, consisting of 15 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements and all other terms and conditions of this certificate of Approval to Construct and, when issued, the certificate of APPROVAL OF CONSTRUCTION.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: February 21, 2006

URSULA KRAMER,
DIRECTOR

By: RC
Richard Grimaldi
Deputy Director

By: M. Redmond
Mike Redmond, R.S.
Sr. Civil Engineering Assistant

Cc: PDEQ File No: PO21304
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc. Water Company
Project Engineer: Westland Resources

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PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

MAY 27 2004

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA WATER PLANT System No.: 10-411

Project Owner: TIERRA LINDA DEVELOPMENT, LLC.

Address: 6262 N. SWAN Rd., SUITE 125, TUCSON, AZ 85718

Project Location: T- 12 -S, R- 11 -E, SECTION 29 County: PIMA

Description: INSTALLATION OF A 280,000 GALLON STORAGE TANK, 1,600 GPM BOOSTER STATION, AND UPGRADE AND EQUIP A 200 GPM WELL.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: MAY 25, 2004

Ursula Kramer,
Director

By: _____
Eric Shepp, P.E.
Interim Technical Services Manager

By: David Amash
David Amash, E.I.T.
Civil Engineering Asst.

Cc: P-File No. PO 21304
P-ADEQ, SRO
Tierra Linda Water HOA
Engineer-Westland Resources

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Water distribution

915.05
B8700

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 1, LOTS 50-56, 64-119, AND 177-190.

Location: T-12 -S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO06505 signed on March 7, 2005.

2. Original sealed Engineer's Certificate of Completion, sealed on February 2, 2006 by Mark F. Taylor, P.E., Certificate No. 22999, dated and submitted after the completion of construction and final inspection.

3. 6 pages of as-built plans for above-described project dated February 6, 2006, sealed by Mark F. Taylor, P.E., Certificate No. 22999, and approved for construction under PDEQ File No. PO06505, sealed on October 15, 2004 by Christoph Brozek, P.E., Certificate No. 13904.

4. Test results for pressure, chlorination and microbiological, signed by Scott Strimple, dated February 1, 2006, consisting of 11 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements and all other terms and conditions of this certificate of Approval to Construct and, when issued, the certificate of APPROVAL OF CONSTRUCTION.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: February 21, 2006

URSULA KRAMER,
DIRECTOR

By: _____
Richard Grimaldi
Deputy Director

By: M. Redmond
Mike Redmond, R.S.
Sr. Civil Engineering Assistant

Cc: PDEQ File No: PO06505
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc. W.C.
Project Engineer: Westland Resources
Design Engineer: Christopher Brozek

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PIMA COUNTY DEPARTMENT ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

System No.: 10-411

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

Address: 6262 NORTH SWAN ROAD, #125, TUCSON, AZ 85718

Project Location: T-12-S, R-11-E, SECTION 29 County: PIMA

Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 1, LOTS 50-56, 64-119, AND 177-190.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: March 7, 2005

Ursula Kramer,
Director

By: _____
Eric Shepp, P.E.
Interim Technical Services Manager

By: _____
Mike Redmond, R.S.
Sr. Civil Engineering Asst.

Cc: P-File No. PO06505
P-ADEQ, SRO
Engineer-Christopher Brozek, AICP, P.E.
Tierra Linda Homeowners Assoc. W.C.

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PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
ENGINEERING REVIEW UNIT
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: WATER EXTENSION TO SERVE TIERRA LINDA NUEVA, PHASE 2, LOTS 35-49, 57-63, 151-176

Location: T-12-S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO06605, signed on March 7, 2005.

2. Original sealed Engineer's Certificate of Completion, sealed on July 27, 2007 by Kristen Whatley P.E., Certificate No. 45171, dated and submitted after the completion of construction and final inspection.

3. Four pages of as-built plans for above-described project dated July 27, 2007, sealed by Kristen Whatley, P.E., Certificate No. 45171, and approved for construction under PDEQ File No. PO06605, sealed on October 15, 2004 by Christoph Brozek, P.E, Certificate No. 13904.

4. Test results for pressure and microbiological, signed by Scott Strimple, dated March 16, 2007, consisting of 12 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements, and all other terms and conditions of the certificate of Approval to Construct and this certificate of Approval of Construction.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: August 14, 2007

URSULA KRAMER, P.E.
DIRECTOR

By: David Amash
David Amash, P.E.
Civil Engineer

By: Paul Strobak
Paul Strobak
Civil Engineering Assistant

cc: PDEQ File No: PO06605
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc,
Project Engineer: Westland Resources
Design Engineer: Christopher Bozek, AICP, P.E.

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PIMA COUNTY DEPARTMENT ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

System No.: 10-411

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

Address: 6262 NORTH SWAN ROAD, #125, TUCSON, AZ 85718

Project Location: T-12-S, R-11-E, SECTION 29 County: PIMA

Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 2, LOTS 35-49, 57-63, 151-176.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: July 17, 2006
This approval superseded the approval dated 3/7/05 to account for a one year time extension.

Ursula Kramer,
Director

By: M. Redmond
Mike Redmond, R.S.
Water/Waste Program Mgr.

By: David Amash
David Amash, P.E.
Civil Engineer

Cc: File No. PO06605
ADEQ, SRO
Engineer-Christopher Brozek, AICP, P.E.
Tierra Linda Homeowners Assoc. W.C.
Westland Resources

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Exhibit "E"

[Water Use Data Sheet]

COMPANY NAME: Tierra Linda Homeowners Association, Inc.	2008
Name of System: Tierra Linda HOA Water Co.	ADEQ Public Water System Number:10-411

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	54	312.5		
FEBRUARY	54	304.2		
MARCH	54	284.4		
APRIL	54	353.2		
MAY	54	463.5		
JUNE	54	418.6		
JULY	54	491.5		
AUGUST	54	484.7		
SEPTEMBER	54	486.9		
OCTOBER	55	427.1		
NOVEMBER	55	404.7		
DECEMBER	56	419.6		
	TOTALS →	[illegible]	5,222	

What is the level of arsenic for each well on your system? ___0.0095__mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _1000___GPM for _2__hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Appendix "E"

Tierra Linda Homeowners Association, Inc.
(Corporate Resolution)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

CERTIFICATE OF RESOLUTION

I, Robert P. Zammit, do hereby certify that I am the sole officer of Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation organized under the laws of the State of Arizona (the "Corporation"); that the following is true, complete and correct copy of a resolution duly adopted at a Special Meeting of the Board of Directors of the Corporation, duly and properly called and held on the June 10, 2009; that a quorum was present at the meeting; and that this Resolution is set forth in the minutes of the meeting and has not been rescinded, revoked or modified and is now in full force and effect:

> RESOLVED, that the Board of Directors of the Corporation hereby approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva attached as Exhibit "A" hereto.
>
> FURTHER RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, the same was adjourned.

Robert P. Zammit
President

5216-5/061009

When recorded, return to:
Thomas M. Pace, Esq.
1670 East River Road, Suite 124
Tucson, Arizona 85718-8900

FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TIERRA LINDA NUEVA

Lot Nos. 1 through 190, Common Areas A and B and Wellsite
as recorded in Book 59 of Maps and Plats, at Page 3, Pima County, Arizona

This First Amendment (the "Amendment") is made this 19th day of June, 2009, by Title Security Agency, an Arizona corporation, as Trustee under Trust No. 939 (hereinafter the "Declarant"), and amends as set forth below that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Tierra Linda Nueva, recorded August 9, 2005, in the Office of the County Recorder, Pima County, Arizona, at Docket 12612, page 7587, et seq. (the "Declaration"). All other terms and conditions of the Declaration shall remain in full force and effect. All terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Declaration.

1. Section 9.1 of the Declaration ("Duty to Provide Water Service to Members") is hereby amended with the addition of a new first sentence as follows:

> Notwithstanding the provisions of this Article VIII, the Association may sell the Water Facilities and the Wellsite to a person or entity which shall become a public service corporation regulated by the Arizona Corporation Commission with a duty to deliver water to the Property.

2. This Amendment has been approved by:

a. The written consent of Declarant who holds at least sixty percent (60%) of the votes in Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation, pursuant to Section 11.2.1 of the Declaration;

b. The approval of fifty-one percent (51%) of the Eligible Mortgage Holders, if any, who responded within the twenty (20) day period, pursuant to Section 11.2.2 of the Declaration; and

3. This Amendment will only be effective upon the recording of a Notice of Consent of the Veterans Administration, pursuant to Section 11.9 of the Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

TITLE SECURITY AGENCY
an Arizona corporation, as Trustee under Trust No. 939, only and not in its corporate capacity

By: _____
Diane L. Sloane
Its: Trust Officer

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SUBSCRIBED AND SWORN to before me this 19th day of June, 2009, by Diane L. Sloane, the Trust Officer of Title Security Agency of Arizona, an Arizona Corporation ** , on behalf of said Trust.

** as Trustee Under Trust No. 939

_____
Notary Public

My Commission expires:
9-11-09

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sept. 11, 2009

5216-5/061909

MINUTES OF SPECIAL MEETING OF DIRECTORS
OF
TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.

The Board of Directors of Tierra Linda Homeowners Association, Inc. an Arizona non-profit corporation (the "Corporation"), held a Special Meeting on June 10, 2009, at the offices of the Corporation in Tucson, Arizona.

The Director present was Robert P. Zammit. Robert P. Zammit presided as Chairman of the meeting and acted as Secretary thereof.

The Chairman introduced and the Board of Directors discussed the proposed First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva. On motion duly made, it was unanimously,

> RESOLVED, that the Directors of the Corporation approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva.

The Chairman updated the Directors on the sale of the water company by the Corporation to Gary Smyth. A discussion ensued. On motion duly made, it was unanimously,

> RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, upon motion duly made and approved, the meeting thereupon adjourned.

DATED: June 10, 2009.

Robert P. Zammit
Chairman and Secretary of the Meeting

5216-5/061009

Appendix "F"

Tierra Linda Homeowners Association, Inc.
(Personal Financial Statement of
Gary Smyth)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

THE MAHONEY GROUP

PERSONAL FINANCIAL STATEMENT
PAGE 1

This statement and any applicable schedules may be completed jointly by married and unmarried applicants if their assets and liabilities are sufficiently joined so that the statement can be meaningfully and fairly presented on a combined basis; otherwise separate statements and schedules are required.

Applicant is: ☒ Married ☐ Single ☐ Separated

If married, the financial statement is: ☐ Completed jointly with spouse ☒ Not completed jointly

Name and address

Statement of assets and liabilities as of December 31 2008 (Insert date, otherwise statement will be returned)

☒ Individual ☐ Co-Partnership ☐ Corporation

ASSETS	(Sch)		LIABILITIES	(Sch)	
Cash	A	$185,000	Due to banks	A	$
Stocks, bonds, etc.	B	$60,000	Credit cards	C	$
Accounts receivable	C	$	Taxes		$
Notes receivable	D	$	Accounts payable	C	$
Inventory	E	$	Notes payable	D	$
Equipment	F	$	Due on equipment	F	$
Home	G	$800,000	Due on real estate	G	$
Real estate	G	$1,590,000	Other liabilities	H	$
Personal property		$120,000	TOTAL LIABILITIES		$ 0
IRA	B	$	Capital stock (if any)		$
Other Assets Insurance	H	$10,000	Retained earnings		$
Business		$2,771,456.-	Total stockholders equity		$
TOTAL ASSETS		$5,736,456	NET WORTH		$5,736,456

SOURCES OF INCOME FOR YEAR ENDED 12/31/09		OTHER LIABILITIES	
Salary, bonuses & commissions	$60,000	Do you have any contingent liabilities? If so, describe: (Lawsuits, Indemnification, etc.)	
Dividends	$		
Real estate income	$		
Other income (Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for bonding)	$	As endorser, co-maker or guarantor?	$
	$	On leases or contracts?	$
	$	Legal claims (Judgements, etc.)	$
	$	Other special debt	$
TOTAL	$100,000	Amount of contested income tax liens	$

PERSONAL INFORMATION

Are any assets owned by a trust? Which? N/A

Do you have a will? _____ If so, name of executor:

Are you a partner or officer in any other venture? If so, describe: N/A

Are you obligated to pay alimony, child support or separate maintenance payments? If so, describe: N/A

Are you a defendant in any suits or legal actions? N/A

Have you ever been declared bankrupt? If so, describe: N/A

Are any assets pledged other than as described on schedules? If so, describe: N/A

Income tax settled through (date):

Personal bank accounts carried at: National Bank of Arizona

PERSONAL FINANCIAL STATEMENT
PAGE 2

IF NOT SUFFICIENT SPACE, ATTACH SEPARATE SCHEDULES

A — BANK DATA (Attach Copy of Statements)

Name and Location of Bank	Account Number	Amount of Deposit	In Whose Name	Owed to Bank	Date Due

B — STOCKS BONDS, ETC. (Attach Copy of Statements)

Name of Security	No. Shares	Par Value	Market Value	In Whose Name Registered	If Pledged, to Whom and for What Purpose

C — ACCOUNTS RECEIVABLE AND PAYABLE

From Whom Due	Amount	Date Due	To Whom Due	Amount	Date Due

D — NOTES RECEIVABLE AND PAYABLE

From Whom Due	Amount	Date Due	To Whom Due	Amount	Date Due

E — INVENTORY

Description	Cost Price	Market Value

F — EQUIPMENT

Description	Cost Price	Depreciation Charged Off	Book Value	Encumbrance	Amount of Payable Monthly

G — REAL ESTATE

Location and Description	In Whose Name Is Title	Cost	Present Forced Sale Value	Amount of Mortgage	Name of Mortgagee
5829 E. North St.	Gary Smyth		240,000		
4815 N. Little Bosque	Gary Smyth		800,000		
400 E. Illinois St.	Gary Smyth		1,000,000		
18593 S. Avra Ridge	Gary Smyth		300,000		
Tierra Linda III Lots 13/14	Gary Smyth		50,000		

H — OTHER ASSETS AND LIABILITIES

Description of Other Assets	Amount	Description of Other Liabilities	Amount

The undersigned furnishes the foregoing as a true and accurate statement of the undersigned's financial condition as of the date given. Company may furnish copies of the foregoing statement and any information which it has now or may hereinafter obtain, for the purposes of securing bonds.

Date Signed May 11 2009

Signature [signature] Title President Spouse's Signature _____

S.S. Number 526-11-3286 Date of Birth 3/18/55 S.S. Number _____ Date of Birth _____

Appendix "G"

Tierra Linda Homeowners Association, Inc.
(Tierra Linda HOA – Gary Smyth
Asset Purchase Agreement)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") by and between Tierra Linda Homeowners Association, Inc. ("Seller") and Gary Smyth, a married man dealing with his sole and separate property (on behalf of himself and his heirs and assigns) ("Buyer") is effective as of this 16th day of June 2009.

RECITALS

A. Seller is a public service corporation under Arizona law with respect to its ownership and operation of a water utility system, and is subject to regulation by the Arizona Corporation Commission ("ACC").

B. On July 9, 2004, the ACC issued its Decision No. 67104 granting Seller a Certificate of Convenience and Necessity ("CC&N") by means of which Seller was authorized to provide water service to the public within a designated service area. A legal description and a map of the service area are attached hereto as Appendices "A" and "B," respectively, and are incorporated herein by this reference.

C. Seller is also a non-profit corporation under Arizona law, which was organized for the purpose of providing various services to residents of the Tierra Linda Nueva Subdivision ("Subdivision") in Pima County, Arizona, which residents are members of Seller. Such services include the provision of potable water service to the aforesaid residents.

D. Seller anticipates acquiring title to the water system facilities constructed by the developer of the Subdivision by means of a Water Main Extension Agreement For Developer – Installed On-Site and Off-Site Facilities that has been entered into between Seller and Tierra Linda Development, L.L.C. (herein, the "Facilities Agreement"). The approval of the Facilities Agreement (attached hereto as Appendix "C," and incorporated herein by this reference) by the ACC is a condition precedent to the legal effectiveness of the Facilities Agreement. .

E. The water system which serves the Subdivision has been funded through advances in aid of construction, contributions in aid of construction and equity provided by the developer of the Subdivision.

F. The water system which serves the Subdivision may over time need significant additional capital expenditures, including a second well and possibly arsenic treatment facilities. Seller does not desire to collect reserve funds from its members for future capital expenditures, maintenance and repairs and is further desirous of conveying the existing water system to a qualified successor.

G. Buyer currently owns and is operating water utility facilities providing service to the public elsewhere in Pima County, Arizona. At present, Buyer owns and operates Lakewood Water Company in the vicinity of Amado, Arizona, which is subject to regulation by the ACC.

H. Buyer possesses the financial resources necessary to make the aforesaid capital expenditures required by Seller's water system, as and if necessary; and, Buyer is prepared to make such capital expenditures following the ACC approval of Buyer's acquisition of Seller's water system assets.

I. Seller's members are desirous of selling their water system facilities, in order to assure ongoing adequate and reliable water service to the Subdivision; and, Buyer is desirous of acquiring Seller's water utility system.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, and the mutual promises, covenants and agreements hereinafter contained, the parties agree as follows:

Section 1. Definitions.

The following capitalized words used in this Agreement shall have the meanings set forth below:

Accounts Receivable: Any right to payment for services or goods provided or rendered by Seller whether or not evidenced by an instrument or chattel paper, arising out of or in any way related to the Business.

Aid in Construction Agreements: The Facilities Agreement entered into between Seller and Tierra Linda Development, LLC, a copy of which is attached as Appendix "C".

Assets: Collectively, the Real Property, Goodwill, Improvements, Equipment, Inventory, Contract Rights, Licenses, Certificates, Warranties and Guarantees, and Records owned and used by Seller in connection with the Business, to be sold by Seller and purchased by Buyer pursuant to this Agreement; provided, however, Assets shall not include Accounts Receivable and cash on hand or in any of Seller's bank/brokerage accounts at Closing.

Assignment and Assumption of Contract Rights and Intangibles: Those certain documents to be given by Seller to Buyer assigning all of Seller's interest in the Contract Rights, and the Buyer's assumption of all Seller's obligations under the Contract Rights, and assigning all of Seller's interest in the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable to Buyer as defined below.

Bill of Sale: That certain document to be given by Seller to Buyer conveying all of Seller's interest in and to the Equipment, Inventory and Records as defined below.

Business: That certain business known as Tierra Linda Homeowners Association Water Company, which is currently owned by Seller and is engaged as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area pursuant to a Certificate issued by the Arizona Corporation Commission ("ACC"), and other related services in connection therewith.

Buyer: Gary Smyth, a married man dealing with his sole and separate property (on behalf of himself and his heirs and assigns).

Certificate: That certain Certificate of Convenience and Necessity issued by the ACC in Decision No. 67104, authorizing Seller to engage as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area.

Certificated Area: The legally described area set forth on **Appendix "A"** in which Seller conducts its Business, which area is more particularly shown on the map of the existing service area attached hereto as **Appendix "B",** which map is for the purpose of showing the boundaries of the Certificated Area.

Closing: That point in time when (a) all of Seller's obligations and Buyer's obligations hereunder have been fulfilled; (b) the Escrow Agent has received all required funds and documents from the parties; and (c) the Escrow Agent disburses the sale proceeds and records the Transfer Instruments as required by this Agreement.

Commitment: The Commitment for Title Insurance issued by Title Insurer for extended coverage title insurance showing status of title to the Real Property as of the date of the Commitment.

Contract Rights: The right to have services, goods or Equipment provided to the Business by third persons, including, without limitation, any leases of Equipment by Seller and the Aid in Construction Agreements.

Creditors: Any and all persons or entities to whom Seller owes money, goods or services.

Equipment: Tangible personal property, whether affixed or not to the Real Property, which has been acquired by or is under lease to Seller for use primarily in the Business, including but not limited to all equipment used in the operation of wells, storage reservoirs, booster stations, transmission mains and distribution systems, office equipment and motor vehicles.

Escrow Agent: Lisa Quigley, Fidelity National Title, 1630 E. River Rd., Suite 120, Tucson, Arizona 85718, Phone: (520) 382-3013, Fax: (520) 529-7026, Email: lisa.quigley@fnf.com.

Feasibility Period: The period beginning upon the Opening of Escrow and ending September 20, 2009.

Goodwill: The goodwill of the Business.

Improvements: Wells, storage reservoirs, booster stations, transmission mains and distribution systems, and any other structures or tangible property used by Seller in connection with its water utility operations as described on **Appendix "D."**

Inventory: Goods that are held by Seller as of the Closing for the treatment of water or otherwise used or consumed in the ordinary course of operating the Business.

Licenses: Those rights to use the public rights of way of Pima County granted to Seller, as described on **Appendix "E,"** which rights are to be transferred to Buyer at Closing.

Opening of Escrow: The date upon which a fully executed copy of this Agreement is delivered to the Escrow Agent.

Permitted Encumbrances: All matters of record approved in writing by Buyer during the Feasibility Period with respect to the Real Property.

Real Property: The real property legally described in **Appendix "F"** hereto, including all well sites, storage reservoirs, booster stations, transmission mains and distribution systems located within the Certificated Area, together with all easements, licenses and appurtenances pertaining thereto which are used by Seller in the Business.

Records: All of Seller's service agreements, service and repair records, water treatment records, hydrology and assured water supply studies and reports, Arizona Department of Water Resources ("ADWR") filings and correspondence, ACC filings and correspondence, Arizona Department of Environmental Quality ("ADEQ") filings and correspondence, customer data base information (including master file information, billing and payment histories, and complaints), meter reading information, and any other documents arising out of or in any way relating to the Business and the Assets.

Seller: Tierra Linda Homeowners Association, Inc.

Title Insurer: Lisa Quigley, Fidelity National Title, 1630 E. River Rd., Suite 120, Tucson, Arizona 85718, Phone: (520) 382-3013, Fax: (520) 529-7026, Email: lisa.quigley@fnf.com.

Transfer Instruments: Those instruments customarily required for the transfer of the Assets, including, but not limited to:

(i) Special Warranty Deed substantially in the form attached hereto as **Appendix "G"** hereto;

(ii) Assignment and Assumption of Easements and Property Rights substantially in the form attached hereto as **Appendix "H"**;

(iii) Assignment of Water Rights and Well Registrations substantially in the form attached hereto as **Appendix "I"** hereto;

(iv) Affidavit of Value;

(v) Foreign Investment in Real Property Tax Act Affidavit;

(vi) Bill of Sale substantially in the form attached hereto as **Appendix "J"**;

(vii) Assignment and Assumption of Contract Rights and Intangibles substantially in the form attached hereto as **Appendix "K"**; and

(viii) Such other documents as Seller and Buyer may agree upon during the Feasibility Period or Escrow Agent may require in order to complete a transfer of the Assets in accordance with the requirements of the Commitment and the Title Requirements.

Warranties and Guarantees: Any and all existing written warranties and/or guarantees affecting the Improvements, or any features thereof and any personal property located therein or thereon, and any and all existing written warranties and/or guarantees affecting the Equipment, which shall be conveyed to Buyer at the Closing.

Section 2. Conveyance of Assets. Subject to the conditions and limitations set forth herein, Seller hereby agrees to sell and Buyer hereby agrees to purchase the Assets.

2.1 Equipment, Inventory and Records. The Equipment, Inventory and Records shall be conveyed at Closing by the execution and delivery by Seller of the Bill of Sale. The Bill of Sale for such items shall include a list identifying all Equipment, Inventory and Records and shall be substantially in the form of **Appendix "J"** hereto,

2.2 Contract Rights; Goodwill, Licenses, Certificates, Warranties and Guarantees. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Goodwill, Licenses, Certificates, Warranties, if any, and Guarantees, if any, that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the Assignment and Assumption of Contract Rights and Intangibles. Seller does not warranty or guarantee the condition of any of the Improvements, Equipment or Inventory. The Assignment and Assumption of Contract Rights and Intangibles shall include a list identifying all Contract Rights assigned to and assumed by Buyer and shall be substantially in the form of **Appendix "K"** hereto. Buyer shall not be obligated to assume any contracts not disclosed by Seller as Contract Rights and specifically assumed in writing by Buyer pursuant to **Appendix "K."**

2.3 Real Property. The Real Property shall be conveyed at Closing by the execution and delivery by Seller of (a) Special Warranty Deed, (b) an Assignment of Easements and Property Rights, (c) an Assignment of Water Rights and Well Registrations and (d) such other Transfer Instruments as may be appropriate as determined by Buyer or Title Insurer. The Special Warranty Deed shall be substantially in the form attached hereto as **Appendix "G"** hereto. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances. Within a reasonable time after the Closing, Escrow Agent shall furnish the Buyer with the Title Insurer's ALTA Extended Owner's Policy of Title Insurance in the amount of the Purchase Price (defined in Section 4.1), subject only to Permitted Encumbrances (the "Owner's Title Policy").

2.4 Limitations. The purchase of the Assets pursuant hereto shall not constitute a purchase of Seller by Buyer nor render Buyer a successor-in-interest to Seller. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may exist at any time unless otherwise specifically set forth herein, provided, however, Buyer shall assume Seller's refund obligations under the Facilities Agreement. Buyer shall have no obligation of any kind under any contract or obligation assumed by Seller unless disclosed to, and assumed by, Buyer in writing, as provided herein. The provisions of this **Section 2.4** shall survive the Closing.

Section 3. Commitment; Information from Seller; Feasibility Period.

3.1 Delivery of Materials.

3.1.1 Delivery of Commitment. Within five (5) days following the Opening of Escrow, the Escrow Agent shall deliver the Commitment to Buyer and Seller together with legible copies of all documents referenced therein.

3.1.2 Delivery of Other Information. Upon the Opening of Escrow, Seller shall deliver to Buyer copies of (a) all employment, service, operations, maintenance and supply contracts affecting or pertaining to the Real Property, Equipment, Improvements, Inventory or the Business conducted thereon; (b) the Warranties and Guarantees, together with any insurance policies or binders; (c) all environmental studies and assessments, and regulatory filings and reports concerning the Assets or the Business, including, but not limited to, ADEQ, ADWR and ACC utility and corporate filings; and (d) all similar or relevant information and documentation requested by Buyer or which could reasonably affect or influence Buyer's use of the Assets for the purposes for which they are being acquired.

3.2 Feasibility Period. During the Feasibility Period Buyer shall have the right to enter upon the Real Property and the right to review all Records with Buyer's representatives and agents for the purpose of testing, examining and investigating the Assets and to make written objections ("Title Requirements") to matters shown in the Commitment or any amendment thereto or a survey of the Real Property. During the Feasibility Period Seller shall make reasonable and diligent efforts at Seller's sole cost and expense to satisfy the Title Requirements on terms and conditions satisfactory to Buyer. Buyer shall have the right during the Feasibility Period to terminate this Agreement if Buyer is dissatisfied, in Buyer's sole and absolute discretion, with the progress in satisfying the Title Requirements or the feasibility of the Assets for Buyer's purposes. On or before the expiration of the Feasibility Period, Buyer shall give written notice to Seller and Escrow Agent of its election whether or not to terminate this Agreement. If Buyer elects to terminate this Agreement, Escrow Agent shall return the Earnest Money and all documents deposited in escrow by Buyer to Buyer, all documents deposited in escrow by Seller to Seller, and this Agreement and escrow shall terminate. If Buyer elects not to terminate this transaction, the Earnest Money shall become nonrefundable to Buyer. Buyer's failure to timely give written notice of its election to terminate or not terminate this transaction shall be deemed an election by Buyer not to terminate this transaction.

Section 4. Earnest Money and Purchase Price.

4.1 Earnest Money and Purchase Price. Buyer agrees to pay Seller as the total purchase price for Seller's interest in the Assets, the following sums (the "Purchase Price"):

4.1.1 Earnest Money. Buyer will deposit the sum of One Thousand Dollars ($1,000.00) (the "Earnest Money") with the Escrow Agent within three (3) days after the execution of this Agreement by Buyer and Seller. The Earnest Money shall be placed in an interest bearing account, and all interest accruing thereon ("Earnest Money Interest") shall be deemed to increase, and be a part of, such Earnest Money and shall be paid to the party entitled to receive payment of the Earnest Money in accordance with this Agreement. The Earnest Money shall be disbursed to Seller at Closing, provided that all of Seller's obligations herein have been satisfied.

4.1.2 Balance of Purchase Price. The Balance of the Purchase Price shall be Sixty-Nine Thousand Dollars ($69,000.00), and shall be paid by Buyer in immediately available United States funds at Closing through Escrow Agent.

Section 5. Regulatory Approvals and Conditions to Closing. Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Buyer and Seller obtaining such approval(s) of the ACC as may be necessary to complete the sale of the Assets to Buyer and the transfer of the Certificate to Buyer on terms and conditions satisfactory to Buyer in its sole and absolute discretion (the "Regulatory Approvals"), including the ACC's prior approval of the Facilities Agreement; (ii) Buyer's receipt of the Title Insurer's irrevocable commitment to issue the Owner's Title Policy; (iii) Seller's satisfaction of all requirements of the Commitment and all Title Requirements set forth by Buyer during the Feasibility Period on terms and conditions satisfactory to Buyer in its sole and absolute discretion; (iv) execution and delivery of the Transfer Instruments; (v) the payment of any closing costs, proratable amounts or any other amounts required to be paid under this Agreement on or before the Closing; (vi) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of the Closing ("Closing Conditions"), and (vii) Declarant's execution of a legally effective First Amendment to Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva Subdivision. Buyer and Seller shall cooperate in all reasonable respects to obtain the Regulatory Approvals, and each party shall bear its own costs incurred in such regard. The Closing shall occur at a mutually agreeable time and place within ten (10) business days after expiration of the Feasibility Period, or such earlier date that all Closing Conditions have been satisfied and Buyer has delivered written notice to Seller that Buyer has elected to proceed with the transaction ("Buyer's Election to Proceed"). If (i) any the Closing Conditions have not been satisfied by October 15, 2009, and (ii) the parties do not extend the date of Closing according to the provisions of **Section 10** of this Agreement, then the Earnest Money shall be returned to Buyer, and this Agreement shall terminate.

Section 6. Representations and Warranties.

6.1 Seller's Representations. Seller hereby jointly and severally represents and warrants to Buyer the following:

6.1.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.

6.1.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.

6.1.3 Liabilities. To be best of Seller's knowledge, there are no judgments, liens, actions or proceedings pending against Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.

6.1.4 Liens. No judgments, liens, security interests or other monetary obligations against the Assets will be outstanding at the time of Closing, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.

6.1.5 Labor, Materials. All bills and invoices for labor and materials furnished to or on behalf of the Assets which have been incurred by Seller prior to the time of conveyance and transfer to Buyer, if any, will be paid by Seller prior to or at the time of Closing.

6.1.6 Proceedings. To be best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.

6.1.7 No Breach. Neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in a breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.

6.1.8 No Bankruptcy. Seller has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the filing of an involuntary petition by Seller's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.

6.1.9 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the

use or occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.

6.1.10 Permits. To be best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.

6.1.11 Condemnation. To be best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings which would affect the Business or Assets.

6.1.12 Creditors. As of the Closing or thereafter when such obligations are then due (except for items to be prorated at Closing pursuant to **Section 13** of this Agreement), all bills and invoices for goods and services related to or which are a part of the Assets shall be paid; all Creditors shall be paid; all employees (if any) and salaries, wages, bonuses, vacation pay and benefits accrued up to the date of Closing shall be paid; all withholdings, payroll taxes, unemployment insurance, worker's compensation benefits, and all other similar payments shall be paid current to the date of Closing; and no claims by Creditors shall exist which may encumber the Assets.

6.1.13 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets herein and to observe and perform all of its covenants and obligations hereunder. The person executing this Agreement and any other document required hereby has full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.

6.1.14 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive the Closing.

6.1.15 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.

6.1.16 Insurance Coverage. Seller carries, and has for the four (4) years immediately preceding the date of this Agreement carried, what it believes to be a commercially reasonable liability insurance policy on an occurrence basis. Such insurance shall be maintained in full force and effect through Closing.

6.1.17 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report(s) filed with Corporation and the Utilities Division(s) of the ACC.

6.1.18 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit the Buyer to operate

the Business in its usual and customary manner, and all Improvements are located within the Real Property conveyed pursuant hereto.

6.1.19 Accuracy of Representations and Warranties. None of the representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive the Closing for a period of one (1) year and thereafter shall lapse except with respect to any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

6.2 Buyer's Representations. Buyer hereby represents to Seller as follows:

6.2.1 Authority. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind the Buyer in and to the obligations imposed on it by this Agreement.

6.2.2 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive the Closing.

6.2.3 Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive the Closing for a period of one (1) year and thereafter shall lapse except with respect to any breach of such warranties and representations with respect to which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

6.2.4 Construction of Second Well. Buyer hereby agrees to construct a second well to provide water service to residents of the Subdivision prior to occupancy of fifty percent (50%) of the currently pending platted lots within the Subdivision. This commitment upon Buyer's part shall survive Closing until fully discharged.

Section 7. Indemnification.

7.1 By Seller. Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from, all actions, suits, proceedings, demands, claims, assessments, judgments, costs and expenses, including without limitation legal fees and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences or matters that took place prior to the Closing and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Seller.

7.2 By Buyer. Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from, all actions, suits, proceedings, demands, claims, assessments, judgments, costs and expenses, including without limitation legal fees and disbursements, incurred by Seller relating to (i) the Assets and arising from acts, occurrences or matters that took place after the Closing (excluding acts of Seller, its agents or employees) and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Buyer.

Section 8. Aid in Construction Agreements. At Closing, Seller shall assign and Buyer shall assume Seller's rights and obligations under the Aid in Construction Agreement, provided that no party thereunder is in default of their obligations under such Agreement.

Section 9. Escrow Agent.

9.1 Delivery of Transfer Instruments. The Transfer Instruments and any other documents required by this Agreement or applicable laws shall be placed by the parties into escrow with the Escrow Agent and shall be delivered to the appropriate party upon Closing.

9.2 Other. The Escrow Agent agrees to do all things reasonably required by the terms of this Agreement to close this transaction.

Section 10. Closing. The Closing of this sale shall occur no later than ten (10) business days after expiration of the Feasibility Period, but in no event later than October 15, 2009, as provided under **Section 5** of this Agreement. Notwithstanding the foregoing, the parties may extend the date of Closing until such later time by executing and delivering a written instrument to the Escrow Agent setting a new date for Closing. The new Closing date shall also be the new date for proration.

Section 11. Closing Documents.

11.1 Seller's Deposits. Prior to Closing, Seller shall deposit with Escrow Agent for delivery to Buyer, the following:

11.1.1 The Transfer Instruments required by this Agreement.

11.1.2 The form of Certificate re RUCO and ACC Assessments, substantially in the form set forth in **Appendix "L"** hereto.

11.1.3 Any other documents or instruments required by this Agreement.

11.1.4 Any other instruments necessary to or reasonably required by Buyer or Escrow Agent to effectuate the transaction contemplated herein.

11.2 Buyer's Deposits. Prior to Closing, Buyer shall deposit with Escrow Agent for delivery to Seller the following:

11.2.1 The Balance of the Purchase Price in immediately available United States funds.

11.2.2 Any other instruments necessary to or reasonably required by Seller or Escrow Agent to effectuate the transaction contemplated herein.

Section 12. Costs. Costs of Closing and/or expenses connected with the transfer of the Assets and the sale thereof shall be divided between Buyer and Seller, and paid through escrow, as follows:

12.1 Attorneys' Fees. Except as provided in **Section 21.4** of this Agreement, each party shall pay its own attorneys' fees and costs.

12.2 Escrow Fees. The escrow fee and all filing and recording fees shall be divided equally between Buyer and Seller, to the extent that such recording fees or filing fees are for the Transfer Instruments. If any recording fees or filing fees are necessary as a result of recordings required to clear title, they shall be paid by Seller.

12.3 Title Insurance. The premium for the Owner's Title Policy attributable to standard coverage and the cost of any endorsements required to satisfy the Commitment or Title Requirements shall be paid by Seller. Buyer shall pay the difference between the standard premium and an extended premium, if any, plus the costs of any additional requirements for an extended title insurance policy.

Section 13. Prorations.

13.1 Prorations. All current real estate taxes against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Any errors in the proration resulting in a deficit in the payment of taxes through Closing shall thereafter remain the obligation of Seller. Any delinquent taxes, penalties and interest thereon for the Property shall be paid by Seller on or before Closing

13.2 Assessments. All current assessments, both principal and interest, against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Seller shall pay any delinquent amounts on or before Closing.

13.3 Other.

13.3.1 Seller shall deliver the Records to Buyer on the Closing date.

13.3.2 Seller shall transfer utility operations to Buyer as of Closing.

13.3.3 Leases for Equipment (including vehicles) or premises, if any, shall be prorated as of Closing.

13.3.4 Any meter deposits collected by Seller, refunds of which are payable to Seller's customers, shall be transferred to Buyer as of Closing.

13.3.5 Personal property tax shall be prorated as of Closing.

Section 14. Risk of Loss.

14.1 Prior to Closing. The risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall remain the responsibility of Seller. Upon the happening of any material loss and within ten (10) business days after notification thereof, Buyer may elect in writing to terminate this Agreement or close the sale. If an election to terminate the Agreement is made, any money on deposit shall be returned to Buyer with accrued interest thereon and this Agreement shall thereupon become null and void. In the alternative, if an election to proceed with Closing is made by Buyer, any insurance proceeds and/or condemnation award in connection with the loss shall be given to Buyer, but there shall be no adjustment to the Purchase Price.

14.2 After Closing. The risk of loss or damage by fire or other casualty, or the taking by eminent domain, shall be assumed by and be the responsibility of Buyer from and after the Closing.

Section 15. Insurance. Buyer shall place its own insurance coverage on the Assets as of Closing. Insurance previously carried by Seller shall be canceled by Seller as of Closing.

Section 16. Assignment of Agreement. The rights of each party under this Agreement may be assigned only with the prior written consent of the other party, which consent may be withheld for any reason, or for no reason.

Section 17. Default.

17.1 Seller's Default.

17.1.1 Non-Monetary Default. For the purposes of this **Section 17**, a "Non-Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance when that failure is the result of any action by a third party encumbering the Assets by creating a cloud on the title of Seller's ownership status which is not practicably susceptible to financial satisfaction prior to Closing and was not accepted by Buyer as a Permitted Encumbrance during the Feasibility Period.

17.1.2 Monetary Default. For the purpose of this **Section 17**, a "Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance, when that failure is a result of a monetary lien or encumbrance upon the Assets,

which lien or encumbrance was not disclosed in the Commitment when received by Buyer and which can be cured by the application of a portion of the Closing proceeds.

17.1.3 Seller's Willful Refusal. For the purpose of this **Section 17**, "Seller's Willful Refusal" shall mean the wrongful failure of Seller to close this transaction for reasons within Seller's control, after Buyer has tendered full performance.

17.1.4 Remedies. In the event of a default by Seller, Buyer's exclusive remedies shall be as follows:

17.1.4.1 In the event of a Non-Monetary Default, Buyer shall have ten (10) business days following such default in which to elect in writing to terminate this Agreement or waive the Non-Monetary Default and close this transaction. In the event Buyer elects to terminate this Agreement, this Agreement shall thereupon be null and void and the Earnest Money shall be immediately returned to Buyer, together with any interest earned thereon. If Buyer elects to waive the Non-Monetary Default and close the transaction, then Closing shall occur within ten (10) business days after Buyer's written notice to close. There shall be no adjustment in the Purchase Price and Buyer shall accept whatever title Seller may be able to convey.

17.1.4.2 In the event of a Monetary Default, the Escrow Agent is hereby instructed to withhold from Seller's proceeds from the Closing a sufficient amount to cure the Monetary Default.

17.1.4.3 In the event of Seller's Willful Refusal, then Buyer shall be entitled to pursue its legal and equitable remedies as then may be available, including specific performance.

17.2 Buyer's Default. In the event Buyer fails to close this transaction after Seller has tendered full performance and all conditions to Buyer's obligation to close have been satisfied, Seller shall be entitled to immediately receive the Earnest Money from the Escrow Agent as liquidated damages (and not as a penalty) for its damages incurred as a result of Buyer's default.

Section 18. Customer Deposits. Any meter deposits collected by Seller, refunds of which are payable to Seller's customers, shall be transferred to Buyer and refunded by Buyer as and when due. Seller shall provide a list of all such refundable customer deposits and meter deposits to Escrow Agent and Buyer prior to Closing.

Section 19. Employees. Buyer shall not be obligated to employ any of Seller's employees, if any, nor have any obligations to such employees, whatsoever.

Section 20. Meter Readings and Billings.

20.1 Meter Readings.

20.1.1 Seller shall use its best efforts to read all customer meters on the date of Closing, but in any event, all meters will be read within five (5) days prior to Closing (the "Final Reading").

20.1.2 Seller shall continue to bill in its usual sequence for water usage prior to Closing and may, at its option, delay its usual billing sequence to coincide with the Final Reading.

20.1.3 Seller shall bill for all services provided prior to the Final Reading at Seller's rates. Buyer shall bill for all services provided after the Final Reading at Buyer's rates.

20.1.4 With respect to any amounts billed for Seller's services provided prior to the Final Reading, Buyer shall have no obligation or liability to take any action to effect collection on behalf of Seller, but Seller may, at its option, pursue the collection of its unpaid billings.

Section 21. Miscellaneous Provisions.

21.1 Notices.

All notices and communications hereunder shall be in writing and shall be given by personal delivery, private courier whose practice it is to obtain a receipt upon delivery, or mailed first class, registered or certified mail, postage prepaid, and shall be deemed received upon the earlier of actual delivery or two (2) days after deposit in the United States Mail as aforesaid. Notices to Seller or Buyer as the case may be shall be delivered or mailed to the following addresses:

Seller	Buyer
Tierra Linda Homeowners Association, Inc. c/o Tierra Linda Homeowners Association Water Company 4729 E. Sunrise Drive, #311 Tucson, Arizona 85718	Gary Smyth c/o Smyth Steel 4010 East Illinois Tucson, Arizona 85714

21.2 Nature of Agreement.

21.2.1 Agreement Negotiated. The terms and provisions of this Agreement represent the results of negotiations between Seller and Buyer, each of which has been represented by counsel of its own choosing and none of which have acted under duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and Seller and Buyer hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of the Agreement, including (without limitation) any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft thereof. The Rule of Strict Construction shall not be used to interpret this Agreement, but rather this Agreement shall be construed to provide each party with the benefit of the bargain it has struck with the other party.

21.2.2 Integration. All understandings and agreements heretofore between the parties are merged into this Agreement, which alone fully and completely expresses their agreement; the same is entered into after full investigation and neither party is relying upon any statements or representations by the other not embodied in this Agreement.

21.2.3 Other Inducements. The parties agree that there are no promises, inducements, representations or agreements in connection with this Agreement except those specifically set forth herein in writing.

21.2.4 Binding Effect upon Successors, Assigns and Heirs. Subject only to the provisions of Section 16, above, the provisions of this Agreement, and all rights and obligations hereunder, shall be binding upon the respective successors, assigns and heirs of Seller and Buyer.

21.2.5 Modification. This Agreement may not be changed orally, but only by an agreement in writing, signed by the parties.

21.2.6 Other Agreements. Seller shall not enter into any contracts, leases, agreements or amendments to existing agreements or encumbrances affecting the Assets while this Agreement remains in force or subsequent to Closing of this transaction without the express written consent of Buyer, other than to remove a matter which the Title Insurer requires be removed to close.

21.3 Relation of Parties; No Agency. It is expressly agreed and understood by the parties hereto that neither party is the agent partner, nor a joint venture partner of the other. It is also expressly agreed and understood that neither Seller nor Buyer has any obligations or duties to the other except as specifically provided for in this Agreement.

21.4 Attorney's Fees. In the event of any dispute regarding this Agreement, the prevailing party shall be entitled to receive, in addition to any other award, reasonable attorneys' fees and costs, determined by the court or arbitrator and not a jury.

21.5 Construction.

21.5.1 Time. Time is of the essence of this Agreement. However, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken if it is taken on the next regular business day.

21.5.2 Headings. The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Whenever a personal pronoun is used in any one gender, it shall be deemed to include all other genders as the case may require, and the singular shall include the plural, and vice versa, unless the context indicates to the contrary.

