



0000129539

Transcript Exhibit(s)

Docket #(s): WS-08676A-11-0134

---



---



---



---



---

Exhibit #: A1, A2, A3, S1

---



---

RECEIVED  
 2011 SEP 13 P 1:22  
 AZ CORP COMMISSION  
 DOCKET CONTROL

RECEIVED  
 2011 SEP 13 P 1:22  
 AZ CORP COMMISSION  
 DOCKET CONTROL

**ORIGINAL NEW APPLICATION**

**RECEIVED**

1 FENNEMORE CRAIG  
2 A Professional Corporation  
3 Patrick J. Black (No. 017141)  
4 Jennifer Benoit (No. 026197)  
5 3003 North Central Avenue, Suite 2600  
6 Phoenix, Arizona 85012  
7 Telephone (602) 916-5000

2011 MAR 25 P 2: 27

Arizona Corporation Commission  
**DOCKETED**

MAR 25 2011

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY me

8 Attorneys for Rio Rico Utilities, Inc.

WS-02676A-11-0134

**BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION  
10 OF RIO RICO UTILITIES, INC. FOR AN  
11 EXTENSION OF AN EXISTING  
12 CERTIFICATE OF CONVENIENCE AND  
13 NECESSITY TO PROVIDE WATER UTILITY  
14 SERVICE IN SANTA CRUZ COUNTY,  
15 ARIZONA

DOCKET NO. WS-02676A-11- \_\_\_\_\_  
**APPLICATION FOR EXTENSION OF  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY**

14 Pursuant to A.R.S. § 40-282 and A.A.C. R14-2-402, Rio Rico Utilities, Inc.  
15 (“Applicant”), an Arizona public service corporation, hereby applies to the Arizona  
16 Corporation Commission (“Commission”) for an Order to approve the extension of its  
17 existing Certificate of Convenience and Necessity (“CC&N”) to provide water utility  
18 service in certain defined portions of Santa Cruz, Arizona.

**INTRODUCTION**

19 Windward Partners XIV, LLC, an Arizona limited liability company,  
20 (“Developer”) owns a 345-acre land parcel located on portions of the Luis Maria Land  
21 Grant, west of Interstate 19 near Tubac in Santa Cruz County, Arizona called the Palo  
22 Parado Subdivision (the “Development”). The Development consists of 79 residential lots  
23 and common areas. Developer entered into a line extension agreement on December 6,  
24 2010 (the “Extension Agreement”) with Applicant wherein Applicant agreed to provide  
25 service to the Development. Applicant also received requests for service from Mr. John  
26

**EXHIBIT**  
tabbler  
A-1  
ADMITTED

1 Todd, who owns four parcels of land within the requested extension area (all requests for  
2 service are attached hereto as **Exhibit 1**). Mr. Todd has agreed to provide an easement for  
3 a transmission main required for Applicant to serve the Development. Applicant has  
4 included Mr. Todd's property at this juncture in order to facilitate the extension of service  
5 to the Development. In order for Applicant to provide this service, an extension of its  
6 current CC&N is required.

7  
8 **APPLICATION**

9 In support of this Application, Applicant states as follows:

10 1. Applicant is a public service corporation formed for the purpose of  
11 providing water utility service in Santa Cruz County, Arizona. The proper name, address  
12 and corporate structure for Applicant are attached hereto as **Exhibit 2**.

13 2. Applicant's Articles of Incorporation and Bylaws are attached hereto as  
14 **Exhibit 3**.

15 3. Applicant's Certificate of Good Standing from the Arizona Corporation  
16 Commission is attached hereto as **Exhibit 4**.

17 4. The area covered by this Application includes approximately 1200 acres.  
18 The Development includes 345 acres, 79 custom graded lots and will have a density of  
19 0.23 houses per acre. Undeveloped land lies to the north and south of the Development.  
20 The estimated total costs for construction of the Development are attached hereto as  
21 **Exhibit 5**.

22 5. Applicant's management contact is Greg Sorensen, Liberty Water, whose  
23 business address is 12725 West Indian Road, Suite D-101, Avondale, Arizona 85323.  
24 The telephone number is (623) 298-3747.  
25  
26

1           6.     Applicant's operator certified by the ADEQ is Martin Garland, whose  
2 business address is 333 Sala Lane, Rio Rico, Arizona 85648. The telephone number is  
3 (520) 619-0133. Mr. Garland's operator ID No. is: OP009566.

4           7.     Applicant's on-site management contact is Bobb Dodds, whose business  
5 address is 12725 W. Indian School Rd., Suite D-101, Avondale, Arizona 85392.

6           8.     Applicant's attorneys are Fennemore Craig, whose address is 3003 North  
7 Central Avenue, Suite 2600, Phoenix, Arizona 85012-2913. The individual attorney  
8 responsible for this application is Patrick J. Black. Mr. Black's telephone number is (602)  
9 916-5400. All Data Requests or other Requests for Information should be directed to  
10 Greg Sorensen, with a copy to Mr. Black's attention, on behalf of Rio Rico Utilities, Inc.

11          9.     Applicant will be charging rates in accordance with its tariff on file with the  
12 Commission.

13          10.    Applicant's estimated annual operating revenues and expenses for the first  
14 five years for the extension area are attached hereto as **Exhibit 6**.

15          11.    Legal descriptions for the requested extension area are attached hereto as  
16 **Exhibit 7**.

17          12.    A complete description of the facilities proposed to be constructed is  
18 contained in the Master Water Report for Palo Parado attached hereto as **Exhibit 8**.

19          13.    A general Statement of Financial Condition is attached hereto as **Exhibit 9**.

20          14.    A detailed map indicating the area requested by this Application  
21 ("Extension Area"), is attached hereto as **Exhibit 10**.

22          15.    The manner of capitalization and methods of financing employed by  
23 Applicant is included in the Water Line Extension Agreement dated December 6, 2010,  
24 attached hereto as **Exhibit 11**.

25          16.    Applicant's Water Use Data Sheet is attached hereto as **Exhibit 12**.

26

1 17. The rates and charges proposed for the extension area are Applicant's  
2 current rates and charges established in Decision No. 72059 (January 6, 2011).

3 18. Construction of the first phase of the development is scheduled to begin  
4 within one year of receipt of Commission approval of this CC&N Extension Application.

5 19. The estimated numbers of customers to be served in each of the first five  
6 years of water utility service to the Extension Area is as follows:

7  
8 Estimated Number of Residential Customers

9

10 1 <sup>st</sup> Year	16
11 2 <sup>nd</sup> Year	32
12 3 <sup>rd</sup> Year	48
13 4 <sup>th</sup> Year	64
14 5 <sup>th</sup> Year	79

15 20. Applicant's estimated annual operating revenue and operating expenses for  
16 each of the first five years of operation in the requested Extension Area, is as follows as  
17 more particularly described on **Exhibit 6**:

18

<u>Operating Expenses</u>		<u>Operating Revenue</u>	
19 1 <sup>st</sup> Year	\$12,256	1 <sup>st</sup> Year	\$6,239
20 2 <sup>nd</sup> Year	\$41,988	2 <sup>nd</sup> Year	\$18,237
21 3 <sup>rd</sup> Year	\$70,695	3 <sup>rd</sup> Year	\$30,235
22 4 <sup>th</sup> Year	\$87,180	4 <sup>th</sup> Year	\$42,233
23 5 <sup>th</sup> Year	\$95,293	5 <sup>th</sup> Year	\$53,841

24 21. The cumulative plant cost projections by year for the next five (5) years, as  
25 more particularly described in **Exhibit 13** is as follows:  
26

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Plant Cost Projection

1 <sup>st</sup> Year	\$917,540
2 <sup>nd</sup> Year	\$1,668,434
3 <sup>rd</sup> Year	\$2,477,324
4 <sup>th</sup> Year	\$2,750,314
5 <sup>th</sup> Year	\$2,755,039

22. Applicant has/shall obtain all appropriate city, county and/or state agency approvals required to provide water utility service in the requested area.

23. Applicant's application to the Arizona Department of Water Resources for a Certificate of Assured Water Supply is attached hereto as **Exhibit 14**.

24. ADEQ Approvals to Construct issued for facilities to be constructed in the requested Extension Area will be provided to the Commission as soon as Applicant receives them.

25. There are no municipalities or other water service providers within 5 miles of the requested extension area. Additionally, each of the two landowners within the requested extension area has requested service. Although, no notice of the filing is required, the two landowners will receive copies of this Application.

26. Wastewater service will be provided by individual septic systems designed within each residence and permitted through the Santa Cruz County Health Department at the time of construction of the individual residence.

27. All open space is restricted to remain as "natural undisturbed or restored" according to the Master Water Plan for the proposed service area. Approximately forty-five percent (45%) of the proposed service area will be preserved as natural open space. Additionally, each lot has a non-disturbance area of natural or restored natural open space. The development standards include the use of natural vegetation and low-water use landscape materials. The Master Water Plan is attached hereto as **Exhibit 15**.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

28. For the reasons stated herein, Applicant maintains that this Application is in the public interest and should be granted. There is a present need for regulated water utility service in Santa Cruz County to ensure the public health, and foster orderly growth.

WHEREFORE, Applicant respectfully requests the following:

A. That the Commission proceeds to consider and act upon this Application as timely as possible and to schedule a hearing, if necessary, on this matter;

B. That upon completion of said hearing that the Commission enter an Order approving the Application to include the requested Extension Area as shown in **Exhibit 10**;

C. That the Commission grant such other and further relief as may be appropriate under the circumstances herein.

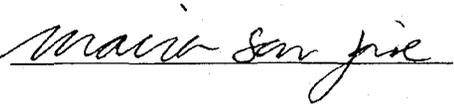
RESPECTFULLY SUBMITTED this 25th day of March, 2011.

FENNEMORE CRAIG, P.C.

By:   
Patrick J. Black  
Jennifer N. Benoit  
Attorneys for Rio Rico Utilities Inc.

**ORIGINAL** and 15 copies filed this 25th day of March, 2011 with:

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

By: 

**List of Exhibits**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

1. Requests for water utility service
2. The proper name, address and corporate structure for Applicant.
3. Applicant's Articles of Incorporation and Bylaws
4. Applicant's Certificate of Good Standing from the Arizona Corporation Commission
5. Estimated total construction costs and plant cost projections
6. Estimated annual operating revenues and expenses for the first five years for the extension area.
7. Legal description of the requested extension area.
8. Master Water Report for Palo Parado containing description of the facilities proposed to be constructed.
9. Applicant's General Statement of Financial Condition.
10. Map of Service Area.
11. Water Line Extension Agreement dated December 6, 2010.
12. Applicant's Water Use Data Sheet.
13. Cumulative Plant Cost Projections.
14. Certificate of Assured Water Supply
15. Master Water Plan

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 1**  
6 **(Requests for Service)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

---

---

PALO PARADO SUBDIVISION  
LOTS 1 THROUGH 79  
WINDWARD PARTNERS XIV

---

---

ATTACHED DOCUMENTS

1. LETTER FROM OWNER / LEGAL REPRESENTATIVE .....	1 page
2. KEY MAP .....	1 page
3. RECORD OF SURVEY .....	2 pages
4. SANTA CRUZ COUNTY APPROVED TENTATIVE PLAT .....	9 pages

WINDWARD PARTNERS XIV, LLC

August 12, 2009

Attn: Mr. James W. Humble, P.E.  
Algonquin Water Services, L.L.C.  
12725 West Indian School Road  
Suite D 101  
Avondale, Arizona 85323

Attn: Mr. Martin Garland  
Rio Rico Utilities  
1060 Yavapai Drive, Suite 9  
PO Box 4165  
Rio Rico, Arizona 85648

**Re: Palo Parado Subdivision, Santa Cruz County, Arizona**

Gentlemen:

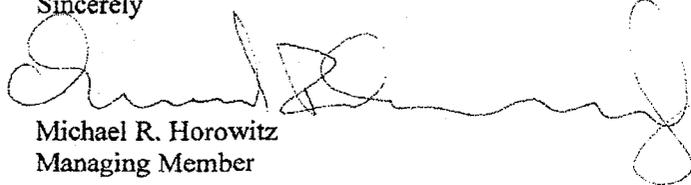
This letter shall serve as a request, by Windward Partners XIV, that Algonquin Water Services L.L.C. (Rio Rico Utilities) expand their water service district to include our Palo Parado Subdivision, Santa Cruz County, Arizona.

The property is located just north of Rio Rico in a portion of the Luis Maria Land Grant, lying in portions of Sections 5,6,7 & 8, Township 22 South, Range 13 East, Santa Cruz County, along the western side of Interstate 19 approximately 5.5 miles south of Tubac and one mile north of the Palo Parado interchange. The property is 344.91 acres and is being subdivided into 79 lots and common areas.

See attached Legal Description "EXHIBIT A". We are currently in the subdivision process with Santa Cruz County, Case #PZ-07-06.

We look forward to a mutually beneficial relationship.

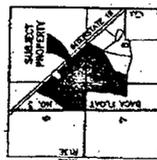
Sincerely



Michael R. Horowitz  
Managing Member



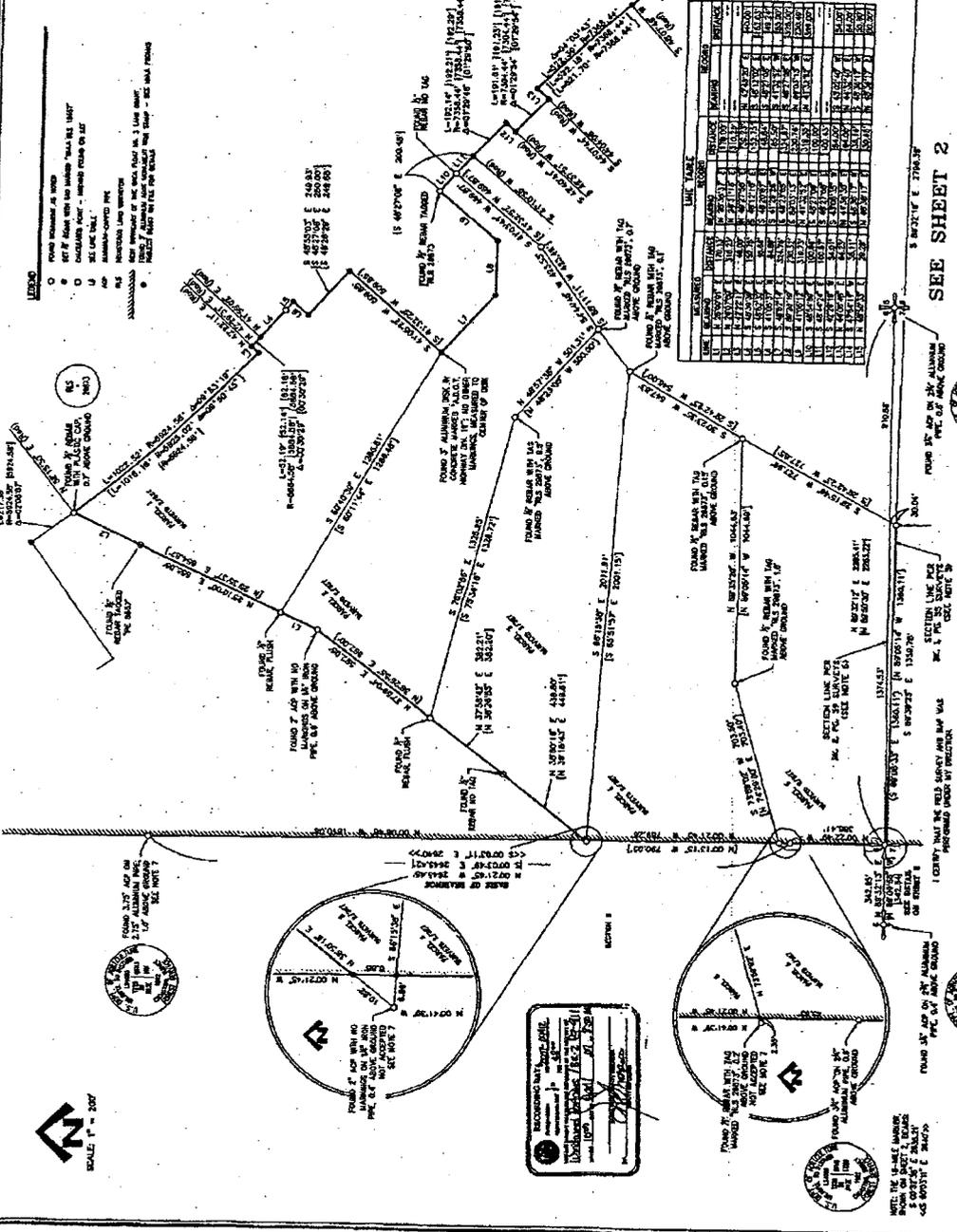
LOCATION MAP



GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION  
PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978

- 66-77 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-78 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-79 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-80 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-81 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-82 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-83 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-84 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-85 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-86 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-87 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-88 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-89 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-90 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-91 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-92 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-93 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-94 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-95 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-96 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-97 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-98 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-99 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978
- 66-100 GENERAL LAND OFFICE COMPLIANCE AND RECORDS SECTION, PLAT NAME IS SHOWN IN BOOK 2017 AND DATED 10/27/1978

- 1. FOUND BY SURVEYOR
- 2. FOUND BY ALIEN
- 3. FOUND BY ALIEN'S HEIR
- 4. FOUND BY ALIEN'S HEIR'S HEIR
- 5. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR
- 6. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR
- 7. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 8. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 9. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 10. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 11. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 12. FOUND BY ALIEN'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR'S HEIR
- 13. FOUND BY ALIEN'S HEIR'S HEIR
- 14. FOUND BY ALIEN'S HEIR'S HEIR
- 15. FOUND BY ALIEN'S HEIR'S HEIR
- 16. FOUND BY ALIEN'S HEIR'S HEIR
- 17. FOUND BY ALIEN'S HEIR'S HEIR
- 18. FOUND BY ALIEN'S HEIR'S HEIR
- 19. FOUND BY ALIEN'S HEIR'S HEIR
- 20. FOUND BY ALIEN'S HEIR'S HEIR



SECTION	ACRES	OWNER	REMARKS
1	1.00	...	...
2	1.00	...	...
3	1.00	...	...
4	1.00	...	...
5	1.00	...	...
6	1.00	...	...
7	1.00	...	...
8	1.00	...	...
9	1.00	...	...
10	1.00	...	...
11	1.00	...	...
12	1.00	...	...
13	1.00	...	...
14	1.00	...	...
15	1.00	...	...
16	1.00	...	...
17	1.00	...	...
18	1.00	...	...
19	1.00	...	...
20	1.00	...	...

**RECORD OF SURVEY**  
**PALO PARADO**  
 A PORTION OF THE PALO PARADO BACKLASH CREEK PLAT NO. 1  
 TOWNSHIP 23 SOUTH RANGE 13 EAST GALLATIEN COUNTY, ARIZONA  
 DATE JAN 2000 JOB NO. 0001-00 SHEET 1 OF 2

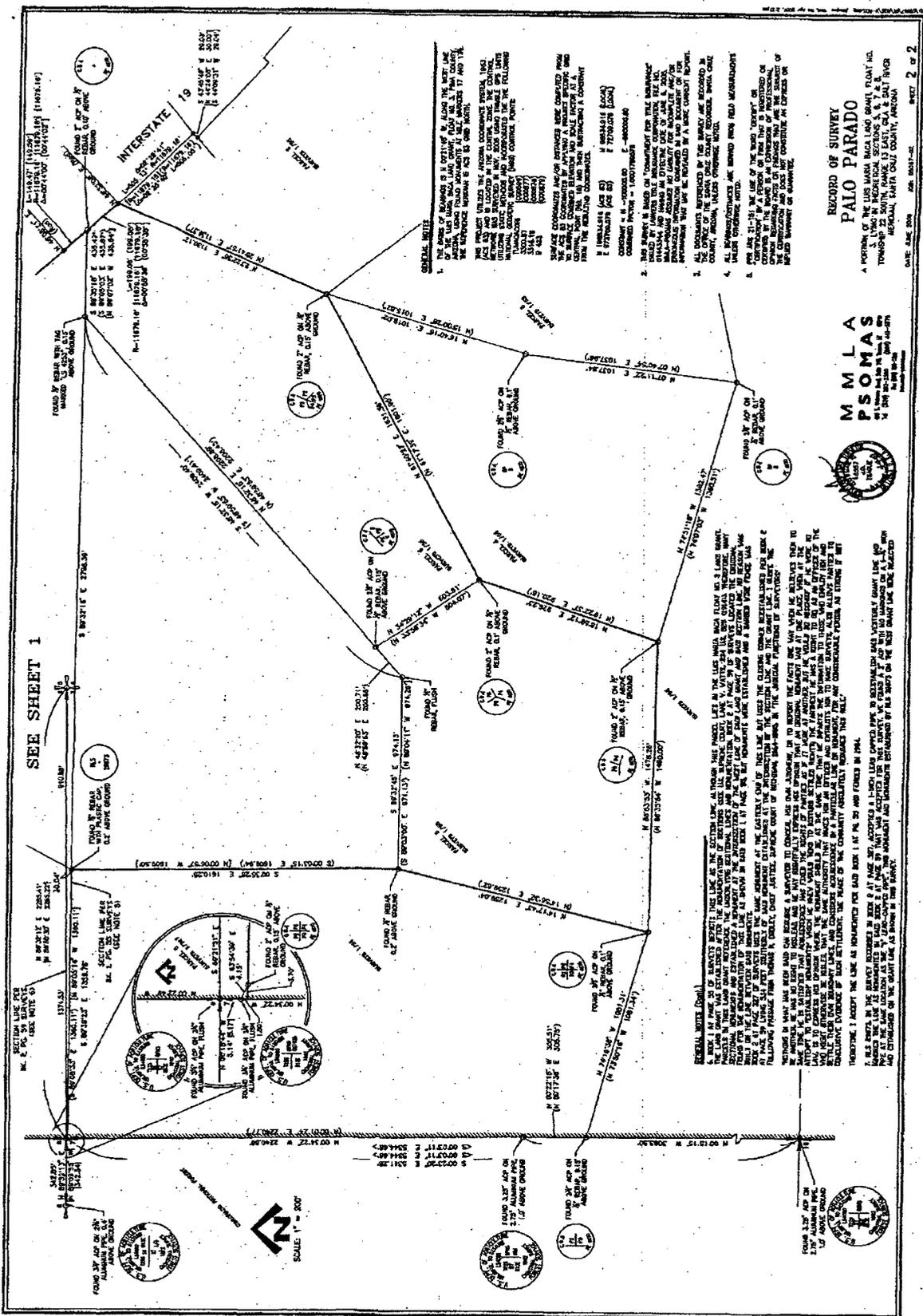
**M M L A**  
**P S O M A S**  
 SURVEYORS  
 1000 N. 10TH ST. SUITE 100  
 TULSA, OKLA. 74106  
 (918) 482-1111



SEE SHEET 2

SCALE 1" = 200'

SEE SHEET 1



**RECORD OF SURVEY**  
**PALO PARADO**

**M M L A**  
**P S O M A S**

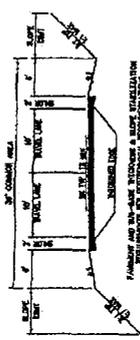
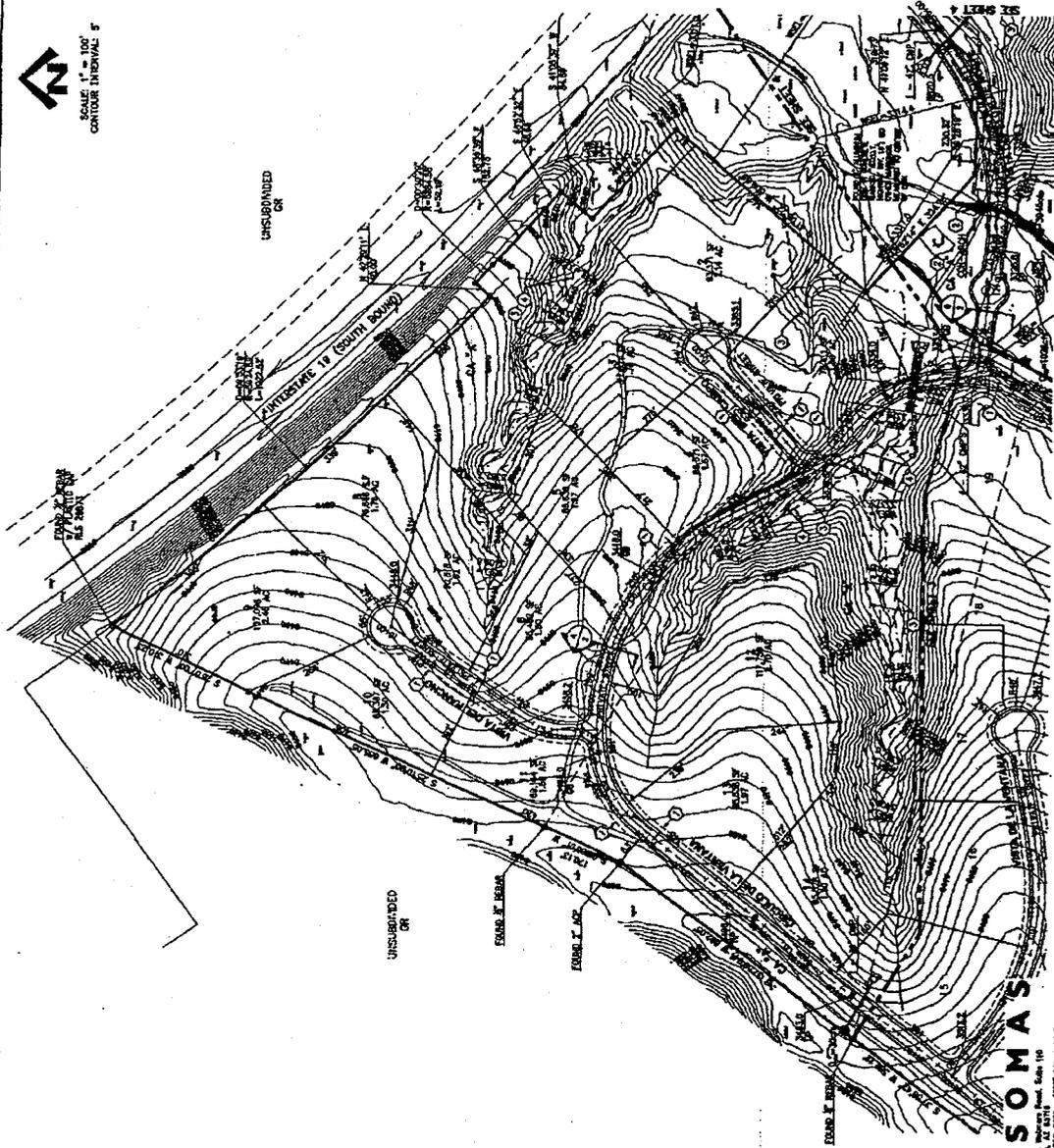


A PORTION OF THE LUISIANA PARADO AND PALO PARADO PLATS, L.S. 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

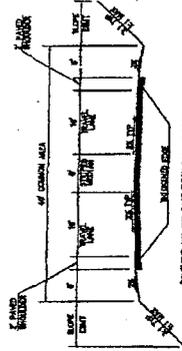




SCALE 1" = 100'  
CONTOUR INTERVAL 5'



① RURAL PRIVATE ROAD



② RURAL PRIVATE ROAD  
MAIN ENTRY - THREE LINES

LINE NO.	LINE LENGTH	BEARING
1	100.00	N 00° 00' 00" E
2	100.00	N 00° 00' 00" E
3	100.00	N 00° 00' 00" E
4	100.00	N 00° 00' 00" E
5	100.00	N 00° 00' 00" E
6	100.00	N 00° 00' 00" E
7	100.00	N 00° 00' 00" E
8	100.00	N 00° 00' 00" E
9	100.00	N 00° 00' 00" E
10	100.00	N 00° 00' 00" E
11	100.00	N 00° 00' 00" E
12	100.00	N 00° 00' 00" E
13	100.00	N 00° 00' 00" E
14	100.00	N 00° 00' 00" E
15	100.00	N 00° 00' 00" E
16	100.00	N 00° 00' 00" E
17	100.00	N 00° 00' 00" E
18	100.00	N 00° 00' 00" E
19	100.00	N 00° 00' 00" E
20	100.00	N 00° 00' 00" E
21	100.00	N 00° 00' 00" E
22	100.00	N 00° 00' 00" E
23	100.00	N 00° 00' 00" E
24	100.00	N 00° 00' 00" E
25	100.00	N 00° 00' 00" E
26	100.00	N 00° 00' 00" E
27	100.00	N 00° 00' 00" E
28	100.00	N 00° 00' 00" E
29	100.00	N 00° 00' 00" E
30	100.00	N 00° 00' 00" E
31	100.00	N 00° 00' 00" E
32	100.00	N 00° 00' 00" E
33	100.00	N 00° 00' 00" E
34	100.00	N 00° 00' 00" E
35	100.00	N 00° 00' 00" E
36	100.00	N 00° 00' 00" E
37	100.00	N 00° 00' 00" E
38	100.00	N 00° 00' 00" E
39	100.00	N 00° 00' 00" E
40	100.00	N 00° 00' 00" E
41	100.00	N 00° 00' 00" E
42	100.00	N 00° 00' 00" E
43	100.00	N 00° 00' 00" E
44	100.00	N 00° 00' 00" E
45	100.00	N 00° 00' 00" E
46	100.00	N 00° 00' 00" E
47	100.00	N 00° 00' 00" E
48	100.00	N 00° 00' 00" E
49	100.00	N 00° 00' 00" E
50	100.00	N 00° 00' 00" E

LINE NO.	LINE LENGTH	BEARING
1	100.00	N 00° 00' 00" E
2	100.00	N 00° 00' 00" E
3	100.00	N 00° 00' 00" E
4	100.00	N 00° 00' 00" E
5	100.00	N 00° 00' 00" E
6	100.00	N 00° 00' 00" E
7	100.00	N 00° 00' 00" E
8	100.00	N 00° 00' 00" E
9	100.00	N 00° 00' 00" E
10	100.00	N 00° 00' 00" E
11	100.00	N 00° 00' 00" E
12	100.00	N 00° 00' 00" E
13	100.00	N 00° 00' 00" E
14	100.00	N 00° 00' 00" E
15	100.00	N 00° 00' 00" E
16	100.00	N 00° 00' 00" E
17	100.00	N 00° 00' 00" E
18	100.00	N 00° 00' 00" E
19	100.00	N 00° 00' 00" E
20	100.00	N 00° 00' 00" E
21	100.00	N 00° 00' 00" E
22	100.00	N 00° 00' 00" E
23	100.00	N 00° 00' 00" E
24	100.00	N 00° 00' 00" E
25	100.00	N 00° 00' 00" E
26	100.00	N 00° 00' 00" E
27	100.00	N 00° 00' 00" E
28	100.00	N 00° 00' 00" E
29	100.00	N 00° 00' 00" E
30	100.00	N 00° 00' 00" E
31	100.00	N 00° 00' 00" E
32	100.00	N 00° 00' 00" E
33	100.00	N 00° 00' 00" E
34	100.00	N 00° 00' 00" E
35	100.00	N 00° 00' 00" E
36	100.00	N 00° 00' 00" E
37	100.00	N 00° 00' 00" E
38	100.00	N 00° 00' 00" E
39	100.00	N 00° 00' 00" E
40	100.00	N 00° 00' 00" E
41	100.00	N 00° 00' 00" E
42	100.00	N 00° 00' 00" E
43	100.00	N 00° 00' 00" E
44	100.00	N 00° 00' 00" E
45	100.00	N 00° 00' 00" E
46	100.00	N 00° 00' 00" E
47	100.00	N 00° 00' 00" E
48	100.00	N 00° 00' 00" E
49	100.00	N 00° 00' 00" E
50	100.00	N 00° 00' 00" E

- REMARKS
- ① BY PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL MAP
  - ② FOR JURISDICTIONAL WASH
  - ③ EROSION HAZARD STRIP
  - ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
FOR  
**PALO PARADO**  
LOTS 1 THROUGH 78  
COMMON AREA "A" (OPEN SPACE &  
DRAINAGE) AND COMMON AREA "B"  
(PRIVATE STREETS)  
PORTIONS OF SECTIONS 8, 9, 10, 11, 12, 13,  
14, 15, 16, 17, 18, 19, 20, 21, 22, 23,  
24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34,  
SANTA CRUZ COUNTY, ARIZONA



**PSOMAS**  
400 E. Michigan Street, Suite 100  
Tucson, AZ 85718 (520) 790-0000  
www.psomas.com

SCALE 1" = 100'  
 ON-TOP INTERVALS

LINE	LENGTH	BEARING	AREA
C1	172.11	S89.00W	83.70
C2	172.11	S89.00W	83.70
C3	172.11	S89.00W	83.70
C4	172.11	S89.00W	83.70
C5	172.11	S89.00W	83.70
C6	172.11	S89.00W	83.70
C7	172.11	S89.00W	83.70
C8	172.11	S89.00W	83.70
C9	172.11	S89.00W	83.70
C10	172.11	S89.00W	83.70
C11	172.11	S89.00W	83.70
C12	172.11	S89.00W	83.70
C13	172.11	S89.00W	83.70
C14	172.11	S89.00W	83.70
C15	172.11	S89.00W	83.70
C16	172.11	S89.00W	83.70
C17	172.11	S89.00W	83.70
C18	172.11	S89.00W	83.70
C19	172.11	S89.00W	83.70
C20	172.11	S89.00W	83.70
C21	172.11	S89.00W	83.70
C22	172.11	S89.00W	83.70
C23	172.11	S89.00W	83.70
C24	172.11	S89.00W	83.70
C25	172.11	S89.00W	83.70
C26	172.11	S89.00W	83.70
C27	172.11	S89.00W	83.70
C28	172.11	S89.00W	83.70
C29	172.11	S89.00W	83.70
C30	172.11	S89.00W	83.70

LINE	LENGTH	BEARING	AREA
L1	172.11	S89.00W	83.70
L2	172.11	S89.00W	83.70
L3	172.11	S89.00W	83.70
L4	172.11	S89.00W	83.70
L5	172.11	S89.00W	83.70
L6	172.11	S89.00W	83.70
L7	172.11	S89.00W	83.70
L8	172.11	S89.00W	83.70
L9	172.11	S89.00W	83.70
L10	172.11	S89.00W	83.70
L11	172.11	S89.00W	83.70
L12	172.11	S89.00W	83.70
L13	172.11	S89.00W	83.70
L14	172.11	S89.00W	83.70
L15	172.11	S89.00W	83.70
L16	172.11	S89.00W	83.70
L17	172.11	S89.00W	83.70
L18	172.11	S89.00W	83.70
L19	172.11	S89.00W	83.70
L20	172.11	S89.00W	83.70
L21	172.11	S89.00W	83.70
L22	172.11	S89.00W	83.70
L23	172.11	S89.00W	83.70
L24	172.11	S89.00W	83.70
L25	172.11	S89.00W	83.70
L26	172.11	S89.00W	83.70
L27	172.11	S89.00W	83.70
L28	172.11	S89.00W	83.70
L29	172.11	S89.00W	83.70
L30	172.11	S89.00W	83.70



NOTES:  
 1. IF PUBLIC UTILITY EXHIBIT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAT  
 2. 40' UNIDIRECTIONAL WASH  
 3. EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
**PALO PARADO**  
 LOTS 1 THROUGH 79,  
 COMMON AREA "A" (OPEN SPACE &  
 DRAINAGE) AND COMMON AREA "B"  
 (PRIVATE STREETS)  
 PORTIONS OF SECTIONS 4, 5, 7, 8 &  
 10, T. 28N., R. 19E., S. 10E.,  
 SANTA CRUZ COUNTY, ARIZONA.



**PSOMAS**  
 Surveyors  
 1000 N. 1st Ave., Suite 110  
 Tucson, AZ 85710  
 (520) 298-1000  
 (520) 298-1001  
 (520) 298-1002  
 (520) 298-1003  
 (520) 298-1004  
 (520) 298-1005  
 (520) 298-1006  
 (520) 298-1007  
 (520) 298-1008  
 (520) 298-1009  
 (520) 298-1010

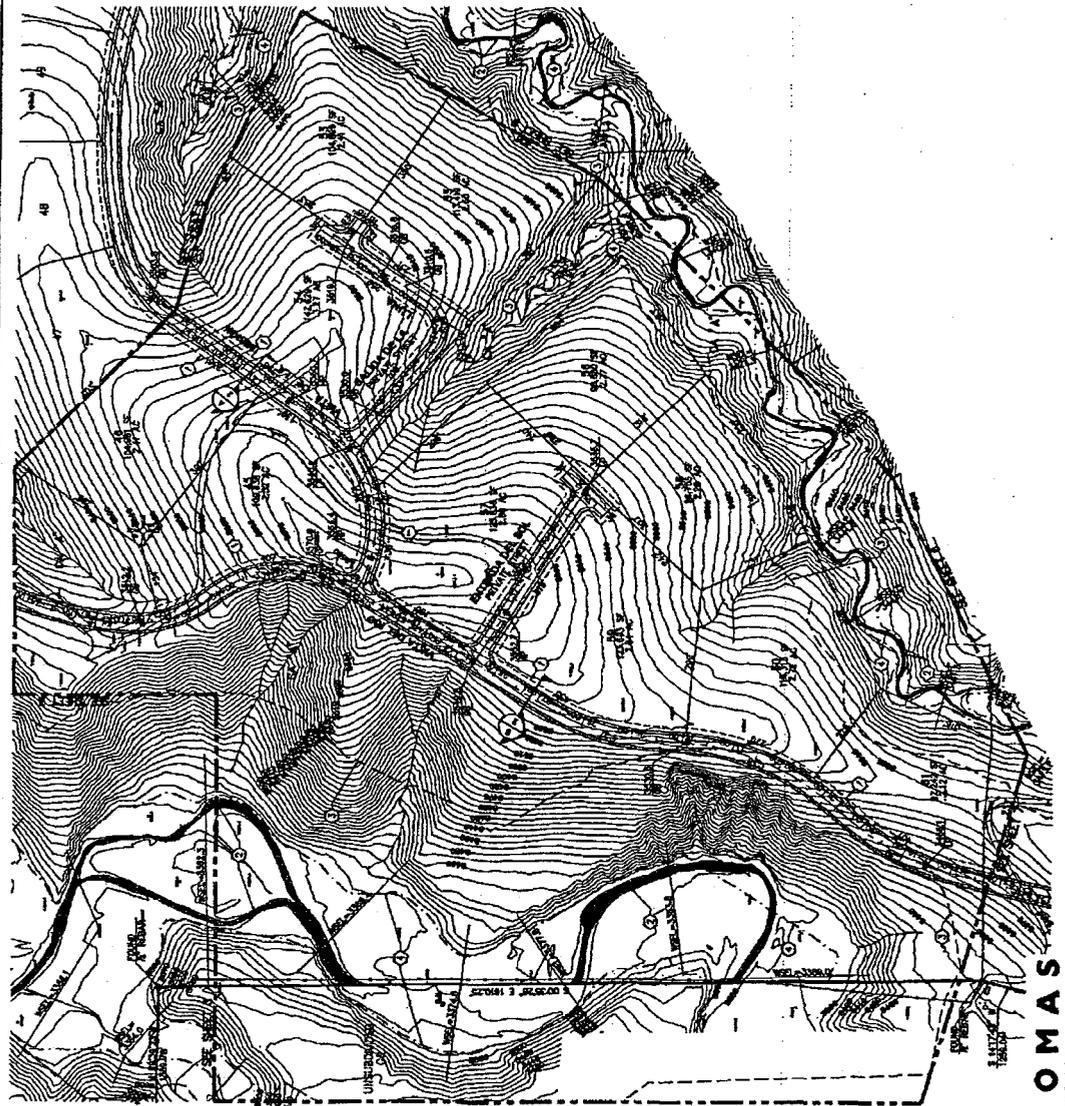




SCALE 1" = 100'  
CONTOUR INTERVAL 5'

LINE ELEVATION	BEARING
128	115.25
129	115.25
130	115.25
131	115.25
132	115.25
133	115.25
134	115.25
135	115.25
136	115.25
137	115.25
138	115.25
139	115.25
140	115.25
141	115.25
142	115.25
143	115.25
144	115.25
145	115.25
146	115.25
147	115.25
148	115.25
149	115.25
150	115.25
151	115.25
152	115.25
153	115.25
154	115.25
155	115.25
156	115.25
157	115.25
158	115.25
159	115.25
160	115.25
161	115.25
162	115.25
163	115.25
164	115.25
165	115.25
166	115.25
167	115.25
168	115.25
169	115.25
170	115.25
171	115.25
172	115.25
173	115.25
174	115.25
175	115.25
176	115.25
177	115.25
178	115.25
179	115.25
180	115.25
181	115.25
182	115.25
183	115.25
184	115.25
185	115.25
186	115.25
187	115.25
188	115.25
189	115.25
190	115.25
191	115.25
192	115.25
193	115.25
194	115.25
195	115.25
196	115.25
197	115.25
198	115.25
199	115.25
200	115.25

CURVE LENGTH	WASHER	WELLS
128	115.25	115.25
129	115.25	115.25
130	115.25	115.25
131	115.25	115.25
132	115.25	115.25
133	115.25	115.25
134	115.25	115.25
135	115.25	115.25
136	115.25	115.25
137	115.25	115.25
138	115.25	115.25
139	115.25	115.25
140	115.25	115.25
141	115.25	115.25
142	115.25	115.25
143	115.25	115.25
144	115.25	115.25
145	115.25	115.25
146	115.25	115.25
147	115.25	115.25
148	115.25	115.25
149	115.25	115.25
150	115.25	115.25
151	115.25	115.25
152	115.25	115.25
153	115.25	115.25
154	115.25	115.25
155	115.25	115.25
156	115.25	115.25
157	115.25	115.25
158	115.25	115.25
159	115.25	115.25
160	115.25	115.25
161	115.25	115.25
162	115.25	115.25
163	115.25	115.25
164	115.25	115.25
165	115.25	115.25
166	115.25	115.25
167	115.25	115.25
168	115.25	115.25
169	115.25	115.25
170	115.25	115.25
171	115.25	115.25
172	115.25	115.25
173	115.25	115.25
174	115.25	115.25
175	115.25	115.25
176	115.25	115.25
177	115.25	115.25
178	115.25	115.25
179	115.25	115.25
180	115.25	115.25
181	115.25	115.25
182	115.25	115.25
183	115.25	115.25
184	115.25	115.25
185	115.25	115.25
186	115.25	115.25
187	115.25	115.25
188	115.25	115.25
189	115.25	115.25
190	115.25	115.25
191	115.25	115.25
192	115.25	115.25
193	115.25	115.25
194	115.25	115.25
195	115.25	115.25
196	115.25	115.25
197	115.25	115.25
198	115.25	115.25
199	115.25	115.25
200	115.25	115.25



REMARKS:  
 (1) PUBLIC UTILITY EASEMENT GRANTED TO SANTA RITA COUNTY BY PLAT MAT  
 (2) 40' AGRICULTURAL EASEMENT  
 (3) EXISTING HAZARD STRUCK  
 (4) EXISTING 100-FOOT FLOOD PLAIN

TENTATIVE PLAT  
 FOR  
**PALO PARADO**  
 LOTS 1 THROUGH 75  
 COMMON AREA "A" (OPEN SPACE &  
 DRAINAGE) AND COMMON AREA "B"  
 (PRIVATE STREETS)  
 PORTIONS OF SECTIONS 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20,  
 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40,  
 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60,  
 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75,  
 SOUTH CRIST COUNTY, ARIZONA



**PSOMAS**  
 100 S. W. 10th Street, Suite 110  
 Phoenix, Arizona 85007  
 (602) 242-2200 (602) 242-1880 Fax  
 www.psomas.com



SCALE 1" = 100'  
CONTOUR INTERVAL 5'

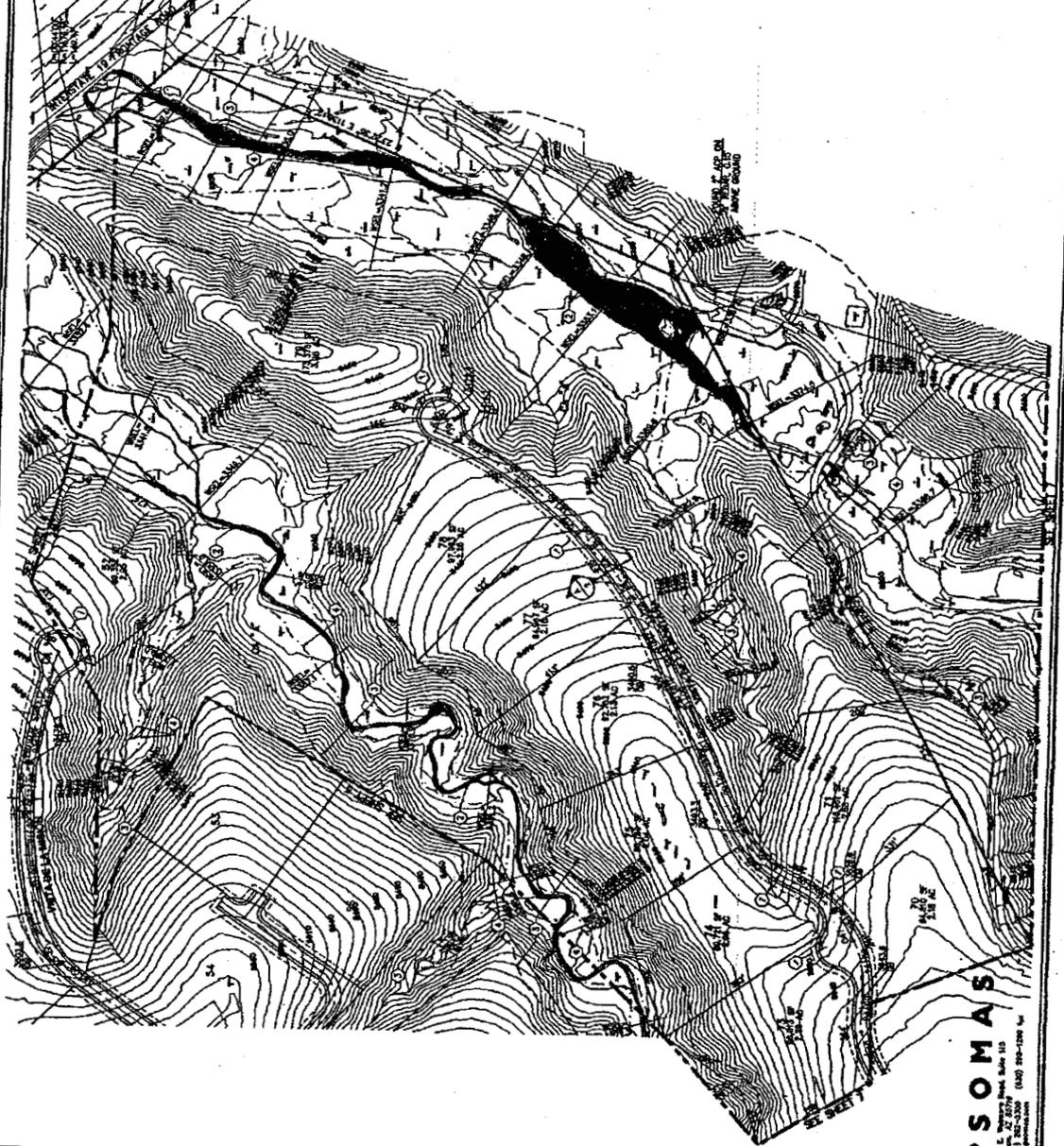
PLANS FOR  
COMBINE AND  
DIVIDE THE  
LANDS  
DESCRIBED IN  
SECTION 17,  
T.22-N., R.12-E., S.4-R.,  
SANTA RITA COUNTY, ARIZONA

(SOUTH BOUND)  
(DWM NO. D-12-1-322)

DATE OF SURVEY  
MAY 19 1920

CHAIN	LENGTH	MARKS	AREA
1	177.48	250.00	44371.1
2	177.48	250.00	44371.1
3	177.48	250.00	44371.1
4	177.48	250.00	44371.1
5	177.48	250.00	44371.1
6	177.48	250.00	44371.1
7	177.48	250.00	44371.1
8	177.48	250.00	44371.1
9	177.48	250.00	44371.1
10	177.48	250.00	44371.1

LINE	TABLE
1	177.48
2	177.48
3	177.48
4	177.48
5	177.48
6	177.48
7	177.48
8	177.48
9	177.48
10	177.48



- REMARKS
1. OF PUBLIC UTILITY CHARACTER GRANTED TO SANTA RITA COUNTY BY FINAL PLAT
  2. FOR AGRICULTURAL WORK
  3. BOUNDARY SURVEY
  4. EXTENDING TO HIGH FLOOD PLAIN

TENTATIVE PLAT  
FOR  
**PALO PARADO**  
LOTS THROUGH TO  
COMMON AREA, OPEN SPACE &  
DRAINAGE AND COMMON AREA TO  
(PRIVATE STREETS)  
PORTIONS OF SEC. 17, T. 22-N., R. 12-E., S. 4-R.,  
SANTA RITA COUNTY, ARIZONA



**PSOMAS**  
100 E. WASHINGTON, PHOENIX, ARIZ. 113  
(303) 262-2324 (303) 262-2324  
SANTA RITA COUNTY, ARIZONA

---

---

PARCEL I  
LAWYERS TITLE of ARIZONA  
TRUST 5433-T

---

---

ATTACHED DOCUMENTS

1. LETTER FROM OWNER / LEGAL REPRESENTATIVE .....	1 page
2. KEY MAP .....	1 page
3. SANTA CRUZ COUNTY ASSESSOR / LEGAL DESCRIPTION .....	2 pages
4. MAP OF PARCEL .....	1 page
5. LEGAL DESCRIPTION .....	7 pages



Lawyers Title Agency of Arizona, LLC

LAWYERS TITLE AGENCY OF ARIZONA, LLC.  
7840 E. Broadway, Suite 210  
Tucson, Az 85710  
Phone: (520) 748-3521  
Fax: (520) 748-3532

September 17, 2008

Algonquin Water Services, L.L.C.  
Attn: Mr. James W. Humble, P.E.  
12725 West Indian School Road  
Suite D 101  
Avondale, Arizona 85323

Rio Rico Utilities  
Attn: Mr. Martin Garland  
1060 Yavapai Drive  
Suite 9  
Rio Rico, Arizona 85648

Re: Trust property, Santa Cruz County, Arizona

Gentlemen:

This letter shall serve as a request by Lawyers Title of Arizona, Inc., under Trust 5433-T, that Algonquin Water Services L.L.C. (Rio Rico Utilities) expand their water service district to include our property included in this trust, Santa Cruz County, Arizona.

The property is located just north of Rio Rico in a portion of the Luis Maria Land Grant, lying in portions of Sections 7, 8, 17 & 18 Township 22 South, Range 13 East, Santa Cruz County, along the western side of Interstate 19 approximately 6 miles south of Tubac and north of Palo Parado interchange. The property totals 372.23 acres.

See attached Legal Description "Exhibit A", Parcel I.

We look forward to a mutually beneficial relationship.

