

ORIGINAL

NEW APPLICATION

Wilhoit Water Comp



0000126088

June 16, 2011

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

W-02065A-11-0246
W-20809A-11-0246

Attached is an application by the Wilhoit Water Company for approval of the sale of assets and transfer of Certificate of Convenience and Necessity. The purpose of this application is to advance the sale of the company.

Cordially,

Jim West
Manager

Arizona Corporation Commission
DOCKETED

JUN 17 2011

DOCKETED BY [initials]

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AZ CORP COMMISSION
DOCKET CONTROL

ARIZONA CORPORATION COMMISSION

**APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF
CERTIFICATE OF CONVENIENCE AND NECESSITY**

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

Wilhoit Water Company; P.O. Box 870; Clarkdale, Arizona 86324

928-639-1308

B. If doing business under a name other than the Transferor (Company) name, specify:

C. The Transferor is a:

<input type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

Douglas Martin; 365 E. Coronado, #200; Phoenix, AZ 85004

602-230-0030

E. List the name, address and telephone number of management contact:

Jim West; P.O. Box 879; Clarkdale, Arizona 86324

602-570-4557

F. The name, address and telephone number of the Transferee (Company) is:

ACME Water LLC; 365 E. Coronado, #200; Phoenix, Arizona 85004

602-230-0030

G. If doing business under a name other than the Transferee (Company) name, specify:

H. List the name, address and telephone number of the attorney for the Transferee.

N.A.

I. List the name, address and telephone number of management contact:

Jim West; 365 E. Coronado, #200; Phoenix, AZ 85004

602-230-0030

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

Jim West; 365 E. Coronado, #200; Phoenix, AZ 85004

602-570-4557

K. (Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:
Brian Cunningham; 474 Hidden Valley Road; Prescott, Arizona 86303

928-445-3910

L. The Transferee is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers

Directors

2. Indicate the number of shares of stock authorized to issue:

3. If stock has been issued, indicate the number of shares issued and the date of issue:

N. If Transferee is a partnership:

1. List the names of general partners:

2. List name, address and telephone number of managing partner:

◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

P. Have all customer security deposits been refunded? Yes ___ No X. If no, mark the block below which describes the proposed disposition of security deposits.

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes ___ No X. If Yes, mark the block below which describes the proposed disposition of the refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?

Yes ___ No X. If Yes, mark the block below that describes the proposed disposition of refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
5. Articles of Partnership (if partnership)
6. Articles of Organization (if limited liability company)
7. Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. _____

2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

_____ June 25 _____, 20 11 _____.

DATED the _____ day of _____, 20____

[Handwritten Signature]

(Signature of Authorized Representative of Transferor)

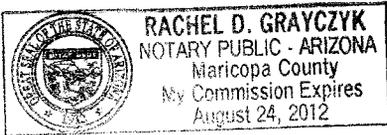
Jim West

(Type Name Here)

Manager

(Title)

SUBSCRIBED AND SWORN to before me on this 16th day of June 2011



[Handwritten Signature]

NOTARY PUBLIC

My Commission Expires Aug. 24, 2012

[Handwritten Signature]

(Signature of Authorized Representative of Transferee)

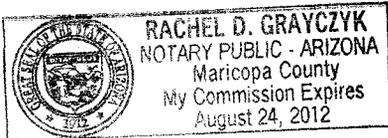
Jim West

(Type Name Here)

Manager

(Title)

SUBSCRIBED AND SWORN to before me on this 16th day of June 2012



[Handwritten Signature]

NOTARY PUBLIC

My Commission Expires Aug. 24, 2012

Purchase and Sale AGREEMENT
BETWEEN THE WILHOIT WATER COMPANY, DELLS WATER COMPANY
AND
ACME WATER COMPANY

This Purchase and Sale Agreement (this "Agreement") is made and entered into as of May 1, 2011 by and between Wilhoit Water Company, an Arizona corporation and Dells Water Company, an Arizona corporation (the "Sellers") and Acme Water Company, L.L.C., an Arizona limited liability company, (the "Buyer"). Buyer and Sellers are collectively referred to herein as the "Parties" or individually as a "Party".

RECITALS

A. Sellers are public service corporations authorized by their charters and state law to engage in the business of the sale of water for domestic and commercial uses.

B. Sellers are the owner and holder of four certain certificates of convenience and necessity ("CCN") issued by the Arizona Corporation Commission, which authorize Sellers to engage as a public service corporation in the sale of water for domestic, commercial and industrial uses over the area described and depicted on Exhibits A-1, A-2, A-3, and A-4, attached hereto and incorporated herein by reference (the "Certificated Area").

C. Buyer has obtained its interest by assignment from Martin and Bell LLC.

D. It is the intent of the parties that Acme Water Company shall acquire all of the physical plant, wells, pumps, tanks, pumping stations, reservoirs, mains (transmission, distribution and service), hydrants, meters, pipelines, distribution equipment and devices, including the real and tangible personal property used for the transmission, production and sale of the water (the "Water System") together with all easements, rights-of-way, certificates of convenience and necessity, franchises, contracts, grandfathered groundwater rights and other similar rights belonging to the Sellers within or without the Certificated Area useful or necessary in that business (collectively referred to with the Water System as the "Property") all as set forth on Exhibit B, attached hereto and incorporated herein by reference.

AGREEMENT

Now, therefore, in consideration of the foregoing and the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Buyer and the Sellers agree as follows:

1. Conditions to Agreement

1.1 This Agreement shall be enforceable upon the parties hereto only upon the occurrence of all of the following conditions precedent:

a. Acquisition of the Property as evidenced by (i) the recordation of four separate Special Warranty Deeds in the forms attached hereto as Exhibits C-1, C-2,

C-3 and C-4 and incorporated herein by reference (the "Deeds") in the office of the Recorder of Yavapai County, Arizona as to all easements for access to any portion of the Water System (the "Easements") and (ii) four Bills of Sale in the forms attached hereto as Exhibits D-1, D-2, D-3, and D-4 and incorporated herein by reference as to any personal property owned by the Sellers and used in conjunction with the Water System.

b. Submittal by the Sellers of a request for approval by the Arizona Corporation Commission (the "Commission") and the Arizona Department of Water Resources ("ADWR"), as applicable, of the transfer of Sellers' Property to the Buyer for the area described in Exhibits A-1, A-2, A-3, and A-4.