21.5.3 Adverbs. Whenever the terms "herein", "hereunder", "hereof", "therefor", "thereover", or similar terms are used, they shall refer to this entire Agreement as a whole and shall not refer solely to any particular section.

21.5.4 Exhibits. All recitals, schedules and exhibits to this Agreement are fully incorporated herein as though set forth at length herein.

21.5.5 State Law. This Agreement and the conveyance provided for herein shall be governed by the laws of the State of Arizona.

21.5.6 Counterparts. This Agreement may be executed in counterparts, and the signature of any person required by this Agreement shall be effective if signed on any and/or all counterparts. All counterparts together shall be considered one and the same Agreement.

21.6 Force Majeure. The term "Force Majeure" as used herein shall mean cause beyond the control and without the fault or negligence of the party failing to perform, whether foreseen or unforeseen, including, but not limited to: Acts of God, acts of the public enemy, wars, insurrections, civil unrest, riots, terrorism, labor disputes, boycotts, fires, explosions, floods, unanticipated adverse geological and weather conditions, and acts of judicial or military authorities. Neither party will be liable to the other for any delay or non-performance of its obligations under this Agreement in the event and to the extent that such delay or nonperformance is caused by any event of Force Majeure. Each party will inform the other party of the occurrence of any event of Force Majeure, and its expected duration and cessation, respectively, as soon as reasonably practical. In the event the Closing under this Agreement becomes suspended as the result of an event of Force Majeure for a continuous period exceeding sixty (60) days, then either party may terminate the Agreement with respect to the unperformed part of the Agreement and the Earnest Money shall be returned to Buyer.

Section 22. Inspection, Acceptance and Maintenance of Assets.

22.1 Buyer. Buyer acknowledges that as of Closing, it will have inspected the condition of such of the Assets as it deems reasonably necessary, and will accept the Assets in "AS IS" condition, with no warranties express or implied except as set forth in **Section 6** of this Agreement.

22.2 Seller. Seller agrees to maintain the condition of the Assets in their current condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the Effective Date of this Agreement through the date of Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved conforms with Buyer's construction standards and does not impair Title Insurer's willingness to issue the Title Policy.

Section 23. Miscellaneous

23.1 Receivables. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information for that purpose after reasonable prior notice and during regular business hours after Closing, including the right to make copies of such documents as Seller may need.

23.2 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments at or prior to Closing.

SELLER:

Tierra Linda Homeowners Association, Inc.

By:_____
Robert P. Zammit, President

BUYER:

Gary Smyth, a married man, dealing with his sole and separate property (on behalf of himself and his heirs and assigns)

By:_____
Gary Smyth

ESCROW AGENT:

Copy of the Agreement, including the Exhibits attached hereto, received and acknowledged:

Fidelity National Title

By:_____
Name: Lisa Quigley
Title: Escrow Agent
Date received:_____

Appendix "A"

Tierra Linda Homeowners Association, Inc.
(Legal Description)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

PARCEL A

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the north quarter corner of said Section 29, marked by a General Land Office brass capped pipe and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, southerly along west line of the northeast quarter of said Section 29, S 00° 13' 24" E, 45.00 feet (calculated) to a point on the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, said point being the TRUE POINT OF BEGINNING of Parcel "A" herein described;

THENCE from said TRUE POINT OF BEGINNING, easterly along said south right-of-way line, N 89° 49' 46" E, 339.01 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly and along the west line of Lot 11 as shown on the plat of Tierra Linda, a subdivision of said Pima County recorded in Book 17 of Maps and Plats at Page 92 thereof, S 00° 09' 39" E, 624.72 feet (Record), S 00° 10' 41" E, 626.26 feet (calculated), to the southwest corner thereof, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said southwest corner, easterly along the south line of Lots 11, 12, and 13 of said recorded subdivision,
N 89° 50' 21" E, 922.53 feet (Record)
N 89° 51' 90" E, 923.97 feet (calculated)
N 89 °49' 46" E, 925.11 feet (measured) to the southeast corner of said Lot 13, marked by a ½" diameter rebar with registration tag RLS 15933;

THENCE leaving said southeast corner, southerly along the west right-of-way line of Via Socorro as shown on the plat of said Tierra Linda

S 00° 16' 51" E, 1465.00 feet (Record)
S 00° 17' 12" E, 1465.00 feet (calculated)
S 00° 15' 53" E, 1465.55 feet (measured) to the northeast corner of a parcel recorded in Docket 11488 at Page 4197 thereof, records of said Pima County, marked by a ½" rebar;

THENCE leaving said northeast corner, westerly along the north line of said recorded parcel and the westerly prolongation thereof, S 89° 50' 21" W (Record), S 89° 51' 38" W, 926.57 feet (calculated) to a point thereon;

THENCE leaving said north line, northwesterly, N 33° 16' 52" W, 276.55 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 181.14 feet to a calculated point;

THENCE leaving said point southeasterly S 85° 57' 43" E, 104.77 feet to a calculated point;

THENCE leaving said point, northwesterly, N 06° 20' 24" W, 282.28 feet to a calculated point;

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AZ CORP COMMISSION
DOCUMENT CONTROL

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

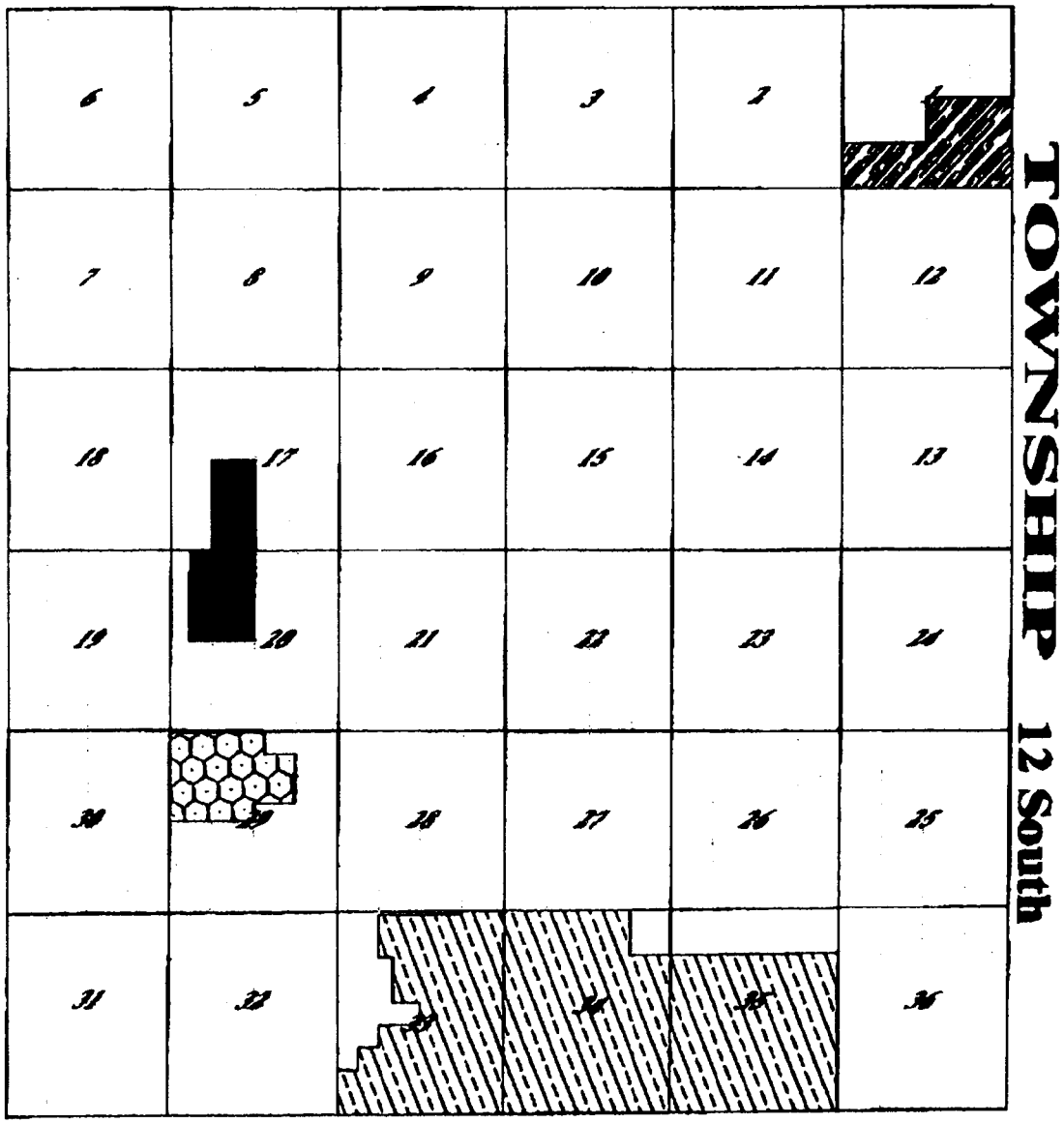
Appendix "B"

Tierra Linda Homeowners Association, Inc.

(Map)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

COUNTY: *Pima*



W-2126 (2)
Avra Water Cooperative, Inc.

W-4236 (1)
Tierra Linda Homeowners Association, Inc.

(4)
Cortaro-Marana Irrigation District

(4)
Town of Marana (Nonjurisdictional)
(Palo Verde System)

TRI2531E 09 JUL 2004

Appendix "C"

Tierra Linda Homeowners Association, Inc.
Water Main Extension Agreement for
Developer-Installed On-Site and Off-Site
Facilities
(Facilities Agreement)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

WATER MAIN EXTENSION AGREEMENT
FOR DEVELOPER-INSTALLED, ON-SITE AND OFF-SITE FACILITIES
for the
Tierra Linda Nueva
Phase 1 and Phase 2 Onsite and Offsite

THIS WATER MAIN EXTENSION AGREEMENT (this "Agreement") is entered into as of the 10 day of JUNE 2009, by and between the TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation (hereinafter referred to as the "Company"), and TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter referred to as "Applicant").

RECITALS:

A. Company holds a Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service in and around Tierra Linda Nueva, including Lot Nos. 50-56, 64-119, and 177-190 ("Phase 1"), and Lot Nos. 35-49, 57-63, and 151-176 (Phase 2") as more specifically described on Exhibit A attached hereto and incorporated herein by this reference (collectively the "Property"); and

B. Certain on-site and off-site water facilities have been designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property; and

C. Applicant is the sole beneficiary of Title Security Agency of Arizona Trust No. 939, which is fee title owner of the Property, and, having developed the Property, Applicant has financed, designed, installed and constructed the necessary on-site and off-site water facilities pursuant to its request of Company to provide water service to the Property, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water Facilities set forth in engineering plans WATER DISTRIBUTION SYSTEM TO SERVE PHASE 1, Lots 50-56, 64-119, and 177-190, Chris Brozek, Engineer, dated 10/15/04, WATER DISTRIBUTION SYSTEM TO SERVE PHASE II, Lots 35-49, 57-63, and 151-176, Chris Brozek, Engineer, dated October 15, 2004, *AND TIERRA LINDA WATER PLANT, Westland Resources, Engineer, dated April 16, 2004,* incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. The on-site and off-site facilities constructed pursuant to the Plans are hereinafter referred to as the "Water Facilities." Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant has designed, constructed and installed the Water Facilities and paid all of the costs related thereto, and has completed

and paid the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Advance in Aid of Construction. Upon the mutual execution of this Agreement, the Applicant shall convey the Water Facilities to Company, and pay Company One Hundred Dollars ($100.00), as and for Company's costs. The actual expenses incurred by Applicant in the construction of the Water Facilities together with Company's costs, as supported by documentation as required by Paragraph 5, shall be deemed as follows: (i) Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) as advances-in-aid of construction, (ii) Two Hundred Six Thousand Three Hundred Twenty-Six Dollars ($206,326) as contributions-in-aid of construction, and (iii) One Hundred Eight-Six Thousand Seven Hundred Twenty-Three Dollars ($186,723) as equity. The aforesaid Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) of advances-in-aid of construction shall be subject to the prospect of refund pursuant to Paragraph 6 hereof.

4. Actual Costs Shall Govern: The total cost of the Water Facilities is One Million Fifty-Eight Thousand Three Hundred Fifty-Nine Dollars ($1,058,359) as shown on Exhibit C. Applicant has paid the actual cost of the Water Facilities, and agrees to provide Company with as-built costs, together with all receipts in connection therewith, upon the execution of this Agreement.

5. Documentation: Applicant has, as a condition of acceptance of the Water Facilities by Company, furnished Company with:

5.1 copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water Facilities;

5.2 lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water Facilities;

5.3 receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities;

5.4 "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water Facilities; and

5.5 all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water Facilities requested by Company.

6. Refund of Advance: Applicant's costs for the construction and installation of the Water Facilities, to be advanced by Applicant to Company pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 4 hereof, are subject to refund by Company to Applicant, in accordance with this section. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body or

pursuant to a cost adjustment mechanism approved by the ACC) derived from the provision of water served from each customer service line of each customer located within the Property leading up to and taken from water mains installed by Applicant pursuant to this Agreement. Refunds for revenues received from customers receiving water from the facilities constructed pursuant to this agreement shall be payable for a period of ten (10) years commencing on the Effective Date of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept.

8. Governmental Approvals: Applicant shall pay for and provide to Company copies of all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary for Applicant to install, construct and maintain the Water Facilities, including the Approval(s) To Construct and Approval(s) of Construction issued by the Pima County Department of Environmental Quality, attached hereto as Exhibit "D", and the Water Use Data Sheet attached as Exhibit "E".

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Time of Construction: Applicant and Company acknowledge that construction of the Water Facilities has been completed as of the Effective Date of this Agreement.

11. Contractor's License: Applicant and Company acknowledge that all construction, installation and connection of Water Facilities has been done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

12. Construction Standards: The Applicant and Company acknowledge that the size, design, type and quality of materials are in accordance with good utility practices and the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit B), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications meet or exceed the standards and specifications of the Pima County Health Department, and are hereby approved by the Company. The Water Facilities have been designed and constructed with sufficient capacity

to accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity.

13. Inspection and Testing: Applicant has complied with the inspection and testing requirements of Company, and Company acknowledges that any governmental agency having jurisdiction over the construction, installation and connection of the Water Facilities have approved the Water Facilities.

14. Acceptance of Facilities: The Water Facilities will be deemed accepted as of the date that this Agreement is entered upon by Applicant and Company.

15. Risk of Loss: All risk of loss shall be with Applicant until the effective date of this Agreement.

16. Title to Property: The Water Facilities constructed pursuant to this Agreement shall become the property of Company upon the effective date of this Agreement, and shall remain the sole property of Company without the requirement of further written documents of transfer. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method herein described. However, Applicant shall furnish any document pertaining to ownership and title as may reasonably be requested by Company including documents which evidence or confirm transfer of possession to Company of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

17. Warranty: Unless otherwise provided in Exhibit B, Applicant warrants to Company that all materials and equipment furnished under this Agreement were new at the time of installation, and that the Water Facilities are of good quality, free from faults and defects. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water Facilities.

18. Indemnification:

18.1 Applicant shall indemnify and hold harmless Company, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought on account of Applicant's action or inaction, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein;

18.2 Company shall indemnify and hold harmless Applicant, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Company, its agents, servants, employees, contractors or subcontractors in the execution of Company's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought

on account Company's action or inaction, Company will assume the defense at Company's own expense and will pay all judgments rendered therein;

18.3 The provisions of this Paragraph shall survive termination of this Agreement.

19. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water Facilities has been completed and accepted in writing by Company, and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

20. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features.

21. Non-Agents: It is agreed that Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Company and shall not incur any costs or expenses on behalf of Company.

22. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Tierra Linda Development, LLC
6262 N. Swan Rd., Suite 125
Tucson, AZ 85718

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Tierra Linda Homeowners Association, Inc.
c/o Tierra Linda Homeowners Association Water Company
PO Box 69868
Tucson, AZ 85737

or to such other addresses or addressees as Company may advise Applicant in writing.

23. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall only assign its rights, obligations and interests in this Agreement to a successor-in-interest that agrees in writing to assume all of Applicant's obligations to Company under this Agreement.

24. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

25. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

26. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

27. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

28. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company or Applicant until such time as it is executed by all parties and approved by the staff of the Utilities Division of the Commission.

29. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

COMPANY
Tierra Linda Homeowners Ass'n, Inc.
an Arizona public service corporation

By: ROBERT P. ZAMMIT
Title: PRESIDENT
Date: 6/23/09

Approved: _____

Date: _____
Utilities Division:
Arizona Corporation Commission

APPLICANT
Tierra Linda Development, LLC,
an Arizona limited liability
company

By: ROBERT P. ZAMMIT
Title: MANAGER
Date: 6/23/09

APPROVED: _____

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the MANAGER of TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires: _____ Notary Public

OFFICIAL SEAL
DEBORAH A NELSON
NOTARY PUBLIC - ARIZONA
PIMA COUNTY

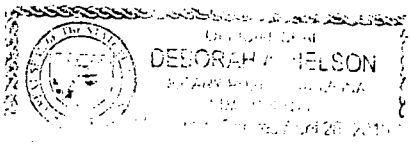
STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the PRESIDENT of TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public



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Appendix "D"

Tierra Linda Homeowners Association, Inc.
(List of Water System Improvements)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

EXHIBIT H
Water System Assets

Real Estate
- 0.68 acre wellsite, dkt. 10209, pg. 2027
- non-exclusive right to 20' wide utility and access easement to wellsite located within lot 20 of Tierra Linda, Dkt. 17, Pg. 92
- non-exclusive right to 50' wide private ingress/egress & utility easement to wellsite located within lot 53 of Tierra Linda Nueva, Bk. 59, Pg. 3.

Structures and Improvements
- wellsite fencing and gates
- wellsite concrete slabs
- wellsite gravel and riprap

Wells and Springs
- well with 12" casing

Pumping Equipment
- 25 hp submersible pump
- 450 lf drop pipe, cable and sounding tube
- Two 10 hp and one 50 hp booster pumps
- piping, valves, flow meters, supports
- electrical equipment and panels
- compressor and related piping, valves and fittings
- 5000 gallon hydro-pneumatic tank, valves, fittings and connection

Distribution Reservoirs and Standpipes
- wellsite ductile iron pipe, fittings and connections
- 400,000 gallon storage tank, piping, fittings and connections
- 8" elevated overflow and supports

Transmission and Distribution Mains
- 1,520 lf 12" mains, (4) 12" valves
- 6,922 lf 8" mains, (31) 8" valves
- 1,000 lf 6" mains, (0) 6" valves
- (15) 2" DVAs

Services
- Phase 1: 37 single water services, 40 double water services, 2 irrigation services
- Phase 2: 22 single water services, 13 double water services

Meters and Meter Installations
- 60 5/8" x 3/4" meters

Hydrants
- Phase 1: 15 hydrants
- Phase 2: 8 hydrants

Other Plant and Misc. Equipment
- chlorination system
- cellular phone connection to telemetry system

Appendix "E"

Tierra Linda Homeowners Association, Inc.
Pima County Franchise
(Comment: None required. Water system is located in recorded plat dedicated easements on private property)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "F"

Tierra Linda Homeowners Association, Inc.
Water System Real Property Descriptions
(Comment: To be provided by Escrow Agent
in connection with Title Report)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "G"

Tierra Linda Homeowners Association, Inc.
Special Warranty Deed
(Comment: To be prepared by Escrow Agent and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "H"

Tierra Linda Homeowners Association, Inc.
Assignment and Assumption of Easements
and Property Rights
(Comment: To be prepared by Escrow Agent
or Seller's counsel and provided for Buyer's
review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "I"

Tierra Linda Homeowners Association, Inc.
Assignment of Water Rights and Well Registrations
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "J"

Tierra Linda Homeowners Association, Inc.
Bill of Sale
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "K"

Tierra Linda Homeowners Association, Inc.
Assignment and Assumption
of Contract Rights
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "L"

Tierra Linda Homeowners Association, Inc.
Certificate of RUCO and ACC
Assessment Payment
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "H"

Tierra Linda Homeowners Association, Inc.
(Water System Assets)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

EXHIBIT H
Water System Assets

Real Estate

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- non-exclusive right to 20' wide utility and access easement to wellsite located within lot 20 of Tierra Linda, Dkt. 17, Pg. 92
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Structures and Improvements

- wellsite fencing and gates
- wellsite concrete slabs
- wellsite gravel and riprap

Wells and Springs

- well with 12" casing

Pumping Equipment

- 25 hp submersible pump
- 450 lf drop pipe, cable and sounding tube
- Two 10 hp and one 50 hp booster pumps
- piping, valves, flow meters, supports
- electrical equipment and panels
- compressor and related piping, valves and fittings
- 5000 gallon hydro-pneumatic tank, valves, fittings and connection

Distribution Reservoirs and Standpipes

- wellsite ductile iron pipe, fittings and connections
- 400,000 gallon storage tank, piping, fittings and connections
- 8" elevated overflow and supports

Transmission and Distribution Mains

- 1,520 lf 12" mains, (4) 12" valves
- 6,922 lf 8" mains, (31) 8" valves
- 1,000 lf 6" mains, (0) 6" valves
- (15) 2" DVAs

Services

- Phase 1: 37 single water services, 40 double water services, 2 irrigation services
- Phase 2: 22 single water services, 13 double water services

Meters and Meter Installations

- 60 5/8" x 3/4" meters

Hydrants

- Phase 1: 15 hydrants
- Phase 2: 8 hydrants

Other Plant and Misc. Equipment

- chlorination system
- cellular phone connection to telemetry system

Appendix "I"

Tierra Linda Homeowners Association, Inc.
(Notice to Members)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Tierra Linda Homeowners Association

June __, 2009

To: All Owners of Lot(s) Within Tierra Linda Nueva

Re: Sale of the Tierra Linda Homeowners Association Water Company

Dear Owner:

The Tierra Linda Homeowners Association is planning the sale of Tierra Linda's existing water system facilities at a price of $70,000.00 to a qualified water system operator, Gary Smyth. Mr. Smyth has demonstrated competence in constructing and operating water facilities and currently operates another water company - the Lakewood Water Company - in Pima County, Arizona. The sale of Tierra Linda's water facilities to Mr. Smyth will require the approval of the Arizona Corporation Commission ("ACC") in order to complete the transaction.

The existing water system facilities consist of well, wellsite, pumps, storage tanks, transmission mains, controls and other items related to the delivery of potable water. The water system over time will need significant capital expenditures, as well as ongoing maintenance which will tend to increase in cost as the equipment ages. Gary Smyth was Tierra Linda's water plant contractor, and has built similar water plants all over southern Arizona. He is in a unique position to maintain and operate the water plant with maximum efficiency; and, he has the financial resources to make the above-indicated significant capital expenditures as needed in the future. The water system and Mr. Smyth will continue to be regulated by the ACC after the sale.

If you have any questions or comments, or need any additional information, please do not hesitate to contact me.

Sincerely,

Robert P. Zammit
President

6262 N. Swan Rd., Suite 125,
Tucson, AZ 85718
(520) 529-1330 phone (520) 529-1312 fax

PENGAD 800-631-6989
EXHIBIT
A-2
ADMITTED

Exhibit A-2
Robert P. Zammit

Tierra Linda HOA
Certificate of Good Standing

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

******TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.******

a domestic nonprofit corporation organized under the laws of the State of Arizona, did incorporate on May 18, 1992.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Nonprofit Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-3122, 10-3123, 10-3125, & 10-11622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 7th Day of September, 2010, A. D.

Executive Director

By: 514126

PENGAD 800-631-6989
EXHIBIT
A-3
ADMITTED

Exhibit A-3
Robert P. Zammit

Second Amended and Restated Declaration of Covenants, Conditions & Restrictions of Tierra Linda Nueva

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 PE3

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D
E

TICOR
TICOR TITLE
6245 E BROADWAY
TUCSON AZ 85711

DOCKET: 12612
PAGE: 7587
NO. OF PAGES: 44
SEQUENCE: 20051531462
08/09/2005
ARSTRT 17:30

PICKUP

AMOUNT PAID $ 51.00

ORDER NO.: TRUST NO. 12,258

DO NOT REMOVE THIS COVER SHEET. IT IS NOW PART OF THE RECORDED DOCUMENT.

DOCUMENT TO BE RECORDED:

SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF TIERRA LINDA NUEVA

BEING RE-RECORDED FOR THE SOLE PURPOSE OF ADDING "EXHIBIT D", LEGAL DESCRIPTION FOR LOT 20 OF TIERRA LINDA, a subdivision of Pima County, Arizona, as filed in the office of the Pima County Recorder in Book 17 of Maps and Plats at page 92 thereof.

12612 07587

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: NMB
DEPUTY RECORDER
1134 ES2

W
TICOR TITLE
6245 E BROADWAY BLVD STE 200
TUCSON AZ 85711

DOCKET: 12559
PAGE: 2096
NO. OF PAGES: 42
SEQUENCE: 20051000556
05/24/2005
ARSTRT 14:07

MAIL

AMOUNT PAID $ 50.00

When recorded, return to:
Ticor Title Agency of Arizona
6245 East Broadway Blvd.
Suite 200
Tucson, Arizona 85711
Attn: Trust Department

SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF TIERRA LINDA NUEVA

Lot Nos. 1 through 190, Common Area A, Common Area B and Wellsite

as recorded in Book 59 of Maps and Plats, at page 3

Pima County, Arizona

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12612 0750

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SECOND AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF TIERRA LINDA NUEVA
Lot Nos. 1 through 190, Common Areas A and B and Wellsite
as recorded in Book 59 of Maps and Plats, at Page 3, Pima County, Arizona

This Declaration is made this 24TH day of MAY, 2005, by Ticor Title Agency, an Arizona corporation, as Trustee under Trust No. 12258 (hereinafter the Declarant), and replaces and supersedes that Declaration of Covenants, Conditions and Restrictions for Tierra Linda Homeowners Association recorded July 24, 1992, in the Office of the County Recorder, Pima County, Arizona, at Docket 9340, page 1835, and that First Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva recorded November 1, 2004, in the Office of the County Recorder, Pima County, Arizona, at Docket 12419, page 521.

WITNESSETH:

WHEREAS, Declarant is the Owner of that certain real property consisting of approximately two hundred five (205) acres located within Pima County, Arizona, referred to as Lot Nos. 1 through 190, Common Area A, Common Area B and Wellsite of Tierra Linda Nueva subdivision, Pima County, Arizona, referred to as Tierra Linda more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, Declarant proposes to construct improvements upon the Property and to sell and convey the Lots diagramed on Exhibit B attached hereto, subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, which are for the benefit of the Property and the subsequent Owners thereof;

WHEREAS, Tierra Linda Homeowners Association is a non-profit corporation organized and existing under and by virtue of the laws of the State of Arizona (the "Association")

NOW, THEREFORE, Declarant hereby declares that the Property is and shall be held, sold, conveyed, encumbered, leased and used subject to the following covenants, conditions, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The covenants, conditions, restrictions, uses, limitations, obligations, easements and equitable servitudes, charges and liens, and zoning conditions as shown on the Plat, as defined herein, shall run with the Property, shall be binding upon all persons having or acquiring any interest therein and shall inure to the benefit of, be binding upon and enforceable by Declarant, the Association and their successors in interest.

No provision contained herein shall be construed to prevent or limit the right of Developer (as defined herein), or any Builder (as defined herein) authorized by Developer, to complete development of the Property and construction of improvements thereon, nor any Developer's right to

20051270592

maintain or authorize model homes, construction, sales or leasing offices, nearby parking areas or similar facilities on the Property, nor Developer's right to post signs incidental to construction, sales or leasing, nor Developer's right to do anything that is reasonably necessary and proper for the full development of the Property.

ARTICLE I
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the meanings hereinafter assigned.

1.1 "Architectural Improvements" shall mean all attachments, improvements, construction, landscaping and structures, and alterations to any of the above, on lands located within the Property.

1.2 "Articles" shall mean the Articles of Incorporation of the Association and amendments thereto which are or shall be filed in the Office of the Arizona Corporation Commission.

1.3 "Association" shall mean and refer to Tierra Linda Homeowners Association, an Arizona non-profit corporation, its successors and assigns.

1.4 "Board" shall mean the Board of Directors of the Association.

1.5 "Builder" shall mean an Owner, other than Declarant, who acquires a Lot or Lots prior to construction of improvements thereon.

1.6 "By-Laws" shall mean the by-laws of the Association, together with any amendments thereto.

1.7 "Committee" shall mean the Architectural Control Committee appointed by the Board of Directors of the Association for the review and approval of the construction of all structures, improvements, attachments or alterations to the exterior of any existing structure, changes in natural grade and installation of landscaping (other than enclosed backyards) to be made or constructed upon the Property.

1.8 "Common Area" shall mean Common Area A (private streets) and Common Area B (Native Plant Preservation Ordinance areas) designated on the Plat (as defined herein), and any other real property and improvements thereon owned by the Association for the common use and enjoyment of the Owners.

1.9 "Declarant" shall mean Ticor Title Agency, an Arizona corporation, as Trustee under Trust No. 12258, and its successors or assigns who have been designated in writing by Declarant as the successor to all or a portion of Declarant's rights hereunder and who own one or more Lots in the Property.

1.10 "Declaration" shall mean this instrument and any amendment thereto or restatement thereof.

1.11 "Designated Review Professional" shall mean any individual or the professional engineering or architectural firm appointed by the Architectural Control Committee to review plans and specifications submitted for approval by the Committee.

1.12 "Design Review Guidelines" shall mean binding guidelines which may be adopted by the Association.

1.13 "Developer" shall mean Tierra Linda Development, LLC, an Arizona limited liability company, and any other person or entity, other than Declarant, who acquires Declarant's interest in the Property, or any other person or entity who is designated a Developer by Declarant.

1.14 "Dwelling Unit" or "Unit" shall mean any site-built improvements placed within the confines of any Lot, and shall exclude manufactured homes, mobile homes and trailers.

1.15 "Eligible Mortgage Holder" shall mean a holder of a First Mortgage on a Lot who has in writing requested notice of certain matters in accordance with Article VII hereof.

1.16 "First Mortgagee" shall mean the holder of any Mortgage under which the interest of any Owner of a Lot is encumbered and which Mortgage has first and paramount priority, subject only to the lien of a general or ad valorem taxes and assessments.

1.17 "Front Yard Setback" shall mean the forty foot (40 ft.) setback, measured from the edge of Common Area A right of way, in which no improvements exceeding six (6) feet in height are to be built and which shall be landscaped and maintained by the Owner of the Lot.

1.18 "a Lot" shall mean and refer to any numbered parcel of real property shown on the Plat, together with the Dwelling Unit, if any, thereon.

1.19 "Member" shall mean and refer to every person and/or entity who holds membership in the Association. The number of Members shall equal the number of Lots on the Property.

1.20 "Mortgage" shall mean any mortgage, deed of trust or other security instrument by which a Lot of any part thereof is encumbered.

1.21 "Owner(s)" shall mean and refer to (i) the record Owner, whether one or more persons or entities, of equitable or beneficial title in fee simple (or legal title if same has merged) of any Lot or (ii) the purchaser of a Lot under a recorded executory contract for the sale of real property as set forth in Arizona Revised Statutes, Section 33-702 et seq. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation, or a lessee or tenant of an Owner (as defined above) or a purchaser or vendee under any executory contract of sale which has not been fully consummated with a deed to the purchaser recorded in the Office of the County Recorder, Pima County, Arizona.

1.22 "Person" shall mean a natural individual, corporation or other entity with the legal right to hold title to real property.

1.23 "Plat" shall mean the subdivision plat of the Property recorded in Book 59 of Maps and Plats at page 3, in the Office of the County Recorder, Pima County, Arizona, and any amendment thereto or re-subdivision thereof.

1.24 "Private Drainage Easements" shall mean the drainage easements located on each Lot, as shown on the Plat.

1.25 "Private Drainage Easement Improvements" shall mean any improvements installed by the Developer or the Association on Private Drainage Easements, including, but not limited to, earthen berms or swales to direct the flow of water, erosion mitigation improvements or any other measure, device or structural improvements to direct, retain or detain the flow of water or mitigation of erosion of soils caused thereby.

1.26 "Private Landscape Easements" shall mean the easements at both entries to the Property, as shown on the Plat, and areas along the perimeter of the Property where easements have been granted to the Association.

1.27 "Private Natural Open Space" shall mean the land located on the Lots which is subject to the Native Plant Preservation Ordinance, as shown on the Plat.

1.28 "Property" shall mean Lot Nos. 1 through 190, Common Area A, Common Area B and Wellsite, as shown on the Plat and as recorded in Book 59 of Maps and Plats, page 3, Pima County, Arizona and the Wellsite.

1.29 "Purchaser" shall mean any Owner other than the Developer.

1.30 "Rules" shall mean the rules adopted by the Board pursuant to the By-Laws.

1.31 "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is, or would be, visible to a person six (6) feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

1.32 "Water Facilities" shall mean the Wellsite Easements improvements, Common Area A improvements and Wellsite improvements necessary for the delivery and metering of potable water.

1.33 "Wellsite" shall mean the adjoining site of the well on the Property owned by the Association, as described on Exhibit "C" attached hereto.

1.34 "Wellsite Easements" shall mean the fifty foot (50 ft.) wide private ingress/egress and utility easement located on Lot No. 53, as shown on the Plat, and an existing twenty foot (20 ft.) wide utility and access easement located between Lot No. 53 and the Wellsite, as shown in Book 17 of Maps and Plats, at Page 92.

ARTICLE II
ASSOCIATION

2.1 Membership in the Association. Each Owner (including Declarant) of a Lot, by virtue of being an Owner, shall automatically be a Member of the Association. Membership in the Association shall be appurtenant to each Lot owned and shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of a Lot or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process, and then only to the transferee thereof. Any transfer of ownership of a Lot shall operate automatically to transfer said membership to the new Owner thereof. Any attempted transfer of membership separate from the appurtenant Lot(s) shall be void.

2.2 Voting Rights and Classes of Membership. The Association shall have two (2) classes of voting membership.

2.2.1 Class A Members. Class A Members shall be all Owners of Lots. When more than one person holds an interest in any Lot, all such persons shall be Members but shall have collectively only one (1) vote per Lot. The Owners shall designate to the Association, in writing, the Owner who shall have the power to cast the vote associated with said Lot, and in the absence of such designation, the Board may designate the Owner who shall have the power to cast such vote. In the event any Owner casts a ballot representing a certain Lot, it will be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of the same Lot. In the event more than one ballot is cast for a particular Lot, none of said votes shall be counted. Said votes shall be deemed void and said Lot will not be counted for purposes of determining whether the voting requirements hereunder have been met.

In the event any Lot is owned by a corporation, limited liability company partnership or other association, the corporation, partnership limited liability company or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, of such corporation, partnership or association shall have the power to vote the membership, and if there is no chief executive officer, then the Board of Directors, general partner or manager of such corporation, limited liability company, partnership or association shall designate who shall have the power to vote the membership.

2.2.2 Class B Member. The Class B Member shall be Declarant, who shall be entitled to four (4) votes for each Lot. The Class B membership shall cease and be converted to Class A membership on the happening of either of one of the following events, whichever occurs earlier:

A. One year after such time as the total votes vested in Class A Members equal or exceed the total votes vested in the Class B Member;

B. Ten (10) years following the effective date of the Declaration; or

C. Such earlier time as Declarant shall designate in writing.

Any mortgagee who acquires title to a Lot pursuant to a judgment of foreclosure, trustee's sale or deed in lieu of foreclosure shall automatically become entitled to exercise all voting rights which the Owner of said Lot would otherwise have had. If any lender to whom Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under this Declaration should succeed to the interest of the Declarant by virtue of said assignment, the absolute voting rights of the Declarant as provided herein shall not be terminated thereby, and such lender, or successor to such lender by assignment or foreclosure or acceptance of a deed in lieu thereof, shall hold Declarant's memberships and voting rights on the same terms as they were held by Declarant.

2.2.3 Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration for a period of fifteen (15) days after the date specified on the billing therefore, or shall be in default in the performance of any of the terms of the Declaration for a period of fifteen (15) days after written notice from the Association thereof. Ten (10) days prior to any meeting of the membership where voting shall occur, or ten (10) days prior to any election or vote by mail as authorized by this Declaration or Arizona State Statute, the Board shall schedule and convene a hearing at which the Owners may present matters of mitigation or extenuation regarding their assessment account or their failure to meet the terms of the Declaration. All Owners meeting the aforementioned criterion shall be provided notice by certified mail regarding date and time of said hearing, and a specific date by which their assessment account shall be brought current or the matter of non-performance corrected. If after the hearing is held owners are still in arrears or remain noncompliant, said Owner's right to vote as a Member of the Association, if any such right exists, shall be automatically suspended and shall remain suspended until all payments are brought current and all defaults cured.

2.3 Purpose of Association. The Association is a non-profit corporation which will serve as the governing body for all Owners and Members for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Wellsite and Water Facilities, Common Area A, Common Area B, easements dedicated to the Association (including Private Drainage Easements, Private Natural Open Space and Private Landscape Easements), any other real property or improvements owned by the Association, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds and other matters as provided in this Declaration, the Articles, the By-Laws and the Rules. The Association shall not be deemed to be conducting a business of any kind. All funds received by the Association shall be held and applied by it for the Owners and Members in accordance with the provisions of this Declaration, the Articles and the By-Laws.

2.4 Rights and Responsibilities of Association. The Association through the Board, unless specifically provided otherwise, shall have the right of enforcement of all the provisions of this Declaration. The Association shall also, at its option, have the right to create and enforce the provisions of an Amended or Supplemental Declaration. The Association shall be responsible for the proper and efficient management and operation of Common Areas, Wellsite and easements dedicated to the Association, including:

1. Maintaining, operating and rebuilding improvements thereon.

2. Maintaining and landscaping the property owned or controlled by the Association;

3. Operating, maintaining, rebuilding and insuring improvements (including Common Area A, Common Area B, Wellsite, Wellsite Easements and Private Landscape Easements) originally constructed by Declarant or Developer or later constructed by the Association;

4. Paying real estate taxes, assessments and other charges on all real property and improvements owned by the Association;

5. Insuring all real property owned or controlled by the Association, including improvements thereon, if any, which the Association is obligated to maintain against damage by casualty with such companies and in such limits as provided herein and as the Association deems appropriate.

6. Hiring, firing, supervising and paying employees and independent contractors including, but not limited to, workmen, landscapers, attorneys, accountants, architects and contractors to carry out the obligations set forth herein;

7. Maintaining such liability insurance as the Association deems necessary to protect the Members and the Board of the Association from any liability caused by occurrences or happenings on or about the real property owned by the Association and the Wellsite Easements, Private Landscape Easements, Private Drainage Easements, and any other easements controlled by the Association;

8. Maintaining worker's compensation insurance for the employees of the Association;

9. Maintaining, operating, repairing and rebuilding Water Facilities owned by the Association;

10. Purchasing all goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

11. Establishing and maintaining such adequate cash reserves as the Association may, in its sole and absolute discretion, deem reasonably necessary for the periodic maintenance, repair and replacement of the improvements within the real property owned or controlled by the Association, including the Wellsite Easements, Private Landscape Easements, Private Drainage Easement and other easements controlled by the Association.

12. Providing for and payment of all utility services for the Common Area A and the Private Landscape Easements;

13. Entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above;

14. Granting licenses, easements and other agreements for the use of the Common Area;

15. Maintaining any personal property owned by the Association; and

16. Such other matters as are provided for in this Declaration, the Articles and the By-Laws.

2.5 Articles and By-Laws. The manner in which the Association holds meetings and attends to other corporate formalities shall be controlled by the provisions of the By-Laws, the Articles and this Declaration, which Declaration shall control in the event of conflict.

2.6 Transition to Board.

2.6.1 Prior to the time that the operations of the Association are turned over to the Members by the Declarant, the Members shall be required by February 15 of each year to report and submit to the Association, in writing, any claims or disputes with regard to the operations of the Association by the Declarant, during the immediately preceding calendar year, or the collection of assessments, maintenance and reserve accounts and other matters falling within the realm of responsibility of the Association.

2.6.2 When the operations of the Association are turned over to the Members by the Declarant, the Declarant shall deliver all corporate books and accounting records to the Members at the principal office of the Association. Upon receipt of the corporate books, accounting records and written notice of Declarant's intent to turn over the operations of the Association, the Members shall notify Declarant in writing within forty-five (45) days of any claims or disputes with regard to the operations of the Association by the Declarant which have arisen subsequent to December 31 of the preceding year, or the collection of assessments, maintenance and reserve accounts and other matters falling within the realm of responsibility of the Association.

2.6.3 In the event that such claims or disputes are not presented in writing to the Declarant within the time periods set forth above, such claims and disputes shall be deemed forever waived, relinquished and abandoned.

2.6.4 Any valid and timely written claims or disputes presented to the Declarant shall be resolved promptly between the Members and Declarant.

2.7 Authority of Board.

2.7.1 The Board shall be empowered to adopt, amend or repeal such rules and regulations and Design Review Guidelines as it deems reasonable and appropriate and, which shall be binding upon all persons subject to this Declaration and shall govern the use and/or occupancy of the Property; provided, however that the Rules may not discriminate among members and shall not be inconsistent with this Declaration, the Articles or the Bylaws. The Rules may also include the establishment of a system of fines and penalties. The Rules and Design Review Guidelines shall govern such matters as the Board deems to be in furtherance of the purposes of the Association, including, without limitation, the use of the Common Areas, Wellsite, Wellsite Easements, Private Drainage Easements, Private Landscape Easements and Private Natural Open Space contained within each lot. The Rules may be amended at any special or regular meeting of the Board.

2.7.2 The Rules are deemed incorporated herein by this reference and shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding upon all persons having any interest in, or making any use of, any part of the Property, whether or not copies of the Rules are actually received by such persons. The Rules, as adopted, amended or repealed, shall be available for review at the principal office of the Association to each person reasonably entitled thereto. It shall be the responsibility of each person subject to the Rules to review and keep abreast of any changes in the provisions thereof. In the event of any conflict between any provision of the Rules and any provisions of the Declaration, the Articles or By-Laws, the provisions of the Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of any such conflict.

2.8 Non-Liability of Officials and Indemnification.

2.8.1 To the fullest extent permitted by law, neither Declarant, nor the Board, nor any committees of the Association, nor any member thereof, nor any officers, directors or employees of the Declarant or of the Association, nor any other person shall be liable for any damage, loss or prejudice suffered or claimed on account of any decision, course of action, act, inaction, omission, error, negligence or the like made in good faith and which Declarant, the Board or such committees or officers reasonably believed to be within the scope of their respective duties.

2.8.2 To the fullest extent permitted by law, Declarant and every director, officer or committee member of the Association and of the Declarant (to the extent a claim may be brought by reason of Declarant's appointment, removal or control over members of the Board or its control over the Association or any committee thereof) shall be indemnified by the Association. Every other person serving as an employee or direct agent of the Association, or otherwise acting on behalf of and at the request of the Association, may, in the discretion of the Board, be indemnified by the Association.

2.8.3 Any such indemnification shall be limited to all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon such person in connection with any proceeding to which he/she may be a party or in which he/she may become involved by reason of his/her being or having served in such capacity on behalf of the Association (or in the case of Declarant by reason of having appointed, removed, controlled or failed to control the Association) or incurred in any settlement thereof, whether or not he/she is a director, officer or member of a committee or serving in such other specified capacity at the time such expenses are incurred.

2.9 Managing Agent. All powers, duties and rights of the Association or the Board, as allowed and provided by law and herein, may be delegated to a managing agent under a management agreement, provided, however, that no such delegation shall relieve the Association of its obligation to perform any such delegated duty. Any agreement for professional management shall not exceed a term of one (1) year, which term may be renewed by agreement of the parties for successive one-year periods. Any such agreement shall provide for termination by either party with or without cause and without payment of a termination fee upon ninety (90) days' written notice, provided, however, that the Association may terminate the agreement for cause upon thirty (30) days' written notice. The Association is expressly authorized to contract with Declarant, or an affiliate of Declarant, to provide

management services or to perform other duties of the Association or the Board, provided, however, that the compensation to be paid to Declarant or its affiliate under such contract shall not exceed a reasonable amount consistent with compensation paid to professional managers performing similar services in accordance with the standards of the industry.