Sincerely,

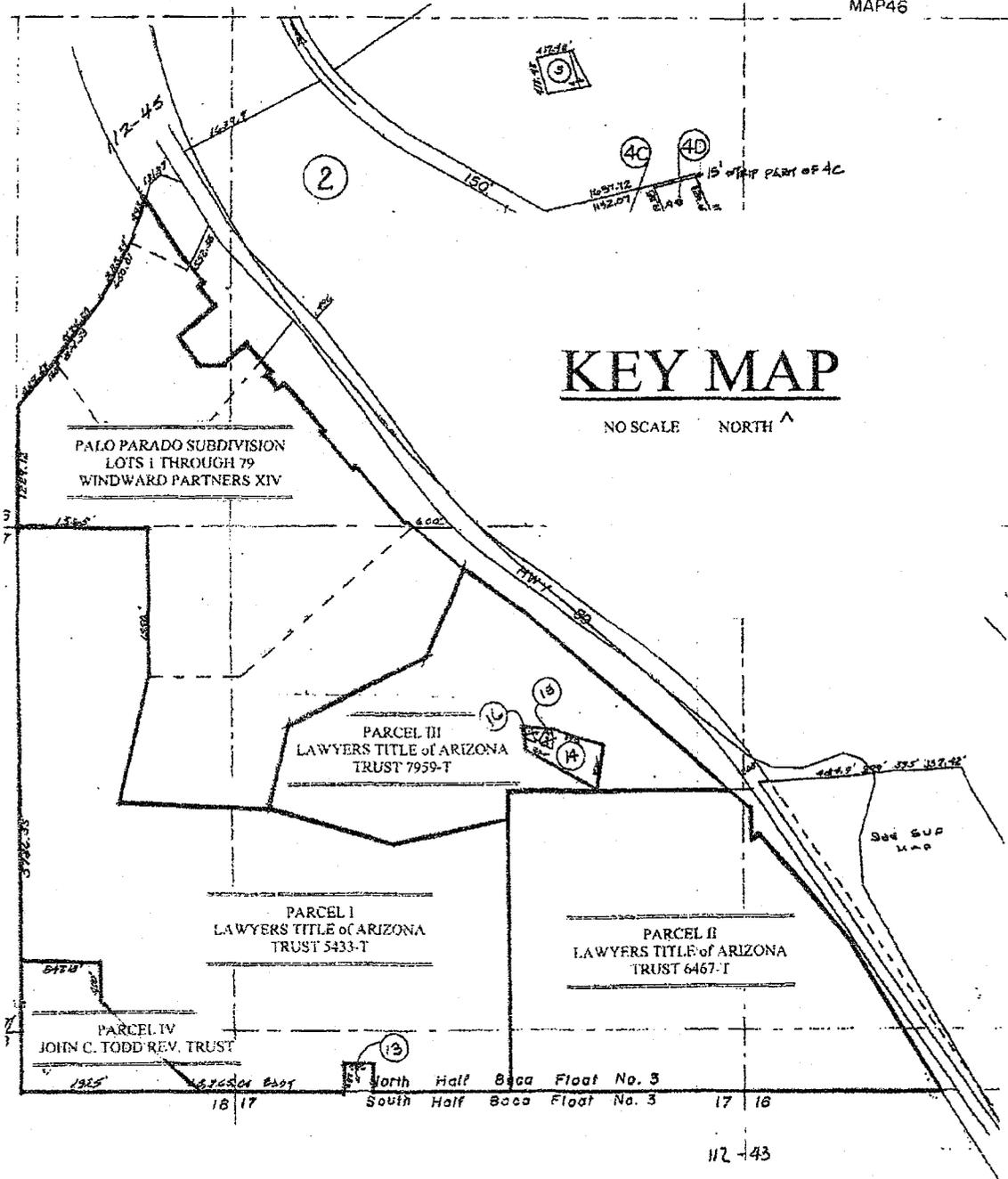
LAWYERS TITLE OF ARIZONA, INC.

Isyde M. Rodda  
Assistant Vice President

Attachment

Part Of North Half Baca Float No. 3

BOOK 112  
MAP 46



# KEY MAP

NO SCALE NORTH ^

North Half Baca Float No. 3  
South Half Baca Float No. 3

112-43



### Santa Cruz County Assessor Parcel Search

[Back to Santa Cruz County Page](#)

Data updated Yesterday

Enter parcel number in the format xxx-xx-xxx and press Submit.

*Don't know your Parcel Number?*



[Previous](#)

Parcel No.

112-46-001d

[Next](#)

Tax Year

2008

*Parcel I*

[Submit Query](#)

[Reset](#)

#### Parcel Information

Tax Year: 2008

Total Tax Due: (no amount listed)

Parcel Number: 112-46-001D

[Click for Map PDF](#)

[Click for Improvement Info](#)

Site Address: (not assigned)

Owner: LAWYERS TITLE OF ARIZONA INC TR#5433

Owner 2:

Mailing Address: 422 N 5TH AVE

City: TUCSON

State: AZ

Zip: 85105

Full Cash Value: \$7,445.00

Assessed Full Cash Value: \$1,191.00

Limited Value: \$7,382.00

Assessed Limited Value:	\$1,181.00
Value Method:	(not specified)
Exempt Amount:	\$0.00
Exemption Type:	(not exempt)
Use Code:	4710
Property Use:	RANCH PROPERTY
Class Code:	AG/VACANT LAND/NON-PROFIT-REAL PROPERTY AND IMPRO
Assessment Ratio:	16.00 %

**Last Sale Information**

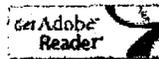
Sale Price (click for info):	(no price listed)
Sale Date:	(no date listed)
Recorded Instrument Type:	(not specified)
Book:	(no book # listed)
Page:	(no page # listed)

[Access Recorder's theCountyRecorder site](#)

**Legal Description Information**

Parcel Size:	372.23
Unit Type:	ACRES
Legal Description:	PT N2 BACA FLOAT #3 SW OF I-19 BEING PT OF SECS 78, 17 & 18 T22S R13E EXC PT DESC IN DKTS 58/226,143/123,392/409 LESS FOOTAGE TAKE BY ADOT

To view map PDFs, you must have Adobe Acrobat Reader installed on your system. Click this button to download the free Reader if you do not already have it.



This site uses browser 'pop-ups' to display help information. If you use a 'pop-up' blocker, you will not be able to see these help windows. For additional information regarding using browsers other than Internet Explorer, click Browser Help button.



[Back to Santa Cruz County Page](#)

PDFs\



Escrow Officer: Tony Montes  
1780 N. Mastick Way  
Suite F  
Nogales, Az 85621

**Limited Report**  
**Lawyers Title Insurance Corporation**

File No.: 34212

Associated File No.: [    ]

Dated: July 25, 2008 at 7:30 a.m.

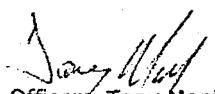
**Lawyers Title Insurance Corporation** hereby reports that an examination of the title to the land described in Schedule A is vested as shown in Schedule A, subject to the liens, encumbrances and defects as shown in Schedule B.

This is a report of status of title **ONLY** and is neither a guarantee of title, a commitment to insure nor a policy of title insurance.

**The total liability of the Company is limited to the fee paid for this report.**

**SCHEDULE A**

1. Title to the said estate or interest in said land is at the effective date hereof vested in:  
**Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 5433-T as to Parcel I, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 6467-T as to Parcel II, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 7959-T as to Parcel III, John C. Todd Revocable Trust dated 2/7/85, as to Parcel IV**
2. The estate or interest in the land described or referred to in the Report and covered herein is  
**[A FEE]** .
3. The land referred to in this Report is situated in the County of Santa Cruz, State of ARIZONA, and is described as follows:  
**See Exhibit "A" Attached**

  
Title Officer, Tony Montes

Parcel I

A part of the North and South halves of Baca Float No. 3, more particularly described as follows, to-wit:

Beginning at the point on the west line of Baca Float No. 3, 32,882.52 feet south from the northwest corner and on the division line between the North and South half of said Baca Float;

Running thence North 7,015.45 feet to a one inch capped pipe at fence corner; from which point the closing corner between Sections 6 and 31, Townships 21 and 22, Range 13 East, Gila and Salt River Base and Meridian, bears North 4.056.45 feet distant;

Thence along fence line North 39 degrees 08 minutes East, 449.47 feet to a point;

Thence along fence line North 38 degrees 13 minutes East, 974.30 feet to a point;

Thence along fence line North 25 degrees 23 minutes East, 825.34 feet to a point;

Thence along fence line North 26 degrees 17 minutes East, 493.50 feet to a point;

Thence along fence line North 49 degrees 14 minutes East, 131.87 feet to a point;

Thence along fence line South 71 degrees 01 minutes East, 283.52 feet to a one-inch capped pipe on the West right-of-way line of the Tucson-Nogales Highway at Engineer's Station 840-00;

Thence Southeasterly along the west right-of-way line a distance of 8,582 feet, more or less, to a one inch capped pipe at Engineer's Station 754-18.0;

Thence North 85 degrees 20 minutes East, 734.82 feet to a point;

Thence North 87 degrees 50 minutes East, 484.90 feet to a point;

Thence North 87 degrees 45 minutes East, 318.80 feet to a point;

Thence North 89 degrees 10 minutes East, 395.00 feet to a point;

Thence North 88 degrees 35 minutes East, 337.42 feet to a one-inch capped pipe at fence on the west bank of the Santa Cruz River;

Thence along fence line South 27 degrees 16 minutes East, 205.80 feet to a point;

Thence along fence line South 15 degrees 59 minutes East, 99.95 feet to a point;

Thence South 29 degrees 31 minutes East, 440.88 feet to a point;

Thence South 40 degrees 42 minutes East, 160.10 feet to a point;  
Thence South 41 degrees 51 minutes East, 160.00 feet to a point;  
Thence South 63 degrees 43 minutes East, 194.73 feet to a point;  
Thence South 69 degrees 31 minutes West, 67.81 feet to a point;  
Thence South 5 degrees 53 minutes East, 242.95 feet to a point;  
Thence South 48 degrees 54 minutes East, 462.00 feet to a point;  
Thence South 45 degrees 04 minutes East, 380.00 feet to a point;  
Thence South 52 degrees 41 minutes East, 96.95 feet to a point;  
Thence South 85 degrees 57 minutes East, 348.48 feet to a point;  
Thence South 84 degrees 18 minutes East, 153.23 feet to a point;  
Thence South 37 degrees 57 minutes East, 184.07 feet to a point;  
Thence South 33 degrees 45 minutes East, 198.45 feet to a point;  
Thence South 15 degrees 03 minutes East, 210.90 feet to a point;  
  
Thence South 8 degrees 22 minutes East, 758.82 feet to a point on the division line between the North half and the South half of Baca Float No. 3 and 11,867.0 feet East of the West Line;  
  
Thence South 1 degree 52 minutes East, 400.05 feet to a point;  
  
Thence South 5 degrees 46 minutes West, 811.90 feet to a one-inch capped pipe at fence corner;  
  
Thence North 80 degrees 07 minutes West, 1,889.42 feet to a one-half inch bolt in the center of the Tucson-Nogales Highway at Engineer's Station 706-03.2;  
  
Thence along center line of the Tucson-Nogales Highway North 34 degrees 32 minutes West, 1,076.0 feet to a point on the division line between the North half and the South half of Baca Float No. 3;  
  
Thence West on said division line 9,835.00 feet to the place of beginning being a part of the North and South halves of Baca Float No. 3 in Santa Cruz County, State of Arizona.

Except the following described parcels:

Beginning at a point on the division line between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

- Thence North 8 degrees 22 minutes West, 758.82 feet;
- Thence North 15 degrees 03 minutes West, 210.90 feet;
- Thence North 33 degrees 45 minutes West, 198.45 feet;
- Thence North 37 degrees 07 minutes West, 184.07 feet;
- Thence North 84 degrees 18 minutes West, 153.23 feet;
- Thence North 85 degrees 37 minutes West, 348.38 feet;
- Thence North 52 degrees 41 minutes West, 96.95 feet;
- Thence North 46 degrees 04 minutes West, 380.00 feet;
- Thence North 48 degrees 54 minutes West, 462.00 feet;
- Thence North 5 degrees 58 minutes West, 242.95 feet;
- Thence North 69 minutes 31 minutes East, 67.81 feet;
- Thence North 41 degrees 51 minutes West, 160.00 feet;
- Thence North 40 degrees 42 minutes West, 160.10 feet;
- Thence North 29 degrees 31 minutes West, 440.83 feet;
- Thence North 15 degrees 59 minutes West, 99.95 feet;
- Thence North 27 degrees 16 minutes West, 205.80 feet;
- Thence South 88 degrees 35 minutes West, 337.42 feet;
- Thence South 88 degrees 10 minutes West, 395.00 feet;
- Thence South 83 degrees 00 minutes West, 299.00 feet;
- Thence South 87 degrees 45 minutes West, 318.80 feet;
- Thence South 87 degrees 50 minutes West, 484.90 feet;

Thence South 85 degrees 20 minutes West, to the center of the present Tucson-Nogales Highway;

Thence Southeasterly along the center line of the present existing Tucson-Nogales Highway to the said division line between the North half and the South half of said Baca Float No. 3;

Thence Easterly along the said division line to the point of beginning;

AND

Beginning at a point on the division between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

Thence South 1 degree 52 minutes East, 400.05 feet;

Thence South 6 degrees 46 minutes West, 811.90 feet;

Thence North 80 degrees 07 minutes West, to the center line of the present existing Tucson-Nogales Highway;

Thence Northwesterly along said center line to the said division between the North Half and the South half of said Baca Float No. 3;

Thence Easterly along the division line to the point of beginning.

Also Excepting therefrom those portions as Deeded in Docket 143 at Page 123, Docket 392 at Page 409 and Docket 1130 at Page 653.

#### Parcel II

All that part of the Baca Float No. 3, Santa Cruz County, Arizona, more particularly described as follows:

Commencing at a point on the West boundary of said Baca Float No. 3, said point sometimes known as the Westerly corner between the North and South Halves of said Baca Float No. 3, said point also being South 32,882.52 feet from the Northwest corner of said Baca Float No. 3;

THENCE South 89 degrees 57 minutes 15 seconds East. along the lines between the North and South Halves of said Baca Float No. 3, 5,018.41 feet to a half inch iron pin and the place of beginning.

THENCE continuing along said line between the North and South Halves of said Baca Float No. 3, South 89 degrees 57 minutes 15 seconds East. 5,041.84 feet to a half inch pin, said iron pin being a point of the center line of the Tucson-Nogales Highway (abandoned);

THENCE South 34 degrees 29 minutes 15 seconds East along the center line of the said Tucson-Nogales Highway (abandoned) 1,075.56 feet to a half inch iron pin;

THENCE South 80 degrees 07 minutes East., 206.45 feet to a half inch iron pin on a curve, said pin also being at a point on the Westerly right-of-way of the present Tucson-Nogales Highway;

THENCE Northwesterly along said right-of-way and on a curve subtending an internal angle of 20 degrees 18 minutes 27 seconds having a radius 14,223.90 feet, a distance of 5,041.88 feet to a point on said curve;

THENCE South 85 degrees 20 minutes West. 78.00 feet to a lead cap pipe;

THENCE South 89 degrees 27 minutes 30 seconds West 2,850.00 feet to a half inch iron pin;

THENCE South 00 degrees 32 minutes 30 seconds East, 3,092.47 feet to the place of beginning

#### Parcel III

Parcels 1 through 4 of Palo Parado Hills, a subdivision of Santa Cruz County, Arizona, on record in the Office of the Santa Cruz County Recorder in Book 2 of Surveys at Page 55 thereof.

#### Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Sent Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

---

---

PARCEL II  
LAWYERS TITLE of ARIZONA  
TRUST 6467-T

---

---

ATTACHED DOCUMENTS

1. LETTER FROM OWNER / LEGAL REPRESENTATIVE .....	1 page
2. KEY MAP .....	1 page
3. SANTA CRUZ COUNTY ASSESSOR / LEGAL DESCRIPTION .....	2 pages
4. MAP OF PARCEL .....	1 page
5. LEGAL DESCRIPTION .....	7 pages



Lawyers Title Agency of Arizona, LLC

LAWYERS TITLE AGENCY OF ARIZONA, LLC.  
7840 E. Broadway, Suite 210  
Tucson, Az 85710  
Phone: (520) 748-3521  
Fax: (520) 748-3532

September 17, 2008

Algonquin Water Services, L.L.C.  
Attn: Mr. James W. Humble, P.E.  
12725 West Indian School Road  
Suite D 101  
Avondale, Arizona 85323

Rio Rico Utilities  
Attn: Mr. Martin Garland  
1060 Yavapai Drive  
Suite 9  
P. O. Box 4165  
Rio Rico, Arizona 85648

Re: Trust property Santa Cruz County, Arizona

Gentlemen:

This letter shall serve as a request by Lawyers Title of Arizona, Inc. under Trust 6467-T, that Algonquin Water Service L.L.C. (Rio Rico Utilities) expand their water service district to include our property included in this trust, Santa Cruz County, Arizona.

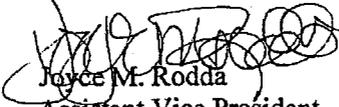
The property is located just north of Rio Rico in a portion of the Luis Maria Land Grant, lying in portions of Sections 8, 9, 16 & 17, Township 22 South, Range 13 East, Santa Cruz County, along the western side of Interstate 19 approximately 7 miles south of Tubac and south and west of the Palo Parado interchange. The property totals 290.99 acres.

See attached Legal Description "Exhibit A", Parcel II

We look forward to a mutually beneficial relationship.

Sincerely,

LAWYERS TITLE OF ARIZONA, INC.

  
Joyce M. Rodda  
Assistant Vice President

Attachment





### Santa Cruz County Assessor Parcel Search

[Back to Santa Cruz County Page](#)

Data updated Yesterday

Enter parcel number in the format xxx-xx-xxx and press Submit.

*Don't know your Parcel Number?*



[Previous](#)

Parcel No.

112-46-008

[Next](#)

Tax Year

2008

*Parcel II*

[Submit Query](#)

[Reset](#)

#### Parcel Information

Tax Year: 2008

Total Tax Due: (no amount listed)

Parcel Number: 112-46-008

[Click for Map PDF](#)

[Click for Improvement Info](#)

Site Address: (not assigned)

Owner: LAWYERS TITLE OF ARIZONA 6467T

Owner 2:

Mailing Address: 422 N 5TH AVE

City: TUCSON

State: AZ

Zip: 85705

Full Cash Value: \$5,820.00

Assessed Full Cash Value: \$931.00

Limited Value: \$5,820.00

Assessed Limited Value:	\$931.00
Value Method:	(not specified)
Exempt Amount:	\$0.00
Exemption Type:	(not exempt)
Use Code:	4710
Property Use:	RANCH PROPERTY
Class Code:	AG/VACANT LAND/NON-PROFIT-REAL PROPERTY AND IMPRO
Assessment Ratio:	16.00 %

**Last Sale Information**

Sale Price (click for info):	\$0.00
Sale Date:	(no date listed)
Recorded Instrument Type:	(not specified)
Book:	58
Page:	226

[Access Recorder's theCountyRecorder site](#)

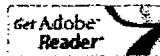
**Legal Description Information**

Parcel Size:	290.99
Unit Type:	ACRES

Legal Description:

PT OF N2 BACA FLOAT #3 AS DESC IN DKT 58-226

To view map PDFs, you must have Adobe Acrobat Reader installed on your system. Click this button to download the free Reader if you do not already have it.



This site uses browser 'pop-ups' to display help information. If you use a 'pop-up' blocker, you will not be able to see these help windows. For additional information regarding using browsers other than Internet Explorer, click Browser Help button.



[Back to Santa Cruz County Page](#)

PDFs\



Escrow Officer: Tony Montes  
1780 N. Mastick Way  
Suite F  
Nogales, Az 85621

**Limited Report**  
**Lawyers Title Insurance Corporation**

File No.: 34212

Associated File No.: [    ]

Dated: July 25, 2008 at 7:30 a.m.

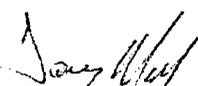
**Lawyers Title Insurance Corporation** hereby reports that an examination of the title to the land described in Schedule A is vested as shown in Schedule A, subject to the liens, encumbrances and defects as shown in Schedule B.

This is a report of status of title **ONLY** and is neither a guarantee of title, a commitment to insure nor a policy of title insurance.

**The total liability of the Company is limited to the fee paid for this report.**

**SCHEDULE A**

1. Title to the said estate or interest in said land is at the effective date hereof vested in:  
**Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 5433-T as to Parcel I, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 6467-T as to Parcel II, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 7959-T as to Parcel III, John C. Todd Revocable Trust dated 2/7/85, as to Parcel IV**
2. The estate or interest in the land described or referred to in the Report and covered herein is  
**[A FEE]**.
3. The land referred to in this Report is situated in the County of Santa Cruz, State of ARIZONA, and is described as follows:  
**See Exhibit "A" Attached**

  
Title Officer, Tony Montes

Parcel I

A part of the North and South halves of Baca Float No. 3, more particularly described as follows, to-wit:

Beginning at the point on the west line of Baca Float No. 3, 32,882.52 feet south from the northwest corner and on the division line between the North and South half of said Baca Float;

Running thence North 7,015.45 feet to a one inch capped pipe at fence corner; from which point the closing corner between Sections 6 and 31, Townships 21 and 22, Range 13 East, Gila and Salt River Base and Meridian, bears North 4.056.45 feet distant;

Thence along fence line North 39 degrees 08 minutes East, 449.47 feet to a point;

Thence along fence line North 38 degrees 13 minutes East, 974.30 feet to a point;

Thence along fence line North 25 degrees 23 minutes East, 825.34 feet to a point;

Thence along fence line North 26 degrees 17 minutes East, 493.50 feet to a point;

Thence along fence line North 49 degrees 14 minutes East, 131.87 feet to a point;

Thence along fence line South 71 degrees 01 minutes East, 283.52 feet to a one-inch capped pipe on the West right-of-way line of the Tucson-Nogales Highway at Engineer's Station 840-00;

Thence Southeasterly along the west right-of-way line a distance of 8,582 feet, more or less, to a one inch capped pipe at Engineer's Station 754-18.0;

Thence North 85 degrees 20 minutes East, 734.82 feet to a point;

Thence North 87 degrees 50 minutes East, 484.90 feet to a point;

Thence North 87 degrees 45 minutes East, 318.80 feet to a point;

Thence North 89 degrees 10 minutes East, 395.00 feet to a point;

Thence North 88 degrees 35 minutes East, 337.42 feet to a one-inch capped pipe at fence on the west bank of the Santa Cruz River;

Thence along fence line South 27 degrees 16 minutes East, 205.80 feet to a point;

Thence along fence line South 15 degrees 59 minutes East, 99.95 feet to a point;

Thence South 29 degrees 31 minutes East, 440.88 feet to a point;

Thence South 40 degrees 42 minutes East, 160.10 feet to a point;

Thence South 41 degrees 51 minutes East, 160.00 feet to a point;

Thence South 63 degrees 43 minutes East, 194.73 feet to a point;

Thence South 69 degrees 31 minutes West, 67.81 feet to a point;

Thence South 5 degrees 53 minutes East, 242.95 feet to a point;

Thence South 48 degrees 54 minutes East, 462.00 feet to a point;

Thence South 45 degrees 04 minutes East, 380.00 feet to a point;

Thence South 52 degrees 41 minutes East, 96.95 feet to a point;

Thence South 85 degrees 57 minutes East, 348.48 feet to a point;

Thence South 84 degrees 18 minutes East, 153.23 feet to a point;

Thence South 37 degrees 57 minutes East, 184.07 feet to a point;

Thence South 33 degrees 45 minutes East, 198.45 feet to a point;

Thence South 15 degrees 03 minutes East, 210.90 feet to a point;

Thence South 8 degrees 22 minutes East, 758.82 feet to a point on the division line between the North half and the South half of Baca Float No. 3 and 11,867.0 feet East of the West Line;

Thence South 1 degree 52 minutes East, 400.05 feet to a point;

Thence South 5 degrees 46 minutes West, 811.90 feet to a one-inch capped pipe at fence corner;

Thence North 80 degrees 07 minutes West, 1,889.42 feet to a one-half inch bolt in the center of the Tucson-Nogales Highway at Engineer's Station 706-03.2;

Thence along center line of the Tucson-Nogales Highway North 34 degrees 32 minutes West, 1,076.0 feet to a point on the division line between the North half and the South half of Baca Float No. 3;

Thence West on said division line 9,835.00 feet to the place of beginning being a part of the North and South halves of Baca Float No. 3 in Santa Cruz County, State of Arizona.

Except the following described parcels:

Beginning at a point on the division line between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

- Thence North 8 degrees 22 minutes West, 758.82 feet;
- Thence North 15 degrees 03 minutes West, 210.90 feet;
- Thence North 33 degrees 45 minutes West, 198.45 feet;
- Thence North 37 degrees 07 minutes West, 184.07 feet;
- Thence North 84 degrees 18 minutes West, 153.23 feet;
- Thence North 85 degrees 37 minutes West, 348.38 feet;
- Thence North 52 degrees 41 minutes West, 96.95 feet;
- Thence North 46 degrees 04 minutes West, 380.00 feet;
- Thence North 48 degrees 54 minutes West, 462.00 feet;
- Thence North 5 degrees 58 minutes West, 242.95 feet;
- Thence North 69 minutes 31 minutes East, 67.81 feet;
- Thence North 41 degrees 51 minutes West, 160.00 feet;
- Thence North 40 degrees 42 minutes West, 160.10 feet;
- Thence North 29 degrees 31 minutes West, 440.83 feet;
- Thence North 15 degrees 59 minutes West, 99.95 feet;
- Thence North 27 degrees 16 minutes West, 205.80 feet;
- Thence South 88 degrees 35 minutes West, 337.42 feet;
- Thence South 88 degrees 10 minutes West, 395.00 feet;
- Thence South 83 degrees 00 minutes West, 299.00 feet;
- Thence South 87 degrees 45 minutes West, 318.80 feet;
- Thence South 87 degrees 50 minutes West, 484.90 feet;

Thence South 85 degrees 20 minutes West, to the center of the present Tucson-Nogales Highway;

Thence Southeasterly along the center line of the present existing Tucson-Nogales Highway to the said division line between the North half and the South half of said Baca Float No. 3;

Thence Easterly along the said division line to the point of beginning;

AND

Beginning at a point on the division between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

Thence South 1 degree 52 minutes East, 400.05 feet;

Thence South 6 degrees 46 minutes West, 811.90 feet;

Thence North 80 degrees 07 minutes West, to the center line of the present existing Tucson-Nogales Highway;

Thence Northwesterly along said center line to the said division between the North Half and the South half of said Baca Float No. 3;

Thence Easterly along the division line to the point of beginning.

Also Excepting therefrom those portions as Deeded in Docket 143 at Page 123, Docket 392 at Page 409 and Docket 1130 at Page 653.

Parcel II

All that part of the Baca Float No. 3, Santa Cruz County, Arizona, more particularly described as follows:

Commencing at a point on the West boundary of said Baca Float No. 3, said point sometimes known as the Westerly corner between the North and South Halves of said Baca Float No. 3, said point also being South 32,882.52 feet from the Northwest corner of said Baca Float No. 3;

THENCE South 89 degrees 57 minutes 15 seconds East. along the lines between the North and South Halves of said Baca Float No. 3, 5,018.41 feet to a half inch iron pin and the place of beginning.

THENCE continuing along said line between the North and South Halves of said Baca Float No. 3, South 89 degrees 57 minutes 15 seconds East. 5,041.84 feet to a half inch pin, said iron pin being a point of the center line of the Tucson-Nogales Highway (abandoned);

THENCE South 34 degrees 29 minutes 15 seconds East along the center line of the said Tucson-Nogales Highway (abandoned) 1,075.56 feet to a half inch iron pin;

THENCE South 80 degrees 07 minutes East., 206.45 feet to a half inch iron pin on a curve, said pin also being at a point on the Westerly right-of-way of the present Tucson-Nogales Highway;

THENCE Northwesterly along said right-of-way and on a curve subtending an internal angle of 20 degrees 18 minutes 27 seconds having a radius 14,223.90 feet, a distance of 5,041.88 feet to a point on said curve;

THENCE South 85 degrees 20 minutes West. 78.00 feet to a lead cap pipe;

THENCE South 89 degrees 27 minutes 30 seconds West 2,850.00 feet to a half inch iron pin;

THENCE South 00 degrees 32 minutes 30 seconds East, 3,092.47 feet to the place of beginning

#### Parcel III

Parcels 1 through 4 of Palo Parado Hills, a subdivision of Santa Cruz County, Arizona, on record in the Office of the Santa Cruz County Recorder in Book 2 of Surveys at Page 55 thereof.

#### Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Sent Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

---

PARCEL III  
LAWYERS TITLE of ARIZONA  
TRUST 7959-T

---

ATTACHED DOCUMENTS

1. LETTER FROM OWNER / LEGAL REPRESENTATIVE .....	1 page
2. KEY MAP .....	1 page
3. SANTA CRUZ COUNTY ASSESSOR / LEGAL DESCRIPTION .....	2 pages
4. MAP OF PARCEL .....	1 page
5. LEGAL DESCRIPTION .....	7 pages



Lawyers Title Agency of Arizona, LLC

LAWYERS TITLE AGENCY OF ARIZONA, LLC.  
7840 E. Broadway, Suite 210  
Tucson, Az 85710  
Phone: (520) 748-3521  
Fax: (520) 748-3532

September 17, 2008

Algonquin Water Services, L.L.C.  
Attn: Mr. James W. Humble, P. E.  
12725 West Indian School Road  
Suite D 101  
Avondale, Arizona 85323

Rio Rico Utilities  
Attn: Mr. Martin Garland  
1060 Yavapai Drive  
Suite 9  
P. O. Box 4165  
Rio Rico, Arizona 85648

Re: Trust Property Santa Cruz County, Arizona

Gentlemen:

This letter shall serve as a request by Lawyers Title of Arizona, Inc. under Trust 7959-T, that Algonquin Water Services, L.L.C. (Rio Rico Utilities) expand their water service district to include our property included in this trust, Santa Cruz County, Arizona.

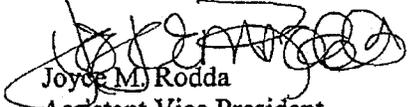
The property is located just north of Rio Rico in a portion of the Luis Maria Land Grant, lying in portions of Sections 7 & 8, Township 22 South, Range 13 East, Santa Cruz County, along the western side of Interstate 19 approximately 6 miles south of Tubac and north of the Palo Parado interchange. The property totals 154.60 acres.

See attached Legal Description "Exhibit A", Parcel III.

We look forward to a mutually beneficial relationship.

Sincerely,

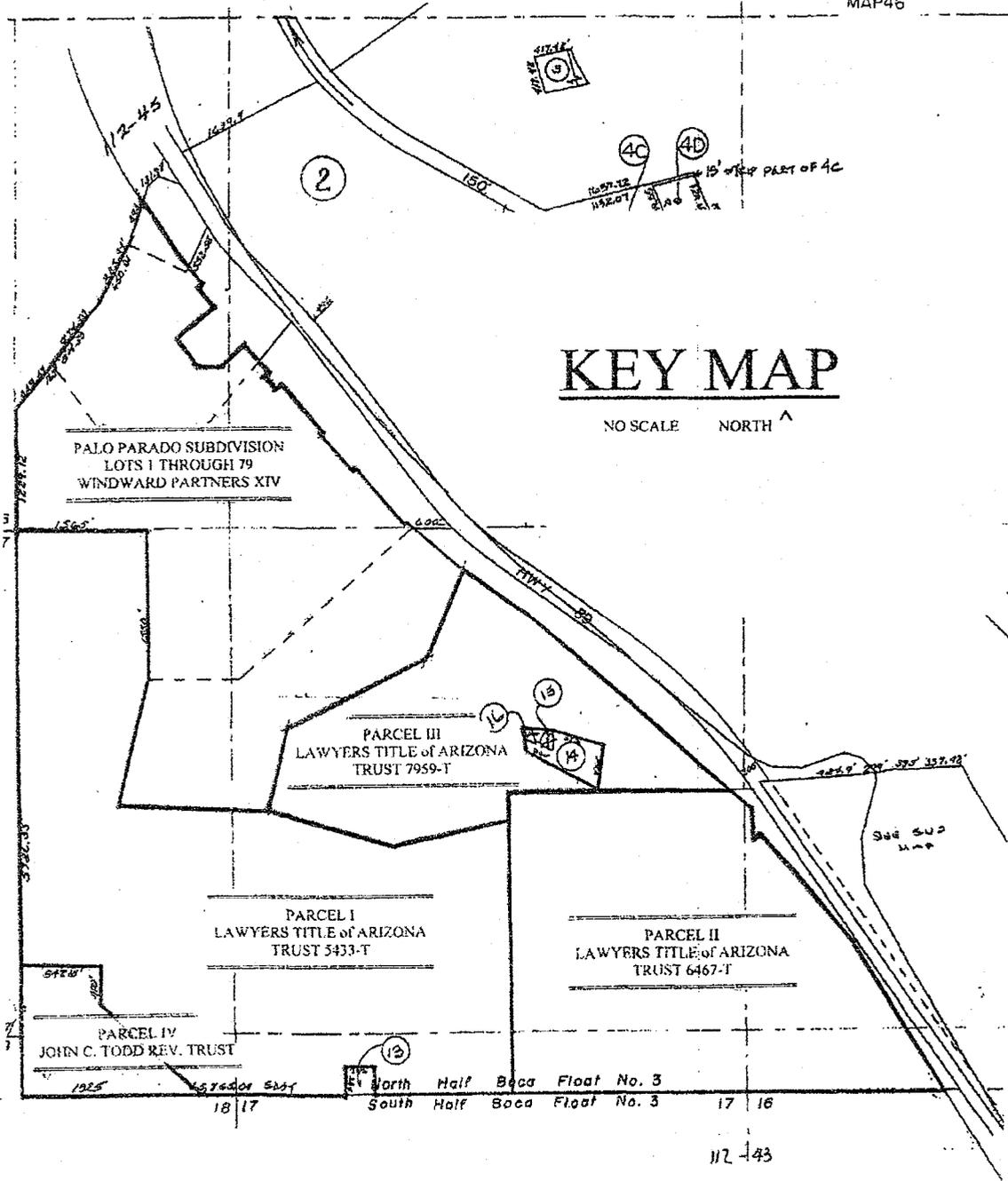
LAWYERS TITLE OF ARIZONA, INC.

  
Joyce M. Rodda  
Assistant Vice President

Attachment

Part Of North Half Baca Float No. 3

BOOK 112  
MAP 46





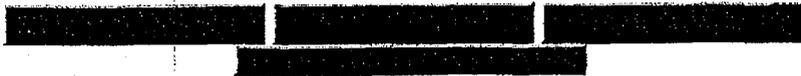
### Santa Cruz County Assessor Parcel Search

[Back to Santa Cruz County Page](#)

Data updated Yesterday

Enter parcel number in the format xxx-xx-xxx and press Submit.

*Don't know your Parcel Number?*



[Previous](#)

Parcel No.

112-46-001c

[Next](#)

Tax Year

2008

*Parcel III*

[Submit Query](#)

[Reset](#)

#### Parcel Information

Tax Year: 2008

Total Tax Due: (no amount listed)

Parcel Number: 112-46-001C

[Click for Map PDF](#)

[Click for Improvement Info](#)

Site Address: (not assigned)

Owner: LAWYERS TITLE OF AZ INC TR# 7959-T

Owner 2:

Mailing Address: 422 N 5TH AVE

City: TUCSON

State: AZ

Zip: 85705

Full Cash Value: \$3,092.00

Assessed Full Cash Value: \$495.00

Limited Value: \$3,065.00

Assessed Limited Value:	\$490.00
Value Method:	(not specified)
Exempt Amount:	\$0.00
Exemption Type:	(not exempt)
Use Code:	4710
Property Use:	RANCH PROPERTY
Class Code:	AG/VACANT LAND/NON-PROFIT-REAL PROPERTY AND IMPROV
Assessment Ratio:	16.00 %

**Last Sale Information**

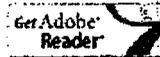
Sale Price (click for info):	\$0.00
Sale Date:	2/14/2005
Recorded Instrument Type:	(not specified)
Book:	1098
Page:	922

[Access Recorder's theCountyRecorder site](#)

**Legal Description Information**

Parcel Size:	154.60
Unit Type:	ACRES
Legal Description:	<p>THAT PT OF LAND IN THE N2 OF BACA FLOAT #3  LYING SWLY OF I-19  BEING PTS IN SEC 7&amp;8 T22S R13E AKA PALO  PARADO HILLS 1-6  DKTS 1098/922,</p>

To view map PDFs, you must have Adobe Acrobat Reader installed on your system. Click this button to download the free Reader if you do not already have it.



This site uses browser 'pop-ups' to display help information. If you use a 'pop-up' blocker, you will not be able to see these help windows. For additional information regarding using browsers other than Internet Explorer, click Browser Help button.

[Back to Santa Cruz County Page](#)

PDFs\



Escrow Officer: Tony Montes  
1780 N. Mastick Way  
Suite F  
Nogales, Az 85621

**Limited Report**  
**Lawyers Title Insurance Corporation**

File No.: 34212

Associated File No.: [    ]

Dated: July 25, 2008 at 7:30 a.m.

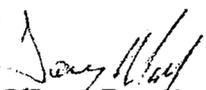
**Lawyers Title Insurance Corporation** hereby reports that an examination of the title to the land described in Schedule A is vested as shown in Schedule A, subject to the liens, encumbrances and defects as shown in Schedule B.

This is a report of status of title **ONLY** and is neither a guarantee of title, a commitment to insure nor a policy of title insurance.

**The total liability of the Company is limited to the fee paid for this report.**

**SCHEDULE A**

1. Title to the said estate or interest in said land is at the effective date hereof vested in:  
**Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 5433-T as to Parcel I, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 6467-T as to Parcel II, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 7959-T as to Parcel III, John C. Todd Revocable Trust dated 2/7/85, as to Parcel IV**
2. The estate or interest in the land described or referred to in the Report and covered herein is  
**[A FEE]**.
3. The land referred to in this Report is situated in the County of Santa Cruz, State of ARIZONA, and is described as follows:  
**See Exhibit "A" Attached**

  
Title Officer: Tony Montes

Parcel I

A part of the North and South halves of Baca Float No. 3, more particularly described as follows, to-wit:

Beginning at the point on the west line of Baca Float No. 3, 32,882.52 feet south from the northwest corner and on the division line between the North and South half of said Baca Float;

Running thence North 7,015.45 feet to a one inch capped pipe at fence corner; from which point the closing corner between Sections 6 and 31, Townships 21 and 22, Range 13 East, Gila and Salt River Base and Meridian, bears North 4.056.45 feet distant;

Thence along fence line North 39 degrees 08 minutes East, 449.47 feet to a point;

Thence along fence line North 38 degrees 13 minutes East, 974.30 feet to a point;

Thence along fence line North 25 degrees 23 minutes East, 825.34 feet to a point;

Thence along fence line North 26 degrees 17 minutes East, 493.50 feet to a point;

Thence along fence line North 49 degrees 14 minutes East, 131.87 feet to a point;

Thence along fence line South 71 degrees 01 minutes East, 283.52 feet to a one-inch capped pipe on the West right-of-way line of the Tucson-Nogales Highway at Engineer's Station 840-00;

Thence Southeasterly along the west right-of-way line a distance of 8,582 feet, more or less, to a one inch capped pipe at Engineer's Station 754-18.0;

Thence North 85 degrees 20 minutes East, 734.82 feet to a point;

Thence North 87 degrees 50 minutes East, 484.90 feet to a point;

Thence North 87 degrees 45 minutes East, 318.80 feet to a point;

Thence North 89 degrees 10 minutes East, 395.00 feet to a point;

Thence North 88 degrees 35 minutes East, 337.42 feet to a one-inch capped pipe at fence on the west bank of the Santa Cruz River;

Thence along fence line South 27 degrees 16 minutes East, 205.80 feet to a point;

Thence along fence line South 15 degrees 59 minutes East, 99.95 feet to a point;

Thence South 29 degrees 31 minutes East, 440.88 feet to a point;

Thence South 40 degrees 42 minutes East, 160.10 feet to a point;

Thence South 41 degrees 51 minutes East, 160.00 feet to a point;

Thence South 63 degrees 43 minutes East, 194.73 feet to a point;

Thence South 69 degrees 31 minutes West, 67.81 feet to a point;

Thence South 5 degrees 53 minutes East, 242.95 feet to a point;

Thence South 48 degrees 54 minutes East, 462.00 feet to a point;

Thence South 45 degrees 04 minutes East, 380.00 feet to a point;

Thence South 52 degrees 41 minutes East, 96.95 feet to a point;

Thence South 85 degrees 57 minutes East, 348.48 feet to a point;

Thence South 84 degrees 18 minutes East, 153.23 feet to a point;

Thence South 37 degrees 57 minutes East, 184.07 feet to a point;

Thence South 33 degrees 45 minutes East, 198.45 feet to a point;

Thence South 15 degrees 03 minutes East, 210.90 feet to a point;

Thence South 8 degrees 22 minutes East, 758.82 feet to a point on the division line between the North half and the South half of Baca Float No. 3 and 11,867.0 feet East of the West Line;

Thence South 1 degree 52 minutes East, 400.05 feet to a point;

Thence South 5 degrees 46 minutes West, 811.90 feet to a one-inch capped pipe at fence corner;

Thence North 80 degrees 07 minutes West, 1,889.42 feet to a one-half inch bolt in the center of the Tucson-Nogales Highway at Engineer's Station 706-03.2;

Thence along center line of the Tucson-Nogales Highway North 34 degrees 32 minutes West, 1,076.0 feet to a point on the division line between the North half and the South half of Baca Float No. 3;

Thence West on said division line 9,835.00 feet to the place of beginning being a part of the North and South halves of Baca Float No. 3 in Santa Cruz County, State of Arizona.

Except the following described parcels:

Beginning at a point on the division line between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

Thence North 8 degrees 22 minutes West, 758.82 feet;

Thence North 15 degrees 03 minutes West, 210.90 feet;

Thence North 33 degrees 45 minutes West, 198.45 feet;

Thence North 37 degrees 07 minutes West, 184.07 feet;

Thence North 84 degrees 18 minutes West, 153.23 feet;

Thence North 85 degrees 37 minutes West, 348.38 feet;

Thence North 52 degrees 41 minutes West, 96.95 feet;

Thence North 46 degrees 04 minutes West, 380.00 feet;

Thence North 48 degrees 54 minutes West, 462.00 feet;

Thence North 5 degrees 58 minutes West, 242.95 feet;

Thence North 69 minutes 31 minutes East, 67.81 feet;

Thence North 41 degrees 51 minutes West, 160.00 feet;

Thence North 40 degrees 42 minutes West, 160.10 feet;

Thence North 29 degrees 31 minutes West, 440.83 feet;

Thence North 15 degrees 59 minutes West, 99.95 feet;

Thence North 27 degrees 16 minutes West, 205.80 feet;

Thence South 88 degrees 35 minutes West, 337.42 feet;

Thence South 88 degrees 10 minutes West, 395.00 feet;

Thence South 83 degrees 00 minutes West, 299.00 feet;

Thence South 87 degrees 45 minutes West, 318.80 feet;

Thence South 87 degrees 50 minutes West, 484.90 feet;

Thence South 85 degrees 20 minutes West, to the center of the present Tucson-Nogales Highway;

Thence Southeasterly along the center line of the present existing Tucson-Nogales Highway to the said division line between the North half and the South half of said Baca Float No. 3;

Thence Easterly along the said division line to the point of beginning;

AND

Beginning at a point on the division between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

Thence South 1 degree 52 minutes East, 400.05 feet;

Thence South 6 degrees 46 minutes West, 811.90 feet;

Thence North 80 degrees 07 minutes West, to the center line of the present existing Tucson-Nogales Highway;

Thence Northwesterly along said center line to the said division between the North Half and the South half of said Baca Float No. 3;

Thence Easterly along the division line to the point of beginning.

Also Excepting therefrom those portions as Deeded in Docket 143 at Page 123, Docket 392 at Page 409 and Docket 1130 at Page 653.

Parcel II

All that part of the Baca Float No. 3, Santa Cruz County, Arizona, more particularly described as follows:

Commencing at a point on the West boundary of said Baca Float No. 3, said point sometimes known as the Westerly corner between the North and South Halves of said Baca Float No. 3, said point also being South 32,882.52 feet from the Northwest corner of said Baca Float No. 3;

THENCE South 89 degrees 57 minutes 15 seconds East. along the lines between the North and South Halves of said Baca Float No. 3, 5,018.41 feet to a half inch iron pin and the place of beginning.

THENCE continuing along said line between the North and South Halves of said Baca Float No. 3, South 89 degrees 57 minutes 15 seconds East. 5,041.84 feet to a half inch pin, said iron pin being a point of the center line of the Tucson-Nogales Highway (abandoned);

THENCE South 34 degrees 29 minutes 15 seconds East along the center line of the said Tucson-Nogales Highway (abandoned) 1,075.56 feet to a half inch iron pin;

THENCE South 80 degrees 07 minutes East., 206.45 feet to a half inch iron pin on a curve, said pin also being at a point on the Westerly right-of-way of the present Tucson-Nogales Highway;

THENCE Northwesterly along said right-of-way and on a curve subtending an internal angle of 20 degrees 18 minutes 27 seconds having a radius 14,223.90 feet, a distance of 5,041.88 feet to a point on said curve;

THENCE South 85 degrees 20 minutes West. 78.00 feet to a lead cap pipe;

THENCE South 89 degrees 27 minutes 30 seconds West 2,850.00 feet to a half inch iron pin;

THENCE South 00 degrees 32 minutes 30 seconds East, 3,092.47 feet to the place of beginning

#### Parcel III

Parcels 1 through 4 of Palo Parado Hills, a subdivision of Santa Cruz County, Arizona, on record in the Office of the Santa Cruz County Recorder in Book 2 of Surveys at Page 55 thereof.

#### Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Sent Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

---

---

PARCEL IV  
JOHN C. TODD REV. TRUST

---

---

ATTACHED DOCUMENTS

1. LETTER FROM OWNER / LEGAL REPRESENTATIVE .....	1 page
2. KEY MAP .....	1 page
3. SANTA CRUZ COUNTY ASSESSOR / LEGAL DESCRIPTION .....	2 pages
4. MAP OF PARCEL .....	1 page
5. LEGAL DESCRIPTION .....	7 pages

JOHN C. TODD  
422 NORTH 5TH AVENUE  
TUCSON, ARIZONA 85705

18 September 2008

Algonquin Water Services  
12725 West Indian School Road  
Suite D 101  
Avondale, Arizona 85323  
Attn: Mr. James W. Humble, P.E.

Rio Rico Utilities  
1060 Yavapai Drive  
Suite 9  
PO Box 4165  
Rio Rico, Arizona 85648  
Attn: Mr. Martin Garland

Re: Trust Property Santa Cruz County, Arizona

Gentlemen:

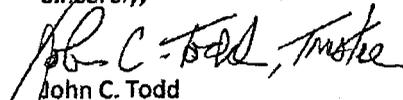
This letter shall serve as a request, by John C. Todd Rev. Trust, that Algonquin Water Services L.L.C. (Rio Rico Utilities), expand their water service district to include our property included in this trust, Santa Cruz County, Arizona.

The property is located just north of Rio Rico in a portion of the Luis Maria Land Grant, lying in portions of Sections 7 & 18, Township 22 South, Range 13 East, Santa Cruz County, along the western side of Interstate 19 approximately 7 miles south of Tubac and west of the Palo Parado interchange. The property totals 38.05 acres.

See attached Legal Description "Exhibit A", Parcel IV

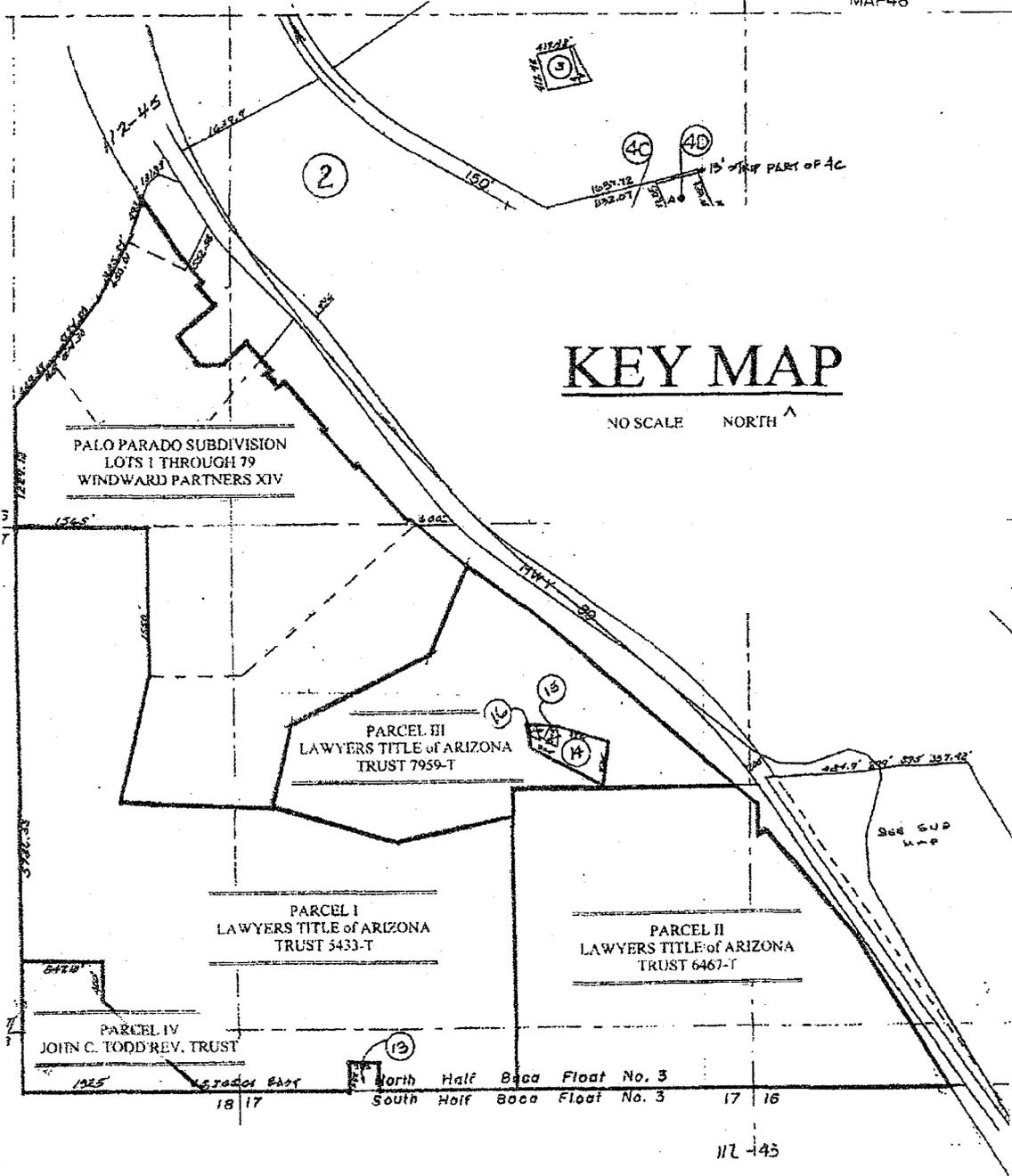
We look forward to a mutually beneficial relationship.

Sincerely,

  
John C. Todd  
Rev. Trust Ltd. 2.7.85

Part Of North Half Baca Float No. 3

BOOK 112  
MAP 46





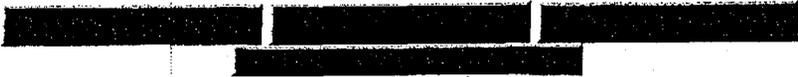
### Santa Cruz County Assessor Parcel Search

[Back to Santa Cruz County Page](#)

Data updated Yesterday

Enter parcel number in the format xxx-xx-xxx and press Submit.

*Don't know your Parcel Number?*



[Previous](#)

Parcel No.