2. Sale and Purchase Price

2.1 Subject to the terms and conditions set forth in this Agreement, Sellers agree to sell to the Buyer, as of the "Closing Date," (as defined below) all of the Property hereinafter referred to, and to transfer its interest in the Property to the Buyer as provided in Section 7.0 below and, except as specifically set forth in 12.2 below and subject to the actual knowledge of Wilhoit's officers and shareholders, free and clear and subject to no liens or encumbrances of any nature, save and except those certain delinquent tax obligations in Yavapai County Described in Exhibits E-1, E-2, E-3, and E-4 and certain obligations to the Water Infrastructure Finance Authority of Arizona for system improvements described in Exhibits F-1, F-2, F-3 and F-4. Sellers hereby assign to the Buyer, as of said Closing Date, all of Sellers' right, title and interest in and to the CCN, grandfathered groundwater rights, service area rights and other, similar rights and privileges which it may own or which it possesses on said Closing Date, pertaining to the Certificated Area.

3. Purchase Price and Payment. Parties separately agreed to consideration for the transfer, which consideration has been transferred outside of the escrow to be established here. Buyer hereby acknowledges that the closing of this purchase contract represents payment in full for services and work performed by Buyer for the Seller prior to the date of this Purchase Contract.

4. Open and Close of Escrow.

4.1 Escrow Agent and Instructions. Promptly after execution of this Agreement by the Parties, an escrow (the "Escrow") shall be opened with Janis Gutierrez of Yavapai Title Company ("Escrow Agent") to facilitate the consummation of the sale of the Property pursuant to this Agreement. This Agreement constitutes escrow instructions to Escrow Agent; however, if required by Escrow Agent, Buyer and the Sellers shall execute and deliver to the Escrow Agent printed form escrow instructions consistent with this Agreement. In the event of any conflict between the provisions of the printed form escrow instructions and this Agreement or any deed, instrument or document in connection with the transactions contemplated herein, the provisions of this Agreement or such deed, instrument or document shall control. No provision of the escrow instructions shall excuse any non-performance by either party. The assignment by Escrow Agent of an escrow number to this transaction and the opening of the Escrow by Escrow Agent shall constitute Escrow Agent's acceptance of the instructions to, and other obligations of, Escrow Agent as set forth in this Agreement.

4.2 Date of this Agreement. Escrow Agent shall notify the parties in writing as to the date on which it received fully executed copies of this Agreement, which date is called the "Date of this Agreement."

4.3 Closing. The exchange of the Property for the consideration set forth in this Agreement and consummation of the transactions contemplated by this Agreement (the "Closing") shall occur not later than 10 days after receipt of the Arizona Corporation Commission approval of sale of assets and transfer of the certificates of convenience and necessity at the office of Escrow Agent or at such other time and location as the parties may agree, which date shall be referred to as the "Closing Date." The Closing Date shall be deemed to be the date on which the parties shall have performed all actions necessary for the closing of the transaction, without regard to the date on which Escrow Agent actually records the deed or other closing documents. Seller and Buyer hereby authorize Escrow Agent to execute and file, at Closing, an affidavit of real property value as required by Arizona law.

4.4 IRC Reports. Escrow Agent, as the party responsible for closing the transactions contemplated hereby within the meaning of Section 6045(e)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), shall file all necessary information reports, returns and statements (collectively the "Reports") regarding the transactions as may be required by the Code, including, but not limited to, the reports required pursuant to Section 6045 of the Code. Escrow Agent further agrees to indemnify and hold Buyer, Sellers and their respective attorneys harmless for, from and against any and all claims, costs, liabilities, penalties, or expenses resulting from Escrow Agent's failure to file the Reports that Escrow Agent is hereby required to file.

4.5 Prorations and Escrow Fees. Escrow fees shall be paid by the Buyer.

5. Condition of Title.

5.1 Title Report. Promptly after opening of Escrow, Escrow Agent shall deliver to Buyer and to Sellers a preliminary title report or commitment (including matters revealed by an inspection of the Easements associated with the Property) dated no earlier than the Date of this Agreement leading to the issuance of an owner's policy of title insurance insuring Buyer's interest in the Easements, together with readable copies of all instruments of record referred to therein (the "Title Report").

5.2 Title Review Period. Buyer shall have until 15 days after (i) receipt of the Title Report or (ii) the Date of this Agreement, whichever is later (the "Title Review Period"), within which to object in writing to Sellers and Escrow Agent to the legal description or any matters affecting title shown on the Title Report, it being agreed that the Purchase Price is based, in part, upon free and clear title and only such other exceptions thereto as may be approved by Buyer, in its sole and absolute discretion. Buyer's failure to timely object to any of the matters affecting title shown on the Title Report within the Title Review Period will constitute Buyer's rejection of title subject to those matters.

5.3 Title Objections. If Buyer objects to any matters affecting title shown on

the Title Report, Sellers shall have until the Closing Date to use its best efforts to cure any matters objected to by Buyer. If Sellers do not, or are unable to, cure those matters objected to by Buyer by the Closing Date, notwithstanding Sellers' best efforts, Buyer may, in its sole discretion, elect to (i) waive the matters objected to and close Escrow subject thereto or (ii) cancel this Agreement by notice to Sellers and Escrow Agent, whereupon the Escrow and this Agreement shall automatically terminate and neither party shall thereafter have any further obligations or liability to the other under this Agreement except as herein expressly provided for otherwise.

5.4 Amended Title Report. Buyer shall have until five business days after receipt of an amended Title Report disclosing new matters affecting title to the Easements (and the Closing Date shall automatically be extended for such five day period, if appropriate) within which to object in writing to Sellers and Escrow Agent to any matters affecting title set forth therein; whereupon Buyer shall have the same rights hereunder as described with respect to the objections to the first Title Report described in Section 5.3 above. If Sellers do not, or are unable to, cure those matters objected to by Buyer within ten business days after notice of Buyer's objection (and, if necessary, the Closing Date shall be appropriately extended until the expiration of the five day period hereinabove provided and this ten day period), then Buyer may, in its sole and absolute discretion, elect any one of the remedies set forth in Section 5.3 above; provided, however, that, notwithstanding anything in this Agreement to the contrary, Buyer's rights and remedies shall not be limited with respect to any breach of Sellers' covenant set forth in the following sentence. Sellers covenant that between the Date of this Agreement and the Closing Date it will not intentionally cause any material matter to arise or be imposed upon the Easements affecting title thereto.