2.10 Disputes. In the event of any dispute or disagreement between any Owners or any other persons subject to this Declaration relating to the Property or any question of interpretation or application of the provisions of this Declaration, the Articles, the By-Laws or the Rules, this Declaration shall control. If the subject is not governed by this Declaration, a determination thereof by the Board shall be final and binding on each and all of such persons, subject to the right of any party to seek declaratory relief. The Board may, at its election, delegate the resolution of such dispute or disagreement to a committee appointed by the Board.

2.11 Records and Accounting. The Association shall keep, or cause to be kept, true and correct books and records of account, including the water account as discussed in Section 8.3 of this Declaration) at the sole cost and expense of the Association in accordance with generally accepted accounting principles. Such books and records, together with current copies of this Declaration, the Articles, the By-Laws, the Design Review Guidelines and the Rules shall be available for inspection by all Owners and First Mortgagees of record at reasonable times during regular business hours and shall specify in reasonable detail all expenses incurred and funds accumulated. Such record, books and accounts shall be kept for a period of at least two (2) years after preparation.

ARTICLE III
INSURANCE

3.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to an individual Owner other than the Declarant, the Association shall maintain adequate insurance for: Common Area liability to extend to those areas the Association may agree to maintain pursuant to Article 9 herein, officers' and directors' liability; liability of committees appointed by the Board; and personal property, fidelity and any other coverage deemed necessary by the Board.

3.2 Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

3.3 Repair and Replacement of Damaged or Destroyed Property. Any portion of the real property owned or controlled by the Association or any improvements thereon damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance or (b) (80%) of the Owners voting at a meeting called for that purpose vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If the entire Common Area is not

repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot or shall be deposited in the Association's Reserves, at the sole and absolute discretion of the Board.

3.4 Owner's Responsibility. It is the responsibility of each Owner of a Lot to maintain insurance on his Lot and Improvements thereon.

3.5 Condemnation and Destruction.

3.5.1 Condemnation.

3.5.1.1 Taking. The term "taking," as used in this section, shall mean either (i) condemnation by eminent domain or (ii) sale under threat of condemnation.

3.5.1.1.1 Authority of Board. In the event of a threatened taking of all or any portion of the Common Areas, Wellsite and Wellsite Easements, the Members hereby appoint the Board and such persons as the Board or the Association may designate to represent all of the Owners in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of defending a condemnation action.

3.5.1.1.2 Partial Taking. In the event of a taking of less than all of the Common Areas, Wellsite and Wellsite Easements, the rules as to restoration and replacement of the Common Areas, Wellsite and Wellsite Easements and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Areas, Wellsite and Wellsite Easements.

3.5.1.1.3 Distribution of Proceeds. Any awards received on account of the taking shall be paid to the Association. In the event of a total taking, the Board may retain any award in the general funds of the Association or distribute it to the Owners on the basis of an equal share for each lot, at the sole and absolute discretion of the Board. Notwithstanding anything to the contrary in this section, the distribution of any award or awards for a taking of all or any portion of the Common Areas, Wellsite and Wellsite Easements shall be to the prior rights of mortgagees.

3.5.1.2 Destruction.

3.5.1.2.1 Duty of Association. In the event of a partial or total destruction of the Common Area, wellsite or wellsite easements, Private Landscape Easements, or other easements controlled by the Association, it shall be the duty of the Association, subject to the provisions below, to restore and repair the same to its former condition as promptly as is practicable and in a workmanlike manner. The proceeds of any insurance maintained pursuant hereto shall be used for such purpose, subject to the prior rights of mortgagees whose interests may be protected by said policies.

3.5.1.2.2 Proceeds Exceed Eighty Percent of Reconstruction Costs. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least eighty percent (80%) of the estimated costs of restoration and repair, the Board may levy a uniform special assessment for reconstruction in an amount determined by the Board.

3.5.1.2.3 Proceeds Less Than Eighty Percent of Reconstruction Costs. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than eighty percent (80%) of the estimated cost of restoration and repair, the improvements shall not be replaced or restored through application of a special assessment unless such assessment is approved by the vote or written consent of two-thirds (⅔) of each class of Members.

3.5.1.2.4 Use of Hazard Proceeds; First Mortgagee Approval. Notwithstanding the foregoing, unless at least two-thirds (2/3) of the Eligible Mortgage Holders (based on one vote for each Mortgage held) or Owners (other than Declarant) have given their prior written approval, the Association shall not be entitled to use hazard proceeds for losses to any Common Areas, Wellsite, Wellsite Easements and Private Landscape Easements for other than the repair, replacement or reconstruction on such improvements.

3.5.1.2.5 Common Area; First Mortgagee Approval. In the event of a determination not to replace or restore the improvements on the Common Area as set forth in Section 3.5.1.2.4 above, the Common Area shall be cleared and landscaped as open space to be used by the Owners pursuant to the provisions hereof and the costs thereof shall be paid for with the insurance proceeds. Any deficiency may be raised by the levy of uniform special assessment for reconstruction in an amount determined by the Board.

ARTICLE IV
OWNERSHIP, USE AND MANAGEMENT OF COMMON AREAS AND OTHER RESTRICTED PROPERTY

4.1 Types of Common Area and Restricted Property; Maintenance. The Association reserves the right to make changes to the ground elevation within any Common Areas, Private Drainage Easements, Private Landscape Easements and Private Natural Open Space for purposes of landscaping and restoring, directing, enabling or modifying the free flow of water.

4.1.1 Common Area A shall consist of the private streets, as shown on the Plat. Private streets shall be constructed by the Developer and maintained by the Association. The Association, in its sole discretion, may elect to install and maintain controlled access gates along the private roads within the Property, and such gates may or may not be manned with personnel, cameras or other such equipment or facilities. Such gates may be key card, code, or other suitable type, but neither the Declarant, the Association nor any committee of the Association, nor any officer, employee, agent or representative of same shall be liable for any loss, damage, injury or death caused or allegedly caused as a result of a breach of privacy, or as a result of any criminal or wrongful act, it being understood that neither the Declarant nor the Association, nor any other person or entity can be responsible to avert such injury or loss. Each Owner, and all guests, invitees, tenants and other occupants of the

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Properties acknowledge and assume the risk of injury or loss, and recognize that controlled access facilities such as limited access roads and gated entries are merely deterrents and not absolute measures that prevent loss or injury.

4.1.2 Common Area B shall consist of the two, non-contiguous Private Natural Open Space areas which are not located on any Lot, as shown on the Plat. This land is preserved pursuant to the Native Plant Preservation Ordinance of Pima County and shall not be disturbed or damaged. If any Owner or such Owner's agents or contractors, disturbs or damages this Common Area B, the Owner shall be obligated to repair any such damage and, if such Owner fails to do so, the Association, after giving notice to the Owner, shall repair the damage and assess such Owner for the cost of the repair.

4.1.3 Private Natural Open Space shall consist of land which is subject to the Native Plant Reservation Ordinance, and which is located on the Lots, as shown on the Plat. This land is preserved pursuant to the Native Plant Preservation Ordinance of Pima County and shall not be disturbed or damaged. If any Owner disturbs or damages the Private Natural Open Space, the Owner shall be obligated to repair any such damage and, if such Owner fails to do so, the Association, after giving notice to the Owner, shall repair the damage and assess such Owner for the cost of the repair.

4.1.4 Private Drainage Easements are located on each Lot, as shown on the Plat. Owners, Builders and their agents or contractors are restricted from performing any construction which results in the obstruction or re-direction of the natural flow of water across the Private Drainage Easements. Fence posts are allowed to be placed in the Private Drainage Easements, provided such fence posts are spaced at least seven feet (7 ft.) apart. Trees, landscaping, gravel, plants, underground utilities, on-grade driveways and similar items which have a minimal effect on the flow of water shall be permitted. These restrictions shall not prevent public utility companies from placing utility facilities in the Private Drainage Easements. The Owner shall be obligated to maintain the Private Drainage Easements and prevent the growth of weeds and deposits of debris which may restrict the flow of water and, if the Owner fails to do so, the Association, after giving notice to the Owner, shall improve or repair the Private Drainage Easements and assess such Owner for the cost of the improvement or repair. Notwithstanding the foregoing, if the Association, in its sole discretion, determines that the water flow across the Private Drainage Easements needs to be modified or improved in any way, the Association may, at its own discretion and expense, make such changes and each owner hereby grants the Association the right to enter that owner's lot for the sole purpose of improving or modifying the Private Drainage Easement on that Owner's Lot.

4.1.5 Private Landscape Easements are located at the two entry ways to the subdivision, as shown on the Plat, and areas along the perimeter of the Property where easements have been granted to the Association. The Private Landscape Easements may contain improvements, which may include trees, shrubs, planters, ground cover, gravel, boulders, masonry walls, ornamental fencing, ornamental paving, irrigation, lighting, security gates, sidewalks, signs or other improvements. All improvements within the Private Landscape Easement shall be constructed by the Developer, Declarant, Association or Builder and maintained by the Association.

4.2 <u>Front Yard Setback</u>. The Front Yard Setback shall be forty feet (40 ft.), measured from the edge of Common Area A right of way. The Front Yard Setback is not set forth on the Plat and is not

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a zoning requirement of Pima County, but is established by this Declaration, and may be amended by vote of two-thirds (⅔) of the members voting in person or by proxy at a meeting called for such purpose. The Front Yard Setback shall be landscaped and maintained by the Owner of the Lot according to the requirements of the Rules and the Design Review Guidelines, and if the Owner fails to do so, the Association, after giving notice to the Owner, shall landscape and/or maintain the Front Yard Setback and assess such Owner for the cost of the landscaping or maintenance. The Board may grant variances or waivers, in its sole discretion, permitting a Front Yard Setback of less than forty feet (40 ft.).

4.3 Wellsite. The Wellsite is located on land as described in Exhibit "C". The Wellsite shall contain improvements necessary for the production and delivery of potable water. A fifty foot (50 ft.) wide private ingress/egress and utility easement is located on Lot No. 53, as shown on the Plat, and an existing twenty foot (20 ft.) wide utility and access easement is located between Lot No. 53 and the Wellsite, as shown in Book 17 of Maps and Plats, at Page 92. Water Facilities shall include Wellsite Easements, Common Area A improvements and Wellsite improvements necessary for the delivery and metering of potable water. These Water Facilities, including the water meter, shall be constructed by the Developer and maintained by the Association. Fees charged to any Owner or Builder for construction of Water Facilities and water usage rates shall be regulated by the Arizona Corporation Commission. The water line which extends beyond the water meter shall be constructed by the Owner or Builder and maintained by the Owner.

4.4 Perimeter Fencing. Any fencing or other improvements installed along the outer perimeter of the Property by the Builder, Declarant, Association or Developer shall be maintained by the Association.

4.5 Owners' Easements of Enjoyment. Every owner shall have a nonexclusive perpetual easement of use in and to the Common Areas which shall be appurtenant to and shall pass with title to every Lot, subject to the provisions of Section 3.4 of this Declaration. This easement extends only to the Common Areas.

4.6 Conditional Use of Common Area. Each Owner, his/her family, licensees, invitees, tenants or lessees or contract purchasers of a Lot shall be entitled to the non-exclusive use the Common Areas subject to:

1. The provisions of the Articles, the By-Laws, this Declaration and the Rules. Each Owner, invitee, licensee and tenant agrees that in using the Common Areas he/she will comply with the provisions of this Declaration, the Articles, the By-Laws and the Rules.

2. The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure.

3. The laws of Pima County relating to native plant preservation, as imposed on the Property by the Plat and as amended by Pima County.

4. Each owner of land described in Exhibit D (the "Adjacent Land Owner(s)") shall be permitted to use Common Area A and any improvements thereon solely for access to the Adjacent

Land. The Adjacent Land Owners shall be responsible for any damage which they cause to Common Area A or the improvements thereon, and are subject to all legal remedies available to the Association by law in enforcing collection of payment for the cost of repair of said damage.

4.7 Damage or Destruction of Common Area. Common Area B has been set aside pursuant to the requirements of the Pima County Native Plant Preservation Ordinance and shall remain undisturbed. In the event Common Area B is disturbed, damaged or destroyed by an Owner or any of his/her guests, tenants, licensees, agents or members of his/her family, such Owner shall be liable therefor to the extent of liability imposed by local law and such Owner does hereby irrevocably authorize the Association to repair the disturbed, damaged or destroyed property. The Association shall so repair the disturbed, damaged or destroyed property in substantial conformance with its original natural state, subject to the laws of Pima County in effect at the time of the damage, if any. The Owner shall then repay the Association in the amount actually expended for such repairs. Each Owner further agrees that these charges for repairs, if not paid within ten (10) days after completion of the work, shall be delinquent and shall become a lien upon Owner's Lot and shall continue to be such a lien until fully paid. The lien shall be subordinate to any first mortgage on the subject property. Said charges shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum. The amount of principal and interest owed by the Owner to the Association shall be a debt and shall be collectible by any lawful procedure allowed by the laws of the State of Arizona.

4.8 Restriction on Conveyance of Common Areas and Facilities. The Common Area owned by the Association, may not, by act or omission, be abandoned, partitioned, subdivided, encumbered, sold or transferred without the prior written approval of Pima County and two-thirds (2/3) of the Eligible Mortgagee Holders who responded within twenty (20) days of a written request to vote on such matter (based upon one vote for each mortgage owned) or the Owners (other than Developer or Declarant), provided, however, that this shall not prevent the transfer of Common Area A to a public entity if the Board determines that the private street shall be dedicated for public use.

ARTICLE V
COVENANTS FOR MAINTENANCE ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants, and each Owner of a Lot, by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot, is deemed to covenant and agree to pay to the Association: (1) annual assessments, (2) supplemental assessments, and (3) special assessments for capital improvements. The annual, supplemental, and special assessments, together with costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

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5.2 Purpose of the Assessments. The assessments levied by the Association shall be used exclusively for the upkeep, maintenance, and improvement of the Common Area and any other property owned or controlled by the Association, and such portions of the Lots, and such portions of the Improvements located thereon, as the Association is obligated to maintain under Sections 9.1, 9.2 and 9.3 of this Declaration, to protect and enhance property values and maintain the Common Areas and for all purposes set forth in the Articles, the By-Laws, and this Declaration, and for the establishment of adequate reserve funds as determined by the Board in its sole and absolute discretion to be appropriate.

5.3 Maximum Annual Assessment.

5.3.1 Until January 1 of the year immediately following the conveyance of the first Lot by the Declarant to a Purchaser, the maximum annual assessment for each Lot shall be four hundred eighty dollars ($480.00).

5.3.2 From and after January 1 of the year immediately following the conveyance of the first Lot by a Declarant to a Purchaser, the Board may, without a vote of the membership, increase the maximum annual assessment during each fiscal year of the Association by not more than twenty percent (20%) above the assessment for the previous year.

5.3.3 From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment may be increased by an amount greater than the maximum increase allowed pursuant to (a) above, only by the affirmative vote of at least two-thirds (2/3) of the Members present at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), or by the affirmative vote of at least two-thirds (2/3) of the Members of each class of Members voting at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), so long as there is a Class B Member.

5.3.4 The Board may fix the annual assessment in any amount not in excess of the maximum annual assessment. However, under no circumstance shall the assessment rate be raised more than 20% above the previous years annual assessment amount without the affirmative vote of at least two-thirds (2/3) of the members of each class of Members voting at a meeting of the Association, at which a quorum is present (in person or by proxy).

5.4 Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will become, inadequate to meet all expenses of the Association, for any reason, including, without limitation, nonpayment of assessments by the Members, it shall immediately determine the approximate amount of such inadequacies for such fiscal year, prepare a supplemental budget, determine the amount of such inadequacies for such fiscal year, and levy a supplemental assessment against each Lot in such amount as the inadequacies. Notice of any such supplemental assessment shall be given to each Owner. The supplemental assessment shall be paid on such dates and in such installments, as may be determined by the Board. No supplemental assessment shall be levied by the Board until such assessment has been approved by the affirmative vote of at least two-thirds (2/3) of the Members present at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), or by the affirmative vote of at least two-thirds

(2/3) of the Members of each class of Members voting at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), so long as there is a Class B Member.

5.5 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any such assessment shall be approved by the affirmative vote of at least two-thirds (2/3) of the Members present at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), or by the affirmative vote of at least two-thirds (2/3) of the Members of each class of Members voting at a duly called meeting of the Association, at which a quorum is present (in person or by proxy), so long as there is a Class B Member.

5.6 Notice and Quorum for Any Action Authorized Under Sections 5.3, 5.4 and 5.5. Written notice of any meeting called for the purpose of taking any action authorized under Section 5.3, 5.4 or 5.5 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or proxies entitled to cast thirty five percent (35%) of all votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.7 Uniform Rate of Assessment. Annual, supplemental, and special assessments must be fixed at a uniform rate for all Lots. However, as long as there is a Class B membership, Declarant shall not be subject to assessments for Lots not sold to individual Purchasers, but instead shall be required to pay the difference between actual operating costs for the Association and all income from assessments and all other sources. When the Class B membership ceases as prescribed in Article 4, Section 4.1, Declarant shall become a Class A Member and will be subject to assessment for each Lot owned by Declarant, at the rate of twenty-five percent (25%) of the full assessment amount until such time as the Lot is conveyed by Declarant to an individual Owner or is occupied, whichever occurs sooner. The one hundred percent (100%) assessment permanently attaches upon initial occupancy regardless of its state of occupancy thereafter.

5.8 Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the first Lot to a Purchaser. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. Failure by the Board to notify the membership of the annual assessment rate does not relieve the Owner of the obligation to pay. The Board may require that the annual assessment be paid in installments and in such event the Board shall establish the due dates for each installment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

5.9 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, or any installment of an assessment, not paid within thirty (30) days after the assessment, or the installment of the assessment, first becomes due shall bear interest from the due date at the rate of twelve (12%) percent per annum, in addition to a ten dollar ($10.00) penalty charge per late occurrence. Any assessment, or any installment of an assessment, which is delinquent shall become a continuing lien on the Lot against which such assessment was made. The lien shall be perfected by the recording of a notice of claim of lien which shall set forth (1) the name of the delinquent Owner as shown on the records of the Association, (2) legal description, street address and number of the Lot against which of lien is made, (3) the amount claimed as of the date of the recording of the notice including lien recording fees, interest and reasonable attorneys' fees, (4) the name and address of the Association (the "Notice of Claim of Lien").

Before recording a lien against any Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent assessments, together with interest and reasonable attorneys' fees, if any. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent assessments, lien fees, interest and reasonable attorneys' fees and costs have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, at its option, to enforce collection of any delinquent assessments together with lien fees, interest, reasonable attorneys' fees and costs and any other sums due to the Association in any manner allowed by law including, but not limited to, (a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments or (b) bringing an action to foreclose its lien against the Lot in the manner provided by Arizona law for the foreclosure of a lien on real property. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

5.10 Priority of the Lien. The lien of the assessments provided for in this Declaration shall have priority over all liens or claims created subsequent to the recording of the Notice of Claim of Lien. The Association shall be subordinate to the lien of any First Mortgagee and to any lien for taxes or other public charges which by applicable law are expressly made superior. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

5.11 Exemption of Owner. No Owner of a Lot may exempt himself from liability for annual, supplemental, or special assessments levied against his Lot or for other amounts which he may owe

to the Association by waiver and non-use of any of the Common Area and facilities, or by the abandonment of his Lot.

5.12 Subordination of the Lien to Mortgages; Sale or Transfer of Lots. The lien of the assessments provided for herein, including, without limitation, any fees, costs, late charges or interest which may be levied by the Association in connection with unpaid assessments, shall be subordinate to the lien of any First Mortgage. The sale or transfer of any Lot pursuant to foreclosure of any such First Mortgage or any proceeding in lieu thereof, including deed in lieu of foreclosure or cancellation or forfeiture of such executory land sales contract, shall extinguish the lien of assessment charges which became due prior to any such sale or transfer, foreclosure or any proceeding in lieu thereof, including a deed in lieu of foreclosure or cancellation or forfeiture of any such executory land sales contract; No such sale, transfer, foreclosure or any proceeding in lieu thereof, including a deed in lieu of foreclosure, nor cancellation or forfeiture of such executory land sales contract, shall relieve any Owner of a Lot from liability for any assessment charges thereafter becoming due, nor from the lien thereof. In the event of foreclosure of a First Mortgage or the taking of a deed in lieu thereof, such First Mortgage shall not be liable for unpaid assessments or other charges which accrued prior to the acquisition of title to the Lot in question by such First Mortgagee.

5.13 Mortgage Protection. Notwithstanding and prevailing over any other provisions of this Declaration, the Articles, the By-Laws or the Rules, the following provisions shall apply to and benefit each First Mortgagee of a Lot.

5.13.1 First Mortgagees shall not in any case or manner prior to acquiring title to a Lot be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, regulation, Rule, Article or By-Law, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as hereinafter provided.

5.13.2 During the pendency of any proceeding to foreclose the First Mortgage, including any period of redemption, the First Mortgagee (or receiver appointed in such action) may, but need not, exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including, but not limited to, the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

5.13.3 At such time as the First Mortgagee shall become record Owner of a Lot, said First Mortgagee shall be subject to all of the terms and conditions of this Declaration, including, but not limited to, the obligation to pay for all assessments and charges accruing thereafter in the same manner as any Owner.

5.13.4 Any provision contained in this Declaration to the contrary notwithstanding, unless at least two-thirds (2/3) of the Lot Owners (other than the Declarant or Developer) or two-thirds (2/3) of the Eligible Mortgage Holders (based upon one vote for each mortgage held) have given their prior written approval, the Association shall not be empowered or entitled to: (i) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot; (ii) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to maintenance of Common Areas, including landscaping thereon, drainage

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improvements, walkways, Private Drainage Easements, Private Landscape Easements, Wellsite, Wellsite Easements, perimeter walls and driveways; (iii) fail to maintain fire and extended coverage insurance on the Common Areas and any improvements maintained by the Association on a replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement costs); and (iv) use hazard insurance proceeds for losses to any Common Areas and improvements for other than the repair, replacement or reconstruction of such Common Areas and improvements.

5.13.5 First Mortgagees are hereby granted the right to jointly or singly pay taxes or other charges which are in default and which may or have become a charge against the Common Areas and Wellsite owned by the Association, and such First Mortgagees may, jointly or singly, pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Wellsite or Common Area. Any First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

5.13.6 Nothing in this Declaration shall in any manner be deemed to give a Lot Owner, or any other party, priority over any rights of a First Mortgagee of a Lot pursuant to the terms of such First Mortgagee's mortgage in the case of a distribution to an Owner of insurance proceeds or condemnation awards for losses to or a taking of any Lot or any part of the Common Area owned by the Association. Each First Mortgagee shall be entitled to timely written notice of such loss or taking.

5.13.7 Each First Mortgagee shall, upon notice to the Association, be entitled to a written notification from the Association of any default in the performance by the Owner of a Lot encumbered by the Mortgage in favor of such First Mortgagee of any obligation under this Declaration or under the Articles, the By-Laws or the Rules of the Association which is not cured within sixty (60) days.

5.13.8 Each First Mortgagee shall, upon written notice to the Association, be entitled to (i) inspect the books and records of the Association during normal business hours; (ii) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; and (iii) receive written notice of all meetings of the Association and designate a representative to attend such meetings.

5.13.9 Upon written request to the Association identifying the name and address of the holder, insurer or guarantor of a First Mortgage and the Lot number, address or legal description of a Lot, or portion thereof, an Eligible Mortgage Holder, insurer or guarantor shall be entitled to timely written notice of:

1. Any condemnation loss or casualty loss affecting a material portion of the Property;

2. Any sixty (60) day delinquency in the payment of assessments;

3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond; and

4. Any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

ARTICLE VI
EASEMENTS

6.1 Maintenance Easement. An easement is reserved and granted to the Association, its officers, agents, employees and assigns upon, across, over, in and under the Common Areas, Wellsite, Wellsite Easements, Private Drainage Easements, Private Landscape Easements, Private Natural Open Space easements and Front Setback Area, to enable the Association to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

6.2 Easement Encroachments. Each Lot and the Common Area shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by a Developer or Builder, including footings and walls thereon. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event Dwelling Units are partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments on parts of the adjacent Lot or Common Area due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist, but only for the duration of any such construction..

6.3 Private Drainage Easements. Private Drainage Easements have been established as shown on the Plat or by separate instrument duly recorded over and across certain Lots for the exclusive use and benefit of other Owners. Each Owner of a Lot on which a Private Drainage Easement is located shall comply with the provisions of Section 6.1 of this Declaration in maintaining such easements.

6.4 Utility Easements.

6.4.1 In addition to those specific easements shown on the Plat, there is hereby created a blanket easement upon, across, over and under the Common Areas, Wellsite, Wellsite Easements, Private Landscape Easements and Private Drainage Easements for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communications lines and systems, etc.

6.4.2 Notwithstanding anything to the contrary contained in this section, no electrical lines, water lines or other utilities or service lines may be installed or relocated on the Property, except as initially designed and installed by the Developer or a Builder or thereafter approved by the Board. This easement shall in no way affect any other recorded easements on the Property. In no event shall any portion of the above-mentioned easements for utilities be construed to authorize the placing or installing of electrical lines, water lines or other utilities under any permanent building structure constructed on the Property. This easement shall be limited to improvements as originally constructed. There shall be an access easement for the delivery and collection of the U.S. Mail.

6.5 Electrical Services and Telephone Lines. All electrical services and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead (except existing

overhead lines and overhead lines to the Wellsite), provided that no provisions hereof shall prohibit the erection of temporary power or telephone structures incident to construction.

6.6 Rights of Declarant Incident to Construction. An easement is reserved by and granted to Declarant, Builders and their successors and assigns for access, ingress and egress over, in, upon, under and across the Property, including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to construction on and marketing of the Property.

6.7 Easements Deemed Created. All conveyances of Lots hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements in this Article VI.

6.8 Conveyance of Common Area. Declarant shall grant and convey to the Association and the Association shall receive ownership of the Common Areas prior to the closing of sale of a Lot by Declarant to an Owner. Upon such conveyance and grant, the Association shall succeed to all rights, duties and powers with respect to the Common Area as prescribed by law and as set forth in the Articles, the By-Laws and this Declaration.

ARTICLE VII
ARCHITECTURAL CONTROL COMMITTEE

7.1 Composition of Committee. The Architectural Control Committee shall consist of three (3) or more persons appointed by the Board of Directors of the Association, provided, however, that, except as otherwise provided, until eighty percent (80%) of the Lots have been conveyed to the first Owner thereof (other than Declarant), Declarant shall appoint the Committee. A majority of the Committee may designate a representative to act for it.

7.2 Review by Committee.

7.2.1 No structure, improvement or any attachment to an existing structure shall be made or constructed upon the Property (except by the Association or Developer upon the Common Areas, Wellsite, Private Landscape Easements and Private Drainage Easements), no alteration of the exterior of a structure or improvement shall be made, no change in the final grade shall be made and no installation of any landscaping to any part of the Property (except changes by the Association or Developer upon the Common Areas, Wellsite, Private Landscape Easements, Private Drainage Easements changes by an Owner to enclosed rear yards) shall be performed unless complete plans and specifications, including a construction schedule therefor, shall have first been submitted to and approved in writing by the Committee. The Committee shall exercise its best judgment to the end that all attachments, improvements, construction, landscaping and alterations to structures on lands located within the Property conform to and harmonize with the existing surroundings and structures. Decisions of the Committee are binding and conclusive. The Committee may adopt Design Review Guidelines to assist in architectural review.

7.2.2 The Committee shall have the right to designate a Designated Review Professional which may be a professional engineering or architectural firm. The Designated Review Professional

may be changed by a vote of the majority of the Committee. Fees for approval for submission of plans may include the fees of the Designated Review Professional.

7.3 Procedures. The Committee shall approve or disapprove all plans within thirty (30) days after submission and issuance by the Association of a receipt therefor. In the event the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval shall be deemed denied, except that the party submitting the plans may resubmit the plans and if no response is given for a period of thirty (30) days after a written request by certified mail for a decision, the party may appeal the denial to the Board.

7.4 Vote. A majority vote of the Committee is required to approve a proposed change or improvement, unless the Committee has designated a representative to act for it, in which case the decision of the representative shall control. The Committee may act in a meeting or may vote in writing through e-mail, fax or similar communication.

7.5 Liability. The Committee, the Designated Review Professional and the members thereof shall not be liable in damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

7.6 Variance. The Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by Articles VI or VII of this Declaration in order to overcome practical difficulties and prevent unnecessary hardships arising by reason of the application of the restrictions contained in Articles VI or VII. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the Property and shall not militate against the general intent and purpose hereof.

7.7 Non-Conforming Architectural Improvements.

7.7.1 In the event that the Architectural Improvements do not, upon the proposed date set forth in the construction schedule, conform to the plans submitted to and approved by the Committee, the Committee shall give written notice to the Owner of the property upon which such Architectural Improvements have been made. Such notice shall specify the nature of the nonconformity of the Committee in accordance with the By-Laws.

7.7.2 If the Owner has not, within sixty (60) days of the mailing or delivery of the written notice, corrected the nonconformity of the Architectural Improvement, then the Association shall have the right and an easement to direct its agents, employees or contractors to enter upon the said Owner's property for the purpose of making any or all such improvements, alterations or repairs as are necessary to bring the Owner's Architectural Improvements into conformity with the plans submitted to and approved by the Committee and/or initiate such legal proceedings as may be deemed appropriate by the Association.

7.7.3 All costs incurred by the Association in the course of the Committee's efforts to bring the nonconforming Architectural Improvements into conformity with the approved plans as provided

above, including costs of labor, materials and all associated administrative costs reasonably incurred by the Association in connection therewith, shall be added to and become part of the assessment to which such Owner's Lot is subject, shall become a lien on such Owner's Lot and the improvements thereon and shall be enforceable and collected as provided for in Article V hereof.

7.8 Color and Building Materials. Without limiting the foregoing, no color schemes, materials, composition or products whether in the original construction or in later changes shall be used or permitted without the prior approval of the Committee.

7.9 Board Discretion of Architectural Control Committee. In reviewing plans for alterations, modifications, additions or other changes to a structure upon a Lot, the Committee shall exercise its discretion in deciding whether or not an alteration or modification is in harmony with the overall scheme of subdivision development. The Committee shall have the right to deny alterations or modifications for purely aesthetic reasons if the Committee considers the alteration or modification to be unattractive in relation of the overall scheme of development, the alteration or modification to be a nuisance or upset of design, the alterations or modifications to be in contrast to or out of harmony with the style of existing structures or if the physical views of the Property will be disrupted by the alteration or modification.

7.10 Fee. The Association may establish a reasonable processing fee to defer the costs of the Committee in considering any requests for approvals submitted to the Committee.

ARTICLE VIII
USES AND RESTRICTIONS

All residential property within the subdivision shall be held, used and enjoyed, subject to the following limitations and restrictions:

8.1 Private Residential Purposes.

8.1.1 Dwelling Units and single-family Lots shall be occupied and used by the respective Owners solely for private residential use of the Owner, his/her family, tenants and social guests and for no other purpose. No gainful occupation, profession, trade or other non-residential use shall be conducted on the residential portions of the Property, except, i) computer based businesses, ii) businesses which do not cause an increase in traffic, or iii) businesses that are obvious from the exterior of the home. Additionally, the Declarant, Developer or Builders may maintain sales offices and sales models on the residential portions of the Property.

8.1.2 Sales offices, sales models and construction offices utilized by the Declarant, Developer or Builders on the Property need not be owned by the Declarant, Developer or Builders. Further, sales models and sales offices may be utilized on the Property as sales models and sales offices for the benefit of other subdivisions within the Property of Declarant, Developer or Builders.

8.1.3 Dwelling Units shall be site-built only. No manufactured home, mobile home, trailer, part of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structure of any kind shall be used at any time, on any portion of the Property, for a residence, either

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temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be removed immediately after the completion of construction.

8.1.3.1 Each lot shall contain a single Dwelling Unit with only one kitchen facility. Guest quarters must be attached, may not contain cooking facilities, and may not be rented separately from the primary Dwelling Unit.

8.2 Setback Requirements. The Front Yard Setback shall be forty feet (40 ft.), measured from the edge of Common Area A right of way. The Front Yard Setback is not set forth on the Plat and is not a zoning requirement of Pima County, but is established by this Declaration, and may be amended by vote of two-thirds (2/3) of the members voting in person or by proxy at a meeting called for such purpose. The Front Yard Setback shall be landscaped and maintained by the Owner of the Lot according to the requirements of the Rules and the Design Review Guidelines, and if the Owner fails to do so, the Association, after giving notice to the Owner, shall landscape and/or maintain the Front Yard Setback and assess such Owner for the cost of the landscaping or maintenance. The Board may grant variances or waivers, in its sole discretion, permitting a Front Yard Setback of less than forty feet (40 ft.).

8.3 Renting. Each Owner shall have the right to lease or rent his/her Dwelling Unit, provided, however, that any lease agreement, including any agreement to lease the Dwelling Unit on a month-to-month basis, must be in writing and must provide that the failure of any lessee or tenant to comply with the Rules, the Articles, the By-Laws and provisions of this Declaration shall be a default under the lease. Any lease agreement shall be for a period of not less than thirty (30) days, and a copy of any lease agreement identifying the owners of the lot and the tenant shall be provided to the Association.

8.4 Antennas and Exterior Additions. No exterior antennas or other devices for the transmission or reception of radio and television signals shall be erected or maintained on the Property without prior written authorization of the Committee. The Developer shall determine standards for exterior television antennas. Further, no exterior devices, additions, structures or accessory buildings, other than those initially installed according to the plans approved by the Board or Committee, shall be constructed on the exterior of a Dwelling Unit (including the roof) without the written authorization of the Committee. The Board or the Committee shall adopt written standards for such devices which shall comply with the regulations of the Federal Communications Commission, as amended.

8.5 Solar Devices. No solar devices of any type shall be erected or installed on any Lot without the approval of the Board or Committee as set forth in Article VII herein.

8.6 Insurance Rates. Nothing shall be done or kept on any Dwelling Unit or Common Area which will result in the cancellation of insurance on any such property or which would be in violation of any law

8.7 Signs.

8.7.1 No signs of any kind shall be displayed which are visible from neighboring properties without the approval of the Board or the Committee except:

1. Such signs as may be required by legal proceedings;

2. Such signs as may be used by Developer or Declarant; and

3. Such signs as may be approved by the Board or the Committee indicating a Dwelling Unit is for sale or lease.

4. Political signs in accordance with State of Arizona statute.

5. All other signs must be specifically approved by the Board or the Committee.

8.7.2 Where the Board's approval is required, it shall approve the nature, composition, number, size and location of all signs unless excepted hereunder.

8.8 Nuisances. After completion of construction of all Dwelling Units and landscaping of Lots by Developer, no rubbish or debris of any kind shall be placed or permitted to accumulate upon any Property within the subdivision, and no odors shall be permitted to arise therefrom so as to render any such Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing no sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such Property without the prior written approval of the Board. The Board in its sole discretion shall have the right to determine the existence of any nuisance.

8.9 Growth and Planting.

8.9.1 The growth and planting in the Common Areas, Private Landscape Easements, Front Yard Setback, Wellsite, if any, and Wellsite Easements, if any, shall not be removed or destroyed unless written permission is first obtained from the Board or Committee. Owners must obtain the Board's or Committee's written approval before planting anywhere except as originally approved and installed by Builder.

8.9.2 During construction phases, those areas designated on the Plat as Private Natural Open Space, if any, shall be fenced and protected from damage by construction personnel and equipment.

8.9.3 All landscaping within a Lot shall be subject to the review of and approval by the Architectural Control Committee, as stated herein. Furthermore, the majority of landscaped areas surrounding the Dwelling Unit and rear yard shall consist of native landscaping. Each Lot shall conform to an irrigation plan which is consistent with that of a ten thousand square foot (10,000 sq. ft.) Lot.

8.10 Exemption of Developer. As long as the Developer, Declarant or Builder follows the development plan approved by the Federal Housing Administration and/or the Veterans Administration, if such approval has been obtained, nothing in the Declaration, except as noted in Section 7.8 of this Declaration, shall limit the right of the Developer, Declarant or Builder to complete excavation, grading and construction of improvements to any Property within the

subdivision, to re-subdivide any lot or portion of the Property, to alter the foregoing or to construct such additional improvements as Developer deems advisable in the course of development of the subdivision so long as any Lot therein remains unsold. Further, nothing in these restrictions shall limit the right of Developer, Declarant or Builder to use any structure in the subdivision as a sales model, sales office or construction office and to place any sign, banner, flag or similar method of advertisement or promote sales within the Property or other subdivisions of Declarant, Developer or Builder. The rights of Declarant, Developer or Builder hereunder or elsewhere in this Declaration may be assigned by Declarant, Developer or Builder.

8.11 Unsightly Articles. No unsightly articles shall be permitted to remain so as to be visible from adjoining Dwelling Units or from the street or public way. Grass, shrub or tree clippings and all machinery, storage piles, wood piles, garbage or trash containers shall be kept within an enclosed structure or appropriately screened from view of adjoining property or from streets or public way except when necessary to effect such collection; provided, however, any such structure or screen shall be subject to the Board's or Committee's review and approval pursuant to Section 7.2 of this Declaration. The Board or the Committee shall have sole discretion in determining if any activity by an Owner is in violation of this section.

8.12 Trash Containers. No garbage or trash shall be placed or kept on any Property within the subdivision except in covered containers of a type, size and style which have been installed by Developer or have been approved by the Board or the Committee or are required by governmental authorities. All rubbish, trash or garbage shall be removed from the Dwelling Units and shall not be allowed to accumulate thereon. No incinerators shall be allowed. Trash/garbage containers shall be placed at curb side only on days of scheduled collection and shall be removed from view on the same day of collection. Owners of Dwelling Units utilizing common trash/garbage collection areas shall be jointly and severally responsible for keeping said common collection areas in a clean and sanitary condition. The Board or the Committee shall have sole discretion in determining if any activity by an Owner is in violation of this section.

8.13 Right of Inspection. During reasonable hours, any Member of the Board, or any authorized representative of any of them, shall have the right upon reasonable notice to the Owner of a Lot to enter upon and inspect any Property within the subdivision (except the interior of Dwelling Units) for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

8.14 Mail Boxes. Developer or the Board shall determine the location, color, size, design, lettering and all other particulars of all mail and paper delivery boxes and standards and brackets and name signs for same in order that the area be strictly uniform in appearance with respect thereto. Maintenance and insurance of mail boxes shall be the responsibility of the Owner.

8.15 Vehicles/Garages. The use of all vehicles, including, but not limited to, trucks, automobiles, bicycles and motorcycles shall be subject to the Design Review Guidelines and Rules, which may prohibit or limit the use thereof, provide parking regulations or generally regulate same. Garage doors shall be kept closed at all times, except as may be reasonably necessary for ingress, egress and normal day-to-day activities which require the utilization of the garage. At no time shall there be any outside storage of motor vehicles in stages of construction, reconstruction, modification or rebuilding

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of parts of motor vehicles such as frames, bodies, engines or other parts or accessories. Further, the storage or parking of any recreational vehicle, commercial vehicle or boat, other than completely within Owner's garage, is prohibited, except that a recreational vehicle may be legally parked at a residence for a period of not to exceed 24 hours prior to departing on a trip and 24 hours after returning from a trip for the purposes of loading or unloading. A maximum of four (4) garage bays shall be permitted. The garage area shall not exceed one thousand five hundred feet (1,500 sq. ft.) and garage doors shall not exceed nine feet (9 ft.) in height.

8.16 Clotheslines. No exterior clotheslines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

8.17 Diseases and Insects. No Owner shall permit anything or any condition to exist upon any Property within the subdivision which shall induce, breed or harbor infectious plant diseases or noxious insects.

8.18 Single Source Garbage Collection. The Association shall choose a single source garbage collection firm for the Property. Each Owner shall enter into an individual contract with the garbage collection firm selected by the Association and shall be responsible for direct payment and all other terms and conditions of the garbage collection firm.

8.19 Screen Walls and Fencing. All rear yard walls shall be enclosed with a masonry wall, or a combination of masonry and square steel tubing, and shall conform to the Design Review Guidelines and Rules. All other fencing and screen walls shall be constructed according to the Design Review Guidelines. All Screen Walls and Fencing shall require approval by the Committee.

8.20 Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any property and then only if they are kept, bred, or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Section, a particular animal is a general recognized house or yard pet, or nuisance, or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable to the same extent as other restrictions contained in this Declaration.

8.21 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained upon or adjacent to any property except such machinery or equipment as is usual and customary in connection with the use, maintenance, or construction of a residence, appurtenant structures, or other Improvements, and except that which Declarant or the Association may require for the operation and maintenance of the Property.

8.22 Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner without the prior written approval of the Board.

8.23 Mineral Exploration. No property shall be used in any manner to explore for, or to remove any water, oil, or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

ARTICLE IX
WATER SERVICE

9.1 Duty to Provide Water Service to Members. The Association shall have the duty to provide to Members of the Association groundwater for domestic purposes upon demand. The Association shall deliver water to Members on a continuous basis at a pressure that is reasonable, based on generally accepted engineering standards. In providing the water service as described herein, the Association shall operate the Wellsite for the exclusive benefit of the Members. All Members of the Association shall be entitled to receive groundwater from the Association on an impartial and non-discriminatory basis. Except as more fully provided in this Declaration, the Association may not deny any Member the right to receive groundwater from the Association, except for non-payment of assessments or charges related to the provision of water. The Association shall not be responsible, financially or otherwise, for construction, operating or maintaining any water distribution system located within a Lot.

9.2 Interruption or Cessation of Delivery. The Association shall have the right to interrupt, limit, curtail or cease delivery of water to Members for as brief a period as is reasonably necessary from an engineering standpoint, for purposes of maintaining, repairing, replacing or improving the water facilities without incurring liability to any Member for any damages or expenses of any kind that may be incurred by a Member. In the event of a Force Majeure, the Association shall be excused from providing water service for a period equal to the period of the Force Majeure and a reasonable period thereafter.

9.3 Water Account. The Board shall establish separate accounts, bookkeeping records and billing systems for the water facilities. Billing for water shall be implemented pursuant to the regulations of the Arizona Corporation Commission. In addition, the Board may establish committees or hire a manager to operate the water facilities.

9.4 Apportionment of Special Expenses. Special expenses shall include:

1. All costs to deepen, modify or improve the existing well;

2. All costs to comply with groundwater quality requirements of appropriate governmental authorities other than permit fees;

3. All other major capital repairs, maintenance or replacement of the water facility Improvements.

Special expenses shall be apportioned among all of the Members by multiplying the total amount of such expenses by a fraction, the numerator of which is the total amount of water delivered

to each Member during the term of this Declaration up to the time Association incurs such expenses, and the denominator of which is the total quantity of water delivered to Owners from the Wellsite during such period. Assessments for special expenses shall be levied as a special assessment as are fully provided in Section 5 of this Declaration.

ARTICLE X
CHANGES IN OWNERSHIP OF UNITS

10.1 Transfer of Title/Notice of Transfer Fee. Any Owner desiring to sell or otherwise transfer title to his/her Unit shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title and such other information as the Board may reasonably require. Each transferee shall pay to the Association a transfer fee to defray the administrative cost to the Association of such transfer in an amount to be established by Board resolution. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including annual assessment and special assessment obligations, until the date upon which such written notice is received by the Board or the Board otherwise receives actual written notice of the transfers. Notwithstanding the transfer of title, notice to the Association under this Section 10.1 of this Declaration is not intended to and does not relieve the transferor of the personal obligation established by Section 5.1 of this Declaration.

10.2 Capital Reserve Fee.

10.2.1 Authority. As an additional funding source, the Board shall collect a capital reserve fee upon each transfer of title to a Lot, provided, however, that no fee shall be payable due to the transfer of a Lot by the Declarant to a Builder or Owner. The fee shall be charged to the seller or buyer of the Lot and shall be payable to the Association at the closing of the transfer and shall be secured by the Association's lien for assessments under Section 5.1 of this Declaration. Each Owner shall notify the Secretary of the Board of the Association, or designee, at least seven (7) days prior to the scheduled closing and provide the name of the buyer, the date of transfer of title and other information which the Board may reasonably require.

10.2.2 Fee Amount. The fee shall be $100 per Lot, however, said fee may be increased by the Board of the Association by an amount not to exceed five percent (5%) per year. Funds paid to the Association pursuant to this Section 10.2 of this Declaration shall be used to fund a capital reserve for repairs and replacement and may be used as working capital.