[Next](#)

Tax Year

[Submit Query](#)

[Reset](#)

*Parcel IV*

#### Parcel Information

Tax Year:	2008
Total Tax Due:	(no amount listed)
Parcel Number:	112-46-001B
<a href="#">Click for Map PDF</a>	<a href="#">Click for Improvement Info</a>
Site Address:	(not assigned)
Owner:	TODD JOHN C
Owner 2:	REVOCABLE TRUST
Mailing Address:	422 N. FIFTH AVE
City:	TUCSON
State:	AZ
Zip:	85705
Full Cash Value:	\$761.00
Assessed Full Cash Value:	\$122.00
Limited Value:	\$761.00

Assessed Limited Value:	\$122.00
Value Method:	(not specified)
Exempt Amount:	\$0.00
Exemption Type:	(not exempt)
Use Code:	4710
Property Use:	RANCH PROPERTY
Class Code:	AG/VACANT LAND/NON-PROFIT-REAL PROPERTY AND IMPROV
Assessment Ratio:	16.00 %

**Last Sale Information**

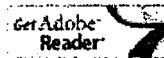
Sale Price (click for info):	\$38,000.00
Sale Date:	6/26/1986
Recorded Instrument Type:	OTHER
Book:	426
Page:	227

[Access Recorder's theCountyRecorder site](#)

**Legal Description Information**

Parcel Size:	38.05
Unit Type:	ACRES
Legal Description:	PORTIONS OF SECS 7 & 18 T22S R13E SEE 392/409

To view map PDFs, you must have Adobe Acrobat Reader installed on your system. Click this button to download the free Reader if you do not already have it.



This site uses browser 'pop-ups' to display help information. If you use a 'pop-up' blocker, you will not be able to see these help windows. For additional information regarding using browsers other than Internet Explorer, click Browser Help button.



[Back to Santa Cruz County Page](#)

PDFs\



Escrow Officer: Tony Montes  
1780 N. Mastick Way  
Suite F  
Nogales, Az 85621

**Limited Report**  
**Lawyers Title Insurance Corporation**

File No.: 34212

Associated File No.: [     ]

Dated: July 25, 2008 at 7:30 a.m.

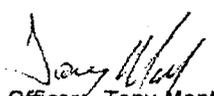
**Lawyers Title Insurance Corporation** hereby reports that an examination of the title to the land described in Schedule A is vested as shown in Schedule A, subject to the liens, encumbrances and defects as shown in Schedule B.

This is a report of status of title **ONLY** and is neither a guarantee of title, a commitment to insure nor a policy of title insurance.

**The total liability of the Company is limited to the fee paid for this report.**

**SCHEDULE A**

1. Title to the said estate or interest in said land is at the effective date hereof vested in:  
**Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 5433-T as to Parcel I, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 6467-T as to Parcel II, Lawyers Title of Arizona, an Arizona Corporation, as Trustee under that trust Agreement known as Trust Number 7959-T as to Parcel III, John C. Todd Revocable Trust dated 2/7/85, as to Parcel IV**
2. The estate or interest in the land described or referred to in the Report and covered herein is  
**[A FEE]**
3. The land referred to in this Report is situated in the County of Santa Cruz, State of ARIZONA, and is described as follows:  
**See Exhibit "A" Attached**

  
Title Officer, Tony Montes

Parcel I

A part of the North and South halves of Baca Float No. 3, more particularly described as follows, to-wit:

Beginning at the point on the west line of Baca Float No. 3, 32,882.52 feet south from the northwest corner and on the division line between the North and South half of said Baca Float;

Running thence North 7,015.45 feet to a one inch capped pipe at fence corner; from which point the closing corner between Sections 6 and 31, Townships 21 and 22, Range 13 East, Gila and Salt River Base and Meridian, bears North 4.056.45 feet distant;

Thence along fence line North 39 degrees 08 minutes East, 449.47 feet to a point;

Thence along fence line North 38 degrees 13 minutes East, 974.30 feet to a point;

Thence along fence line North 25 degrees 23 minutes East, 825.34 feet to a point;

Thence along fence line North 26 degrees 17 minutes East, 493.50 feet to a point;

Thence along fence line North 49 degrees 14 minutes East, 131.87 feet to a point;

Thence along fence line South 71 degrees 01 minutes East, 283.52 feet to a one-inch capped pipe on the West right-of-way line of the Tucson-Nogales Highway at Engineer's Station 840-00;

Thence Southeasterly along the west right-of-way line a distance of 8,582 feet, more or less, to a one inch capped pipe at Engineer's Station 754-18.0;

Thence North 85 degrees 20 minutes East, 734.82 feet to a point;

Thence North 87 degrees 50 minutes East, 484.90 feet to a point;

Thence North 87 degrees 45 minutes East, 318.80 feet to a point;

Thence North 89 degrees 10 minutes East, 395.00 feet to a point;

Thence North 88 degrees 35 minutes East, 337.42 feet to a one-inch capped pipe at fence on the west bank of the Santa Cruz River;

Thence along fence line South 27 degrees 16 minutes East, 205.80 feet to a point;

Thence along fence line South 15 degrees 59 minutes East, 99.95 feet to a point;

Thence South 29 degrees 31 minutes East, 440.88 feet to a point;

Thence South 40 degrees 42 minutes East, 160.10 feet to a point;

Thence South 41 degrees 51 minutes East, 160.00 feet to a point;

Thence South 63 degrees 43 minutes East, 194.73 feet to a point;

Thence South 69 degrees 31 minutes West, 67.81 feet to a point;

Thence South 5 degrees 53 minutes East, 242.95 feet to a point;

Thence South 48 degrees 54 minutes East, 462.00 feet to a point;

Thence South 45 degrees 04 minutes East, 380.00 feet to a point;

Thence South 52 degrees 41 minutes East, 96.95 feet to a point;

Thence South 85 degrees 57 minutes East, 348.48 feet to a point;

Thence South 84 degrees 18 minutes East, 153.23 feet to a point;

Thence South 37 degrees 57 minutes East, 184.07 feet to a point;

Thence South 33 degrees 45 minutes East, 198.45 feet to a point;

Thence South 15 degrees 03 minutes East, 210.90 feet to a point;

Thence South 8 degrees 22 minutes East, 758.82 feet to a point on the division line between the North half and the South half of Baca Float No. 3 and 11,867.0 feet East of the West Line;

Thence South 1 degree 52 minutes East, 400.05 feet to a point;

Thence South 5 degrees 46 minutes West, 811.90 feet to a one-inch capped pipe at fence corner;

Thence North 80 degrees 07 minutes West, 1,889.42 feet to a one-half inch bolt in the center of the Tucson-Nogales Highway at Engineer's Station 706-03.2;

Thence along center line of the Tucson-Nogales Highway North 34 degrees 32 minutes West, 1,076.0 feet to a point on the division line between the North half and the South half of Baca Float No. 3;

Thence West on said division line 9,835.00 feet to the place of beginning being a part of the North and South halves of Baca Float No. 3 in Santa Cruz County, State of Arizona.

Except the following described parcels:

Beginning at a point on the division line between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

- Thence North 8 degrees 22 minutes West, 758.82 feet;
- Thence North 15 degrees 03 minutes West, 210.90 feet;
- Thence North 33 degrees 45 minutes West, 198.45 feet;
- Thence North 37 degrees 07 minutes West, 184.07 feet;
- Thence North 84 degrees 18 minutes West, 153.23 feet;
- Thence North 85 degrees 37 minutes West, 348.38 feet;
- Thence North 52 degrees 41 minutes West, 96.95 feet;
- Thence North 46 degrees 04 minutes West, 380.00 feet;
- Thence North 48 degrees 54 minutes West, 462.00 feet;
- Thence North 5 degrees 58 minutes West, 242.95 feet;
- Thence North 69 minutes 31 minutes East, 67.81 feet;
- Thence North 41 degrees 51 minutes West, 160.00 feet;
- Thence North 40 degrees 42 minutes West, 160.10 feet;
- Thence North 29 degrees 31 minutes West, 440.83 feet;
- Thence North 15 degrees 59 minutes West, 99.95 feet;
- Thence North 27 degrees 16 minutes West, 205.80 feet;
- Thence South 88 degrees 35 minutes West, 337.42 feet;
- Thence South 88 degrees 10 minutes West, 395.00 feet;
- Thence South 83 degrees 00 minutes West, 299.00 feet;
- Thence South 87 degrees 45 minutes West, 318.80 feet;
- Thence South 87 degrees 50 minutes West, 484.90 feet;

Thence South 85 degrees 20 minutes West, to the center of the present Tucson-Nogales Highway;

Thence Southeasterly along the center line of the present existing Tucson-Nogales Highway to the said division line between the North half and the South half of said Baca Float No. 3;

Thence Easterly along the said division line to the point of beginning;

AND

Beginning at a point on the division between the North half and the South half of said Baca Float at a point that is 11,867 feet East of the West line of said Baca Float;

Thence South 1 degree 52 minutes East, 400.05 feet;

Thence South 6 degrees 46 minutes West, 811.90 feet;

Thence North 80 degrees 07 minutes West, to the center line of the present existing Tucson-Nogales Highway;

Thence Northwesterly along said center line to the said division between the North Half and the South half of said Baca Float No. 3;

Thence Easterly along the division line to the point of beginning.

Also Excepting therefrom those portions as Deeded in Docket 143 at Page 123, Docket 392 at Page 409 and Docket 1130 at Page 653.

Parcel II

All that part of the Baca Float No. 3, Santa Cruz County, Arizona, more particularly described as follows:

Commencing at a point on the West boundary of said Baca Float No. 3, said point sometimes known as the Westerly corner between the North and South Halves of said Baca Float No. 3, said point also being South 32,882.52 feet from the Northwest corner of said Baca Float No. 3;

THENCE South 89 degrees 57 minutes 15 seconds East. along the lines between the North and South Halves of said Baca Float No. 3, 5,018.41 feet to a half inch iron pin and the place of beginning.

THENCE continuing along said line between the North and South Halves of said Baca Float No. 3, South 89 degrees 57 minutes 15 seconds East. 5,041.84 feet to a half inch pin, said iron pin being a point of the center line of the Tucson-Nogales Highway (abandoned);

THENCE South 34 degrees 29 minutes 15 seconds East along the center line of the said Tucson-Nogales Highway (abandoned) 1,075.56 feet to a half inch iron pin;

THENCE South 80 degrees 07 minutes East., 206.45 feet to a half inch iron pin on a curve, said pin also being at a point on the Westerly right-of-way of the present Tucson-Nogales Highway;

THENCE Northwesterly along said right-of-way and on a curve subtending an internal angle of 20 degrees 18 minutes 27 seconds having a radius 14,223.90 feet, a distance of 5,041.88 feet to a point on said curve;

THENCE South 85 degrees 20 minutes West. 78.00 feet to a lead cap pipe;

THENCE South 89 degrees 27 minutes 30 seconds West 2,850.00 feet to a half inch iron pin;

THENCE South 00 degrees 32 minutes 30 seconds East, 3,092.47 feet to the place of beginning

#### Parcel III

Parcels 1 through 4 of Palo Parado Hills, a subdivision of Santa Cruz County, Arizona, on record in the Office of the Santa Cruz County Recorder in Book 2 of Surveys at Page 55 thereof.

#### Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Sent Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 2**

6 **Applicant's Proper Name:** Rio Rico Utilities, Inc. d/b/a/ Liberty Water

7 **Applicant's Address:** Rio Rico Utilities, Inc. DBA Liberty Water  
8 Attn: Development Services  
9 12725 W. Indian School Rd, Suite D-101  
Avondale, AZ 85392

10 **Applicant's Corporate Structure:** For-profit public service Chapter "C" Corporation

11 **Officers and Directors and mailing addresses:**

12  
13 Ian Robertson, Chief Executive Officer  
14 12725 W. Indian School Rd.  
15 Suite D-101  
Avondale, Arizona 85392

16 Robert Dodds, President  
17 12725 W. Indian School Rd.  
18 Suite D-101  
Avondale, Arizona 85392

19 David Bronicheski, Secretary  
20 12725 W. Indian School Rd.  
21 Suite D-101  
Avondale, Arizona 85392

22 David Bronicheski, Director  
23 12725 W. Indian School Rd.  
24 Suite D-101  
Avondale, Arizona 85392

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 3**  
6 **(Articles of Incorporation and Bylaws)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

## CERTIFICATE

I, Juanita I. Kerrigan, Secretary of Rio Rico Utilities, Inc., an Arizona corporation (the "Corporation"), do hereby certify as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Articles of Incorporation, as filed with the Arizona Corporation Commission on May 18, 1992 and in full force and effect as of the date hereof.

2. Attached hereto as Exhibit B is a true and correct copy of the By-Laws of the Corporation, as in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 29<sup>th</sup> day of November, 2005.

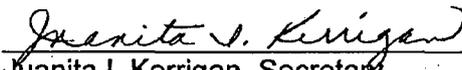
  
\_\_\_\_\_  
Juanita I. Kerrigan, Secretary

EXHIBIT 11  
STATE OF ARIZONA  
ACC/FAX  
DATE FILED

ARTICLES OF INCORPORATION  
OF  
RIO RICO UTILITIES INC.

MAY 10 1992  
DATE APPR 5/18/92  
TERM  
BY Thomas Brown  
242064

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves for the purpose of forming a corporation under the laws of the State of Arizona, and do hereby adopt the following Articles of Incorporation.

ARTICLE I

The name of this Corporation shall be Rio Rico Utilities Inc. *OK*

ARTICLE II

The incorporators of the Corporation and their addresses are as follows:

- Dennis J. Getman  
201 Alhambra Circle  
Coral Gables, Florida 33134
- Juanita Kerrigan  
201 Alhambra Circle  
Coral Gables, Florida 33134

ARTICLE III

The known place of business of the Corporation shall initially be as follows: 275 Rio Rico Drive, Rio Rico, Arizona 856<sup>48</sup>~~41~~. Said place of business shall be subject to change hereafter in accordance with applicable law.

ARTICLE IV

The objects and purposes of this Corporation and the general nature of the business it initially proposes to transact are set forth below.



stock, whether now or hereafter authorized, except as hereinafter expressly provided or contemplated.

A. No Preemptive Rights; Stock Options and Rights. No stockholder of this Corporation shall have any preemptive or other similar right or option with respect to shares of capital stock proposed to be offered or issued by this Corporation. The Board of Directors shall have the authority to create and issue rights and options entitling the holders thereof to purchase from this Corporation shares of its capital stock. Any such rights or options need not be offered or issued generally to stockholders of this Corporation and may be offered or issued to such persons (including directors, officers and/or employees of this Corporation and/or any affiliate) as the Board of Directors deems appropriate.

B. Distributions From Capital Surplus. The Board of Directors shall have the authority to effect a distribution from capital surplus of this Corporation to the holders of its outstanding capital stock, subject to the requirements of applicable law.

C. Repurchase of Shares. The Board of Directors shall have the authority to effect a repurchase by this Corporation of outstanding shares of its capital stock to the extent of any funds or assets legally available therefor, including unreserved and unrestricted earned surplus and/or capital surplus.

ARTICLE VI

The business and affairs of this Corporation shall be conducted by a Board of Directors of not less than one (1) nor more than eleven (11) members, as established from time to time by said Board. The following named persons shall constitute the first Board of Directors:

Larry Wilkov  
201 Alhambra Circle  
Coral Gables, Florida 33134

Dennis J. Getman  
201 Alhambra Circle  
Coral Gables, Florida 33134

Peter Kleinerman  
201 Alhambra Circle  
Coral Gables, Florida 33134

The Board of Directors may establish committees from time to time in accordance with applicable law, but no such committee shall have the authority to authorize (i) amendments to the Bylaws of this Corporation, (ii) issuances of capital stock, (iii) dividends on capital stock or (iv) any other payment with respect to or alteration of outstanding shares of capital stock.

ARTICLE VII

To the fullest extent permitted by Title 10, Chapter 1 of the Arizona Revised Statutes as the same exists or may hereafter be amended, no director shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

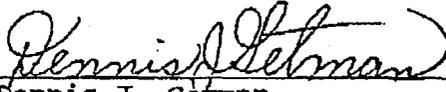
No repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall adversely affect any right

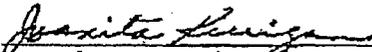
or protection of a director existing at the time of such repeal or modification.

ARTICLE VIII

This Corporation hereby appoints MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, A Professional Association, 2929 North Central Avenue, Phoenix, Arizona 85012, as statutory agent of this Corporation. The Board of Directors may, at any time, effect the revocation of this or any other appointment of such agent.

IN WITNESS WHEREOF, the undersigned have caused these Articles to be executed as of the 1st day of <sup>May</sup>~~March~~, 1992.

  
\_\_\_\_\_  
Dennis J. Getman

  
\_\_\_\_\_  
Juanita Kerrigan

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, A Professional Association, having been designated to act as statutory agent, hereby consents to act in that capacity until it is removed, or submits its resignation, in accordance with applicable law.

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, A Professional Association

BY *Wm. H. ...*  
Authorized Officer

RIO RICO UTILITIES INC.

an Arizona corporation

BYLAWS

ARTICLE I

OFFICES

Section 1. The known place of business of the Corporation, which shall also be known as its principal place of business, shall be at the address so designated in the Articles of Incorporation, or if no address is so designated, at the address of the Corporation's statutory agent as set forth in the Articles of Incorporation. The address of the Corporation's known place of business may be changed from time to time by the Board in the manner provided in the Arizona Revised Statutes and without amending the Articles of Incorporation.

Section 2. The Corporation may have offices at such places, both within and without the State of Arizona, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Any meeting of the stockholders for the election of directors or for any other purpose may be held at such time and place, within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. An annual meeting of stockholders shall be held on the first Monday within the last month of the corporation's fiscal year, each year, commencing in 1992, at the principal place of business of the Corporation in the State of Arizona, or on such other date and at such other place as the Board of Directors may specify, within or without the State of Arizona, at which meeting the stockholders entitled to vote shall elect a board of directors (by the cumulative system of voting if, but only if, the same shall then be mandatory for corporations organized under the laws of the State of Arizona) and shall transact such other business as may properly be brought before the meeting. The candidates receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

Section 3. Written notice stating the time and place of the annual meeting shall be given to each stockholder entitled to vote thereat at least ten days (but no more than fifty days) before the date of the meeting.

Section 4. The officer who has charge of the stock transfer books of the Corporation shall prepare and make a complete record of the stockholders entitled to vote at each meeting of the stockholders, arranged in alphabetical order with the address of and the number of shares and voting shares held by each. Such record shall be produced and kept open at the time and place of the meeting during the whole time thereof and shall be subject to the inspection of any stockholder during the whole time of the meeting for the purposes thereof.

Section 5. A special meeting of the stockholders, for any purpose or purposes, unless otherwise provided by statute or by the Articles of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of at least 10% of the Board of Directors, or at the request in writing of stockholders owning at least ten percent (10%) in amount of all the stock of the Corporation issued and outstanding and entitled to vote at such meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting of stockholders, stating in reasonable detail the time, place and purposes thereof, shall be given to each stockholder entitled to vote thereat, at least ten days (but no more than fifty days) before the date fixed for the meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote on any matter to be considered thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the stockholders entitled to vote on any matter to be considered thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time for an aggregate period not in excess of 30 days, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power with respect to each question, present in person or represented by proxy, shall decide such question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decisions of such question.

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, except as may otherwise be specified by the Articles of Incorporation. The Board of Directors may establish such reasonable record dates for determining stockholders entitled to notice of a meeting and to vote thereat, and for other purposes, as may be consistent with applicable law, as contemplated by Article VII, Section 5 hereof. No proxy shall be effective unless in writing and in compliance<sup>with</sup> (i) applicable law and (ii) such reasonable requirements as the Board of Directors may prescribe. Unless demanded by a shareholder present in person or by proxy at any meeting of the shareholders and entitled to vote thereat, or unless so directed by the chairman of the meeting, the vote thereat on any question need not be by ballot. If such demand or direction is made, a vote by ballot shall be taken, and each ballot shall be signed by the shareholder voting, or by his or her proxy, and shall state the number of shares voted.

Section 11. Any action required or permitted to be taken at a meeting of stockholders may be effected by an instrument in writing setting forth such action, executed by each stockholder entitled to vote thereon, which instrument shall be filed at the principal office of the Corporation or with the minutes maintained for meetings of stockholders.

### ARTICLE III

#### DIRECTORS

Section 1. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. The number of directors shall be fixed from time to time by resolution of the Board of Directors within the limits (if any) prescribed by the Articles of Incorporation. The directors shall be elected at the annual meeting of stockholders, or by unanimous written consent of stockholders (in accordance with Article II hereof), except as provided in Section 4 of this

Article; and each director elected shall hold office until his successor is elected unless sooner displaced. Directors need not be stockholders. Subject to the limitations imposed by applicable law, the holders of a majority of the shares then entitled to vote at an election of directors may remove a director or directors (or all directors) at any time, with or without cause.

Section 3. Any director may resign at any time by giving written notice of his or her resignation to the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall be not necessary to make it effective.

Section 4. Vacancies, by death, resignation, removal or otherwise, and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors, or the sole remaining director, then in office, though less than a quorum; and the director(s) so chosen shall hold office until the next election of directors when their successor(s) are duly elected, unless sooner displaced.

#### MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Arizona; and such meetings may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to such communication shall constitute presence in person at such meeting.

Section 6. The first meeting of each newly elected Board of Directors shall be held at the same place as, and immediately after, the annual meeting of stockholders. No notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time and place, or in the event a unanimous written consent of stockholders shall be filed in lieu of the annual meeting of stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 8. Special meetings of the Board of Directors may be called by the President and shall be called by the Secretary upon the written request of a majority of the Board of Directors. Notice of special meetings of the Board of Directors shall be given to each director at least twenty-four hours before the time of the meeting.

Section 9. At all meetings of the Board, a majority of the total number of directors then set shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except, in either event, as may be otherwise specifically provided by statute or by the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 10. Any action required or permitted to be taken at a meeting of directors may be effected by an instrument in writing setting forth such action, executed by all the directors, which instrument shall be filed at the principal office of the Corporation or with the minutes maintained for meetings of directors.

#### COMMITTEES OF DIRECTORS

Section 11. The Board of Directors may, by resolution passed by a majority of the whole Board, designate, change or dissolve one or more committees, each committee to consist of one or more of the directors of the Corporation, which (to the extent provided in the resolution, subject to the Articles of Incorporation and applicable law) shall have ~~any~~ <sup>and</sup> may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 12. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

#### COMPENSATION OF DIRECTORS

Section 13. As set by resolution of the Board, the directors may be paid their actual expenses, if any, of attending meetings of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or stated salaries as

directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may similarly be allowed compensation for standing committee meetings.

#### ARTICLE IV

##### NOTICES

Section 1. Except as otherwise provided below, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given three days after the time when the same shall be mailed, postage prepaid, to such addresses. Notice to directors may be given by telegram, any other form of written communication or by telephone.

Section 2. Any notice required to be given under the provisions of applicable law or of the Articles of Incorporation or of these Bylaws may be waived in writing, either before or after the event requiring such notice, provided such waiver is signed by the person or persons entitled to said notice. Attendance at a meeting by a person shall constitute a conclusive waiver of any objections made by any person with respect to the notice given to such person unless attendance shall be solely for the purpose of objection.

#### ARTICLE V

##### OFFICERS

Section 1. The officers of the Corporation shall be elected by the Board of Directors and shall be a president, a vice president, a secretary and a treasurer. The Board of Directors may also elect a Chairman of the Board, one or more additional vice-presidents and assistant secretaries and assistant treasurers. Two or more offices may be held by the same person; provided, however, that the same person shall not simultaneously hold the offices of president and secretary.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders (or pursuant to a unanimous consent in lieu thereof) shall elect a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the Board.

Section 3. The Board of Directors may appoint and remove such agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties

as shall be determined from time to time by the Board. The power to appoint and remove agents may be delegated by the Board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors. Election or appointment of an officer or agent shall not itself create contract rights.

Section 5. The officers of the Corporation shall hold office until their successors are chosen, or until sooner displaced. Any officer elected by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the directors then serving. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

Section 6. Any officer may resign at any time by giving written notice of his or her resignation to the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the Board, the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

THE PRESIDENT;  
CHAIRMAN OF THE BOARD OF DIRECTORS

Section 7. The President shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders and the Board of Directors, shall be ex officio a member of all standing committees and shall have general and active management of the business of the Corporation.

Section 8. He may execute all bonds, mortgages and other contracts or instruments in the ordinary course of the business of the Corporation. Unless the Board of Directors specifies otherwise, the President shall have authority to vote (or grant a proxy with respect to) any securities held or owned by the Corporation.

Section 9. In the event the Board of Directors elects a Chairman of the Board of Directors who is not also the President, he shall have all the powers of the President in the President's absence or inability to act and such other powers as the Board of Directors shall designate.

THE VICE-PRESIDENTS

Section 10. The Vice-Presidents in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President and

Chairman of the Board of Directors, if there be one, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

#### THE SECRETARY AND ASSISTANT SECRETARIES.

Section 11. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record or cause to be recorded all the proceedings of such meetings in a book or books to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, required notices of all meetings of the stockholders and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any contract or instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 12. The Assistant Secretaries in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

#### THE TREASURER AND ASSISTANT TREASURERS

Section 13. The Treasurer shall have the custody of the corporate funds and securities, shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 14. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 15. If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or

sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 16. The Assistant Treasurers in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

#### ARTICLE VI

#### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Subject to the further provisions hereof the Corporation shall indemnify any and all of its directors, officers, former directors, and former officers, to the full extent permitted under applicable law against all amounts incurred by them and each of them, including but not limited to expenses, legal fees, costs, judgments, fines and amounts paid in settlement which may be actually and reasonably incurred, rendered or levied in any threatened, pending or completed action, suit or proceeding brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of his duties as a director or officer of the Corporation. Whenever any such director or officer shall report to the President of the Corporation or the Board of Directors that he has incurred or may incur such amounts, the Corporation shall, within a reasonable time thereafter, determine in a manner consistent with applicable law (including A.R.S. Section 10-005(D)) whether, in regard to the matter involved, such person acted or failed to act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. If the Corporation so determines that such person acted or failed to act in such a manner with regard to the matter involved, indemnification shall be mandatory and shall be automatically extended as specified herein; provided, however, that the Corporation shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall not offer the Corporation the opportunity, at its own expense and through counsel of its own choosing, to defend him in the action, suit or proceeding. Nothing contained herein is intended to limit any right of indemnification or other rights provided by Arizona Revised Statutes Section 10-005, or other applicable law.

## ARTICLE VII

### CERTIFICATES OF STOCK; DEBT INSURANCE

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the President or a Vice-President and the Secretary or an Assistant Secretary, certifying the number of shares owned by him in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, the designations, preferences, limitations and rights of each class or series shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided, however, that except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of a certificate a statement to the effect that the Corporation will furnish any shareholder upon request and without charge such a description or summary.

Section 2. Where a certificate, bond, debenture or other debt security instrument is (1) signed by a transfer agent or an assistant transfer agent or (2) registered by a registrar other than a Corporation or an employee of the Corporation, the signature of any President, Vice-President, Secretary or Assistant Secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or instrument shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise before such certificate or instrument have been delivered by the Corporation, such certificate or instrument may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or instrument or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

### LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or instrument to be issued in place of any certificate or instrument theretofore issued by the Corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate or instrument, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or instrument, or his legal representative, to give the Corporation such indemnity as it may direct against any claim that may be made against the Corporation with respect to the certificate or instrument alleged to have been lost or destroyed.

## TRANSFERS OF STOCK

Section 4. Transfers of shares of stock of the Corporation shall be made only on the stock transfer books of the Corporation. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares properly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and payment of all taxes thereon the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

## RECORD DATES

Section 5. The Board of Directors may fix in advance a date, not more than ~~seventy~~ <sup>sixty</sup> ~~xxx~~ days (nor less than ten (10) days) preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or the date of any other lawful action, for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case each such stockholder and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to express such consent, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

## REGISTERED STOCKHOLDERS

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote as such owner, to transfer such shares and for all other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Arizona.

## ARTICLE VIII

### GENERAL PROVISIONS

#### DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation (~~or~~<sup>or</sup> any resolution of the Board of Directors establishing any series of any class of stock adopted pursuant to the provisions of the Articles of Incorporation), if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Articles of Incorporation and applicable law.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, equalize dividends, or to repair or maintain any property of the Corporation, and for such other purpose as the directors shall determine to be in the best interests of the Corporation. The directors may modify or abolish any such reserve in the manner in which it was created.

#### CHECKS

Section 3. All checks, drafts, or orders or demands for or to pay money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate or in the absence of such designation by the President or the Treasurer.

#### CONTRACTS

Section 4. Except as otherwise required by law or by these Bylaws, any contract or instrument approved by the Board may be executed and delivered in the name of the Corporation and on its behalf by the President or a Vice President. In addition, the Board may authorize any other officer or officers or agent or agents to execute and deliver any contract or instrument in the name of the Corporation and on its behalf, and such authority may be general or confined to specific instances as the Board may by resolution determine.

#### ATTESTATION

Section 5. Any Vice President, the Secretary, or any Assistant Secretary may attest the execution of any contract, instrument or document by the President or any other duly

authorized officer or agent of the Corporation and may affix the corporate seal, if any, in witness thereof, but neither such attestation nor the affixing of a corporate seal shall be requisite to the validity of any such document or instrument.

#### FISCAL YEAR

Section 6. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

#### SEAL

Section 7. A corporate seal shall not be requisite to the validity of any contract, instrument or document executed by or on behalf of the Corporation. The corporate seal, if any, shall have inscribed thereon the name of the Corporation, and the year of its organization. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

#### BOOKS AND RECORDS

Section 8. Any person who shall have been a holder of record of shares or of a voting trust beneficial interest therefor at least six months immediately preceding his demand or shall be the holder of record of, or the holder of record of a voting trust beneficial interest for, at least five percent of all the outstanding shares of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose the Corporation's relevant books and records of accounts, minutes, and record of shareholders and to make copies of or extracts therefrom.

INTERPRETATIONS

Section 9. To the extent permitted by the context in which used, words in the singular number shall include the plural, words in the masculine gender shall include the feminine and neuter, and vice versa.

Section 10. Captions used herein are for convenience only and are not a part of these Bylaws and shall not be deemed to limit or alter any provisions hereof and shall not be deemed relevant in construing these Bylaws.

ARTICLE IX

AMENDMENTS

Section 1. Subject to the Articles of Incorporation, these Bylaws may be altered, amended or repealed at any regular or special meeting of the stockholders or of the Board of Directors.

Adopted on May 1, 1992. Confirmed as to adoption.

  
\_\_\_\_\_  
Juanita Kerrigan,  
Secretary

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 4**  
6 **(Certificate of Good Standing)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

# 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

\*\*\*RIO RICO UTILITIES INC.\*\*\*

a domestic 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 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 15th Day of February, 2011, A. D.



  
Executive Director

By: \_\_\_\_\_ 573273

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 5**  
6 **(Estimated Total Construction Costs and**  
7 **Plant Cost Projections)**

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**PSOMAS**

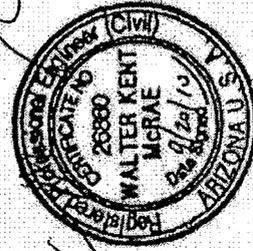
**OPINION OF PROBABLE CONSTRUCTION COST**

Job Name: Palo Parado 79 Lots Job No.: 7WPA058702

Preliminary  Final  Date: August 5, 2010

Prepared By: Kent McRae Checked By: Regina Beem Revised:

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT
1	DIP Main, 8 inch, CI 350	LF	15432	\$ 45.00	\$ 694,440.00
2	DIP Main, 12 inch, CI 350	LF	10979	\$ 65.00	\$ 713,635.00
3	Valve, 8 & 12 inch	EA	63	\$ 850.00	\$ 53,550.00
4	Fire Hydrant Assembly, 6 inch	EA	31	\$ 3,600.00	\$ 111,600.00
5	Single Service, 1 inch	EA	79	\$ 1,200.00	\$ 94,800.00
6	Water Storage	GAL	248000	\$ 0.60	\$ 148,800.00
	<b>SUBTOTAL</b>				<b>\$ 1,816,825</b>
	Permits, Bonds, Taxes (7.2%)			7.20%	\$ 130,811
	Engineering (15%)			15.00%	\$ 272,524
	Contingency (15%)			15.00%	\$ 272,524
	<b>TOTAL</b>				<b>\$ 2,492,684</b>



*Expires 3/31/2011*

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 6**  
6 **(Applicant's Estimated Annual Operating Revenues and Expenses**  
7 **for the First Five Years for the Extension Area)**  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Rio Rico Utilities - Palo Parado Subdivision  
 Projected Statements of Income  
 For the 12 Months Ended

Exhibit  
 Schedule 2

Line No.	Year				
	1	2	3	4	5
2	\$ 6,239	\$ 18,237	\$ 30,235	\$ 42,233	\$ 53,841
3					
4					
5					
6	\$ 6,239	\$ 18,237	\$ 30,235	\$ 42,233	\$ 53,841
7					
8					
9	691	2,074	3,456	4,838	6,178
10	-	-	-	-	-
11	148	445	742	1,038	1,326
12	100	148	247	346	442
13	100	173	288	403	515
14	1,248	3,856	6,427	8,998	11,489
15	2,288	6,696	11,160	15,624	19,949
16					
17					
18	9,685	34,828	58,709	70,186	73,437
19	283	464	826	1,370	1,908
20					
21	\$ 9,968	\$ 35,292	\$ 59,535	\$ 71,556	\$ 75,344
22					
23					
24	\$ 12,256	\$ 41,988	\$ 70,695	\$ 87,180	\$ 95,293
25					
26	\$ (6,016)	\$ (23,751)	\$ (40,460)	\$ (44,947)	\$ (41,451)
27	Less:				
28	Interest (Expense)/Income on Work. Cap. (e)	92	376	850	1,503
29	Interest Expense Long-term Debt (e)	-	-	-	-
30	Net Income	\$ (6,016)	\$ (23,658)	\$ (40,084)	\$ (44,097)
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

- (a) See Supplemental Schedules 2a
- (b) Based on gallons sold
- (c) Based on number of customers
- (d) Annual Inflation of:
- (e) If Applicable 3.00%
- (f) ADOR Property Tax Calculation (see Supplemental Schedule 2b)

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 7**  
6 **(Legal Description of Requested Extension Area)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

EXHIBIT "A", Legal Description, Palo Parado Project  
PAGE 1 of 3

November 10, 2010  
Psomas 05087-02  
(7WPA058702)

EXHIBIT A

LEGAL DESCRIPTION  
FINAL PLAT BOUNDARY

Palo Parado as recorded in Book 2 of Surveys at Page 911, Records of Santa Cruz County, Arizona, and situated within a portion of the Luis Maria Baca Land Grant, Float No. 3, and lying within theoretical Sections 5, 6, 7 & 8, Township 22 South, Range 13 East, Gila & Salt River Meridian, Santa Cruz County, Arizona.

Excluding that portion deeded to the State of Arizona as recorded in Docket 420 at Pages 290 and 526, records of said Santa Cruz County.

See Exhibit A-1 attached hereto and made a part hereof

Prepared By:  
Psomas



Expires 3/31/12

---

Ernest Gomez, AZ RLS 27739

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 8**  
6 **(Master Water Report for Palo Parado**  
7 **containing description of the facilities proposed to be constructed.)**  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

---

MASTER WATER REPORT  
FOR  
PALO PARADO

November 2, 2010

Prepared by:  
Psomas  
800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719

Psomas: 7WPA058702

MASTER WATER REPORT  
FOR  
Palo Parado

Location:  
This project is located within  
Sections 5, 6, 7, and 8, T-22-S, R-13-E  
Rio Rico  
Santa Cruz County, Arizona

*Prepared for:*  
Michael R. Horowitz, Managing Principal  
Oxford Capital Partners, LLC  
2100 McKinney Avenue, Suite 1550  
Dallas, TX 75201  
214-521-8323 OF  
214-276-7450 FX  
214-906-1180 C

November 2, 2010  
6<sup>th</sup> Submittal

Prepared by:  
Psomas  
800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719

Psomas: 7PIM090701

TABLE OF CONTENTS

---

1.0	EXECUTIVE SUMMARY.....	1
2.0	INTRODUCTION.....	1
3.0	DESIGN CRITERIA .....	3
4.0	DEMANDS .....	3
5.0	EXISTING FACILITIES / CONDITIONS.....	4
6.0	PROPOSED FACILITIES.....	4
7.0	WATER MODEL.....	4
8.0	SUMMARY/CONCLUSIONS.....	5

LIST OF FIGURES

---

1	MASTER WATER PLAN	Map Pocket
2	H2ONET PIPE AND NODE	Map Pocket

LIST OF APPENDICES

---

<u>Appendix</u>	<u>Title</u>
A	Hydraulic Model Output
B	Pressure Contours – Peak Hour Demand
C	Meeting Minutes
D	Rio Rico Fire District Letter



Expires 3/31/2011

## 1.0 EXECUTIVE SUMMARY

This report, including the associated hydraulic model results, constitutes the Master Water Report for the Palo Parado development located in Santa Cruz County, and adjacent to the Rio Rico Utilities water service area. The proposed project will consist of 79 custom graded lots encompassing approximately 345 acres. The overall project will have a density of 0.23 houses per acre (RAC). The parcel lies within Sections 5, 6, 7, and 8 within Township 22 South, Range 13 East. The parcel is bounded along the eastern boundary by Interstate 19 and on the west by Baca Float Number 3. Undeveloped land lies to the north and south of the proposed development. The Master Plan was prepared initially with an acknowledgement of the Algonquin Water Services guidelines, and has been updated to reflect the change to the Liberty Water Development Guide. See Liberty Water Development Guide, Chapter Two, Master Plan and Design Criteria, pages 20 through 24.

The Palo Parado development lies outside of the current Certificate of Convenience & Necessity (CC&N) boundaries. Palo Parado representatives are working with the Counsel for Liberty Water to expand the CC&N to include Palo Parado. Portions of the proposed water system expansion pass through property Assessor Parcel No 112-46-001D owned by Jon Todd. Mr. Todd has agreed to provide easements to Rio Rico Utilities for the placement of water lines traversing his property. On behalf of Mr. Todd, Palo Parado representatives have made application so that the Todd property also be included in the CC&N expansion.

There will be no public sewer serving this development. Individual septic systems, including trench disposal, will be constructed.

## 2.0 INTRODUCTION

The purpose of this report is to obtain approval of a water system concept to provide domestic water service and fire protection to the Palo Parado residential development. This document will also be used in support of an application to the Arizona Corporation Commission for the expansion of the Certificate of Convenience and Necessity (service area) to include the subject development. Following approval of the Master Water Report, construction drawings will be prepared and submitted for review and approval.

Vicinity and location maps are included on the enclosed Master Water Plan for Palo Parado.

A meeting was held with Mr. Martin Garland to discuss possible points of connection to the existing water system in order to secure water supply for the subject development. (See Appendix C for proceedings from meeting held on September 17, 2007) Possible points of connection included 1) a 6-inch main in the Rio Rico Utilities 3650 ft. pressure zone and 2) a 4-inch main located in the 3950 ft. pressure zone. It has been determined that a connection to the existing 4-inch water line in the 3950 ft. zone located between Lots 4 and 10 in Monsoon Court is the best option for the development due to its location and available head.

The Developer acknowledges that reasonable upgrades to the existing water production facilities which currently deliver water to Monsoon Court are required to supply the new 3800 ft. zone

customers and fill the proposed above ground storage tank. Accordingly, the Developer secured the services of Westland Resources to evaluate the existing water distribution and production water facilities and this project's impact on said Rio Rico facilities. Liberty Water is in receipt of the WRI report, titled HYDRAULIC MODELING FOR PALO PARADO RIO RICO OFFSITE POTABLE WATER INFRASTRUCTURE ANALYSIS (REVISION 2), addressed from Mr. Jeff Lowy to Mr. Bradley Jordan and sealed on November 1, 2010. This WRI report is incorporated into this Master Water Report by reference.

In addition to the meeting with Mr. Garland, the Owner's representative has also met on multiple occasions with Genaro Rivera, Tubac Fire District Captain, concerning fire suppression in this proposed development. Per Mr. Rivera, who cites the Uniform Fire Code, the fire flow requirement will be 1,000 gallons per minute at fire hydrants lying within the 3650 ft. zone. Mr. Rivera has agreed to the location of fire hydrants as shown in the Master Water Plan figure. See the attached letter from Mr. Rivera dated October 1, 2010.

Within the Palo Parado development, 71 lots lie within the 3650 ft. water pressure zone with an additional eight (8) lots lying in the 3800 ft. zone for a total of 79 lots. It is anticipated that an 8-inch line will be extended from the existing 4-inch line in Monsoon Court to fill a new 248,000 gallon steel storage tank constructed with a high water elevation of 3650 ft. The steel storage tank will provide domestic water to the entire site and fire protection for the project. Note that the storage has been sized to provide 1,500 gpm fire flow for a two hour duration, plus an additional 68,000 gallons to serve as a one maximum day supply should there be interruptions in service from the existing boosters that supply the new tank. However, the required flow for fire protection and the resulting refill rate is based on 1,000 gpm per UFC and requirements set forth by Mr. Rivera.

The Owner proposes that the storage tank be sited on Parcel W which lies between Lots 66 and 67. Appropriate legal access to the site will be provided. Tract W will be reflected on the Final Plat for Palo Parado.

A motor operated valve including telemetry compatible with the existing utility system will be designed and installed to regulate filling of the new 3650 ft. zone high water reservoir from a source with an available head of 3950 ft. A 12-inch backbone line extends through the development, except where looped 8-inch pipe is used. The extreme topography makes a looped water system impractical for the majority of the development. The steel storage tank will absorb fluctuations in demand, including fire flow and will be replenished from the existing Rio Rico Water Plant 44 and 44B production facilities. The effect of filling the new storage tank from existing facilities is discussed further in the Westland report mentioned above.

The eight (8) lots lying in the upper end of the development will be served from the existing 3950 Ft. Pressure Zone. zone supplied by a 4-inch main in Monsoon Court This is a closed system supplied by the G.A.C. Properties Ranchettes Unit No. 10 Water Plant No. 44. The eight (8) lots mentioned above will be in the new 3800 Ft. Pressure Zone which receives water from a 3950 ft. highwater source and will require private pressure regulating devices to satisfy conditions of the plumbing code.

Water pressure of less than 40 pounds per square inch is anticipated for lots 45, 57, and 59 due to their elevation as indicated on the recorded plat and enclosed CC&R. Owners of these lots may

elect to install private domestic boosters to achieve the desired level of service, at their expense and as part of the private plumbing for the residence.

### 3.0 DESIGN CRITERIA

Fire flow requirements and domestic demands are discussed under 4.0 DEMANDS.

The Rio Rico Utility has established water pressure zones which are perpetuated within this development. The 3650 zone provides adequate water pressure for services that fall between the elevation of 3550 and 3400 ft. Water services above 3550 will not take service from the 3650 zone. Water services below 3440 ft. will require pressure regulators to protect the private plumbing.

The available relief allows the majority of the development to be served by direct connection to a storage tank to be located and designed with a high water of 3650 ft.

This development will provide water storage to accommodate a two (2) hour fire flow at the required rate plus storage for one maximum day (volume) demand to meet the fire department uniform fire code requirements.

Typically a distribution system will be looped to assure reliability. Portions of this development are subject to severe relief, and looping pipelines is not practical. The use of ductile iron pipe and the proposed supply situation provides a high level of water service reliability.

All construction will be per State and local requirements, and per Liberty Water requirements as discussed below under 6.0 PROPOSED FACILITIES.

### 4.0 DEMANDS

Domestic demand is established using the guidelines set forth under the Liberty Water Development Guide as follows:

Land Use	Ave Day Demand	Capita/DU	Max Day Factor	Peak Hour Factor
Single Family	150	3.2	1.8	3.0

The maximum day demand for 71 lots in the 3650 ft. zone is 71 lots X 150 gallons per day per capita X 3.2 capita per dwelling unit X 1.8 peak factor ÷ 24 hours per day ÷ 60 minutes per hour = 43 gallons per minute.

Fire suppression is accommodated using 1,000 gallons per minute for a two hour duration in accordance with the requirements of the Fire District and the Uniform Fire Code. The Tubac Fire District uses the current edition of the Uniform Fire Code.

The tank may need to refill from time to time if the tank is evacuated, or if storage is depleted due to a fire. The tank would subsequently be required to fill over a 24 hour period. In order to replenish 120,000 gallons over a 24 hour period, the refill rate will be 83 gpm.

The 3650 ft. high water elevation tank will be allowed to fill at a rate of 43 gpm on maximum day due to the system's domestic consumption. The refill rate due to depletion of the tank due to fire suppression is 83 gpm. The minimum refill rate for the tank will be 126 gpm.

## **5.0 EXISTING FACILITIES / CONDITIONS**

The existing facilities that will serve the Palo Parado development include the Rio Rico network of wells, water distribution mains, and Plant 44 that boosts water to a high water of 3950 ft. The nearest point of connection to the Palo Parado development is at the north east end of Monsoon Court.

Improvements to the existing Rio Rico Utilities water system required to accommodate this development have been evaluated based on this Master Water Report. As a result of maximum day domestic demand and the storage tank refill requirements, the rate the tank will require to fill is 126 gpm, which must be supplied through the existing infrastructure. Additionally, eight (8) new 3800 ft. zone customers will be supplied from existing Rio water production facilities. A "Fair Share" booster allocation and an opinion of probable cost are presented in the Westland Report.

A "Fair Share" cost will be assessed by Liberty Water for anticipated impact and upgrades to water production wells.

## **6.0 PROPOSED FACILITIES**

Proposed water system facilities were described previously in the Introduction. The new above ground water storage tank will be designed and constructed in accordance with the American Water Works Association D100 for welded steel tanks. Water lines will be 8-inch and 12-inch ductile iron pipe class 350 per Liberty Water requirements and as shown on the enclosed Master Water Report. Valves will be AWWA C504, and all fittings, meters, and appurtenances will be in accordance with Liberty Water requirements and will be identified during formal design.

All water system improvements including materials, testing, and tank erecting are in accordance with the American Water Works Association, the Arizona Department of Environmental Quality and Liberty Water Development Guide. Additional supplemental technical specifications will also be provided for the fill control valve and storage tank. Work will be performed by a licensed and bonded contractor.

## **7.0 WATER MODEL**

Water modeling was performed using the Montgomery Watson (MWH SOFT) H20Net. This software is in wide use throughout the industry and meets or exceeds the standard of care for water system modeling.

The coefficient for friction used is 130. The nominal diameter for the ductile iron pipe has been used, even though the actual inside diameter is greater than the nominal pipe size.

As the system demand is met strictly by a reservoir with a high water of 3650 ft., pump curves are not included in the model.

12-inch pipe is adequate to meet the max day plus fire flow. Model results never fall below 20 psi prescribed by the Arizona Department of Health Services, whose guidelines are now enforced by the ADEQ.

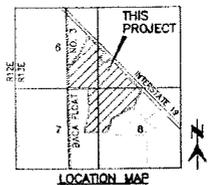
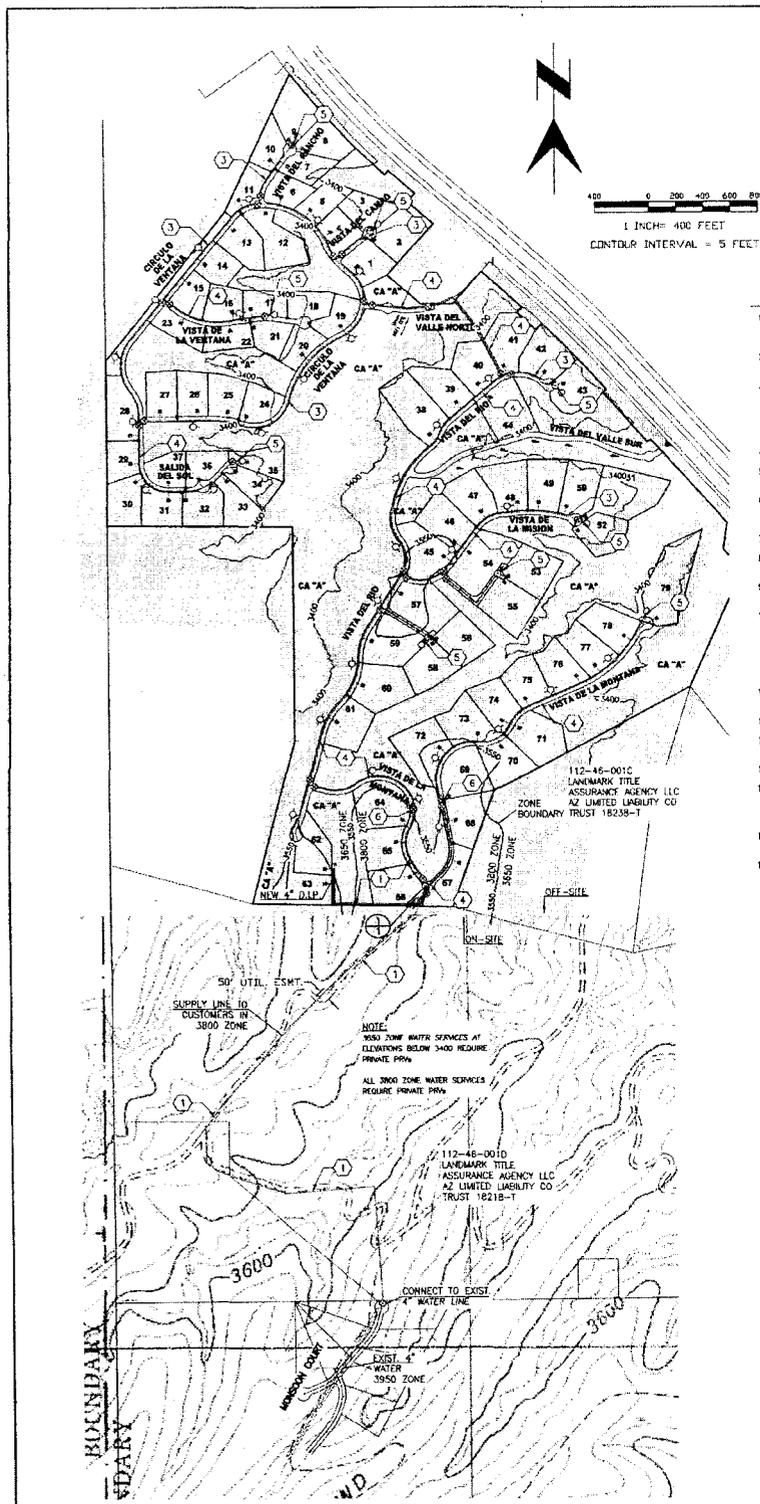
A previous comment to modeling output questions how the average day and maximum day pressures can be nearly identical. This is due to the fact that the domestic demand flow rates, whether average or peaked, experience nearly zero head loss through the large 12-inch pipe.

Hydraulic model results are attached to demonstrate that the water distribution system consisting of 12-inch and 8-inch pipe will accommodate the max day plus fire flow scenario at all locations in the 3650 ft. zone. All hydrants within this zone have been demonstrated to accommodate 1,000 gpm, per the local fire district requirements.

Modeling for the 3950 ft. zone customers is not provided in this report. The Westland report has determined that the existing distribution system will accommodate demands once upgrades to the production system are implemented. Source requirements will be met by augmenting Water Plant 44 and Water Plant 44B delivered through the existing 4-inch and new 8-inch mains.

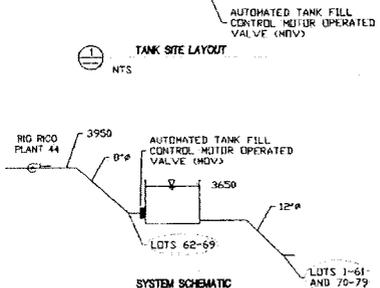
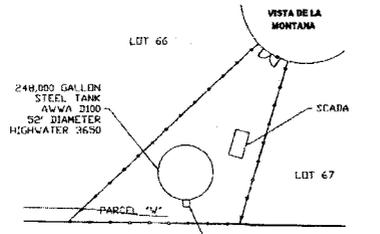
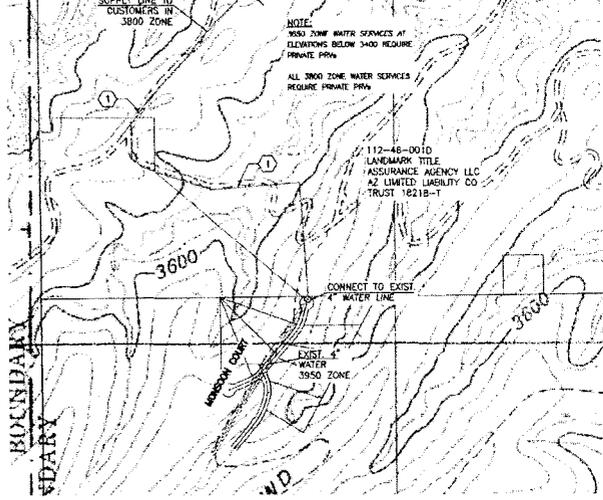
## **8.0 SUMMARY/CONCLUSIONS**

The proposed Palo Parado project will consist of 79 custom graded lots on approximately 345 acres. Water modeling has been performed for Palo Parado and storage tank and water lines sized accordingly to meet project requirements.