5.5 Readable Copies. If Escrow Agent, in providing the Title Report to Buyer, fails to include a readable copy of any instrument of record referred to in the Title Report (the term "readable" to mean sufficiently legible, in Buyer's reasonable judgment, so as to impart reasonable notice of the contents of such instrument), then the Title Review Period shall be extended, upon written notice by Buyer to Escrow Agent and Sellers given within five days after receipt of the Title Report or amended Title Report that Buyer has not received readable copies of specified documents, for the number of days which elapse after such notice before Escrow Agent delivers a readable copy of any instrument with respect to which a readable copy was not previously furnished, but such extension of the Title Review Period shall apply only with respect to such specific instrument and the title exception(s) to which it relates.

6. Title Insurance. Buyer's obligation to close Escrow is conditioned upon the commitment of Escrow Agent, or its affiliated title insurer, to issue to Buyer, at or promptly following the Closing, an owner's policy of title insurance insuring title to the Easements in Buyer, the policy to be subject only to the usual printed exceptions, conditions and stipulations in the form of policy and matters affecting title shown on the Title Report not objected to by Buyer in accordance with Section 5 above. Buyer shall pay the premium for an extended coverage owner's policy. Sellers and Buyer agree to comply with all reasonable requirements imposed by the title insurer as a condition to issuance of the policy (excluding matters affecting title which, by notice given to Escrow Agent and the other party within ten days after delivery of the Title Report, either Buyer or Sellers reasonably determine should more properly be shown in the exceptions to title portion of the Title Report).

7. Conveyancing and Closing Documents.

7.1 By Sellers. On the Closing Date, Sellers shall deliver to Buyer:

a. The special warranty deeds, duly executed, conveying to Buyer title to the Easements, subject only to those matters shown on the Title Report not objected to by Buyer, or waived by Buyer, in accordance with Section 5 above, together with an executed Affidavit of Real Property Value.

b. A sworn affidavit stating under penalty of perjury that Sellers are not a "foreign person" as such term is defined in Section 1445(f)(3) of the Code. In the event Sellers do not furnish the sworn affidavit, Buyer may withhold (or direct Escrow Agent to withhold) from the funds due to Sellers at the Closing, an amount equal to the amount required to be so withheld pursuant to Section 1445(a) of the Code, and such withheld funds shall be deposited with the Internal Revenue Service as required by Section 1445(a) and the regulations promulgated thereunder. The amount withheld, if any, shall nevertheless be deemed to be part of the Purchase Price paid to Sellers.

c. If applicable, the original, if available, or a photocopy of the Certificate of Grandfathered Groundwater Rights relating to the Property and any instruments reasonably required to transfer any water rights relating to the Property.

d. The Bills of Sale, duly executed, conveying to Buyer title to the Water Systems.

e. All other documents necessary to convey to Buyer all of the Sellers' right, title and interest in and to all certificates of convenience and necessity, service area rights or other, similar rights and privileges which Sellers may possess on the closing date.

7.2 By Escrow Agent. On the Closing Date, Escrow Agent shall:

a. Record/file, as appropriate, the closing instruments hereunder in the following order: (i) the Special Warranty Deed; (ii) the Affidavit of Value; (iii) Certificate of Transfer of Groundwater Rights; and (iv) the reports required under Section 6045(e)(2)(A) of the Code.

b. Deliver the title insurance policy, as set forth in Section 6 of this Agreement, to the Buyer.

c. Provide each party with a complete set of closing documents as they become available to Escrow Agent.

8. Inspection of Documents. Sellers shall provide to Buyer, within ten days after the Date of this Agreement, copies of any and all information (the "Inspection Documents") in Sellers' possession or to which Sellers are entitled regarding the Property, including without

limitation, the following:

a. True, correct and complete copies of any engineering, platting or other studies, market studies, architectural drawings, environmental assessments and reports, test and inspection reports, pro formas or other information pertaining to the Property that Sellers have in their possession or to which it is entitled to possession.

b. True, correct and complete copies of all licenses, permits, certificates and other documents issued by any governmental or non governmental entity necessary for the use of the Property for its present uses or otherwise affecting the ownership, use or occupancy of the Property. As to any such licenses, permits or certificates required to be delivered pursuant hereto which are not in Sellers' possession or control but to which it is entitled to possession, Sellers will use their best efforts to obtain and deliver the same to Buyer.

c. True, correct and complete copies (i) of the billing records showing the name and address of the service and billing address, if different, of all of the Sellers' customers located within Sellers' Certificated Area and (ii) all books and records applicable to (a) the assets being sold by Sellers to the Buyer hereunder, (b) the operation and maintenance of such assets, (c) the accounts of customers and holders of extension or service agreements and (d) all related matters.

Buyer acknowledges that the Inspection Documents are being delivered or made available by Sellers for Buyer's review in connection with this Agreement, and Buyer agrees not to discuss, disseminate or otherwise disclose such information prior to the Closing Date to any party not related to the consummation of the transactions as set forth in this Agreement, and then only for purposes and to the extent necessary to consummate this transaction. In the event this Agreement is terminated for any reason, Buyer shall promptly return the Inspection Documents to Sellers. In the event of Sellers' failure or refusal to timely deliver any of the documents herein required to be delivered to Buyer, Buyer may, at its election terminate this Agreement on or before the Contingency Date or waive this requirement and proceed with Close of Escrow.

9. Tests

9.1 General Tests. Buyer, its agents and designees shall have the right to enter upon the Easements at all times prior to the Closing Date for the purposes of inspecting the Property and making and obtaining drainage, environmental, soil and engineering tests, and performing other tests, studies or inspections desired by Buyer; provided, however, that such inspection and testing shall not materially interfere with ongoing operations on the Property. Buyer agrees to indemnify, defend and hold harmless Sellers for, from and against all claims, liabilities and damages, including attorneys' fees, for personal injury, physical damage to property or mechanics' or materialmen's liens which may be asserted against Sellers as a result of Buyer's entry onto the Easements and inspection or testing thereof. Buyer shall, after its entry and testing, restore the Easements to substantially the same condition that existed prior to such entry and testing.