10.3 Working Capital Fee.

10.3.1 Authority. As an additional funding source, the Board shall collect a Working Capital fee upon each transfer of title to a Lot, provided, however, that no fee shall be payable due to the transfer of a Lot by the Declarant to a Builder or Owner. The fee shall be charged to the seller or the buyer of the Lot and shall be payable to the Association at the closing of the transfer. Such fee shall be secured by the Association's lien for assessments as provided under Section 5.1 of this Declaration. Each Owner shall notify the Secretary of the Board or his/her designee at least seven (7) days prior to the scheduled closing and provide the name of the buyer, the date of transfer of title and other information which the Board may reasonably require.

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10.3.2 Fee Amount. The fee shall be $200 per Lot, however, said fee may be increased by the Board by an amount not to exceed five percent (5%) per year. Funds paid to the Association pursuant to this section shall be used as working capital.

ARTICLE XI
GENERAL PROVISIONS

11.1 Term. The covenants, conditions and restrictions of this Declaration shall remain in full force and effect for a period of twenty-five (25) years from the date this Declaration is recorded in the Office of the County Recorder, Pima County, Arizona. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each, unless then amended or repealed by the written consent of at least seventy-five percent (75%) of the Owners.

11.2 Amendments.

11.2.1 This Declaration may be amended by an instrument in writing, signed and acknowledged by the President and Secretary of the Board of the Association, certifying that such amendment has been approved by the vote or written consent (with or without a meeting subject, however, to the voting rights set forth herein) of the Owners, including Declarant, holding not less than sixty percent (60%) of the votes of the Association, and such amendment shall be effective upon its recordation in the Office of the County Recorder, Pima County, Arizona.

11.2.2 In addition to the requirements set forth elsewhere in this Declaration, the consent of fifty-one percent (51%) of the Eligible Mortgage Holders who responded within twenty (20) days of a written request to vote on any amendment, based on one (1) vote for each mortgage held, shall be required to add or amend any provisions of this Declaration which establish, provide for, govern or regulate any of the following:

1. Voting rights;

2. Assessments, assessment liens or subordination of assessment liens;

3. Reserves for maintenance, repair and replacement of the improvements to the Common Areas, Private Drainage Easements, Private Landscape Easements, Wellsite and Wellsite Easements;

4. Responsibility for maintenance and repairs;

5. Reallocation of interests in the Common Area or rights to its use;

6. Boundaries of any Lot;

7. Convertibility of Lots into the Common Area or vice versa;

8. Expansion or contraction of the Property, or the addition, annexation or withdrawal of property to or from the Property;

9. Insurance or fidelity bonds;

10. Leasing of any Dwelling Unit;

11. Imposition of any restriction on a Lot Owner's right to sell or transfer his/her Lot;

12. Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified herein;

13. Any action to terminate the legal status of the Property after substantial destruction or condemnation occurs; or

14. Any provisions which are for the express benefit of mortgagees, Eligible Mortgage Holders, insurers or guarantors of first mortgages on the Lots.

11.2.3 The consent of sixty-seven percent (67%) of the Eligible Mortgage Holders who responded within twenty (20) days of a written request to vote on such matter, based on one (1) vote for each mortgage held, shall be required for the termination of the legal status of the Association for reasons other than the substantial destruction or condemnation of the Property.

11.2.4 Proposed amendments, other than those set forth above, of an immaterial nature may be made pursuant to the same stipulations set forth above, except that the consent of an Eligible Mortgage Holder who fails to respond to a proposal within twenty (20) days of the proposal being made shall be deemed given.

11.2.5 Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles or the By-Laws shall be necessary in order for existing or future mortgages, deeds of trust or other security instruments to be acceptable to the Veterans Administration, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, then, subject to Section 11.8 below, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of the Owners, Members or First Mortgagees.

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11.3 Enforcement and Non-Waiver.

11.3.1 Enforcement. Except as otherwise provided herein, the Association, Sub-Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by provisions of this Declaration.

11.3.1.1 Failure by the Association, any Sub-Association as aforesaid or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Further, the Association shall have the authority to bring an action at law or in equity to enforce any of the provisions of this Declaration or of any Supplemental Declaration for subdivisions of the Property. Expenses of enforcement, in the event the Association is a substantially prevailing party, shall be paid to the Association by the Owner against whom enforcement action was commenced. The Association shall have the right to enter upon the property of any Owner for the purpose of repairing, modifying or demolishing improvements which are not in conformance with the provisions of this Declaration or any Supplemental Declaration and all expenses incurred in connection therewith shall be paid to the Association by the Owner in violation.

11.3.2 Violation of Law. Each and every provision of this Declaration and any amendments hereto shall be subject to all applicable governmental ordinances and subdivision regulations and any future amendments thereto. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein or in the By-Laws.

11.3.3 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

11.3.4 Non-Waiver. Failure by the Board, the Association or any Owner to enforce any of the provisions hereof at any time shall not constitute a waiver of the right thereafter to enforce any of such provisions.

11.4 Severability. Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

11.5 Construction.

11.5.1 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed by the laws of the State of Arizona.

11.5.2 Restrictions Severable. Notwithstanding any other provision hereof, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

11.5.3 Rule Against Perpetuities. In the event the provisions hereunder are declared void by a Court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then in that event said periods of time shall be reduced to a period of time which shall not violate the rule against perpetuities as set forth in the laws of the State of Arizona.

11.5.4 Singular Includes Plural: Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

11.5.5 Captions. All captions and titles used in this Declaration are intended solely for convenience or reference purposes only and in no way define, limit or describe the true intent and meaning of provisions hereof.

11.6 Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage pre-paid, addressed as follows:

If to the Association:	6262 North Swan Road, Suite 125 Tucson, Arizona 85718 or to the address of its Managing Agent, if applicable
If to an Owner:	The address of the Owner within the Property
If to the Declarant:	6262 North Swan Road, Suite 125 Tucson, Arizona 85718

A copy of any written notice or other documents relating to or required by this Declaration shall also be delivered to the Association. Any such address may be changed at any time by the party concerned by delivering written notice of change of address to the Association. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association and shall promptly notify the Association in writing of any subsequent change of address.

11.7 Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property included within this Declaration, each person or entity (for himself/herself or for his/her heirs, personal representatives, successors, transferees and assigns) binds himself/herself and his/her heirs, personal representatives, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the Property and hereby evidences his/her intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future owners, grantees, purchasers, assignees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Association shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

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11.8 Annexation.

11.8.1 Additional residential property and Common Area may be annexed by the Declarant to the Property with the consent of a majority vote of the Members and the recording of a Declaration of Annexation. Annexed acreage shall increase the number of Declarant's vote at the rate of one (1) vote per acre.

11.8.2 Annexation, as provided for in Section 11.8.1 above, shall be effected, if at all, by recording a document entitled, "Declaration of Annexation," in the Office of the County Recorder,

Pima County, Arizona, which documents shall provide for annexation to this Declaration of the property described in such document.

11.8.3 All provisions of this Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Association, and any right to cast votes as Members of the Association, shall apply to annexed property, including, but not limited to, all Lots contained therein, immediately upon recording an annexation document with respect thereto as aforesaid. Improvements which are constructed by Declarant or Developer on any property annexed by Declarant shall be consistent in terms of quality of construction, with improvements constructed on the Property prior to such annexation, unless construction of improvements inconsistent in quality as aforesaid, has been approved by the Federal National Mortgage Association. Prior to transferring ownership of the first Lot in the Property and in any property which is annexed by Declarant as provided herein, Declarant shall (unless waived by the Veterans Administration) convey the Common Area contained in the Property or in such annexed property, as appropriate, to the Association.

11.9 FHA/VA Approval. As long as there is a Class B membership, the prior approval of the Federal Housing Administration or the Veterans Administration will be required for annexation of additional properties, mergers and consolidations, mortgaging of the Common Area, public dedication of the Common Area or amendment of this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

TICOR TITLE AGENCY, an Arizona corporation, as Trustee under Trust No. 12258, only and not in its corporate capacity

By: Duane Wonacott

Its: Trustee

12612 07626

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SUBSCRIBED AND SWORN to before me this 24th day of May, 2005, by Duane Wonacott, the Trustee of Ticor Title Agency, an Arizona corporation, as Trustee under Trust No. 12258, on behalf of said Trust.

Brigid Ann Sherbo
Notary Public

My Commission expires:
7-29-05

"OFFICIAL SEAL"
Brigid Ann Sherbo
Notary Public-Arizona
Pima County
My Comm. Expires 7/29/2005

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lot Nos. 1 through 190 of Tierra Linda Nueva subdivision, together with the Wellsite and Common Area A and Common Area B, as recorded in the Offices of County Recorder, Pima County, Arizona, in Book 59 of Maps and Plats, at page 3.

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EXHIBIT B

LOT DIAGRAM

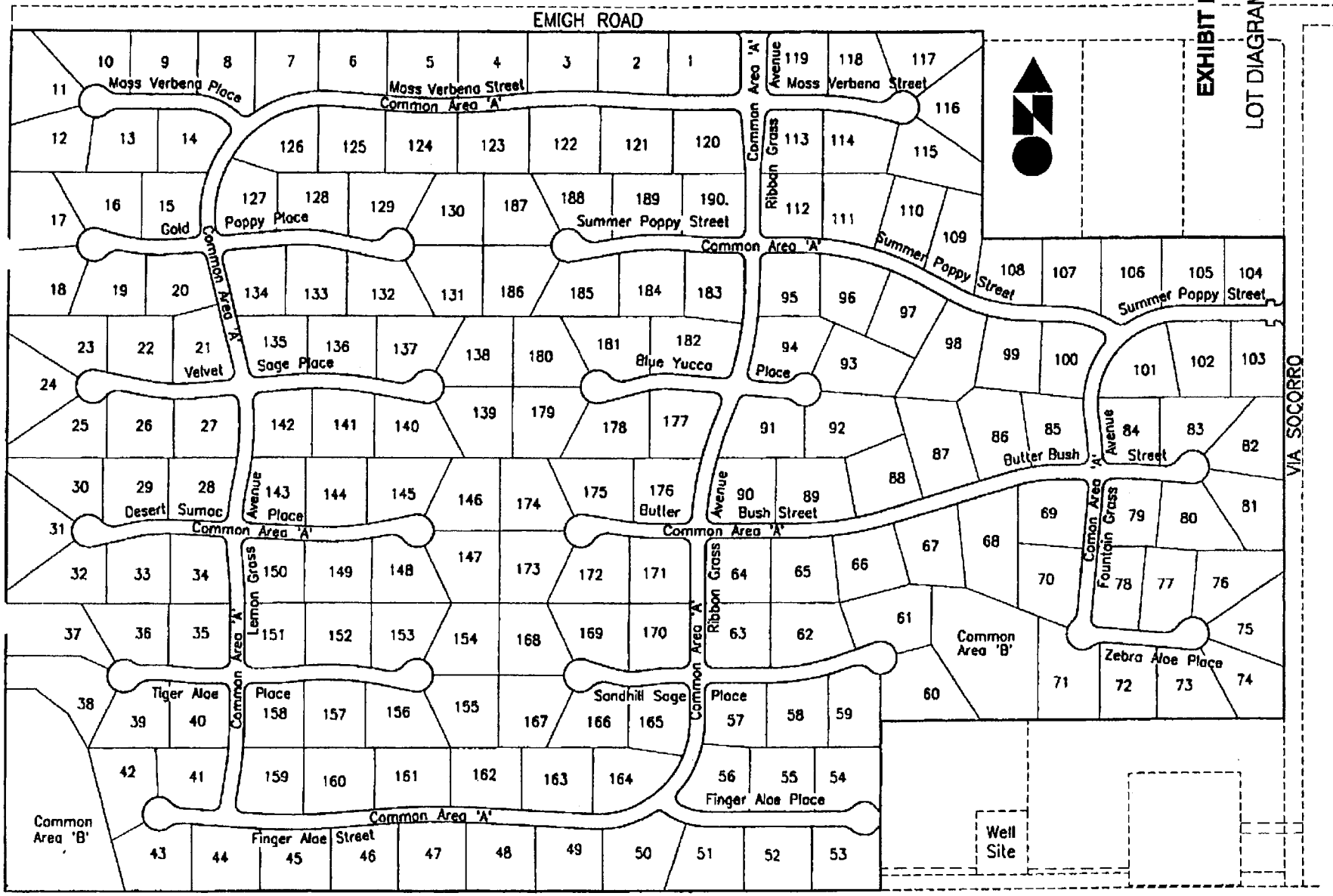

EXHIBIT C

LEGAL DESCRIPTION OF WELLSITE

Tierra Linda Wellsite as recorded in Docket 10209 at page 2027 of the Offices of the County Recorder, Pima County, Arizona.

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EXHIBIT D

Lot 20 of TIERRA LINDA, a subdivision of Pima County, Arizona as filed in the Office of the Pima County Recorder in Book 17 of Maps and Plats at page 92

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When recorded, return to:
Thomas M. Pace, Esq.
1670 East River Road, Suite 124
Tucson, Arizona 85718-8900

FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TIERRA LINDA NUEVA

Lot Nos. 1 through 190, Common Areas A and B and Wellsite
as recorded in Book 59 of Maps and Plats, at Page 3, Pima County, Arizona

This First Amendment (the "Amendment") is made this 19th day of [illegible], 2009, by Title Security Agency, an Arizona corporation, as Trustee under Trust No. 939 (hereinafter the "Declarant"), and amends as set forth below that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Tierra Linda Nueva, recorded August 9, 2005, in the Office of the County Recorder, Pima County, Arizona, at Docket 12612, page 7587, et seq. (the "Declaration"). All other terms and conditions of the Declaration shall remain in full force and effect. All terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Declaration.

1. Section 9.1 of the Declaration ("Duty to Provide Water Service to Members") is hereby amended with the addition of a new first sentence as follows:

> Notwithstanding the provisions of this Article VIII, the Association may sell the Water Facilities and the Wellsite to a person or entity which shall become a public service corporation regulated by the Arizona Corporation Commission with a duty to deliver water to the Property.

2. This Amendment has been approved by:

a. The written consent of Declarant who holds at least sixty percent (60%) of the votes in Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation, pursuant to Section 11.2.1 of the Declaration;

b. The approval of fifty-one percent (51%) of the Eligible Mortgage Holders, if any, who responded within the twenty (20) day period, pursuant to Section 11.2.2 of the Declaration; and

3. This Amendment will only be effective upon the recording of a Notice of Consent of the Veterans Administration, pursuant to Section 11.9 of the Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

TITLE SECURITY AGENCY
an Arizona corporation, as Trustee under Trust No. 939, only and not in its corporate capacity

By: _____
Diane L. Sloane
Its: Trust Officer

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SUBSCRIBED AND SWORN to before me this 19th day of June, 2009, by Diane L. Sloane, the Trust Officer of Title Security Agency of Arizona, an Arizona Corporation **, on behalf of said Trust.

** as Trustee Under Trust No. 939

_____
Notary Public

My Commission expires:
9-11-09

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sept. 11, 2009

5216-5/061909

CERTIFICATE OF RESOLUTION

I, Robert P. Zammit, do hereby certify that I am the sole officer of Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation organized under the laws of the State of Arizona (the "Corporation"); that the following is true, complete and correct copy of a resolution duly adopted at a Special Meeting of the Board of Directors of the Corporation, duly and properly called and held on the June 10, 2009; that a quorum was present at the meeting; and that this Resolution is set forth in the minutes of the meeting and has not been rescinded, revoked or modified and is now in full force and effect:

> RESOLVED, that the Board of Directors of the Corporation hereby approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva attached as Exhibit "A" hereto.
>
> FURTHER RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, the same was adjourned.

Robert P. Zammit
President

5216-5/061009

MINUTES OF SPECIAL MEETING OF DIRECTORS
OF
TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.

The Board of Directors of Tierra Linda Homeowners Association, Inc. an Arizona non-profit corporation (the "Corporation"), held a Special Meeting on June 10, 2009, at the offices of the Corporation in Tucson, Arizona.

The Director present was Robert P. Zammit. Robert P. Zammit presided as Chairman of the meeting and acted as Secretary thereof.

The Chairman introduced and the Board of Directors discussed the proposed First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva. On motion duly made, it was unanimously,

> RESOLVED, that the Directors of the Corporation approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva.

The Chairman updated the Directors on the sale of the water company by the Corporation to Gary Smyth. A discussion ensued. On motion duly made, it was unanimously,

> RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, upon motion duly made and approved, the meeting thereupon adjourned.

DATED: June 10, 2009.

Robert P. Zammit
Chairman and Secretary of the Meeting

5216-5/061009

WATER MAIN EXTENSION AGREEMENT
FOR DEVELOPER-INSTALLED, ON-SITE AND OFF-SITE FACILITIES
for the
Tierra Linda Nueva
Phase 1 and Phase 2 Onsite and Offsite

THIS WATER MAIN EXTENSION AGREEMENT (this "Agreement") is entered into as of the 10 day of JUNE 2009, by and between the TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation (hereinafter referred to as the "Company"), and TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter referred to as "Applicant").

RECITALS:

A. Company holds a Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service in and around Tierra Linda Nueva, including Lot Nos. 50-56, 64-119, and 177-190 ("Phase 1"), and Lot Nos. 35-49, 57-63, and 151-176 (Phase 2") as more specifically described on Exhibit A attached hereto and incorporated herein by this reference (collectively the "Property"); and

B. Certain on-site and off-site water facilities have been designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property; and

C. Applicant is the sole beneficiary of Title Security Agency of Arizona Trust No. 939, which is fee title owner of the Property, and, having developed the Property, Applicant has financed, designed, installed and constructed the necessary on-site and off-site water facilities pursuant to its request of Company to provide water service to the Property, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water Facilities set forth in engineering plans WATER DISTRIBUTION SYSTEM TO SERVE PHASE 1, Lots 50-56, 64-119, and 177-190, Chris Brozek, Engineer, dated 10/15/04, WATER DISTRIBUTION SYSTEM TO SERVE PHASE II, Lots 35-49, 57-63, and 151-176, Chris Brozek, Engineer, dated October 15, 2004, *AND TIERRA LINDA WATER PLANT, Westland Resources, Engineer, dated April 16, 2004,* incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. The on-site and off-site facilities constructed pursuant to the Plans are hereinafter referred to as the "Water Facilities." Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant has designed, constructed and installed the Water Facilities and paid all of the costs related thereto, and has completed

COMPANY
Tierra Linda Homeowners Ass'n, Inc.
an Arizona public service corporation

By: ROBERT P. ZAMMIT
Title: PRESIDENT
Date: 6/23/09

Approved: [signature]

Date: _____
Utilities Division:
Arizona Corporation Commission

APPLICANT
Tierra Linda Development, LLC,
an Arizona limited liability
company

By: ROBERT P. ZAMMIT
Title: MANAGER
Date: 6/23/09

APPROVED: [signature]

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the MANAGER of TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

[signature] Notary Public

OFFICIAL SEAL
DEBORAH A. NELSON
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
[illegible]

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

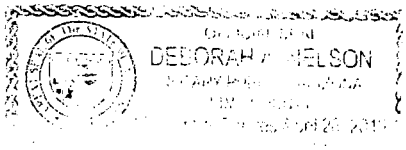
On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the PRESIDENT of TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

192362.3

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public



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Section 22. Inspection, Acceptance and Maintenance of Assets.

22.1 Buyer. Buyer acknowledges that as of Closing, it will have inspected the condition of such of the Assets as it deems reasonably necessary, and will accept the Assets in "AS IS" condition, with no warranties express or implied except as set forth in **Section 6** of this Agreement.

22.2 Seller. Seller agrees to maintain the condition of the Assets in their current condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the Effective Date of this Agreement through the date of Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved conforms with Buyer's construction standards and does not impair Title Insurer's willingness to issue the Title Policy.

Section 23. Miscellaneous

23.1 Receivables. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information for that purpose after reasonable prior notice and during regular business hours after Closing, including the right to make copies of such documents as Seller may need.

23.2 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments at or prior to Closing.

SELLER:

Tierra Linda Homeowners Association, Inc.

By:_____
Robert P. Zammit, President

BUYER:

Gary Smyth, a married man, dealing with his sole and separate property (on behalf of himself and his heirs and assigns)

By:_____
Gary Smyth

ESCROW AGENT:

Copy of the Agreement, including the Exhibits attached hereto, received and acknowledged:

Fidelity National Title

By:_____
Name: Lisa Quigley
Title: Escrow Agent
Date received:_____

EXHIBIT
A-4
ADMITTED

Exhibit A-4
Robert P. Zammit

Tierra Linda HOA
CC&N Legal Description

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

EXHIBIT
A-5
ADMITTED
PENGAD 800-631-6989

Exhibit A-5
Robert P. Zammit

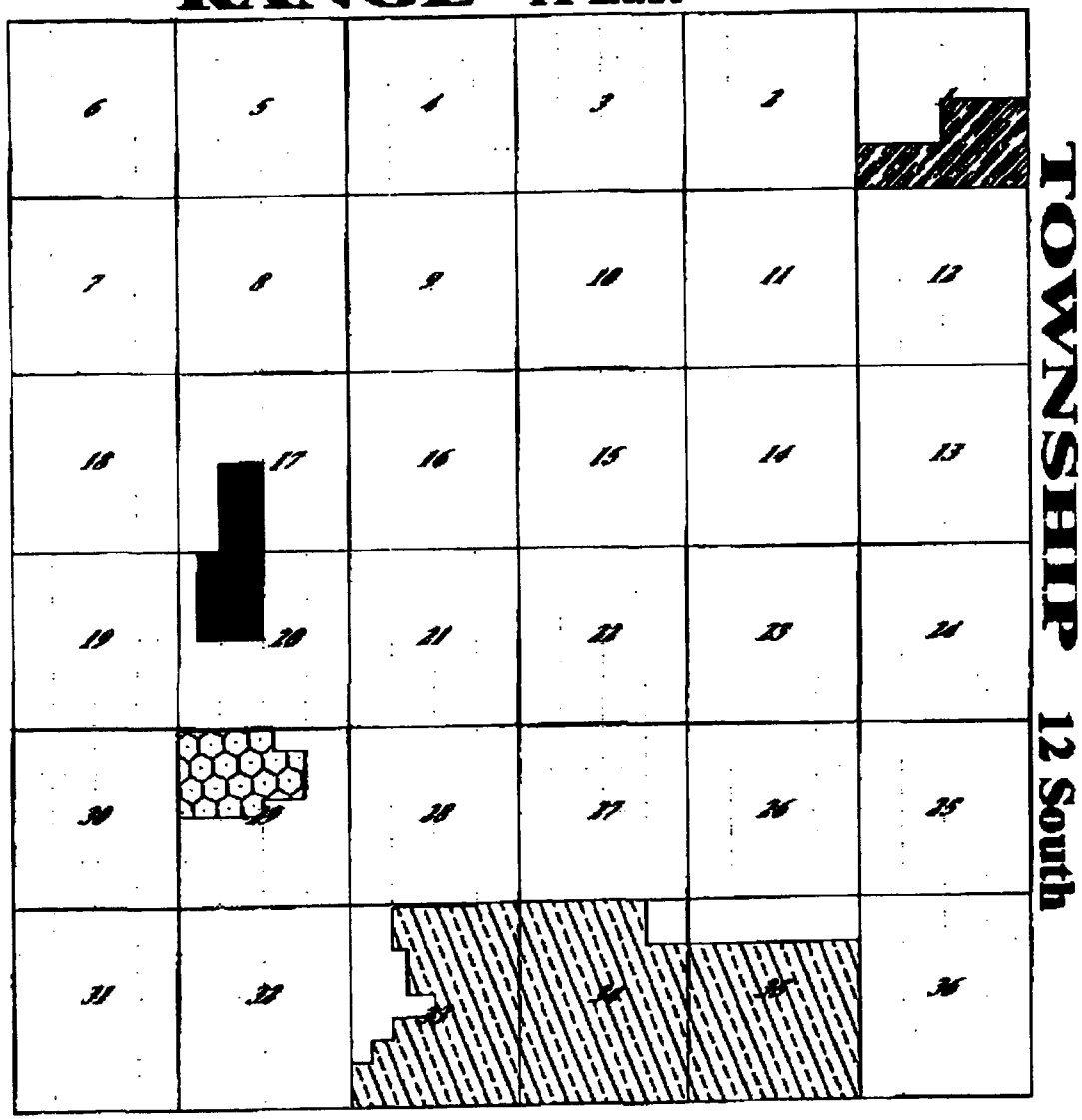
Tierra Linda HOA
CC&N Map

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

Map No. 10

COUNTY: *Pima*

RANGE 11 East



W-2126 (2)
Avra Water Cooperative, Inc.

W-4236 (1)
Tierra Linda Homeowners Association, Inc.

(4)
Cortaro-Marana Irrigation District

(4)
Town of Marana (Nonjurisdictional)
(Palo Verde System)

TRI2SITE 09 JUL 2004

PENGAD 800-631-6989
EXHIBIT
A-6
ADMITTED

Exhibit A-6
Robert P. Zammit

June 16, 2009 Water Main Extension Agreement for Developer-Installed On-Site & Off-Site Facilities

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

WATER MAIN EXTENSION AGREEMENT
FOR DEVELOPER-INSTALLED, ON-SITE AND OFF-SITE FACILITIES
for the
Tierra Linda Nueva
Phase 1 and Phase 2 Onsite and Offsite

THIS WATER MAIN EXTENSION AGREEMENT (this "Agreement") is entered into as of the 10 day of JUNE 2009, by and between the TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation (hereinafter referred to as the "Company"), and TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter referred to as "Applicant").

RECITALS:

A. Company holds a Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service in and around Tierra Linda Nueva, including Lot Nos. 50-56, 64-119, and 177-190 ("Phase 1"), and Lot Nos. 35-49, 57-63, and 151-176 (Phase 2") as more specifically described on Exhibit A attached hereto and incorporated herein by this reference (collectively the "Property"); and

B. Certain on-site and off-site water facilities have been designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property; and

C. Applicant is the sole beneficiary of Title Security Agency of Arizona Trust No. 939, which is fee title owner of the Property, and, having developed the Property, Applicant has financed, designed, installed and constructed the necessary on-site and off-site water facilities pursuant to its request of Company to provide water service to the Property, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water Facilities set forth in engineering plans WATER DISTRIBUTION SYSTEM TO SERVE PHASE 1, Lots 50-56, 64-119, and 177-190, Chris Brozek, Engineer, dated 10/15/04, WATER DISTRIBUTION SYSTEM TO SERVE PHASE II, Lots 35-49, 57-63, and 151-176, Chris Brozek, Engineer, dated October 15, 2004, *AND TIERRA LINDA WATER PLANT, Westland Resources, Engineer, dated April 16, 2004,* incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. The on-site and off-site facilities constructed pursuant to the Plans are hereinafter referred to as the "Water Facilities." Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant has designed, constructed and installed the Water Facilities and paid all of the costs related thereto, and has completed

and paid the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Advance in Aid of Construction. Upon the mutual execution of this Agreement, the Applicant shall convey the Water Facilities to Company, and pay Company One Hundred Dollars ($100.00), as and for Company's costs. The actual expenses incurred by Applicant in the construction of the Water Facilities together with Company's costs, as supported by documentation as required by Paragraph 5, shall be deemed as follows: (i) Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) as advances-in-aid of construction, (ii) Two Hundred Six Thousand Three Hundred Twenty-Six Dollars ($206,326) as contributions-in-aid of construction, and (iii) One Hundred Eight-Six Thousand Seven Hundred Twenty-Three Dollars ($186,723) as equity. The aforesaid Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) of advances-in-aid of construction shall be subject to the prospect of refund pursuant to Paragraph 6 hereof.

4. Actual Costs Shall Govern: The total cost of the Water Facilities is One Million Fifty-Eight Thousand Three Hundred Fifty-Nine Dollars ($1,058,359) as shown on Exhibit C. Applicant has paid the actual cost of the Water Facilities, and agrees to provide Company with as-built costs, together with all receipts in connection therewith, upon the execution of this Agreement.

5. Documentation: Applicant has, as a condition of acceptance of the Water Facilities by Company, furnished Company with:

5.1 copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water Facilities;

5.2 lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water Facilities;

5.3 receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities;

5.4 "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water Facilities; and

5.5 all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water Facilities requested by Company.

6. Refund of Advance: Applicant's costs for the construction and installation of the Water Facilities, to be advanced by Applicant to Company pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 4 hereof, are subject to refund by Company to Applicant, in accordance with this section. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body or

pursuant to a cost adjustment mechanism approved by the ACC) derived from the provision of water served from each customer service line of each customer located within the Property leading up to and taken from water mains installed by Applicant pursuant to this Agreement. Refunds for revenues received from customers receiving water from the facilities constructed pursuant to this agreement shall be payable for a period of ten (10) years commencing on the Effective Date of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept.

8. Governmental Approvals: Applicant shall pay for and provide to Company copies of all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary for Applicant to install, construct and maintain the Water Facilities, including the Approval(s) To Construct and Approval(s) of Construction issued by the Pima County Department of Environmental Quality, attached hereto as Exhibit "D", and the Water Use Data Sheet attached as Exhibit "E".

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Time of Construction: Applicant and Company acknowledge that construction of the Water Facilities has been completed as of the Effective Date of this Agreement.

11. Contractor's License: Applicant and Company acknowledge that all construction, installation and connection of Water Facilities has been done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

12. Construction Standards: The Applicant and Company acknowledge that the size, design, type and quality of materials are in accordance with good utility practices and the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit B), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications meet or exceed the standards and specifications of the Pima County Health Department, and are hereby approved by the Company. The Water Facilities have been designed and constructed with sufficient capacity

to accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity.

13. Inspection and Testing: Applicant has complied with the inspection and testing requirements of Company, and Company acknowledges that any governmental agency having jurisdiction over the construction, installation and connection of the Water Facilities have approved the Water Facilities.

14. Acceptance of Facilities: The Water Facilities will be deemed accepted as of the date that this Agreement is entered upon by Applicant and Company.

15. Risk of Loss: All risk of loss shall be with Applicant until the effective date of this Agreement.

16. Title to Property: The Water Facilities constructed pursuant to this Agreement shall become the property of Company upon the effective date of this Agreement, and shall remain the sole property of Company without the requirement of further written documents of transfer. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method herein described. However, Applicant shall furnish any document pertaining to ownership and title as may reasonably be requested by Company including documents which evidence or confirm transfer of possession to Company of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

17. Warranty: Unless otherwise provided in Exhibit B, Applicant warrants to Company that all materials and equipment furnished under this Agreement were new at the time of installation, and that the Water Facilities are of good quality, free from faults and defects. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water Facilities.

18. Indemnification:

18.1 Applicant shall indemnify and hold harmless Company, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought on account of Applicant's action or inaction, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein;

18.2 Company shall indemnify and hold harmless Applicant, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Company, its agents, servants, employees, contractors or subcontractors in the execution of Company's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought

on account Company's action or inaction, Company will assume the defense at Company's own expense and will pay all judgments rendered therein;

18.3 The provisions of this Paragraph shall survive termination of this Agreement.

19. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water Facilities has been completed and accepted in writing by Company, and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

20. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features.

21. Non-Agents: It is agreed that Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Company and shall not incur any costs or expenses on behalf of Company.

22. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Tierra Linda Development, LLC
6262 N. Swan Rd., Suite 125
Tucson, AZ 85718

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Tierra Linda Homeowners Association, Inc.
c/o Tierra Linda Homeowners Association Water Company
PO Box 69868
Tucson, AZ 85737

or to such other addresses or addressees as Company may advise Applicant in writing.

23. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall only assign its rights, obligations and interests in this Agreement to a successor-in-interest that agrees in writing to assume all of Applicant's obligations to Company under this Agreement.

24. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

25. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

26. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

27. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

28. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company or Applicant until such time as it is executed by all parties and approved by the staff of the Utilities Division of the Commission.

29. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

COMPANY
Tierra Linda Homeowners Ass'n, Inc.
an Arizona public service corporation

By: ROBERT P. ZAMMIT
Title: PRESIDENT
Date: 6/23/09

Approved: _____

Date: _____
Utilities Division:
Arizona Corporation Commission

APPLICANT
Tierra Linda Development, LLC,
an Arizona limited liability company

By: ROBERT P. ZAMMIT
Title: MANAGER
Date: 6/23/09

Approved: _____

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the MANAGER of TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires: _____ Notary Public

OFFICIAL SEAL
DEBORAH A. NELSON
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires June 26, 2012

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the PRESIDENT of TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

192362.3

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public

DEBORAH A. NELSON

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192362.3

Exhibit "A"

[Legal description of the Subdivision follows
behind this page]

Lots 1 through 190 and Common Areas "A" and "B" of Tierra Linda Nueva, according to the Map or Plat thereof of record in the Office of the County Recorder, Pima County, Arizona, in Book 59 of Maps and Plats, Page 3.

PARCEL A

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the north quarter corner of said Section 29, marked by a General Land Office brass capped pipe and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, southerly along west line of the northeast quarter of said Section 29, S 00° 13' 24" E, 45.00 feet (calculated) to a point on the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, said point being the TRUE POINT OF BEGINNING of Parcel "A" herein described;

THENCE from said TRUE POINT OF BEGINNING, easterly along said south right-of-way line, N 89° 49' 46" E, 339.01 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly and along the west line of Lot 11 as shown on the plat of Tierra Linda, a subdivision of said Pima County recorded in Book 17 of Maps and Plats at Page 92 thereof, S 00° 09' 39" E, 624.72 feet (Record), S 00° 10' 41" E, 626.26 feet (calculated), to the southwest corner thereof, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said southwest corner, easterly along the south line of Lots 11, 12, and 13 of said recorded subdivision,
N 89° 50' 21" E, 922.53 feet (Record)
N 89° 51' 90" E, 923.97 feet (calculated)
N 89 °49' 46" E, 925.11 feet (measured) to the southeast corner of said Lot 13, marked by a ½" diameter rebar with registration tag RLS 15933;

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AZ CORP COMMISSION
DOCUMENT CONTROL

THENCE leaving said southeast corner, southerly along the west right-of-way line of Via Socorro as shown on the plat of said Tierra Linda

S 00° 16' 51" E, 1465.00 feet (Record)
S 00° 17' 12" E, 1465.00 feet (calculated)
S 00° 15' 53" E, 1465.55 feet (measured) to the northeast corner of a parcel recorded in Docket 11488 at Page 4197 thereof, records of said Pima County, marked by a ½" rebar;

THENCE leaving said northeast corner, westerly along the north line of said recorded parcel and the westerly prolongation thereof, S 89° 50' 21" W (Record), S 89° 51' 38" W, 926.57 feet (calculated) to a point thereon;

THENCE leaving said north line, northwesterly, N 33° 16' 52" W, 276.55 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 181.14 feet to a calculated point;

THENCE leaving said point southeasterly S 85° 57' 43" E, 104.77 feet to a calculated point;

THENCE leaving said point, northwesterly, N 06° 20' 24" W, 282.28 feet to a calculated point;

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

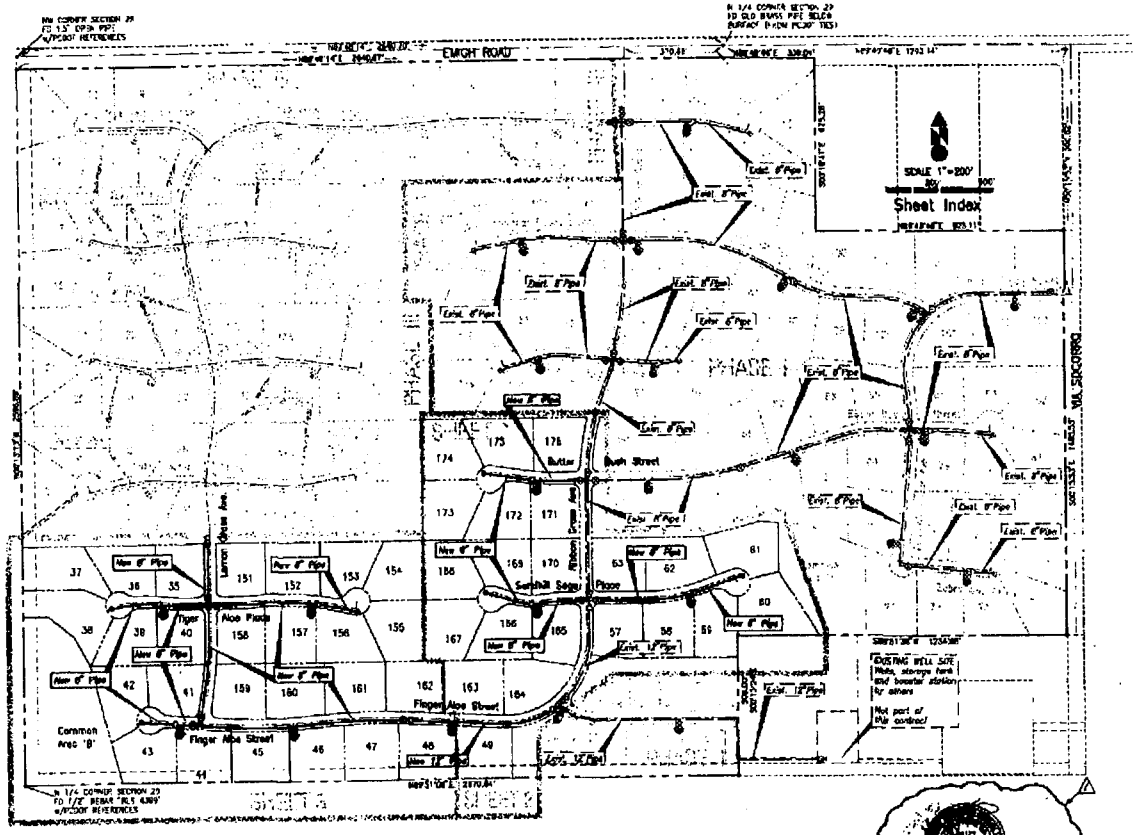
THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

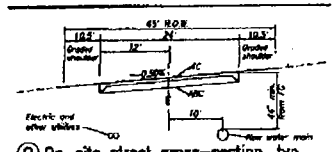
CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

Exhibit "B"
[Engineering Plans for the Water Facilities]

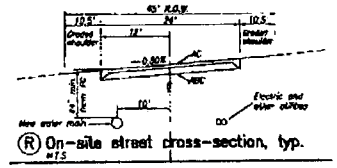
Contract Notes

1. All design standards, materials and workmanship are to be in accordance with Tucson Water Standard Specifications and details, 2001 Edition. Tucson Water Standards Detail No. 103 "General Contract Notes" shall apply to and become an integral part of the contract (substitute "Tierra Linda Homeowners Association Water Company" for references to "Tucson Water"), unless otherwise specified herein.
2. All PVC pipe installed for this project shall be Class 200, unless otherwise specified.
3. Water service will be provided as shown on the plan. Any changes to parcel configuration may necessitate additional requirements.
4. This water system is designed to accommodate 1500 G.P.M. fire flow. Fire flow must be met prior to construction.
5. Owner/Developer is responsible for reflective street markers at hydrants.
6. All fire hydrant leads shall be D.I. pipe, Cl. 350.
7. This plan meets the minimum pressure and storage requirements as set forth in Arizona Administrative Code (AAC) R18-4-502 and 533.
8. All fittings shall be harbinred per Tucson Water Standard Detail 800 or approved engineers calculations.
9. New water main shall be installed with 44" of minimum cover per Tucson Water SD#170, unless otherwise indicated on these plans.
10. Separate meters will be required for irrigation purposes. Domestic and irrigation service shall not be interconnected. Backflow preventers shall be installed with irrigation services.
11. Water boxes installed in vehicular travel areas shall conform to Tucson Water Standard #306.
12. All stations of PVA's (Drain Valve Assemblies) per TW SD#430 are to the end cap of pipe.
13. Contractor shall supply all stakes set for the lines, levels and measurements of the work in their proper places, and it shall be certified by a Registered Land Surveyor. Any expense incurred in replacing any stakes which the contractor or his subcontractors may have failed to preserve shall be the contractor's responsibility.
14. Contractor shall be responsible for the care, maintenance, repair or replacement of existing improvements in the work area which have been removed or damaged during the course of construction. All repair, replacement, or cleanup shall be done to the satisfaction of the Owner.
15. Contractor is required to contact Blue Stake (1-800-782-5348) 48 hours prior to any excavation to determine accurate utility locations.
16. Contractor shall furnish, haul and apply all construction water. This includes water required for compaction and dust control. Fire hydrants, distribution and flushing. Please obtain information and meter (backflow if required) from Tierra Linda Homeowners Association Water Company.
17. Tierra Linda Homeowners Association Water Company and their Engineer shall review all shop drawings and equipment submittals for compliance with plans and specifications.
18. Disinfection shall be performed in accordance with A.D.H.S. Engineering Bulletin No. 8.
19. All ductile iron pipe and fittings shall be cement-mortar lined in accordance with AWWA C-104. All underground ductile iron pipe shall be wrapped per AWWA C-105.
20. All transitions between ductile iron and steel piping shall be made using approved adapters and flange insulation kits per Tucson Water Standard Detail 704 (submittal required).
21. All blow ground piping shall be thrust blocked per Tucson Water SD#610, unless noted otherwise. Mechanical joint restrained fittings (Megalug, Lok-Tyte, Lok-Fast or equal) can be used in place of thrust blocking. All fittings within site shall be mechanically restrained joints if underground, or welded steel if above ground.
22. Upon commencement of work, traffic control devices shall be posted and maintained by Contractor until such time as the work is completed. All warning signs, barricades, etc. shall be in accordance with the manual pursuant to Arizona Revised Statutes 28-650.
23. A qualified Registered Engineer or Land Surveyor must certify that this project was constructed in substantial conformance with the approved plans prior to requesting final inspection/certification of occupancy or release of assurances for this project.
24. Contractor shall co-ordinate and pay all inspections, testing and retesting fees required by the Department of Environmental Quality water to Meeting of "Approval of Construction".
25. Contractor shall comply with all applicable Occupational Safety and Health Administration Regulations.
26. Contractor shall obtain all permits required by governmental agencies.
27. Omissions or conflicts between various elements of the drawing sets and details shall be brought to the attention of the Engineer and resolved before proceeding with the work.
28. If unanticipated conditions are encountered during the course of construction and are beyond the scope of design, the Engineer shall submit the necessary revised or supplemental improvement plans for review and approval by Tierra Linda Homeowners Assoc. Water Company.
29. A copy of this plan shall be kept in an easily accessible location on the site at all times during construction.
30. Existing utilities are shown based upon information available. Contractor shall verify location of existing utilities prior to commencing construction.
31. All concrete shall comply with DOT/PC SSPA Section 1006, Class B, 3000 PSI compressive strength at 28 days, unless otherwise specified.
32. Installing water meters in driveway areas will not be allowed, unless location is reviewed and approved by Tierra Linda Homeowners Association Water Company or by Owner representative. Only the 2 cost free boxes (traffic rated) will be accepted for meters installed in these approved areas.
33. Water construction shall not commence until Pima County Department of Environmental Quality (PCDEQ) has issued a Certificate of Approval to Construct for this project.
34. Prior to final acceptance of the water system by Tierra Linda Homeowners Association Water Company one after all new water pipe and its appurtenances have been installed, an inspection for proper installation and location of all meter stops and boxes, valve BACK, etc. will be done by Tierra Linda Homeowners Association Water Company and/or their representatives. All repairs and adjustments shall be completed by Contractor/Developer before final acceptance by Tierra Linda Homeowners Association Water Company. Water service will not be granted until a letter of final acceptance is issued by Tierra Linda Homeowners Association Water Company.

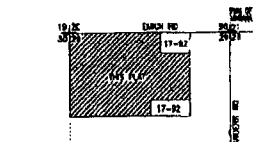




Ⓠ On-site street cross-section, typ.
N.T.S.



Ⓡ On-site street cross-section, typ.
N.T.S.