**GENERAL NOTES:**

- THIS MASTER WATER PLAN IS FOR AN EXTENSION TO THE RIO RICO UTILITIES WATER SYSTEM WITHIN THE EXISTING 3600 FT. HIGHWATER ZONE AND WITHIN THE PROPOSED 3650 FT. HIGHWATER ZONE. RIO RICO UTILITIES IS OWNED BY LIBERTY WATER.
- THIS MASTER WATER PLAN IS SUBJECT TO THE LATEST EDITION OF THE LIBERTY WATER DEVELOPMENT GRAD.
- CONSTRUCTION WATER FOR PRESSURE TESTING, CHLORINATING AND FLUSHING SHALL BE PROVIDED PER RIO RICO UTILITIES SPECIFICATIONS, AND SHALL COST \$ \_\_\_\_\_ PLUS TAX. CONSTRUCTION WATER FOR TRENCH BACK FILL AND COMPACTION AND OTHER CONSTRUCTION NEEDS SHALL BE THROUGH AN APPROVED METEDED WATER SOURCE OBTAINED FROM RIO RICO WATER CUSTOMER SERVICE DIVISION UNDER A SEPARATE PERMIT/AGREEMENT.
- ALL PIPE INSTALLED FOR THIS PROJECT SHALL BE DIP CLASS 350, UNLESS OTHERWISE SPECIFIED.
- WATER SERVICE WILL BE PROVIDED AS SHOWN ON THIS PLAN. ANY CHANGES TO PARCEL CONFIGURATION MAY NECESSITATE ADDITIONAL REQUIREMENTS.
- THIS WATER SYSTEM IS DESIGNED TO ACCOMMODATE 1,000 GPM FIVE FLOW WITHIN THE 3650 ZONE. FIRE PROTECTION FOR LOTS IN THE 3600 ZONE WILL BE ACCOMPLISHED BY THE FIRE DISTRICT USING HYDRANTS IN THE 3650 ZONE AS SHOWN ON THIS MASTER WATER PLAN.
- ALL PIPE SHALL BE D.I. PIPE, CLASS 350.
- AT THE TIME OF PLAN APPROVAL, THIS DEVELOPMENT IS LOCATED WITHIN "3650" AND "3600" ZONES.
- THIS PLAN MEETS THE MINIMUM PRESSURE AND STORAGE REQUIREMENTS AS SET FORTH IN ARIZONA ADMINISTRATIVE CODE (AAC) R18-5-502 & 503.
- THE WATER COMPANY SHALL HAVE RECEIVED SUFFICIENT DOCUMENTATION TO DEMONSTRATE THAT ALL REAL PROPERTY EASEMENTS, RIGHTS OF WAY AND OTHER LANDS FOR THE BENEFIT OF THE DEPARTMENT HAVE BEEN PROPERLY TRANSFERRED TO THE DEPARTMENT EITHER THROUGH THE EXECUTION AND DELIVERY OF DEEDS, APPROVED FINAL PLATS, EASEMENT RECORDINGS OF OTHER INSTRUMENTS SATISFACTORY TO THE DEPARTMENT. THE SUBJECT WATER PLAN WILL NOT BE FINALED, NOR WILL WATER METERS BE RELEASED UNTIL SUCH TIME THAT THE DEPARTMENT HAS DETERMINED COMPLIANCE WITH THIS REQUIREMENT HAS BEEN ACHIEVED.
- ANY CONSTRUCTION, INCLUDING WALLS, IS PROHIBITED IN THE PUBLIC WATER OR PUBLIC UTILITY EASEMENT ACROSS ALL LOTS WHERE SUCH AN EASEMENT OCCURS.
- THE GROSS AREA OF THIS DEVELOPMENT IS 345± ACRES.
- NEW WATER MAIN SHALL BE INSTALLED WITH 48 INCHES OF MINIMUM COVER UNLESS OTHERWISE INDICATED ON THESE PLANS.
- ALL FITTINGS SHALL BE RESTRAINED PER LIBERTY WATER REQUIREMENTS.
- THIS PROJECT MAY RECEIVE HIGHER THAN NORMAL PRESSURE AND MAY REQUIRE INDIVIDUAL PRESSURE REGULATORS AS PART OF THE PRIVATE PLUMBING. THE INSTALLATION OF A PRESSURE REGULATOR MAY CREATE A CLOSED SYSTEM. CONSULT LOCAL PLUMBING CODES FOR PRESSURE RELIEF AND THERMAL EXPANSION REQUIREMENTS.
- THE OWNER/DEVELOPER IS RESPONSIBLE FOR REFLECTIVE STREET MARKERS AT HYDRANTS AND FIRE DEPARTMENT CONNECTIONS.
- THIS PROJECT PROVIDES A NEW WATER STORAGE TANK WITH A HIGHWATER OF 3650 FT. ABOVE SEA LEVEL. THIS STORAGE PROVIDES FOR EMERGENCY DOMESTIC STORAGE AND FIRE FLOW STORAGE FOR SERVICES BELOW THE ELEVATION CONTOUR 3650. THIS IS ALSO REFERRED TO AS THE 3650 FT. ZONE.



- KEY**
- 1" WATER SERVICE
  - 6" FIRE HYDRANT
  - VALVE
  - FLUSH VALVE
  - NEW 8" WATER MAIN
  - NEW 12" WATER MAIN

- KEY NOTES:**
- NEW 8" DIP CL. 350. 3600 ZONE.
  - NEW 12" DIP CL. 350. 3600 ZONE.
  - NEW 8" DIP CL. 350. 3650 ZONE.
  - NEW 12" DIP CL. 350. 3650 ZONE.
  - FLUSH VALVE.
  - CLOSED VALVE ZONE BOUNDARY.

LIBERTY WATER

STEVE CARLSON DATE

1-800-STAKE-IT

DESIGNED	CHKD	DATE
		11/20/10
DRAWN		
CHECKED		
PLT/ENG.	JKM	



**PSOMAS**  
 800 E. McIntire Road, Suite 110  
 Tucson, AZ 85719  
 (520) 292-2300 (520) 292-1290 fax  
 www.psomas.com

RIO RICO UTILITIES  
**MASTER WATER PLAN**  
 FOR  
**PALD PARADO**  
 SHEET 1 OF 1

---

## APPENDIX A

---

### Hydraulic Model Output

---

# AVERAGE DAY REPORTS

## Average Day

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
J10	2.26	3,500.00	3,649.99	64.99
J12	1.60	3,415.00	3,649.99	101.82
J14	0.67	3,370.00	3,649.99	121.32
J16	1.33	3,435.00	3,649.99	93.16
J18	1.33	3,440.00	3,649.99	90.99
J2	0.00	3,325.00	3,649.99	140.82
J20	0.27	3,335.00	3,649.99	136.49
J22	1.33	3,475.00	3,649.99	75.82
J24	0.93	3,500.00	3,649.99	64.99
J26	3.59	3,575.00	3,649.99	32.50
J28	0.93	3,530.00	3,650.00	51.99
J30	2.26	3,610.00	3,650.00	17.33
J32	1.60	3,455.00	3,650.00	84.49
J34	0.00	3,330.00	3,649.99	138.65
J38	1.60	3,550.00	3,649.99	43.33
J4	0.67	3,350.00	3,649.99	129.99
J40	0.67	3,549.00	3,650.00	43.76
J42	0.00	3,445.00	3,649.99	88.82
J46	0.00	3,549.00	3,650.00	43.76
J50	0.00	3,630.00	3,650.00	8.67
J58	0.00	3,552.00	3,650.00	42.46
J6	1.33	3,465.00	3,649.99	80.16
J60	0.00	3,515.00	3,649.99	58.49
J62	0.00	3,450.00	3,650.00	86.66
J64	0.00	3,560.00	3,650.00	39.00
J68	0.00	3,579.00	3,650.00	30.76
J70	0.00	3,536.00	3,649.99	49.39
J72	0.00	3,532.00	3,649.99	51.13
J74	0.00	3,555.00	3,649.99	41.16

Average Day

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
30 J76	0.00	3,521.00	3,649.99	55.89
31 J78	0.00	3,540.00	3,649.99	47.66
32 J8	1.60	3,520.00	3,649.99	56.33

Average Day Pipe

ID	From Node	To Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/kft)
1	P1	J10	795.56	12.00	130.00	-1.60	0.00	0.00	0.00
2	P101	J24	570.49	12.00	130.00	13.30	0.04	0.00	0.00
3	P103	J74	549.45	12.00	130.00	1.60	0.00	0.00	0.00
4	P107	J50	211.03	12.00	130.00	23.94	0.07	0.00	0.00
5	P13	J4	347.95	8.00	130.00	-0.67	0.00	0.00	0.00
6	P15	J6	497.63	8.00	130.00	-1.33	0.01	0.00	0.00
7	P17	J8	817.01	12.00	130.00	-1.33	0.00	0.00	0.00
8	P19	J20	2,126.21	8.00	130.00	-2.27	0.01	0.00	0.00
9	P21	J2	147.34	12.00	130.00	8.51	0.02	0.00	0.00
10	P25	J28	880.16	12.00	130.00	20.08	0.06	0.00	0.00
11	P3	J8	1,012.36	12.00	130.00	-1.59	0.00	0.00	0.00
12	P37	J40	409.52	8.00	130.00	-0.67	0.00	0.00	0.00
13	P39	J24	1,106.45	12.00	130.00	12.37	0.04	0.00	0.00
14	P41	J22	271.89	6.00	130.00	1.33	0.02	0.00	0.00
15	P43	J34	910.39	12.00	130.00	11.04	0.03	0.00	0.00
16	P45	J20	963.39	12.00	130.00	11.04	0.03	0.00	0.00
17	P5	J6	1,044.96	12.00	130.00	-4.52	0.01	0.00	0.00
18	P59	J50	166.01	12.00	130.00	-23.94	0.07	0.00	0.00
19	P69	J30	534.61	12.00	130.00	-21.68	0.06	0.00	0.00
20	P7	J4	735.01	12.00	130.00	-7.18	0.02	0.00	0.00
21	P71	J46	213.85	12.00	130.00	20.08	0.06	0.00	0.00
22	P73	J60	589.57	8.00	130.00	-1.60	0.01	0.00	0.00
23	P75	J62	624.25	6.00	130.00	-1.60	0.02	0.00	0.00
24	P77	J64	157.75	12.00	130.00	-21.68	0.06	0.00	0.00
25	P79	J70	1,506.37	12.00	130.00	9.24	0.03	0.00	0.00
26	P81	J70	1,506.37	12.00	130.00	9.24	0.03	0.00	0.00
27	P87	J70	396.90	8.00	130.00	0.00	0.00	0.00	0.00
28	P89	J70	251.55	12.00	130.00	18.49	0.05	0.00	0.00
29	P9	J4	268.75	12.00	130.00	-8.51	0.02	0.00	0.00

Average Day Pipe

ID	From Node	To Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/kt)
30	J76	J74	315.80	8.00	130.00	0.00	0.00	0.00	0.00
31	J74	J38	979.05	6.00	130.00	1.60	0.02	0.00	0.00
32	J26	J72	263.52	12.00	130.00	13.30	0.04	0.00	0.00
33	J58	J68	312.34	12.00	130.00	1.60	0.00	0.00	0.00
34	J68	J62	1,291.64	12.00	130.00	1.60	0.00	0.00	0.00

Average Day Pipe

ID	Status	Flow Reversal Count
1	P1	0
2	P101	0
3	P103	0
4	P107	0
5	P13	0
6	P15	0
7	P17	0
8	P19	0
9	P21	0
10	P25	0
11	P3	0
12	P37	0
13	P39	0
14	P41	0
15	P43	0
16	P45	0
17	P5	0
18	P59	0
19	P69	0
20	P7	0
21	P71	0
22	P73	0
23	P75	0
24	P77	0
25	P79	0
26	P81	0
27	P87	0
28	P89	0
29	P9	0

Average Day Pipe

	ID	Status	Flow/Reversal Count
30	P91	Open	0
31	P93	Open	0
32	P95	Open	0
33	P97	Open	0
34	P99	Open	0

Average Day Reservoir

	ID	Flow (gpm)	Head (ft)
1	RES106	-23.94	3,650.00

# MAX DAY REPORTS

Maximum Day Junction

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
J10	4.08	3,500.00	3,649.97	64.98
J12	2.88	3,415.00	3,649.97	101.81
J14	1.20	3,370.00	3,649.98	121.31
J16	2.40	3,435.00	3,649.97	93.15
J18	2.40	3,440.00	3,649.97	90.98
J2	0.00	3,325.00	3,649.98	140.81
J20	0.48	3,335.00	3,649.98	136.48
J22	2.40	3,475.00	3,649.98	75.82
J24	1.68	3,500.00	3,649.98	64.99
J26	6.48	3,575.00	3,649.98	32.49
J28	1.68	3,530.00	3,649.99	51.99
J30	4.08	3,610.00	3,650.00	17.33
J32	2.88	3,455.00	3,649.99	84.49
J34	0.00	3,330.00	3,649.98	138.65
J38	2.88	3,550.00	3,649.98	43.32
J4	1.20	3,350.00	3,649.98	129.98
J40	1.20	3,549.00	3,649.99	43.76
J42	0.00	3,445.00	3,649.98	88.82
J46	0.00	3,549.00	3,649.99	43.76
J50	0.00	3,630.00	3,650.00	8.67
J58	0.00	3,552.00	3,649.99	42.46
J6	2.40	3,465.00	3,649.97	80.15
J60	0.00	3,515.00	3,649.97	58.48
J62	0.00	3,450.00	3,649.99	86.66
J64	0.00	3,560.00	3,649.99	38.99
J68	0.00	3,579.00	3,649.99	30.76
J70	0.00	3,536.00	3,649.98	49.39
J72	0.00	3,532.00	3,649.98	51.12
J74	0.00	3,555.00	3,649.98	41.16

Maximum Day Junction

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
30	0.00	3,521.00	3,649.98	55.89
31	0.00	3,540.00	3,649.98	47.66
32	2.88	3,520.00	3,649.97	56.32

Maximum Day Pipe

ID	From:Node	To:Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/kt)
1	P1	J10	795.56	12.00	130.00	-2.88	0.01	0.00	0.00
2	P101	J24	570.49	12.00	130.00	24.00	0.07	0.00	0.00
3	P103	J74	549.45	12.00	130.00	2.88	0.01	0.00	0.00
4	P107	J50	211.03	12.00	130.00	43.20	0.12	0.00	0.01
5	P13	J4	347.95	8.00	130.00	-1.20	0.01	0.00	0.00
6	P15	J6	497.63	8.00	130.00	-2.40	0.02	0.00	0.00
7	P17	J8	817.01	12.00	130.00	-2.40	0.01	0.00	0.00
8	P19	J20	2,126.21	8.00	130.00	-4.09	0.03	0.00	0.00
9	P21	J2	147.34	12.00	130.00	15.35	0.04	0.00	0.00
10	P25	J28	880.16	12.00	130.00	36.24	0.10	0.00	0.01
11	P3	J8	1,012.36	12.00	130.00	-2.87	0.01	0.00	0.00
12	P37	J28	409.52	8.00	130.00	-1.20	0.01	0.00	0.00
13	P39	J42	1,106.45	12.00	130.00	22.32	0.06	0.00	0.00
14	P41	J22	271.89	6.00	130.00	2.40	0.03	0.00	0.00
15	P43	J34	910.39	12.00	130.00	19.92	0.06	0.00	0.00
16	P45	J20	963.39	12.00	130.00	19.92	0.06	0.00	0.00
17	P5	J6	1,044.96	12.00	130.00	-8.15	0.02	0.00	0.00
18	P59	J50	166.01	12.00	130.00	-43.20	0.12	0.00	0.01
19	P69	J30	534.61	12.00	130.00	-39.12	0.11	0.00	0.01
20	P7	J4	735.01	12.00	130.00	-12.95	0.04	0.00	0.00
21	P71	J46	213.85	12.00	130.00	36.24	0.10	0.00	0.01
22	P73	J12	589.57	8.00	130.00	-2.88	0.02	0.00	0.00
23	P75	J62	624.25	6.00	130.00	-2.88	0.03	0.00	0.00
24	P77	J64	157.75	12.00	130.00	-39.12	0.11	0.00	0.01
25	P79	J70	1,506.37	12.00	130.00	16.68	0.05	0.00	0.00
26	P81	J70	1,506.37	12.00	130.00	16.68	0.05	0.00	0.00
27	P87	J70	396.90	8.00	130.00	0.00	0.00	0.00	0.00
28	P89	J70	251.55	12.00	130.00	33.36	0.09	0.00	0.00
29	P9	J2	268.75	12.00	130.00	-15.35	0.04	0.00	0.00

Maximum Day Pipe

ID	From Node	To Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/kft)
30	P91	J74	315.80	8.00	130.00	0.00	0.00	0.00	0.00
31	P93	J38	979.05	6.00	130.00	2.88	0.03	0.00	0.00
32	P95	J72	263.52	12.00	130.00	24.00	0.07	0.00	0.00
33	P97	J68	312.34	12.00	130.00	2.88	0.01	0.00	0.00
34	P99	J62	1,291.64	12.00	130.00	2.88	0.01	0.00	0.00

Maximum Day Pipe

ID	Status	Flow/Reversal Count
1	P1	Open 0
2	P101	Open 0
3	P103	Open 0
4	P107	Open 0
5	P13	Open 0
6	P15	Open 0
7	P17	Open 0
8	P19	Open 0
9	P21	Open 0
10	P25	Open 0
11	P3	Open 0
12	P37	Open 0
13	P39	Open 0
14	P41	Open 0
15	P43	Open 0
16	P45	Open 0
17	P5	Open 0
18	P59	Open 0
19	P69	Open 0
20	P7	Open 0
21	P71	Open 0
22	P73	Open 0
23	P75	Open 0
24	P77	Open 0
25	P79	Open 0
26	P81	Open 0
27	P87	Open 0
28	P89	Open 0
29	P9	Open 0

Maximum Day Pipe

	ID	Status	Flow Reversal Count
30	P91	Open	0
31	P93	Open	0
32	P95	Open	0
33	P97	Open	0
34	P99	Open	0

Maximum Day Reservoir

ID	Flow (gpm)	Head (ft)
RES106	-43.20	3.650.00

Max Day + Fire Flow Report

ID	Total Demand (gpm)	Critical Node ID	Critical Node Pressure (psi)	Critical Node Head (ft)	Adjusted Fire-Flow (gpm)
1	1,001.70	J26	29.30	3,642.61	2,105.19
2	1,001.20	J26	29.30	3,642.61	2,104.69
3	1,000.50	J26	29.30	3,642.61	2,103.99
4	1,001.00	J26	29.30	3,642.61	2,104.50
5	1,001.00	J26	29.30	3,642.61	2,104.50
6	1,000.00	J26	29.30	3,642.61	2,103.49
7	1,000.20	J26	29.30	3,642.61	2,103.69
8	1,001.00	J26	29.30	3,642.61	2,104.50
9	1,000.70	J26	29.30	3,642.61	2,104.19
10	1,002.70	J26	29.30	3,642.61	2,106.19
11	1,000.70	J68	29.55	3,647.20	3,291.40
12	1,001.20	J68	29.21	3,646.41	2,868.07
13	1,000.00	J26	29.30	3,642.61	2,103.49
14	1,001.20	J26	29.30	3,642.61	2,104.69
15	1,000.50	J26	29.30	3,642.61	2,103.99
16	1,000.50	J68	29.55	3,647.20	3,291.20
17	1,000.00	J26	29.30	3,642.61	2,103.48
18	1,000.00	J68	29.55	3,647.20	3,290.70
19	1,000.00	J68	29.55	3,647.20	3,290.69
20	1,001.00	J26	29.30	3,642.61	2,104.50
21	1,000.00	J26	29.30	3,642.61	2,103.49
22	1,000.00	J68	29.21	3,646.41	2,866.86
23	1,000.00	J68	29.73	3,647.62	3,588.26
24	1,000.00	J68	29.21	3,646.41	2,866.87
25	1,000.00	J68	29.55	3,647.20	3,290.70
26	1,000.00	J26	29.30	3,642.61	2,103.49
27	1,000.00	J26	29.30	3,642.61	2,103.49
28	1,000.00	J26	29.30	3,642.61	2,103.49

Max Day + Fire Flow Report

ID	Total Demand (gpm)	Critical Node ID	Critical Node Pressure (psi)	Critical Node Head (ft)	Adjusted Fire-Flow (gpm)
29	1,000.00	J68	29.55	3,647.20	3,290.70
30	1,001.20	J26	29.30	3,642.61	2,104.70

# PEAK HOUR REPORTS

Peak Hour Junction

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
J10	6.80	3,500.00	3,649.93	64.97
J12	4.80	3,415.00	3,649.93	101.80
J14	2.00	3,370.00	3,649.94	121.30
J16	4.00	3,435.00	3,649.93	93.13
J18	4.00	3,440.00	3,649.93	90.96
J2	0.00	3,325.00	3,649.94	140.80
J20	0.80	3,335.00	3,649.94	136.46
J22	4.00	3,475.00	3,649.95	75.80
J24	2.80	3,500.00	3,649.95	64.97
J26	10.80	3,575.00	3,649.96	32.48
J28	2.80	3,530.00	3,649.97	51.98
J30	6.80	3,610.00	3,649.99	17.33
J32	4.80	3,455.00	3,649.98	84.48
J34	0.00	3,330.00	3,649.94	138.63
J38	4.80	3,550.00	3,649.95	43.31
J4	2.00	3,350.00	3,649.94	129.96
J40	2.00	3,549.00	3,649.97	43.75
J42	0.00	3,445.00	3,649.95	88.80
J46	0.00	3,549.00	3,649.98	43.75
J50	0.00	3,630.00	3,650.00	8.66
J58	0.00	3,552.00	3,649.98	42.46
J6	4.00	3,465.00	3,649.94	80.13
J60	0.00	3,515.00	3,649.93	58.47
J62	0.00	3,450.00	3,649.98	86.65
J64	0.00	3,560.00	3,649.98	38.99
J68	0.00	3,579.00	3,649.98	30.76
J70	0.00	3,536.00	3,649.96	49.38
J72	0.00	3,532.00	3,649.96	51.11
J74	0.00	3,555.00	3,649.96	41.15

Peak Hour Junction

ID	Demand (gpm)	Elevation (ft)	Head (ft)	Pressure (psi)
30 J76	0.00	3,521.00	3,649.96	55.88
31 J78	0.00	3,540.00	3,649.96	47.65
32 J8	4.80	3,520.00	3,649.93	56.30

Peak Hour Pipe

ID	From Node	To Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/ktf)
1	P1	J10	795.56	12.00	130.00	-4.80	0.01	0.00	0.00
2	P101	J24	570.49	12.00	130.00	40.00	0.11	0.00	0.01
3	P103	J74	549.45	12.00	130.00	4.80	0.01	0.00	0.00
4	P107	J50	211.03	12.00	130.00	72.01	0.20	0.00	0.02
5	P13	J4	347.95	8.00	130.00	-2.00	0.01	0.00	0.00
6	P15	J6	497.63	8.00	130.00	-4.00	0.03	0.00	0.00
7	P17	J8	817.01	12.00	130.00	-4.00	0.01	0.00	0.00
8	P19	J20	2,126.21	8.00	130.00	-6.81	0.04	0.00	0.00
9	P21	J2	147.34	12.00	130.00	25.59	0.07	0.00	0.00
10	P25	J28	880.16	12.00	130.00	60.41	0.17	0.01	0.01
11	P3	J8	1,012.36	12.00	130.00	-4.79	0.01	0.00	0.00
12	P37	J28	409.52	8.00	130.00	-2.00	0.01	0.00	0.00
13	P39	J42	1,106.45	12.00	130.00	37.20	0.11	0.01	0.01
14	P41	J22	271.89	6.00	130.00	4.00	0.05	0.00	0.00
15	P43	J34	910.39	12.00	130.00	33.20	0.09	0.00	0.00
16	P45	J20	963.39	12.00	130.00	33.20	0.09	0.00	0.00
17	P5	J6	1,044.96	12.00	130.00	-13.59	0.04	0.00	0.00
18	P59	J50	166.01	12.00	130.00	-72.01	0.20	0.00	0.02
19	P69	J30	534.61	12.00	130.00	-65.21	0.18	0.01	0.02
20	P7	J4	735.01	12.00	130.00	-21.59	0.06	0.00	0.00
21	P71	J46	213.85	12.00	130.00	60.41	0.17	0.00	0.01
22	P73	J12	589.57	8.00	130.00	-4.80	0.03	0.00	0.00
23	P75	J32	624.25	6.00	130.00	-4.80	0.05	0.00	0.00
24	P77	J64	157.75	12.00	130.00	-65.21	0.18	0.00	0.02
25	P79	J28	1,506.37	12.00	130.00	27.80	0.08	0.00	0.00
26	P81	J28	1,506.37	12.00	130.00	27.80	0.08	0.00	0.00
27	P87	J70	396.90	8.00	130.00	0.00	0.00	0.00	0.00
28	P89	J70	251.55	12.00	130.00	55.60	0.16	0.00	0.01
29	P9	J4	268.75	12.00	130.00	-25.59	0.07	0.00	0.00

Peak Hour Pipe

ID	From Node	To Node	Length (ft)	Diameter (in)	Roughness	Flow (gpm)	Velocity (ft/s)	Headloss (ft)	HL/1000 (ft/kft)
30	P91	J74	315.80	8.00	130.00	0.00	0.00	0.00	0.00
31	P93	J38	979.05	6.00	130.00	4.80	0.05	0.00	0.00
32	P95	J72	263.52	12.00	130.00	40.00	0.11	0.00	0.01
33	P97	J68	312.34	12.00	130.00	4.80	0.01	0.00	0.00
34	P99	J62	1,291.64	12.00	130.00	4.80	0.01	0.00	0.00

Peak Hour Pipe

ID	Status	Flow Reversal Count	
1	P1	Open	0
2	P101	Open	0
3	P103	Open	0
4	P107	Open	0
5	P13	Open	0
6	P15	Open	0
7	P17	Open	0
8	P19	Open	0
9	P21	Open	0
10	P25	Open	0
11	P3	Open	0
12	P37	Open	0
13	P39	Open	0
14	P41	Open	0
15	P43	Open	0
16	P45	Open	0
17	P5	Open	0
18	P59	Open	0
19	P69	Open	0
20	P7	Open	0
21	P71	Open	0
22	P73	Open	0
23	P75	Open	0
24	P77	Open	0
25	P79	Open	0
26	P81	Open	0
27	P87	Open	0
28	P89	Open	0
29	P9	Open	0

Peak Hour Pipe

	ID	Status	Flow Reversal Count
30	P91	Open	0
31	P93	Open	0
32	P95	Open	0
33	P97	Open	0
34	P99	Open	0

Peak Hour Reservoir

ID	Flow (gpm)	Head (ft)
RES106	-72.01	3,650.00

### Fire Flow Report Variables

ID - Hydrant (Junction node) identifier.

**Static Demand** - This field displays the Static or the Basic Demand imposed on the Junction (200 gpm). Refer to #1 in the Hydrant Graph below.

**Static Pressure** - This represents the static pressure corresponding to the static demand of 200gpm (126.72 psi). Refer to #1 in the Hydrant Graph below. This pressure indicated the pressure at the hydrant when it only supplies the **Static Demand**. The Fire Flow Demand for the hydrant is not assigned while calculating the Static Pressure.

**Fire Flow Demand** - This is the Fire Flow demand imposed by you. To learn more about assigning Fire Flow demands [click here](#).

**Residual Pressure** - This represents the resulting pressure because of a sum total of the Static Demand and the Fire Flow demand (1,200 gpm, 120 psi). Refer to #2 in the Hydrant Graph below.

**Available Flow @ Hydrant** - The maximum flow that is available while maintaining the user-specified minimum residual pressure at the current node, assuming that only this hydrant (node) is flowing (6,013 gpm). Refer to #3 in the Hydrant Graph below.

**Available Flow Pressure** - Residual pressure calculated for the available flow at the current hydrant (node). This value should equal the residual pressure specified by the user (20 psi). Refer to #3 in the Hydrant Graph below.

**Critical Pipe ID** - If Max. Velocity Constraint is checked, this column will be created to show the pipe ID with the highest velocity within our Pipe Search Range assigned by the user. It will be blank if the velocities of the selected pipe are less than the maximum velocity assigned by user.

**Critical Pipe Velocity** - If Max. Velocity Constraint is checked, H2ONet calculates the maximum flow available at the hydrant while maintaining the user-specified residual pressure and the maximum velocity constraint. This value presents the velocity of the critical Pipe after satisfying the maximum velocity constrain. It will be blank if the velocities of the selected pipe are less than the maximum velocity assigned by user.

### Fire Flow Design Report

The Fireflow Design Report summarizes fire-flow simulation results such as the Total Demand, Critical Node 1 ID, Critical Node 1 Pressure, Adjusted Fire-Flow, Available Flow at the Hydrant, Critical Node 2 ID, Critical Node 2 Pressure, Adjusted Available Flow and Design Flow. H2ONET creates the Fireflow Design Report only if the Minimum Design Pressure option under the Design Flow Calculation section of the FireFlow tab in the Run Manager Dialog box is checked.

ID - Hydrant (Junction node) identifier.

**Total Demand** - The total nodal demand at the fire flow simulation timestep. This value corresponds to the sum of the baseline demand (Static Demand) and the fireflow demand (Fire-Flow Demand) for the selected timestep (12,00 gpm). Refer to #2 in the Hydrant Graph below.

**Critical Node 1 ID - Junction node within the Critical Node Searching Range** with the lowest pressure when the current junction is loaded with the total demand.

**Critical Node 1 Pressure** - The calculated pressure at the Critical Node 1.

**Adjusted Fire-Flow** - The flow required at the hydrant to maintain the user-specified minimum design pressure at the Critical Node 1 (4,494.77 gpm to reach 20 psi at Junction 13). Refer to #4 in the Hydrant Graph below.

**Available Flow @ Hydrant** - The maximum flow that is available while maintaining the user-specified minimum residual pressure at the current node, assuming that only this hydrant (node) is flowing.

**Critical Node 2 ID - Junction node within the Critical Node Searching Range** with the lowest pressure when the current junction is loaded with the available flow.

**Critical Node 2 Pressure** - The calculated pressure at the Critical Node 2.

**Adjusted Available Flow** - The flow required at the hydrant to maintain the user-specified minimum design pressure at the Critical Node 2 (5,419.42 gpm to reach 20 psi at Junction 23). Refer to #5 in the Hydrant Graph below.

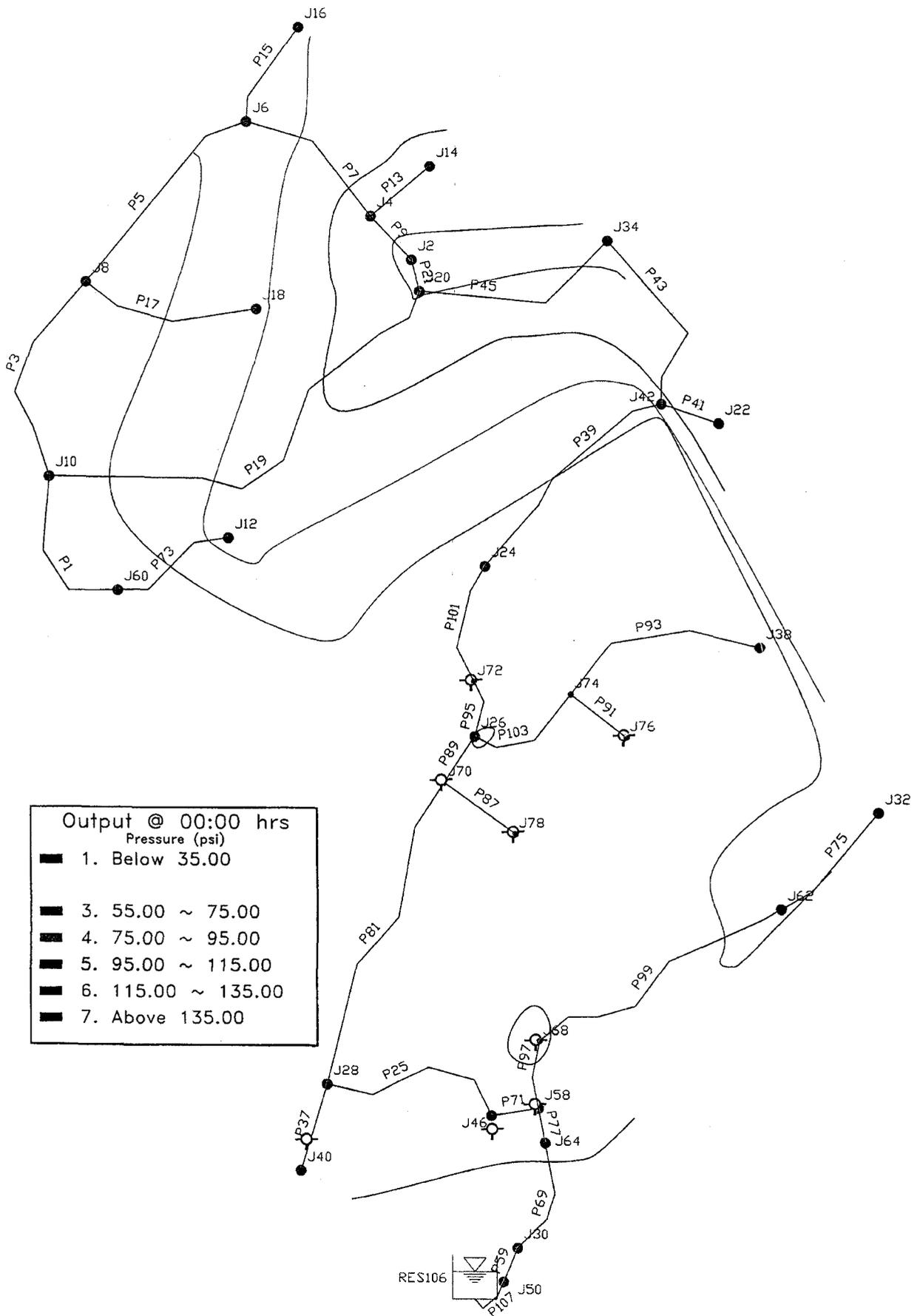
**Design Flow** - The maximum flow available at the current hydrant (node) such that the pressure anywhere within the critical node searching range (Fire Nodes, Entire Network, or Domain) does not drop below the minimum design pressure specified. Based on the critical nodes 1 and 2 identified (junction node with minimum pressure in the critical node searching range), H2ONET determines the design flow as the minimum of the two adjusted flows i.e., Adjusted Fire-Flow and the Adjusted Available Flow for each junction node needed to maintain the minimum design pressure in the entire critical node searching range. In final, point #4 is ultimately the *Design Flow* as it is the least flow value of all considered residual pressures. This is the value that an engineer would provide to a local fire department by saying this is the maximum (theoretical) flow possible at the subject junction in order to maintain 20 psi at all times in the distribution system.

---

## APPENDIX B

---

### Pressure Contours – Peak Hour Demand



---

## APPENDIX C

---

### Meeting Minutes

---

## Kent McRae

---

**Subject:** Palo Parado  
**Entry Type:** Meeting response

**Start:** Mon 9/17/2007 5:05 PM  
**End:** Mon 9/17/2007 5:05 PM  
**Duration:** 0 hours

Martin Garland  
Leo Miller  
Kent McRae

8:30 a.m. 9/17/07

Discussed possible tie-in location for Palo Parado, and highwater at that point.

Martin interested in modifications at the water production site. Kent did not agree with the concept he presented. The 3800 zone is a close system, and the pumps are controlled by pressure switches. Martin suggesting controlling the pumps based on level in a new tank that the development will build. The high water for that tank will be 3650. Kent's conclusion is that the tank can be filled off of the 3800 line through a prv, and altitude valve.

The tank site will be reviewed by Leo w/ Jon Todd. Leo would like to place the tank at the correct elevation on Todd's property.

Master water plan will be submitted to James. Amanda will probably do the review.

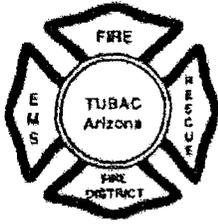
---

## **APPENDIX D**

---

**Rio Rico Fire District Letter**

---



## TUBAC FIRE DISTRICT

2227 EAST FRONTAGE ROAD  
P.O. BOX 2881  
TUBAC, ARIZONA 85646  
TELEPHONE: 520/398-2255

October 1, 2010

Liberty Water

RE: Palo Parado Subdivision  
C/O Leo Miller

To Whom It May Concern:

The Tubac Fire District accepts 1,000 gpm for a 2-hour duration for this residential subdivision as per Note #20 on recorded plat.

If you have any questions or need additional information, please feel free to call me at 398-2255.

Thank you,

Genaro Rivera  
Battalion Chief

GR/nl

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 9**  
6 **(Statement of Financial Condition)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

## COMPANY NAME

Rio Rico Utilities, Inc

**BALANCE SHEET**

Acct. No.		2010	2009
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 54,168	\$ 134,111
141	Customer Accounts Receivable	408,196	384,781
146	Notes/Receivables from Associated Companies	0	150,000
162	Prepayments	9,008	41,680
174	Miscellaneous Current and Accrued Assets	2,463,431	2,625,078
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 2,934,803</b>	<b>\$ 3,335,650</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 46,886,013	\$ 44,861,291
105	Construction Work in Progress	2,125,504	1,038,758
108	Accumulated Depreciation - Utility Plant	17,699,093	16,605,575
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 31,312,424</b>	<b>\$ 29,294,474</b>
	<b>TOTAL ASSETS</b>	<b>\$ 34,247,227</b>	<b>\$ 32,630,124</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ -	\$ 15,381
234	Notes/Accounts Payable to Associated Companies	(86,219)	358,442
235	Customer Deposits	227,862	172,997
236	Accrued Taxes	134,245	120,007
237	Accrued Interest	11,414	6,418
241	Miscellaneous Current and Accrued Liabilities	3,273,524	1,234,195
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 3,560,826</b>	<b>\$ 1,907,440</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds		
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	515,489	521,710
253	Deferred Rate Case Expense	(542)	(30,980)
271	Contributions in Aid of Construction	26,103,097	26,115,278
272	Less: Amortization of Contributions	10,779,217	9,720,629
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 15,838,828</b>	<b>\$ 16,885,380</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 19,399,654</b>	<b>\$ 18,792,820</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 1	\$ 1
211	Paid in Capital in Excess of Par Value	10,186,515	10,013,737
215	Retained Earnings	4,661,057	3,823,566
	<b>TOTAL CAPITAL</b>	<b>\$ 14,847,573</b>	<b>\$ 13,837,304</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 34,247,227</b>	<b>\$ 32,630,124</b>

## COMPANY NAME

Rio Rico Utilities, Inc

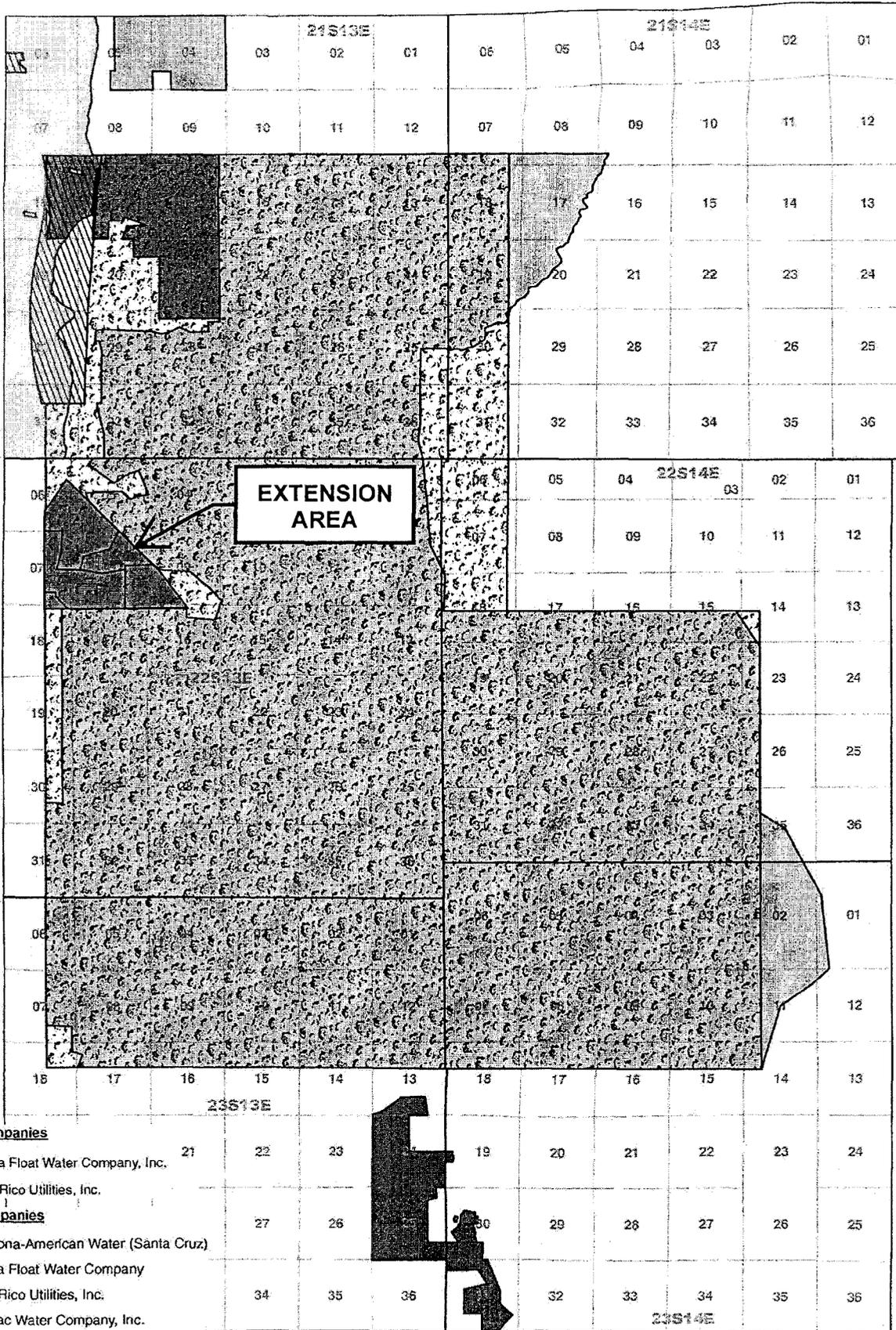
COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	2010	2009
461	Metered Water Revenue	\$ 1,745,797	\$ 1,775,636
460	Unmetered Water Revenue		
474	Other Water Revenues	42,218	49,400
521	Flat Rate Revenues	\$ 1,445,134	\$ 1,423,173
522	Measured Revenues	272,538	305,940
536	Other Wastewater Revenues	0	0
	<b>TOTAL REVENUES</b>	<b>\$ 3,505,687</b>	<b>\$ 3,554,149</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages		
610	Purchased Water		
615	Purchased Power	375,913	331,129
618	Chemicals	6,828	2,585
620	Repairs and Maintenance	12,319	1,975
621	Office Supplies and Expense	50,288	46,880
630	Outside Services	1,023,410	976,166
635	Water Testing	29,100	27,549
640	Rental of Equipment	(58)	7,546
641	Rents	24,936	24,012
650	Transportation Expenses	79,084	60,761
657	Insurance - General Liability	34,353	31,775
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	18,263	21,915
675	Miscellaneous Expense	39,228	34,736
701	Salaries and Wages		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	52,985	51,827
716	Fuel for Power Production		
718	Chemicals	2,323	13,678
720	Materials and Supplies	7,574	6,326
731	Contractual Services - Professional	780	1,559
735	Contractual Services - Testing	260	0
736	Contractual Services - Other	506,930	455,321
740	Rents	10,041	13,430
750	Transportation Expense	15,614	19,155
755	Insurance Expense	11,641	10,641
765	Regulatory Commission Expense	12,175	14,610
775	Miscellaneous Expense	36,516	50,506
403	Depreciation Expense	107,278	337,341
408	Taxes Other Than Income		
408.11	Property Taxes	237,278	228,334
409	Estimated Income Tax (at 35%)	281,075	273,094
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,976,133</b>	<b>\$ 3,042,851</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	7,556	4,123
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ (7,556)</b>	<b>\$ (4,123)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 521,998</b>	<b>\$ 507,175</b>

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 10**  
6 **(Map of Service Area)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

# SANTA CRUZ COUNTY



**Sewer Companies**

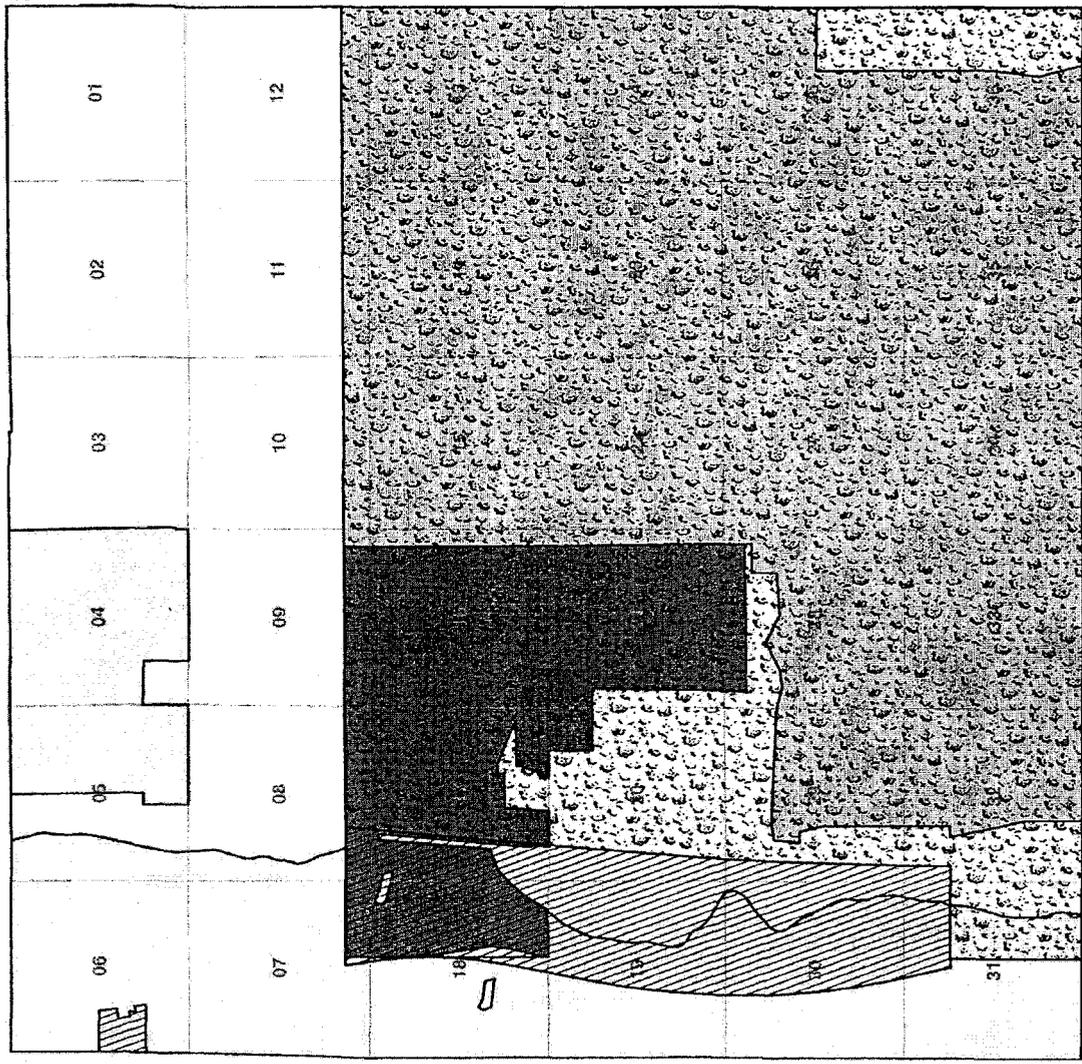
- Baca Float Water Company, Inc.
- Rio Rico Utilities, Inc.

**Water Companies**

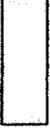
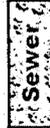
- Arizona-American Water (Santa Cruz)
- Baca Float Water Company
- Rio Rico Utilities, Inc.
- Tubac Water Company, Inc.
- Valle Verde Water Company
- New Extension to Rio Rico Utilities

**SANTA CRUZ COUNTY**

**RANGE 13 East**



**TOWNSHIP 21 South**

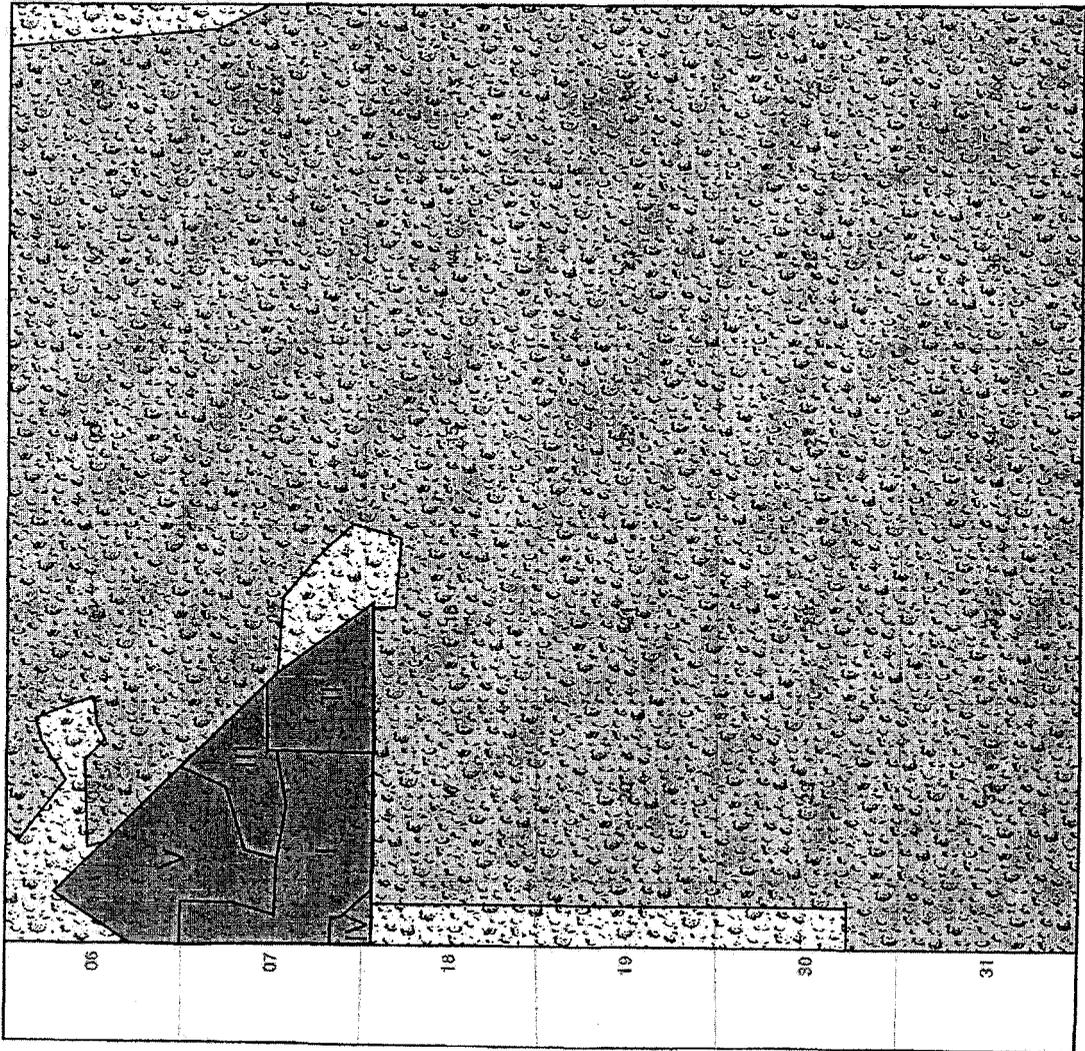
-  WS-01303A (3)  
 Arizona-American Water Company
-  WS-01678A (1)  
 Baca Float Water Company, Inc.
-  WS-02676A (6)  
 Rio Rico Utilities, Inc.
-  W-02419A (2)  
 Tubac Water Company, Inc.
-  Sewer
-  Sewer

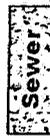
Revised to A.R.C. 50 January 1984. This map is filed for Commission and filed for record on January 5, 1984.