9.2 Environmental Site Assessment. Buyer may, in its sole discretion, cause a

Phase I Environmental Site Assessment Report (a "Phase I Report") to be completed for the Property. Buyer may, at its sole option and expense, undertake such further inspection, testing and analysis of the Property to determine the nature and extent of the existence of any of hazardous wastes, hazardous substances, toxic substances or hazardous materials, infectious or medical waste, radioactive waste or sewer sludges (collectively the "Hazardous Substances"), as such terms are defined in the Resource Conservation and Recovery Act, as amended; the Comprehensive Environmental Response, Compensation and Liability Act, as amended; the Toxic Substances Control Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; the Safe Drinking Water Act, as amended; and similar state, county and local laws, ordinances and regulations, if any, present on, at or under the Property. Buyer shall obtain Sellers' prior written approval of the time, manner and extent of any such investigation (including any investigation which entails soils or groundwater tests or analyses), which consent shall not unreasonably be withheld or delayed by Sellers. Sellers shall provide Buyer and Buyer's agents and representatives access to all portions of the Property, at reasonable times and subject to the rights of any tenants or other occupants of the Property, for the purpose of completing any such investigation of the Property. Sellers shall cooperate with Buyer's investigation of the Property so long as the same does not unreasonably interfere with Sellers' operations or cause any undue expense to Sellers that is not reimbursed by Buyer. Buyer shall indemnify and hold Sellers harmless from and against any and all claims arising as a result of any such entry or investigation by Buyer or Buyer's consultant, except with respect to any matter related to Sellers' obligation, if this transaction does not close, to clean or remove any Hazardous Substances previously existing on the Property, so long as the same are not aggravated by Buyer's entry or investigation; provided that if Buyer aggravates such Hazardous Substance, Buyer's indemnity to Sellers shall be limited to the extent Sellers' liability can be conclusively shown to be increased due to such aggravation. Sellers shall (i) provide copies of all documentation and materials and (ii) permit Buyer to interview, at reasonable times and in a reasonable manner, any of Sellers' employees having personal knowledge or experience with respect to Sellers' past or present operations in any current or past environmental activities on the Property, provided the same does not unreasonably interfere with Sellers' operations or cause any undue expense to Sellers which is not reimbursed by Buyer. Sellers may, at its sole option, observe and monitor the investigation undertaken by Buyer, and its consultants, and may, at Sellers' expense, obtain split or duplicate samples of any soil, groundwater or other material samples taken by Buyer. Buyer shall provide the Sellers, as soon as they are made available to Buyer, copies of all field data, filed reports, laboratory analyses, reports and all other analyses and reports prepared or used in connection with Buyer's investigation of the Property, including the report prepared and provided to Buyer by its consultant. Notwithstanding anything contained in this Agreement to the contrary, in the event the results of Buyer's investigation of the Property are not satisfactory to Buyer, in its sole and absolute discretion, Buyer shall have the right to terminate this Agreement on or before the Contingency Date.

10. Feasibility Condition. Buyer shall have until 45 days after the Date of this Agreement (the "Contingency Date") to satisfy itself, in Buyer's sole and absolute discretion, as to the feasibility (economic and otherwise) of acquiring and using the Property. If, at any time on or before the Contingency Date, Buyer gives written notice to Sellers and Escrow Agent that this condition is unsatisfied and Buyer elects to terminate this Agreement, this Agreement and the Escrow shall automatically terminate and neither party shall have any further liability or obligation under this Agreement except as herein expressly provided for otherwise. If Buyer

fails to timely give such notice, then this condition shall be deemed satisfied and Buyer shall be deemed to have elected to not terminate this Agreement. Sellers acknowledge that Buyer has informed Sellers that Buyer will be incurring expenses and expending time and effort in connection with the condition set forth herein. Sellers agree and acknowledge that the foregoing constitutes additional consideration for this Agreement. Buyer agrees that in the event Buyer terminates this Agreement pursuant to the terms of this Section, Buyer shall promptly return all information and materials delivered previously to Buyer from Sellers, together with copies of all written reports acquired by Buyer regarding the Real Property as a result of Buyer's investigation or testing.

11. No Alterations to Property. Except for its normal business operations, Sellers shall make no modifications or alterations to the Property between the Date of this Agreement and the Closing Date, without the prior written consent of Buyer. As of the Closing Date, there will be no outstanding contracts made by Sellers for any improvements to the Property which have not been fully paid, and Sellers shall cause to be discharged or bonded in accordance with law any mechanics' or materialmen's liens arising from any labor or material furnished prior to the Closing Date, except for any such liens as may arise from the actions of the Buyer.

12. Representations of Sellers. Sellers represent and warrant to, and covenant with Buyer that, to the best of Sellers' actual knowledge:

12.1 Sellers own clear title to the Property, the Property is not subject to any mortgage, lien, financing statement or encumbrance other than as set forth in the Title Report and Sellers have full authority to sell the Property pursuant to the terms of this Agreement.

12.2 There are no pending, threatened or contemplated claims or litigation affecting the Property. If Sellers become aware of any of the foregoing after the Date of this Agreement (whether arising before or after the Date of this Agreement), but prior to the Closing Date, Sellers shall give prompt written notice thereof to Buyer prior to the Closing Date.

12.3 There is no violation of any laws, ordinances, rules or regulations with respect to the Property, or any proposed condemnation or eminent domain action with respect to the Property, other than Consent Orders between Seller and ADEQ which have been attached as Exhibit G-1, G-2 AND G-3. Sellers have not received notice from any governmental or other agency of any such violation or condemnation, other than that given by Buyer. If Sellers become aware of any of the foregoing after the Date of this Agreement (whether arising before or after the Date of this Agreement), but prior to the Closing Date, Sellers shall give prompt notice thereof to Buyer prior to the Closing Date.

12.4 No default or breach exists under any covenant, condition, restriction or easement applicable to the Property, and there is no fact or condition which, with notice or the passage of time or both, would constitute such breach or default.

12.5 The persons executing this Agreement on behalf of Sellers are duly authorized to do so and thereby bind Sellers hereto. Within 20 days of the Date of this Agreement, Sellers shall deposit with Escrow Agent all evidence required by Escrow Agent for title insurance purposes of said persons' authority to sign on behalf of and bind Sellers to this

Agreement and all closing documents.

12.6 There are no special assessments presently pending against the Property nor are there any special assessment actions being contemplated by any governmental authority, except as noted in 12.3 above.

12.7 Other than as disclosed in the Phase I Report identified in subsection 9.2 above, no portion of the Property is being used or has been used at any previous time for the treatment, storage, disposal, or processing of Hazardous Substances. There are no ongoing requirements or orders of any department of environmental resources or similar government agency for environmental cleanup with respect to the Property, save and except those requirements of the Arizona Department of Environmental Quality, which requirements are known to Buyer.