Location Map

SECTION 29, T12 S, R11 E, G & S R&B & M, PIMA COUNTY, ARIZONA
SCALE 3"=1 MILE

Legend

- NEW WATER MAIN & VALVE
- NEW FIRE HYDRANT
- NEW SINGLE WATER SERVICE, SIZE PER PLAN
- NEW SPLIT WATER SERVICE, SIZE PER PLAN
- B.C. SURVEY MONUMENT COT/PC SD#103
- PROPOSED PAVEMENT
- PROPOSED 6'x30' ELECTRIC EASEMENT

TW SD#
DOT/PC BD

Basis of Bearings

The North line of the Northwest Quarter of Section 29, as shown on the plat of Tierra Linda Lots 1-49, recorded in Book 17 of Maps and Plats at Page 92. Bearing North 89 degrees 48 minutes 14 seconds East.

Basis of Elevation

Pima County GPS survey point "MN-91", aluminum cap on aluminum tube imbedded in concrete, stamped "Pima County GPS survey point DOT & PCD MN-91 1991", S71°30'07"E 127.6' from SE corner Section 29. Elevation 2093.77 NAVD 88.

Owner

Tierra Linda Homeowners Association
c/o Developer

Developer

Tierra Linda Development, L.L.C.
attn: Robert P. Zemmit
6262 N. Swan Road, Suite 115
Tucson AZ 85718
Phone (520) 529-1330

Consultant

CHRISTOPHER BROZEK AICP PE
1212 N. Sarlata Tucson AZ 85716 520/326-3502

AS BUILT DRAWING FOR WESTLAND RESOURCES INC.

1-800-782-5348
Blue Stake Center

NO.	BY	DATE	REVISION	APPR.	DATE
1	GLF	9/6/07	AS BUILT DRAWING	KLW	9/6/07

ACCEPTED:

PROJECT ENGINEER — DATE

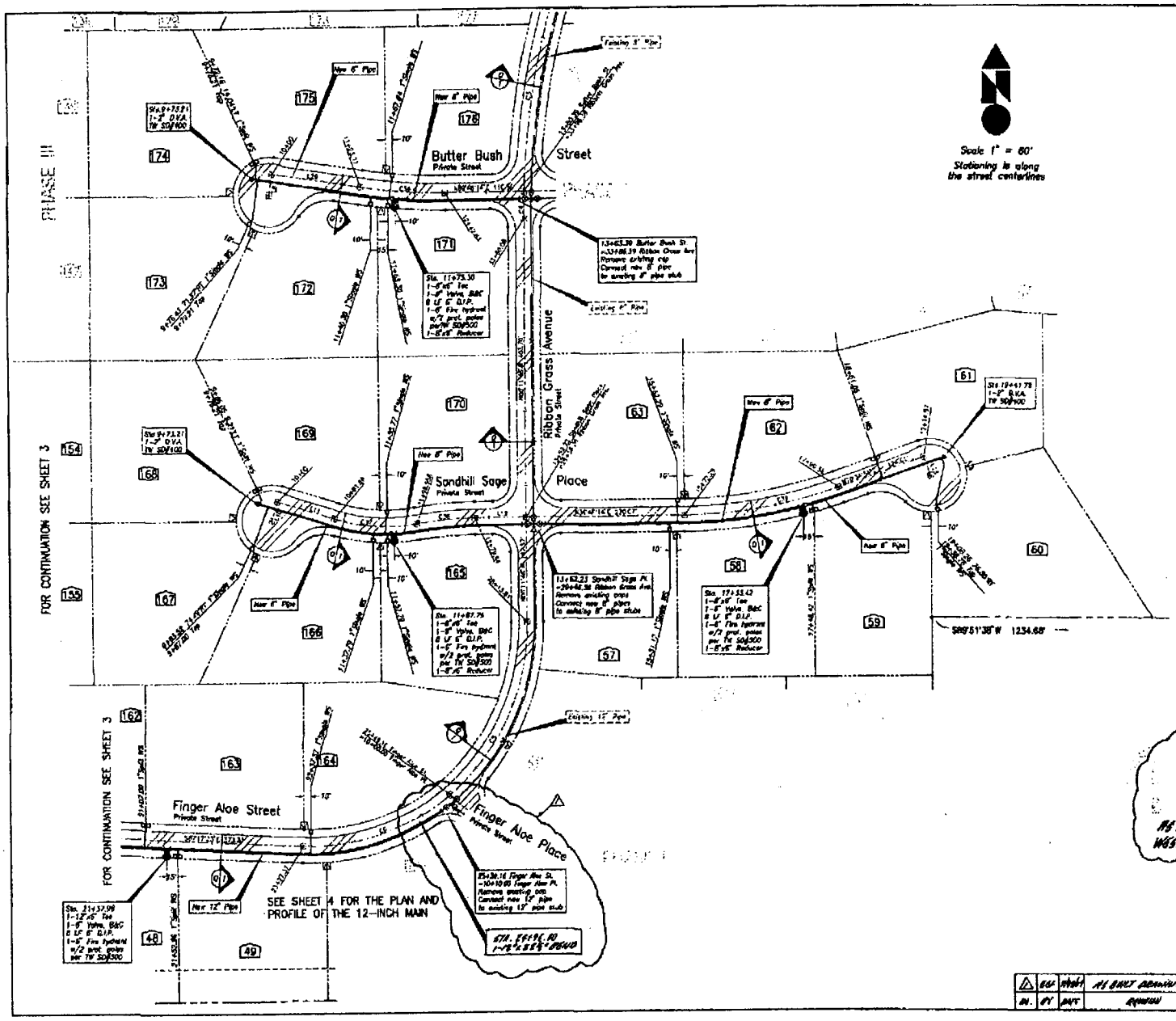
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY — DATE

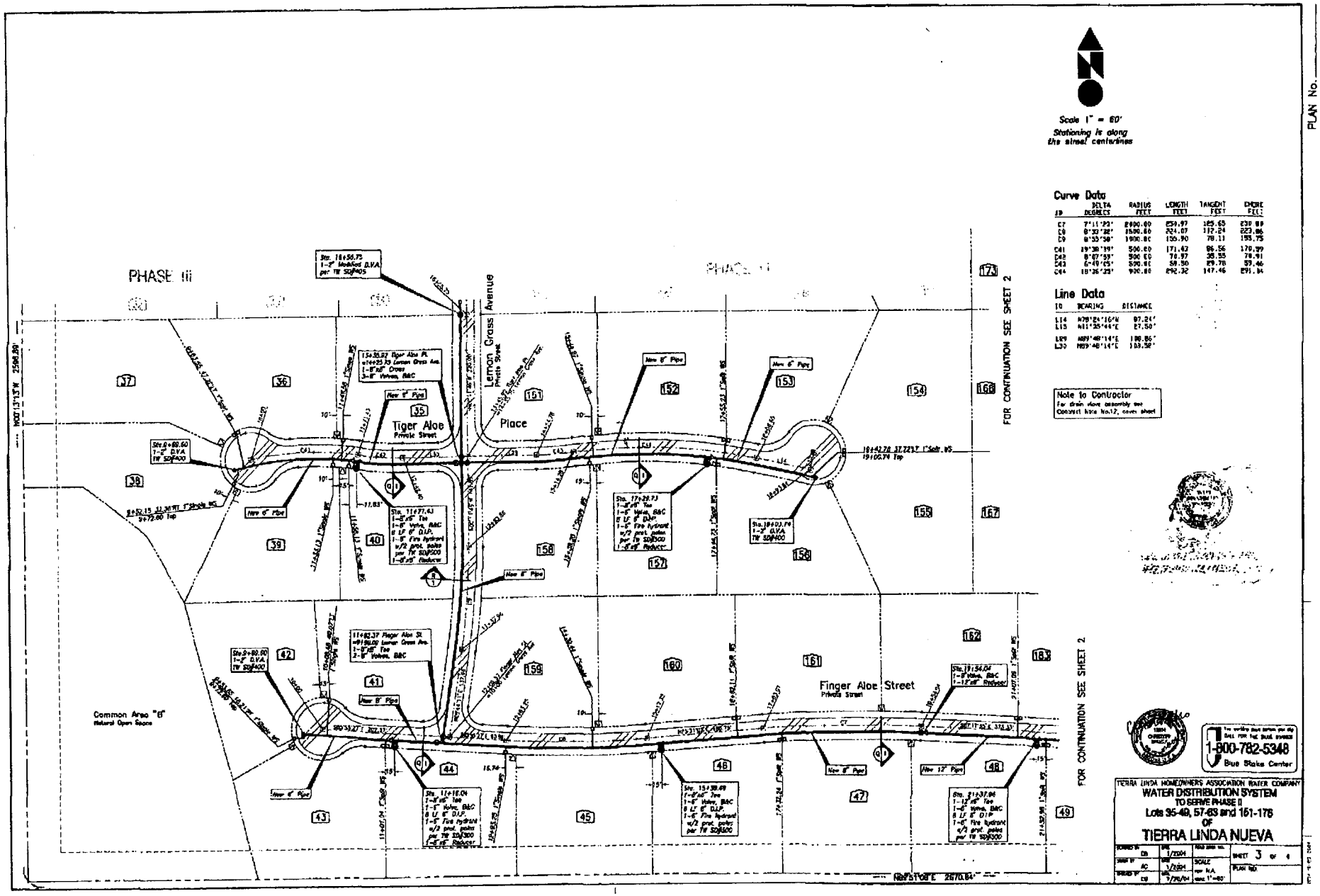
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 1/2004	PLAN SIZE 24x36	SHEET 1 OF 4
DRAWN BY AC	DATE 1/2004	SCALE HOR. N.A. VERT. 1"=80'	PLAN NO
CHECKED BY CB	DATE 7/20/04		

PLAN No.


Butter Bush
Private Street
Street
Ribbon Grass Avenue
Private Street
Sandhill Sage
Private Street
Place
Finger Aloe Street
Private Street
Finger Aloe Place
Private Street
PHASE III
FOR CONTINUATION SEE SHEET 3
FOR CONTINUATION SEE SHEET 3
SEE SHEET 4 FOR THE PLAN AND PROFILE OF THE 12-INCH MAIN
Scale 1" = 60'
Stationing is along the street centerlines
S89°51'38"W 1234.68'
Existing 3" Pipe
Existing 1" Pipe
New 6" Pipe
New 8" Pipe
New 12" Pipe
Sta. 11+75.30
1-8"x6" Tee
1-8" Valve, B&C
8 LF 6" D.I.P.
1-6" Fire hydrant
w/2 prot. poles
per TW 509/500
1-8"x6" Reducer
Sta. 11+87.75
1-8"x6" Tee
1-8" Valve, B&C
8 LF 6" D.I.P.
1-6" Fire hydrant
w/2 prot. poles
per TW 509/500
1-8"x6" Reducer
Sta. 17+33.42
1-8"x6" Tee
1-8" Valve, B&C
8 LF 6" D.I.P.
1-6" Fire hydrant
w/2 prot. poles
per TW 509/500
1-8"x6" Reducer
Sta. 19+41.78
1-8" B.V.A.
TW 509/500
Sta. 9+72.27
1-3" D.V.A.
TW 509/500
Sta. 21+37.98
1-12"x6" Tee
1-6" Valve, B&C
8 LF 6" D.I.P.
1-6" Fire hydrant
w/2 prot. poles
per TW 509/500
Sta. 9+78.91
1-3" D.V.A.
TW 509/500
Sta. 11+63.30 Butter Bush St.
=33+86.39 Ribbon Grass Ave
Remove existing cap
Connect new 8" pipe
to existing 8" pipe stub
Sta. 11+63.23 Sandhill Sage Pl.
=39+46.38 Ribbon Grass Ave.
Remove existing caps
Connect new 8" pipes
to existing 8" pipe stubs
Sta. 13+36.16 Finger Aloe St.
=104+10.60 Finger Aloe Pl.
Remove existing cap
Connect new 12" pipe
to existing 12" pipe stub
Sta. 22+06.10
1-12"x6" Reducer
Curve Data
ID | Delta Degrees | Radius Feet | Length Feet | Tangent Feet | Chord Feet
C3 | 28°55'27" | 1800.00 | 815.85 | 184.68 | 843.22
C4 | 2°36'49" | 1000.00 | 36.31 | 18.16 | 36.31
C5 | 51°32'39" | 300.00 | 264.65 | 141.63 | 256.15
C6 | 42°21'33" | 300.00 | 221.79 | 116.84 | 216.77
C34 | 8°21'30" | 800.00 | 119.06 | 59.64 | 118.95
C37 | 26°44'51" | 250.00 | 116.71 | 59.44 | 115.65
C38 | 9°17'25" | 550.00 | 91.07 | 45.63 | 90.98
C39 | 19°13'20" | 650.00 | 218.07 | 110.07 | 217.05
Line Data
ID | Bearing | Distance
L8 | N08°19'52"E | 27.50'
L10 | N17°15'49"E | 27.50'
L11 | N72°44'29"W | 81.96'
L12 | N89°48'14"E | 72.59'
L13 | N19°25'16"W | 27.59'
L28 | N81°43'08"W | 183.77'
Note to Contractor
For drain valve assembly see
Contract Note No.12, cover sheet.
AS BUILT DRAWING PREP.
WESTLAND RESOURCES INC.
CALL TWO WORKING DAYS BEFORE YOU DIG
CALL FOR THE BLUE STAKES
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA
AS BUILT DRAWING
REVIEW
DRAWN BY CB 1/2004
CHK'D BY AC 1/2004
DESIGNED BY CB 7/20/04
SCALE 1" = 60'
SHEET 2 OF 4
PLAN NO.
PLAN No.

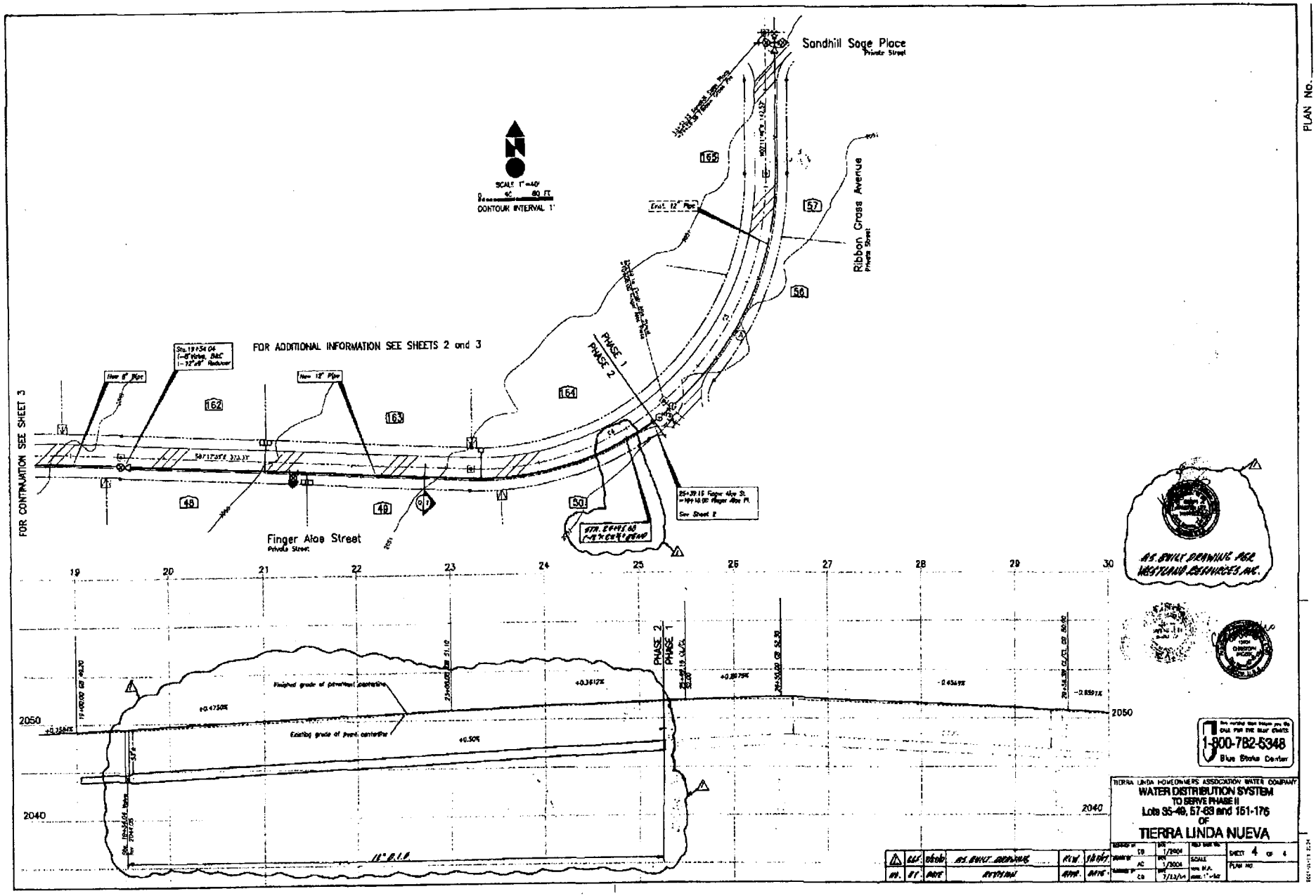


Curve Data

ID	DELTA DEGREES	RADIUS FEET	LENGTH FEET	TANGENT FEET	CHORE FEET
C7	7°11'23"	2000.00	250.97	125.65	230.80
C8	8°33'22"	1500.00	224.07	112.24	223.86
C9	8°55'50"	1000.00	155.90	78.11	155.75
C41	19°38'39"	500.00	171.43	86.56	170.59
C42	8°07'59"	500.00	70.97	35.55	70.91
C43	6°49'05"	500.00	59.50	29.78	59.46
C44	18°26'23"	900.00	292.32	147.46	291.04

Line Data

ID	BEARING	DISTANCE
L14	N78°24'16"W	87.24'
L15	N11°35'44"E	27.50'
L29	N89°48'14"E	108.86'
L30	N89°48'14"E	103.52'

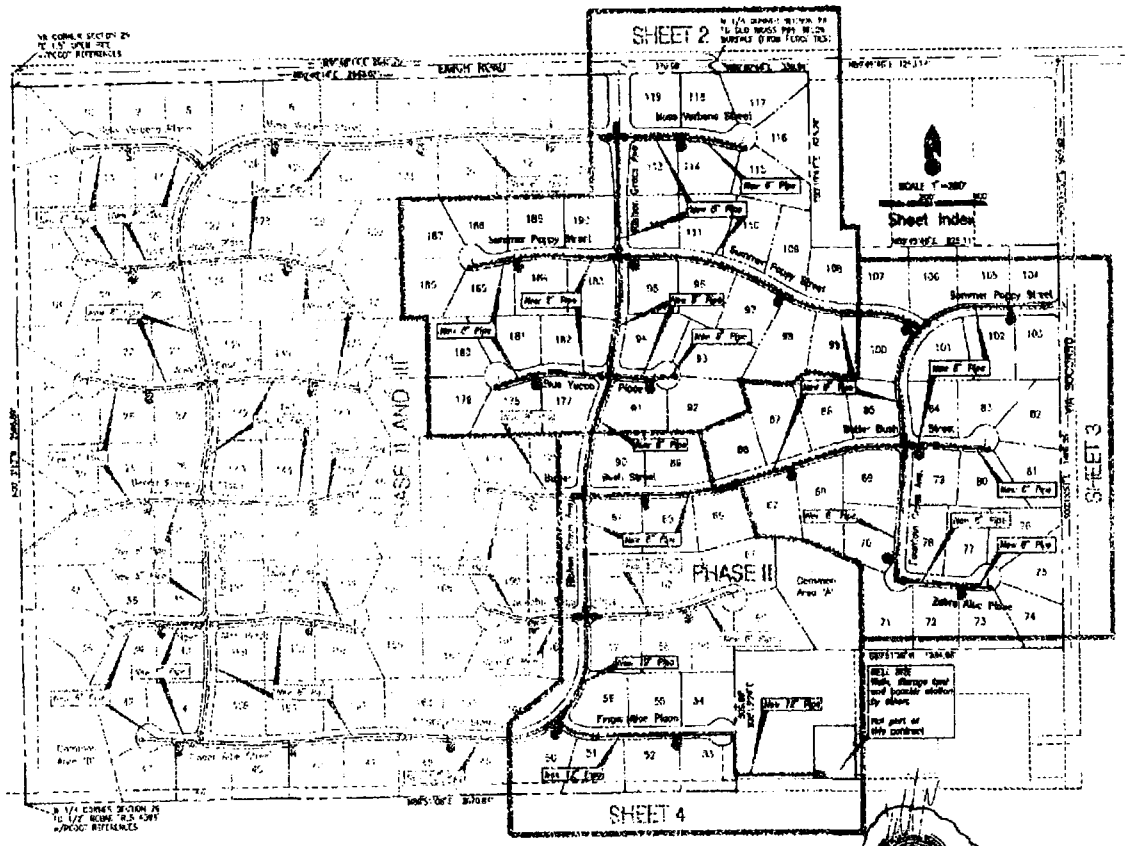


Sandhill Sage Place
Private Street
Ribbon Grass Avenue
Private Street
SCALE 1"=40'
CONTOUR INTERVAL 1'
FOR ADDITIONAL INFORMATION SEE SHEETS 2 and 3
FOR CONTINUATION SEE SHEET 3
PHASE 1
PHASE 2
Finger Aloe Street
Private Street
Finished grade of pavement centerline
Existing grade of pavement centerline
2050
2040
AS BUILT DRAWING PER WESTLAND RESOURCES INC.
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE II
Lots 35-49, 57-63 and 151-176
OF
TIERRA LINDA NUEVA
SHEET 4 OF 4
PLAN NO.

PLAN No.

Contract Notes

1. All design standards, materials and workmanship are to be in accordance with Tucson Water Standard Specifications and details, 2001 Edition. Tucson Water Standards (shall be "Contract Notes" shall apply to and become an integral part of this contract (available "Tierra Linda Homeowners Association Water Company" for references to "Tucson Water").
2. All PVC pipe installed for this project shall be Class 200, unless otherwise specified.
3. Water service will be provided as shown on this plan. Any changes to parcel configuration may necessitate additional requirements.
4. The water system is designed to accommodate 1800 G.P.M. Fire flow. Fire flow must be met prior to construction.
5. Owner/Developer is responsible for relocating other markers of hydrants.
6. All fire hydrant barrels shall be D.I. Mfg. Co. 350
7. This plan meets the minimum pressure and storage requirements as set forth in Arizona Administrative Code (AAC) R18-4-502 and 533.
8. All fittings shall be restrained per Tucson Water Standard Detail 800 or approved engineering calculations.
9. Any water main shall be installed with 36" of minimum cover per Tucson Water Standards, unless otherwise indicated on these plans.
10. Separate meters will be required for irrigation purposes. Domestic and irrigation service shall not be interconnected. Backflow preventers shall be installed with irrigation services.
11. Water basin installed in unknown travel areas shall conform to Tucson Water Standard 6109.
12. All stations of DWV (Dead Water Recession) per TW 300/400 are to the end cap of pipe.
13. Contractor can't supply all stakes set for the lines, levels and measurements in the work in their proper places, and it shall be certified by a Registered Land Surveyor. Any expense incurred in repairing any stakes which the contractor or his subordinates may have failed to preserve shall be the contractor's responsibility.
14. Contractor shall be responsible for the care, maintenance, repair or replacement of existing improvements in the work area, which may have been removed or damaged during the course of construction. All repair, replacement, or cleanup shall be done to the satisfaction of the Owner.
15. Contractor is required to contact Blue Stake (1-800-782-5348) 48 hours prior to any excavation to determine accurate utility locations.
16. Contractor shall furnish, haul and apply all construction water. This includes water required for compaction and dust control. Bidding, establishing and filling Fire Hydrant Meter information and meter (backflow if required) from Tierra Linda Homeowners Association Water Company.
17. Tierra Linda Homeowners Association Water Company and their Engineer shall review all shop drawings and equipment submittals for compliance with plans and specifications.
18. Disinfection shall be performed in accordance with AOHS Engineering Bulletin No. 8.
19. All ductile iron pipe and fittings shall be cement-mortar lined in accordance with AWWA C-104. All underground ductile iron pipe shall be wrapped per AWWA C-105.
20. All transitions between ductile iron and steel piping shall be made using appropriate adapters and flange insulation kits per Tucson Water Standard Detail 704 (protection required).
21. All below ground piping shall be thrust blocked per Tucson Water Standards, unless noted otherwise. Mechanical joint restraint fittings (Megalug, Lok-Tyte, Lok-Test or equal) can be used in place of thrust blocking. All joints within site shall be mechanically restrained joints if underground, or welded steel if above ground.
22. Upon commencement of work, traffic control devices shall be posted and maintained by Contractor until such time as the work is completed. All warning signs, barricades, etc. shall be in conformance with the Manual pursuant to Arizona Revised Statutes 28-630.
23. A qualified Registered Engineer or Land Surveyor must certify that this project was constructed in substantial conformance with the approved plans prior to requesting final inspection/certification of occupancy or release of assurances for this project.
24. Contractor shall communicate and pay all inspections, testing and installing fees required by the Department of Environmental Quality prior to receiving of "Approval of Construction".
25. Contractor shall comply with all applicable Occupational Safety and Health Administration regulations.
26. Contractor shall obtain all permits required by governmental agencies.
27. Deviations or conflicts between various elements of this drawing notes and details shall be brought to the attention of the Engineer and resolved before proceeding with the work.
28. If unanticipated conditions are encountered during the course of construction and are beyond the scope of design, the Engineer shall submit the necessary revised or supplemental improvement plans for review and approval by Tierra Linda Homeowners Assoc. Water Company.
29. A copy of this plan shall be kept in or easily accessible location on the site at all times during construction.
30. Existing utilities are shown based upon information available. Contractor shall verify location of existing utilities prior to commencing construction.
31. All concrete shall comply with COA/PC SSPI Section 1006, Class S, 3000 PSI compressive strength of 28 days, unless otherwise specified.
32. Installing water meters in driveway areas will not be allowed, unless location is reviewed and approved by Tierra Linda Homeowners Association Water Company or by their representative. Only No. 2 cast iron boxes (traffic rated) will be accepted for meters installed in these unusual areas.
33. Water construction shall not commence until Pima County Department of Environmental Quality (PCDEQ) has issued a Certificate of Approval to Construct for this project.
34. Prior to final acceptance of the water system by Tierra Linda Homeowners Association Water Company and after all new water pipe and its appurtenances have been installed, an inspector for project installation and location of all water meters and boxes, valves, BVC's, etc. will be done by Tierra Linda Homeowners Association Water Company and/or their representatives. As required and stipulations shall be completed by Contractor/Developer before final acceptance by Tierra Linda Homeowners Association Water Company. Water service will not be granted until a letter of final acceptance is issued by Tierra Linda Homeowners Association Water Company.



Q On-site street cross-section, typ.

R On-site street cross-section, typ.

EMIGH ROAD

Moss Verbena Street

PHASE III

Phlox Cross Avenue

Summer Poppy Street

Blue Yucca Place

Summer Poppy Street

PHASE III

PHASE III

FOR CONTINUATION SEE SHEET 4

FOR CONTINUATION SEE SHEET 5

FOR CONTINUATION SEE SHEET 4

Scale 1" = 60'

Stationing is along the street centerlines

Curve Data

CURVE ID	DELTA (DEGREES)	RADIUS (FEET)	LENGTH (FEET)	TANGENT
C1	14°05'03"	1056.00	813.61	409.17
C2	4°55'27"	1056.00	85.59	42.82
C3	20°35'37"	1056.00	380.23	192.30
C21	14°04'53"	885.00	195.56	98.45
C22	16°34'56"	880.00	231.48	116.33
C23	6°32'29"	880.00	90.02	45.08
C24	89°59'53"	880.00	434.09	276.00
C25	86°30'49"	500.00	634.05	419.38
C26	80°01'01"	300.00	104.51	60.91
C36	11°38'36"	500.00	101.61	50.90

Line Data

LINE ID	BEARING	DISTANCE
L1	N0°03'50"E	23.85'
L2	N17°58'07"E	27.54'
L3	N25°35'48"W	27.54'
L4	[illegible]	[illegible]
L5	N15°46'51"W	23.54'
L25	N87°48'14"E	144.43'
L26	N00°03'56"W	114.10'
L27	N74°51'05"E	138.71'

Note to Contractor

For drain stone assembly see Contract Note No. 12 on this sheet

1-800-782-5348

Blue Stake Center

TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

WATER DISTRIBUTION SYSTEM

TO SERVE PHASE I

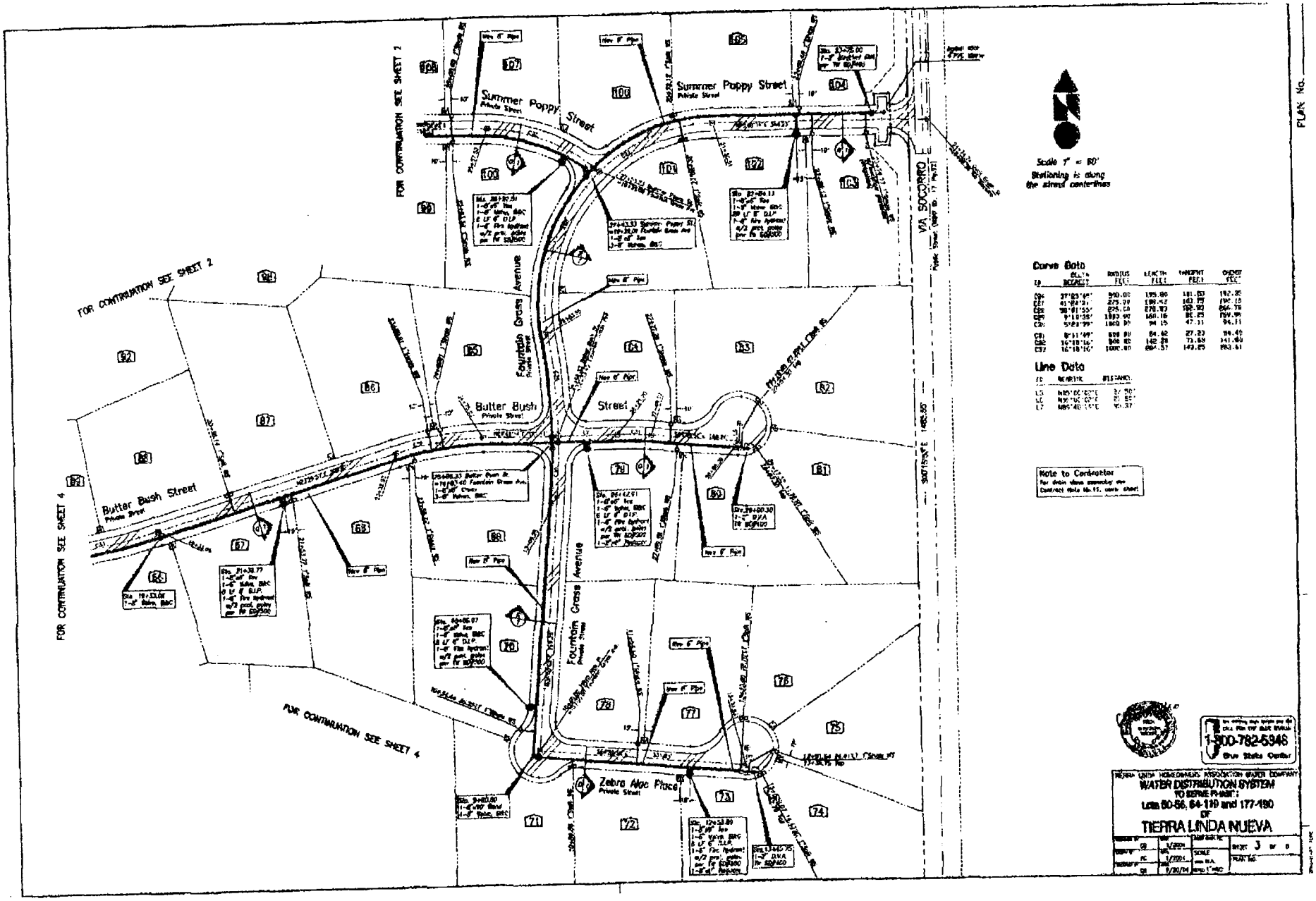
Lots 50-58, 84-119 and 177-180

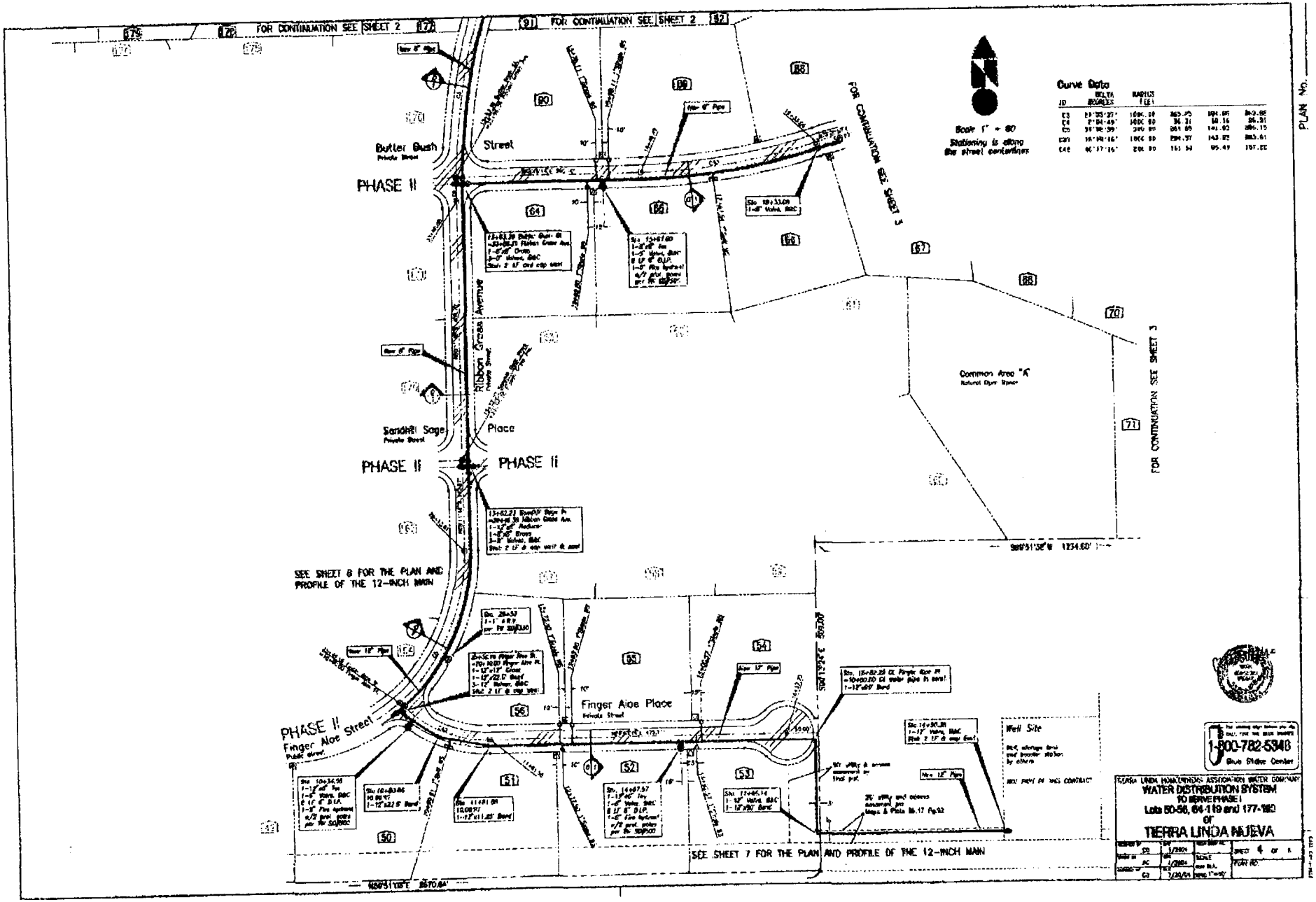
OF

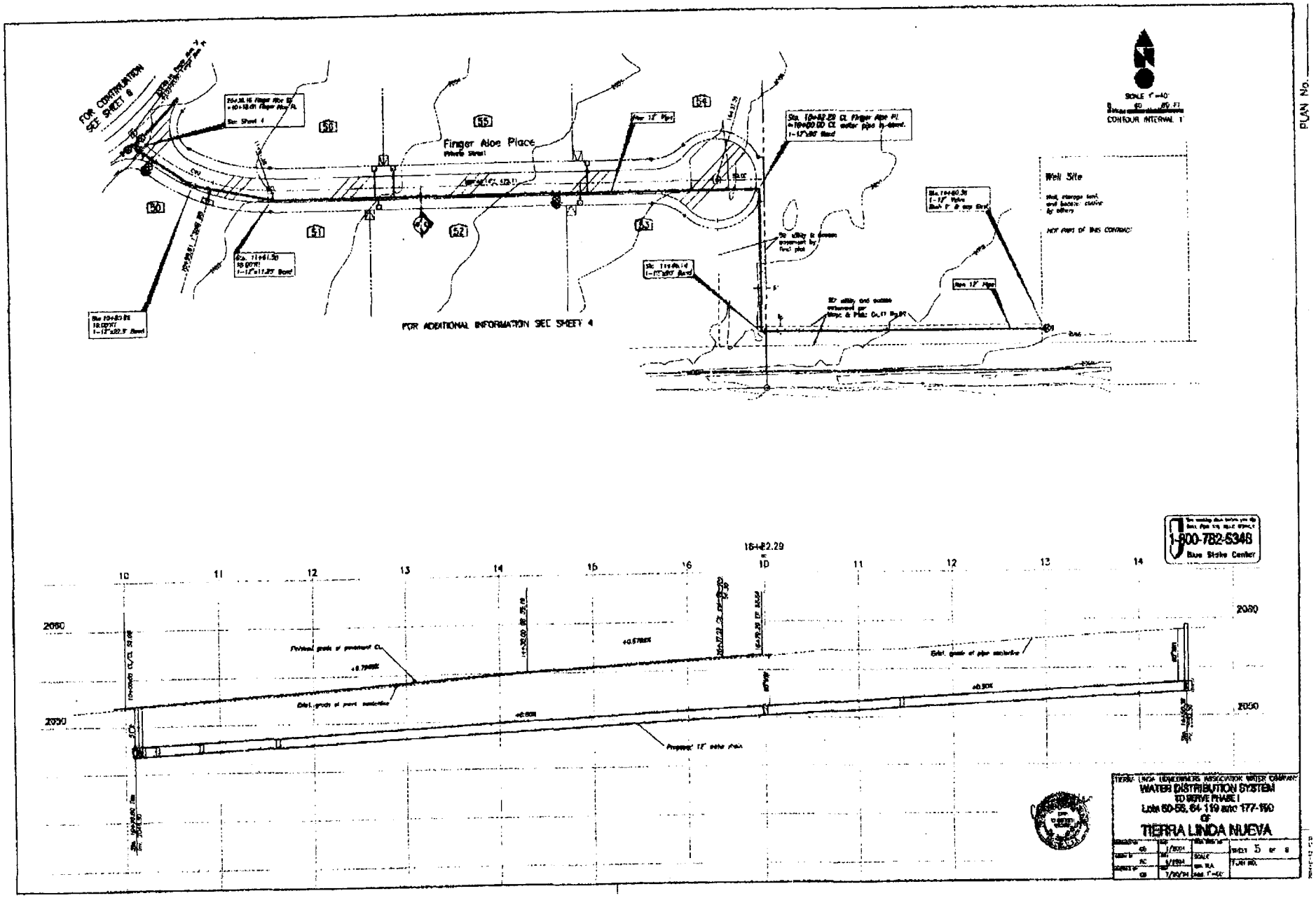
TIERRA LINDA NUEVA

DESIGNED BY CB	DATE 1/2004	REVISIONS	SHEET 2 OF 6
DRAWN BY AF	DATE 1/2004	SCALE 1" = 60'	PLAN NO.
CHECKED BY CB	DATE 1/20/04		

PLAN NO.


FOR CONTINUATION SEE SHEET 2
FOR CONTINUATION SEE SHEET 4
Summer Poppy Street
Private Street
Butter Bush Street
Private Street
Fountain Grass Avenue
Private Street
Zebra Aloe Place
Private Street
VIA SOCORRO
Scale 1" = 80'
Stationing is along the street centerlines
Curve Data
Line Data
Note to Contractor
1-800-782-5948
Dial Before You Dig
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE 1
Lots 50-56, 64-139 and 177-190
OF
TIERRA LINDA NUEVA
SHEET 3 OF 8
PLAN NO.


FOR CONTINUATION SEE SHEET 2
FOR CONTINUATION SEE SHEET 2
FOR CONTINUATION SEE SHEET 3
FOR CONTINUATION SEE SHEET 3
Scale 1" = 80'
Stationing is along the street centerlines
Curve Data
Butler Bush
Private Street
PHASE II
Street
Ribbon Grass Avenue
Private Street
Sandhill Sage
Private Street
Place
PHASE II
PHASE II
Common Area "K"
Natural Open Space
SEE SHEET 6 FOR THE PLAN AND PROFILE OF THE 12-INCH MAIN
PHASE II
Finger Aloe Street
Public Street
Finger Aloe Place
Private Street
Well Site
SEE SHEET 7 FOR THE PLAN AND PROFILE OF THE 12-INCH MAIN
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-56, 64-119 and 177-180
OF
TIERRA LINDA MUEVA
PLAN No.


FOR CONTINUATION SEE SHEET 6
Finger Aloe Place
FOR ADDITIONAL INFORMATION SEE SHEET 4
Well Site
NOT PART OF THIS CONTRACT
SCALE 1"=40'
CONTOUR INTERVAL 1'
1-800-782-5348
Blue Stake Center
16+82.29
2060
2050
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 50-55, 64-119 and 177-190
OF
TIERRA LINDA NUEVA
SHEET 5 OF 8
PLAN No.

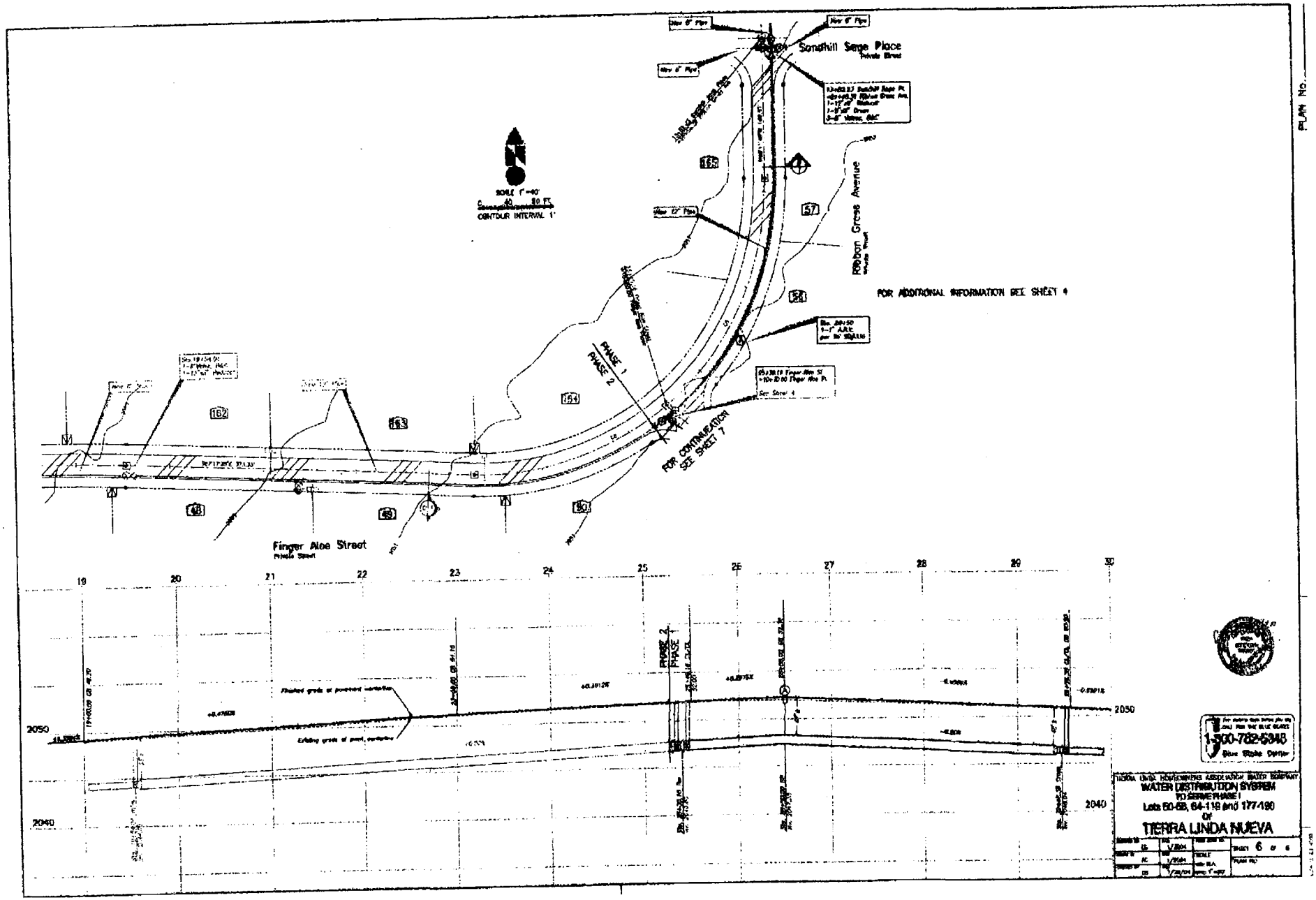

Sandhill Sage Place
Private Street
Ribbon Grass Avenue
Private Street
Finger Aloe Street
Private Street
SCALE 1"=40'
CONTOUR INTERVAL 1'
PHASE 1
PHASE 2
FOR ADDITIONAL INFORMATION SEE SHEET 4
FOR CONTINUATION SEE SHEET 7
Finished grade of pavement centerline
Existing grade of pavement centerline
2050
2040
1-800-782-5348
Blue Stake Center
TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY
WATER DISTRIBUTION SYSTEM
TO SERVE PHASE I
Lots 60-68, 84-119 and 177-190
OF
TIERRA LINDA NUEVA
SHEET 6 of 6
PLAN No.