**SANTA CRUZ COUNTY**

**RANGE 13 East**



 WS-02676A (6)  
 Rio Rico Utilities, Inc.  
 New Extension to Rio Rico Utilities  
 Sewer

Parcel	Acreage	Owner
I	372.23	Lawyers Title Trust 5433-T
II	290.99	Lawyers Title Trust 6467-T
III	154.60	Lawyers Title Trust 7959-T
IV	38.05	John C Todd Rev. Trust
V	<u>344.91</u>	Windward Partners XIV
Total	1200.78	

**TOWNSHIP 22 South**

Revised to AEC 5-20-03 this map is Not for Commercial Use

# SANTA CRUZ COUNTY

## RANGE 14 East

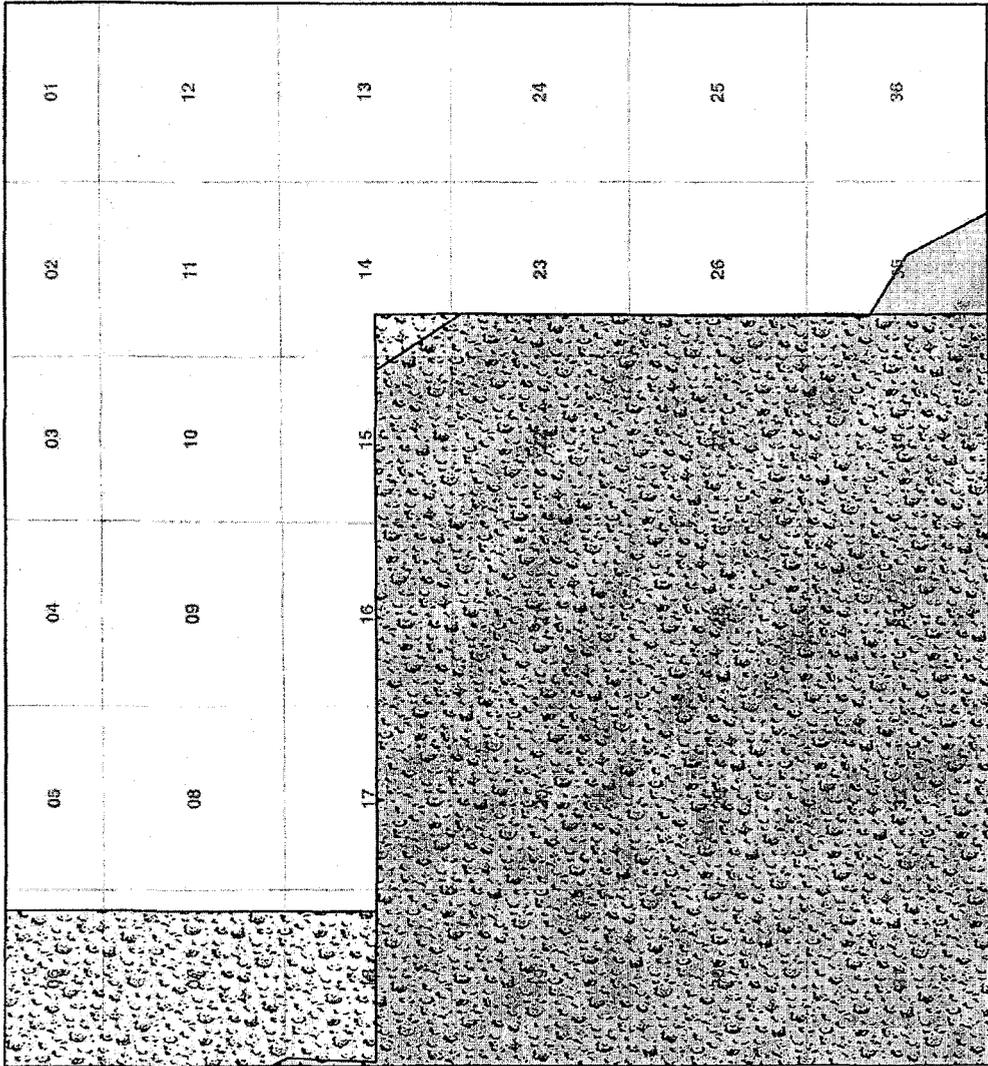
## TOWNSHIP 22 South



WS-02676A (6)



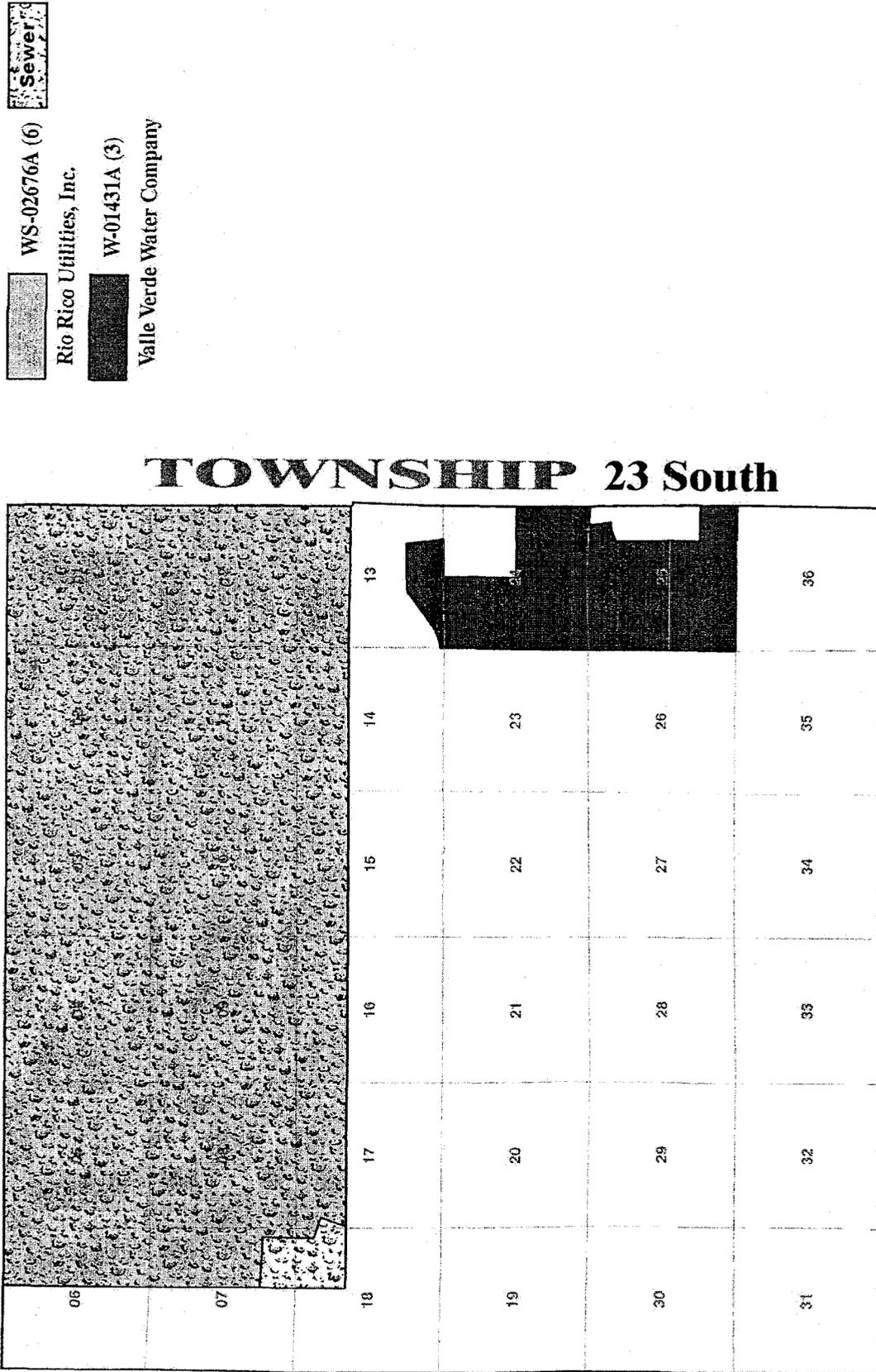
Rio Rico Utilities, Inc.

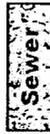


# SANTA CRUZ COUNTY

## RANGE 13 East

### TOWNSHIP 23 South

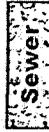


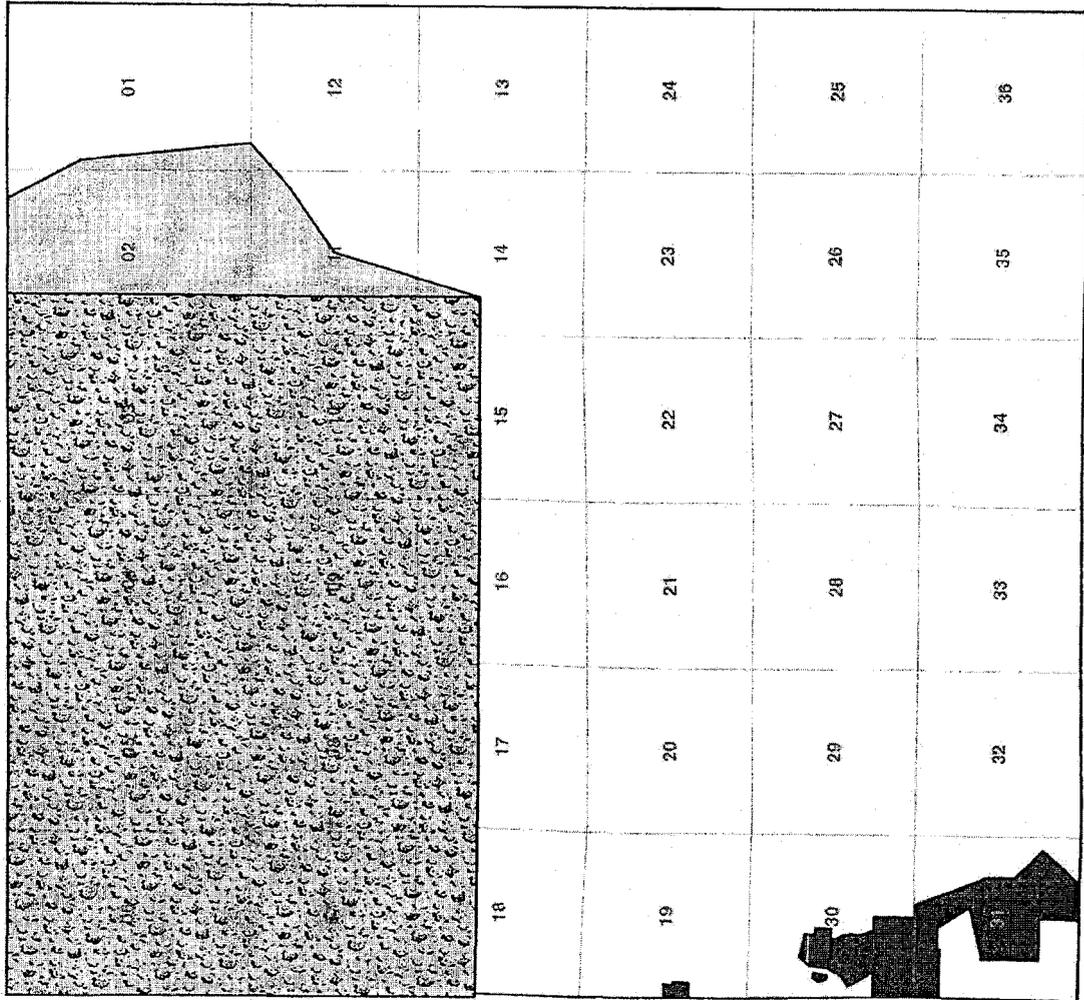
-  WS-02676A (6)  
Rito Rico Utilities, Inc.
-  W-01431A (3)  
Valle Verde Water Company
-  Sewer

# SANTA CRUZ COUNTY

## RANGE 14 East

## TOWNSHIP 23 South

 WS-02676A (6)  
 Rio Rico Utilities, Inc.  
 W-01431A (3)  
 Valle Verde Water Company  
 Sewer



Pursuant to A.D.C.S. 20-101, this map is not for Commercial Use.

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 11**  
6 **(Water Line Extension Agreement dated December 6, 2010,)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

THIS WATER LINE EXTENSION AGREEMENT ("Agreement"), entered into this 6 day of December, 2010 by and between RIO RICO UTILITIES, INC., dba LIBERTY WATER, an Arizona public service corporation, (hereinafter referred to as "LIBERTY"), and WINDWARD PARTNERS XIV, LLC, an Arizona limited liability company, (hereinafter referred to as "Developer")(individually, a "Party" and collectively, "Parties"), in respect of the construction of utility infrastructure necessary to extend and provide water utility service to the PALO PARADO SUBDIVISION, a 345-acre land parcel owned by the Developer in Santa Cruz County, Arizona as shown in **Exhibit "A"** (hereinafter called the "Development").

### RECITALS

WHEREAS, LIBERTY represents and warrants to Developer that it is a public service corporation, and holds a Certificate of Convenience and Necessity (the "CC&N") granted by the Arizona Corporation Commission ("Commission"), together with other required permits and governmental approvals authorizing it to serve the public with water utility service in certain parts of Santa Cruz County, Arizona; and

WHEREAS, Developer desires that water utility service be extended to the Development, which consists of 79 residential lots and common acres located near Interstate 19 south of Tubac, in Santa Cruz County, Arizona. A legal description and map of the proposed Development are attached hereto in **Exhibit "A"** and incorporated herein by reference for all purposes; and

WHEREAS, although the Development is not located within LIBERTY's CC&N, LIBERTY is willing to file an application with the Commission to extend its CC&N to include the Development, and upon such approval acceptable to LIBERTY, to extend service pursuant to the terms of this Agreement; and

WHEREAS, LIBERTY does not presently have onsite water distribution facilities within the Development and Developer is prepared to construct and then convey such facilities to LIBERTY as provided for herein; and

WHEREAS, LIBERTY does not presently have sufficient or appropriate off-site facilities to convey water to the Development, and the Developer is prepared to either: i) construct and/ or upgrade such off-site facilities and convey them to LIBERTY or, ii) provide the advance funding to LIBERTY so that LIBERTY may construct such off-site facilities; and

WHEREAS, Developer is willing to transfer to LIBERTY legal title to all onsite and offsite facilities that are necessary to extend water utility service to the Development which Developer undertakes to construct, subject to the terms and conditions set forth hereinafter; and

WHEREAS, Developer recognizes that in order for LIBERTY to provide the requested water utility service to the Development, LIBERTY will have to develop additional potable

  
\_\_\_\_\_  
Liberty

  
\_\_\_\_\_  
Developer

water production, treatment and handling capacity and that Developer will be required to contribute to the funding of the costs for LIBERTY to construct new, or to upgrade existing off-site infrastructure to develop that water production, treatment and conveyance capacity as required by the Development, which funding shall be supplied by the Developer to LIBERTY according to the terms and conditions set forth hereinafter; and

WHEREAS, LIBERTY is willing to provide such water utility service to the Development in accordance with applicable law, including the rules and regulations of the Commission, on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements of this Agreement as set forth below; and

WHEREAS, unless otherwise provided in this Agreement, capitalized terms used herein shall have the same meaning as set forth in the Commission Rules and Regulations.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the Parties hereto as follows:

**I. UTILITY FACILITIES; OVERSIZING; COST; ADMINISTRATIVE COSTS; WATER SUPPLY; LETTER OF CREDIT; GROUNDWATER REPLENISHMENT DISTRICT.**

A (i). Utility Plant Additions. Developer will construct, or cause to be constructed, the onsite and offsite water utility facilities described on **Exhibit "B"** (the "Facilities").

A (ii). Utility Plant Sites. Developer shall transfer title to all real property, as described on **Exhibit "D"** and which is needed for utility plant sites, to Liberty via a Bill of Sale, the form of which is attached hereto as **Exhibit "E"**.

B. Oversizing. If requested by LIBERTY, Developer shall "oversize" certain components of the Facilities. To the extent that such oversizing is not part of the general LIBERTY Development Guide specifications (e.g. the size of mains paralleling major roadways fronting the Development which will be to specifications and not considered oversize even if in excess of the actual specific needs of the Development alone), LIBERTY shall reimburse Developer for the amount by which the material costs of the oversized facilities exceed the actual material costs of the same Facilities prior to "oversizing". Reimbursement for oversizing will be made by LIBERTY to Developer within thirty (30) days of written notice to LIBERTY after LIBERTY's Final Acceptance of said Facilities, as that term is defined in Paragraph IV.F herein.

C. Cost. The total estimated cost to construct the Facilities, as shown in **Exhibit "C"**, attached hereto and incorporated herein by reference for all purposes, is **\$2,492,684.00**. In addition to the cost of the Facilities, Developer shall be required to advance a deposit for all estimated administrative, engineering, and legal costs associated with the extension of water utility service, including an extension of the CC&N, as more fully set forth in Paragraph I.D ("Deposit"). All costs delineated in **Exhibit "C"** shall be treated as an advance in aid of construction.

  
Liberty

  
Developer

**D. Reimbursement for Inspection Costs, Overhead and Other Expenses of LIBERTY.**

(i). **Administrative Costs.** Upon execution of this Agreement, Developer shall submit a deposit to LIBERTY in respect of LIBERTY's anticipated reasonable fees, costs and expenses incurred in connection with its preparation of this Agreement, review and approval of engineering plans and specifications for the Facilities, periodic inspection and testing of the Facilities during and after their construction, and any other fees, costs and expenses reasonably and necessarily incurred by LIBERTY (collectively, "Administrative Costs"). The minimum deposit shall be **\$15,000** at the time the Agreement is signed by Developer. This development process commenced in July 2008, and LIBERTY has already incurred \$17,613 in Administrative Costs through July 17, 2010. LIBERTY agrees to cap its Administrative Costs at \$40,000. This Administrative Cost Cap is in place as long as the Developer works in good faith with Liberty to minimize Administrative Costs that includes legal, engineering, plan review, inspections and contract administration. If the Developer does not work in good faith, then the Administrative Cap is removed and the Developer is responsible to reimburse Liberty Water for all Administrative Costs over the deposited amount.

(ii). **CC&N Costs.** Upon execution of this Agreement, Developer shall submit a deposit to LIBERTY in respect of LIBERTY's anticipated reasonable fees, costs and expenses incurred in connection with LIBERTY's cost to extend its CC&N as set forth in Paragraph XI (collectively, "CC&N Costs"). The initial deposit shall be **\$7,500**, which has already been paid by Developer. In the event LIBERTY's CC&N Costs exceed the amount of the deposit, LIBERTY shall provide to Developer invoices and records supporting such CC&N Costs, and payment shall be made by Developer on or before the fifteenth (15th) day of the calendar month following the month in which LIBERTY's invoice is received by Developer. In the event that the Commission does not approve LIBERTY's application for a CC&N to serve the Development, LIBERTY will refund to Developer any remaining amount of the deposit.

Any portion of the total deposit spent by LIBERTY on Administrative Costs or CC&N Costs up to the date of any denial by the Commission shall be non-refundable.

**E. Capacity Costs.** For water utility service to the Development, LIBERTY is required to develop new or improve existing off-site water supply capacity ("Capacity Cost"). Developer is responsible for funding its pro-rata share of the Capacity Costs, at an estimated total of **\$22,282.05** (based off of the project containing 79 single family lots only). This pro-rata share is based on off-site improvements that LIBERTY is pursuing that will provide water supply for the Development. The Capacity Cost will be treated as an advance in aid of construction. This estimate shall be valid for up to **ONE YEAR** after approval of LIBERTY's CC&N extension application, provided the estimated amount has been paid by Developer (See Section VII Paragraph B). If Developer chooses to delay this estimated payment until the CC&N expansion is complete, then this estimate is subject to change based on the then current Capacity

costs and Hook-up fees that are or will be charged by the Utility on a consistent basis to other developments at the time payment is made and then such estimate shall be valid for up to ONE YEAR after approval of LIBERTY's CC&N extension. If construction of the Facilities has not been completed by this deadline, the estimated Capacity Cost is thereafter subject to change based on the then current Capacity costs and Hook-up fees that are or will be charged by the Utility on a consistent basis to other developments.

## II. SERVICE; FIRE FLOW; APPLICABLE RATES

A. **Service.** The Facilities are being installed for the purpose of providing water utility service to the Development consistent with LIBERTY's Tariff and Commission Rules and Regulations. The service provided by LIBERTY to the Development pursuant to this Agreement (the "Service") shall be in accordance with good utility practice for water utility service as well as any law and regulation, including the Commission's Rules and Regulations.

B. **Fire Flow.** LIBERTY 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 LIBERTY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, LIBERTY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.

C. **Applicable Rates.** It is mutually understood and agreed that the charges for the Service shall be at the applicable rates and tariffs which LIBERTY is authorized by the Commission to charge and that those rates are subject to change from time to time upon application by LIBERTY and approval by the Commission.

## III. PERMITS AND LICENSES; EASEMENTS; TITLE

A. **Permits and Licenses.** Developer agrees to obtain, at its own initial expense, all licenses, permits, certificates and approvals from public authorities that may be required for the construction of the Facilities, or to comply with all applicable water laws and rules and regulations of the Arizona Department of Water Resources, including any requirement to obtain a certificate of assured water supply or letter of adequate water supply, as may be applicable to the Development, and to comply with all municipal, environmental and other public laws, ordinances, and requirements in regard to the same.

B. **Easements.** In the event the Facilities are not located within a dedicated right of way or public utility easement, Developer shall grant such easements as are reasonably necessary to permit LIBERTY to maintain repair or replace the Facilities, which LIBERTY shall record in the Santa Cruz County Recorder's Office. In no event shall such easement be less than sixteen (16) feet in width.

C. **Title.** All materials installed, facilities constructed and equipment provided by Developer in connection with construction of the Facilities, and the completed Facilities as installed for which an Approval of Construction has been issued by ADEQ, and for which LIBERTY has provided written Final Acceptance pursuant to Paragraph IV.F, shall become the sole property of LIBERTY, and full legal and equitable title thereto shall then be vested in LIBERTY, free and clear of any liens. Developer will indemnify LIBERTY from any lien claim now or in the future on the facilities constructed by the Developer. Developer agrees to execute or cause to be executed promptly such documents as counsel for LIBERTY may reasonably request to evidence good and merchantable title to the Facilities (free and clear of all liens) vested in LIBERTY. LIBERTY shall confirm in writing the acceptance of title to the Facilities.

**IV. COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; PLANS AND SPECIFICATIONS; WORKMANSHIP, MATERIALS, EQUIPMENT AND MACHINERY; CONNECTING NEW FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES**

A. **Commencement of Performance and Time of Completion.** This Agreement shall automatically terminate if Developer fails to begin construction within **ONE YEAR** and having substantial (50%) of the facility infrastructure completed within **EIGHTEEN MONTHS** from the successful extension of LIBERTY's CC&N, unless otherwise agreed to in writing by LIBERTY. In Addition this Agreement shall also automatically terminate if Capacity Cost payment is not received timely from the Developer (see paragraph VII.B. "Time of Payment"). In the event this Agreement is terminated pursuant to this Paragraph, any monies advanced by Developer for Administrative Costs spent by LIBERTY shall be non-refundable. The remainder of the Deposit shall be refunded within thirty (30) days after termination of the Agreement.

B. **Plans and Specifications.** The construction of the Facilities shall be in accordance with plans and specifications (and any material changes thereto) which have been (i) prepared in accordance with good water utility practice as generally accepted in Santa Cruz County, and with all applicable rules, regulations and requirements of all regulatory agencies having jurisdiction over water service in the Development, (ii) approved, in writing, by LIBERTY, which approval shall not be unreasonably conditioned, delayed or denied, and (iii) approved, in writing, by any governmental entity having authority over water service in the Development ("Approved Plans"). LIBERTY shall provide to the Developer LIBERTY's written approval or disapproval with comments, of any plans and specifications for the Facilities within thirty (30) calendar days after submittal of such plans and specifications to LIBERTY. If such plans and specifications are disapproved by LIBERTY, LIBERTY's approval of such plans and specifications shall be provided within thirty (30) calendar days after resubmittal of such plans and specifications incorporating LIBERTY's comments to the originally submitted plans and specifications. The Approved Plans shall be incorporated herein by reference and made part of this Agreement. Developer shall not commence construction of the Facilities prior to the issuance of any Approved Plans.

C. **Materials, Workmanship, Equipment, and Machinery.** All materials used to construct the Facilities shall be new and both workmanship and materials shall be of good

quality that meets the specifications and standards of LIBERTY's Development Guide, the Commission, ADEQ, the Arizona Department of Health Services and all other applicable regulatory agencies. Developer shall assign to LIBERTY the warranties of its contractor(s) for the Facilities. Developer agrees to remove or replace at its own cost, or reimburse LIBERTY for all reasonable costs incurred by LIBERTY for removing and replacing any defective part or parts of the Facilities, for two (2) years after LIBERTY's written Final Acceptance, as that term is defined in Paragraph IV.F.

**D. Connecting New Facilities.** The Facilities shall not be connected to LIBERTY's existing facilities without Approved Plans, and execution of this Agreement, including all regulatory approvals, if necessary which approval shall not be unreasonably withheld, conditioned, or delayed. Any such unapproved connection may result in either rejection of the Facilities by LIBERTY, or extraordinary charges to Developer to purge the Facilities prior to LIBERTY's written Final Acceptance.

**E. Existing Underground Facilities Responsibility.** In connection with the construction of the Facilities, Developer shall be responsible for complying with A.R.S. 40-360.21. et seq., and related local regulations, and will assume all costs and liabilities associated with (1) coordination with the owners or agents of all underground facilities within and adjacent to the Development regarding the location of such facilities, and (2) construction near, or damage to, such underground facilities. Developer will conduct, or cause to be conducted, all excavation in a careful and prudent manner in its construction of the Facilities.

**F. Acceptance.** Operational Acceptance of the Facilities by LIBERTY shall occur at the time the Developer has provided all of the following items to LIBERTY as required by this Agreement: (i) all fees, costs, and funds required under this Agreement; (ii) the Approval to Construct the Facilities; and (iii) recorded copies of all required Deeds and Easements. LIBERTY shall assume operational responsibilities for the Facilities only after receipt of the above. Final Acceptance of the Facilities by LIBERTY shall occur only after the Company receives all of the following as otherwise required by this Agreement: (i) all items required for Operational Acceptance; (ii) approved Final Inspection by LIBERTY, including all punch list items; (iii) all invoices; (iv) all lien waivers; (v) copies of all permits and licenses; (vi) all required evidences of title, including a Bill of Sale; (vii) the "as-built" plans, (viii) AutoCAD digital file(s) of the approved construction drawings; and (ix) Approval of Construction from ADEQ. If all documents for LIBERTY's Final Acceptance are not received within sixty (60) days of the Operational Acceptance, the Company shall have no obligation to set additional meters within the Development until such time as Developer has complied with these requirements.

## V. INSPECTION, TESTING AND CORRECTION OF DEFECTS, COMPLETION

**A. Inspection.** Developer shall comply with the inspection and testing requirements of LIBERTY for the Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall promptly notify LIBERTY when the Facilities (or portions thereof) are ready for inspection and testing,

and LIBERTY shall inspect promptly after being so notified. LIBERTY agrees to conduct any "open trench" inspection within forty-eight (48) hours after being notified by Developer that the trench is ready for inspection, provided Developer gives LIBERTY at least three (3) business days' advance written notice of the first inspection date consistent with the notice provisions of Paragraph IX. If not inspected and approved by LIBERTY, Developer shall provide, within ten (10) business days, written certification from Developer's engineer that the Facilities (or the applicable portion thereof) were installed in accordance with the Approved Plans. At this time the condition will be deemed automatically approved by LIBERTY if LIBERTY fails to inspect the condition within such forty-eight (48) hour period, provided LIBERTY received such three (3) business days' advance written notice.

**B. Testing and Correction.** For the purpose of inspection and testing of the Facilities, Developer shall give LIBERTY and any inspectors appointed by it, free access to the facilities for properly inspecting such materials and work and shall furnish LIBERTY and any inspectors appointed by it with full information whenever requested as to the progress of the work on the various components of the Facilities. Developer agrees that no inspection by or on behalf of LIBERTY shall relieve Developer from any obligation under this Agreement. If, at any time before Completion, any part of the work is found to be defective or deficient in any way or in any way fails to conform to this Agreement, LIBERTY is hereby expressly authorized to reject or revoke acceptance of such defective or deficient work and require Developer to correct such defective work. No costs incurred by Developer to correct defective work shall be included in the Advance pursuant to Paragraph VII.A. LIBERTY specifically reserves the right to withhold approval and to forbid connection of the Facilities to LIBERTY's system. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by LIBERTY made subsequent to inspection by LIBERTY.

**C. Completion.** The "Completion" of the Facilities (or any portion(s) or component(s) thereof) shall be deemed to have occurred when LIBERTY delivers to Developer LIBERTY's approved Final Inspection of the Facilities (or any portion(s) or component(s) thereof) as having been constructed in substantial conformance with the Approved Plans, which written acknowledgement shall not be unreasonably delayed or denied.

## VI. INVOICES; LIENS; "AS-BUILT" PLANS

**A. Invoices.** Developer agrees to furnish LIBERTY, within thirty (30) days after completion of construction, copies of Developer's, subcontractors', vendors' and all others' invoices for all engineering, surveying, and other services, materials installed, construction performed, equipment provided, materials purchased and all else done for construction pursuant to this Agreement at the actual cost thereof.

**B. Lien Releases.** Developer acknowledges its duty to obtain lien waivers from all providing labor, materials, or services hereunder. Developer hereby irrevocably waives any rights it may now have or which it may acquire during the course of this Agreement to record liens against LIBERTY or its property. Developer shall also pay, satisfy and discharge, or bond over, all mechanics', material men's and other liens, and all claims, obligations and liabilities

which may be asserted against LIBERTY or its property by reason of Developer's construction of the Facilities.

C. **"As-Built" Plans.** Developer agrees to furnish LIBERTY, within forty-five (45) days after Completion, "as-built" drawings showing the locations of all LIBERTY owned Facilities that are a part of this project. The drawings shall be certified by Developer's engineer of record and Developer shall provide two (2) reproducible 4-mil mylar prints, three (3) Bond copies and a CD or Flash Drive with AutoCad and PDF files (or as otherwise specified by LIBERTY).

**VII. CALCULATION OF ADVANCE; TIME OF PAYMENT; INCOME TAX; CALCULATION OF REFUND, MAXIMUM REFUND; TRANSFER; ASSIGNMENT**

A. **Calculation of Advance.** Based on the estimated costs for Facilities and Capacity Costs contained in Paragraph I.C, and Deposit in Paragraph I.D, and subject to receiving invoices pursuant to Paragraph VI.A totaling at least the estimated cost plus applicable Administrative Costs, the total refundable estimated Advance ("Advance") by Developer is **\$2,537,466.05**, subject to adjustment as provided for in this Agreement. If the actual Advance is less than the estimated Advance, the Advance shall be the lesser amount, to the extent supported by invoices provided pursuant to Paragraphs I.D and VI.A. If the actual Advance is more than the estimated Advance, the Advance shall be the greater amount, to the extent supported by invoices provided pursuant to Paragraphs I.D and VI.A.

B. **Time of Payment.** The payment of the funds under this Agreement shall be made as follows:

1. Developer shall submit as the initial Deposit for LIBERTY's total estimated Administrative Costs the sum of **\$15,000** upon execution of this Agreement.
2. If the Deposit is greater than \$5,500, LIBERTY shall compute the unexpended portion of the Deposit, if applicable, and refund any such amount over \$5,000 within sixty (60) days of LIBERTY's Final Acceptance of the Facilities pursuant to Paragraph IV.F. All other amounts shall be added to the Advance.
3. Upon completion of the construction of the Facilities to be performed by Developer, Developer shall provide the documentation required by Paragraphs III, IV, V, and VI of this Agreement.
4. Developer may pay the estimated capacity costs upon Developer's execution of this Agreement to lock in the Capacity Cost estimate (provided the number of units and type of Development remains unchanged), or Developer may pay the then current Capacity Costs and Hook-up fees that are or will be charged by the Utility on a consistent

basis to other developments anytime on or before 10 days of the date upon which Developer begins construction of the project.

C. **Income Taxes.** In the event it is determined by Congress, the Internal Revenue Service, the Arizona Legislature or the Arizona Department of Revenue that all or a portion of the cost estimates in Exhibit "C", or the Capacity Cost, is taxable income to LIBERTY as of the date of this Agreement, or upon receipt of said costs or facilities by LIBERTY, Developer will pay to LIBERTY funds equal to the applicable income taxes for LIBERTY's state and federal tax liability on all funds contributed pursuant to this Agreement. These funds shall be payable by Developer to LIBERTY within thirty (30) days after LIBERTY provides to Developer written notice of such taxes, along with reasonable supporting documentation.

D. **Computation of Refund.** LIBERTY shall refund to Developer the Advance by making annual payments (each an "Advance Refund Payment" and collectively, the "Advance Refund Payments") on or before the 31<sup>st</sup> day of August of each year, commencing the year after the Commission approves LIBERTY's CC&N extension request as set forth in Paragraph XI herein, provided that Developer has met all requirements set forth in Section IV.F by June 30 of the corresponding calendar year. Each Advance Refund Payment shall be equal to ten percent (10%) of the gross annual operating revenues, exclusive of any taxes or pass-through costs by LIBERTY, from the sale of water utility services to bona fide customers of LIBERTY within the Development. Any other amounts to be refunded by LIBERTY to Developer pursuant to this Agreement, including without limitation, the amount of any income taxes pursuant to Paragraph VII.C, shall be in addition to the Advance Refund Payments, and shall be paid contemporaneously with each Advance Refund Payment. LIBERTY shall continue to pay Advance Refund Payments for a period of ten (10) years from the date of the Commission's approval of the CC&N expansion application. LIBERTY retains the right to refund all or any portion of the outstanding Advance balance to Developer at any time prior to the termination of refunds made pursuant to this Agreement, and to extend the refund period prior to the expiration of the initial 10-year term, upon proper notice to the Developer. Any amount of the Advance that has not been refunded to Developer at the end of the refund period, or extended refund period, shall become a contribution in aid of construction.

E. **Maximum Refund; Interest on Advance; Limitation on Revenues.** The sum total of the Advance Refund Payments shall in no event exceed the amount of the Advance, as adjusted. No interest shall be paid by LIBERTY on any amounts to be refunded to Developer pursuant to this Agreement.

F. **Transfer of Facilities.** In the event of the sale, conveyance or transfer by LIBERTY, pursuant to the approval of the Commission, of any portion of its water system, including the Facilities, LIBERTY's obligation hereto shall cease (except as to any payment which is then due), conditioned upon the transferee assuming, and agreeing to pay Developer, any sums becoming payable to Developer thereafter in accordance with the provisions of this Agreement.

G. **Assignment; Utility's Right of First Refusal.** Developer may assign this Agreement, or any of its rights and obligations hereunder, to another party, including another company under the same corporate umbrella, provided that such assignment is made in connection with the sale of the Development and further provided that Developer first receives written consent of such assignment from LIBERTY prior to the effective date of the assignment, which consent shall not be unreasonably withheld; provided, however, that Developer acknowledges that LIBERTY may, in its sole discretion, require that the assignee agree in writing to fully perform Developer's obligations hereunder to be bound by this Agreement and to require that the assignee demonstrate financial ability to assume Developer's obligations hereunder. Before selling, assigning or otherwise transferring to any third party Developer's right to the receipt of the Advance Refund Payments or any other payment from LIBERTY pursuant to this Agreement, Developer shall first give LIBERTY, or its assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Developer has received from any third person or persons which Developer desires to accept. Upon such assignment, LIBERTY shall make all refunds under the Agreement to the Developer's assignee.

#### VIII. RISK; LIABILITY; INSURANCE

A. **Risk.** Developer shall carry on all work required hereunder at its own risk until Completion and will, in case of accident, destruction or injury to the work or material before Completion, replace or repair forthwith the work or materials so injured, damaged or destroyed, in accordance with the Approved Plans, to the reasonable satisfaction of LIBERTY and at Developer's own expense.

B. **Risk of Loss, Indemnification:** Until LIBERTY has issued its written notice of Final Acceptance of the Facilities constructed by Developer hereunder, all risk of loss with respect to the Facilities shall remain with Developer. Developer shall indemnify and hold LIBERTY and its officers, directors, employees and agents harmless for, from and against all claims or other liability, whether actually asserted or threatened, arising out of or related to Developer's construction of the Facilities hereunder. To the fullest extent permitted by law, Developer, and its successors, assigns and guarantors, shall defend, indemnify and hold harmless LIBERTY and its partners, members, directors, principals, officers, agents, employees, representatives, parents, subsidiaries, affiliates, consultants, insurers and/or sureties, from and against any and all liabilities, claims, damages, losses, costs, expenses (including but not limited to, attorney's fees), injuries, causes of action, or judgments occasioned by, contributed to and/or in any way caused, in whole or in part, by Developer and/or Developer's contractors, agents or employees, or any subcontractor, consultant or sub-subcontractors or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, relating to construction, design and/or installation of the Facilities, including but not limited to any active or passive negligence of LIBERTY, and/or any act or omission of LIBERTY, unless such negligence, act and/or omission of LIBERTY was the sole cause of such liability and/or claim. This Indemnity Clause shall apply to any claim arising out of or related to construction of the Facilities that is sustained or asserted before or after completion of the work or termination of

this Agreement. This Indemnity Clause extends to and includes all claims, just or unjust, based on a tort, strict liability, contract, lien, statute, stop notice, rule, safety regulation, ordinance or other affiliated relief or liability, and whether the injury complained of arises from any death, personal injury, sickness, disease, property damage (including loss of use), economic loss, patent infringement, copyright infringement, or otherwise, even if such claim may have been caused in part by LIBERTY as set forth above. Developer's obligations under this paragraph shall not apply to any claims or liability arising out of or are caused by LIBERTY's ownership and operation of the Facilities following their acceptance.

C. **Insurance.** Developer agrees to obtain and maintain appropriate insurance amounts at all times while working on and/or adjacent to existing LIBERTY owned property and/or facilities. The minimum amounts to be obtained and maintained are described below:

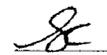
1. Workmen's compensation in the benefit amounts, and occupational disease disability insurance, as required by the laws and regulations of the state.
2. Commercial general liability insurance, with minimum combined single limits of \$2,000,000.00, including operations and protective liability coverage. When the work to be performed requires blasting, Developer's insurance shall specifically cover that risk.
3. Comprehensive automobile liability insurance with minimum combined single limits of \$1,000,000.00, and covering all owned and non-owned automobiles or trucks used by or on behalf of Developer, in connection with the construction of the Facilities.

## IX. NOTICE

1. Any notice required or permitted under this Agreement must be in writing and must be given by either: (i) personal delivery; (ii) United States certified mail, return receipt requested, with all postage prepaid and properly addressed; (iii) any reputable, private overnight delivery service with delivery charges prepaid and proof of receipt; or (iv) facsimile with confirmation of transmittal. Notice sent by any of the foregoing methods must be addressed or sent to the party to whom notice is to be given, as the case may be, at the addresses or telecopy numbers set forth below:

### UTILITY

Rio Rico Utilities, Inc. DBA Liberty Water  
Attn: Development Services  
12725 W. Indian School Rd, Suite D-101  
Avondale, AZ 85392

  
Liberty

  
Developer

**DEVELOPER**

Windward Partners XIV, LLC  
Attn: Michael Horowitz  
2100 McKinney Avenue, Suite 1450  
Dallas, TX 75201

2. Any party may change its notice information for purposes of delivery and receipt of notices by advising the other parties in writing of the change. Notice provided by the methods described above will be deemed to be received: (i) on the Business Day of delivery, if personally delivered; (ii) on the date which is three (3) days after deposit in the United States mail, if given by certified mail; (iii) on the next regular Business Day after deposit with an express delivery service for overnight, "same day", or "next day" delivery service; No notice will be effective unless provided by one of the methods described above.

**X. DISPUTE RESOLUTION**

The Parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation. However, to the extent that a dispute arises which cannot be resolved through negotiation, the Parties agree to the following dispute resolution mechanisms:

- a. Mediation. The Parties shall first attempt, in good faith, to resolve the dispute through mediation administered by the American Arbitration Association under its Commercial Mediation Rules.
- b. Arbitration. If a dispute cannot be resolved as set forth above, the matter shall be submitted to binding arbitration in accordance with the rules of commercial arbitration ("Rules") then followed by the American Arbitration Association ("AAA"), Phoenix, Arizona. If the claim in dispute does not exceed \$20,000, then there shall be a single arbitrator selected by mutual agreement of the parties, and in the absence of agreement, appointed according to the Rules. If the claim in dispute exceeds \$20,000, the arbitration panel shall consist of three (3) members, one of who shall be selected by Developer, one of who shall be selected by Company, and the third, who shall serve as chairman, whom shall be selected by the AAA. The arbitrator or arbitrators must be knowledgeable in the subject matter of the dispute. The costs and fees of the arbitrator(s) shall be divided equally between the parties. Any decision of the arbitrator(s) shall be supported by written findings of fact and conclusions of law, and shall be based upon sound engineering practice. The decision of the arbitrator(s) shall be final, subject to the exceptions outlined in the Arizona Uniform Arbitration Act, A.R.S. Section 12-1502, et seq., and judgment may be entered upon the same; provided, however, that any decision of the arbitrator(s) may be appealed to the Superior Court of Maricopa County if it is based on an erroneous interpretation, application or disregard of the law applicable to the dispute. The arbitrator(s) shall control

discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs.

c. Attorney's Fees. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement of thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

#### XI. EXTENSION OF CC&N

LIBERTY will file an application with the Commission to extend its CC&N to include the Development, after all studies, engineering plans, documents and any other information necessary to prepare such application has been provided by Developer. Developer agrees to support such application and provide any documents and/or witnesses necessary during Commission's consideration of LIBERTY's request. Developer acknowledges that LIBERTY cannot extend service to the Development until the Commission approves the extension application. Once filed with the Commission, LIBERTY reserves the right to withdraw the CC&N extension application at any time in the event that it believes, in its sole discretion, that an approval of the extension will contain conditions that LIBERTY finds unduly burdensome to LIBERTY and its existing customers. In the event that the Commission approves the CC&N extension with conditions that LIBERTY considers unduly burdensome, LIBERTY shall have the right to terminate this Agreement. In the event the Commission denies LIBERTY's CC&N extension application, this Agreement shall be null and void.

#### XII. MISCELLANEOUS

Any future agreements between Developer and LIBERTY for the construction of additional water utility facilities within the Development not specifically provided for herein or specified in the attached Exhibits shall be governed by separate agreement(s) in substantially the same form as this Agreement. This Agreement may not be modified or amended except by a writing signed by both parties. The Recitals are hereby incorporated by reference and made a part of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. It is the understanding of LIBERTY and Developer that this Agreement is not effective until it receives specific approval of the Commission. DEVELOPER ALSO HEREBY ACKNOWLEDGES THAT IT SHALL BEAR ANY AND ALL RISKS ASSOCIATED WITH COMMENCING CONSTRUCTION OF THE FACILITIES PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement shall not be deemed exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver by either Party of any breach of this Agreement nor any failure by either party to insist on strict performance by the other Party of any provision of this Agreement shall in any way be construed to be a waiver of any future or subsequent breach by such defaulting Party or bar the non-defaulting Party's right to insist on strict performance by the

  
Liberty

  
Developer

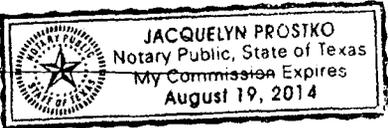


LXA #8016  
Palo Parado

TEXAS *Q*  
STATE OF SOUTH CAROLINA )  
County of ~~Greenville~~ *DALLAS Q* ) ss.

The foregoing instrument was acknowledged before me this 7 day of December, 2010 by Michael R. Horowitz, Managing Member of Windward Partners XIV, LLC, an Arizona limited liability company, on behalf of the company.

Jacquelyn Prostko  
Name

Title 

My Commission expires:

8/19/2014

*Liberty*      *Developer*

**EXHIBIT "A", Legal Description, Palo Parado Project**  
**PAGE 1 of 3**

November 10, 2010  
Psomas 05087-02  
(7WPA058702)

**EXHIBIT A**

**LEGAL DESCRIPTION**  
**FINAL PLAT BOUNDARY**

**Palo Parado** as recorded in Book 2 of Surveys at Page 911, Records of Santa Cruz County, Arizona, and situated within a portion of the Luis Maria Baca Land Grant, Float No. 3, and lying within theoretical Sections 5, 6, 7 & 8, Township 22 South, Range 13 East, Gila & Salt River Meridian, Santa Cruz County, Arizona.

**Excluding** that portion deeded to the State of Arizona as recorded in Docket 420 at Pages 290 and 526, records of said Santa Cruz County.