12.8 The Easements do not contain and have never contained any underground storage tanks containing petroleum products or wastes or other hazardous substances regulated by 40 CFR 280 and/or other applicable, federal, state or local laws, rules and regulations and requirements.

12.9 The Easements have never been subject to soil remediation conducted pursuant to Ariz. Rev. Stat. § 49-151, *et seq.*, and written notice pursuant to Ariz. Rev. Stat. § 33-434.01 is not required, except for the petroleum plume affecting the Blue Hills No. 3 easement which has been successfully remediated.

12.10 No third parties have any right to drill or explore for, collect, produce, deliver or transport oil, gas or other minerals in, on, beneath, across or from any portion of the Easements.

12.11 The Easements do not contain any areas which could be characterized as disturbed, undisturbed or man made wetlands pursuant to federal, state or local laws, regulations, rules or procedural manuals or as "waters of the United States" pursuant to the Clean Water Act, as amended, or rules or regulations pursuant thereto, whether such characterization reflects current conditions or historic conditions which have been altered without the necessary permits or approvals, or lie within any floodway or the 100-year floodplain as designated by the U.S. Army Corps of Engineers or any other federal, state or local governmental agency.

12.12 Sellers have timely filed with the appropriate governmental agencies a proper application and all required supplemental reports and documentation for all "grandfathered" water rights with respect to the Property.

12.13 The Easements are not subject to any option or other purchase contract or any farming, or other lease, rental agreement or tenancy at sufferance, whether oral or written.

Except to the extent Sellers give Buyer notice as provided below, Sellers represent and warrant to, and covenants with, Buyer that the foregoing representations and warranties will be true and correct as of the Closing Date. The foregoing representations and warranties shall not survive the Closing. Sellers agree to take no voluntary and intentional actions or omissions to act which

would cause any of its representations, warranties or covenants in this Agreement to become untrue. If, after the Date of this Agreement, Sellers become aware that any of its representations, warranties or covenants are, or have become, untrue (whether occurring before or after the Date of this Agreement), with or without the voluntary and intentional act or omission to act of Sellers, then Sellers shall immediately give written notice of such fact to Buyer. Within 20 days after receipt of any such notice from Sellers (and, if necessary, the Closing shall be appropriately extended until the expiration of the 20 day period at Buyer's election), Buyer may, in its sole and absolute discretion and without obligation to do so, cancel this Agreement and the Escrow shall automatically terminate and neither party shall thereafter have any further obligations or liability under this Agreement except as herein expressly provided for otherwise. Notwithstanding the foregoing sentence, in the event (i) any material representation, warranty or covenant was known by Sellers to be untrue or misleading when made by Sellers or (ii) such material representation, warranty or covenant becomes untrue because of Sellers' voluntary and intentional actions or omissions, then Buyer may, in addition, pursue any right or remedy it may have in equity or at law; provided, however, that, if Sellers have given the required notice with respect to any representation, warranty or covenant becoming materially untrue and if clause (i) above is not applicable, then Buyer's right to damages shall be limited to Buyer's direct and actual damages and Buyer hereby waives, and agrees not to assert, any claim for or right to consequential damages. If Buyer does not timely elect to cancel this Agreement as hereinabove provided, then Buyer shall be deemed to have waived the untruth of any of Sellers' representations, warranties or covenants, except as provided in clauses (i) and (ii) above.

13. Conditions to Buyer's Obligation to Close. The obligation of Buyer to purchase the Property from Sellers is conditioned upon and subject to the satisfaction (unless waived in writing by Buyer in Buyer's sole and absolute discretion) of each of the following conditions on or before the Closing Date:

13.1 The representations and warranties of Sellers in this Agreement shall be true and correct in all respects on and as of the Date of this Agreement and on and as of the Closing Date as if made on and as of the Closing Date except as to the untruth of any representation, warranty or covenant which may have been waived in accordance with this Agreement.

13.2 Sellers shall have performed and complied with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the Closing Date.

13.3 Sellers shall have deposited in Escrow or delivered to Buyer the documents required of Sellers pursuant to this Agreement.

13.4 Escrow Agent (or its title insurance affiliate, if appropriate) shall have committed to issue to Buyer at or promptly after the Closing the title insurance policy required under this Agreement.

If any of the conditions described in this Section 13 are not satisfied, Buyer, at its election, (i) may cancel this Agreement by notice to Sellers and Escrow Agent, whereupon the Earnest Money shall be returned to Buyer, this Agreement and the Escrow shall automatically terminate

and neither party shall thereafter have any further obligations or liability to the other hereunder except as herein expressly provided for otherwise, (ii) if the failure relates to a condition set forth in subsection 13(a) above, may pursue any right or remedy permitted under Section 12 above, (iii) if the failure relates to a condition set forth in subsections 13(b) or (c) above, may treat the failure as a breach of this Agreement by Sellers and pursue any right or remedy available at law or in equity, including specific performance or (iv) may waive Sellers' compliance with the condition and close Escrow subject thereto.

14. Representations of Buyer. Buyer represents and warrants to, and covenants with Sellers that:

14.1 The person executing this Agreement on behalf of Buyer is duly authorized to do so and thereby bind Buyer hereto. Within 20 days of the Date of this Agreement, Buyer shall deposit with Escrow Agent all evidence required by Escrow Agent for title insurance purposes of said person's authority to sign on behalf of and bind Buyer to this Agreement and all closing documents.

14.2 Buyer is a limited liability corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, and has full power and authority to enter into and perform this Agreement in accordance with its terms. All proceedings of Buyer to consummate the transaction contemplated by this Agreement and all documents and instruments required to be executed and delivered hereunder by Buyer have been duly and validly authorized, and upon execution and delivery by Buyer will constitute the valid and binding obligations of Buyer in accordance with their terms.

15. Conditions to Sellers' Obligation to Close. The obligation of Sellers to sell the Property to Buyer pursuant hereto is conditioned upon and subject to the satisfaction (unless waived in writing by Sellers) of each of the following conditions on or before the Closing Date:

15.1 The representations and warranties of Buyer in this Agreement shall be true and correct in all material respects on and as of the opening of Escrow and on and as of the Closing Date as if made on and as of the date of the Closing Date.

15.2 Buyer shall have substantially performed fully and complied with all material agreements and conditions herein required to be performed or complied with by it prior to or at the Closing Date.