Exhibit "C"

[Construction Cost for the Water Facilities]

COMPANY NAME Tierra Linda Homeowners Association, Inc. 2008

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	45,800	3,813	41,987
307	Wells and Springs	32,054	2,668	29,386
311	Pumping Equipment	185,397	57,937	127,460
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	195,918	10,873	185,045
331	Transmission and Distribution Mains	490,046	24,502	465,544
333	Services	35,822	2,982	32,840
334	Meters and Meter Installations	9,279	1,822	7,457
335	Hydrants	59,819	2,991	56,828
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	4,225	704	3,521
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,058,359	108,293	950,066

This amount goes on the Balance Sheet Acct. No. 108

Exhibit "D"

[Approval To Construct/Approval of Construction]

Water plant

915.05
#8200

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: INSTALLATION OF A NEW 280,000 GALLON STORAGE TANK, 1,600 –GALLON PER MINUTE BOOSTER STATION, AND AN EQUIPMENT UPGRADE OF AN EXISTING WELL (ADWR #55-801582, POE-001).

Location: T-12 -S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO21304 signed on May 25, 2004.

2. Original sealed Engineer's Certificate of Completion, sealed on February 2, 2006 by Mark F Taylor, P.E., Certificate No. 22999, dated and submitted after the completion of construction and final inspection.

3. 10 pages of as-built plans for above-described project dated February 11, 2006, sealed by Mark F Taylor, P.E., Certificate No. 22999, and approved for construction under PDEQ File No. PO21304, sealed on April 16, 2004 by Mark F Taylor, P.E., Certificate No. 22999.

4. Test results for pressure, chlorination and microbiological, signed by Scott Strimple, dated February 1, 2006, consisting of 15 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements and all other terms and conditions of this certificate of Approval to Construct and, when issued, the certificate of APPROVAL OF CONSTRUCTION.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: February 21, 2006

URSULA KRAMER,
DIRECTOR

By: RC
Richard Grimaldi
Deputy Director

By: M. Redmond
Mike Redmond, R.S.
Sr. Civil Engineering Assistant

Cc: PDEQ File No: PO21304
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc. Water Company
Project Engineer: Westland Resources

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PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

MAY 27 2004

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA WATER PLANT System No.: 10-411

Project Owner: TIERRA LINDA DEVELOPMENT, LLC.

Address: 6262 N. SWAN Rd., SUITE 125, TUCSON, AZ 85718

Project Location: T- 12 -S, R- 11 -E, SECTION 29 County: PIMA

Description: INSTALLATION OF A 280,000 GALLON STORAGE TANK, 1,600 GPM BOOSTER STATION, AND UPGRADE AND EQUIP A 200 GPM WELL.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: MAY 25, 2004

Ursula Kramer,
Director

By: _____
Eric Shepp, P.E.
Interim Technical Services Manager

By: David Amash
David Amash, E.I.T.
Civil Engineering Asst.

Cc: P-File No. PO 21304
P-ADEQ, SRO
Tierra Linda Water HOA
Engineer-Westland Resources

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Water distribution

915.05
B8700

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 1, LOTS 50-56, 64-119, AND 177-190.

Location: T-12 -S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO06505 signed on March 7, 2005.

2. Original sealed Engineer's Certificate of Completion, sealed on February 2, 2006 by Mark F. Taylor, P.E., Certificate No. 22999, dated and submitted after the completion of construction and final inspection.

3. 6 pages of as-built plans for above-described project dated February 6, 2006, sealed by Mark F. Taylor, P.E., Certificate No. 22999, and approved for construction under PDEQ File No. PO06505, sealed on October 15, 2004 by Christoph Brozek, P.E., Certificate No. 13904.

4. Test results for pressure, chlorination and microbiological, signed by Scott Strimple, dated February 1, 2006, consisting of 11 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements and all other terms and conditions of this certificate of Approval to Construct and, when issued, the certificate of APPROVAL OF CONSTRUCTION.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: February 21, 2006

URSULA KRAMER,
DIRECTOR

By: NG
Richard Grimaldi
Deputy Director

By: M. Redmond
Mike Redmond, R.S.
Sr. Civil Engineering Assistant

Cc: PDEQ File No: PO06505
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc. W.C.
Project Engineer: Westland Resources
Design Engineer: Christopher Brozek

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PIMA COUNTY DEPARTMENT ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

System No.: 10-411

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

Address: 6262 NORTH SWAN ROAD, #125, TUCSON, AZ 85718

Project Location: T-12-S, R-11-E, SECTION 29 County: PIMA

Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 1, LOTS 50-56, 64-119, AND 177-190.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: March 7, 2005

Ursula Kramer,
Director

By: _____
Eric Shepp, P.E.
Interim Technical Services Manager

By: _____
Mike Redmond, R.S.
Sr. Civil Engineering Asst.

Cc: P-File No. PO06505
P-ADEQ, SRO
Engineer-Christopher Brozek, AICP, P.E.
Tierra Linda Homeowners Assoc. W.C.

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PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
ENGINEERING REVIEW UNIT
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

APPROVAL OF CONSTRUCTION (WATER)

Project Description: WATER EXTENSION TO SERVE TIERRA LINDA NUEVA, PHASE 2, LOTS 35-49, 57-63, 151-176

Location: T-12-S, R-11-E, Section 29 County: PIMA

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

This Approval of Construction is based upon the following items:

1. Pima County Department of Environmental Quality Certificate of Approval to Construct for PDEQ File No. PO06605, signed on March 7, 2005.

2. Original sealed Engineer's Certificate of Completion, sealed on July 27, 2007 by Kristen Whatley P.E., Certificate No. 45171, dated and submitted after the completion of construction and final inspection.

3. Four pages of as-built plans for above-described project dated July 27, 2007, sealed by Kristen Whatley, P.E., Certificate No. 45171, and approved for construction under PDEQ File No. PO06605, sealed on October 15, 2004 by Christoph Brozek, P.E, Certificate No. 13904.

4. Test results for pressure and microbiological, signed by Scott Strimple, dated March 16, 2007, consisting of 12 pages.

Approval to operate the above, described facilities as represented in the approved plan documents on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

1. Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

2. The Department reserves the right of entry for State or local officials to inspect the facility and collect any samples needed to determine compliance with any standards.

3. **The Project owner and each subsequent owner shall notify each buyer about all operation, maintenance, inspection and reporting requirements, and all other terms and conditions of the certificate of Approval to Construct and this certificate of Approval of Construction.**

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

Date Approved: August 14, 2007

URSULA KRAMER, P.E.
DIRECTOR

By: David Amash
David Amash, P.E.
Civil Engineer

By: Paul Strobak
Paul Strobak
Civil Engineering Assistant

cc: PDEQ File No: PO06605
ADEQ, SRO
ACC
Project Owner: Tierra Linda Homeowners Assoc,
Project Engineer: Westland Resources
Design Engineer: Christopher Bozek, AICP, P.E.

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PIMA COUNTY DEPARTMENT ENVIRONMENTAL QUALITY
TECHNICAL SERVICES DIVISION
150 West Congress, 1st Floor, Tucson, Arizona 85701-1317
Telephone: 740-3340

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water and/or Wastewater Facilities

System Name: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

System No.: 10-411

Project Owner: TIERRA LINDA HOMEOWNERS ASSOCIATION WATER COMPANY

Address: 6262 NORTH SWAN ROAD, #125, TUCSON, AZ 85718

Project Location: T-12-S, R-11-E, SECTION 29 County: PIMA

Description: NEW WATER DISTRIBUTION SYSTEM TO SERVE TIERRA LINDA NUEVA, PHASE 2, LOTS 35-49, 57-63, 151-176.

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA, OR A PERSON UNDER THE DIRECT SUPERVISION THEREOF, SHALL COMPLETE A FINAL INSPECTION AND SUBMIT A CERTIFICATE OF COMPLETION TO THE DEPARTMENT. AFTER COMPLETION OF CONSTRUCTION, AND ACCEPTANCE BY PIMA COUNTY, ACCURATE "AS BUILT" PLANS, AN ENGINEER'S CERTIFICATE OF COMPLETION, PRESSURE AND MICROBIOLOGICAL TESTING SHALL BE PREPARED AND SUBMITTED TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call 740-3957.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: July 17, 2006
This approval superseded the approval dated 3/7/05 to account for a one year time extension.

Ursula Kramer,
Director

By: M. Redmond
Mike Redmond, R.S.
Water/Waste Program Mgr.

By: David Amash
David Amash, P.E.
Civil Engineer

Cc: File No. P006605
ADEQ, SRO
Engineer-Christopher Brozek, AICP, P.E.
Tierra Linda Homeowners Assoc. W.C.
Westland Resources

G:\Water\Water-Sewer Plan Review\Approvals\05plans\P006605.wtr2.doc

Exhibit "E"

[Water Use Data Sheet]

COMPANY NAME: Tierra Linda Homeowners Association, Inc. 2008	
Name of System: Tierra Linda HOA Water Co.	ADEQ Public Water System Number:10-411

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	54	312.5		
FEBRUARY	54	304.2		
MARCH	54	284.4		
APRIL	54	353.2		
MAY	54	463.5		
JUNE	54	418.6		
JULY	54	491.5		
AUGUST	54	484.7		
SEPTEMBER	54	486.9		
OCTOBER	55	427.1		
NOVEMBER	55	404.7		
DECEMBER	56	419.6		
	TOTALS →	[redacted]	5,222	

What is the level of arsenic for each well on your system? ___0.0095__mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _1000___GPM for _2__hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

PENGAD 800-631-6989
EXHIBIT
A-7
ADMITTED

Exhibit A-7
Robert P. Zammit

Certificate of Resolution of Tierra Linda HOA's Board of Director's Conditionally Approving Sale of Water System

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

CERTIFICATE OF RESOLUTION

I, Robert P. Zammit, do hereby certify that I am the sole officer of Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation organized under the laws of the State of Arizona (the "Corporation"); that the following is true, complete and correct copy of a resolution duly adopted at a Special Meeting of the Board of Directors of the Corporation, duly and properly called and held on the June 10, 2009; that a quorum was present at the meeting; and that this Resolution is set forth in the minutes of the meeting and has not been rescinded, revoked or modified and is now in full force and effect:

> RESOLVED, that the Board of Directors of the Corporation hereby approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva attached as Exhibit "A" hereto.
>
> FURTHER RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, the same was adjourned.

Robert P. Zammit
President

5216-5/061009

When recorded, return to:
Thomas M. Pace, Esq.
1670 East River Road, Suite 124
Tucson, Arizona 85718-8900

FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TIERRA LINDA NUEVA
Lot Nos. 1 through 190, Common Areas A and B and Wellsite
as recorded in Book 59 of Maps and Plats, at Page 3, Pima County, Arizona

This First Amendment (the "Amendment") is made this 19th day of [illegible], 2009, by Title Security Agency, an Arizona corporation, as Trustee under Trust No. 939 (hereinafter the "Declarant"), and amends as set forth below that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Tierra Linda Nueva, recorded August 9, 2005, in the Office of the County Recorder, Pima County, Arizona, at Docket 12612, page 7587, et seq. (the "Declaration"). All other terms and conditions of the Declaration shall remain in full force and effect. All terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Declaration.

1. Section 9.1 of the Declaration ("Duty to Provide Water Service to Members") is hereby amended with the addition of a new first sentence as follows:

> Notwithstanding the provisions of this Article VIII, the Association may sell the Water Facilities and the Wellsite to a person or entity which shall become a public service corporation regulated by the Arizona Corporation Commission with a duty to deliver water to the Property.

2. This Amendment has been approved by:

a. The written consent of Declarant who holds at least sixty percent (60%) of the votes in Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation, pursuant to Section 11.2.1 of the Declaration;

b. The approval of fifty-one percent (51%) of the Eligible Mortgage Holders, if any, who responded within the twenty (20) day period, pursuant to Section 11.2.2 of the Declaration; and

3. This Amendment will only be effective upon the recording of a Notice of Consent of the Veterans Administration, pursuant to Section 11.9 of the Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

TITLE SECURITY AGENCY
an Arizona corporation, as Trustee under Trust No. 939, only and not in its corporate capacity

By: _____
Diane L. Sloane
Its: Trust Officer

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SUBSCRIBED AND SWORN to before me this 19th day of June, 2009, by Diane L. Sloane, the Trust Officer of Title Security Agency of Arizona, an Arizona Corporation ** , on behalf of said Trust.

** as Trustee Under Trust No. 939

_____
Notary Public

My Commission expires:
9-11-09

OFFICIAL SEAL
DENNIS A. DERBY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Sept. 11, 2009

5216-5/061909

MINUTES OF SPECIAL MEETING OF DIRECTORS
OF
TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.

The Board of Directors of Tierra Linda Homeowners Association, Inc. an Arizona non-profit corporation (the "Corporation"), held a Special Meeting on June 10, 2009, at the offices of the Corporation in Tucson, Arizona.

The Director present was Robert P. Zammit. Robert P. Zammit presided as Chairman of the meeting and acted as Secretary thereof.

The Chairman introduced and the Board of Directors discussed the proposed First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva. On motion duly made, it was unanimously,

> RESOLVED, that the Directors of the Corporation approve the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva.

The Chairman updated the Directors on the sale of the water company by the Corporation to Gary Smyth. A discussion ensued. On motion duly made, it was unanimously,

> RESOLVED, that the President of the Corporation is authorized to take all actions necessary on behalf of the Corporation to complete the transaction for the sale of the water system assets of the Corporation and to transfer the associated Certificates of Convenience and Necessity to Gary Smyth or his assigns, including, but not limited to, preparing and signing all documents, provided, however, such authorization and transfer is contingent upon approval of the First Amendment to the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva by the Veterans Administration to allow the transfer.

There being no further business to come before the meeting, upon motion duly made and approved, the meeting thereupon adjourned.

DATED: June 10, 2009.

Robert P. Zammit
Chairman and Secretary of the Meeting

5216-5/061009

PENGAD 800-631-6989
EXHIBIT
A-8

Exhibit A-8
Robert P. Zammit

Smyth/Tierra Linda HOA Asset Purchase Agreement ("APA")

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") by and between Tierra Linda Homeowners Association, Inc. ("Seller") and Gary Smyth, a married man dealing with his sole and separate property (on behalf of himself and his heirs and assigns) ("Buyer") is effective as of this 16th day of June 2009.

RECITALS

A. Seller is a public service corporation under Arizona law with respect to its ownership and operation of a water utility system, and is subject to regulation by the Arizona Corporation Commission ("ACC").

B. On July 9, 2004, the ACC issued its Decision No. 67104 granting Seller a Certificate of Convenience and Necessity ("CC&N") by means of which Seller was authorized to provide water service to the public within a designated service area. A legal description and a map of the service area are attached hereto as Appendices "A" and "B," respectively, and are incorporated herein by this reference.

C. Seller is also a non-profit corporation under Arizona law, which was organized for the purpose of providing various services to residents of the Tierra Linda Nueva Subdivision ("Subdivision") in Pima County, Arizona, which residents are members of Seller. Such services include the provision of potable water service to the aforesaid residents.

D. Seller anticipates acquiring title to the water system facilities constructed by the developer of the Subdivision by means of a Water Main Extension Agreement For Developer – Installed On-Site and Off-Site Facilities that has been entered into between Seller and Tierra Linda Development, L.L.C. (herein, the "Facilities Agreement"). The approval of the Facilities Agreement (attached hereto as Appendix "C," and incorporated herein by this reference) by the ACC is a condition precedent to the legal effectiveness of the Facilities Agreement. .

E. The water system which serves the Subdivision has been funded through advances in aid of construction, contributions in aid of construction and equity provided by the developer of the Subdivision.

F. The water system which serves the Subdivision may over time need significant additional capital expenditures, including a second well and possibly arsenic treatment facilities. Seller does not desire to collect reserve funds from its members for future capital expenditures, maintenance and repairs and is further desirous of conveying the existing water system to a qualified successor.

G. Buyer currently owns and is operating water utility facilities providing service to the public elsewhere in Pima County, Arizona. At present, Buyer owns and operates Lakewood Water Company in the vicinity of Amado, Arizona, which is subject to regulation by the ACC.

H. Buyer possesses the financial resources necessary to make the aforesaid capital expenditures required by Seller's water system, as and if necessary; and, Buyer is prepared to make such capital expenditures following the ACC approval of Buyer's acquisition of Seller's water system assets.

I. Seller's members are desirous of selling their water system facilities, in order to assure ongoing adequate and reliable water service to the Subdivision; and, Buyer is desirous of acquiring Seller's water utility system.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, and the mutual promises, covenants and agreements hereinafter contained, the parties agree as follows:

Section 1. Definitions.

The following capitalized words used in this Agreement shall have the meanings set forth below:

Accounts Receivable: Any right to payment for services or goods provided or rendered by Seller whether or not evidenced by an instrument or chattel paper, arising out of or in any way related to the Business.

Aid in Construction Agreements: The Facilities Agreement entered into between Seller and Tierra Linda Development, LLC, a copy of which is attached as Appendix "C".

Assets: Collectively, the Real Property, Goodwill, Improvements, Equipment, Inventory, Contract Rights, Licenses, Certificates, Warranties and Guarantees, and Records owned and used by Seller in connection with the Business, to be sold by Seller and purchased by Buyer pursuant to this Agreement; provided, however, Assets shall not include Accounts Receivable and cash on hand or in any of Seller's bank/brokerage accounts at Closing.

Assignment and Assumption of Contract Rights and Intangibles: Those certain documents to be given by Seller to Buyer assigning all of Seller's interest in the Contract Rights, and the Buyer's assumption of all Seller's obligations under the Contract Rights, and assigning all of Seller's interest in the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable to Buyer as defined below.

Bill of Sale: That certain document to be given by Seller to Buyer conveying all of Seller's interest in and to the Equipment, Inventory and Records as defined below.

Business: That certain business known as Tierra Linda Homeowners Association Water Company, which is currently owned by Seller and is engaged as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area pursuant to a Certificate issued by the Arizona Corporation Commission ("ACC"), and other related services in connection therewith.

Buyer: Gary Smyth, a married man dealing with his sole and separate property (on behalf of himself and his heirs and assigns).

Certificate: That certain Certificate of Convenience and Necessity issued by the ACC in Decision No. 67104, authorizing Seller to engage as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area.

Certificated Area: The legally described area set forth on **Appendix "A"** in which Seller conducts its Business, which area is more particularly shown on the map of the existing service area attached hereto as **Appendix "B"**, which map is for the purpose of showing the boundaries of the Certificated Area.

Closing: That point in time when (a) all of Seller's obligations and Buyer's obligations hereunder have been fulfilled; (b) the Escrow Agent has received all required funds and documents from the parties; and (c) the Escrow Agent disburses the sale proceeds and records the Transfer Instruments as required by this Agreement.

Commitment: The Commitment for Title Insurance issued by Title Insurer for extended coverage title insurance showing status of title to the Real Property as of the date of the Commitment.

Contract Rights: The right to have services, goods or Equipment provided to the Business by third persons, including, without limitation, any leases of Equipment by Seller and the Aid in Construction Agreements.

Creditors: Any and all persons or entities to whom Seller owes money, goods or services.

Equipment: Tangible personal property, whether affixed or not to the Real Property, which has been acquired by or is under lease to Seller for use primarily in the Business, including but not limited to all equipment used in the operation of wells, storage reservoirs, booster stations, transmission mains and distribution systems, office equipment and motor vehicles.

Escrow Agent: Lisa Quigley, Fidelity National Title, 1630 E. River Rd., Suite 120, Tucson, Arizona 85718, Phone: (520) 382-3013, Fax: (520) 529-7026, Email: lisa.quigley@fnf.com.

Feasibility Period: The period beginning upon the Opening of Escrow and ending September 20, 2009.

Goodwill: The goodwill of the Business.

Improvements: Wells, storage reservoirs, booster stations, transmission mains and distribution systems, and any other structures or tangible property used by Seller in connection with its water utility operations as described on **Appendix "D."**

Inventory: Goods that are held by Seller as of the Closing for the treatment of water or otherwise used or consumed in the ordinary course of operating the Business.

Licenses: Those rights to use the public rights of way of Pima County granted to Seller, as described on **Appendix "E,"** which rights are to be transferred to Buyer at Closing.

Opening of Escrow: The date upon which a fully executed copy of this Agreement is delivered to the Escrow Agent.

Permitted Encumbrances: All matters of record approved in writing by Buyer during the Feasibility Period with respect to the Real Property.

Real Property: The real property legally described in **Appendix "F"** hereto, including all well sites, storage reservoirs, booster stations, transmission mains and distribution systems located within the Certificated Area, together with all easements, licenses and appurtenances pertaining thereto which are used by Seller in the Business.

Records: All of Seller's service agreements, service and repair records, water treatment records, hydrology and assured water supply studies and reports, Arizona Department of Water Resources ("ADWR") filings and correspondence, ACC filings and correspondence, Arizona Department of Environmental Quality ("ADEQ") filings and correspondence, customer data base information (including master file information, billing and payment histories, and complaints), meter reading information, and any other documents arising out of or in any way relating to the Business and the Assets.

Seller: Tierra Linda Homeowners Association, Inc.

Title Insurer: Lisa Quigley, Fidelity National Title, 1630 E. River Rd., Suite 120, Tucson, Arizona 85718, Phone: (520) 382-3013, Fax: (520) 529-7026, Email: lisa.quigley@fnf.com.

Transfer Instruments: Those instruments customarily required for the transfer of the Assets, including, but not limited to:

(i) Special Warranty Deed substantially in the form attached hereto as **Appendix "G"** hereto;

(ii) Assignment and Assumption of Easements and Property Rights substantially in the form attached hereto as **Appendix "H"**;

(iii) Assignment of Water Rights and Well Registrations substantially in the form attached hereto as **Appendix "I"** hereto;

(iv) Affidavit of Value;

(v) Foreign Investment in Real Property Tax Act Affidavit;

(vi) Bill of Sale substantially in the form attached hereto as **Appendix "J"**;

(vii) Assignment and Assumption of Contract Rights and Intangibles substantially in the form attached hereto as **Appendix "K"**; and

(viii) Such other documents as Seller and Buyer may agree upon during the Feasibility Period or Escrow Agent may require in order to complete a transfer of the Assets in accordance with the requirements of the Commitment and the Title Requirements.

Warranties and Guarantees: Any and all existing written warranties and/or guarantees affecting the Improvements, or any features thereof and any personal property located therein or thereon, and any and all existing written warranties and/or guarantees affecting the Equipment, which shall be conveyed to Buyer at the Closing.

Section 2. Conveyance of Assets. Subject to the conditions and limitations set forth herein, Seller hereby agrees to sell and Buyer hereby agrees to purchase the Assets.

2.1 Equipment, Inventory and Records. The Equipment, Inventory and Records shall be conveyed at Closing by the execution and delivery by Seller of the Bill of Sale. The Bill of Sale for such items shall include a list identifying all Equipment, Inventory and Records and shall be substantially in the form of **Appendix "J"** hereto,

2.2 Contract Rights; Goodwill, Licenses, Certificates, Warranties and Guarantees. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Goodwill, Licenses, Certificates, Warranties, if any, and Guarantees, if any, that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the Assignment and Assumption of Contract Rights and Intangibles. Seller does not warranty or guarantee the condition of any of the Improvements, Equipment or Inventory. The Assignment and Assumption of Contract Rights and Intangibles shall include a list identifying all Contract Rights assigned to and assumed by Buyer and shall be substantially in the form of **Appendix "K"** hereto. Buyer shall not be obligated to assume any contracts not disclosed by Seller as Contract Rights and specifically assumed in writing by Buyer pursuant to **Appendix "K."**

2.3 Real Property. The Real Property shall be conveyed at Closing by the execution and delivery by Seller of (a) Special Warranty Deed, (b) an Assignment of Easements and Property Rights, (c) an Assignment of Water Rights and Well Registrations and (d) such other Transfer Instruments as may be appropriate as determined by Buyer or Title Insurer. The Special Warranty Deed shall be substantially in the form attached hereto as **Appendix "G"** hereto. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances. Within a reasonable time after the Closing, Escrow Agent shall furnish the Buyer with the Title Insurer's ALTA Extended Owner's Policy of Title Insurance in the amount of the Purchase Price (defined in Section 4.1), subject only to Permitted Encumbrances (the "Owner's Title Policy").

2.4 Limitations. The purchase of the Assets pursuant hereto shall not constitute a purchase of Seller by Buyer nor render Buyer a successor-in-interest to Seller. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may exist at any time unless otherwise specifically set forth herein, provided, however, Buyer shall assume Seller's refund obligations under the Facilities Agreement. Buyer shall have no obligation of any kind under any contract or obligation assumed by Seller unless disclosed to, and assumed by, Buyer in writing, as provided herein. The provisions of this **Section 2.4** shall survive the Closing.

Section 3. Commitment; Information from Seller; Feasibility Period.

3.1 Delivery of Materials.

3.1.1 Delivery of Commitment. Within five (5) days following the Opening of Escrow, the Escrow Agent shall deliver the Commitment to Buyer and Seller together with legible copies of all documents referenced therein.

3.1.2 Delivery of Other Information. Upon the Opening of Escrow, Seller shall deliver to Buyer copies of (a) all employment, service, operations, maintenance and supply contracts affecting or pertaining to the Real Property, Equipment, Improvements, Inventory or the Business conducted thereon; (b) the Warranties and Guarantees, together with any insurance policies or binders; (c) all environmental studies and assessments, and regulatory filings and reports concerning the Assets or the Business, including, but not limited to, ADEQ, ADWR and ACC utility and corporate filings; and (d) all similar or relevant information and documentation requested by Buyer or which could reasonably affect or influence Buyer's use of the Assets for the purposes for which they are being acquired.

3.2 Feasibility Period. During the Feasibility Period Buyer shall have the right to enter upon the Real Property and the right to review all Records with Buyer's representatives and agents for the purpose of testing, examining and investigating the Assets and to make written objections ("Title Requirements") to matters shown in the Commitment or any amendment thereto or a survey of the Real Property. During the Feasibility Period Seller shall make reasonable and diligent efforts at Seller's sole cost and expense to satisfy the Title Requirements on terms and conditions satisfactory to Buyer. Buyer shall have the right during the Feasibility Period to terminate this Agreement if Buyer is dissatisfied, in Buyer's sole and absolute discretion, with the progress in satisfying the Title Requirements or the feasibility of the Assets for Buyer's purposes. On or before the expiration of the Feasibility Period, Buyer shall give written notice to Seller and Escrow Agent of its election whether or not to terminate this Agreement. If Buyer elects to terminate this Agreement, Escrow Agent shall return the Earnest Money and all documents deposited in escrow by Buyer to Buyer, all documents deposited in escrow by Seller to Seller, and this Agreement and escrow shall terminate. If Buyer elects not to terminate this transaction, the Earnest Money shall become nonrefundable to Buyer. Buyer's failure to timely give written notice of its election to terminate or not terminate this transaction shall be deemed an election by Buyer not to terminate this transaction.

Section 4. Earnest Money and Purchase Price.

4.1 Earnest Money and Purchase Price. Buyer agrees to pay Seller as the total purchase price for Seller's interest in the Assets, the following sums (the "Purchase Price"):

4.1.1 Earnest Money. Buyer will deposit the sum of One Thousand Dollars ($1,000.00) (the "Earnest Money") with the Escrow Agent within three (3) days after the execution of this Agreement by Buyer and Seller. The Earnest Money shall be placed in an interest bearing account, and all interest accruing thereon ("Earnest Money Interest") shall be deemed to increase, and be a part of, such Earnest Money and shall be paid to the party entitled to receive payment of the Earnest Money in accordance with this Agreement. The Earnest Money shall be disbursed to Seller at Closing, provided that all of Seller's obligations herein have been satisfied.

4.1.2 Balance of Purchase Price. The Balance of the Purchase Price shall be Sixty-Nine Thousand Dollars ($69,000.00), and shall be paid by Buyer in immediately available United States funds at Closing through Escrow Agent.

Section 5. Regulatory Approvals and Conditions to Closing. Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Buyer and Seller obtaining such approval(s) of the ACC as may be necessary to complete the sale of the Assets to Buyer and the transfer of the Certificate to Buyer on terms and conditions satisfactory to Buyer in its sole and absolute discretion (the "Regulatory Approvals"), including the ACC's prior approval of the Facilities Agreement; (ii) Buyer's receipt of the Title Insurer's irrevocable commitment to issue the Owner's Title Policy; (iii) Seller's satisfaction of all requirements of the Commitment and all Title Requirements set forth by Buyer during the Feasibility Period on terms and conditions satisfactory to Buyer in its sole and absolute discretion; (iv) execution and delivery of the Transfer Instruments; (v) the payment of any closing costs, proratable amounts or any other amounts required to be paid under this Agreement on or before the Closing; (vi) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of the Closing ("Closing Conditions"), and (vii) Declarant's execution of a legally effective First Amendment to Second Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tierra Linda Nueva Subdivision. Buyer and Seller shall cooperate in all reasonable respects to obtain the Regulatory Approvals, and each party shall bear its own costs incurred in such regard. The Closing shall occur at a mutually agreeable time and place within ten (10) business days after expiration of the Feasibility Period, or such earlier date that all Closing Conditions have been satisfied and Buyer has delivered written notice to Seller that Buyer has elected to proceed with the transaction ("Buyer's Election to Proceed"). If (i) any the Closing Conditions have not been satisfied by October 15, 2009, and (ii) the parties do not extend the date of Closing according to the provisions of **Section 10** of this Agreement, then the Earnest Money shall be returned to Buyer, and this Agreement shall terminate.

Section 6. Representations and Warranties.

6.1 Seller's Representations. Seller hereby jointly and severally represents and warrants to Buyer the following:

6.1.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.

6.1.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.

6.1.3 Liabilities. To be best of Seller's knowledge, there are no judgments, liens, actions or proceedings pending against Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.

6.1.4 Liens. No judgments, liens, security interests or other monetary obligations against the Assets will be outstanding at the time of Closing, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.

6.1.5 Labor, Materials. All bills and invoices for labor and materials furnished to or on behalf of the Assets which have been incurred by Seller prior to the time of conveyance and transfer to Buyer, if any, will be paid by Seller prior to or at the time of Closing.

6.1.6 Proceedings. To be best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.

6.1.7 No Breach. Neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in a breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.

6.1.8 No Bankruptcy. Seller has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the filing of an involuntary petition by Seller's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.

6.1.9 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the

use or occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.

6.1.10 Permits. To be best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.

6.1.11 Condemnation. To be best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings which would affect the Business or Assets.

6.1.12 Creditors. As of the Closing or thereafter when such obligations are then due (except for items to be prorated at Closing pursuant to **Section 13** of this Agreement), all bills and invoices for goods and services related to or which are a part of the Assets shall be paid; all Creditors shall be paid; all employees (if any) and salaries, wages, bonuses, vacation pay and benefits accrued up to the date of Closing shall be paid; all withholdings, payroll taxes, unemployment insurance, worker's compensation benefits, and all other similar payments shall be paid current to the date of Closing; and no claims by Creditors shall exist which may encumber the Assets.

6.1.13 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets herein and to observe and perform all of its covenants and obligations hereunder. The person executing this Agreement and any other document required hereby has full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.

6.1.14 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive the Closing.

6.1.15 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.

6.1.16 Insurance Coverage. Seller carries, and has for the four (4) years immediately preceding the date of this Agreement carried, what it believes to be a commercially reasonable liability insurance policy on an occurrence basis. Such insurance shall be maintained in full force and effect through Closing.

6.1.17 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report(s) filed with Corporation and the Utilities Division(s) of the ACC.

6.1.18 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit the Buyer to operate

the Business in its usual and customary manner, and all Improvements are located within the Real Property conveyed pursuant hereto.

6.1.19 Accuracy of Representations and Warranties. None of the representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive the Closing for a period of one (1) year and thereafter shall lapse except with respect to any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

6.2 Buyer's Representations. Buyer hereby represents to Seller as follows:

6.2.1 Authority. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind the Buyer in and to the obligations imposed on it by this Agreement.

6.2.2 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive the Closing.

6.2.3 Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive the Closing for a period of one (1) year and thereafter shall lapse except with respect to any breach of such warranties and representations with respect to which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

6.2.4 Construction of Second Well. Buyer hereby agrees to construct a second well to provide water service to residents of the Subdivision prior to occupancy of fifty percent (50%) of the currently pending platted lots within the Subdivision. This commitment upon Buyer's part shall survive Closing until fully discharged.

Section 7. Indemnification.

7.1 By Seller. Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from, all actions, suits, proceedings, demands, claims, assessments, judgments, costs and expenses, including without limitation legal fees and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences or matters that took place prior to the Closing and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Seller.

7.2 By Buyer. Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from, all actions, suits, proceedings, demands, claims, assessments, judgments, costs and expenses, including without limitation legal fees and disbursements, incurred by Seller relating to (i) the Assets and arising from acts, occurrences or matters that took place after the Closing (excluding acts of Seller, its agents or employees) and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Buyer.

Section 8. Aid in Construction Agreements. At Closing, Seller shall assign and Buyer shall assume Seller's rights and obligations under the Aid in Construction Agreement, provided that no party thereunder is in default of their obligations under such Agreement.

Section 9. Escrow Agent.

9.1 Delivery of Transfer Instruments. The Transfer Instruments and any other documents required by this Agreement or applicable laws shall be placed by the parties into escrow with the Escrow Agent and shall be delivered to the appropriate party upon Closing.

9.2 Other. The Escrow Agent agrees to do all things reasonably required by the terms of this Agreement to close this transaction.

Section 10. Closing. The Closing of this sale shall occur no later than ten (10) business days after expiration of the Feasibility Period, but in no event later than October 15, 2009, as provided under **Section 5** of this Agreement. Notwithstanding the foregoing, the parties may extend the date of Closing until such later time by executing and delivering a written instrument to the Escrow Agent setting a new date for Closing. The new Closing date shall also be the new date for proration.

Section 11. Closing Documents.

11.1 Seller's Deposits. Prior to Closing, Seller shall deposit with Escrow Agent for delivery to Buyer, the following:

11.1.1 The Transfer Instruments required by this Agreement.

11.1.2 The form of Certificate re RUCO and ACC Assessments, substantially in the form set forth in **Appendix "L"** hereto.

11.1.3 Any other documents or instruments required by this Agreement.

11.1.4 Any other instruments necessary to or reasonably required by Buyer or Escrow Agent to effectuate the transaction contemplated herein.

11.2 Buyer's Deposits. Prior to Closing, Buyer shall deposit with Escrow Agent for delivery to Seller the following:

11.2.1 The Balance of the Purchase Price in immediately available United States funds.

11.2.2 Any other instruments necessary to or reasonably required by Seller or Escrow Agent to effectuate the transaction contemplated herein.

Section 12. Costs. Costs of Closing and/or expenses connected with the transfer of the Assets and the sale thereof shall be divided between Buyer and Seller, and paid through escrow, as follows:

12.1 Attorneys' Fees. Except as provided in **Section 21.4** of this Agreement, each party shall pay its own attorneys' fees and costs.

12.2 Escrow Fees. The escrow fee and all filing and recording fees shall be divided equally between Buyer and Seller, to the extent that such recording fees or filing fees are for the Transfer Instruments. If any recording fees or filing fees are necessary as a result of recordings required to clear title, they shall be paid by Seller.

12.3 Title Insurance. The premium for the Owner's Title Policy attributable to standard coverage and the cost of any endorsements required to satisfy the Commitment or Title Requirements shall be paid by Seller. Buyer shall pay the difference between the standard premium and an extended premium, if any, plus the costs of any additional requirements for an extended title insurance policy.

Section 13. Prorations.

13.1 Prorations. All current real estate taxes against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Any errors in the proration resulting in a deficit in the payment of taxes through Closing shall thereafter remain the obligation of Seller. Any delinquent taxes, penalties and interest thereon for the Property shall be paid by Seller on or before Closing

13.2 Assessments. All current assessments, both principal and interest, against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Seller shall pay any delinquent amounts on or before Closing.

13.3 Other.

13.3.1 Seller shall deliver the Records to Buyer on the Closing date.

13.3.2 Seller shall transfer utility operations to Buyer as of Closing.

13.3.3 Leases for Equipment (including vehicles) or premises, if any, shall be prorated as of Closing.

13.3.4 Any meter deposits collected by Seller, refunds of which are payable to Seller's customers, shall be transferred to Buyer as of Closing.

13.3.5 Personal property tax shall be prorated as of Closing.

Section 14. Risk of Loss.

14.1 Prior to Closing. The risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall remain the responsibility of Seller. Upon the happening of any material loss and within ten (10) business days after notification thereof, Buyer may elect in writing to terminate this Agreement or close the sale. If an election to terminate the Agreement is made, any money on deposit shall be returned to Buyer with accrued interest thereon and this Agreement shall thereupon become null and void. In the alternative, if an election to proceed with Closing is made by Buyer, any insurance proceeds and/or condemnation award in connection with the loss shall be given to Buyer, but there shall be no adjustment to the Purchase Price.

14.2 After Closing. The risk of loss or damage by fire or other casualty, or the taking by eminent domain, shall be assumed by and be the responsibility of Buyer from and after the Closing.

Section 15. Insurance. Buyer shall place its own insurance coverage on the Assets as of Closing. Insurance previously carried by Seller shall be canceled by Seller as of Closing.

Section 16. Assignment of Agreement. The rights of each party under this Agreement may be assigned only with the prior written consent of the other party, which consent may be withheld for any reason, or for no reason.

Section 17. Default.

17.1 Seller's Default.

17.1.1 Non-Monetary Default. For the purposes of this **Section 17**, a "Non-Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance when that failure is the result of any action by a third party encumbering the Assets by creating a cloud on the title of Seller's ownership status which is not practicably susceptible to financial satisfaction prior to Closing and was not accepted by Buyer as a Permitted Encumbrance during the Feasibility Period.

17.1.2 Monetary Default. For the purpose of this **Section 17**, a "Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance, when that failure is a result of a monetary lien or encumbrance upon the Assets,

which lien or encumbrance was not disclosed in the Commitment when received by Buyer and which can be cured by the application of a portion of the Closing proceeds.

17.1.3 Seller's Willful Refusal. For the purpose of this **Section 17**, "Seller's Willful Refusal" shall mean the wrongful failure of Seller to close this transaction for reasons within Seller's control, after Buyer has tendered full performance.

17.1.4 Remedies. In the event of a default by Seller, Buyer's exclusive remedies shall be as follows:

17.1.4.1 In the event of a Non-Monetary Default, Buyer shall have ten (10) business days following such default in which to elect in writing to terminate this Agreement or waive the Non-Monetary Default and close this transaction. In the event Buyer elects to terminate this Agreement, this Agreement shall thereupon be null and void and the Earnest Money shall be immediately returned to Buyer, together with any interest earned thereon. If Buyer elects to waive the Non-Monetary Default and close the transaction, then Closing shall occur within ten (10) business days after Buyer's written notice to close. There shall be no adjustment in the Purchase Price and Buyer shall accept whatever title Seller may be able to convey.

17.1.4.2 In the event of a Monetary Default, the Escrow Agent is hereby instructed to withhold from Seller's proceeds from the Closing a sufficient amount to cure the Monetary Default.

17.1.4.3 In the event of Seller's Willful Refusal, then Buyer shall be entitled to pursue its legal and equitable remedies as then may be available, including specific performance.

17.2 Buyer's Default. In the event Buyer fails to close this transaction after Seller has tendered full performance and all conditions to Buyer's obligation to close have been satisfied, Seller shall be entitled to immediately receive the Earnest Money from the Escrow Agent as liquidated damages (and not as a penalty) for its damages incurred as a result of Buyer's default.

Section 18. Customer Deposits. Any meter deposits collected by Seller, refunds of which are payable to Seller's customers, shall be transferred to Buyer and refunded by Buyer as and when due. Seller shall provide a list of all such refundable customer deposits and meter deposits to Escrow Agent and Buyer prior to Closing.

Section 19. Employees. Buyer shall not be obligated to employ any of Seller's employees, if any, nor have any obligations to such employees, whatsoever.

Section 20. Meter Readings and Billings.

20.1 Meter Readings.

20.1.1 Seller shall use its best efforts to read all customer meters on the date of Closing, but in any event, all meters will be read within five (5) days prior to Closing (the "Final Reading").

20.1.2 Seller shall continue to bill in its usual sequence for water usage prior to Closing and may, at its option, delay its usual billing sequence to coincide with the Final Reading.

20.1.3 Seller shall bill for all services provided prior to the Final Reading at Seller's rates. Buyer shall bill for all services provided after the Final Reading at Buyer's rates.

20.1.4 With respect to any amounts billed for Seller's services provided prior to the Final Reading, Buyer shall have no obligation or liability to take any action to effect collection on behalf of Seller, but Seller may, at its option, pursue the collection of its unpaid billings.

Section 21. Miscellaneous Provisions.

21.1 Notices.

All notices and communications hereunder shall be in writing and shall be given by personal delivery, private courier whose practice it is to obtain a receipt upon delivery, or mailed first class, registered or certified mail, postage prepaid, and shall be deemed received upon the earlier of actual delivery or two (2) days after deposit in the United States Mail as aforesaid. Notices to Seller or Buyer as the case may be shall be delivered or mailed to the following addresses:

Seller

Tierra Linda Homeowners Association, Inc.
c/o Tierra Linda Homeowners Association Water Company
4729 E. Sunrise Drive, #311
Tucson, Arizona 85718

Buyer

Gary Smyth
c/o Smyth Steel
4010 East Illinois
Tucson, Arizona 85714

21.2 Nature of Agreement.

21.2.1 Agreement Negotiated. The terms and provisions of this Agreement represent the results of negotiations between Seller and Buyer, each of which has been represented by counsel of its own choosing and none of which have acted under duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and Seller and Buyer hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of the Agreement, including (without limitation) any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft thereof. The Rule of Strict Construction shall not be used to interpret this Agreement, but rather this Agreement shall be construed to provide each party with the benefit of the bargain it has struck with the other party.

21.2.2 Integration. All understandings and agreements heretofore between the parties are merged into this Agreement, which alone fully and completely expresses their agreement; the same is entered into after full investigation and neither party is relying upon any statements or representations by the other not embodied in this Agreement.

21.2.3 Other Inducements. The parties agree that there are no promises, inducements, representations or agreements in connection with this Agreement except those specifically set forth herein in writing.

21.2.4 Binding Effect upon Successors, Assigns and Heirs. Subject only to the provisions of Section 16, above, the provisions of this Agreement, and all rights and obligations hereunder, shall be binding upon the respective successors, assigns and heirs of Seller and Buyer.