See Exhibit A-1 attached hereto and made a part hereof

Prepared By:  
Psomas



Expires 3/31/12

---

Ernest Gomez, AZ RLS 27739







*Regina Lyn Beem*  
EXPIRES 12/31/12

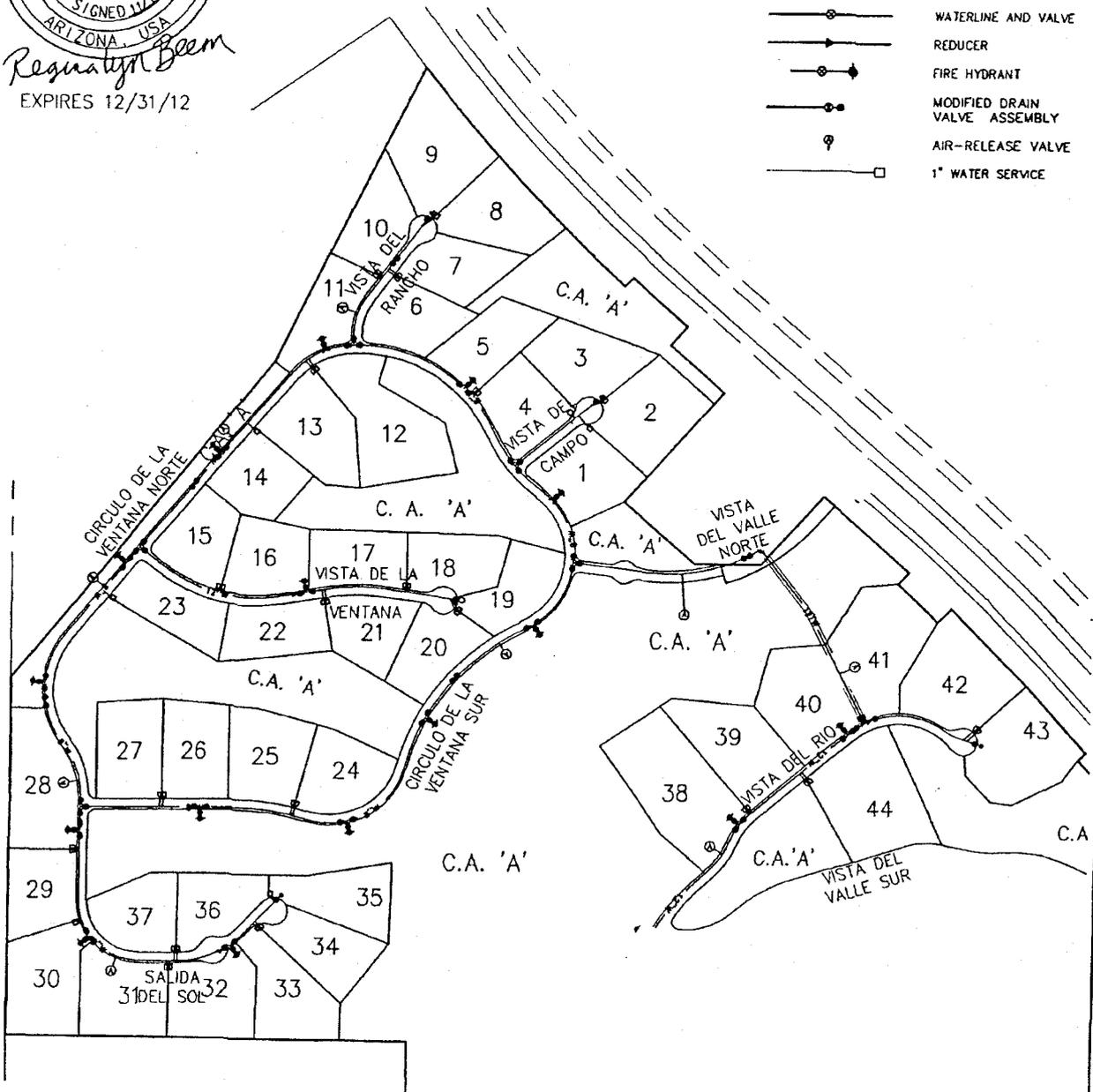
# EXHIBIT "B" FACILITIES MAP

PAGE 1 OF 2

## LEGEND

### PROPOSED

- 12" WATERLINE
- 8" WATERLINE
- 4" WATERLINE
- WATERLINE AND VALVE
- REDUCER
- FIRE HYDRANT
- MODIFIED DRAIN VALVE ASSEMBLY
- AIR-RELEASE VALVE
- 1" WATER SERVICE

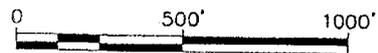


## PALO PARADO

LOTS 1-79  
344.91 Acres

# PSOMAS

800 E. Welmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomas.com

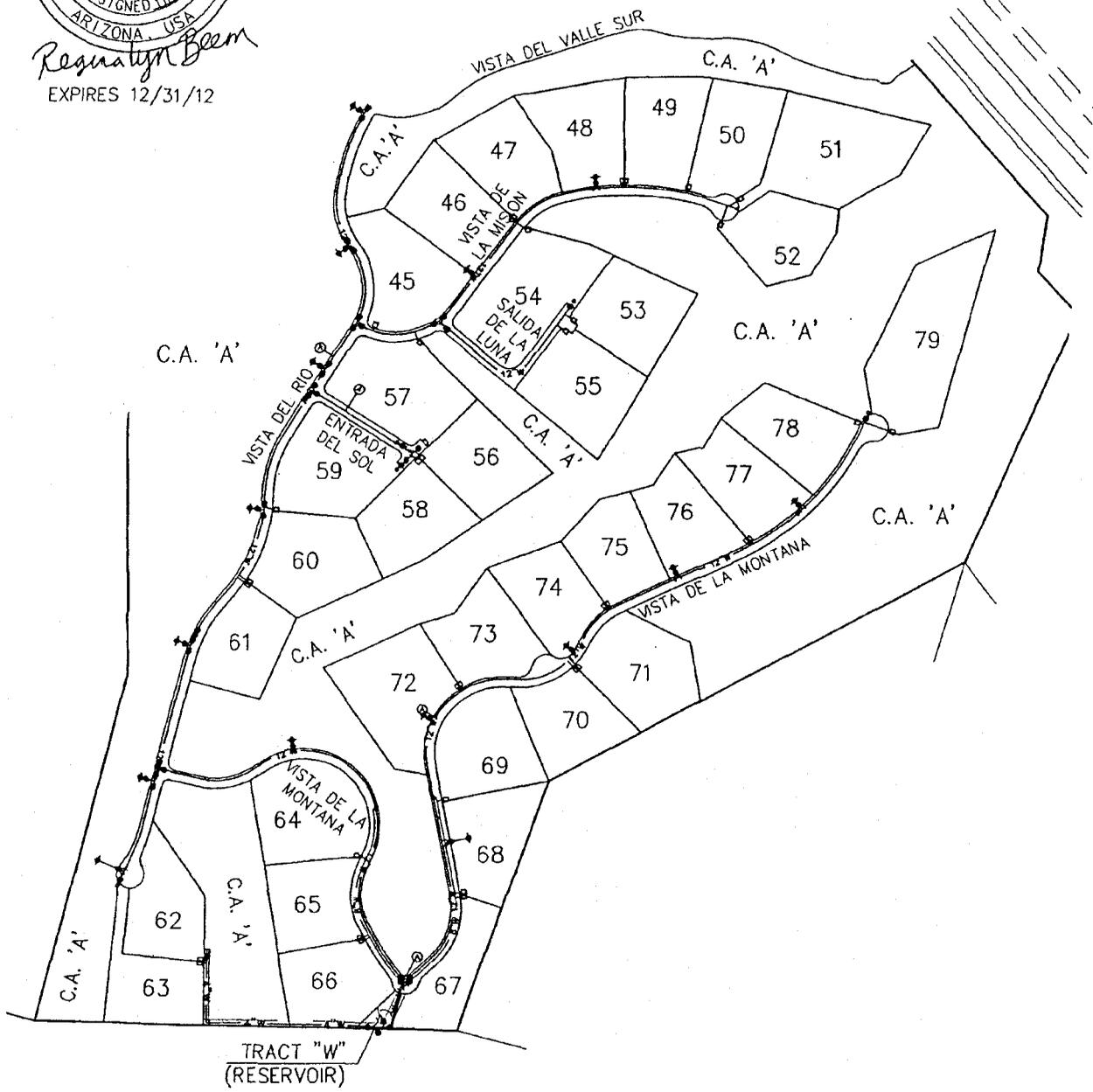




*Regina Lyn Beem*  
EXPIRES 12/31/12

# EXHIBIT "B" FACILITIES MAP

PAGE 2 OF 2

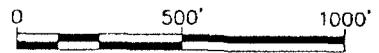


## PALO PARADO

LOTS 1-79  
344.91 Acres

### PSOMAS

800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomas.com



PSOMAS AND THE PSOMAS LOGO ARE TRADEMARKS OF PSOMAS, INC. © 2010 PSOMAS, INC. ALL RIGHTS RESERVED. DATE SIGNED 11/15/10

**PSOMAS**

**OPINION OF PROBABLE CONSTRUCTION COST**

Job Name: Palo Parado 79 Lots Job No.: 7WPA058702  
Preliminary X Final      Date: August 5, 2010  
Prepared By: Kent McRae Checked By: Regina Beem Revised:

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT
1	DIP Main, 8 inch, CI 350	LF	15432	\$ 45.00	\$ 694,440.00
2	DIP Main, 12 inch, CI 350	LF	10979	\$ 65.00	\$ 713,635.00
3	Valve, 8 & 12 inch	EA	63	\$ 850.00	\$ 53,550.00
4	Fire Hydrant Assembly, 6 inch	EA	31	\$ 3,600.00	\$ 111,600.00
5	Single Service, 1 inch	EA	79	\$ 1,200.00	\$ 94,800.00
6	Water Storage	GAL	248000	\$ 0.60	\$ 148,800.00
	<b>SUBTOTAL</b>				<b>\$ 1,816,825</b>
	Permits, Bonds, Taxes (7.2%)			7.20%	\$ 130,811
	Engineering (15%)			15.00%	\$ 272,524
	Contingency (15%)			15.00%	\$ 272,524
	<b>TOTAL</b>				<b>\$ 2,492,684</b>



*Expires 3/31/2011*

**EXHIBIT "D", Legal Description, Tract "W" Tank Site, Palo Parado Project**  
**PAGE 1 of 2**

November 10, 2010  
Psomas 7WPA058702

**Tract 'W'**

As described on the proposed Final Plat for Palo Parado Lots 1 through 79, Common Area "A" (Open Space and Drainage), Common Area "B" (Private Streets) and Tract "W" (Water Tank)

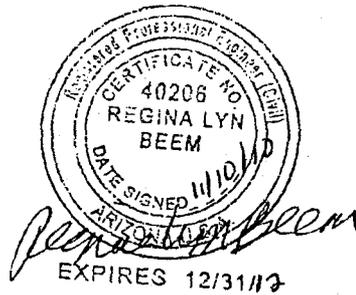
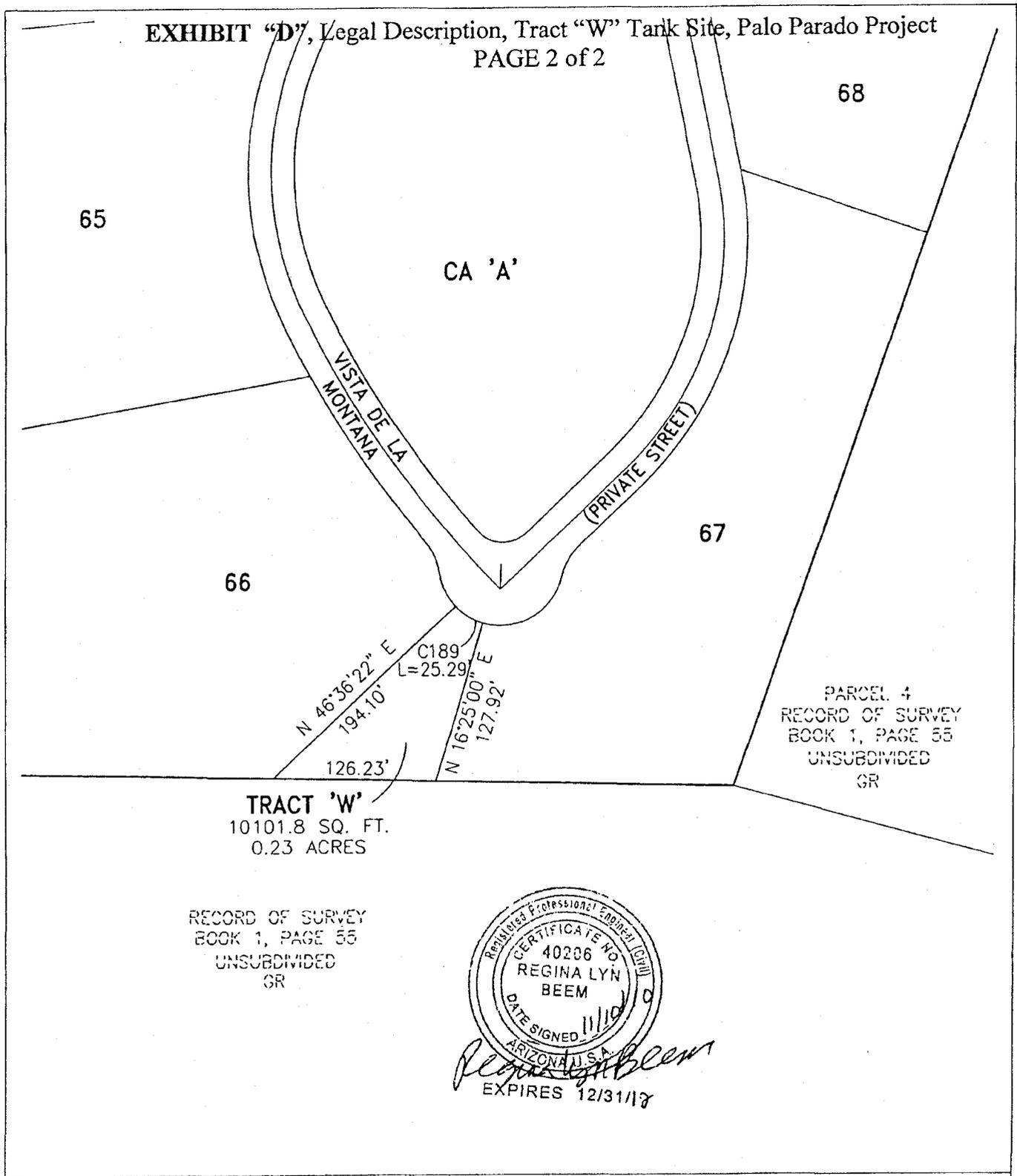


EXHIBIT "D", Legal Description, Tract "W" Tank Site, Palo Parado Project  
 PAGE 2 of 2



TRACT 'W'  
 10101.8 SQ. FT.  
 0.23 ACRES

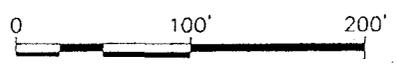
RECORD OF SURVEY  
 BOOK 1, PAGE 55  
 UNSUBDIVIDED  
 GR



*Regina Lyn Beem*  
 EXPIRES 12/31/17

TRACT 'W'  
 PALO PARADO

**PSOMAS**  
 800 E. Welmore Road, Suite 110  
 Tucson, AZ 85719  
 (520) 292-2300 (520) 292-1290 fax  
 www.psomas.com





1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 12**  
6 **(Water Use Data Sheet)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26



1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 13**  
6 **(Cumulative Plant Cost Projections.)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Rio Rico Utilities - Palo Parado Subdivision  
Plant  
Projected Years

Line No.	Account	Description	Depreciation Rate	Additions \$	Depreciation \$	Balance \$	A/D Balance \$	
1	301	Organization	0.00%	-	-	-	-	
2	302	Franchises	0.00%	-	-	-	-	
3	303	Land and Land Rights	0.00%	-	-	-	-	
4	304	Structures and Improvements	3.33%	-	-	-	-	
5	305	Collecting and Impounding Rese	2.50%	-	-	-	-	
6	306	Lake, River and Other Intakes	2.50%	-	-	-	-	
7	307	Wells and Springs	3.33%	-	-	-	-	
8	308	Infiltration Galleries and Tun	6.67%	-	-	-	-	
9	309	Supply Mains	2.00%	-	-	-	-	
10	310	Power Generation Equipment	5.00%	-	-	-	-	
11	311	Pumping Equipment	12.50%	-	-	-	-	
12	312	Water Treatment Equipment	3.33%	-	-	-	-	
13	313	Distribution Reservoirs and Storage	3.33%	-	-	-	-	
14	314	Transmission and Distribution	2.22%	-	-	-	-	
15	315	Services	2.00%	797,794	7,978	797,794	7,978	
16	316	Meters and Meter Installations	3.33%	52,685	877	52,685	877	
17	317	Hydrants	8.33%	5,040	210	5,040	210	
18	318	Backflow Prevention Devices	2.00%	62,021	620	62,021	620	
19	319	Other Plant and Miscellaneous	6.67%	-	-	-	-	
20	320	Office Furniture and Equipment	6.67%	-	-	-	-	
21	321	Transportation Equipment	20.00%	-	-	-	-	
22	322	Stores Equipment	4.00%	-	-	-	-	
23	323	Tools, Shop and Garage Equipme	5.00%	-	-	-	-	
24	324	Laboratory Equipment	10.00%	-	-	-	-	
25	325	Power Operated Equipment	5.00%	-	-	-	-	
26	326	Communication Equipment	10.00%	-	-	-	-	
27	327	Miscellaneous Equipment	10.00%	-	-	-	-	
28	328	Other Tangible Plant	10.00%	-	-	-	-	
29	329							
30	330							
31	331							
32	332							
33	333							
34	334							
35	335							
36	336							
37	337							
38	338							
39	339							
				<b>Totals</b>	<b>\$ 917,540</b>	<b>\$ 9,685</b>	<b>\$ 917,540</b>	<b>\$ 9,685</b>

1.06%

Composite Rate with 1/2 yr convention

Rio Rico Utilities - Palo Parado Subdivision  
Plant  
Projected Years

Line No.	Account	Description	Depreciation Rate	Year			
				Additions	Depreciation	Balance	
			\$	\$	\$	A/D Balance	
1	301	Organization	0.00%	-	-	-	-
2	302	Franchises	0.00%	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-
4	304	Structures and Improvements	3.33%	39,375	656	39,375	656
5	305	Collecting and Impounding Rese	2.50%	-	-	-	-
6	306	Lake, River and Other Intakes	2.50%	-	-	-	-
7	307	Wells and Springs	3.33%	-	-	-	-
8	308	Infiltration Galleries and Tun	6.67%	-	-	-	-
9	309	Supply Mains	2.00%	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-
11	311	Pumping Equipment	12.50%	108,125	6,758	108,125	6,758
12	312	Water Treatment Equipment	3.33%	-	-	-	-
13	313	Distribution Reservoirs and Storage	2.22%	204,154	2,266	204,154	2,266
14	314	Transmission and Distribution	2.00%	281,847	18,774	1,079,641	26,752
15	315	Services	3.33%	26,342	2,193	79,027	3,070
16	316	Meters and Meter Installations	8.33%	5,040	630	10,080	840
17	317	Hydrants	2.00%	31,011	1,551	93,032	2,171
18	318	Backflow Prevention Devices	6.67%	-	-	-	-
19	319	Other Plant and Miscellaneous	6.67%	45,000	1,501	45,000	1,501
20	320	Office Furniture and Equipment	6.67%	-	-	-	-
21	321	Transportation Equipment	20.00%	-	-	-	-
22	322	Stores Equipment	4.00%	-	-	-	-
23	323	Tools, Shop and Garage Equipme	5.00%	-	-	-	-
24	324	Laboratory Equipment	10.00%	-	-	-	-
25	325	Power Operated Equipment	5.00%	-	-	-	-
26	326	Communication Equipment	10.00%	10,000	500	10,000	500
27	327	Miscellaneous Equipment	10.00%	-	-	-	-
28	328	Other Tangible Plant	10.00%	-	-	-	-
29	329			-	-	-	-
30	330			-	-	-	-
31	331			-	-	-	-
32	332			-	-	-	-
33	333			-	-	-	-
34	334			-	-	-	-
35	335			-	-	-	-
36	336			-	-	-	-
37	337			-	-	-	-
38	338			-	-	-	-
39	339			-	-	-	-
<b>Totals</b>				<b>\$ 750,894</b>	<b>\$ 34,828</b>	<b>\$ 1,668,434</b>	<b>\$ 44,513</b>
Composite Rate with 1/2 yr convention				2.09%			

Rio Rico Utilities - Palo Parado Subdivision  
Plant  
Projected Years

Line No.	Description	Depreciation Rate	Year			
			Additions	Depreciation	Balance	A/D Balance
1	301 Organization	0.00%	\$ -	\$ -	\$ -	\$ -
2	302 Franchises	0.00%	-	-	-	-
3	303 Land and Land Rights	0.00%	-	-	-	-
4	304 Structures and Improvements	3.33%	-	1,311	39,375	1,967
5	305 Collecting and Impounding Rese	2.50%	-	-	-	-
6	306 Lake, River and Other Intakes	2.50%	-	-	-	-
7	307 Wells and Springs	3.33%	-	-	-	-
8	308 Infiltration Galleries and Tun	6.67%	-	-	-	-
9	309 Supply Mains	2.00%	-	-	-	-
10	310 Power Generation Equipment	5.00%	-	-	-	-
11	311 Pumping Equipment	12.50%	-	13,516	108,125	20,273
12	320 Water Treatment Equipment	3.33%	-	-	-	-
13	330 Distribution Reservoirs and Storage	2.22%	-	4,532	204,154	6,798
14	331 Transmission and Distribution	2.00%	746,497	29,058	1,826,138	55,810
15	333 Services	3.33%	26,342	3,070	105,370	6,140
16	334 Meters and Meter Installations	8.33%	5,040	1,050	15,120	1,889
17	335 Hydrants	2.00%	31,011	2,171	124,043	4,341
18	336 Backflow Prevention Devices	6.67%	-	-	-	-
19	339 Other Plant and Miscellaneous	6.67%	-	3,002	45,000	4,502
20	340 Office Furniture and Equipment	6.67%	-	-	-	-
21	341 Transportation Equipment	20.00%	-	-	-	-
22	342 Stores Equipment	4.00%	-	-	-	-
23	343 Tools, Shop and Garage Equipme	5.00%	-	-	-	-
24	344 Laboratory Equipment	10.00%	-	-	-	-
25	345 Power Operated Equipment	5.00%	-	-	-	-
26	346 Communication Equipment	10.00%	-	1,000	10,000	1,500
27	347 Miscellaneous Equipment	10.00%	-	-	-	-
28	348 Other Tangible Plant	10.00%	-	-	-	-
29						
30						
31						
32						
33						
34						
35						
36						
37	Totals		\$ 808,890	\$ 58,709	\$ 2,477,324	\$ 103,222
38						
39	Composite Rate with 1/2 yr convention					2.37%

Rio Rico Utilities - Palo Parado Subdivision  
Plant  
Projected Years

Line No.	Account	Description	Depreciation Rate	Additions	Depreciation	Balance	A/D Balance
				\$	\$	\$	\$
1	301	Organization	0.00%	-	-	-	-
2	302	Franchises	0.00%	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-
4	304	Structures and Improvements	3.33%	-	1,311	39,375	3,278
5	305	Collecting and Impounding Rese	2.50%	-	-	-	-
6	306	Lake, River and Other Intakes	2.50%	-	-	-	-
7	307	Wells and Springs	3.33%	-	-	-	-
8	308	Infiltration Galleries and Tun	6.67%	-	-	-	-
9	309	Supply Mains	2.00%	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-
11	311	Pumping Equipment	12.50%	-	13,516	108,125	33,789
12	320	Water Treatment Equipment	3.33%	-	-	-	-
13	330	Distribution Reservoirs and Storage	2.22%	-	4,532	204,154	11,331
14	331	Transmission and Distribution	2.00%	214,181	38,665	2,040,319	94,475
15	333	Services	3.33%	24,696	3,920	130,066	10,060
16	334	Meters and Meter Installations	8.33%	5,040	1,469	20,160	3,359
17	335	Hydrants	2.00%	29,073	2,772	153,115	7,113
18	336	Backflow Prevention Devices	6.67%	-	-	-	-
19	339	Other Plant and Miscellaneous	6.67%	-	3,002	45,000	7,504
20	340	Office Furniture and Equipment	6.67%	-	-	-	-
21	341	Transportation Equipment	20.00%	-	-	-	-
22	342	Stores Equipment	4.00%	-	-	-	-
23	343	Tools, Shop and Garage Equipme	5.00%	-	-	-	-
24	344	Laboratory Equipment	10.00%	-	-	-	-
25	345	Power Operated Equipment	5.00%	-	-	-	-
26	346	Communication Equipment	10.00%	-	1,000	10,000	2,500
27	347	Miscellaneous Equipment	10.00%	-	-	-	-
28	348	Other Tangible Plant	10.00%	-	-	-	-
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
		Totals		\$ 272,990	\$ 70,186	\$ 2,750,314	\$ 173,408

Composite Rate with 1/2 yr convention

2.55%

Line No.	Account	Description	Depreciation Rate	Additions	Depreciation	Balance	A/D Balance
				\$	\$	\$	\$
1	301	Organization	0.00%	-	-	-	-
2	302	Franchises	0.00%	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-
4	304	Structures and Improvements	3.33%	-	1,311	39,375	4,589
5	305	Collecting and Impounding Rese	2.50%	-	-	-	-
6	306	Lake, River and Other Intakes	2.50%	-	-	-	-
7	307	Wells and Springs	3.33%	-	-	-	-
8	308	Infiltration Galleries and Tun	6.67%	-	-	-	-
9	309	Supply Mains	2.00%	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-
11	311	Pumping Equipment	12.50%	-	13,516	108,125	47,305
12	312	Water Treatment Equipment	3.33%	-	4,532	204,154	15,863
13	313	Distribution Reservoirs and Storage	2.22%	-	40,806	2,040,319	135,281
14	314	Transmission and Distribution	2.00%	-	4,331	130,066	14,392
15	315	Services	3.33%	4,725	1,876	24,885	5,235
16	316	Meters and Meter Installations	8.33%	-	3,062	153,115	10,175
17	317	Hydrants	2.00%	-	-	-	-
18	318	Backflow Prevention Devices	6.67%	-	-	-	-
19	319	Other Plant and Miscellaneous	6.67%	-	3,002	45,000	10,505
20	320	Office Furniture and Equipment	6.67%	-	-	-	-
21	321	Transportation Equipment	20.00%	-	-	-	-
22	322	Stores Equipment	4.00%	-	-	-	-
23	323	Tools, Shop and Garage Equipme	5.00%	-	-	-	-
24	324	Laboratory Equipment	10.00%	-	-	-	-
25	325	Power Operated Equipment	5.00%	-	-	-	-
26	326	Communication Equipment	5.00%	-	1,000	10,000	3,500
27	327	Miscellaneous Equipment	10.00%	-	-	-	-
28	328	Other Tangible Plant	10.00%	-	-	-	-
29	329			-	-	-	-
30	330			-	-	-	-
31	331			-	-	-	-
32	332			-	-	-	-
33	333			-	-	-	-
34	334			-	-	-	-
35	335			-	-	-	-
36	336			-	-	-	-
37	337			-	-	-	-
38	338			-	-	-	-
39	339			-	-	-	-
				\$ 4,725	\$ 73,437	\$ 2,755,039	\$ 246,845
				Composite Rate with 1/2 yr convention			
				2.67%			

1 APPLICATION OF RIO RICO UTILITIES, INC.  
2 FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
3 AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
4 IN SANTA CRUZ COUNTY, ARIZONA

5 **Exhibit 14**  
6 **(Certificate of Assured Water Supply)**  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

ARIZONA DEPARTMENT OF WATER RESOURCES

Hydrology Division

3550 N. Central Avenue • Phoenix, Arizona 85012-2105

Telephone (602) 771-8535

Fax (602) 771-8680

April 13, 2006

Mr. Michael Horowitz  
Oxford Capitol Partners, LLC  
4245 N. Central Express Way, Suite 400  
Dallas, TX 75205

**RE: Palo Parado Hills  
Application for Physical Availability Demonstration #20-401956**

Dear Mr. Horowitz:

You have requested that the Department review the physical availability of groundwater for your property. The Department has completed review of the report entitled *Demonstration of the Physical Availability of an Assured Water Supply for Palo Parado Hills*, by Errol L. Montgomery & Associates, Inc., November 17, 2005 and analysis of available hydrologic information. The study area consists of about 343 acres in Sections 5, 6, 7, and 8, T22 S, R13 E, G&S R B&M within the Santa Cruz Active Management Area.

In accordance with A.A.C. R12-15-702(C), we have determined that 99 acre-feet per year of groundwater is physically available for 100 years under A.A.C. R12-15-703(B) for assured water supply purposes in the subject area. This water is also of adequate quality for purposes of A.A.C. R12-15-704. It is the Department's conclusion that the estimated one hundred year depth-to-water should not exceed 1000 feet below land surface.

The results of the Department's hydrologic review fulfill the requirements of R12-15-702(C) and can be cited in applications for Certificates of Assured Water Supply or for Analysis of Assured Water Supply. These applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. §45-576 and Rule R12-15-701 et. seq. For further information on these requirements, please contact the Office of Assured and Adequate Water Supply at (602) 771-8598. **If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.**

The Department's determination is an appealable agency action. In order to appeal this decision, you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

If you have any questions regarding the physical availability review, please contact me at (602) 771-8535.

Sincerely,



Frank Putman  
Assistant Director  
Hydrology Division

FP DS of  
300000

Enclosure

cc: Jim Davis, Errol L. Montgomery & Associates, Inc.  
Doug Dunham, OAWS

*Celebrating 25 Years*

1194



Janet Napolitano  
Governor

Herbert R. Guenther  
Director

RECEIVED  
APR 19 2006  
MONTGOMERY & ASSOC., INC



**MONTGOMERY  
& ASSOCIATES**  
Water Resource Consultants

www.elmontgomery.com

1550 East Prince Road  
Tucson, AZ 85719

TEL 520-881-4912  
FAX 520-881-1609

TUCSON PHOENIX SANTIAGO DE CHILE

February 7, 2011

Mr. Doug Dunham  
ARIZONA DEPARTMENT OF WATER RESOURCES  
Office of Assured & Adequate Water Supply  
3550 N. Central Avenue, 2nd Floor  
Phoenix, AZ 85012

**SUBJECT: CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND  
REVISED IMPACT ANALYSIS FOR PALO PARADO SUBDIVISION,  
SANTA CRUZ COUNTY, ARIZONA**

Dear Mr. Dunham:

In accordance with meetings and discussions with ADWR staff in 2009, Montgomery & Associates (M&A) is providing a certificate of assured water supply (CAWS) application for Palo Parado subdivision, located in the Santa Cruz AMA, between the communities of Tumacacori and Rio Rico, Arizona. The CAWS application is enclosed as **Attachment A**. A Physical Availability Determination (PAD) application for the subdivision was submitted to ADWR on November 17, 2005, and was approved by ADWR on April 13, 2006. However, since the PAD approval, details regarding the water provider and location of proposed water supply wells have changed. Therefore, the drawdown impact analysis provided with the PAD application has been modified accordingly and is included herein. The preliminary plat for the subdivision has also been modified and is enclosed as **Attachment B**. This letter serves as an addendum to the hydrologic study that was submitted with the PAD application. In accordance with CAWS application requirements and in response to the recent meetings and discussions with ADWR staff, we are providing two (2) copies of the following documents:

- **Attachment A:** Completed and signed CAWS application form
- **Attachment B:** Revised preliminary plat approved by Santa Cruz County
- **Attachment C:** Notice of Intent to Serve form signed by the water provider
- **Attachment D:** Revised Subdivision Demand Calculator forms, including both the "Site Information" and "Demand Calculator" spreadsheets.
- **Attachment E:** Revised map of projected groundwater level drawdown
- **Attachment F:** Drawdown and recovery graph from Well #6, 24-hour constant-rate pumping test
- **Attachment G:** Proof of property ownership dated within 90 days of the CAWS application

- **Attachment H:** Copy of applicant's operating agreement and articles of incorporation; and
- **Attachment I:** Application fees

The proposed Palo Parado subdivision comprises parts of Sections 5, 6, 7, and 8 of Township 22 South, Range 13 East in Santa Cruz County. Water supply will be provided by Rio Rico Utilities (Liberty Water). A Notice of Intent to Serve form signed by Rio Rico Utilities is included as **Attachment C**. Based on the revised plat drawings, projected water demand has also been recalculated. Palo Parado is located in Santa Cruz County where, according to 2000 U.S. Census data, average residency rate is 3.23 persons per household. The proposed subdivision has a total of 79 single-family residential lots with an average lot size of 92,850 square feet (2.13 acres). The common areas within the subdivision are going to remain native desert and therefore will have zero water use. As shown in **Attachment D**, the water demand for the subdivision was calculated from the ADWR demand calculator to be 535.86 acre-feet per year (AFY). This value is believed to be substantially larger than will actually occur. Actual water usage in the subdivision is anticipated to be on the order of 100 AFY or less. However, due to the large lot size and because water use is not restricted by CC&Rs or other legal means, the computed demand of 535.86 AFY was used for purposes of the revised impact analysis.

The revised drawdown impact analysis differed from that included in the PAD application as follows: (1) the location of the proposed supply well(s) was changed from wells within the boundary of the subdivision to Rio Rico Utilities Well #6, located approximately 4 miles southeast of the subdivision; (2) the water demand was increased in accordance with default values of the ADWR water demand calculator; (3) aquifer hydraulic parameters were modified to reflect those determined from pumping tests at Well #6, and (4) an additional negative aquifer boundary on the east side of the basin was added. Projected drawdown contours from the revised impact analysis are shown on **Attachment E**.

Total computed drawdown at the pumping well is 21 feet after pumping 535.86 AFY for 100 years. THWELLS analytical modeling software was used to estimate the projected drawdown. The pumping well location for the project is Rio Rico Utilities production Well #6 (55-206176). Well #6 is permitted to withdraw a maximum volume of 806.5 AFY under ADWR water service provider number 56-000041.0000. The amount of water Palo Parado requires is less than the approved amount for the well.

Hydraulic properties used in the drawdown impact analysis are transmissivity, storage coefficient, and saturated thickness of the aquifer. An average transmissivity of 60,000 gallons per day per foot was used, based on the estimated value calculated from a 24-hour constant rate pumping test at Well #6. **Attachment F** shows the drawdown and recovery graph for the Well #6 pumping test conducted in 2005. The value for storage coefficient used in the analytical model is 10 percent. A conservative saturated thickness value of 500 feet used in the analytical model; the value is based on the total depth of Well #6, 650 feet below land surface (bls), and depth to water of 64 feet bls. However, because the anticipated water demand for the subdivision is substantially smaller than that determined from the ADWR demand calculator, the actual drawdown is likewise expected to be substantially smaller than computed.

Two negative flow boundaries were used for the analytical modeling, one corresponding to the Tumacacori Mountains on the west side of the basin and one corresponding to the San Cayetano

Mountains on the east side of the basin. Due to the proximity of the pumping well to the boundaries, the pumping well was imaged across each boundary three times, producing a total of six image wells in addition to the one pumped well.

I trust that the information contained herein satisfies the CAWS requirements and the specific information requested.

If you have questions or need any additional information or clarification, please contact me at your earliest convenience.

Sincerely,

MONTGOMERY & ASSOCIATES



James S. Davis

cc: Michael Horowitz, Windward XIV Partners LLC  
Leo Miller, Windward XIV Partners LLC

Enclosures (9)

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT A – COMPLETED AND SIGNED  
CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION FORM

ARIZONA DEPARTMENT OF WATER RESOURCES OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY 3550 NORTH CENTRAL AVENUE, 2 <sup>ND</sup> FLOOR PHOENIX, ARIZONA 85012 (602) 771-8599 Fax: (602) 771-8689 assuredadequate@azwater.gov	DATE RECEIVED:
APPLICATION NO:	

**CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION**

I DO HEREBY certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief. NOTE: All owners and buyers, if applicable, must sign (attach additional sheets, if necessary). NOTE: You may use the Department's Letter of Authorization for Signature form to give another person the authority to sign this application and related documents on your behalf, or you may submit a letter signed by you and dated within 90 days of the date this application is submitted, authorizing your representative to submit applications for permits regarding the land to be included in this Certificate.

Michael R. Horowitz, Managing Member, Windward Partners XIV LLC, an Arizona Limited Liability Company

Please print the name and title of the owner or the owner's authorized agent (if signator is someone other than the owner)

*[Handwritten Signature]*

Signature of Owner or Owner's Authorized Agent

1/31/11

Date

Please print the name and title of the buyer or the buyer's authorized agent (if signator is someone other than the buyer)

Signature of Buyer or Buyer's Authorized Agent

Date

**PART A - GENERAL INFORMATION**

1. Has a Certificate of Assured Water Supply (Certificate) previously been issued for this property?  Yes  No.

If you answered "yes" to this question, this may not be the appropriate application form. Please contact the Office of Assured and Adequate Water Supply for assistance.

2. Subdivision information:

a. Name of subdivision as it will appear on submittals to the platting entity and the Department of Real Estate:  
Palo Parado Number of Lots: 79

b. Location of the subdivision: Township 22S Range 13E Section(s) 5, 6, 7, 8

If there is more than one township and range, please list them on a separate page and reference as an attachment. See attachment \_\_\_\_\_

City: N/A County: Santa Cruz AMA: Santa Cruz

3. Subdivision method of water distribution:  Central distribution system (water provider) or  Dry lot (individual wells)  
 If there will be a central distribution system, identify the water provider and the water provider's system name, if it operates more than one, that will be serving the subdivision. The water provider must be the same entity that signs the Notice of Intent to Serve. If there will be more than one water provider for the subdivision, please identify both water providers.

Primary Water Provider: Rio Rico Utilities, Inc. dba Liberty Water, an Arizona Corporation System Name: \_\_\_\_\_

System No. 56-000041.0000 (Contact the Office of Assured and Adequate Water Supply)

Secondary Water Provider (if applicable): N/A System Name: \_\_\_\_\_

4. Contact person for questions regarding this application:

Name: James S. Davis

Company: Montgomery & Associates

E-Mail: jdavis@elmontgomery.com

Address: 1550 E. Prince Road, Tucson, AZ 85719

Phone: (520)881-4912 Fax: (520)881-1609

5.

List the names of the entities or individuals who own the property on which the subdivision will be built and the names of buyers or optionees. List each owner's name exactly as it appears on the title report or deed (attach additional sheets, if necessary). If the owner or buyer is a trust, please list the beneficiaries of the trust as well as the name of the trust itself. For assistance, contact the Office of Assured and Adequate Water Supply:

Owner: Windward Partners XIV

Phone: (214)521-8323 Fax: (214)276-7450

Address: 2100 McKinney Ave., Suite 1550, Dallas, TX 75201

E-mail: mhorowitz@oxcapital.com

Buyer (if applicable): \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

**NOTE:** Please attach proof of ownership in the form of a title report, condition of title report, limited search title report, or recorded deed, dated within 90 days of the date this application is submitted to the Department. If the buyers will participate in the application process, provide evidence of (a) purchase agreement(s). Reference these documents as attachments. Attachment(s): Attachment G

6. Please include a copy of the preliminary or final plat (reference as attachment): Attachment B

**PART B - DEMAND ESTIMATE**

Please use the Subdivision/Development demand calculator provided by the Department to estimate the subdivision's demand. See the Department's website at <http://www.azwater.gov> and click on Permits, Forms and Applications to download a copy of the demand calculator **OR** provide a detailed explanation of the assumptions used in estimating the subdivision's water demand and reference the demand calculator and/or the assumptions used as an attachment.

Attachment: Attachment D

**NOTE:** Acreages used in the demand estimate should correspond to the plat map referenced in question A.6 above.

**ESTIMATE OF ANNUAL WATER DEMAND:** 535.86 acre-feet per year

**PART C – CONTINUOUS AVAILABILITY AND LEGAL AVAILABILITY OF SOURCE WATER**

**Subdivision is a dry-lot subdivision.**

1. If the proposed subdivision is not a dry-lot subdivision, please attach a signed copy of the Notice of Intent to Serve Form included in this application. Please reference attachment: Attachment C

2. Indicate proposed water sources:

To complete the table below, multiply the Total Annual Demand computed in Part B by 100 to obtain the 100-year demand and enter at the bottom of the chart. Enter the appropriate 100-year demands for each type of water delivered to the subdivision for each category:

Source of Supply	100 Year Volume (ac-ft)	
	Primary Provider	Secondary Provider
Groundwater	53,586	
Central Arizona Project Water:		
Direct treatment and delivery		
Stored and Recovered water		
Surface Water:		
Direct treatment and delivery		
Stored and Recovered water		
Effluent: Direct treatment and delivery		
Stored and Recovered water		
Other		
<b>Total 100-yr Volume</b>	<b>53,586</b>	

3. See A.A.C. R12-15-717 and R12-15-718 for documentation that should be submitted as evidence of continuous availability and legal availability (respectively) for each source of supply. Please reference attachment(s): See Addendum Letter

**PART D - PHYSICAL AVAILABILITY OF SOURCE WATER**

**Subdivision has 20 lots or less.** If this applies, independent proof of physical availability may not be required. Contact the Department's Hydrology Division to find out what information, if any, is required.

1. If the development consists of more than 20 lots, a comprehensive hydrologic study must be submitted with this application, unless the Department has previously reviewed the hydrologic conditions for this area and has issued a valid Letter of Water Availability, Physical Availability Determination or Analysis of Assured Water Supply. The Department has adopted a substantive policy statement to provide guidelines for preparing a new hydrologic study. The policy statement is available on the Department's website at <http://www.azwater.gov> under the Permits, Forms and Applications page.

Please indicate the evidence of physical availability and reference as an attachment: Appendix E

- Water Availability Letter
- New Hydrologic Study
- Analysis of Assured Water Supply
- Physical Availability Determination
- Other, please specify: PAD 20-401956 on file with ADWR  
Also included revised impact analysis

**Technical Registration Requirements**

The Arizona Department of Water Resources requires hydrologic and engineering reports, studies, drawings and maps, specifications, analyses or related data submitted to support the evaluation of this application to be signed and sealed by a professional geologist or qualified professional engineer who is registered in the State of Arizona under the authority of A.R.S. Title 32, Chapter 1.

2. If this application references a Physical Availability Determination (PAD) or Analysis of Assured Water Supply (AAWS) and groundwater will be withdrawn from well locations different from those reviewed for the PAD or AAWS application on which the physical availability for this application is based, please provide the legal description (township, range, section, 160, 40, 10 quarter sections) of each proposed well that will be used to meet the estimate of annual water demand for this application and include the actual or anticipated pump capacity of each well in gallons per minute.

3. If you had a pre-application meeting with the Department, please indicate the date of that meeting: July 29, 2009.
4. If you submitted a hydrologic study proposal to the Department's Hydrology Division for their review prior to submitting this application, please indicate the date of submittal of the hydrologic study proposal: \_\_\_\_\_.

**PART E - WATER QUALITY**

1. Are the well or wells from which water will be withdrawn for the subdivision within one mile of a Water Quality Assurance Revolving Fund (WQARF) or Superfund site?  Yes  No.  
If "Yes", please submit a contaminant migration and mitigation analysis demonstrating that the water supply will continue to meet the water quality requirements in A.A.C. Title 18, Chapter 4, and reference as attachment: \_\_\_\_\_
2.  Water provider(s) serving the subdivision will be regulated by the Arizona Department of Environmental Quality (ADEQ) or another governmental entity with equivalent jurisdiction. If this applies, independent proof of adequate water quality is not required, please skip to Part F. **NOTE:** If there is more than one water provider, and one or more of the providers are not regulated as indicated above, please answer question 4 for each of the unregulated providers.
3. If the subdivision will be a dry-lot subdivision, please provide current (within the last 60 days) analytical results on water samples taken from a well or wells constructed *within the subdivision*, or near where the wells will be drilled, demonstrating that the water meets the water quality requirements in A.A.C. Title 18, Chapter 4, and reference as attachment: \_\_\_\_\_
4. If the subdivision will be served by a central provider that serves 15 customers or less, provide current (within the last 60 days) analytical results on water samples taken from a well or wells constructed *within the service area serving the subdivision*, demonstrating that the water meets the water quality requirements in A.A.C. Title 18, Chapter 4, and reference as attachment: \_\_\_\_\_

**NOTE:** Information on the required water quality analyses may be found at the ADEQ website <http://www.adeq.gov>.

**PART F - CONSISTENCY WITH MANAGEMENT GOAL**

**Subdivision is a dry-lot subdivision (see question A.3) AND has 20 lots or less.** If this applies, the subdivision is exempt from proving consistency with the management goal, please skip to Part G. If the dry-lot subdivision has more than 20 lots, or the subdivision will be served by a municipal provider and if groundwater is a proposed source of water for this subdivision, indicate how the groundwater use will meet the "consistency with management goal" requirement. Please check all that apply below:

- Enrollment of the subdivision lands in the Central Arizona Groundwater Replenishment District (Phoenix, Tucson and Pinal AMAs **ONLY**).  
A separate application for membership must be filed with the Central Arizona Water Conservation District, and the membership documents **must be executed and recorded before** a Certificate will be issued.
- Extinguishment of grandfathered groundwater rights dedicated to this subdivision.  
Provide evidence and reference the attachment: \_\_\_\_\_
- Other. Please specify: \_\_\_\_\_

**PART G - CONSISTENCY WITH MANAGEMENT PLAN**

**Subdivision has 50 lots or less.** If this applies, the subdivision is exempt from meeting the Consistency with Management Plan, you may skip to Part H. However, if implementation of conservation requirements are planned for this subdivision, please answer the relevant questions below.

1. For the municipal or county jurisdiction within which the subdivision is located, list any water conservation ordinances and briefly describe the sections that apply to the subdivision. If they will serve as evidence of your demand projections, please reference as attachment: Native desert common areas

2. Will the subdivision incorporate Conditions, Covenants and Restrictions (CC&Rs) or other conditions that will limit exterior water demand?  Yes  No. If "Yes", please reference as attachment: \_\_\_\_\_

3. Will landscaping in public rights of way conform to the Department's Low Water Use Plant List?  Yes  No

4. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the subdivision to meet the conservation requirements of the Management Plan: \_\_\_\_\_

**NOTE: If demand estimates rely on these conservation requirements, please reference attachment:** \_\_\_\_\_

**PART H - FINANCIAL CAPABILITY**

**Subdivision is a dry-lot subdivision (see question Part A.3).** If this applies, proof of financial capability is not required, please skip to Part I.

Please check one of the following and include attachments as necessary:

The final plat will be submitted to a **qualified platting authority**. The Department maintains a list of **qualified platting authorities**. Contact the Office of Assured and Adequate Water Supply for assistance or visit the Department's website at <http://www.azwater.gov> and go to the Permits, Forms and Applications page.

The platting authority is: Santa Cruz County Planning Department

Adequate delivery, storage, and treatment works have been constructed, and water service is available to each lot. Attach a letter from the water provider verifying that all delivery lines are installed and that water service is available to each lot. Attachment: \_\_\_\_\_

A performance bond has been posted with the platting authority for the entire cost of adequate delivery, storage, and treatment works (reference as attachment): \_\_\_\_\_

**PART I – FEES**

The initial fee for a Certificate of Assured Water Supply Application is \$2,000. Total fees for this application are based upon an hourly billable rate, which can be found on the ADWR web site @www.azwater.gov. If the costs of reviewing your application exceed \$2,000, you will be invoiced for the difference, up to a maximum total fee of \$65,000. Payment may be made by cash, check, or credit card (if you wish to pay by credit card, please contact the Office of Assured and Adequate Water Supply at 602-771-8599). Checks should be made payable to the Arizona Department of Water Resources. In addition to the hourly application fee, the applicant must pay any review-related costs associated with the application and the actual cost of mailing or publishing any legal notice of the application or any notice of a pre-decision administrative hearing on the application. Review-related costs are: (1) costs associated with a pre-decision hearing on the application, such as court reporter services and facility rentals for the hearing, and (2) mileage expenses for a site visit conducted before issuing a decision on the application. **Failure to enclose the initial application fee will cause the application to be returned. Fees for a Certificate of Assured Water Supply Application are authorized by A.R.S. § 45-113 and A.A.C. R12-15-103**

- |   |           |                     |
|---|-----------|---------------------|
| 1. INITIAL APPLICATION FEE:   |           | <u>\$2000.00</u>    |
| 2. Indicate the appropriate AMA and enter the associated Public Notice Fee: |           | 50.00<br>\$ _____   |
| <input type="checkbox"/> Phoenix AMA  | \$ 52.00  |                     |
| <input type="checkbox"/> Tucson AMA   | \$ 225.00 |                     |
| <input type="checkbox"/> Pinal AMA  | \$ 125.00 |                     |
| <input type="checkbox"/> Prescott AMA                                       | \$ 75.00  |                     |
| <input checked="" type="checkbox"/> Santa Cruz AMA                          | \$ 50.00  |                     |
| 3. TOTAL INITIAL FEE DUE (add items #1 and #2):                             |           | 2050.00<br>\$ _____ |

**DID YOU REMEMBER?**

To completely fill out the application form?

To include copies of plat?

To include a signed Notice of Intent to Serve?

To include a hydrologic study, if required?

To include all documents referenced in the application?

To include correctly calculated fees?

To have application signed by **each applicant** or an authorized agent **for each applicant** and include proof of the authorization?

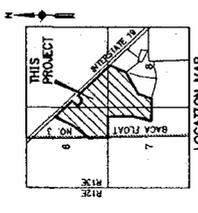
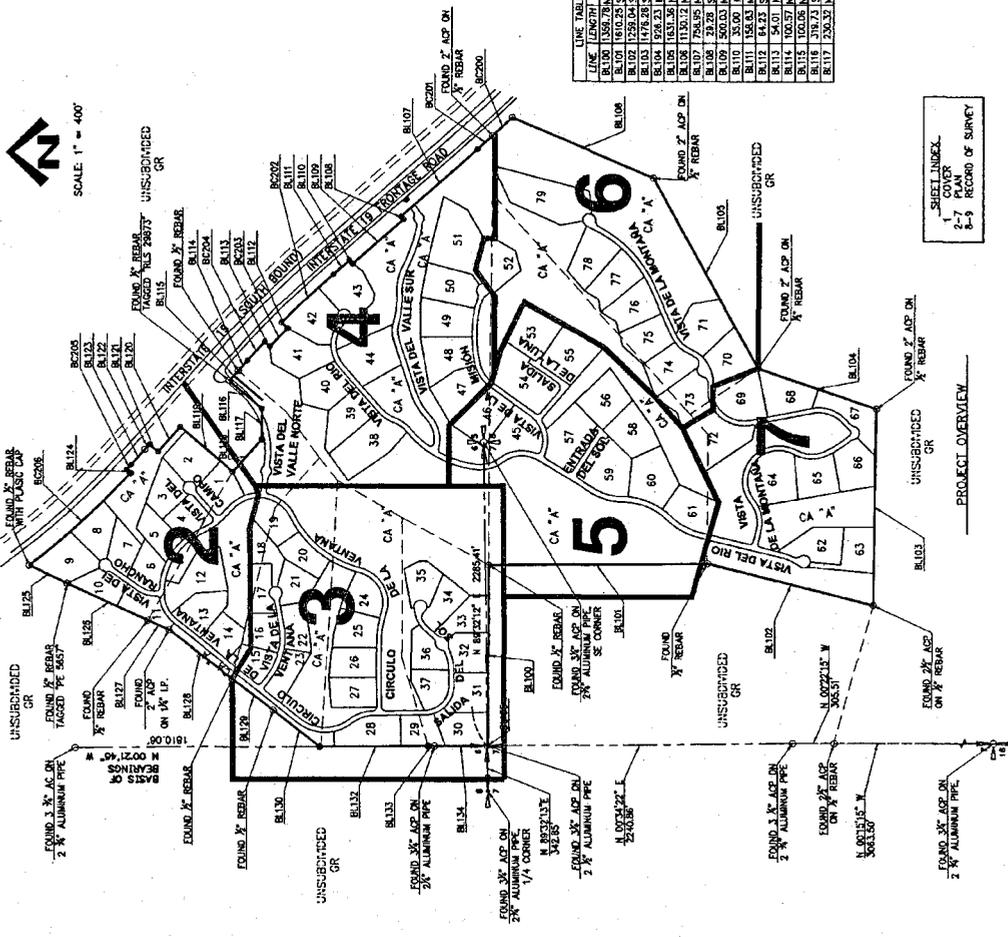
CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT B – REVISED PRELIMINARY PLAT APPROVED BY SANTA CRUZ COUNTY

**GENERAL NOTES**

1. THE GROSS AREA OF THIS SUBDIVISION IS 344.91 ACRES.
2. THE PROPOSED USE OF THIS PLAT IS RESIDENTIAL AS IS DESCRIBED IN THE ZONING ORDINANCE WITH ARTICLE 9 OF THE SANTA CRUZ COUNTY ZONING AND DEVELOPMENT CODE.
3. EXISTING ZONING IS CR.
4. THE TOTAL NUMBER OF NEW RESIDENTIAL UNITS IS 79.
5. TOTAL MILES OF NEW PUBLIC STREETS IS 0.
6. TOTAL MILES OF PRIVATE STREETS IS 4.22.
7. ALL WEATHER ACCESS WILL BE PROVIDED TO ALL LOTS WITHIN THIS SUBDIVISION.
8. DESIGN SPEED: 15 MPH (LOCAL STREETS)
9. THE 15-FOOT FRONTAGE ROAD IS THE NEAREST PAVED ACCESS MAINTAINED BY A.D.O.T. WHICH SERVES THIS SUBDIVISION.
10. THIS PROJECT WILL BE SERVED BY INDIVIDUAL SEPTIC SYSTEMS.
11. PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS, AN APPROVED FINAL PLAT SHALL BE RECORDED FOR THIS PROJECT.
12. CONSTRUCTION EASEMENTS FOR ROADWAY SLOPES WILL BE PROVIDED WHERE NECESSARY.
13. RIGHTS OF WAY OR EASEMENTS BEING DEDICATED BY THE FINAL PLAT WILL BE NOTED AS SUCH.
14. THE OWNER CONSENTS THAT THERE WILL BE NO FURTHER SUBDIVIDING, LOT SPLITTING OR LOT LINE ALIGNMENT WITHOUT THE WRITTEN APPROVAL OF THE BOARD OF SUPERVISORS.
15. ALL DIMENSIONS SHOWN AND LABELED AS SUCH ON THIS PLAN, WHICH ENTIRELY CONTAIN THEIR RESPECTIVE 100 YEAR FLOOD LIMITS UPON COMPLETION OF CONSTRUCTION.
16. ALL PUBLIC AND PRIVATE ROADS AND DRAINAGE EASEMENTS ON OR ADJACENT TO THIS DEVELOPMENT SHALL BE CONSTRUCTED TO MINIMUM SANTA CRUZ COUNTY STANDARDS.
17. ALL REQUIRED PARKING WILL BE OFF STREET, ON-SITE.
18. LANDSCAPING FOR EACH LOT WILL BE DONE IN ACCORDANCE WITH THE MINIMUM SANTA CRUZ COUNTY REQUIREMENTS. LANDSCAPE ELEMENTS WILL BE SHOWN ON PLAT PLANS FOR EACH LOT SUBMITTED TO SANTA CRUZ COUNTY FOR BUILDING PERMITS.
19. THE BASIS OF ELEVATION: NATIONAL GEODETIC SURVEY POINT DESIGNATED "9 423" (CORNER) DESCRIBED AS A BRASS RISER STAMPED "9 423 1889" IN THE NORTHWEST CORNER OF THE INTERSECTION OF THE TRAFFIC LANE SAID ELEVATION BEING 3363.51', VADO 88. REFERENCE MERIDIAN IS NAD 83 GRID NORTH.
20. ALL HOMES AND THEIR ATTACHMENTS SHALL HAVE A RESIDENTIAL SPRINKLER SYSTEM INSTALLED. SYSTEMS SHALL BE REVIEWED BY THE FIRE DISTRICT.
21. A HOMEOWNER'S ASSOCIATION WILL BE FORMED TO ACCEPT RESPONSIBILITY FOR MAINTAINING, CONTROLLING, SAFETY AND LIABILITY OF COMMON AREAS AND COMMON AREAS B (PRIVATE STREETS).
22. THIS BOUNDARY IS BASED ON THE RECORD OF SURVEY RECORDED IN BK. 2 AT PL. 811 RECORDS OF SANTA CRUZ COUNTY.
23. WATER PROVIDER FOR THE PROJECT WILL BE RIO RICO UTILITIES, INC.