15.3 Buyer shall execute and deliver to Seller a binding statement assuring Seller that Buyer shall provide water to Seller's undeveloped lots in each franchise area to be transferred under this Purchase Contract, to the extent feasible and permissible under Arizona Corporation Commission rules.

If any of the conditions described in this Section 15 are not satisfied, Sellers, in their sole discretion, may (i) cancel this Agreement by notice to Buyer and Escrow Agent, whereupon this Agreement and the Escrow shall be terminated automatically, the Earnest Money shall be retained by Sellers as liquidated damages and neither party shall thereafter have any further obligations or liability to the other hereunder except as herein expressly provided for otherwise

or (ii) waive Buyer's compliance with the condition and close Escrow subject thereto.

16. Sellers' Remedies. Except as otherwise expressly provided in this Agreement, if Buyer defaults under this Agreement, Sellers' sole and exclusive right and remedy shall be to terminate this Agreement. Sellers waive all other remedies.

17. Buyer's Remedies. Except as otherwise expressly provided in this Agreement, if Sellers default under this Agreement, then Buyer shall be entitled to (i) elect by written notice to Sellers and Escrow Agent to terminate this Agreement whereupon this Agreement and the Escrow shall automatically terminate and neither party shall thereafter have any further obligation or liability to the other except as herein expressly provided for otherwise, (ii) enforce specific performance of this Agreement or (iii) pursue any other remedy.

18. Cure. If either party fails to perform as required by this Agreement, such failure shall not be deemed a default until 15 days after the receipt of written notice thereof by the nonperforming party; if such non performance is cured within such 15 day period, no default shall be deemed to have occurred.

19. Closing Costs and Prorations.

19.1 Closing Costs. Except as otherwise expressly provided herein, the Buyer shall pay the escrow fee, costs for recording the Affidavits of Value, the Special Warranty Deed. All other fees, charges or expenses incidental to the sale, transfer and assignment of the Property to the Buyer shall be paid according to the customs of similar real estate transactions in Yavapai County, Arizona, except as otherwise herein expressly provided.

19.2 Property Costs. Utility charges and other normal and recurring costs and expenses attributable to the Property prior to the Closing Date, shall be paid by Sellers subject, however, to the terms of the Interim Operating Agreement in place between Buyer and Seller.

20. Additional Duties of the Buyer and Sellers.

20.1 The parties have agreed that on the Closing Date Buyer shall assume all accounts payable, all accounts receivable and the existing cash on hand in bank accounts and other forms at that point in time.

20.2 Sellers shall safeguard and maintain all such assets (other than items removed from inventory in the ordinary course of Sellers' business) up to the Closing Date in a prudent manner consistent with its established operating practices, subject to the Provisions of the Interim Operating Agreement in place between Buyer and Seller. The Buyer agrees that after the Closing Date it will operate and maintain the Water System.

20.3 Sellers shall secure an order from the Commission authorizing it to sell and dispose of all of the Property described herein. Sellers agree that they shall, within three business days from the Date of this Agreement, make application to the Commission of such an order and to make such additional filing of such documentary information as may be considered advisable or as the Commission may request. Sellers agree to diligently prosecute the requisite

proceedings before the Commission, and the Buyer agrees to comply with such requests as may reasonably be made by Sellers with respect to testimony by one or more duly authorized representatives of the Buyer at the Commission's hearing. If, for any reason, the Commission shall fail to approve said sale and it thereby becomes impossible for this Agreement to be fully effective on the Closing Date, then all references in said Agreement to said date shall be changed to the last day of the month in which the Commission has issued its order approving such transaction, or such other date as the parties may mutually agree; provided, however, that if the approval is not obtained within nine months after the Date of this Agreement, either party shall have the right to terminate this Agreement.

21. Operation of Property until the Closing. After the Date of this Agreement, and prior to the Closing Date and delivery of possession of the Property to Buyer, operation of the water companies shall be governed by an Interim Operating Agreement attached as Exhibit H.

22. Eminent Domain. In the event that, prior to the Closing Date, any of the Property is taken by the power of eminent domain, or in the event notice is given by any governmental authority of, or an action is commenced with respect to, the taking of any part of the Property by the power of eminent domain ("Condemnation"), Sellers shall give immediate written notice thereof to Buyer. Buyer may, in its sole discretion and within 20 days after receipt of such notice from Sellers or prior to the Closing Date, whichever period is shorter, elect to terminate this Agreement by written notice of such election to Sellers and Escrow Agent. In the event Buyer elects to cancel this Agreement, neither party shall thereafter have any further obligation or liability to the other except as herein expressly provided for otherwise. If Buyer does not elect to so cancel this Agreement, all Condemnation awards relating to the Property and rights thereto for damages relating to the Property are hereby assigned to Buyer and shall be paid to Buyer. Notwithstanding anything contained herein to the contrary, Buyer shall not be entitled to make any claims and receive any proceeds from any Condemnation award or settlement which may be attributable to a claim for severance damages, damage or diminution of value to the remainder of Sellers' property as a result of such Condemnation.

24. Risk of Loss. Prior to the Closing Date, the risk of loss resulting from any cause, including, without limitation, fire or other casualty, to the improvements or any property, real or personal, subject to this Agreement, other than losses resulting from Buyer's activities in connection with this Agreement, or the Interim Operating Agreement shall be that of Sellers.

25. Commissions. Each party warrants and represents to the other that no real estate sales or brokerage commissions or like commissions are or will be due from the other party in connection with this transaction as a result of the act of the party so warranting. Further, each party agrees to indemnify and hold harmless the other party for, from and against any claims by third parties made as a result of the act of the party so representing, for real estate or brokerage commissions in connection with the transactions provided for herein, and all costs and expenses incurred by the indemnitee in connection therewith including, but not limited to, reasonable attorneys' fees. In any event, no commission shall be earned until the transactions contemplated by this Agreement are actually consummated.

26. Indemnity

26.1 Sellers shall unconditionally release, indemnify and hold harmless the Buyer with respect to any and all causes of action or obligations of any kind arising out of or related in any way to Sellers' uses of and the condition of the Property at any time up to and including the date of closing, whether or not such causes of action or obligations are now known, or presently exist, or arise in the future.

26.2 Buyer shall unconditionally release, indemnify and hold harmless the Seller with respect to any and all causes of action and obligations of any kind arising out of or related in any way to Buyer's uses of and management of the Property at any time up to and including the date of closing, whether or not such causes of action or obligations are now known or presently exist, or arise in the future.

