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SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
2525 EAST ARIZONA BILTMORE CIRCLE
SUITE 117
PHOENIX, ARIZONA 85016-2129

ORIGINAL

RICHARD L. SALLQUIST

February 16, 2000

PHONE (602) 224-9222
FACSIMILE (602) 224-9366
Arizona MAIL dick@sd-law.com
Arizona Corporation Commission

DOCKETED

FEB 17 2000

DOCKETED BY

Jane Rodda
Hearing Officer
Arizona Corporation Commission
400 W. Congress
Tucson, AZ 85

Re: Vail Water Company, Docket Nos. W-01651B-99-0351 ~~0351~~

W-01651B-99-0406

Dear Ms. Rodda:

At the hearing in the subject proceeding, the Company introduced a large scale system map as Exhibit A-5. The Company agreed to late-file a smaller scale copy for all parties in this proceeding. Attached hereto is such a copy.

You had also requested that we provide copies of the Promissory Notes to the shareholders which the Company is requesting be refinanced as long term debt. Attached are those Notes.

If the event we can provide additional information, please do not hesitate to call.

Sincerely,

Richard L. Sallquist
For the Firm

Enclosures

cc: Docket Control
Robert Metli
Debra Scott (Utilities Division)
Lawrence V. Robertson
Kip Volpe (w/out enclosures)

RECEIVED

PROMISSORY NOTE

APR 17 P 12:03

Principal \$27,598.09

April 8, 1999

Borrower: Vail Water Company, an Arizona corporation

Lender: BSE Trust
425 S. Brown
Tucson, Arizona 85710

1. **Promise to Pay.** Vail Water Company ("Borrower") promises to pay to BSE Trust ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of Twenty-seven Thousand Five Hundred Ninety-eight and 09/100 Dollars (\$27,598.09), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.

2. **Payment.** Borrower shall pay all principal and interest on or before April 8, 2000. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.

3. **Default.** Borrower will be in default if Borrower fails to make any payment when due.

4. **Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.

5. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

VAIL WATER COMPANY, an Arizona corporation

By: Sheldon J. Mandell
Sheldon J. Mandell, President

PROMISSORY NOTE

April 22, 1998

Principal \$12,500.00

Borrower: Vail Water Company, an Arizona corporation

Lender: Robert C. Neill
12426 N. 80th Place
Scottsdale, Arizona 85260

1. **Promise to Pay.** Vail Water Company ("Borrower") promises to pay to Robert C. Neill ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of Twelve Thousand Five Hundred Dollars (\$12,500.00), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.

2. **Payment.** Borrower shall pay all principal and interest on or before April 22, 1999. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.

3. **Default.** Borrower will be in default if Borrower fails to make any payment when due.

4. **Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.

5. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRICOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

Vail WATER COMPANY, an Arizona corporation

By: Sheldon J. Mandell
Sheldon J. Mandell, President

**AMENDMENT TO PROMISSORY NOTE
(Extension of Due Date)**

FOR VALUE RECEIVED, the undersigned hereby agree to amend the terms of that certain Promissory Note (the "Promissory Note") dated April 8, 1998, in the original principal amount of \$12,500.00 made by Vail Water Company, an Arizona corporation, as "Borrower," in favor of Christopher H. Sheafe and Sharon K. Sheafe, as "Lender," as follows:

1. The first sentence of Paragraph 2 of the Promissory Note is hereby amended to read "Borrower shall pay all principal and interest on or before April 8, 2000."
2. Except as modified hereby, the Promissory Note shall remain unchanged, is hereby ratified and shall remain in full force and effect.

DATED effective this 8th day of April, 1999.

BORROWER:

Vail Water Company,
an Arizona corporation,

By: Sheldon J. Mandell

Sheldon J. Mandell
President

LENDER:

Christopher H. Sheafe
CHRISTOPHER H. SHEAFE

Sharon K. Sheafe
SHARON K. SHEAFE

PROMISSORY NOTE

Principal \$5,519.62 **April 28, 1999**
Borrower: Vail Water Company, an Arizona corporation
Lender: Paul M. Mandell Revocable Trust U/A/D September 29, 1993
1940 Browning Court
Highland Park, IL 60035

1. **Promise to Pay.** Vail Water Company ("Borrower") promises to pay to Paul M. Mandell Revocable Trust U/A/D September 29, 1993 ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of Five Thousand Five Hundred Nineteen and 62/100 Dollars (\$5,519.62), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.

2. **Payment.** Borrower shall pay all principal and interest on or before April 28, 2000. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.

3. **Default.** Borrower will be in default if Borrower fails to make any payment when due.