**TENTATIVE PLAT  
FOR  
PALO PARADO  
LOTS 1 THROUGH 79 AND COMMON AREA 'A' (OPEN SPACE & DRAINAGE)  
AND COMMON AREA 'B' (PRIVATE STREETS)**



**LEGEND**

- SUBDIVISION BOUNDARY LINE
- LOT-OF-WAY LINE
- EASEMENT LINE
- INTERIOR PARCEL LINE
- TOPO CONTOUR
- TOPO INDEX & CONTOUR
- 100-YEAR FLOOD PLAIN
- 604 JURISDICTIONAL NETWORK LINE
- ROADWAY PULSUS PAD
- RIGHT VISIBILITY TRIANGLE
- SLOPE ARROWS
- SPOT ELEVATION
- LOW POINT
- HIGH POINT
- CURVE NUMBER - SEE DATA TABLE
- LINE NUMBER - SEE DATA TABLE
- FOUND POINT WITH TAG ADJUST
- FOUND MONUMENT AS NOTED
- CALCULATED POINT - NOTHING FOUND OR SET
- 1/2\"/>

**3**

LINE TABLE

LINE NUMBER	LENGTH	BEARING	LINE LENGTH	BEARING	CURVE TABLE
B.100	159.78	N89°29'22\"/>			

**3**

CURVE TABLE

LINE NUMBER	LENGTH	BEARING	LINE LENGTH	BEARING	CURVE TABLE
B.100	159.78	N89°29'22\"/>			

**TENTATIVE PLAT  
FOR  
PALO PARADO  
LOTS 1 THROUGH 79  
COMMON AREA 'A' (OPEN SPACE & DRAINAGE)  
AND COMMON AREA 'B'  
(PRIVATE STREETS)**

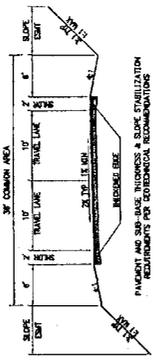
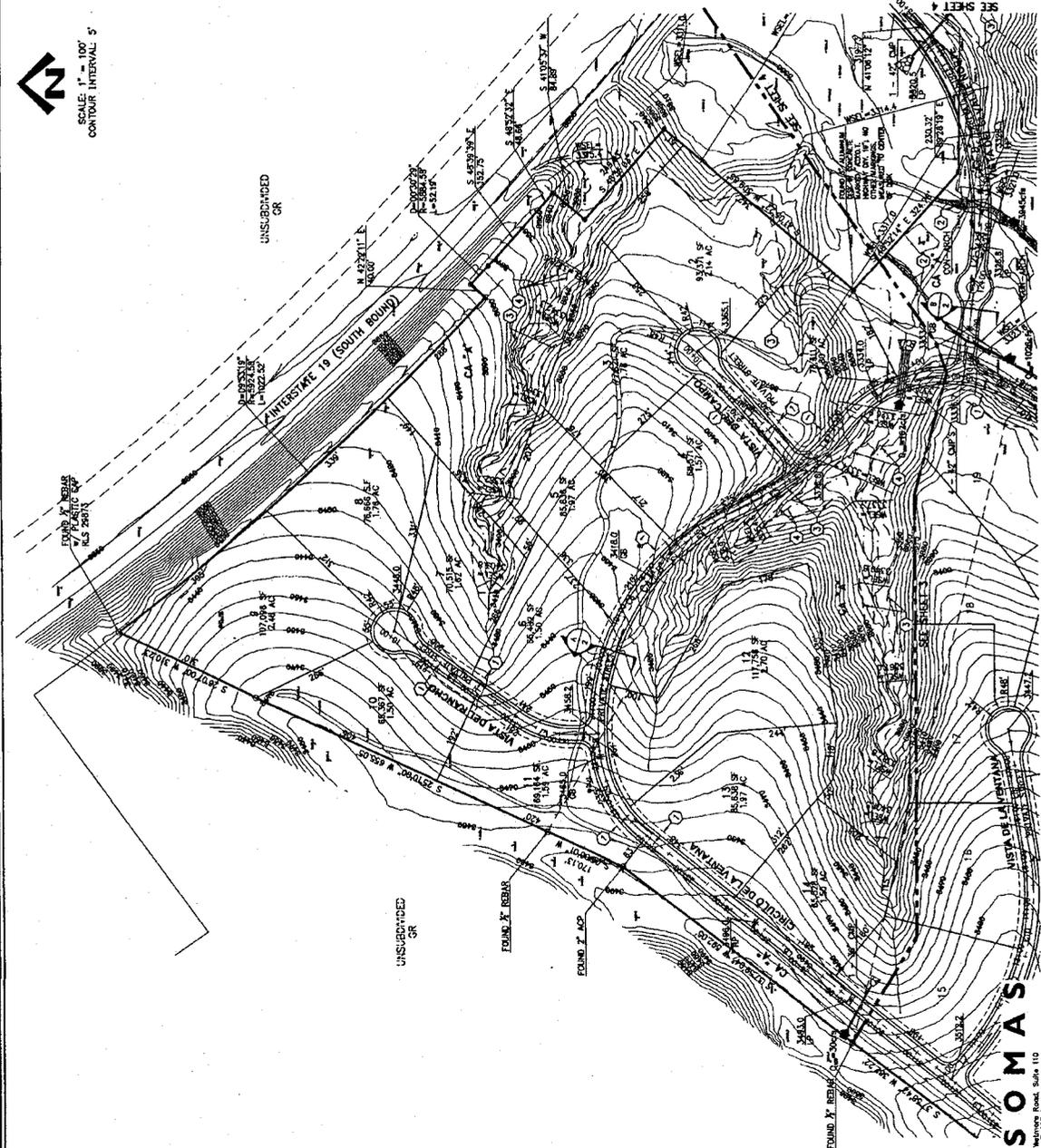
PORTIONS OF SECTIONS 5, 6, 7, 8, G.S.B.M., SANTA CRUZ COUNTY, ARIZONA

**PSOMAS**  
800 E. Highway Road, Suite 110  
Cottonwood, AZ 85719 (520) 286-1128 fax  
www.psomas.com

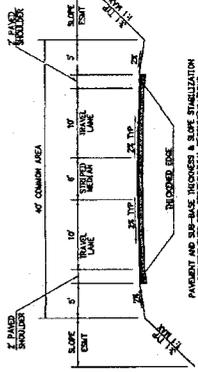


SHEET INDEX  
1-79 PLAT  
8-9 RECORD OF SURVEY

SCALE: 1" = 100'  
CONTOUR INTERVAL: 5'



(A) RURAL PRIVATE ROAD - 10'



(B) RURAL PRIVATE ROAD - MAIN ENTRY - THREE LANES - 10'

LINE	LINE BEARING	LINE LENGTH	RADIUS	DELTA
L1	465.54	100.00	50.00	180.00
L2	465.54	100.00	50.00	180.00
L3	32.05	549.32	274.66	158.70
L4	148.14	300.00	150.00	116.26
L5	48.87	100.00	50.00	180.00
L6	297.50	100.00	50.00	180.00
L7	123.04	200.00	100.00	36.31
L8	248.38	200.00	100.00	36.31
L9	208.07	200.00	100.00	47.73
L10	48.87	200.00	100.00	180.00
L11	308.35	100.00	50.00	180.00

- REMARKS:**
- 1) PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAT
  - 2) 64 JURISDICTIONAL WASH
  - 3) EROSION HAZARD STRIP
  - 4) EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
FOR  
**PALO PARADO**  
LOTS 1 THROUGH 79  
COMMON AREA "A" (OPEN SPACE &  
DRAINAGE) AND COMMON AREA "B"  
(PRIVATE STREETS)  
PARTS OF SECTIONS 8, 9, 10 &  
11, 22S, R. 1E, E. 8, S. 14E,  
SANTA CRUZ COUNTY, ARIZONA



**PSOMAS**  
800 E. McDowell Road, Suite 110  
Tempe, AZ 85283  
(480) 968-0000 (AZ) 291-1196 (TX)  
www.psomas.com

SCALE: 1" = 100'  
CONTOUR INTERVALS: 5'

CURVE	TABLE	BS, I.
CA	120.00	45.70048
CB	120.00	45.70048
CC	120.00	45.70048
CD	120.00	45.70048
CE	120.00	45.70048
CF	120.00	45.70048
CG	120.00	45.70048
CH	120.00	45.70048
CI	120.00	45.70048
CJ	120.00	45.70048
CK	120.00	45.70048
CL	120.00	45.70048
CM	120.00	45.70048
CN	120.00	45.70048
CO	120.00	45.70048
CP	120.00	45.70048
CQ	120.00	45.70048
CR	120.00	45.70048
CS	120.00	45.70048
CT	120.00	45.70048
CU	120.00	45.70048
CV	120.00	45.70048
CW	120.00	45.70048
CX	120.00	45.70048
CY	120.00	45.70048
CZ	120.00	45.70048

LINE	HI	BEARING
L1	148.54	S 89° 54' 00" W
L2	148.54	S 89° 54' 00" W
L3	148.54	S 89° 54' 00" W
L4	148.54	S 89° 54' 00" W
L5	148.54	S 89° 54' 00" W
L6	148.54	S 89° 54' 00" W
L7	148.54	S 89° 54' 00" W
L8	148.54	S 89° 54' 00" W
L9	148.54	S 89° 54' 00" W
L10	148.54	S 89° 54' 00" W
L11	148.54	S 89° 54' 00" W
L12	148.54	S 89° 54' 00" W
L13	148.54	S 89° 54' 00" W
L14	148.54	S 89° 54' 00" W
L15	148.54	S 89° 54' 00" W
L16	148.54	S 89° 54' 00" W
L17	148.54	S 89° 54' 00" W
L18	148.54	S 89° 54' 00" W
L19	148.54	S 89° 54' 00" W
L20	148.54	S 89° 54' 00" W



KEYNOTES  
 ① IF PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAT  
 ② 404 JAMB SECTIONAL WASH  
 ③ EROSION HAZARD SETBACK  
 ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
 FOR  
**PALO PARADO**  
 LOTS 1 THROUGH 78,  
 COMMON AREA "A" (OPEN SPACE &  
 DRAINAGE) AND COMMON AREA "B"  
 (PRIVATE STREETS)  
 PORTIONS OF SECTIONS 5, 6, 7, & 8,  
 1-22-S, R-13-E, G. & S. R. M.,  
 SANTA CRUZ COUNTY, ARIZONA



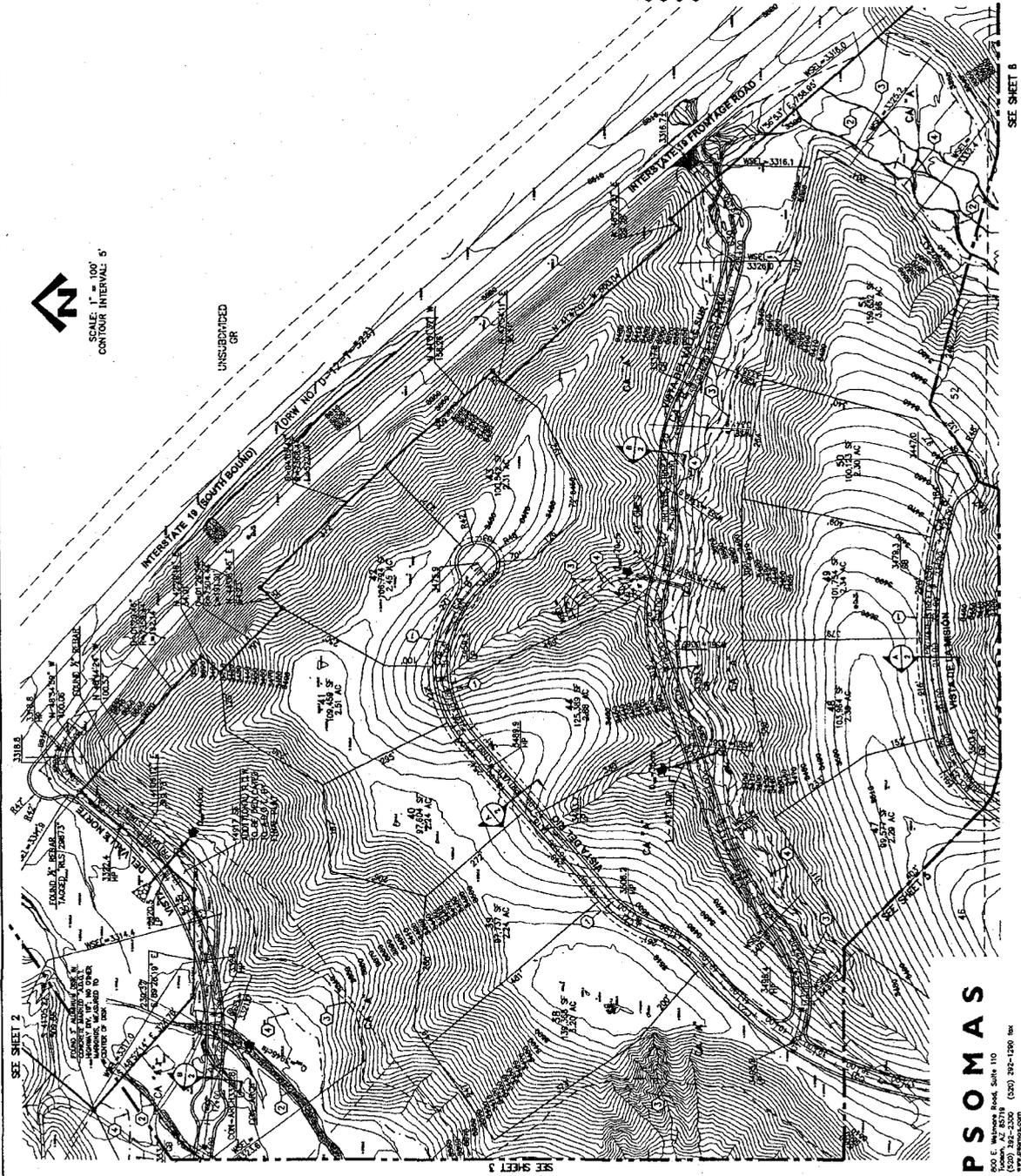
**PSOMAS**  
 800 E. Williams Road, Suite 110  
 (2025) 285-2578 (320) 285-1286 fax  
 www.psomas.com

SCALE: 1" = 100'  
CONTOUR INTERVAL: 5'

CURVE	LENGTH	RADIUS	DELTA
C1	25.00	250.00	90.00
C2	25.00	250.00	90.00
C3	450.38	240.00	97.70
C4	128.87	250.00	29.00
C5	124.24	250.00	28.43
C6	244.87	250.00	57.34
C7	27.61	250.00	7.97
C8	147.67	250.00	43.52
C9	20.67	250.00	6.19
C10	222.42	250.00	65.54
C11	100.00	250.00	30.00
C12	100.00	250.00	30.00
C13	280.81	250.00	81.14
C14	177.68	250.00	51.72
C15	177.67	250.00	51.72

LINE	LENGTH	BEARING
L1	465.54	N83°12'12"W
L2	28.00	N87°15'21"E
L3	430.18	S84°18'55"W
L4	466.93	S72°15'52"W
L5	174.71	S71°17'30"W
L6	81.02	S58°30'07"W

UNSUBSIDIZED GR



- KEYNOTES
- ① 10' PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAN
  - ② 40' JOBS SECTIONAL WASH
  - ③ DRAINAGE HAZARD SETBACK
  - ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
FOR  
**PALO PARADO**  
LOTS 1 THROUGH 78  
COMMON AREA "A" (OPEN SPACE &  
DRAINAGE) AND COMMON AREA "B"  
(PRIVATE STREETS)  
PORTIONS OF SECTIONS 8, 9, 7, & 6,  
T. 11N., R. 12E., S. 17E.,  
SANTA CRUZ COUNTY, ARIZONA



SEE SHEET 8

SEE SHEET 2

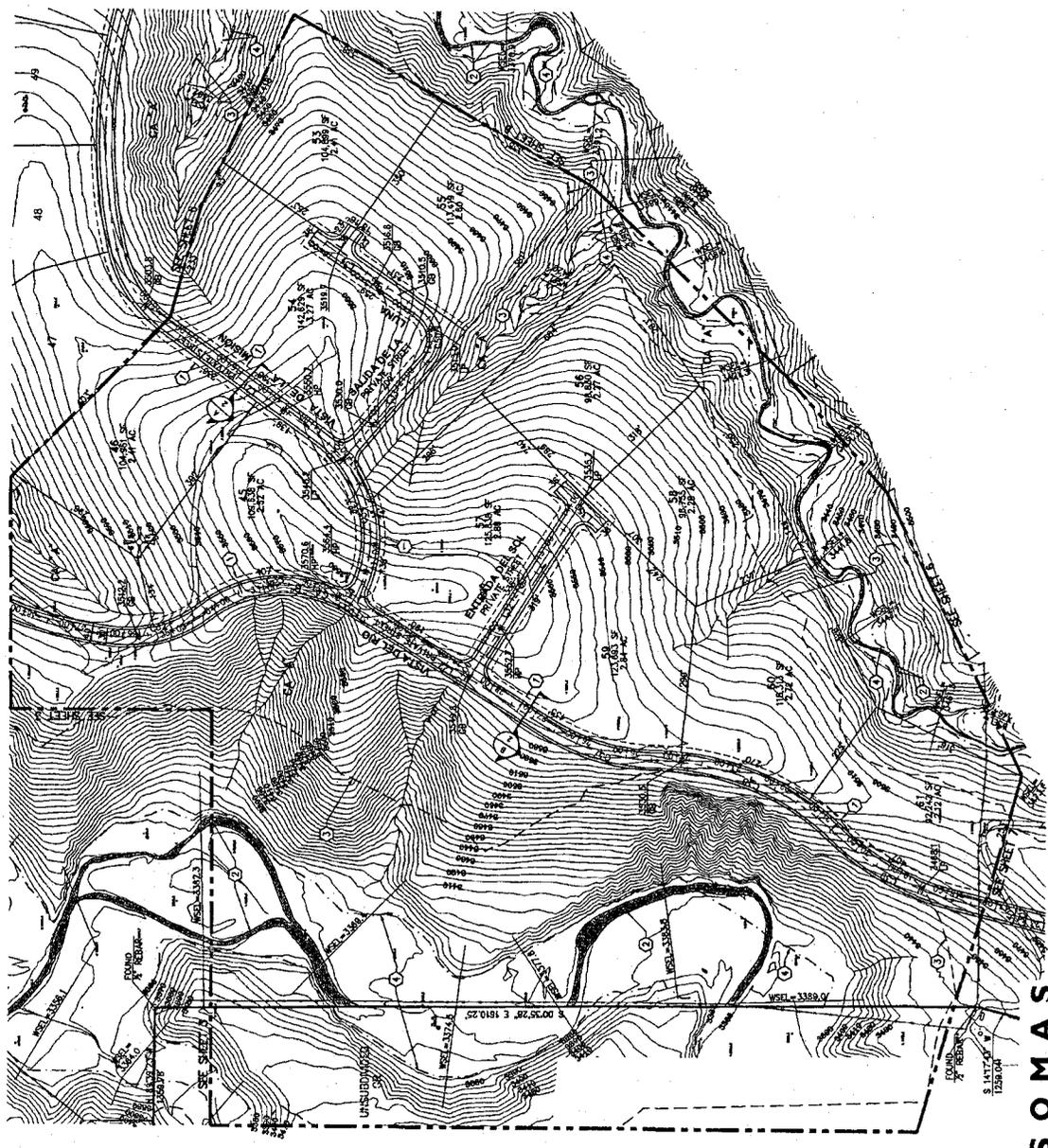
**PSOMAS**

800 E. McDowell Road, Suite 110  
Tucson, AZ 85718  
Tel: 520-796-1000  
www.psomas.com

SCALE: 1" = 100'  
 CONTOUR INTERVAL: 5'

CURVE LENGTH	RADIUS	DELTA
C22	165.37	250.00
C23	165.37	250.00
C24	171.88	250.00
C25	171.88	250.00
C26	171.88	250.00
C27	171.88	250.00
C28	171.88	250.00
C29	171.88	250.00
C30	171.88	250.00
C31	171.88	250.00
C32	171.88	250.00
C33	171.88	250.00
C34	171.88	250.00
C35	171.88	250.00
C36	171.88	250.00
C37	171.88	250.00
C38	171.88	250.00
C39	171.88	250.00
C40	171.88	250.00
C41	171.88	250.00
C42	171.88	250.00
C43	171.88	250.00
C44	171.88	250.00
C45	171.88	250.00
C46	171.88	250.00
C47	171.88	250.00
C48	171.88	250.00
C49	171.88	250.00
C50	171.88	250.00
C51	171.88	250.00
C52	171.88	250.00
C53	171.88	250.00
C54	171.88	250.00
C55	171.88	250.00
C56	171.88	250.00
C57	171.88	250.00
C58	171.88	250.00
C59	171.88	250.00
C60	171.88	250.00
C61	171.88	250.00
C62	171.88	250.00
C63	171.88	250.00
C64	171.88	250.00
C65	171.88	250.00
C66	171.88	250.00
C67	171.88	250.00
C68	171.88	250.00
C69	171.88	250.00
C70	171.88	250.00
C71	171.88	250.00
C72	171.88	250.00
C73	171.88	250.00
C74	171.88	250.00
C75	171.88	250.00
C76	171.88	250.00
C77	171.88	250.00
C78	171.88	250.00
C79	171.88	250.00
C80	171.88	250.00
C81	171.88	250.00
C82	171.88	250.00
C83	171.88	250.00
C84	171.88	250.00
C85	171.88	250.00
C86	171.88	250.00
C87	171.88	250.00
C88	171.88	250.00
C89	171.88	250.00
C90	171.88	250.00
C91	171.88	250.00
C92	171.88	250.00
C93	171.88	250.00
C94	171.88	250.00
C95	171.88	250.00
C96	171.88	250.00
C97	171.88	250.00
C98	171.88	250.00
C99	171.88	250.00
C100	171.88	250.00

LINE LENGTH	BEARING
L1	145.15
L2	145.15
L3	145.15
L4	145.15
L5	145.15
L6	145.15
L7	145.15
L8	145.15
L9	145.15
L10	145.15
L11	145.15
L12	145.15
L13	145.15
L14	145.15
L15	145.15
L16	145.15
L17	145.15
L18	145.15
L19	145.15
L20	145.15
L21	145.15
L22	145.15
L23	145.15
L24	145.15
L25	145.15
L26	145.15
L27	145.15
L28	145.15
L29	145.15
L30	145.15
L31	145.15
L32	145.15
L33	145.15
L34	145.15
L35	145.15
L36	145.15
L37	145.15
L38	145.15
L39	145.15
L40	145.15
L41	145.15
L42	145.15
L43	145.15
L44	145.15
L45	145.15
L46	145.15
L47	145.15
L48	145.15
L49	145.15
L50	145.15
L51	145.15
L52	145.15
L53	145.15
L54	145.15
L55	145.15
L56	145.15
L57	145.15
L58	145.15
L59	145.15
L60	145.15
L61	145.15
L62	145.15
L63	145.15
L64	145.15
L65	145.15
L66	145.15
L67	145.15
L68	145.15
L69	145.15
L70	145.15
L71	145.15
L72	145.15
L73	145.15
L74	145.15
L75	145.15
L76	145.15
L77	145.15
L78	145.15
L79	145.15
L80	145.15
L81	145.15
L82	145.15
L83	145.15
L84	145.15
L85	145.15
L86	145.15
L87	145.15
L88	145.15
L89	145.15
L90	145.15
L91	145.15
L92	145.15
L93	145.15
L94	145.15
L95	145.15
L96	145.15
L97	145.15
L98	145.15
L99	145.15
L100	145.15



- KEYNOTES**
- ① 10' PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAT
  - ② 40' JURISDICTIONAL WASH
  - ③ EROSION HAZARD SETBACK
  - ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
 FOR  
**PALO PARADO**  
 LOTS 1 THROUGH 79,  
 COMMON AREA "A" (OPEN SPACE &  
 DRAINAGE) AND COMMON AREA "B"  
 (PRIVATE STREETS)  
 PORTIONS OF SECTIONS 5, 6, 7, & 8,  
 T-22-S, R-13-E, S. & S. R. M.,  
 SANTA CRUZ COUNTY, ARIZONA



**PSOMAS**  
 800 L. Wilcox Road, Suite 110  
 Tucson, AZ 85718  
 (520) 295-1230 fax  
 www.psomas.com



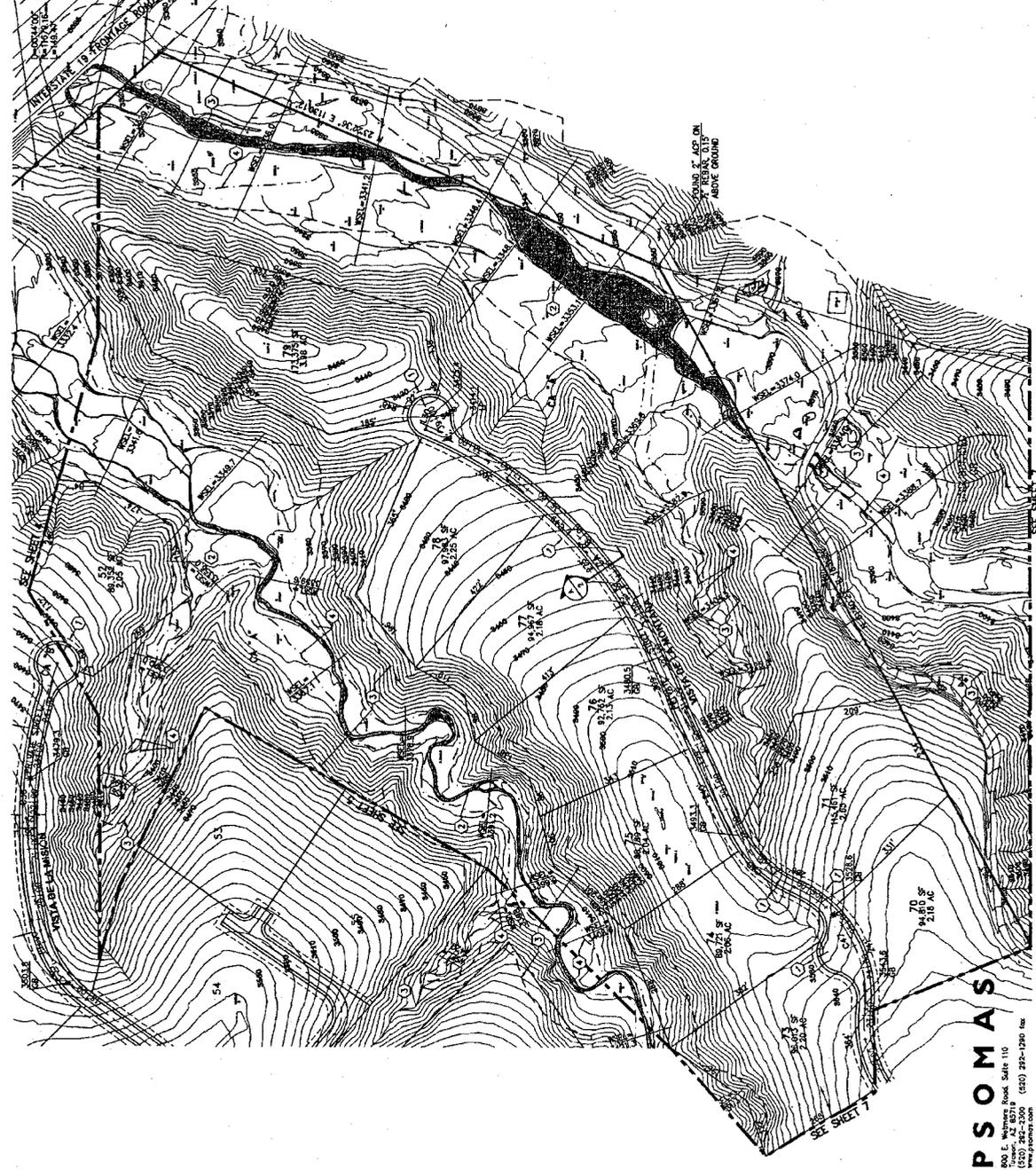
SCALE 1" = 100'  
CONTIGUOUS INTERVAL 5'

FOUND 1" ALUMINUM PEG IN CONCRETE MARKED BY PROPERTY OWNER ON 1970 SURVEY MEASURED TO CENTER OF PEG (SOUTH BOUND) (DWP NO. D-12-1-522)

FOUND 2" ASP ON REBAR (D-4025'35" N-119°51'6" L=148.00')

LINE	LENGTH	BEARING
1-2	25.00	182° 30' 00"
2-3	25.00	182° 30' 00"

CURVE	LENGTH	RADIUS	DELTA
C36	17.75	250.00	30.74° 00'
C37	31.51	250.00	27.43° 00'
C38	18.94	250.00	41.42° 00'
C39	17.91	250.00	43.41° 00'



REMARKS:  
 ① BY PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAT  
 ② 404 JURISDICTIONAL WASH  
 ③ EROSION HAZARD SETBACK  
 ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAT  
 FOR  
**PALO PARADO**  
 LOTS 1 THROUGH 79,  
 COMMON AREA 'A' (OPEN SPACE &  
 DRAINAGE) AND COMMON AREA 'B'  
 (PRIVATE STREETS)  
 PORTIONS OF SECTIONS 5, 6, 7, & 8,  
 T12N, R12E, S12E,  
 SANTA CRUZ COUNTY, ARIZONA



**PSOMAS**  
 800 E. McIntire Road, Suite 110  
 Phoenix, AZ 85071  
 (602) 992-1200 fax  
 www.psomas.com



SCALE: 1" = 100'  
CONTOUR INTERVAL: 5'

CURVE	LENGTH	RADIUS	DELTA
C40	196.01	450.00	27.98347
C41	222.20	250.00	52.04102
C42	195.98	250.00	35.71112
C43	242.45	250.00	37.42244
C44	248.81	250.00	35.58407
C45	470.54	250.00	107.29202
C47	315.18	250.00	77.41008

LINE	LENGTH	BEARING
123	401.48	S132°27'19"W
124	298.37	S132°27'19"W
125	138.08	S70°33'41"E
126	133.81	N62°29'49"E
127	460.12	N117°32'28"W



- REMARKS**
- ① TO PUBLIC UTILITY EASEMENT GRANTED TO SANTA CRUZ COUNTY BY FINAL PLAN
  - ② 804 ABSOLUTIONAL WASH
  - ③ EXISTING HAZARD SETBACK
  - ④ EXISTING 100-YEAR FLOOD PLAIN

TENTATIVE PLAN  
FOR  
**PALO PARADO**  
LOTS 1 THROUGH 79,  
COMMON AREA "A" (OPEN SPACE &  
DRAINAGE) AND COMMON AREA "B"  
(PRIVATE STREETS)  
PORTIONS OF SECTIONS 5, 6, 7, 8, & 9,  
1-22-S, R-13-E, G. & S. R. M.,  
SANTA CRUZ COUNTY, ARIZONA



**P S O M A S**  
600 E. McDowell Road, Suite 110  
Tucson, AZ 85719  
(520) 292-1290 fax  
psomas.com

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT C – NOTICE OF INTENT TO SERVE SIGNED BY THE WATER PROVIDER

ARIZONA DEPARTMENT OF WATER RESOURCES  
OFFICE OF ASSURED WATER SUPPLY  
3560 NORTH CENTRAL AVE. 2<sup>ND</sup> FLOOR  
PHOENIX, ARIZONA 85012  
(602) 771-8598

NOTICE OF INTENT TO SERVE

Subdivision/Development Name ("Subdivision"): Palo Parado Lots 1-79  
Subdivision Owner ("Owner"): Windward Partners XIV, LLC  
Municipal Provider: Rio Rico Utilities, Inc. dba Liberty Water  
If the Municipal Provider has several divisions, please specify service area in which the Subdivision is located  
ADEQ Public Water System Number: 04-12-011 Please indicate the number valid for this Subdivision

Municipal Provider Type:

City or Town;

Irrigation District;

Water Improvement District;

Private Water Company Regulated by the Arizona Corporation Commission ("PWC");

Is the Subdivision within the PWC's existing Certificate of Convenience and Necessity ("CC&N")?  Yes  No

If "No", has an application for an extension of the CC&N been filed?  Yes  No

If "Yes" date of submittal: \_\_\_\_\_

Please include a copy of the application for extension and reference as an attachment.

If the Subdivision is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Subdivision.

Homeowners' Association ("HOA")

If HOA, please provide the documents that establish the HOA and evidence that the Arizona Corporation Commission ("ACC") has adjudicated the HOA "not for public service," and therefore not subject to regulation by the ACC.

COMPLETE THIS SECTION IF SUBDIVISION IS LOCATED WITHIN AN ACTIVE MANAGEMENT AREA:

ADWR Service Area Right or Irrigation District Number: 516-000041 ~~0000~~ Number can be found on ADWR Annual Reports

Is the Subdivision located within the Municipal Provider's existing operating distribution system?  Yes  No

If no, will the Municipal Provider be establishing a new service area right to serve the Subdivision?  Yes  No

If yes, what type of right will be used to establish the service area right? water service agreement has been created

If the Subdivision is not within the Municipal Provider's operating distribution system, the Municipal Provider must begin the process to establish a new or satellite service area right or enter into an agreement with the undersigned Owner to extend water lines to the subdivision before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

The undersigned Owner and Municipal Provider certify that: (1) They have entered into an agreement whereby the Municipal Provider agrees to provide the Subdivision sufficient water to satisfy the  potable  non-potable (please check one) water demands of the Subdivision; (2) The aforementioned agreement is binding upon the present and future agents, servants, representatives, successors in interest and assigns of the Municipal Provider and the Owner, and (check which of the following applies):

(a) the Subdivision is within 660' of the Municipal Provider's operating distribution system or,

(b) the undersigned Owner and Municipal Provider have entered into an agreement binding upon the present and future agents, servants, representatives, successors in interest and assigns of the Municipal Provider and the Owner to extend water lines to the subdivision, or

(c) a new service area right will be established to serve the Subdivision (if subdivision is located within an active management area). This Notice of Intent to Serve is conditioned upon the Municipal Provider's receipt of necessary approvals from the relevant regulatory agencies and the Municipal Provider's receipt of all necessary payments.

If the Municipal Provider is a PWC, then the Municipal Provider further certifies that the Subdivision is within the boundaries of its CC&N, or that a formal request has been filed with the ACC to extend the boundaries to include the Subdivision.

Steve Carlson

Print the name of the Authorized Agent of the Water Provider

Steve Carlson  
Signature of Authorized Agent of Water Provider

Development Servs Mgr  
Title

1-21-11  
Date

Michael R. Henderson

Print the name of the Owner or the Owner's Authorized Agent

Michael R. Henderson  
Signature of Owner or the Owner's Authorized Agent

MANAGING MEMBER  
Title

1/21/11  
Date

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT D – REVISED SUBDIVISION DEMAND CALCULATOR FORMS, INCLUDING  
BOTH THE “SITE INFORMATION” AND “DEMAND CALCULATOR” SPREADSHEETS

August 28, 2009

**PROJECT DEMAND CALCULATOR**

Name of Proposed Project: Palo Parado

**INSTRUCTIONS:** This spreadsheet is designed to help you calculate the water demand for your proposed development for purposes of applying for a Certificate of Assured Water Supply, Water Adequacy Report or Analysis of Assured (or Adequate) Water Supply. Please enter information into the blue boxes as applicable. If you need help with this form, please contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

**NOTE:** This sheet, when completed, does not constitute approval of the demand estimate for your proposed development. It is intended for general estimation purposes only. The final, official demand estimates will be determined by the Department upon review of your complete application.

Enter the AMA the subdivision is located in\*:  \* Enter PHX for Phoenix, TUC for Tucson, PIN for Pinal, PRE for Prescott or SCR for Santa Cruz. If you are not sure if you are located inside or outside of an AMA, contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

Enter the COUNTY the subdivision is located in:  \* Enter either APACHE, COCHISE, COCONINO, GILA, GRAHAM, GREENLEE, LA PAZ, MARICOPA, MOHAVE, NAVAJO, PIMA, PINAL, SANTA CRUZ, YAVAPAI, or YUMA.

**Residential Usage\***

Category	PPHU	GPCD or per house/day	Demand/HU/YR (af/yr)	No. HU (Lots)	Residential Demand/Yr (af/yr)
Single Family (int)	<input type="text" value="3.23"/>	57.00	0.21	<input type="text" value="79.00"/>	16.29
Multi-Family (int)		57.00	0.00		0.00
Single Family Landscape (ext)	1.00	107.00	0.12	<input type="text" value="79.00"/>	9.47
Multi-Family Landscape (ext)	1.00	26.00	0.03	<input type="text" value="0.00"/>	0.00
Single family Demand/HU/YR			6.13		
Multifamily Demand/HU/YR			0.03		

\*NOTE: If the application is in the Pinal AMA, and lot sizes are no greater than 10,000 sq. ft., 125 GPCD is used to estimate both interior and exterior demand for single family homes. Do not enter lot numbers under the Landscape rows. Contact the Office of Assured and Adequate Water Supply for more information.

	Square Feet	Acres	Demand Factor (af/yr)	No. HU (Lots)	Large Lot Adjustment Demand/Yr (af/yr)
Average Lot Size (sq. ft)**	<input type="text" value="92850.00"/>	2.13			
TMP Model Lot Size (sq. ft)	7,500 - 10,000	0.17 - 0.23			
Large Lot Adjustment	82850.00	1.90			
1/2 low water use	41425.00	0.95	1.50	<input type="text" value="79.00"/>	112.69
1/2 turf	41425.00	0.95	4.60	<input type="text" value="79.00"/>	345.59

\*\*NOTE: If the subdivision contains several groupings of lot sizes, the large lot adjustment needs to be calculated for each grouping of large lot sizes. If CC&Rs with landscaping restrictions for the residential lots will be adopted, a modified large lot adjustment can be calculated based on the specific landscaping restrictions. Contact the Office of Assured and Adequate Water Supply for assistance in calculating the large lot adjustment for subdivisions with several groupings of large lot sizes or if CC&Rs limiting landscaping within the residential lots will be adopted.

**Total Residential Demand** 484.04

**Non-Residential Usage\*\*\***

For each category please enter either square feet or acres of land for that type of non-residential use within your subdivision.

Category	Square Feet	Acres	Demand Factor (af/ac)	Non-Residential Demand (af/yr)
Common Area1		<input type="text" value="0.00"/>	1.50 low water use	0.00
Common Area2		<input type="text" value="0.00"/>	4.60 turf	0.00
Right of Way		<input type="text" value="2.05"/>	1.50 low water use	3.08
Golf Course		<input type="text" value="0.00"/>	AMA Turf Program - contact AMA	0.00
Commercial use		<input type="text" value="0.00"/>	2.25 all acres	0.00
Public Pool (length x width = square feet)		<input type="text" value="0.00"/>	Based on closest AMA pool	0.00
Parks1		<input type="text" value="0.00"/>	1.50 low water use	0.00
Parks2		<input type="text" value="0.00"/>	4.60 turf	0.00
Retention/Detention Basins		<input type="text" value="0.00"/>	1.50 low water use	0.00
Retention/Detention Basins		<input type="text" value="0.00"/>	4.60 turf	0.00
School Landscape1		<input type="text" value="0.00"/>	1.50 low water use	0.00
School Landscape2		<input type="text" value="0.00"/>	4.60 turf	0.00
Elementary school interior use	<input type="text" value="0.00"/>		25 GPCD interior demand	0.00
Middle/High School interior use	<input type="text" value="0.00"/>		43 GPCD interior demand	0.00

\*\*\*NOTE: If your application is for a change of ownership from a previously Issued Certificate of Assured Water Supply, and is for only a portion of the original Certificate, contact the Office of Assured and Adequate Water Supply to pro-rate non-residential area acreage.

**Total Non-Residential Demand** 3.08

**Distribution Losses**

	Residential	Non-Residential	Total	Loss Factor %	Distribution Losses (af/yr)
Demand af/yr	484.04	3.08	487.12	10.00	48.71

**Construction**

	No. of Lots	Demand (gals/lot)	100 yr demand (af)	Construction Demand (af/yr)
	79.00	10000.00	2.70	0.03

**Total Demand Per Year**

Residential Usage af/yr	Non-Residential Usage	Lost & Unaccounted for	Construction	Total Non-Res	Total Demand Per Year (af/yr)
484.04	3.08	48.71	0.03	51.81	535.86

Residential Usage GPCD	Annual Build Out Demand	Total Demand GPCD
1693	535.86	1875

# PROJECT SITE INFORMATION

Name of Proposed Project:

**Palo Parado**

TOTAL ACRES    Acres in Turf    Acres in LWU    Acres NWU

Residential acres				
Single family acres*	168.38			
Multi-family acres**	0.00			
Total residential acres	168.38			
<b>Non-residential acres</b>				
Right of way acres	20.50			
Commercial acres	0.00			
Golf course acres	0.00			
Common area acres	156.03			156.03
Detention/Retention basin acres	0.00			
Park acres	0.00			
School acres	0.00			
Other non-residential acres	0.00			
Total non-residential tract acres	176.53			

**Total Project Acres**    344.91

Number of golf course holes

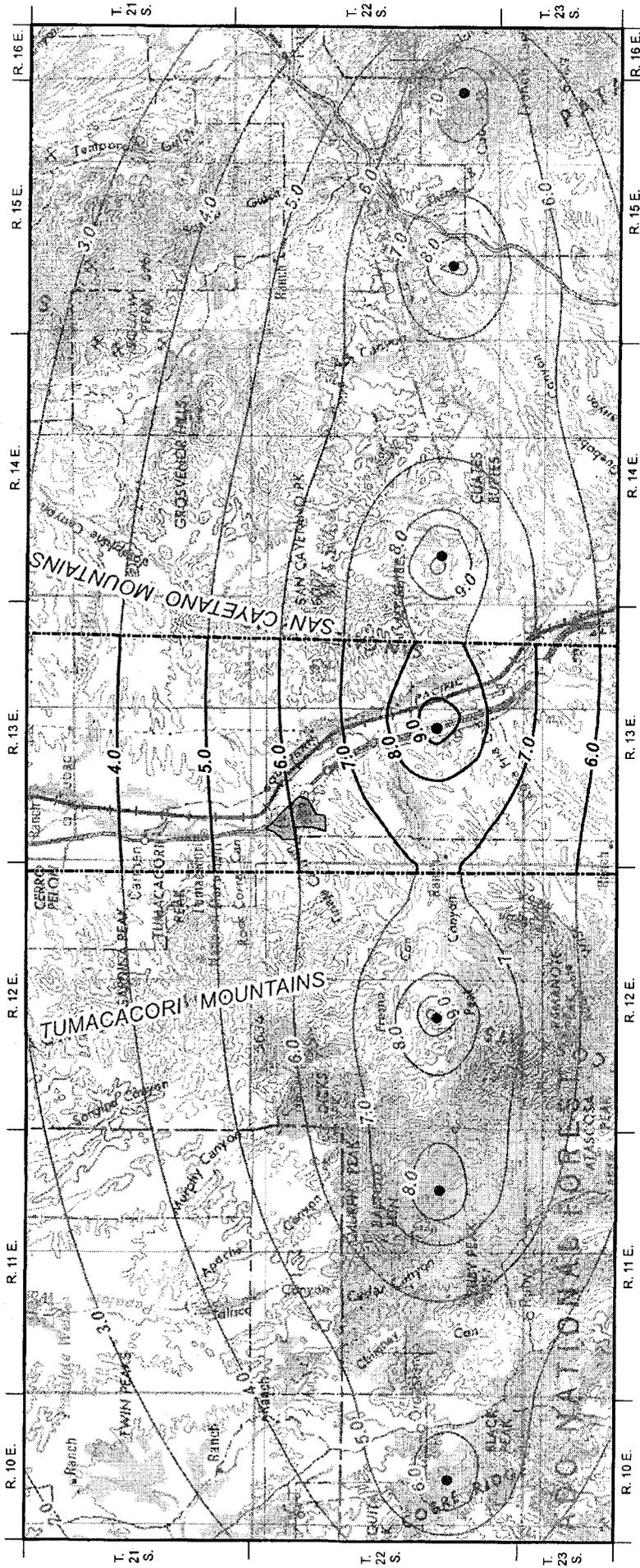
\*Single family acres is the square footage of all single family lots converted into acres.  
 \*\*Multi-family acres is the square footage of all multi-family tracts converted into acres.

NOTE: LWU = Low water use landscape, NWU = No water use (hardscape or unwatered native vegetation)

**PLEASE FILL OUT AND PRINT BOTH WORKSHEETS AND ATTACH TO YOUR APPLICATION!**

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

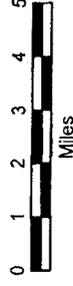
ATTACHMENT E – REVISED MAP OF PROJECTED GROUNDWATER LEVEL DRAWDOWN



**EXPLANATION**

-3.0- Simulated Groundwater Level Drawdown Contour, in feet

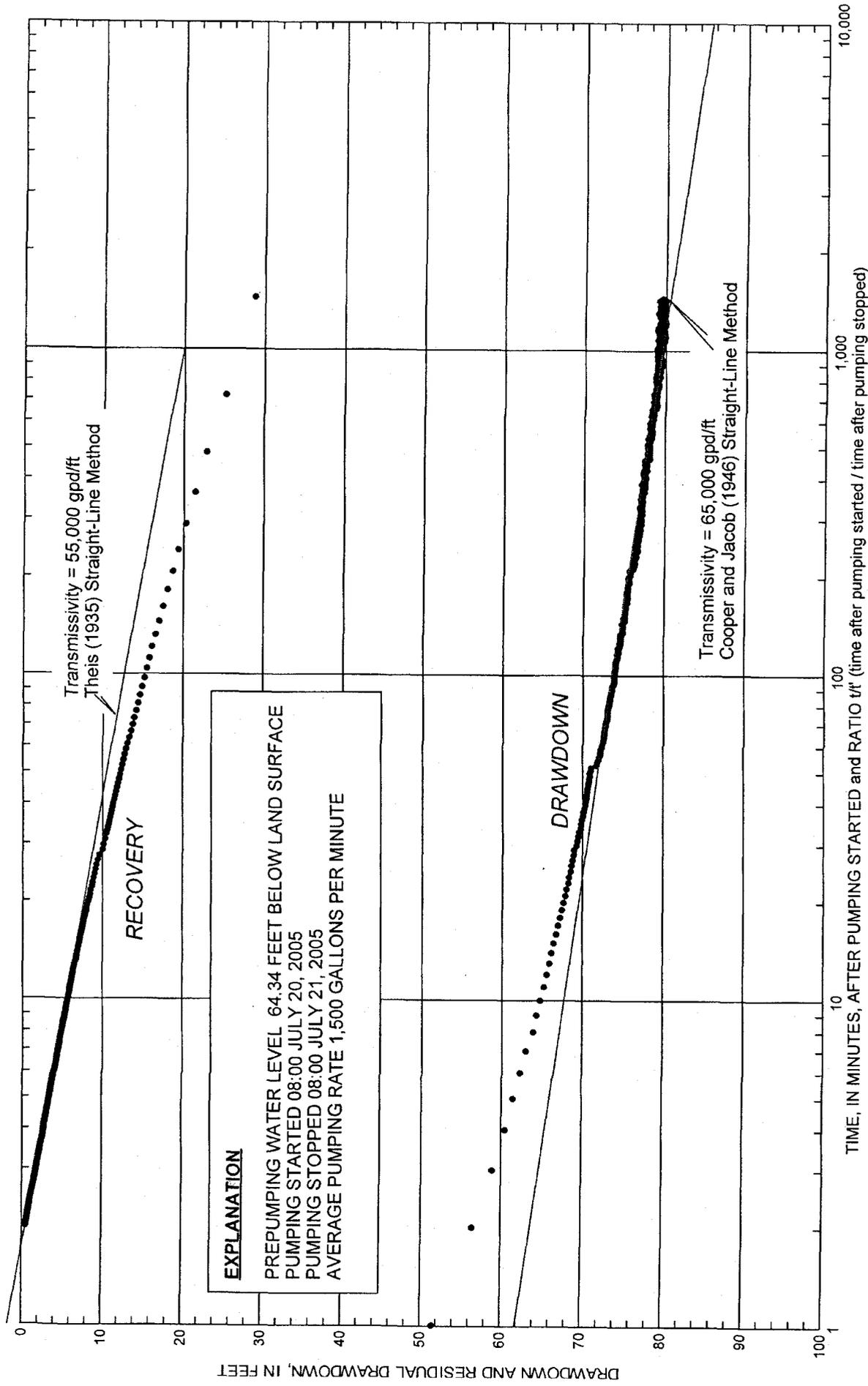
- Hypothetical Pumping Well
- Image Well
- - - Modeled Hydrologic Barrier Boundary
- Palo Parado Hills Subdivision Boundary



OXFORD CAPITAL PARTNERS, LLC
PROJECTED GROUNDWATER LEVEL DRAWDOWN, 100 YEARS
 <b>MONTGOMERY &amp; ASSOCIATES</b> <small>Water Resource Consultants</small>
2009 ATTACHMENT E

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT F – DRAWDOWN AND RECOVERY GRAPH FROM WELL #6  
24-HOUR CONSTANT-RATE PUMPING TEST



**DRAWDOWN AND RECOVERY GRAPH FOR PUMPED WELL (D-22-13)27bbd[Well 6]  
 DURING 24-HOUR CONSTANT-DISCHARGE PUMPING TEST**



CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

ATTACHMENT G – PROOF OF PROPERTY OWNERSHIP DATED WITHIN 90 DAYS OF THE  
CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION



Lawyers Title of Arizona, Inc.  
1780 N. Mastick Way, Suite F  
Nogales, Az 85621  
Phone: (520) 281-2387

**Dated: January 25, 2011 at 7:30 a.m.**

**To Whom It May Concern AND  
ARIZONA DEPARTMENT OF WATER RESOURCES AND  
WINDWARD PARTNERS XIV, LLC**

**Gentlemen:**

**Lawyers Title of Arizona, Inc.,** hereby reports that title to the land described in Schedule A is vested as shown in Schedule A.

This is a report of status of title **ONLY** and is neither a guarantee of title, a commitment to insure nor a policy of title insurance.

**The total liability of the Company is limited to the fee paid for this report.**

#### **SCHEDULE A**

1. Title to the said estate or interest in said land is at the effective date hereof vested in:  
**LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation, as Trustee under Trust No. 1987-T, by Warranty Deed recorded May 7, 2008 in Instrument 2008-04918.**
2. The estate or interest in the land described or referred to herein is Fee Simple.
3. The land referred to in this Report is situated in the County of Santa Cruz, State of ARIZONA, and is described as follows:  
**See Exhibit A attached hereto and made a part hereof.**

Exhibit A

PARCEL I

A portion of the North half of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South ½ of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears South 00° 17' 36" West, 1691.26 feet;

THENCE South 89° 54' 11" East, along said North and South half line, a distance of 5010.37 feet to the Southwesterly corner of the Parcel described in Docket 58, page 226, records of Santa Cruz County, Arizona;

THENCE North 00° 30' 15" West, along the Westerly boundary of said Parcel, a distance of 2794.15 feet;

THENCE South 79° 15' 52" West a distance of 230.87 feet;

THENCE North 80° 12' 27" West a distance of 100.00 feet;

THENCE South 77° 42' 04" West a distance of 835.47 feet;

THENCE North 07° 40' 54" East a distance of 1037.96 feet;

THENCE North 15° 00' 28" East a distance of 1015.82 feet to the POINT OF BEGINNING;

THENCE South 61° 17' 39" West a distance of 1601.95 feet;

THENCE North 33° 58' 34" West a distance of 604.07 feet to a point on the Southerly boundary of the parcel described in Docket 44, page 355, records of Santa Cruz County, Arizona;

THENCE North 48° 59' 53" East, along the Southerly boundary of said Parcel, a distance of 2208.43 feet to a corner of said Parcel (said corner also being on the North line of said Section 8);

THENCE South 89° 05' 03" East, along said Southerly boundary of said Parcel, a distance of 435.67 feet to a point on the Westerly right-of-way line of Interstate 19, as shown on A.D.O.T. plans for Projects I019-1 (21)11 and I-19-1 (24)16, and said point also being on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, a radial line of said curve through said point having a bearing of South 48° 00' 05" West;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 00° 58' 35" for an arc distance of 199.05 feet to a non-tangent line;

THENCE South 25° 41' 57" West a distance of 1139.37 feet to the POINT OF BEGINNING

PARCEL II

A portion of the North half of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South ½ of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears South 00° 17' 36" West, 1691.26 feet;  
THENCE South 89° 54' 11" East, along said North and South half line, a distance of 5010.37 feet to the Southwesterly corner of the Parcel described in Docket 58, page 226, records of Santa Cruz County, Arizona;  
THENCE North 00° 30' 15" West, along the Westerly boundary of said Parcel, a distance of 2794.15 feet;  
THENCE South 79° 15' 52" West a distance of 230.87 feet;  
THENCE North 80° 12' 27" West a distance of 100.00 feet;  
THENCE South 77° 42' 04" West a distance of 835.47 feet;  
THENCE North 74° 07' 03" West a distance of 1360.51 feet to the POINT OF BEGINNING;  
THENCE North 88° 35' 54" West a distance of 1480.00 feet;  
THENCE North 14° 56' 32" East a distance of 1259.82 feet to a corner on the Southerly boundary of the Parcel described in Docket 44, page 355, records of Santa Cruz County, Arizona;  
THENCE South 89° 03' 00" East, along the Southerly boundary of said Parcel, a distance of 971.13 feet to a corner of said Parcel;  
THENCE North 48° 59' 44" East, along the Southerly boundary of said Parcel, a distance of 200.68 feet;  
THENCE South 33° 58' 34" East a distance of 604.07 feet;  
THENCE South 19° 22' 37" West a distance of 920.18 feet to the POINT OF BEGINNING

### PARCEL III

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;  
THENCE North 00° 13' 15" West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;  
THENCE North 39° 18' 43" East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;  
THENCE North 38° 26' 55" East, along said Northwesterly line, a distance of 974.20 feet to a found 1 inch lead cap pipe;  
THENCE North 25° 35' 37" East, along said Northwesterly line, a distance of 170.00 feet to the POINT OF BEGINNING;  
THENCE continue North 25° 35' 37" East, along said Northwesterly line, a distance of 654.87 feet to a found ½ inch rebar;  
THENCE North 26° 31' 16" East, along said Northwesterly line, a distance of 310.26 feet to a point on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point being on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 52° 38' 20" West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5924.58 feet and a central angle of 09° 50' 47", an arc distance of 1018.16 feet to a found ADOT aluminum cap;  
THENCE North 49° 27' 58" East, along said right-of-way line, a distance of 39.23 feet to a found ADOT aluminum cap on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 42° 57' 22" West;  
THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5884.58 feet and a central angle of 00° 30' 29", an arc distance of 52.18 feet to a found ADOT aluminum cap;  
THENCE South 48° 12' 10" East, along said right-of-way line, a distance of 15.75 feet to a found ADOT aluminum cap;  
THENCE South 48° 20' 57" East, along said right-of-way line, a distance of 48.64 feet to a found ADOT aluminum cap;  
THENCE South 41° 29' 28" West, along said right-of-way line, a distance of 85.50 feet to a found ADOT aluminum cap;  
THENCE South 48° 28' 29" East, along said right-of-way line, a distance of 249.88 feet to a found ADOT aluminum cap;  
THENCE South 41° 32' 29" West, along said right-of-way line, 509.84 feet to a found ADOT aluminum cap;  
THENCE North 60° 11' 44" West, a distance of 1286.48 feet to the POINT OF BEGINNING.