26.3 With respect to any condition on or characteristic of the Property existing at any time up to and including the date of closing, excepting any conditions arising from Buyer's actions or inactions arising under or governed by the Interim Operating Agreement, Sellers shall indemnify and save harmless the Buyer for any and all claims, actions, causes of action, demands, losses, fines, penalties, obligations, attorneys' fees, litigation expenses and damages of any kind, whether now known, or presently existing, or that may arise in the future, including but not limited to:

a. Any incident that has occurred or may occur on or in connection with the Property.

b. Any liability or obligation relating to the enjoyment, use or ownership of either the Property or any other property.

c. Any liability or obligation in any way connected with the Property or of this Agreement, other than for an alleged breach of the express terms of the Agreement by the Buyer.

d. Any liability or obligation arising out of or related to the performance of this Agreement, other than for an alleged breach of express terms of this Agreement by the Buyer. This indemnity includes but is not limited to matters, arising out of a nuisance, solid and hazardous waste disposal, the removal and response to releases of hazardous substances, workmen's compensation claims, personal injury and property damage claims.

26.3 Nothing in this Agreement shall be construed as a release or waiver of any claims or causes of action the Buyer may now or in the future have against Sellers concerning the Sellers' use of or conditions on the Property up to and including the date of closing.

26.4 Sellers shall, upon written request of Buyer and at Buyer's sole discretion assign to Buyer all claims and causes of action of any kind or description that Sellers may have against any person or entity alleged to have caused or contributed to any condition on the Property.

26.5 The benefits of the indemnity and hold harmless provisions of this Section

26 shall include and apply to all employees, agents and elected or appointed officials of the Buyer.

27. No Further Liens. Neither party shall place, permit or cause to be placed any liens or encumbrances on the title to the Property from the date hereof through the Closing Date. Subject to the provisions of this Agreement, each party understands and agrees that it is its responsibility to cause any lien, liability or obligation arising from its actions, inactions, or those of its guests, agents or employees to be released at or prior to close of escrow in the case of the Seller, or within 10 days of contract cancellation, in the case of Buyer.

28. Miscellaneous.

28.1 Further Instruments. Each party, promptly upon the request of the other, shall execute, acknowledge and deliver to the other any and all further instruments as may be necessary or proper to carry out the purpose and intent of this Agreement.

28.2 Assignment. Either party may assign or transfer its rights, duties and obligations under this Agreement only with the prior written consent of the other party, which consent may be withheld for any reason or for no reason. Any such transfer or assignment shall be subject to the terms of this Agreement.

28.3 Successors and Assigns. Except as otherwise provided herein, this Agreement and all the terms and provisions hereof shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

28.4 Entire Agreement. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any prior written or oral understandings or agreements between the parties.

28.5 Modification of Agreement. No modification of this Agreement shall be effective unless in writing, approved by Sellers and by Buyer and signed by the parties hereto.

28.6 Waiver. The waiver of a breach of any term or condition of this Agreement may be made only in writing and shall not be deemed to constitute a waiver of subsequent breach of such term or condition, or a waiver of a breach or subsequent breach of any other term or condition.

28.7 Counterparts: facsimile signatures. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which shall constitute one and the same Agreement. Facsimile signatures shall be deemed original signatures and shall be effective for the execution of this Agreement.

28.8 Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person may in the context require.

28.9 Descriptive Headings. The descriptive headings throughout this Agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

28.10 Third Party Beneficiary. None of the terms or provisions of this Agreement shall be deemed or construed to create any third party beneficiary rights to any person who is not a party hereto unless expressly otherwise provided.

28.11 Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, postage prepaid to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to Sellers: Anne Conlin
 P.O. Box 870
 Clarkdale, AZ 86324
 Facsimile: 928-634-8512

If to Buyer: Acme water company
 Attn: Jim West
 365 East Coronado Road, Suite 200
 Phoenix, AZ 85004
 Facsimile: 602-230-0030

If to Escrow Agent: Yavapai Title Agency
 Attn: Janis Gutierrez
 Senior Escrow Officer
 1235 E. Gurley Street
 Prescott, AZ 86301
 Facsimile: 928-776-7913

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section 29.12. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, registered or certified, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

28.12 Governing Law and Venue. This Agreement and the rights of the parties hereto shall be governed by and construed in accordance with the laws of the State of Arizona. Any action at law or judicial proceeding instituted by any party relating to this Agreement shall be instituted in the state or federal courts of the State of Arizona.

28.13 Dispute Resolution. In the event of any controversial claim of dispute between the parties arising out of or relating to the preparation of this agreement or a breach thereof, the dispute shall be resolved by binding arbitration before a single arbitrator in the City of Phoenix, with the party initiating the arbitration permitted to select the arbitrator from among the following three Arizona experienced arbitrators: (1) James Braselton, (2) Gerald "Buzz" Alston, (3) Brice Buehler. The arbitrator shall have the authority to award to the prevailing party its attorneys' fees and costs incurred, including such attorneys' fees as are reasonably necessary for securing a Maricopa County Judgment consistent with the binding arbitration award.

28.14 Time of the Essence. All dates and times for performance set forth in this Agreement are of the essence.

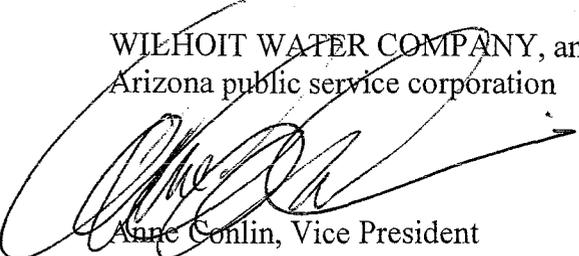
28.15 Severability. If any provision or provisions of this Agreement, or the application thereof to any person or circumstance be determined to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

28.16 Time Periods. If the time for the performance of any obligation under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

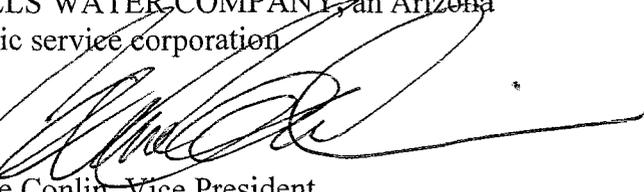
IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first written above.