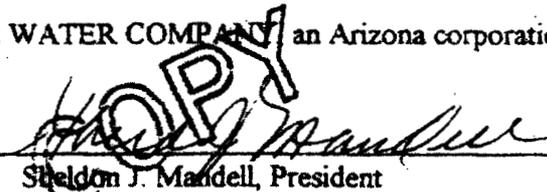
4. **Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.

5. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

VAIL WATER COMPANY an Arizona corporation

By: 
Sheldon J. Mandell, President

PROMISSORY NOTE

Principal \$11,039.23 April 28, 1999
Borrower: Vail Water Company, an Arizona corporation
Lender: Howard J. Mandell
1555 N. Astor St., #36E
Chicago, IL 60610

1. **Promise to Pay.** Vail Water Company ("Borrower") promises to pay to Howard J. Mandell ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of Eleven Thousand Thirty-Nine and 23/100 Dollars (\$11,039.23), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.

2. **Payment.** Borrower shall pay all principal and interest on or before April 28, 2000. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.

3. **Default.** Borrower will be in default if Borrower fails to make any payment when due.

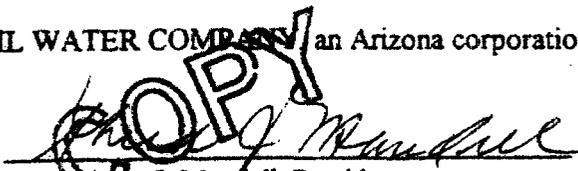
4. **Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.

5. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

VAIL WATER COMPANY an Arizona corporation

By: 

Sheldon J. Mandell, President

PROMISSORY NOTE

Principal \$1,378.13

September 16, 1999

Borrower: Vail Water Company, an Arizona corporation

Lender: Marci M. Barth
480 Carriage Way
Deerfield, IL 60015

1. **Promise to Pay.** Vail Water Company ("Borrower") promises to pay to Marci M. Barth ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of One Thousand Three Hundred Seventy-Eight and 13/100 Dollars (\$1,378.13), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.

2. **Payment.** Borrower shall pay all principal and interest on or before September 16, 2000. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.

3. **Default.** Borrower will be in default if Borrower fails to make any payment when due.

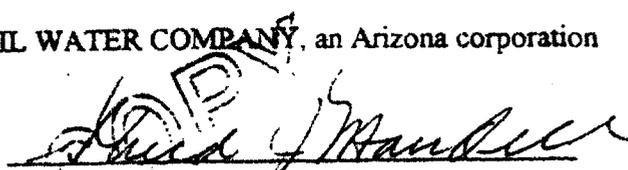
4. **Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.

5. **General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

VAIL WATER COMPANY, an Arizona corporation

By: 

Sheldon J. Mandel, President

PROMISSORY NOTE

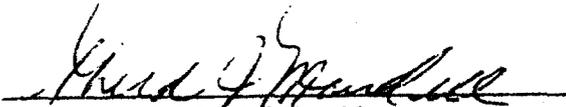
Principal \$6,890.63 August 25, 1999
Borrower: Vail Water Company, an Arizona corporation
Lender: Christopher H. Sheafe and Sharon K. Sheafe
6932 N. Pusch Peak Place
Tucson, Arizona 85718

- 1. Promise to Pay.** Vail Water Company ("Borrower") promises to pay to Christopher H. Sheafe and Sharon K. Sheafe ("Lender"), or order, in lawful money of the United States of America, upon demand the principal amount of Six Thousand Eight Hundred Ninety and 63/100 Dollars (\$6,890.63), together with interest thereon from the date of this Note until repayment of this Note at the rate of Ten and one-quarter percent (10.25%) per annum simple.
- 2. Payment.** Borrower shall pay all principal and interest on or before August 25, 2000. Borrower may prepay this Note, in whole or in part, from time to time without premium or penalty.
- 3. Default.** Borrower will be in default if Borrower fails to make any payment when due.
- 4. Lender's Rights.** Upon default, Lender shall have all rights and remedies available at law or in equity.
- 5. General Provisions.** Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

VAIL WATER COMPANY, an Arizona corporation

By: 
Sheldon J. Mandell, President

W000-4000-1000

VAIL WATER COMPANY

PROPOSED WIFA SYSTEM IMPROVEMENTS

LEGEND

- EXISTING MAIN
- EXISTING RESERVOIR
- EXISTING BOOSTER STATION

- PROPOSED MAIN EXTENSION
- PROPOSED BOOSTER STATION UPGRADE
- PROPOSED CHLORINATION FACILITY