21.2.5 Modification. This Agreement may not be changed orally, but only by an agreement in writing, signed by the parties.

21.2.6 Other Agreements. Seller shall not enter into any contracts, leases, agreements or amendments to existing agreements or encumbrances affecting the Assets while this Agreement remains in force or subsequent to Closing of this transaction without the express written consent of Buyer, other than to remove a matter which the Title Insurer requires be removed to close.

21.3 Relation of Parties; No Agency. It is expressly agreed and understood by the parties hereto that neither party is the agent partner, nor a joint venture partner of the other. It is also expressly agreed and understood that neither Seller nor Buyer has any obligations or duties to the other except as specifically provided for in this Agreement.

21.4 Attorney's Fees. In the event of any dispute regarding this Agreement, the prevailing party shall be entitled to receive, in addition to any other award, reasonable attorneys' fees and costs, determined by the court or arbitrator and not a jury.

21.5 Construction.

21.5.1 Time. Time is of the essence of this Agreement. However, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken if it is taken on the next regular business day.

21.5.2 Headings. The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Whenever a personal pronoun is used in any one gender, it shall be deemed to include all other genders as the case may require, and the singular shall include the plural, and vice versa, unless the context indicates to the contrary.

21.5.3 Adverbs. Whenever the terms "herein", "hereunder", "hereof", "therefor", "thereover", or similar terms are used, they shall refer to this entire Agreement as a whole and shall not refer solely to any particular section.

21.5.4 Exhibits. All recitals, schedules and exhibits to this Agreement are fully incorporated herein as though set forth at length herein.

21.5.5 State Law. This Agreement and the conveyance provided for herein shall be governed by the laws of the State of Arizona.

21.5.6 Counterparts. This Agreement may be executed in counterparts, and the signature of any person required by this Agreement shall be effective if signed on any and/or all counterparts. All counterparts together shall be considered one and the same Agreement.

21.6 Force Majeure. The term "Force Majeure" as used herein shall mean cause beyond the control and without the fault or negligence of the party failing to perform, whether foreseen or unforeseen, including, but not limited to: Acts of God, acts of the public enemy, wars, insurrections, civil unrest, riots, terrorism, labor disputes, boycotts, fires, explosions, floods, unanticipated adverse geological and weather conditions, and acts of judicial or military authorities. Neither party will be liable to the other for any delay or non-performance of its obligations under this Agreement in the event and to the extent that such delay or nonperformance is caused by any event of Force Majeure. Each party will inform the other party of the occurrence of any event of Force Majeure, and its expected duration and cessation, respectively, as soon as reasonably practical. In the event the Closing under this Agreement becomes suspended as the result of an event of Force Majeure for a continuous period exceeding sixty (60) days, then either party may terminate the Agreement with respect to the unperformed part of the Agreement and the Earnest Money shall be returned to Buyer.

Section 22. Inspection, Acceptance and Maintenance of Assets.

22.1 Buyer. Buyer acknowledges that as of Closing, it will have inspected the condition of such of the Assets as it deems reasonably necessary, and will accept the Assets in "AS IS" condition, with no warranties express or implied except as set forth in **Section 6** of this Agreement.

22.2 Seller. Seller agrees to maintain the condition of the Assets in their current condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the Effective Date of this Agreement through the date of Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved conforms with Buyer's construction standards and does not impair Title Insurer's willingness to issue the Title Policy.

Section 23. Miscellaneous

23.1 Receivables. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information for that purpose after reasonable prior notice and during regular business hours after Closing, including the right to make copies of such documents as Seller may need.

23.2 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments at or prior to Closing.

SELLER:

Tierra Linda Homeowners Association, Inc.

By:_____
Robert P. Zammit, President

BUYER:

Gary Smyth, a married man, dealing with his sole and separate property (on behalf of himself and his heirs and assigns)

By:_____
Gary Smyth

ESCROW AGENT:

Copy of the Agreement, including the Exhibits attached hereto, received and acknowledged:

Fidelity National Title

By:_____
Name: Lisa Quigley
Title: Escrow Agent
Date received:_____

Appendix "A"

Tierra Linda Homeowners Association, Inc.
(Legal Description)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

PARCEL A

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the north quarter corner of said Section 29, marked by a General Land Office brass capped pipe and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, southerly along west line of the northeast quarter of said Section 29, S 00° 13' 24" E, 45.00 feet (calculated) to a point on the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, said point being the TRUE POINT OF BEGINNING of Parcel "A" herein described;

THENCE from said TRUE POINT OF BEGINNING, easterly along said south right-of-way line, N 89° 49' 46" E, 339.01 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly and along the west line of Lot 11 as shown on the plat of Tierra Linda, a subdivision of said Pima County recorded in Book 17 of Maps and Plats at Page 92 thereof, S 00° 09' 39" E, 624.72 feet (Record), S 00° 10' 41" E, 626.26 feet (calculated), to the southwest corner thereof, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said southwest corner, easterly along the south line of Lots 11, 12, and 13 of said recorded subdivision,
N 89° 50' 21" E, 922.53 feet (Record)
N 89° 51' 90" E, 923.97 feet (calculated)
N 89 °49' 46" E, 925.11 feet (measured) to the southeast corner of said Lot 13 marked by a ½" diameter rebar with registration tag RLS 15933;

THENCE leaving said southeast corner, southerly along the west right-of-way line of Via Socorro as shown on the plat of said Tierra Linda

S 00° 16' 51" E, 1465.00 feet (Record)
S 00° 17' 12" E, 1465.00 feet (calculated)
S 00° 15' 53" E, 1465.55 feet (measured) to the northeast corner of a parcel recorded in Docket 11488 at Page 4197 thereof, records of said Pima County, marked by a ½" rebar;

THENCE leaving said northeast corner, westerly along the north line of said recorded parcel and the westerly prolongation thereof, S 89° 50' 21" W (Record), S 89° 51' 38" W, 926.57 feet (calculated) to a point thereon;

THENCE leaving said north line, northwesterly, N 33° 16' 52" W, 276.55 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 181.14 feet to a calculated point;

THENCE leaving said point southeasterly S 85° 57' 43" E, 104.77 feet to a calculated point;

THENCE leaving said point, northwesterly, N 06° 20' 24" W, 282.28 feet to a calculated point;

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AZ CORP COMMISSION
DOCUMENT CONTROL

THENCE leaving said point, southwesterly, S 73° 29' 57" W. 99.62 feet to a calculated point;

THENCE leaving said point, northwesterly, N 16° 37' 32" W, 226.98 feet to a calculated point;

THENCE leaving said point, southwesterly, S 68° 10' 39" W, 198.23 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1015.13 feet to a point thereon;

THENCE leaving said point, northerly, N 00° 11' 46" W, 430.00 feet to a calculated point;

THENCE leaving said point, westerly, S 89° 48' 14" W, 93.91 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 47" W, 430.00 feet to a calculated point;

THENCE leaving said point, easterly, N 89° 48' 14" E, 820.00 feet to a calculated point;

THENCE leaving said point, northerly, N 00° 11' 46" W, 428.00 feet to a calculated point on the south right of way line of said Emigh Road, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, easterly along said right-of-way line, N 89° 48' 11" E, 370.70 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.18 acres of land [M/L], subject to and together with all matters of public record.

Parcel B

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the southwest corner of the north half of said Section 29, marked by a ½" diameter rebar with registration tag RLS 4399 and Pima County Department of Transportation reference ties;

THENCE from said point of beginning, northerly along the measured west line of the northwest quarter of said Section 29, N 00° 13' 13" W, 868.89 feet to a calculated point thereon;

THENCE leaving said west line, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per Tierra Linda, recorded in Book 17, Page 92, M & P), 1505.18 feet to a point thereon;

THENCE leaving said parallel line, northerly, N 00° 11' 46" W, 440.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 1053.13 feet to a point thereon;

THENCE leaving said parallel line, northeasterly, N 68° 10' 39" E, 198.23 feet to a calculated point;

THENCE leaving said point, southeasterly, S 16° 37' 32" E, 226.98 feet to a calculated point;

THENCE leaving said point, northeasterly, N 73° 29' 57" E, 99.62 feet to a calculated point;

THENCE leaving said point, southeasterly, S 06° 20' 24" E, 282.28 feet to a calculated point;

THENCE leaving said point, northwesterly, N 85° 57' 43" W, 104.77 feet to a calculated point;

THENCE leaving said point, southerly, S 00° 11' 46" E, 181.14 feet to a calculated point;

THENCE leaving said point, southeasterly, S 33° 16' 52" E, 276.55 feet to a calculated point on the north line of a parcel of land recorded in Docket 11535 at Page 2479, records of said Pima County;

THENCE leaving said point, westerly along said north line, S 89° 51' 38" W, 308.11 feet (calculated), S 89° 51' 12" W, 306.50 feet (measured) to the northwest corner of said recorded parcel, marked by a ½" rebar;

THENCE leaving said northwest corner, southerly along the west line of said recorded parcel, S 00° 12' 16" E, 509.00 feet (Record), S 00° 13' 24" E, 509.00 feet (calculated), S 00° 02' 30" E, 508.96 feet (measured), to a point on the south line of the north half of said Section 29, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said point, westerly along said south line,
S 89° 50' 21" W, 2671.64 feet (Record),
S 89° 51' 08" W, 2670.84 feet (calculated) to the POINT OF BEGINNING of Parcel "B" herein described;

CONTAINING 68.99 acres of land [M/L]; subject to and together with all matters of public record.

Parcel C

All that certain real property situated in the County of Pima, State of Arizona, being a part of that parcel described in Docket 5780 at Page 226 thereof, records of said Pima County, in the north half of Section 29, Township 12 South, Range 11 East, Gila & Salt River Meridian, more particularly described as follows:

BEGINNING at the northwest corner of said Section 29, marked by an accepted 1.5" diameter open iron pipe with Pima County Highway Department reference ties;

THENCE from said point of beginning, southerly along the measured west line of the northwest quarter of said Section 29, S 00° 13' 13" E, 45.00 feet to the TRUE POINT OF BEGINNING of Parcel "C" herein described, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE from said TRUE POINT OF BEGINNING, leaving said west line, easterly along the south right-of-way line of Emigh Road as shown on the Plat of Tierra Linda, a subdivision of said Pima County, recorded in Book 17 of Maps and Plats at Page 92 thereof, being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E (Basis of Bearings per said plat of Tierra Linda), 2270.00 feet to a point thereon, marked by a No. 4 rebar with registration tag RLS 26932;

THENCE leaving said right-of-way line, southerly, S 00° 11' 46" E, 428.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 820.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 47" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, easterly along a line being parallel with the north line of the northwest quarter of said Section 29, N 89° 48' 14" E, 93.91 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 430.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 38.00 feet to a point thereon;

THENCE leaving said parallel line, southerly, S 00° 11' 46" E, 440.00 feet to a calculated point;

THENCE leaving said calculated point, westerly along a line being parallel with the north line of the northwest quarter of said Section 29, S 89° 48' 14" W, 1505.18 feet to a calculated point on the measured west line of the northwest quarter of said Section 29;

THENCE leaving said parallel line, northerly along said west line, N 00° 13' 13" W, 1728.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 67.05 acres of land [M/L]; subject to and together with all matters of public record.

Appendix "B"

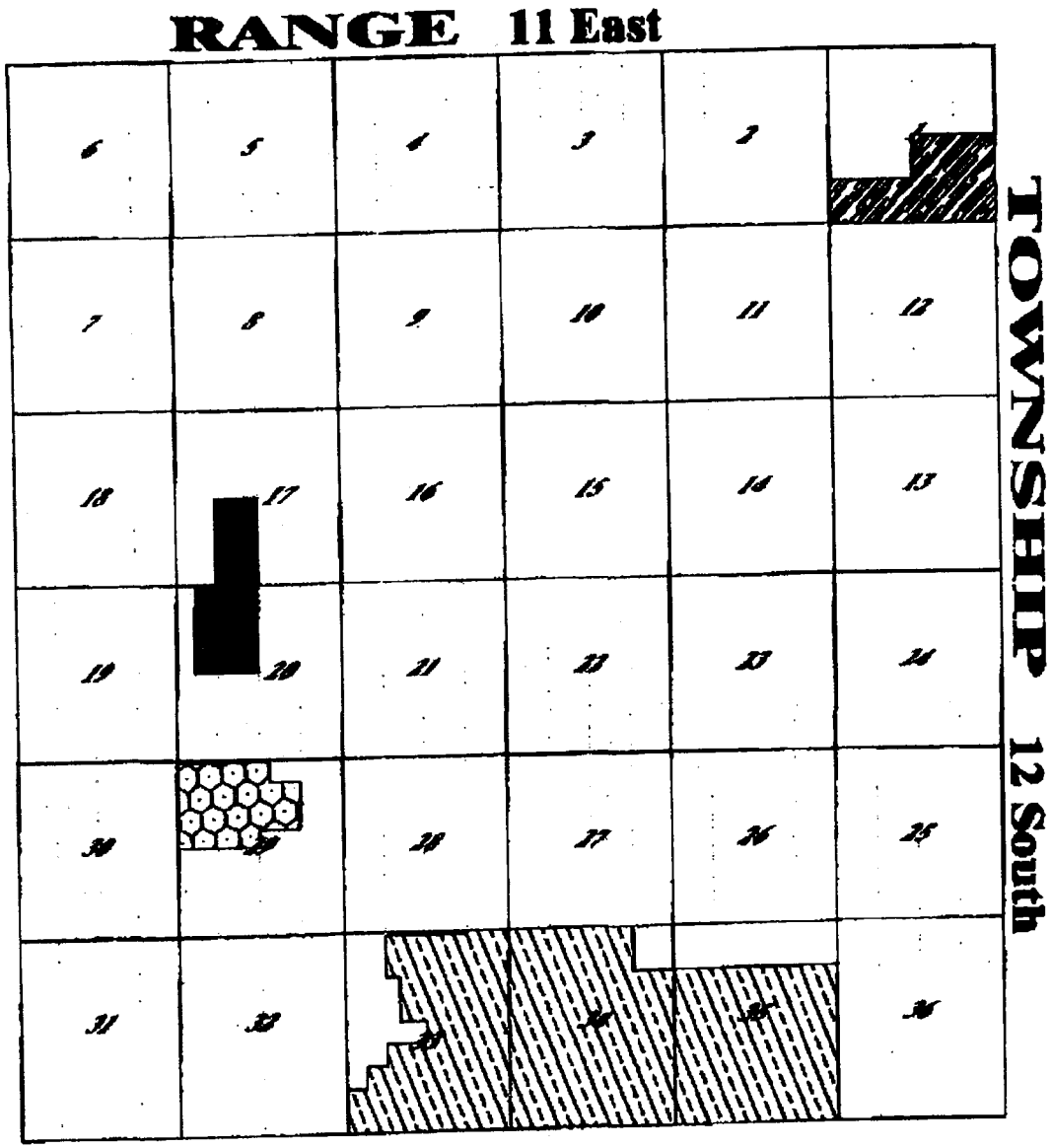
Tierra Linda Homeowners Association, Inc.

(Map)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Map No. 10

COUNTY: *Pima*



W-2126 (2)
Avra Water Cooperative, Inc.

W-4236 (1)
Tierra Linda Homeowners Association, Inc.

(4)
Cortaro-Marana Irrigation District

(4)
Town of Marana (Nonjurisdictional)
(Palo Verde System)

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Appendix "C"

Tierra Linda Homeowners Association, Inc.
Water Main Extension Agreement for
Developer-Installed On-Site and Off-Site
Facilities
(Facilities Agreement)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

WATER MAIN EXTENSION AGREEMENT
FOR DEVELOPER-INSTALLED, ON-SITE AND OFF-SITE FACILITIES
for the
Tierra Linda Nueva
Phase 1 and Phase 2 Onsite and Offsite

THIS WATER MAIN EXTENSION AGREEMENT (this "Agreement") is entered into as of the 10 day of JUNE 2009, by and between the TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation (hereinafter referred to as the "Company"), and TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter referred to as "Applicant").

RECITALS:

A. Company holds a Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service in and around Tierra Linda Nueva, including Lot Nos. 50-56, 64-119, and 177-190 ("Phase 1"), and Lot Nos. 35-49, 57-63, and 151-176 (Phase 2") as more specifically described on Exhibit A attached hereto and incorporated herein by this reference (collectively the "Property"); and

B. Certain on-site and off-site water facilities have been designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property; and

C. Applicant is the sole beneficiary of Title Security Agency of Arizona Trust No. 939, which is fee title owner of the Property, and, having developed the Property, Applicant has financed, designed, installed and constructed the necessary on-site and off-site water facilities pursuant to its request of Company to provide water service to the Property, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water Facilities set forth in engineering plans WATER DISTRIBUTION SYSTEM TO SERVE PHASE 1, Lots 50-56, 64-119, and 177-190, Chris Brozek, Engineer, dated 10/15/04, WATER DISTRIBUTION SYSTEM TO SERVE PHASE II, Lots 35-49, 57-63, and 151-176, Chris Brozek, Engineer, dated October 15, 2004, *AND TIERRA LINDA WATER PLANT, Westland Resources, Engineer, dated April 16, 2004,* incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. The on-site and off-site facilities constructed pursuant to the Plans are hereinafter referred to as the "Water Facilities." Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant has designed, constructed and installed the Water Facilities and paid all of the costs related thereto, and has completed

and paid the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Advance in Aid of Construction. Upon the mutual execution of this Agreement, the Applicant shall convey the Water Facilities to Company, and pay Company One Hundred Dollars ($100.00), as and for Company's costs. The actual expenses incurred by Applicant in the construction of the Water Facilities together with Company's costs, as supported by documentation as required by Paragraph 5, shall be deemed as follows: (i) Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) as advances-in-aid of construction, (ii) Two Hundred Six Thousand Three Hundred Twenty-Six Dollars ($206,326) as contributions-in-aid of construction, and (iii) One Hundred Eight-Six Thousand Seven Hundred Twenty-Three Dollars ($186,723) as equity. The aforesaid Five Hundred Forty-Nine Thousand Six Hundred Eighty-Five Dollars ($549,685) of advances-in-aid of construction shall be subject to the prospect of refund pursuant to Paragraph 6 hereof.

4. Actual Costs Shall Govern: The total cost of the Water Facilities is One Million Fifty-Eight Thousand Three Hundred Fifty-Nine Dollars ($1,058,359) as shown on Exhibit C. Applicant has paid the actual cost of the Water Facilities, and agrees to provide Company with as-built costs, together with all receipts in connection therewith, upon the execution of this Agreement.

5. Documentation: Applicant has, as a condition of acceptance of the Water Facilities by Company, furnished Company with:

5.1 copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water Facilities;

5.2 lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water Facilities;

5.3 receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities;

5.4 "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water Facilities; and

5.5 all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water Facilities requested by Company.

6. Refund of Advance: Applicant's costs for the construction and installation of the Water Facilities, to be advanced by Applicant to Company pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 4 hereof, are subject to refund by Company to Applicant, in accordance with this section. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body or

pursuant to a cost adjustment mechanism approved by the ACC) derived from the provision of water served from each customer service line of each customer located within the Property leading up to and taken from water mains installed by Applicant pursuant to this Agreement. Refunds for revenues received from customers receiving water from the facilities constructed pursuant to this agreement shall be payable for a period of ten (10) years commencing on the Effective Date of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept.

8. Governmental Approvals: Applicant shall pay for and provide to Company copies of all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary for Applicant to install, construct and maintain the Water Facilities, including the Approval(s) To Construct and Approval(s) of Construction issued by the Pima County Department of Environmental Quality, attached hereto as Exhibit "D", and the Water Use Data Sheet attached as Exhibit "E".

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Time of Construction: Applicant and Company acknowledge that construction of the Water Facilities has been completed as of the Effective Date of this Agreement.

11. Contractor's License: Applicant and Company acknowledge that all construction, installation and connection of Water Facilities has been done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

12. Construction Standards: The Applicant and Company acknowledge that the size, design, type and quality of materials are in accordance with good utility practices and the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit B), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications meet or exceed the standards and specifications of the Pima County Health Department, and are hereby approved by the Company. The Water Facilities have been designed and constructed with sufficient capacity

to accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity.

13. Inspection and Testing: Applicant has complied with the inspection and testing requirements of Company, and Company acknowledges that any governmental agency having jurisdiction over the construction, installation and connection of the Water Facilities have approved the Water Facilities.

14. Acceptance of Facilities: The Water Facilities will be deemed accepted as of the date that this Agreement is entered upon by Applicant and Company.

15. Risk of Loss: All risk of loss shall be with Applicant until the effective date of this Agreement.

16. Title to Property: The Water Facilities constructed pursuant to this Agreement shall become the property of Company upon the effective date of this Agreement, and shall remain the sole property of Company without the requirement of further written documents of transfer. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method herein described. However, Applicant shall furnish any document pertaining to ownership and title as may reasonably be requested by Company including documents which evidence or confirm transfer of possession to Company of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

17. Warranty: Unless otherwise provided in Exhibit B, Applicant warrants to Company that all materials and equipment furnished under this Agreement were new at the time of installation, and that the Water Facilities are of good quality, free from faults and defects. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water Facilities.

18. Indemnification:

18.1 Applicant shall indemnify and hold harmless Company, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought on account of Applicant's action or inaction, Applicant will assume the defense at Applicant's own expense and will pay all judgments rendered therein;

18.2 Company shall indemnify and hold harmless Applicant, its officers, directors, members, agents and employees from and against claims or expenses, including penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Company, its agents, servants, employees, contractors or subcontractors in the execution of Company's obligations under this Agreement or in connection therewith. In case any suit or other proceeding shall be brought

on account Company's action or inaction, Company will assume the defense at Company's own expense and will pay all judgments rendered therein;

18.3 The provisions of this Paragraph shall survive termination of this Agreement.

19. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water Facilities has been completed and accepted in writing by Company, and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

20. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features.

21. Non-Agents: It is agreed that Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Company and shall not incur any costs or expenses on behalf of Company.

22. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Tierra Linda Development, LLC
6262 N. Swan Rd., Suite 125
Tucson, AZ 85718

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Tierra Linda Homeowners Association, Inc.
c/o Tierra Linda Homeowners Association Water Company
PO Box 69868
Tucson, AZ 85737

or to such other addresses or addressees as Company may advise Applicant in writing.

23. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall only assign its rights, obligations and interests in this Agreement to a successor-in-interest that agrees in writing to assume all of Applicant's obligations to Company under this Agreement.

24. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

25. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

26. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

27. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

28. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company or Applicant until such time as it is executed by all parties and approved by the staff of the Utilities Division of the Commission.

29. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

COMPANY
Tierra Linda Homeowners Ass'n, Inc.
an Arizona public service corporation

By: ROBERT P. ZAMMIT
Title: PRESIDENT
Date: 6/23/09

Approved: _____

Date: _____
Utilities Division:
Arizona Corporation Commission

APPLICANT
Tierra Linda Development, LLC,
an Arizona limited liability
company

By: ROBERT P. ZAMMIT
Title: MANAGER
Date: 6/23/09

APPROVED: _____

ACKNOWLEDGMENTS

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the MANAGER of TIERRA LINDA DEVELOPMENT, LLC, an Arizona limited liability company, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires: _____ Notary Public

OFFICIAL SEAL
DEBORAH A NELSON

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

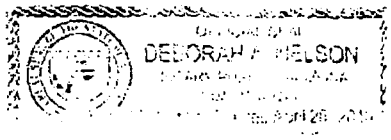
On this 23 day of JUNE, 2009, before me, the undersigned, a Notary Public, personally appeared ROBERT P ZAMMIT who acknowledged himself to be the PRESIDENT of TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., an Arizona corporation, and that he/she as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

192362.3

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

My Commission Expires:

_____ Notary Public



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192362.3

Appendix "D"

Tierra Linda Homeowners Association, Inc.
(List of Water System Improvements)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-_____

EXHIBIT H
Water System Assets

Real Estate
- 0.68 acre wellsite, dkt. 10209, pg. 2027
- non-exclusive right to 20' wide utility and access easement to wellsite located within lot 20 of Tierra Linda, Dkt. 17, Pg. 92
- non-exclusive right to 50' wide private ingress/egress & utility easement to wellsite located within lot 53 of Tierra Linda Nueva, Bk. 59, Pg. 3.

Structures and Improvements
- wellsite fencing and gates
- wellsite concrete slabs
- wellsite gravel and riprap

Wells and Springs
- well with 12" casing

Pumping Equipment
- 25 hp submersible pump
- 450 lf drop pipe, cable and sounding tube
- Two 10 hp and one 50 hp booster pumps
- piping, valves, flow meters, supports
- electrical equipment and panels
- compressor and related piping, valves and fittings
- 5000 gallon hydro-pneumatic tank, valves, fittings and connection

Distribution Reservoirs and Standpipes
- wellsite ductile iron pipe, fittings and connections
- 400,000 gallon storage tank, piping, fittings and connections
- 8" elevated overflow and supports

Transmission and Distribution Mains
- 1,520 lf 12" mains, (4) 12" valves
- 6,922 lf 8" mains, (31) 8" valves
- 1,000 lf 6" mains, (0) 6" valves
- (15) 2" DVAs

Services
- Phase 1: 37 single water services, 40 double water services, 2 irrigation services
- Phase 2: 22 single water services, 13 double water services

Meters and Meter Installations
- 60 5/8" x 3/4" meters

Hydrants
- Phase 1: 15 hydrants
- Phase 2: 8 hydrants

Other Plant and Misc. Equipment
- chlorination system
- cellular phone connection to telemetry system

Appendix "E"

Tierra Linda Homeowners Association, Inc.
Pima County Franchise
(Comment: None required. Water system is located in recorded plat dedicated easements on private property)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "F"

Tierra Linda Homeowners Association, Inc.
Water System Real Property Descriptions
(Comment: To be provided by Escrow Agent
in connection with Title Report)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "G"

Tierra Linda Homeowners Association, Inc.
Special Warranty Deed
(Comment: To be prepared by Escrow Agent and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "H"

Tierra Linda Homeowners Association, Inc.
Assignment and Assumption of Easements
and Property Rights
(Comment: To be prepared by Escrow Agent
or Seller's counsel and provided for Buyer's
review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "I"

Tierra Linda Homeowners Association, Inc.
Assignment of Water Rights and Well Registrations
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "J"

Tierra Linda Homeowners Association, Inc.

Bill of Sale

(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "K"

Tierra Linda Homeowners Association, Inc.
Assignment and Assumption
of Contract Rights
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

Appendix "L"

Tierra Linda Homeowners Association, Inc.
Certificate of RUCO and ACC
Assessment Payment
(Comment: To be prepared by Seller and provided for Buyer's review and approval prior to Closing)

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-____

PENGAD 800-631-6989
EXHIBIT
A-9
ADMITTED

Exhibit A-9
Robert P. Zammit

Water System Assets to Be Transferred if APA Approved

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

Water System Assets

Real Estate

- 0.68 acre wellsite, dkt. 10209, pg. 2027
- non-exclusive right to 20' wide utility and access easement to wellsite located within lot 20 of Tierra Linda, Dkt. 17, Pg. 92
- non-exclusive right to 50' wide private ingress/egress & utility easement to wellsite located within lot 53 of Tierra Linda Nueva, Bk. 59, Pg. 3.

Structures and Improvements

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- wellsite concrete slabs
- wellsite gravel and riprap

Wells and Springs

- well with 12" casing

Pumping Equipment

- 25 hp submersible pump
- 450 lf drop pipe, cable and sounding tube
- Two 10 hp and one 50 hp booster pumps
- piping, valves, flow meters, supports
- electrical equipment and panels
- compressor and related piping, valves and fittings
- 5000 gallon hydro-pneumatic tank, valves, fittings and connection

Distribution Reservoirs and Standpipes

- wellsite ductile iron pipe, fittings and connections
- 400,000 gallon storage tank, piping, fittings and connections
- 8" elevated overflow and supports

Transmission and Distribution Mains

- 1,520 lf 12" mains, (4) 12" valves
- 6,922 lf 8" mains, (31) 8" valves
- 1,000 lf 6" mains, (0) 6" valves
- (15) 2" DVAs

Services

- Phase 1: 37 single water services, 40 double water services, 2 irrigation services
- Phase 2: 22 single water services, 13 double water services

Meters and Meter Installations

- 60 5/8" x 3/4" meters

Hydrants

- Phase 1: 15 hydrants
- Phase 2: 8 hydrants

Other Plant and Misc. Equipment

- chlorination system
- cellular phone connection to telemetry system

PENGAD 800-631-6989
EXHIBIT
A-10
ADMITTED

Exhibit A-10
Robert P. Zammit

Form of Written Notice of Proposed Transaction

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

Tierra Linda Homeowners Association

June __, 2009

To: All Owners of Lot(s) Within Tierra Linda Nueva

Re: Sale of the Tierra Linda Homeowners Association Water Company

Dear Owner:

The Tierra Linda Homeowners Association is planning the sale of Tierra Linda's existing water system facilities at a price of $70,000.00 to a qualified water system operator, Gary Smyth. Mr. Smyth has demonstrated competence in constructing and operating water facilities and currently operates another water company - the Lakewood Water Company - in Pima County, Arizona. The sale of Tierra Linda's water facilities to Mr. Smyth will require the approval of the Arizona Corporation Commission ("ACC") in order to complete the transaction.

The existing water system facilities consist of well, wellsite, pumps, storage tanks, transmission mains, controls and other items related to the delivery of potable water. The water system over time will need significant capital expenditures, as well as ongoing maintenance which will tend to increase in cost as the equipment ages. Gary Smyth was Tierra Linda's water plant contractor, and has built similar water plants all over southern Arizona. He is in a unique position to maintain and operate the water plant with maximum efficiency; and, he has the financial resources to make the above-indicated significant capital expenditures as needed in the future. The water system and Mr. Smyth will continue to be regulated by the ACC after the sale.

If you have any questions or comments, or need any additional information, please do not hesitate to contact me.

Sincerely,

Robert P. Zammit
President

6262 N. Swan Rd., Suite 125,
Tucson, AZ 85718
(520) 529-1330 phone (520) 529-1312 fax

EXHIBIT
A-11
PENGAD 800-631-6989

Exhibit A-11
Robert P. Zammit

TLHOA Curtailment Plan Tariff

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

TARIFF SCHEDULE

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-04236-04-0075
Phone No.: (520) 529-1330

Tariff Sheet No.: 1 of 4
Decision No.: 67104 (04-0075)
Effective: _____

CURTAILMENT PLAN FOR: Tierra Linda Homeowners Association, Inc.
(Template 102109)

ADEQ Public Water System No: Not assigned as yet

Tierra Linda Homeowners Association, Inc. ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, the Company shall post at least three (3) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Stage 4 Exists When:

a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Company shall post at least three (3) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

TARIFF SCHEDULE

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-04236-04-0075
Phone No.: (520) 529-1330

Tariff Sheet No.: 4 of 4
Decision No.: 67104 (04-0075)
Effective: _____

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

PENGAD 800-631-6989
EXHIBIT
A-12
ADMITTED

Exhibit A-12
Gary Smyth

Gary Smyth
Financial Statements

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

PERSONAL FINANCIAL STATEMENT

Gary Smyth
8-Sep-10

Assets	**Amount in Dollars**
Cash - checking accounts	$ 15,000
Cash - savings accounts	139,593
Certificates of deposit	-
Securities - stocks / bonds / mutual funds	60,000
Notes & contracts receivable	-
Life insurance *(cash surrender value)*	10,000
Personal property *(autos, jewelry, etc.)*	120,000
Retirement Funds *(eg. IRAs, 401k)*	-
Real estate *(market value)*	2,390,000
Other assets *(Business)*	2,513,953
Other assets *(Insurance)*	
Total Assets	**$ 5,248,546**

Liabilities	**Amount in Dollars**
Current Debt *(Credit cards, Accounts)*	$ -
Notes payable *(describe below)*	-
Taxes payable	-
Real estate mortgages *(describe)*	-
Other liabilities *(specify)*	-
Other liabilities *(specify)*	-
Total Liabilities	**$ -**
Net Worth	**$ 5,248,546**

Gary Smyth

9/13/10
Date

PENGAD 800-631-6989
EXHIBIT
A-13
ADMITTED

Exhibit A-13
Gary Smyth

Smyth Steel
Certificate of Good Standing

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

******SMYTH STEEL MANUFACTURING, INC.******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on September 14, 1989.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 7th Day of September, 2010, A. D.

Executive Director

By: 514121

EXHIBIT
A-14
ADMITTED
PENGAD 800-631-6989

Exhibit A-14
Gary Smyth

Lakewood Water Company
Certificate of Good Standing

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

******CAYETANO, INC.******

a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 24, 1974.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 8th Day of September, 2010, A. D.

Executive Director

By: 514675

PENGAD 800-631-6989
EXHIBIT
A-15
ADMITTED

Exhibit A-15
Lisa Sullivan

Affidavit of Publication of Public Notice of Hearing

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. BOX 1448
TUBAC, ARIZONA 85646
(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLOMBIA

RECEIVED
2010 JUL -1 A 10: 14
AZ CORP COMMISSION
DOCKET CONTROL

June 30, 2010

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

Re: Tierra Linda Homeowners Association, Inc. and Gary Smyth
Docket Nos. W-20689A-09-0327 and W-04236A-09-0327

To Whom It May Concern:

Pursuant to the May 21, 2010 Procedural Order issued in the above-referenced and docketed proceeding, enclosed for filing are the original and fifteen (15) copies of the Affidavit of Publication ("Affidavit") attesting to publication of the "Public Notice Of Hearing" ("Notice") in The Daily Territorial on June 15, 2010 and June 16, 2010. In addition, and also pursuant to the aforesaid Procedural Order, a copy of the Notice was mailed on June 10, 2010 to all properties in Tierra Linda Homeowners Association's service area. The original and fifteen (15) copies of that Notice, and the Affidavit of Mailing attesting to the same, are also enclosed for filing.

Two (2) additional copies of the Affidavits and Notice are included within this mailing. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance with regard to this matter.

Sincerely,

Angela R. Trujillo
Secretary
Lawrence V. Robertson, Jr.

c:\users\angela\documents\larry\gary e. smyth\tlhoa\dckt cntrl ltr 6-30-10 re affidavits of mailing-publication.doc

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
) SS.
COUNTY OF PIMA)

Monica Akyol being first duly sworn, deposes and says that (s)he is the Inside Sales Manager of **THE DAILY TERRITORIAL**, a daily newspaper printed and published in the County of Pima, State of Arizona, and of general circulation in the City of Tucson, County of Pima, State of Arizona and elsewhere, and the hereto attached:

PUBLIC NOTICE OF HEARING
Tierra Linda Homeowners Association, Inc. September 13, 2010 /
Docket Nos. W-20689A-09-0327 and W-04236A-09-0327)

was printed and published correctly in the regular and entire issue of said **THE DAILY TERRITORIAL** for 2 issues; that was first made on the 15th day of June 2010 and the last publication thereof was made on the 16th day of June 2010 ; that said publication was made on each of the following dates, to-wit;

06/15/10
06/16/10

At the Request of: Smyth Utility Management

by _____, Inside Sales Manager subscribed and sworn to before me this 16th day of June 2010 .

Notary Public in and for the County of Pima, State of Arizona

My commission expires:October 31, 2011

CELINDA ARGUE
Notary Public - Arizona
Pima County
Expires 10/31/2011

HEARING NOTICE

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., FOR APPROVAL OF SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY.

(Docket Nos. W-20689A-09-0327 and W-04236A-09-0327)

Summary

On June 26, 2009, Tierra Linda Homeowners Association, Inc., ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for approval to sell its water system assets and transfer its Certificate of Convenience and Necessity to Gary Smyth. The Commission's Utilities Division ("Staff") has not yet made a recommendation regarding the Applicant's application, and the Commission is not bound by the proposals made by the Applicant, Staff, or any intervenors. The Commission will issue a decision regarding the Applicant's application following consideration of testimony and evidence presented at an evidentiary hearing.

How You Can View or Obtain a Copy of the Application

Copies of the application are available at the Applicant's offices at 4010 East Illinois #100, Tucson, Arizona, 85714 and at the Commission's offices at 1200 West Washington, Phoenix, Arizona, and the Commission's Tucson offices at 400 West Congress, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **September 13, 2010, at 10:00 a.m.**, at the Commission's offices, 400 West Congress, Room 222, Tucson, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via e-mail (visit http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf for instructions), or by mailing a letter referencing Docket Numbers W-20689A-09-0327 and W-04236A-09-0327 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services Section at (800) 222-7000 or (520) 628-6550.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. **If you would like to intervene, you must file a written motion to intervene with the Commission no later than July 30, 2010.** You must send copies of the motion to the Applicant or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any party upon whom documents are to be served in your place, if desired;.
2. A short statement of your interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.); and
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before July 30, 2010**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Arizona Corporation Commission's webpage at http://www.azcc.gov/divisions/utility/forms.asp The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

ADA/ Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, E-mail SBernal@azcc.gov, voice phone number (602)542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

PUBLISH: The Daily Territorial
June 15, 16, 2010
hrtierra dc

EXHIBIT
A-16
ADMITTED
PENGAD 800-631-6989

Exhibit A-16
Lisa Sullivan

Affidavit of Mailing of Public Notice of Hearing

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. BOX 1448
TUBAC, ARIZONA 85646
(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
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RECEIVED
2010 JUL -1 A 10: 14
AZ CORP COMMISSION
DOCKET CONTROL

June 30, 2010

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

Re: Tierra Linda Homeowners Association, Inc. and Gary Smyth
Docket Nos. W-20689A-09-0327 and W-04236A-09-0327

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Pursuant to the May 21, 2010 Procedural Order issued in the above-referenced and docketed proceeding, enclosed for filing are the original and fifteen (15) copies of the Affidavit of Publication ("Affidavit") attesting to publication of the "Public Notice Of Hearing" ("Notice") in The Daily Territorial on June 15, 2010 and June 16, 2010. In addition, and also pursuant to the aforesaid Procedural Order, a copy of the Notice was mailed on June 10, 2010 to all properties in Tierra Linda Homeowners Association's service area. The original and fifteen (15) copies of that Notice, and the Affidavit of Mailing attesting to the same, are also enclosed for filing.

Two (2) additional copies of the Affidavits and Notice are included within this mailing. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance with regard to this matter.

Sincerely,

Angela R. Trujillo
Secretary
Lawrence V. Robertson, Jr.

c:\users\angela\documents\larry\gary e. smyth\tlhoa\dckt cntrl ltr 6-30-10 re affidavits of mailing-publication.doc

AFFIDAVIT OF MAILING

_____

_____

_____

STATE OF ARIZONA)
) ss. **AFFIDAVIT OF MAILING**
County of Pima)

I, Gary Smyth **, being first duly sworn, depose and**
(Name of person that mailed letter)

state that I mailed, by regular first class mail, on 6/10/10 **,**

a copy of the attached Public Notice of Hearing on the Application of Tierra Linda Homeowners Association, Inc., for Approval of Sale of Assets and Transfer of Certificate of Convenience and Necessity (Docket Nos. W-20689A-09-0327 and W-04236A-09-0327). This was mailed to all properties in Tierra Linda HOA's service area (see attached list).

Dated this 10th **day of** June **, 20** 10 **.**
(Today's Date)

(Signature)

Gary Smyth
(Print Name)

SUBSCRIBED AND SWORN TO before me this 10th **day of**

June **, 20** 10 **.**

Notary Public

2/28/2011
My Commission Expires:

LISA SULLIVAN
Notary Public, State of Arizona
Pima County
My Commission Expires
February 28, 2011

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., FOR APPROVAL OF SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY.
(Docket Nos. W-20689A-09-0327 and W-04236A-09-0327)

Summary

On June 26, 2009, Tierra Linda Homeowners Association, Inc., ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for approval to sell its water system assets and transfer its Certificate of Convenience and Necessity to Gary Smyth. The Commission's Utilities Division ("Staff") has not yet made a recommendation regarding the Applicant's application, and the Commission is not bound by the proposals made by the Applicant, Staff, or any intervenors. The Commission will issue a decision regarding the Applicant's application following consideration of testimony and evidence presented at an evidentiary hearing.

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PUBLIC NOTICE OF HEARING ON THE APPLICATION OF TIERRA LINDA HOMEOWNERS ASSOCIATION, INC., FOR APPROVAL OF SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY.
(Docket Nos. W-20689A-09-0327 and W-04236A-09-0327)

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1. Your name, address, and telephone number and the name, address and telephone number of any party upon whom documents are to be served in your place, if desired;.

2. A short statement of your interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.); and

3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

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PENGAD 800-631-6989
EXHIBIT
A-17
ADMITTED

Exhibit A-17
Lisa Sullivan

Arizona Department of Water Resources ("ADWR") August 3, 2010 Letter Stating Cayetano, Inc. DBA Lakewood Water Company is in Compliance with ADWR Regulations

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

Thank you for your assistance with regard to that matter. Please advise me if you have any questions regarding this matter.

Sincerely,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.

cc: Steve Olea
Blessing Chukwu
Ayesha Vohra
Tierra Linda Homeowners Association, Inc.
Gary Smyth
Robert Zammit

Arizona Department of Water Resources
Water Provider Compliance Status Report

Water System Name: LAKEWOOD WATER COMPANY

Water System ID #: ADWR #56-000127.0000

Compliance Status:

Requirement	*In compliance*	*Not in Compliance*	*Not yet determined*	*Not Applicable*
Annual water use reports within AMAs and INAs (if using non-exempt wells)	X			
Annual report for community water systems outside of AMAs				X
Annual assured or adequate water supply reports for designated providers				X
Designation of assured or adequate water supply in good standing for designated providers				X
System water plan	X			
Management plan requirements within AMAs 1) Lost and unaccounted for water <10% of total use for large providers <15% of total use for small providers 2) Annual submittal of updated service area and distribution maps 3) NPCCP requirements are met 4) MNPCCP requirements are met 5) GPCD requirements are met 6) ACP requirements are met 7) Individual user requirements are met	Items 1 & 2			Items 3 through 7
Well permit volumes within AMAs	X			
Type I and II grandfathered right limits within AMAs				
Maintenance of accurate measuring devices within AMAs and INAs	X			
Groundwater transportation restrictions				X
Approval of deliveries of groundwater to other providers within AMAs				X

Comments: As of August 3, 2010, ADWR has determined that Lakewood Water Company (ADWR # 56-

000127.0000) is currently compliant with departmental requirements governing water providers and/or community water systems. If you have any additional questions or concerns regarding this matter please contact Andrew Craddock, Compliance Committee Chair at (602) 771-8615.

Completed by:

Program	*Reviewed*	*Not applicable*	Name	Phone	Date
AMA Office	X		Alejandro Barcenas	520-761-1814	3/2/10 Update: 8/3/10
Office of Assured & Adequate Water Supply		X	Rick Obenshain	602-771-8622	3/1/10 Update: 8/3/10
Community Water Planning		X	Kelly Mott Lacroix	520-770-3809	3/1/10 Update: 8/3/10

This compliance status report does not guarantee the water availability for this system, nor does it reflect the status of any other water system owned by this utility company.

EXHIBIT
A-18
ADMITTED
PENGAD 800-631-6989

Exhibit A-18
Robert P. Zammit

TLHOA Pima County Franchise

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

ASSIGNMENT OF FRANCHISE

Notice is hereby given to the Board of Supervisors, Pima County, Arizona, by delivery of this Assignment, that **Tierra Linda Water Company, Inc.** an Arizona corporation, does hereby transfer, assign and convey unto **Tierra Linda Homeowners Association, Inc.**, an Arizona corporation, all rights which assignor has in and to that certain non-exclusive franchise issued to assignor by the Pima County Supervisors dated October 1, 1991.

This assignment, transfer and conveyance is made pursuant to paragraph 22 of said franchise and is accepted by Tierra Linda Homeowners Association, Inc.

Dated this 3 day of January, 1994.

ASSIGNOR

Tierra Linda Water Company, Inc.

By Eugene Novak
Eugene Novak
President

ATTEST:
Victoria Novak
Victoria Novak
Secretary

ASSIGNEE

Tierra Linda Homeowners Association, Inc.

By Eugene Novak
Eugene Novak
President

ATTEST:
Victoria Novak
Victoria Novak
Secretary

Approved and accepted this 15th day of March, 1994.