"Sellers"

WILHOIT WATER COMPANY, an
Arizona public service corporation


Anne Conlin, Vice President

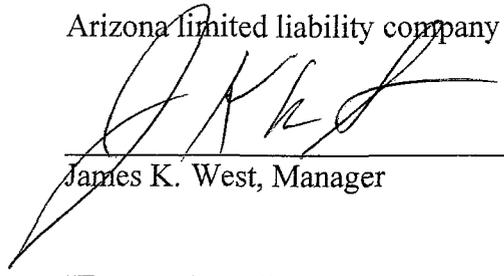
DELLS WATER COMPANY, an Arizona
public service corporation

By: 
Anne Conlin, Vice President

"Buyer"

ACME WATER COMPANY, an

Arizona limited liability company



James K. West, Manager

“Escrow Agent”

Attest:

_____, an
Arizona corporation

By:

Name:

Title:

(ACKNOWLEDGEMENTS)

STATE OF ARIZONA)
) ss.
COUNTY OF Yavapai)

This instrument was acknowledged before me on April 22, 2011,
by Anne Conlin, the Vice-President of Wilhoit Water Company and Dells Water Company,
Arizona public service company, on behalf of Wilhoit Water Company and Dells Water
Company.



My Commission Expires:

10/2/2013

Notary Public in and for the State of Arizona

A handwritten signature in cursive script, appearing to read "Memi Perkins", written in dark ink.

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 2011,
by James K. West, the President of Acme Water Company, an Arizona limited liability
company, on behalf of the company.

Notary Public in and for the State of Arizona

My Commission Expires:

Exhibit A

[Certificated Area]

Exhibit B

[Property]

RECEIVED

MAR 15 2011

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

DO NOT WRITE ABOVE THIS LINE, FOR ACC USE ONLY

ARTICLES OF ORGANIZATION

DO NOT PUBLISH THIS SECTION

NOTE: A professional limited liability company is an LLC organized for the purpose of rendering one or more categories of professional service. Professional service is defined as a service that may be lawfully rendered **only** by a person licensed in this state to render the service.

1. The LLC name must contain the words "limited liability company" or "limited company" or the abbreviations "L.L.C.", "L.C.", "LLC", or "LC". The Professional LLC name must contain the words "professional limited liability company" or the abbreviations "P.L.L.C.", "P.L.C.", "PLLC", or "PLC."

2. Must be an Arizona address. **DO NOT LEAVE THIS SECTION BLANK**

3. If the statutory agent has a PO BOX then they must also provide a physical address or description of the location.

The agent **must** sign the articles or provide written consent to acceptance of the appointment.

Select one. This form may be used for:

ARIZONA LIMITED LIABILITY COMPANY (A.R.S. §29-632)

ARIZONA PROFESSIONAL LIMITED LIABILITY COMPANY (A.R.S. §29-841.01)

1. The name of the organization:

A. _____
LLC Name Reservation File Number (If one has been obtained). If not, leave this line blank

B. ACME Water Company L.L.C.
Limited Liability Company Name

2. Known place of business in Arizona (If address is the same as the street address of the statutory agent, write "same as statutory agent". **DO NOT LEAVE THIS SECTION BLANK**)

Address (Same as statutory agent)
City _____ State _____ Zip _____

3. The name and street address of the statutory agent in Arizona

Name Douglas G. Martin
Address 365 E. Coronado, Suite 200
City Phoenix State Arizona Zip 85004

Acceptance of Appointment by Statutory Agent:

I Douglas G. Martin, having been designated to act as
(Print Name of the Statutory Agent)

Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statute.

Agent Signature:  Douglas G. Martin

If signing on behalf of a company, please print the company name here.

DO NOT PUBLISH THIS SECTION

4. Only required for professional limited liability company.

The purpose must state the professional service or services that the company is organized to perform. Professional service is defined as a service that may be lawfully rendered only by a person licensed in this state to render the service.

5. The latest date, if any, on which the Company must dissolve.

If a dissolution date should include the month, day and year.

Perpetual means continuing forever or indefinitely

6. Check which management structure will be applicable to your company. Provide name, title and address for each person.

6A. If reserved to the member(s), check the member's box and provide the name(s) and address(es) of each member. NOTE: if reserved to the member(s) you cannot list any manager.

6B. If vested in manager(s) check the manager's box and provide the name(s) and address(es) of each manager and each member who owns a twenty (20%) percent or greater interest in the capital or profits of the LLC/ PLLC.

The person (s) executing this document need not be a manager or member of the company.

4. Purpose of this (Professional) Limited Liability Company is to provide the following (professional) service(s): (Only required for a Professional LLC Company)

5. Dissolution: The latest date of Dissolution

The latest date to dissolve ___/___/___ (Please enter month, day and four digit year)
 The Limited Liability Company is Perpetual

6. Management Structure: (Check one box only) A.R.S. §29-632(5)

A. RESERVED TO THE MEMBER(S)
IF RESERVED TO THE MEMBER(S), YOU MAY SELECT ONLY THE MEMBER BOX FOR EACH MEMBER LISTED.

B. VESTED IN MANAGER(S)
IF VESTED IN THE MANAGER(S), AT LEAST ONE ENTRY BELOW MUST HAVE THE MANAGER BOX CHECKED.

Name <u>James K. West</u>	Name _____
<input type="checkbox"/> Member <input checked="" type="checkbox"/> Manager (only if "B" is selected above)	<input type="checkbox"/> Member <input type="checkbox"/> Manager (only if "B" is selected above)
Address: <u>365 E. Coronado, Suite 200</u>	Address: _____
City, <u>Phoenix</u> State, <u>Arizona</u> Zip: <u>85004</u>	City, _____ State, _____ Zip: _____
Name _____	Name _____
<input type="checkbox"/> Member <input type="checkbox"/> Manager (only if "B" is selected above)	<input type="checkbox"/> Member <input type="checkbox"/> Manager (only if "B" is selected above)
Address: _____	Address: _____
City, _____ State, _____ Zip: _____	City, _____ State, _____ Zip: _____

IF YOU NEED MORE SPACE FOR LISTING MEMBERS / MANAGERS PLEASE ATTACH THE ADDITIONAL PAGE TO THE ARTICLES OF ORGANIZATION.

Executed this 15th day of March, _____

Executed by: [Signature] Print Name James K. West

If signing on behalf of a company, please print the company name here.

Phone Number: 602-230-0030 Fax Number: 602-604-0004