Chairman of the Pima County
Board of Supervisors MAR 1 5 1994

Attest:

Clerk of the Pima County
Board of Supervisors

RESOLUTION NO. 1991 - 210

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA; AUTHORIZING A FRANCHISE FOR TIERRA LINDA WATER COMPANY, INC.

WHEREAS, pursuant to A.R.S. § 40-283, TIERRA LINDA WATER COMPANY, INC., an Arizona corporation, (hereinafter "Franchisee") has applied to the Board of Supervisors of Pima County, Arizona, (hereinafter "county") for the franchise right and privilege in the area of the County outside the confines of any incorporated city or town to construct, install, maintain and operate in the public right-of-way facilities and appurtenances for the purpose of operating a water distribution system within the confines of the area hereinafter described, which area is outside the confines of any incorporated city or town or is within the confines of and adjacent to the area hereinafter described in said County of Pima, State of Arison; and

WHEREAS, notice of hearing on the application was given as required by law; and

WHEREAS, the application came before the Board of Supervisors on the 1st day of October, 1991, and no petition to the Board to deny the franchise was filed according to law, and the Board considered the application for the franchise; and

WHEREAS, the Board of Supervisors determined that the grant of this franchise is regular, authorized by law and in the best interests of the County and its inhabitants:

IT IS HEREBY RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA:

Section 1. Franchise; right-of-way. Franchisee is hereby enfranchised and empowered to use all public right-of-way within areas of the County outside the confines of any incorporated city or town to construct, install, maintain and operate in such public right-of-way facilities for the purpose of operating a water distribution system to supply water services within the area specified by this franchise and more fully described as Exhibit A attached hereto and made a part hereof. "Right-ofway" shall include highways, streets, roads, alleys, ways, drainageways and places dedicated to the public use.

Section 2. Future regulation. All rights hereunder are granted under the express condition that the Board of Supervisors shall have the power at any time, in accordance with applicable law, to impose such restrictions and limitations, and to make such regulations as to the use of said right-of-way by Franchisee as may be deemed best for the public safety or welfare.

Section 3. County rights paramount. The rights of County in and to the use of the right-of-way shall be forever paramount and superior to the rights of Franchisee.

Section 4. Facilities; definition; removal. Nothing in this franchise shall be construed to prevent County from abandoning, altering, improving, repairing or maintaining facilities of County or the public right-of-way and, for that purpose, requiring Franchisee at its own expense to remove, relocate or

abandon in place Franchisee's facilities to accommodate the activities of County. "Facilities of Franchisee" shall mean any physical object or improvement or alteration of a right-of-way owned, possessed, made, installed or constructed by Franchisee or made, installed, or constructed by County or others at the request of Franchisee. "Facilities of Franchisee" shall include, but not be limited to, pipes, pipelines, mains, services, vaults, casings, sleeves, vents, fences, meters, gauges, regulators, valves, conduits, appliances, attachments, appurtenances, poles, wires, cables and other property or equipment used or useful for the purpose for which this franchise is granted. "Facilities of County" shall mean any physical object or improvement owned, possessed, made, installed or constructed by County or others at the request of County; it shall include, without limitation, all highway, transportation, flood control and wastewater facilities of County.

Section 5. County not liable for costs and lost revenues. County shall not be liable to Franchisee for (a) any costs of relocation, replacement, repair or abandonment of Franchisee's facilities in the public right-of-way, or (b) lost revenues, sustained by Franchisee because of damage, modification or alteration to or destruction of its facilities in the public right-of-way, when such costs or lost revenues result from construction, operation and maintenance of facilities of County in the public right-of-way, provided the activities resulting in

such costs or lost revenues are conducted in accordance with applicable laws and regulations.

Section 6. No exclusive right. Nothing in this franchise shall be construed to grant Franchisee an exclusive right to erect and maintain its facilities in the public right-of-way. Facilities of Franchisee shall be erected so as not to interfere with the reasonable use of the public right-of-way. The location of facilities of Franchisee shall not be a vested interest, and its facilities shall be removed, relocated or abandoned in place by Franchisee whenever they restrict or obstruct the use or location or any future use or location of the public right-of-way or Facilities of County or the use thereof by the public.

Section 7. Relocation. Franchisee shall relocate at its expense all facilities of Franchisee that conflict or interfere with County use, expanded use, improvement or abandonment of the public right-of-way. The facilities shall be relocated in accordance with the procedures and time limitations set forth in Pima County Code Chapter 10.44, as may be amended from time to time. If the facilities are not relocated in accordance with Pima County Code Chapter 10.44, County may, at its discretion, relocate the facilities utilizing a qualified contractor and Franchisee shall be liable for all costs to County of relocation including overhead and maintenance and, in addition, shall pay to County five percent of the costs to County of relocation.

Section 8. Care and restoration of County facilities. In the construction, maintenance, repair and operation of its

facilities, Franchisee shall use all necessary care to avoid doing or permitting to be done any unnecessary damage, disturbance, alteration or modification to the facilities of County. If Franchisee shall do or permit to be done any such damage, disturbance, alteration or modification, Franchisee, at its expense and in a manner approved by the County Engineer and to the satisfaction of County, shall restore the facilities to the condition in which they were before being damaged, disturbed, altered or modified and shall also be liable to County or others for any other damages which may accrue because of said damage, disturbance, alteration or modification. The restoration shall be initiated promptly and completed expeditiously in recognition of the duty of Franchisee to give the restoration, repair or replacement of such County facilities priority over proceeding with the non-emergency activities of Franchisee.

Section 9. Vegetation. In the construction, maintenance, repair and operation of its facilities, Franchisee shall use all necessary care to avoid any damage to or disturbance of the vegetation in the public right-of-way. If Franchisee shall do or permit to be done any such damage or disturbance, Franchisee, at its expense and in accordance with all County regulations then in effect, including but not limited to the provisions of Section 18.73.030B(12) of the Zoning Code of County, shall revegetate the right-of-way to the satisfaction of the County Engineer.

Section 10. Access to adjoining property. Franchisee shall provide prior written or actual notice to the owners or residents

of adjoining property of any activity of Franchisee which may temporarily interfere with access to or use of said adjoining property. If an emergency precludes the provision of prior notice, Franchisee shall use its best efforts to provide timely actual notice to the owners or residents of the adjoining property.

Section 11. Indemnification; hold harmless; defend. In the construction, installation, location, operation, safeguarding, maintenance and repair of all facilities of Franchisee, Franchisee shall use every reasonable and proper precaution to avoid damage, injury or death to persons or property. Franchisee assumes sole responsibility for the construction, installation, location, operation, safeguarding, maintenance, repair and condition of any facility of Franchisee placed in a public right-of-way pursuant to this franchise. Franchisee shall indemnify, hold harmless and defend County, and its officials, employees, servants and agents, against all claims for injuries or death to persons or damages to property due to the construction, installation, location, operation, safeguarding, maintenance, repair and condition of any facility of Franchisee in a public right-of-way, including the safeguarding of persons using the public right-of-way and adjacent roadway from such facilities and activities of Franchisee.

If County is sued in any court by any person, firm, association or corporation to recover damages for injuries or death to person or property on account of the construction, installation,

operation, maintenance, repair or replacement of facilities of Franchisee, Franchisee shall defend all such suits and pay any resulting final judgments, and shall at the option of County be made a party to any such court proceeding. This provision shall not bar Franchisee from claiming contribution for such injuries, death, damages and defense costs after, and to the extent, County is found liable by a court of competent jurisdiction for such damages, injuries or death by reason of acts or omissions of County or its employees, servants or agents.

Section 12. No County authorization of wrongdoing. County review or approval of plans or specifications or issuance of a permit for an activity or an installation, construction or location of a facility of Franchisee, or the failure of County to direct Franchisee to take any precautions or make any changes or to refrain from doing anything, shall not be construed to be an authorization for or approval of any violation of an industry standard pertaining to the location or construction of a utility facility in a public right-of-way. No review, approval or permit presuming to give such authority shall relieve Franchisee of its obligations under this franchise regarding the location and construction of facilities. The failure of County to direct Franchisee to take any precautions or make any changes or to refrain from doing anything, shall not excuse Franchisee from its responsibilities hereunder to County or others for injury to persons or damage to property.

Section 13. County participation in suit, action or proceeding. County shall have the right at all times to take part in any suit, action or proceeding instituted by or against Franchisee (a) in which any judgement or decree can be rendered foreclosing any lien on any of Franchisee's property situated within the public right-of-way, (b) seeking to enjoin, restrain or in any manner interfere with Franchisee in the performance or observance by it of any of the terms or conditions of this franchise, or any regulation, notice or direction of County in such connection, (c) affecting the rights, powers or duties of Franchisee to do or not to do anything which by this franchise it may be required to do or not to do, or (d) which involves or might involve the constitutionality, validity or enforcement of this franchise. County may take such steps relating to the suit, action or proceeding as County may deem necessary or advisable to protect the interests of County or the public interest.

Section 14. Location and construction standards. The location and construction of facilities in public right-of-way shall conform to applicable industry standards then in effect and as may be directed by County in order not to interfere with a planned future use of the public right-of-way by the County. All facilities of Franchisee shall be located so as to cause minimum interference with the proper use of the public right-of-way, and to cause minimum interference with the rights and reasonable convenience of property owners who adjoin the public right-of-way.

Section 15. Barriers and Signs. Any opening or obstruction in the public right-of-way made by Franchisee in the course of the construction, maintenance, operation, repair, replacement or removal of facilities shall be guarded and protected at all times by the placement of adequate barriers, the bounds of which during periods of dusk and darkness shall be clearly designated by warning lights. Any work performed by Franchisee along a public highway open for travel shall be properly signed and marked with warning and directional devices in accordance with A.R.S. § 28-659 and the "Traffic Control Manual for Highway Construction and Maintenance", Arizona Department of Transportation, August, 1981, as amended now and in the future.

Section 16. Drainage. During construction or excavation in the public right-of-way, Franchisee shall provide proper drainage so that the public right-of-way will be free from standing surface water, and properly and adequately drained so as not to cause flood or erosion damage to the facilities of the County or surrounding property.

Section 17. Inspection; charge. County, if it deems it necessary, has the right to inspect any construction, operation and maintenance by Franchisee in the public right-of-way to insure proper performance of this franchise and conformance with applicable federal, state and County laws, ordinances and regulations, and County may make a reasonable charge for such inspection, provided such charge is lawfully adopted and uniformly

imposed and collected for such inspections from other utilities or persons similarly situated to Franchisee.

Section 18. Compliance: assent to legality. Franchisee agrees to conform to and abide by and perform all the conditions, provisions, requirements and limitations in this franchise. Franchisee shall be subject to all County ordinances now in force or that hereafter may be lawfully adopted, including all ordinances relating to the use of public right-of-way by utilities. Franchisee agrees that it will not set up as against County any claim that the provisions of this franchise or any applicable County ordinance or regulation now lawfully in force are unreasonable, arbitrary or void.

Section 19. Term. This franchise is granted for a term of twenty-five years from the date of the granting.

Section 20. Non-exclusivity. This franchise and the privileges granted herein shall not be exclusive, and the Board of Supervisors expressly reserves the right to grant, from time to time, similar franchises and privileges over the same right-of-way to any other person, firm or corporation.

Section 21. Signature of Franchisee; no obligation after sale, assignment or transfer. This franchise shall not be effective for any purpose until the acceptance of Franchisee is endorsed herein in writing, provided that after any sale, assignment or transfer of Franchisee's rights hereunder, Franchisee shall not be obligated under the terms hereof.

Section 22. Approval for sale, assignment or transfer. Franchisee hereby agrees that this franchise shall not be sold, assigned or transferred without the prior written approval of the Board of Supervisors of County, such approval not to be unreasonably withheld.

Section 23. Headings. Headings used in this franchise are for convenience only and shall not be used in construing its terms.

PASSED AND ADOPTED THIS 1st day of October, 1991.

ATTEST:

Jane S. Williams
Clerk of the Board

PIMA COUNTY, ARIZONA

By: Reg Morrison
Chairman,
Board of Supervisors
OCT 1 1991

APPROVED AS TO FORM:

9/10/91
Deputy County Attorney

TIERRA LINDA WATER CO., INC.

By: Eugene R. Novak Preside
Eugene R. Novak
Preident

EXHIBIT A

LEGAL DESCRIPTION

Lots 1 thru 49, of Tierra Linda, a subdivision, according to the plat of record in Book 17 of Maps and Plats at page 92 of the Office of the County Recorder of Pima County, Arizona.

EXHIBIT
A-19
PENGAD 800-631-6989

Exhibit A-19
Robert P. Zammit

Request for Veterans Administration Consent to Amendment of Tierra Linda Subdivision CC&Rs

September 13, 2010 ACC Hearing
Gary Smyth/Tierra Linda HOA
Docket Nos. W-20689A-09-0327
and W-04236A-09-0327

THE LAW OFFICE OF

Thomas M. Pace

1670 East River Road
Suite 124
Tucson, Arizona 85718-8900

Telephone (520) 322-5511 tom@pacelawaz.com Fax (520) 322-0777

August 23, 2010

Department Veteran Affairs
VA Regional Loan Center
3333 North Central Avenue
Phoenix, Arizona 85012-2402

Re: Tierra Linda Nueva

Gentlemen:

Enclosed is the First Amendment to Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Tierra Linda Nueva (the "Declaration"). The Declaration provides that, any time the Declarant remains in control, any amendment must be approved by the Federal Housing Administration or the Veterans Administration.

This Amendment allows the sale of the water company. The water company will continue to service the neighborhood and will continue to be regulated as a utility by the Arizona Corporation Commission. The proceeds from the sale will be distributed to Tierra Linda Homeowners Association, Inc.

Please let me know what information you will need in order to review a request for approval of the First Amendment.

Very truly yours,

Thomas M. Pace

TMP/mc
Enclosure
cc: Robert Zammit

When recorded, return to:
Thomas M. Pace, Esq.
1670 East River Road, Suite 124
Tucson, Arizona 85718-8900

FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TIERRA LINDA NUEVA

Lot Nos. 1 through 190, Common Areas A and B and Wellsite
as recorded in Book 59 of Maps and Plats, at Page 3, Pima County, Arizona

This First Amendment (the "Amendment") is made this ___ day of _____, 20__, by Title Security Agency, an Arizona corporation, as Trustee under Trust No. 939 (hereinafter the "Declarant"), and amends as set forth below that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Tierra Linda Nueva, recorded August 9, 2005, in the Office of the County Recorder, Pima County, Arizona, at Docket 12612, page 7587, et seq. (the "Declaration"). All other terms and conditions of the Declaration shall remain in full force and effect. All terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Declaration.

1. Section 9.1 of the Declaration ("Duty to Provide Water Service to Members") is hereby amended with the addition of a new first sentence as follows:

> Notwithstanding the provisions of this Article VIII, the Association may sell the Water Facilities and the Wellsite to a person or entity which shall become a public service corporation regulated by the Arizona Corporation Commission with a duty to deliver water to the Property.

2. This Amendment has been approved by:

a. The written consent of Declarant who holds at least sixty percent (60%) of the votes in Tierra Linda Homeowners Association, Inc., an Arizona non-profit corporation, pursuant to Section 11.2.1 of the Declaration;

b. The approval of fifty-one percent (51%) of the Eligible Mortgage Holders, if any, who responded within the twenty (20) day period, pursuant to Section 11.2.2 of the Declaration; and

3. This Amendment will only be effective upon the recording of a Notice of Consent of the Veterans Administration, pursuant to Section 11.9 of the Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

TITLE SECURITY AGENCY
an Arizona corporation, as Trustee under Trust No. 939, only and not in its corporate capacity

By: _____

Its: _____

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__, by _____, the _____ of Ticor Title Agency, an Arizona corporation , as Trustee under Trust No. 12258, on behalf of said Trust.

_____
Notary Public

My Commission expires:

_____

Subj: **Request for Approval of Water Main Extension Agreement - Tierra Linda HOA**
Date: 6/25/2009 3:44:07 PM US Mountain Standard Time
From: TubacLawyer
To: ejohnson@azcc.gov
CC: SOlea@azcc.gov, JAlward@azcc.gov, rpzammit@msn.com, Gary@smythsteel.com

Mr. Johnson,

Attached is a copy of a letter sent to you today regarding the above-referenced subject.

If you have any difficulties opening any of the attachments please let me know.

Angela R. Trujillo
Secretary
Lawrence V. Robertson, Jr.

The information in this email and in any attachments is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this email for any purpose, nor disclose all or any part of its content to any other person.
Although this email and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by the sender for any loss or damage arising in any way from its use.

Make your summer sizzle with fast and easy recipes for the grill.

EXHIBIT
A-20
ADMITTED

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW

P. O. BOX 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

June 25, 2009

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Request for approval of Water Main Extension Agreement for Developer-Installed, On-Site and Off-Site Facilities

Dear Mr. Johnson:

Enclosed for review and approval by the Utilities Division is a copy of a June 10, 2009 Water Main Extension Agreement for Developer-Installed, On-Site and Off-Site Facilities as executed by Tierra Linda Homeowners Association, Inc. and the Tierra Linda Development, LLC.

In connection with the above, I also wanted you to be aware that the Tierra Linda Homeowners Association water system is the subject of a June 16, 2009 Asset Purchase Agreement which has been executed by the homeowners association and Gary Smyth. Mr. Smyth currently owns and operates Lakewood Water Company, which he acquired through a stock purchase in 2008.

For your convenience, also enclosed is a copy of the Joint Application which is being filed contemporaneously with the Commission on behalf of the homeowners association and Mr. Smyth. I have not included all of the appendices to the Joint Application in this transmittal, because you will be receiving a complete set in connection with Docket Control's internal distribution of the aforesaid Joint Application.

Please let me know if you have any questions regarding the above or the enclosed documents. Thank you in advance for your assistance and that of your Staff.

Sincerely,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.

cc: Steve Olea
Janice Alward
Bob Zammit – Tierra Linda HOA
Gary Smyth

ORIGINAL

MEMORANDUM

RECEIVED

2010 JUL 23 A 10: 41

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

EXHIBIT
S-1
ADMITTED

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

Date: July 23, 2010

RE: **STAFF REPORT** FOR TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. AND GARY SMYTH – JOINT APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICE OF TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. TO GARY SMYTH (DOCKET NOS. W-20689A-09-0327 AND W-04236A-09-0327)

Attached is the Staff Report for Tierra Linda Homeowners Association, Inc. and Gary Smyth's Joint Application for approval of the sale of assets and transfer of Certificate of Convenience and Necessity for water service of Tierra Linda Homeowners Association, Inc. to Gary Smyth, in Pima County, Arizona. Staff is recommending approval with conditions.

SMO:BNC:red

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED
JUL 23 2010
DOCKETED BY

Service List for: Tierra Linda Homeowners Association, Inc. and Gary Smyth
Docket Nos. W-20689A-09-0327 and W-04236A-09-0327

Mr. Lawrence V. Robertson, Jr.
PO Box 1448
Tubac, Arizona 85646

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. AND GARY SMYTH
DOCKET NOS. W-20689A-09-0327 AND W-04236A-09-0327

JOINT APPLICATION FOR APPROVAL OF THE SALE
OF ASSETS AND TRANSFER OF CERTIFICATE CONVENIENCE AND NECESSITY OF
TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. TO GARY SMYTH

JULY 23, 2010

STAFF ACKNOWLEDGMENT

The Staff Report for Tierra Linda Homeowners Association, Inc. and Gary Smyth (Docket Nos. W-20689A-09-0327 and W-04236A-09-0327) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Del Smith was responsible for the engineering and technical analysis.

Blessing Chukwu
Executive Consultant

Del Smith
Engineering Supervisor

EXECUTIVE SUMMARY
TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. AND GARY SMYTH
DOCKET NOS. W-20689A-09-0327 AND W-04236A-09-0327

On June 26, 2009, Tierra Linda Homeowners Association, Inc. ("Tierra Linda" or "Company" or "Transferor") and Gary Smyth ("Smyth" or "Transferee"), an individual, (collectively, "the Applicants") filed a Joint Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of assets and transfer of Certificate of Convenience and Necessity ("CC&N") for water service of Tierra Linda to Smyth, in Pima County, Arizona. On May 12, 2010, Staff filed a Sufficiency Letter indicating that the Application had met the sufficiency requirements of the Arizona Administrative Code.

Tierra Linda is an Arizona Corporation, in good standing with the Commission's Corporation Division. Tierra Linda serves approximately 50 residential customers in Tierra Linda Nueva Subdivision which is located southwest of Marana, in Pima County, Arizona, pursuant to Commission Decision No. 67104 (July 9, 2004). The Company's CC&N covers an area of roughly 200 acres (approximately three-tenths of one square mile). Smyth, an individual who resides in Tucson, Arizona, owns and operates Smyth Steel. Smyth Steel provides construction and installation services to water utility companies in Arizona. Smyth is familiar with the Tierra Linda water system, having constructed and installed it. Smyth owns Cayetano Inc. dba Lakewood Water Company ("Lakewood") and Smyth Utility Management, which provides utility operating and management service to small and medium sized water and wastewater utilities in southern Arizona. According to the Applicants, customer security deposits; refunds due on meter and service line installations; and all refunds due on Main Line Extension Agreements will be assumed by Smyth subject to the Commission granting the relief requested in the Application.

Based on Staff's review and analysis of the application, Staff believes the Company's existing system has adequate production and storage capacity to serve existing customers and reasonable growth.

Staff recommends the Commission approve Tierra Linda and Smyth's Joint Application for the sale of assets and transfer of the CC&N for water service of Tierra Linda to Smyth within portions of Pima County, Arizona, subject to compliance with the following conditions:

1. That Smyth be required to charge the authorized rates and charges in the transfer area.

2. That Smyth be required to file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by Arizona Department of Water Resources ("ADWR") indicating that Lakewood Water Company is in full compliance with ADWR regulations.

3. That Tierra Linda be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of its water

system and assets to Smyth, within 120 days of the effective date of a decision in this matter.

4. That Tierra Linda be required to file with Docket Control, as a compliance item in this docket, a copy of the transfer of the Pima County franchise agreement for the requested area, within two years of the effective date of a decision in this matter.

5. That Tierra Linda be required to file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. The tariff shall generally conform to the sample tariff found on the Commission's website at http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Standard%202009.doc. The Company may need to make minor modifications to the sample tariff according to its specific management, operational, and design requirements as necessary and appropriate.

6. That Tierra Linda be required to coordinate the reading of its well meter and individual customer meters on a monthly basis and report this data in its Commission Annual Report for year ending 2010. If the reported water loss in the Annual Report is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to less than 10 percent. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item no later than June 30, 2011.

Staff further recommends that the Commission's Decision granting the approval of the sale of assets and the transfer of the CC&N to Smyth be considered null and void, after due process, should Tierra Linda and Smyth fail to meet Condition Nos. 2, 3, 4, 5, and 6 listed above, within the specified time.

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INTRODUCTION

On June 26, 2009, Tierra Linda Homeowners Association, Inc. ("Tierra Linda" or "Company" or "Transferor") and Gary Smyth ("Smyth" or "Transferee"), an individual, (collectively, "the Applicants") filed a Joint Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of assets and transfer of Certificate of Convenience and Necessity ("CC&N") for water service of Tierra Linda to Smyth, in Pima County, Arizona.

On May 12, 2010, Staff filed a Sufficiency Letter indicating that the Application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.").

BACKGROUND

Tierra Linda is an Arizona Corporation, in good standing with the Commission's Corporation Division.

Tierra Linda serves the Tierra Linda Nueva Subdivision which is located southwest of Marana and approximately eight and one-half miles west of Interstate 10 on Emigh Road. Tierra Linda reported 59 metered water connections in its 2008 Commission Annual Report. At the time the Joint Application was filed, Tierra Linda served approximately 50 residential customers.

The Company provides water service to its customers in Pima County, Arizona, pursuant to Commission Decision No. 67104 (July 9, 2004). The Company's CC&N covers an area of roughly 200 acres (approximately three-tenths of one square mile).

Smyth, an individual who resides in Tucson, Arizona, owns and operates Smyth Steel. Smyth Steel provides construction and installation services to water utility companies in Arizona.[1] Smyth is familiar with the Tierra Linda water system, having constructed and installed it. According to the application, Smyth has the knowledge and financial means to operate and expand the system.[2]

In 2008, Smyth acquired Cayetano Inc. dba Lakewood Water Company ("Lakewood"). Lakewood is regulated by the Commission and serves approximately 300 customers in Pima County.[3] In July 2009, Smyth formed Smyth Utility Management to provide utility operating and management service to small and medium sized water and wastewater utilities in southern Arizona.[4]

---

[1] Services provided include, among other things, the construction and installation of storage and pressure tanks, booster stations, arsenic treatment facilities and piping.
[2] See Joint Application at Page 3, Lines 15 – 18.
[3] See Joint Application at Page 2, Lines 7 – 10.
[4] See Applicant's response to Staff's Insufficiency Letter #2, Item No. 3, docketed March 3, 2010.

THE WATER SYSTEM

The Company's water system consists of one well (producing 200 gallons per minute), one 400,000 gallon storage tank, three booster pumps (one 50 horsepower ("HP") and two 10 HP), one 5,000 gallon pressure tank, and a distribution system serving 60 metered connections. Staff concludes that the system has adequate well production and storage capacity to serve existing customers and reasonable growth.

THE TRANSACTION

Tierra Linda serves the Tierra Linda Nueva Subdivision which is located approximately eight and one-half miles west of Interstate 10 on Emigh Road, southwest of Marana, in Pima County Arizona. The CC&N area is approximately 0.3 square miles in size. As currently platted, Tierra Linda's certificated service area has the potential for a total of 190 residential metered water connections.[5]

Tierra Linda does not desire to collect funds from its members for future capital expenditures, maintenance and repairs and prefers to transfer the existing water system to a qualified buyer.[6] As stated above, Smyth is familiar with the Tierra Linda water system, having constructed and installed it.

By this Joint Application, Tierra Linda and Smyth are seeking Commission approval of the sale and transfer of the Tierra Linda water system assets and CC&N to Smyth[7], in the location described above. The Company provided a listing of assets to be transferred to Smyth.

According to the Applicants, customer security deposits; refunds due on meter and service line installations; and all refunds due on Main Line Extension Agreements will be assumed by Smyth subject to the Commission granting the relief requested in the Application.

If the proposed transfer is approved, Christopher Hill, Arizona Department of Environmental Quality ("ADEQ") Certified Operator No. 8883, will be the certified operator of the Tierra Linda water system.[8] Mr. Hill is a Grade 4 water distribution system and water treatment plant operator. Mr. Hill is currently the certified operator of the Lakewood water system.[9]

---

[5] See Joint Application at Page 2, Lines 17 – 19.
[6] See Joint Application at Page 3, Lines 9 – 11.
[7] On June 16, 2009, Tierra Linda and Smyth entered into an Asset Purchase Agreement through which Smyth would acquire the Tierra Linda water system assets and CC&N subject to prior Commission approval (See Joint Application at Page 3, Lines 21 – 23).
[8] See Applicant's response to Staff's Insufficiency Letter #1, Item No. 2, docketed October 9, 2009.
[9] See Applicant's response to Staff's Insufficiency Letter #1, Item No. 3, docketed October 9, 2009.

NON-ACCOUNT WATER

Non-account water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft and flushing. Lost water for the Tierra Linda water system was calculated to be 10.5 percent in 2009 which exceeds acceptable limits.[10] Lost water was calculated to be 7.1 percent in 2008 which is within acceptable limits. Water use data available to Staff for 2006 and 2007 was incomplete and/or its validity was questionable.

Staff recommends that Tierra Linda be required to coordinate the reading of its well meter and individual customer meters on a monthly basis and report this data in its Commission Annual Report for year ending 2010 ("Annual Report").[11] Staff further recommends if the reported water loss in the Annual Report is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to less than 10 percent. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item no later than June 30, 2011.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE

According to an ADEQ compliance status report, dated July 9, 2009, Tierra Linda's water system, Public Water System No. 10-411, has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

ADEQ regulates the Lakewood water system under ADEQ Public Water System I.D. No. 10-063. Based on a Compliance Status Report, dated July 9, 2009, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Tierra Linda is located within the Tucson Active Management Area ("AMA"). ADWR has determined that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.[12]

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[10] Water loss based on the water use data contained in the Company's 2009 Commission Annual Report.
[11] Tierra Linda shall collect the data needed to accurately complete the water use data sheets contained in the Annual Report form.
[12] Per ADWR Water Provider Compliance Status Report dated July 9, 2009.

Lakewood is located within the Santa Cruz AMA. ADWR has determined that Lakewood is not in compliance with departmental requirements governing water providers and/or community water systems. As of April 19, 2010 Lakewood had not filed its 2009 Annual Water Withdrawal and Use Reports, which were due on March 31, 2010.[13]

Staff recommends that Smyth be required to file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by ADWR indicating that Lakewood Water Company is in full compliance with ADWR regulations.

ACC COMPLIANCE

A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for Tierra Linda or Lakewood.[14]

CURTAILMENT PLAN TARIFF

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Tierra Linda does not have a curtailment tariff, Staff recommends that a curtailment tariff be filed within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's website at http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Standard%202009.doc. Staff recognizes that the Company may need to make minor modifications to the sample tariff according to its specific management, operational, and design requirements as necessary and appropriate.

BACKFLOW PREVENTION TARIFF

The Company has an approved Backflow Prevention tariff on file with the Commission.

PROPOSED RATES

Upon the acquisition of the Company's assets, the customers in the affected CC&N area will be charged the Company's existing rates for water.

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[13] Per ADWR Water Provider Compliance Status Report dated April 19, 2010.
[14] Per Compliance Section email dated July 7, 2009.

FRANCHISE

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, pursuant to Arizona Revised Statute § 40-282.B. If the applicant operates in an unincorporated area, the Applicant has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Staff recommends that the Company be required to file with Docket Control, as a compliance item in this docket, a copy of the transfer of the Pima County franchise agreement for the requested area, within two years of the effective date of a decision in this matter.

RECOMMENDATIONS

Staff recommends the Commission approve Tierra Linda and Smyth's Joint Application for the sale of assets and transfer of the CC&N for water service of Tierra Linda to Smyth within portions of Pima County, Arizona, subject to compliance with the following conditions:

1. That Smyth be required to charge the authorized rates and charges in the transfer area.

2. That Smyth be required to file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by ADWR indicating that Lakewood Water Company is in full compliance with ADWR regulations.

3. That Tierra Linda be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of its water system and assets to Smyth, within 120 days of the effective date of a decision in this matter.

4. That Tierra Linda be required to file with Docket Control, as a compliance item in this docket, a copy of the transfer of the Pima County franchise agreement for the requested area, within two years of the effective date of a decision in this matter.

5. That Tierra Linda be required to file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. The tariff shall generally conform to the sample tariff found on the Commission's website at http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Standard%202009.doc. The Company may need to make minor modifications to the sample tariff

according to its specific management, operational, and design requirements as necessary and appropriate.

6. That Tierra Linda be required to coordinate the reading of its well meter and individual customer meters on a monthly basis and report this data in its Commission Annual Report for year ending 2010. If the reported water loss in the Annual Report is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to less than 10 percent. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item no later than June 30, 2011.

Staff further recommends that the Commission's Decision granting the approval of the sale of assets and the transfer of the CC&N to Smyth be considered null and void, after due process, should Tierra Linda and Smyth fail to meet Condition Nos. 2, 3, 4, 5, and 6 listed above within the specified time.

ATTACHMENT A

MEMORANDUM

DATE: July 8, 2010

TO: Blessing Chukwu
Executive Consultant

FROM: Del Smith
for Engineering Supervisor

RE: Tierra Linda Homeowners Association, Inc. and Gary Smyth - Joint Application for authorization to sell water system assets and transfer Certificate of Convenience and Necessity to Gary Smyth (Docket Nos. W- 04236A-09-0327 and W-20689A-09-0327)

Introduction

On June 26, 2009, Tierra Linda Homeowners Association, Inc. ("Tierra Linda" or "Company") and Gary Smyth ("Smyth"), an individual, (collectively, "the Applicants") filed a Joint Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of the Tierra Linda water system assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to provide water service in Pima County, Arizona. The purpose of this Joint Application is to obtain Commission approval of the transfer of the Tierra Linda water system assets and CC&N to Smyth.[1] Tierra Linda serves the Tierra Linda Nueva Subdivision which is located southwest of Marana and approximately eight and one-half miles west of Interstate 10 on Emigh Road. Tierra Linda reported 59 metered water connections in its 2008 Commission Annual Report. At the time the Joint Application was filed, Tierra Linda served approximately 50 residential customers. The Commission granted Tierra Linda a CC&N in Decision No. 67104 dated July 9, 2004. The Company's CC&N covers an area of roughly 200 acres (approximately three-tenths of one square mile) in the northwest quarter of Section 29 in Township 12 South, Range 11 East. As currently platted, Tierra Linda's certificated service area has the potential for a total of 190 residential metered water connections.[2]

Buyer Background and Reasons Given in Support of the Proposed Transfer

Tierra Linda does not desire to collect funds from its members for future capital expenditures, maintenance and repairs and prefers to transfer the existing water system to

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[1] On June 16, 2009, Tierra Linda and Smyth entered into an Asset Purchase Agreement through which Smyth would acquire the Tierra Linda water system assets and CC&N subject to prior Commission approval (See Joint Application at Page 3, Lines 21 – 23).
[2] See Joint Application at Page 2, Lines 17 – 19.

a qualified buyer.[3] Smyth owns and operates Smyth Steel. Smyth Steel provides construction and installation services to water utility companies in Arizona.[4] Smyth is familiar with the Tierra Linda water system, having constructed and installed it. According to the application Smyth has the knowledge and financial means to operate and expand the system.[5]

In 2008, Smyth acquired Cayetano Inc. dba Lakewood Water Company ("Lakewood"). Lakewood is regulated by the Commission and serves approximately 300 customers in Pima County.[6] In July 2009, Smyth formed Smyth Utility Management to provide utility operating and management service to small and medium sized water and wastewater utilities in southern Arizona.[7]

Tierra Linda Water System

The system consists of one well (Pump Yield 200 gallons per minute), one 400,000 gallon storage tank, three booster pumps (one 50 horsepower ("HP") and two 10 HP), one 5,000 gallon pressure tank and a distribution system serving 60 metered connections. Staff concludes that the system has adequate production and storage capacity to serve existing customers and reasonable growth. If the proposed transfer is approved, Christopher Hill, Arizona Department of Environmental Quality ("ADEQ") Certified Operator No. 8883, will be the certified operator of the Tierra Linda water system.[8] Mr. Hill is a Grade 4 water distribution system and water treatment plant operator. Mr. Hill is currently the certified operator of the Lakewood water system.[9]

Non-Account Water

Non-account water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft and flushing. Lost water for the Tierra Linda water system was calculated to be 10.5 percent in 2009 which exceeds acceptable limits.[10] Lost water was calculated to be 7.1 percent in 2008 which is within acceptable limits. Water use data available to Staff for 2006 and 2007 was incomplete and/or its validity was questionable.

Staff recommends that Tierra Linda be required to coordinate the reading of its well meter and individual customer meters on a monthly basis and report this data in its

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[3] See Joint Application at Page 3, Lines 9 – 11.
[4] Services provided include, among other things, the construction and installation of storage and pressure tanks, booster stations, arsenic treatment facilities and piping.
[5] See Joint Application at Page 3, Lines 15 – 18.
[6] See Joint Application at Page 2, Lines 7 – 10.
[7] See Applicant's response to Staff's Insufficiency Letter #2, Item No. 3, docketed March 3, 2010.
[8] See Applicant's response to Staff's Insufficiency Letter #1, Item No. 2, docketed October 9, 2009.
[9] See Applicant's response to Staff's Insufficiency Letter #1, Item No. 3, docketed October 9, 2009.
[10] Water loss based on the water use data contained in the Company's 2009 Commission Annual Report.

Commission Annual Report for year ending 2010 ("Annual Report").[11] Staff further recommends if the reported water loss in the Annual Report is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to less than 10 percent. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item no later than June 30, 2011.

ADEQ Compliance

ADEQ regulates the Tierra Linda water system under ADEQ Public Water System I.D. No. 10-411. Based on a Compliance Status Report, dated July 9, 2009, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

ADEQ regulates the Lakewood water system under ADEQ Public Water System I.D. No. 10-063. Based on a Compliance Status Report, dated July 9, 2009, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources ("ADWR") Compliance

The Tierra Linda service area is located within the Tucson Active Management Area ("AMA"). ADWR has determined that Tierra Linda is currently in compliance with departmental requirements governing water providers and/or community water systems.[12]

The Lakewood service area is located within the Santa Cruz AMA. ADWR has determined that Lakewood is not in compliance with departmental requirements governing water providers and/or community water systems. As of April 19, 2010 Lakewood had not filed its 2009 Annual Water Withdrawal and Use Reports, which were due on March 31, 2010.[13]

Staff recommends that any transfer of the Tierra Linda water system assets and CC&N approved in this proceeding be conditional on Mr. Smyth filing by December 31, 2010, documentation from ADWR stating that Lakewood is in total compliance with ADWR regulations.

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[11] Tierra Linda shall collect the data needed to accurately complete the water use data sheets contained in the Annual Report form.
[12] Per ADWR Water Provider Compliance Status Report dated July 9, 2009.
[13] Per ADWR Water Provider Compliance Status Report dated April 19, 2010.

ACC Compliance

A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for Tierra Linda or Lakewood.[14]

Curtailment Tariff

A curtailment tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Tierra Linda does not have a curtailment tariff, Staff recommends that a curtailment tariff be filed within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's website at http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Standard%202009.doc. Staff recognizes that the Company may need to make minor modifications to the sample tariff according to its specific management, operational, and design requirements as necessary and appropriate.

Backflow Prevention Tariff

Tierra Linda has an approved Backflow Prevention Tariff on file with the Commission.

Summary

Conclusions

1. If the proposed transfer is approved, Christopher Hill, ADEQ Certified Operator No. 8883, will be the certified operator of the Tierra Linda water system. Smyth is familiar with the Tierra Linda water system, having constructed and installed it. Staff concludes that Smyth has the knowledge and technical means to operate and expand the Tierra Linda water system.

2. Staff concludes that the Tierra Linda water system has adequate production and storage capacity to serve existing customers and reasonable growth.

3. ADEQ has reported that Tierra Linda and Lakewood water systems have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

[14] Per Compliance Section email dated July 7, 2009.

4. ADWR has reported that Tierra Linda is currently in compliance with departmental requirements governing water providers and/or community water systems.

5. A check of the Utilities Division compliance database indicated that there are currently no delinquent Commission compliance items for Tierra Linda or Lakewood.

Recommendations

1. Staff recommends that Tierra Linda be required to coordinate the reading of its well meter and individual customer meters on a monthly basis and report this data in its Annual Report for year ending 2010. Staff further recommends if the reported water loss in the Annual Report is greater than 10 percent, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to less than 10 percent. If the Company believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be docketed as a compliance item no later than June 30, 2011.

2. Staff recommends that any transfer of the Tierra Linda water system assets and CC&N approved in this proceeding be conditional on Mr. Smyth providing documentation by December 31, 2010, from ADWR stating that the Lakewood is in total compliance with ADWR regulations.

3. Staff recommends that Tierra Linda file a curtailment tariff within 45 days of the effective date of the Commission's Decision in this matter. The tariff shall be docketed as a compliance item under this docket number for the review and certification of Staff. Staff further recommends that the tariff shall generally conform to the sample tariff found on the Commission's website at http://www.azcc.gov/Divisions/Utilities/forms/Curtailment%20Standard%202009.doc.

ATTACHMENT B

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 2, 2009

RE: **TIERRA LINDA HOMEOWNERS ASSOCIATION, INC. (DOCKET NO. W-04236A-09-0327)**
GARY SMYTH (DOCKET NO. W-20689A-09-0327

Tierra Linda has filed an application to sell its assets and transfer its CC&N to Gary Smyth.

Attached is a copy of the map for your files.

:bsw

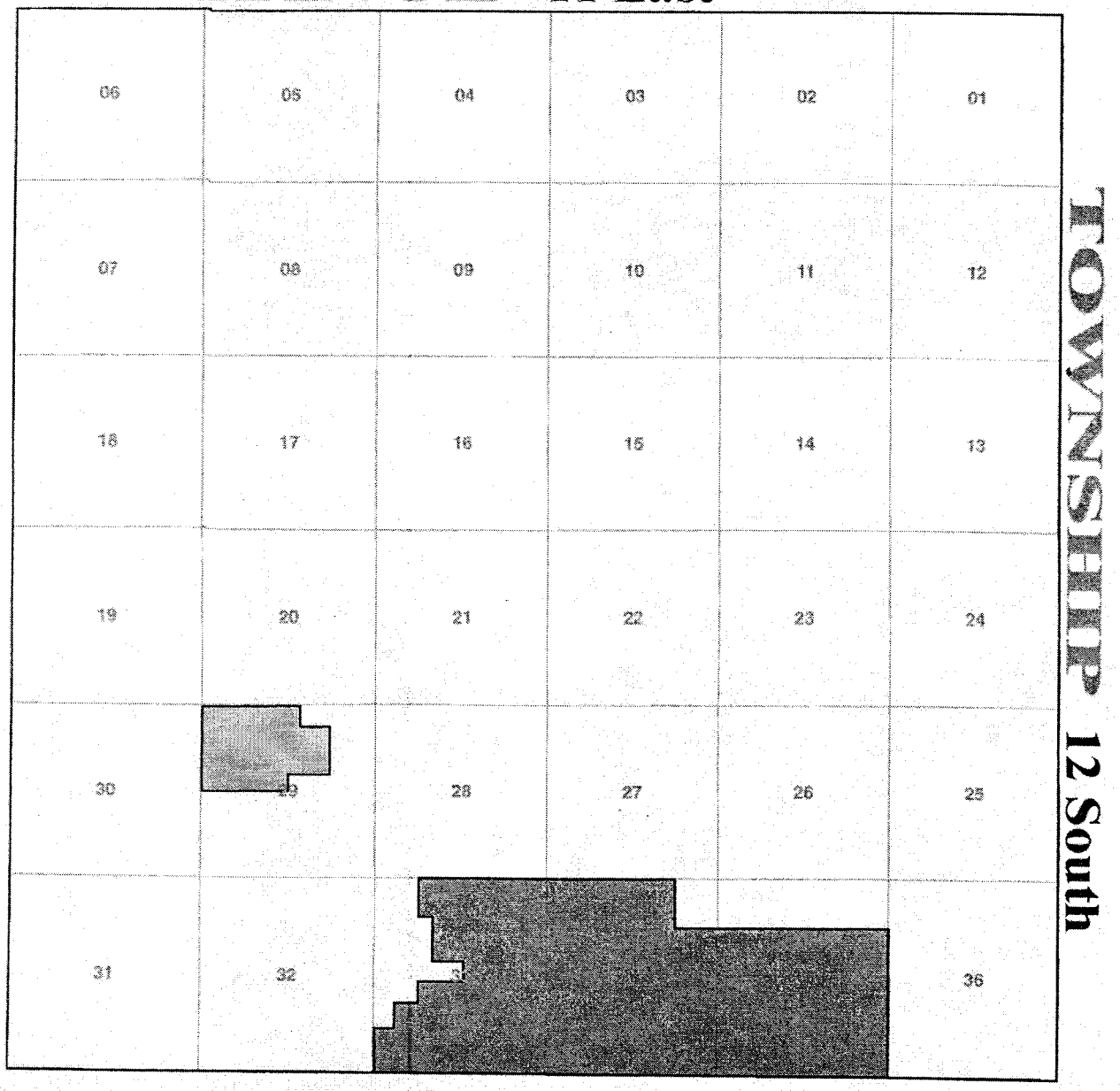
Attachment

cc: Mr. Lawrence V. Robertson, Jr.
Ms. Deb Person (Hand Carried)
Mr. Del Smith

PIMA COUNTY

Map No. 10

RANGE 11 East



W-02126A (2)
Avra Water Cooperative, Inc.

W-04236A (1)
Tierra Linda Homeowners Association, Inc.

Tierra Linda Homeowners Association, Inc.
Docket No. W-04236A-09-0327
Application to Sell Assets & Transfer to
Gary Smyth
Docket No. W-20689A-09-0327

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

TR12S11E 09 JUL 2004