#### PARCEL IV

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;  
THENCE North 00° 13' 15" West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;  
THENCE North 39° 18' 43" East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;  
THENCE North 38° 26' 55" East, along said Northwesterly line, a distance of 382.20 feet to the POINT OF BEGINNING;  
THENCE continue North 38° 26' 55" East, along said Northwesterly line, a distance of 592.00 feet to a found 1 inch lead cap pipe;  
THENCE North 25° 35' 37" East, along said Northwesterly line, a distance of 170.00 feet;  
THENCE South 60° 11' 44" East, a distance of 1286.48 feet to a found ADOT aluminum cap on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point hereafter referred to as "Point A";  
THENCE South 48° 23' 05" East, along said right-of-way line, a distance of 324.67 feet to a found aluminum cap;  
THENCE South 89° 03' 13" East, along said right-of-way line, a distance of 230.78 feet to a found ADOT aluminum cap;  
THENCE North 41° 32' 52" East, along said right-of-way line, a distance of 319.35 feet;

THENCE South 48° 27' 08" East, along said right-of-way line, a distance of 100.00 feet;  
THENCE South 41° 32' 52" West, a distance of 469.87 feet;  
THENCE South 55° 11' 11" West, a distance of 423.46 feet to a point hereafter referred to as "Point B";  
THENCE North 48° 23' 05" West, a distance of 500.00 feet;  
THENCE North 75° 34' 18" West, a distance of 1326.72 feet to the POINT OF BEGINNING.

#### PARCEL V

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point A";  
THENCE North 60° 11' 44" West, a distance of 20.16 feet to the POINT OF BEGINNING;  
THENCE South 17° 40' 32" West, a distance of 32.21 feet;  
THENCE South 35° 30' 42" West, a distance of 54.75 feet to a point of curvature of a tangent curve, concave to the Northeast;  
THENCE Southeasterly along the arc of said curve to the left, having a radius of 34.76 feet and a central angle of 104° 03' 29", an arc distance of 63.13 feet to a point of reverse curvature of a tangent curve, concave to the Southwest;  
THENCE Southeasterly along the arc of said curve to the right, having a radius of 397.59 feet and a central angle of 16° 01' 36", an arc distance of 111.21 feet to a point of reverse curvature, concave to the Northeast;  
THENCE Southeasterly along the arc of said curve to the left, having a radius of 198.92 feet and a central angle of 18° 34' 52", an arc distance of 64.51 feet to a point of tangency;  
THENCE South 71° 06' 03" East, a distance of 123.82 feet;  
THENCE South 87° 07' 40" East, a distance of 55.60 feet;  
THENCE South 82° 51' 41" East, a distance of 70.84 feet to a point of curvature of a tangent curve, concave to the Northwest;  
THENCE Northeasterly along the arc of said curve to the left, having a radius of 224.55 feet and a central angle of 56° 56' 14", an arc distance of 223.14 feet to a point of tangency;  
THENCE North 40° 12' 05" East, a distance of 115.37 feet;  
THENCE North 35° 50' 58" East, a distance of 103.81 feet;  
THENCE North 43° 12' 59" East, a distance of 16.50 feet to the POINT OF TERMINATION on the said Southwesterly right-of-way line of Interstate 19.

#### PARCEL VI

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point B";  
THENCE North 48° 23' 05" West, a distance of 421.30 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northwest, a radial line of said curve through said point, having a bearing of South 53° 24' 09" East;  
THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 10° 23' 03", an arc distance of 53.91 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 2233.45 feet and a central angle of 02° 52' 49", an arc distance of 112.28 feet to a point of tangency;

THENCE North 29° 05' 37" East, a distance of 42.66 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 384.73 feet and a central angle of 09° 34' 18", an arc distance of 64.27 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 40.20 feet and a central angle of 48° 19' 25", an arc distance of 33.91 feet to the POINT OF TERMINATION.

#### PARCEL VII

That portion of the Luis Maria Baca Land Grant Float No. 6, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00° 13' 15" West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona, being the POINT OF BEGINNING;

THENCE North 39° 18' 43" East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38° 26' 55" East, along said Northwesterly line, a distance of 382.20 feet;

THENCE South 75° 34' 18" East, a distance of 1326.72 feet;

THENCE South 48° 23' 05" East, a distance of 500.00 feet;

THENCE South 55° 11' 11" West, a distance of 225.64 feet to a point hereafter referred to as "Point C";

THENCE North 85° 51' 57" West, a distance of 2001.15 feet to the POINT OF BEGINNING.

#### PARCEL VIII

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point C";

THENCE North 85° 51' 57" West, a distance of 499.79 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 45° 22' 24" West;

THENCE Northwesterly along the arc of said curve to the right, having a radius of 100.63 feet and a central angle of 74° 03' 00", an arc distance of 130.06 feet to a point of tangency;

THENCE North 29° 25' 24" East, a distance of 46.70 feet to a point of curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 215.41 feet and a central angle of  $45^{\circ} 51' 56''$ , an arc distance of 172.44 feet to a point of reverse curvature of a tangent curve, concave to the Northwest;  
THENCE Northeasterly along the arc of said curve to the left, having a radius of 2233.34 feet and a central angle of  $04^{\circ} 20' 35''$ , an arc distance of 169.29 feet to a point of compound curvature of a tangent curve, concave to the Northwest;  
THENCE Northeasterly along the arc of said curve to the left, having a radius of 76.13 feet and a central angle of  $22^{\circ} 33' 19''$ , an arc distance of 29.97 feet to a point of compound curvature of a tangent curve, concave to the Northwest;  
THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of  $11^{\circ} 47' 35''$ , an arc distance of 61.22 to the POINT OF TERMINATION.

#### PARCEL IX

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North  $00^{\circ} 13' 15''$  West, along said West line, a distance of 439.00 feet to THE POINT OF BEGINNING;

THENCE continue North  $00^{\circ} 13' 15''$  West, along said West line, a distance of 790.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE South  $85^{\circ} 51' 57''$ , a distance of 2001.15 feet;

THENCE South  $29^{\circ} 42' 23''$  West, a distance of 548.00 feet to a point hereafter referred to as "Point D";

THENCE North  $89^{\circ} 05' 14''$  West, a distance of 1044.69 feet;

THENCE South  $74^{\circ} 29' 00''$  West, a distance of 703.40 feet to the POINT OF BEGINNING;

#### PARCEL X

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point D";

THENCE North  $89^{\circ} 05' 14''$  West, a distance of 29057 feet to the POINT OF BEGINNING;

THENCE North  $30^{\circ} 09' 10''$  East, a distance of 14.55 feet;

THENCE North  $44^{\circ} 44' 30''$  East, a distance of 108.54 feet;

THENCE North  $47^{\circ} 30' 33''$  East, a distance of 56.43 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 61.36 feet and a central angle of  $68^{\circ} 02' 28''$ , an arc distance of 72.86 feet to a point of tangency;

THENCE North  $20^{\circ} 31' 55''$  West, a distance of 53.24 feet;

THENCE North  $02^{\circ} 22' 36''$  West, a distance of 50.60 feet;

THENCE North 06° 10' 11" East, a distance of 54.95 feet to a point of curvature of a tangent curve, concave to the Southwest;  
THENCE Northwesterly along the arc of said curve to the left, having a radius of 177.10 feet and a central angle of 56° 51' 07", an arc distance of 175.73 feet to the POINT OF TERMINATION.

**PARCEL XI**

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00° 13' 15" West, along said West line, a distance of 439.00 to a point from which a found 1 inch lead cap pipe bears North 00° 13' 15" West, a distance of 790.05 feet;

THENCE North 74° 29' 00" East, a distance of 703.40 feet;

THENCE South 89° 05' 14" East, a distance of 1044.69 feet;

THENCE South 29° 42' 23" West, a distance of 727.85 feet to the Northerly line of Palo Parado Hills Parcels 1 through 6, as recorded in Book 1 of Surveys, Page 55, records of Santa Cruz County, Arizona;

THENCE North 89° 05' 14" West, along said Northerly line, a distance of 1360.11 feet to the POINT OF BEGINNING.

**Parcel XII**

That portion of Luis Maria Baca Land Grant Float No. 3, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, described as follows:

BEGINNING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, on the West line of said Baca Float No. 3, said point being a U.S. Forest Service brass cap;

THENCE North 00° 13' 15" West, along said West line, a distance of 1,229.05 feet to a 1" lead cap pipe on the Northwesterly line of the property recorded in Docket 739 at Page 207, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

THENCE North 39° 18' 43" East, along said Northwesterly line, a distance of 449.61 feet to a 1/2" rebar;

THENCE North 38° 26' 55" East, along said Northwesterly line, a distance of 804.20 feet;

THENCE South 41° 46' 42" East, a distance of 663.24 feet;

THENCE South 74° 00' 00" East, a distance of 603.99 feet;

THENCE South 48° 23' 05" East, a distance of 500.00 feet;

THENCE North 55° 11' 11" East, a distance of 423.46 feet;

THENCE North 41° 32' 52" East, a distance of 469.87 feet to a point on the Southwesterly right of way line of Interstate 19, as shown in ADOT plans for Project #1-19-1(24);

THENCE South 48° 27' 08" East, along said right of way line, a distance of 100.43 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 41° 36' 45" East;

THENCE Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,358.44 feet and a central angle of 01° 29' 50" for an arc distance of 192.29 feet to an ADOT aluminum cap;

THENCE South 43° 06' 35" West, along said right of way line, a distance of 54.00 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 43° 06' 35" East;

THENCE Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,304.44 feet and a central angle of 01° 29' 54" for an arc distance of 191.03 feet to an ADOT aluminum cap on a radial line;

THENCE North 44° 36' 30" East, along said radial right of way line, a distance of 64.00 feet to a point on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 44° 26' 40" East;

THENCE Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,368.44 feet and a central angle of 04° 03' 24", for an arc distance of 521.70 feet to an ADOT aluminum cap;

THENCE South 41° 23' 43" East, along said right of way line, a distance of 158.62 feet to an ADOT aluminum cap;

THENCE South 48° 36' 17" West, along said right of way line, a distance of 36.16 feet;

THENCE South 41° 23' 43" East, along said right of way line, a distance of 500.44 feet to an ADOT aluminum cap;

THENCE North 48° 36' 17" East, along said right of way line, a distance of 30.46 feet;

THENCE South 41° 23' 43" East, along said right of way line, a distance of 759.30 feet to an ADOT aluminum cap at a point of curvature of a tangent curve concave to the Northeast;

THENCE Southeasterly, along said right of way line, along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 00° 44' 02", for an arc distance of 149.59 feet to an aluminum cap, PE #4670, on the Northerly line of Palo Parado Hills, Parcels 1 through 6, as recorded in Book 1 of Surveys at Page 55, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

THENCE North 89° 07' 02" West, along said Northerly line, a distance of 435.64 feet to a ½ inch rebar;

THENCE South 48° 59' 53" West, along said Northerly line, a distance of 2409.41 feet to a ½ inch rebar;

THENCE North 89° 04' 11" West, along said Northerly line, a distance of 974.26 feet to a ½ inch rebar;

THENCE North 00° 06' 57" West, along said Northerly line, a distance of 1609.50 feet;

THENCE North 89° 05' 14" West, along said Northerly line, a distance of 1360.11 feet to the POINT OF BEGINNING.

EXCEPT that portion as conveyed in deed recorded in Docket 877, page 874, records of Santa Cruz County, Arizona

RECORDING REQUESTED BY  
Lawyers Title Insurance Corporation  
AND WHEN RECORDED MAIL TO:  
LAWYERS TITLE OF ARIZONA, INC.  
1780 N. MASTICK WAY  
NOGALES, AZ 85621



2008-04918  
Page 1 of 20  
Requested By: LAWYERS TITLE-NOGALES  
SUZANNE SAINZ, RECORDER  
SANTA CRUZ COUNTY, ARIZONA  
05-07-2008 03:21 PM Recording Fee \$29.00

(#1590435)

EXEMPT 11-1134 by reason of: B-8

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### Warranty Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,  
WINDWARD PARTNERS XIV, LLC., an Arizona limited liability company,  
do/does hereby convey to

LAWYERS TITLE OF ARIZONA, INC., an Arizona corporation, as Trustee under Trust No. 1987-T, \*  
the following real property situated in Santa Cruz County, ARIZONA:

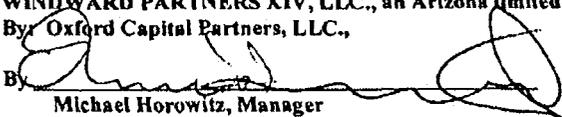
See Exhibit "A" attached hereto and made a part hereof

\* Pursuant to ARS 33-404, the beneficiaries are: WINDWARD PARTNERS XIV, LLC., an  
Arizona limited liability company, by: Oxford Capital Partners, LLC. P.O. Box  
1320 Tubac, AZ 85646

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances,  
liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.  
Dated: April 10, 2008

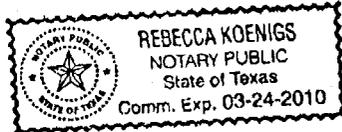
WINDWARD PARTNERS XIV, LLC., an Arizona limited liability company,  
By: Oxford Capital Partners, LLC.,

By:   
Michael Horowitz, Manager

State of ~~Arizona~~ Texas } SS:  
County of ~~Santa Cruz~~ Dallas

On April 25, 2008, before me personally appeared Michael Horowitz, Manager of Oxford Capital Partners,  
LLC., Manager of Windward Partners XIV, LLC., an Arizona limited liability company, whose identity was proved to me  
on the basis of satisfactory evidence to be the person whose name is subscribed to this document and who acknowledged that he  
signed the above document in his authorized capacity.

(Seal)



Rebecca Koenigs  
Notary Public  
Commission Expires: 3/24/10

**Exhibit "A"**

**PARCEL NO. 1:**

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 974.20 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet to the POINT OF BEGINNING;

THENCE continue North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 654.87 feet to a found ½ inch rebar;

THENCE North 26 degrees 31 minutes 16 seconds East, along said Northwesterly line, a distance of 310.26 feet to a point on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point being on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 52 degrees 38 minutes 20 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5924.58 feet and a central angle of 09 degrees 50 minutes 47 seconds, an arc distance of 1018.16 feet to a found ADOT aluminum cap;

THENCE North 49 degrees 27 minutes 58 seconds East, along said right-of-way line, a distance of 39.23 feet to a found ADOT aluminum cap on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 42 degrees 57 minutes 22 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5884.58 feet and a central angle of 00 degrees 30 minutes 29 seconds, an arc distance of 52.18 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 12 minutes 10 seconds East, along said right-of-way line, a distance of 15.75 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 20 minutes 57 seconds East, along said right-of-way line, a distance of 48.64 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 29 minutes 28 seconds West, along said right-of-way line, a distance of 85.50 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 28 minutes 29 seconds East, along said right-of-way line, a distance of 249.88 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 32 minutes 29 seconds West, along said right-of-way line, do509.84 feet to a found ADOT aluminum cap;

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 1286.48 feet to the POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ Inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet to the POINT OF BEGINNING;

THENCE continue North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 592.00 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet;

THENCE South 60 degrees 11 minutes 44 seconds East, a distance of 1286.48 feet to a found ADOT aluminum cap on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point hereafter referred to as "Point A";

THENCE South 48 degrees 23 minutes 05 seconds East, along said right-of-way line, a distance of 324.67 feet to a found aluminum cap;

THENCE South 89 degrees 03 minutes 13 seconds East, along said right-of-way line, a distance of 230.78 feet to a found ADOT aluminum cap;

THENCE North 41 degrees 32 minutes 52 seconds East, along said right-of-way line, a distance of 319.35 feet;

THENCE South 48 degrees 27 minutes 08 seconds East, along said right-of-way line, a distance of 100.00 feet;

THENCE South 41 degrees 32 minutes 52 seconds West, a distance of 469.87 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 423.46 feet to a point hereafter referred to as "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 500.00 feet;

THENCE North 75 degrees 34 minutes 18 seconds West, a distance of 1326.72 feet to the POINT OF BEGINNING.

PARCEL NO. 3:

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point A";

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 20.16 feet to the POINT OF BEGINNING;

THENCE South 17 degrees 40 minutes 32 seconds West, a distance of 32.21 feet;

THENCE South 35 degrees 30 minutes 42 seconds West, a distance of 54.75 feet to a point of curvature of a tangent curve, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 34.76 feet and a central angle of 104 degrees 03 minutes 29 seconds, an arc distance of 63.13 feet to a point of reverse curvature of a tangent curve, concave to the Southwest;

THENCE Southeasterly along the arc of said curve to the right, having a radius of 397.59 feet and a central angle of 16 degrees 01 minutes 36 seconds, an arc distance of 111.21 feet to a point of reverse curvature, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 198.92 feet and a central angle of 18 degrees 34 minutes 52 seconds, an arc distance of 64.51 feet to a point of tangency;

THENCE South 71 degrees 06 minutes 03 seconds East, a distance of 123.82 feet;

THENCE South 87 degrees 07 minutes 40 seconds East, a distance of 55.60 feet;

THENCE South 82 degrees 51 minutes 41 seconds East, a distance of 70.84 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 224.55 feet and a central angle of 56 degrees 56 minutes 14 seconds, an arc distance of 223.14 feet to a point of tangency;

THENCE North 40 degrees 12 minutes 05 seconds East, a distance of 115.37 feet;

THENCE North 35 degrees 50 minutes 58 seconds East, a distance of 103.81 feet;

THENCE North 43 degrees 12 minutes 59 seconds East, a distance of 16.50 feet to the POINT OF TERMINATION on the said Southwesterly right-of-way line of Interstate 19.

PARCEL NO. 4:

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 421.30 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northwest, a radial line of said curve through said point, having a bearing of South 53 degrees 24 minutes 09 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 10 degrees 23 minutes 03 seconds, an arc distance of 53.91 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 2233.45 feet and a central angle of 02 degrees 52 minutes 49 seconds, an arc distance of 112.28 feet to a point of tangency;

THENCE North 29 degrees 05 minutes 37 seconds East, a distance of 42.66 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 384.73 feet and a central angle of 09 degrees 34 minutes 18 seconds, an arc distance of 64.27 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 40.20 feet and a central angle of 48 degrees 19 minutes 25 seconds, an arc distance of 33.91 feet to the POINT OF TERMINATION.

PARCEL NO. 5:

That portion of the Luis Maria Baca Land Grant Float No. 6, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona, being the TRUE POINT OF BEGINNING;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet;

THENCE South 75 degrees 34 minutes 18 seconds East, a distance of 1326.72 feet;

THENCE South 48 degrees 23 minutes 05 seconds East, a distance of 500.00 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 225.64 feet to a point hereafter referred to as "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 2001.15 feet to the POINT OF BEGINNING.

PARCEL NO. 6:

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 499.79 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 45 degrees 22 minutes 24 seconds West;

THENCE Northwesterly along the arc of said curve to the right, having a radius of 100.63 feet and a central angle of 74 degrees 03 minutes 00 seconds, an arc distance of 130.06 feet to a point of tangency;

THENCE North 29 degrees 25 minutes 24 seconds East, a distance of 46.70 feet to a point of curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 215.41 feet and a central angle of 45 degrees 51 minutes 56 seconds, an arc distance of 172.44 feet to a point of reverse curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 2233.34 feet and a central angle of 04 degrees 20 minutes 35 seconds, an arc distance of 169.29 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 76.13 feet and a central angle of 22 degrees 33 minutes 19 seconds, an arc distance of 29.97 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 11 degrees 47 minutes 35 seconds, an arc distance of 61.22 to the POINT OF TERMINATION.

PARCEL NO. 7:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 feet to THE POINT OF BEGINNING;

THENCE continue North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 790.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE South 85 degrees 51 minutes 57 seconds, a distance of 2001.15 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 548.00 feet to a point hereafter referred to as "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 1044.69 feet;

THENCE South 74 degrees 29 minutes 00 seconds West, a distance of 703.40 feet to the POINT OF BEGINNING;

PARCEL NO. 8:

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 29057 feet to the POINT OF BEGINNING;

THENCE North 30 degrees 09 minutes 10 seconds East, a distance of 14.55 feet;

THENCE North 44 degrees 44 minutes 30 seconds East, a distance of 108.54 feet;

THENCE North 47 degrees 30 minutes 33 seconds East, a distance of 56.43 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 61.36 feet and a central angle of 68 degrees 02 minutes 28 seconds, an arc distance of 72.86 feet to a point of tangency;

THENCE North 20 degrees 31 minutes 55 seconds West, a distance of 53.24 feet;

THENCE North 02 degrees 22 minutes 36 seconds West, a distance of 50.60 feet;

THENCE North 06 degrees 10 minutes 11 seconds East, a distance of 54.95 feet to a point of curvature of a tangent curve, concave to the Southwest;

THENCE Northwesterly along the arc of said curve to the left, having a radius of 177.10 feet and a central angle of 56 degrees 51 minutes 07 seconds, an arc distance of 175.73 feet to the POINT OF TERMINATION.

PARCEL NO. 9:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 to a point from which a found 1 Inch lead cap pipe bears North 00 degrees 13 minutes 15 seconds West, a distance of 790.05 feet;

THENCE North 74 degrees 29 minutes 00 seconds East, a distance of 703.40 feet;

THENCE South 89 degrees 05 minutes 14 seconds East, a distance of 1044.69 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 727.85 feet to the Northerly line of Palo Parado Hills Parcels 1 through 6, as recorded in Book 1 of Surveys, Page 55, records of Santa Cruz County, Arizona;

THENCE North 89 degrees 05 minutes 14 seconds West, along said Northerly line, a distance of 1360.11 feet to the POINT OF BEGINNING.

PARCEL 10

A PORTION OF THE NORTH ONE-HALF (NORTH 1/2) OF THE LUIS MARIA BACA LAND GRANT, FLOAT NO. 3, AS SURVEYED AND MONUMENTED BY THE UNITED STATES AS SHOWN ON THE MAPS AND FIELD NOTES THEREOF ON FILE IN THE OFFICE OF THE BUREAU OF LAND MANAGEMENT, PHOENIX, ARIZONA, ALSO BEING A PORTION OF WHAT CORRESPONDS TO SECTION 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WESTERLY BOUNDARY AND AT THE POINT KNOWN AS THE CORNER BETWEEN THE NORTH AND SOUTH ONE-HALF (SOUTH 1/2) OF SAID BACA FLOAT NO. 3, FROM WHICH MILE POST 19 OF SAID WESTERLY BOUNDARY OF SAID LAND GRANT BEARS SOUTH 00 DEGREES 17 MINUTES 36 SECONDS WEST, 1, 691.26 FEET;

THENCE SOUTH 89 DEGREES 54 MINUTES 11 SECONDS EAST, ALONG SAID NORTH AND SOUTH ONE-HALF (SOUTH 1/2) LINE, A DISTANCE OF 5,010.37 FEET, TO THE SOUTHWESTERLY CORNER OF THE PARCEL DESCRIBED IN DOCKET 58 AT PAGE 226, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER, SANTA CRUZ COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 30 MINUTES 15 SECONDS WEST, ALONG THE WESTERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,794.15 FEET TO A POINT;

THENCE SOUTH 79 DEGREES 15 MINUTES 52 SECONDS WEST A DISTANCE OF 230.87 FEET TO A POINT;

THENCE NORTH 80 DEGREES 12 MINUTES 27 SECONDS WEST A DISTANCE OF 100.00 FEET TO A POINT;

THENCE SOUTH 77 DEGREES 42 MINUTES 04 SECONDS WEST A DISTANCE OF 835.47 FEET TO A POINT;

THENCE NORTH 07 DEGREES 40 MINUTES 54 SECONDS EAST A DISTANCE OF 1,037.96 FEET TO A POINT;

THENCE NORTH 15 DEGREES 00 MINUTES 28 SECONDS EAST A DISTANCE OF 1,015.82 FEET TO THE POINT OF BEGINNING:

THENCE SOUTH 61 DEGREES 17 MINUTES 39 SECONDS WEST A DISTANCE OF 1,601.95 FEET TO A POINT;

THENCE NORTH 33 DEGREES 58 MINUTES 34 SECONDS WEST A DISTANCE OF 604.07 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THE PARCEL DESCRIBED IN DOCKET 44 AT PAGE 355, AS RECORDED IN SAID OFFICE OF THE COUNTY RECORDER; THENCE NORTH 48 DEGREES 59 MINUTES 53 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,208.43 FEET TO A CORNER OF SAID PARCEL (SAID CORNER ALSO BEING ON THE NORTH LINE OF SAID SECTION 8).

THENCE SOUTH 89 DEGREES 05 MINUTES 03 SECONDS EAST, ALONG SAID SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 435.67 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF INTERSTATE 19, AS SHOWN ON A.D.O.T. PLANS FOR PROJECTS I-19-1 (21)11 AND I-19-1 (24) 16, AND SAID POINT ALSO BEING ON THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST, RUNNING ALONG SAID WESTERLY RIGHT-OF-WAY LINE, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT HAVING A BEARING OF SOUTH 48 DEGREES 00 MINUTES 05 SECONDS WEST;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, TO THE LEFT, HAVING A RADIUS OF 11,679.16 FEET AND A CENTRAL ANGLE OF 00 DEGREES 58 MINUTES 35 SECONDS FOR AN ARC DISTANCE OF 199.05 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 25 DEGREES 41 MINUTES 57 SECONDS WEST A DISTANCE OF 1,139.37 FEET TO THE POINT OF BEGINNING.

PARCEL 11

A PORTION OF THE NORTH ONE-HALF (N 1/2) OF THE LUIS MARIA BACA LAND GRANT, FLOAT NO. 3, AS SURVEYED AND MONUMENTED BY THE UNITED STATES AS SHOWN ON THE MAPS AND FIELD NOTES THEREOF ON FILE IN THE OFFICE OF THE BUREAU OF LAND MANAGEMENT, PHOENIX, ARIZONA, ALSO BEING PORTIONS OF WHAT CORRESPONDS TO SECTIONS 7 AND 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WESTERLY BOUNDARY AND AT THE POINT KNOWN AS THE CORNER BETWEEN THE NORTH AND SOUTH ONE-HALF (SOUTH 1/2) OF SAID BACA FLOAT NO. 3, FROM WHICH MILE POST 19 OF SAID WESTERLY BOUNDARY OF SAID LAND GRANT BEARS SOUTH 00 DEGREES 17 MINUTES 36 SECONDS WEST, 1,691.26 FEET;

THENCE SOUTH 89 DEGREES 54 MINUTES 11 SECONDS EAST, ALONG SAID NORTH AND SOUTH ONE-HALF (SOUTH 1/2) LINE, A DISTANCE OF 5,010.37 FEET, TO THE SOUTHWESTERLY CORNER OF THE PARCEL DESCRIBED IN DOCKET 58 AT PAGE 226, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER, SANTA CRUZ COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 30 MINUTES 15 SECONDS WEST, ALONG THE WESTERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,794.15 FEET TO A POINT;

THENCE SOUTH 79 DEGREES 15 MINUTES 52 SECONDS WEST A DISTANCE OF 230.87 FEET TO A POINT;

THENCE NORTH 80 DEGREES 12 MINUTES 27 SECONDS WEST A DISTANCE OF 100.00 FEET TO A POINT;

THENCE SOUTH 77 DEGREES 42 MINUTES 04 SECONDS WEST A DISTANCE OF 835.47 FEET TO A POINT;

THENCE NORTH 74 DEGREES 07 MINUTES 03 SECONDS WEST A DISTANCE OF 1,360.51 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 88 DEGREES 35 MINUTES 54 SECONDS WEST A DISTANCE OF 1,480.00 FEET;

THENCE NORTH 14 DEGREES 56 MINUTES 32 SECONDS EAST A DISTANCE OF 1259.82 FEET TO A CORNER ON THE SOUTHERLY BOUNDARY OF THE PARCEL DESCRIBED IN DOCKET 44 AT PAGE 355, AS RECORDED IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE SOUTH 89 DEGREES 03 MINUTES 00 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 971.13 FEET TO A CORNER OF SAID PARCEL;

THENCE NORTH 48 DEGREES 59 MINUTES 44 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 200.68 FEET TO A POINT;

THENCE SOUTH 33 DEGREES 58 MINUTES 34 SECONDS EAST A DISTANCE OF 604.07 FEET TO A POINT;

THENCE SOUTH 19 DEGREES 22 MINUTES 37 SECONDS WEST A DISTANCE OF 920.18 FEET TO THE POINT OF BEGINNING.

PARCEL 12

That portion of the Luls Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 974.20 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet to the POINT OF BEGINNING;

THENCE continue North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 654.87 feet to a found ½ inch rebar;

THENCE North 26 degrees 31 minutes 16 seconds East, along said Northwesterly line, a distance of 310.26 feet to a point on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point being on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 52 degrees 38 minutes 20 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5924.58 feet and a central angle of 09 degrees 50 minutes 47 seconds, an arc distance of 1018.16 feet to a found ADOT aluminum cap;

THENCE North 49 degrees 27 minutes 58 seconds East, along said right-of-way line, a distance of 39.23 feet to a found ADOT aluminum cap on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 42 degrees 57 minutes 22 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5884.58 feet and a central angle of 00 degrees 30 minutes 29 seconds, an arc distance of 52.18 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 12 minutes 10 seconds East, along said right-of-way line, a distance of 15.75 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 20 minutes 57 seconds East, along said right-of-way line, a distance of 48.64 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 29 minutes 28 seconds West, along said right-of-way line, a distance of 85.50 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 28 minutes 29 seconds East, along said right-of-way line, a distance of 249.88 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 32 minutes 29 seconds West, along said right-of-way line, do509.84 feet to a found ADOT aluminum cap;

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 1286.48 feet to the POINT OF BEGINNING.

#### PARCEL 13

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet to the POINT OF BEGINNING;

THENCE continue North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 592.00 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet;

THENCE South 60 degrees 11 minutes 44 seconds East, a distance of 1286.48 feet to a found ADOT aluminum cap on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point hereafter referred to as "Point A";

THENCE South 48 degrees 23 minutes 05 seconds East, along said right-of-way line, a distance of 324.67 feet to a found aluminum cap;

THENCE South 89 degrees 03 minutes 13 seconds East, along said right-of-way line, a distance of 230.78 feet to a found ADOT aluminum cap;

THENCE North 41 degrees 32 minutes 52 seconds East, along said right-of-way line, a distance of 319.35 feet;

THENCE South 48 degrees 27 minutes 08 seconds East, along said right-of-way line, a distance of 100.00 feet;

THENCE South 41 degrees 32 minutes 52 seconds West, a distance of 469.87 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 423.46 feet to a point hereafter referred to as "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 500.00 feet;

THENCE North 75 degrees 34 minutes 18 seconds West, a distance of 1326.72 feet to the POINT OF BEGINNING.

#### PARCEL 14

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point A";

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 20.16 feet to the POINT OF BEGINNING;

THENCE South 17 degrees 40 minutes 32 seconds West, a distance of 32.21 feet;

THENCE South 35 degrees 30 minutes 42 seconds West, a distance of 54.75 feet to a point of curvature of a tangent curve, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 34.76 feet and a central angle of 104 degrees 03 minutes 29 seconds, an arc distance of 63.13 feet to a point of reverse curvature of a tangent curve, concave to the Southwest;

THENCE Southeasterly along the arc of said curve to the right, having a radius of 397.59 feet and a central angle of 16 degrees 01 minutes 36 seconds, an arc distance of 111.21 feet to a point of reverse curvature, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 198.92 feet and a central angle of 18 degrees 34 minutes 52 seconds, an arc distance of 64.51 feet to a point of tangency;

THENCE South 71 degrees 06 minutes 03 seconds East, a distance of 123.82 feet;

THENCE South 87 degrees 07 minutes 40 seconds East, a distance of 55.60 feet;

THENCE South 82 degrees 51 minutes 41 seconds East, a distance of 70.84 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 224.55 feet and a central angle of 56 degrees 56 minutes 14 seconds, an arc distance of 223.14 feet to a point of tangency;

THENCE North 40 degrees 12 minutes 05 seconds East, a distance of 115.37 feet;

THENCE North 35 degrees 50 minutes 58 seconds East, a distance of 103.81 feet;

THENCE North 43 degrees 12 minutes 59 seconds East, a distance of 16.50 feet to the POINT OF TERMINATION on the said Southwesterly right-of-way line of Interstate 19.

#### PARCEL 15

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 421.30 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northwest, a radial line of said curve through said point, having a bearing of South 53 degrees 24 minutes 09 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 10 degrees 23 minutes 03 seconds, an arc distance of 53.91 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 2233.45 feet and a central angle of 02 degrees 52 minutes 49 seconds, an arc distance of 112.28 feet to a point of tangency;

THENCE North 29 degrees 05 minutes 37 seconds East, a distance of 42.66 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 384.73 feet and a central angle of 09 degrees 34 minutes 18 seconds, an arc distance of 64.27 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 40.20 feet and a central angle of 48 degrees 19 minutes 25 seconds, an arc distance of 33.91 feet to the POINT OF TERMINATION.

#### PARCEL 16

That portion of the Luis Maria Baca Land Grant Float No. 6, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona, being the TRUE POINT OF BEGINNING;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet;

THENCE South 75 degrees 34 minutes 18 seconds East, a distance of 1326.72 feet;

THENCE South 48 degrees 23 minutes 05 seconds East, a distance of 500.00 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 225.64 feet to a point hereafter referred to as "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 2001.15 feet to the POINT OF BEGINNING.

PARCEL 17

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 499.79 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 45 degrees 22 minutes 24 seconds West;

THENCE Northwesterly along the arc of said curve to the right, having a radius of 100.63 feet and a central angle of 74 degrees 03 minutes 00 seconds, an arc distance of 130.06 feet to a point of tangency;

THENCE North 29 degrees 25 minutes 24 seconds East, a distance of 46.70 feet to a point of curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 215.41 feet and a central angle of 45 degrees 51 minutes 56 seconds, an arc distance of 172.44 feet to a point of reverse curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 2233.34 feet and a central angle of 04 degrees 20 minutes 35 seconds, an arc distance of 169.29 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 76.13 feet and a central angle of 22 degrees 33 minutes 19 seconds, an arc distance of 29.97 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 11 degrees 47 minutes 35 seconds, an arc distance of 61.22 to the POINT OF TERMINATION.

PARCEL 18

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 feet to THE POINT OF BEGINNING;

THENCE continue North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 790.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE South 85 degrees 51 minutes 57 seconds, a distance of 2001.15 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 548.00 feet to a point hereafter referred to as "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 1044.69 feet;

THENCE South 74 degrees 29 minutes 00 seconds West, a distance of 703.40 feet to the POINT OF BEGINNING;

PARCEL 19

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 29057 feet to the POINT OF BEGINNING;

THENCE North 30 degrees 09 minutes 10 seconds East, a distance of 14.55 feet;

THENCE North 44 degrees 44 minutes 30 seconds East, a distance of 108.54 feet;

THENCE North 47 degrees 30 minutes 33 seconds East, a distance of 56.43 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 61.36 feet and a central angle of 68 degrees 02 minutes 28 seconds, an arc distance of 72.86 feet to a point of tangency;

THENCE North 20 degrees 31 minutes 55 seconds West, a distance of 53.24 feet;

THENCE North 02 degrees 22 minutes 36 seconds West, a distance of 50.60 feet;

THENCE North 06 degrees 10 minutes 11 seconds East, a distance of 54.95 feet to a point of curvature of a tangent curve, concave to the Southwest;

THENCE Northwesterly along the arc of said curve to the left, having a radius of 177.10 feet and a central angle of 56 degrees 51 minutes 07 seconds, an arc distance of 175.73 feet to the POINT OF TERMINATION.

PARCEL 20

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 to a point from which a found 1 inch lead cap pipe bears North 00 degrees 13 minutes 15 seconds West, a distance of 790.05 feet;

THENCE North 74 degrees 29 minutes 00 seconds East, a distance of 703.40 feet;

THENCE South 89 degrees 05 minutes 14 seconds East, a distance of 1044.69 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 727.85 feet to the Northerly line of Palo Parado Hills Parcels 1 through 6, as recorded in Book 1 of Surveys, Page 55, records of Santa Cruz County, Arizona;

THENCE North 89 degrees 05 minutes 14 seconds West, along said Northerly line, a distance of 1360.11 feet to the POINT OF BEGINNING.

Parcel 21

That portion of Luis Maria Baca Land Grant Float No. 3, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, described as follows:

BEGINNING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, on the West line of said Baca Float No. 3, said point being a U.S. Forest Service brass cap;

Thence North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1,229.05 feet to a 1" lead cap pipe on the Northwesterly line of the property recorded in Docket 739 at Page 207, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

Thence North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a 1/2" rebar;

Thence North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 804.20 feet;

Thence South 41 degrees 46 minutes 42 seconds East, a distance of 663.24 feet;

Thence South 74 degrees 00 minutes 00 seconds East, a distance of 603.99 feet;

Thence South 48 degrees 23 minutes 05 seconds East, a distance of 500.00 feet;

Thence North 55 degrees 11 minutes 11 seconds East, a distance of 423.46 feet;

Thence North 41 degrees 32 minutes 52 seconds East, a distance of 469.87 feet to a point on the Southwesterly right of way line of Interstate 19, as shown in ADOT plans for Project #1-19-1(24);

Thence South 48 degrees 27 minutes 08 seconds East, along said right of way line, a distance of 100.43 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 41 degrees 36 minutes 45 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,358.44 feet and a central angle of 01 degrees 29 minutes 50 seconds for an arc distance of 192.29 feet to an ADOT aluminum cap;

Thence South 43 degrees 06 minutes 35 seconds West, along said right of way line, a distance of 54.00 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 43 degrees 06 minutes 35 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,304.44 feet and a central angle of 01 degrees 29 minutes 54 seconds for an arc distance of 191.03 feet to an ADOT aluminum cap on a radial line;

Thence North 44 degrees 36 minutes 30 seconds East, along said radial right of way line, a distance of 64.00 feet to a point on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 44 degrees 26 minutes 40 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,368.44 feet and a central angle of 04 degrees 03 minutes 24 seconds, for an arc distance of 521.70 feet to an ADOT aluminum cap;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 158.62 feet to an ADOT aluminum cap;

Thence South 48 degrees 36 minutes 17 seconds West, along said right of way line, a distance of 36.16 feet;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 500.44 feet to an ADOT aluminum cap;

Thence North 48 degrees 36 minutes 17 seconds East, along said right of way line, a distance of 30.46 feet;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 759.30 feet to an ADOT aluminum cap at a point of curvature of a tangent curve concave to the Northeast;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 00 degrees 44 minutes 02 seconds, for an arc distance of 149.59 feet to an aluminum cap, PE #4670, on the Northerly line of Palo Parado Hills, Parcels 1 through 6, as recorded in Book 1 of Surveys at Page 55, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

Thence North 89 degrees 07 minutes 02 seconds West, along said Northerly line, a distance of 435.64 feet to a 1/2" rebar;

Thence South 48 degrees 59 minutes 53 seconds West, along said Northerly line, a distance of 2,409.41 feet to a 1/2" rebar;

Thence North 89 degrees 04 minutes 11 seconds West, along said Northerly line, a distance of 974.26 feet to a 1/2" rebar;

Thence North 00 degrees 06 minutes 57 seconds West, along said Northerly line, a distance of 1,609.50 feet;

Thence North 89 degrees 05 minutes 14 seconds West, along said Northerly line, a distance of 1,360.11 feet to the POINT OF BEGINNING.

EXCEPT that portion as conveyed in deed recorded in Docket 877, page 874, records of Santa Cruz County, Arizona

**CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA**

**ATTACHMENT H – COPY OF APPLICANT’S OPERATING AGREEMENT AND  
ARTICLES OF INCORPORATION**

**FIRST AMENDED AND RESTATED  
ARTICLES OF ORGANIZATION  
OF  
WINDWARD PARTNERS XIV, LLC**

Pursuant to Arizona Revised Statutes § 29-633, the undersigned, being the Manager of WINDWARD PARTNERS XIV, LLC, an Arizona limited liability company, and being authorized so to do by the Operating Agreement of the company, hereby amends and restates in their entirety the Articles of Organization of the company as follows:

1. **Name.** The name of the limited liability company (the "Company") affected by this First Amendment and Restatement is **WINDWARD PARTNERS XIV, LLC**.

2. **Prior Filing.** The original Articles of Organization of the Company were filed on behalf of the Company with the Arizona Corporation Commission on May 5, 2005, as Document No. 01090189, File No. L-1199525-8.

3. **Registered Office.** The address of the registered office of the Company and the Company's principle place of business in Arizona is 34 Circulo De Copa, P.O. Box 1320, Tubac, AZ 85646.

4. **Agent for service of Process.** The name and business address of the Company's statutory agent are Todd T. Harrison, 34 Circulo De Copa, Tubac, AZ 85646.

5. **Latest Date for Dissolution.** The latest date for dissolution of the Company is December 31, 2055.

6. **Management.** The management of the Company is reserved to a manager; the manager is Oxford Capital Partners, LLC, a Delaware member-managed limited liability company.

7. **Members.** The names and business or residence addresses of the members of the Company are:

Michael R. Horowitz  
3501 Springbrook Drive  
Dallas, TX 75205

Henry Horowitz  
1 Collins Crest Court  
Greenville, SC 29607

Louis V. Gennarelli  
4300 Westway Drive  
Dallas, TX 75205

Timothy J. Reed Family Limited  
Partnership, a South Carolina limited  
partnership  
51 Club Forest Lane  
Greenville, SC 29605

Joseph Willett, Jr.  
112 Holbrook Trail  
Greenville, SC 29605

Ted Mason/Edith Mason  
614 Carmel Parkway  
Corpus Christi, TX 78411

W.K. Bryan, Sr.  
P.O. Box 17737  
Greenville, SC 29606

Smyth McKissick, III  
1611 Parkins Mill Road  
Greenville, SC 29607

John Wickser  
1620 Amalfi Drive  
Pacific Palisades, CA 90272

Raymond P. Boylan and Linda K. Boylan,  
as Trustees of the Boylan  
Family Revocable Trust, organized  
June 19, 1995  
11908 Darlington Ave, Unit 201  
Los Angeles, CA 90049

Jeff Lee Holdings, LLC, a Delaware  
limited liability company  
10 Troy Lane  
Short Hills, NJ 07078

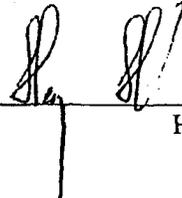
Oxford Capital Partners, LLC, a Delaware  
limited liability company  
401 N. Main Street  
Greenville, SC 29601

HB Arizona, LLC, a Delaware  
limited liability company  
c/o Tim Haskin  
Tishman Hotel Corporation  
666 5<sup>th</sup> Avenue  
New York, NY 10103

Cathy Starnes Campbell  
215 McDaniel Avenue  
Greenville, SC 29601

8. **Effective Date.** The effective date of the substantive provisions of this First Amended and Restated Articles of Organization is July 15, 2005.

OXFORD CAPITAL PARTNERS, LLC, a  
Delaware member-managed limited liability  
company, by its authorized Member



~~Henry Horowitz~~

The undersigned, having been designated to act as Statutory Agent, hereby consents to act in that capacity until removed or resignation is submitted in accordance with the Arizona revised Statutes.

\_\_\_\_\_  
Todd T. Harrison

## ASSIGNMENT OF MEMBERSHIP INTEREST

THIS ASSIGNMENT OF MEMBERSHIP INTEREST (this "Assignment") is made and entered into by and between TED MASON AND EDITH MASON (collectively, "Assignor"), and BARBARA MASON-HOROWITZ ("Assignee"), and joined by OXFORD CAPITAL PARTNERS, LLC, a Delaware limited liability company (the "Manager").

### RECITALS

WHEREAS, WINDWARD PARTNERS XIV, LLC, is an Arizona limited liability company (the "Company") organized and existing under the laws of the State of Arizona pursuant to that certain Operating Agreement of WINDWARD PARTNERS XIV, LLC (the "Operating Agreement").

WHEREAS, Assignor owns a 7.5 % membership interest in the Company.

WHEREAS, Assignor desires to convey to Assignee, and Assignee desires to accept conveyance of the 7.5 % membership interest in the Company (the "Assigned Membership Interest").

### ASSIGNMENT

In consideration of certain good and valuable consideration, the sufficiency and adequacy of which is hereby acknowledged, Assignor does hereby give, transfer, assign, set over and deliver unto Assignee the Assigned Membership Interest, together with all the right, title and interest of Assignor in and to the business, properties and assets of the Company represented by the Membership Interest.

### AGREEMENTS

1. **Purchase Price.** The purchase price of the Assigned Membership Interest shall be an amount equal to One Hundred and No/100 Dollars (\$100.00) payable in cash contemporaneously with the execution and delivery of this Assignment by Assignee.
2. **Effective Date.** The Effective Date of the Assignment shall be August 14, 2008, and from and after such date, (a) Assignee shall have a 7.5 % membership interest in the Company and (b) that portion of the net profits, net losses, and cash flow (including cash flow that has not been distributed) of the Company allocable to the Assigned Membership Interest shall be allocated, or distributed, as the case may be, to Assignee in accordance with the terms of the Operating Agreement.
3. **Representations by Assignor.** Assignor does hereby represent and warrant to Assignee and Assignee's successors and assigns that to the best of Assignor's knowledge: (i) Assignor is the legal and beneficial owner and holder of the Assigned Membership Interest; (ii) Assignor has authority to convey good title to the Assigned Membership Interest to Assignee, and (iii) the Assigned Membership Interest is not subject to any lien or assessment by any of the Assignor's creditors or by any other person or entity nor has Assignor pledged the Assigned Membership Interest to anyone.
4. **Assumption by Assignee.** As further consideration for this Assignment and in reliance upon the above representations and warranties of Assignor, Assignee by its acceptance of this Assignment hereby assumes all of the duties and obligations of Assignor relating to the Assigned Membership Interest and arising after the Effective Date hereof under the Operating Agreement.
5. **Consent of General Partner.** The Manager hereby consents to this Assignment of the Assigned Membership Interest.

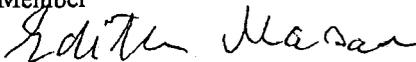
6. **Successors and Assigns.** This Assignment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors, and assigns.
8. **Survival of Representations.** The representations, warranties, covenants, and agreements of the parties contained in this Assignment shall survive the consummation of the transactions contemplated hereby.
9. **Modification and Waiver.** No supplement, modification, waiver, or termination of this Assignment Agreement or any provision hereof shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any of the provisions of this Assignment shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
10. **Governing Law.** This Assignment is being executed and delivered and is intended to be performed in the State of Organization of the Company, and the substantive laws of such state shall govern the validity, construction, enforcement, and interpretation of this Assignment.
11. **Counterparts.** This Assignment may be executed in several counterparts, each of which shall be deemed an original, and all of said counterparts shall constitute but one and the same instrument.

EXECUTED to be effective as of the 14th day of August, 2008.

ASSIGNOR:

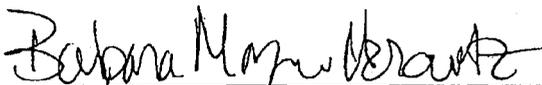


Ted Mason, Member



Edith Mason, Member

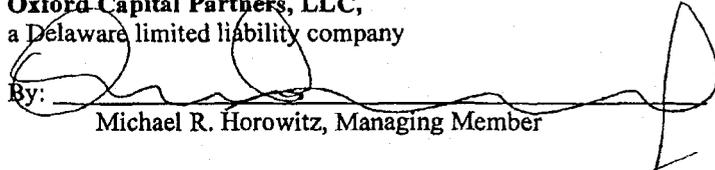
ASSIGNEE:



Barbara Mason-Horowitz

MANAGER:

**Oxford Capital Partners, LLC,**  
a Delaware limited liability company

By: 

Michael R. Horowitz, Managing Member

THE PARTNERSHIP INTERESTS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR THE SECURITIES LAWS OF ANY STATE IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM REGISTRATION, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE SECURITIES ACT OR UNLESS EXEMPTIONS FROM REGISTRATION UNDER SUCH ACTS ARE AVAILABLE. THE TRANSFERABILITY OF AN INTEREST IN THE PARTNERSHIP BY A PARTNER IS ALSO RESTRICTED BY ARTICLE IX OF THIS AGREEMENT.

**OPERATING AGREEMENT  
OF  
WINDWARD PARTNERS XIV, LLC**

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of July 13, 2005, by and between the Persons listed on Exhibit A attached hereto as Members (the "Members").

**ARTICLE 1**

**FORMATION**

1.1 **Formation.** WINDWARD PARTNERS XIV, LLC (the "Company") has been formed pursuant to the Act by filing of Articles of Organization with the Arizona Corporation Commission. The Members shall promptly execute all amendments of the Articles of Organization and all other documents that are needed to enable the Members to accomplish all filing, recording, publishing and other acts necessary or appropriate to comply with all requirements for the formation and continuation of the Company under the Act.

1.2 **Intent.** The Members intend that the Company be operated as a "partnership" for federal and state income tax purposes. No Member shall take any action inconsistent with the express intent of the Members as set forth herein.

1.3 **Definitions.** Each capitalized term used in this Agreement shall have the definition for such term set forth in ARTICLE 14 hereof.

**ARTICLE 2**

**GENERAL PROVISIONS**

2.1 **Name.** The name of the Company shall be "WINDWARD PARTNERS XIV, LLC," or such other name as the Members shall select from time to time. The Company may use, or do business under, the name LA VENTANA DE TUBAC.

2.2 **Principal Office and Place of Business.** The Principal Office and place of business of the Company in Arizona shall be at 43 Circulo De Copa, P.O. Box 1320, Tubac, AZ 85646 or such other place designated by the Manager from time to time.

2.3 **Company Purpose.** The nature of the business and of the purposes to be conducted and promoted by the Company shall be solely to acquire, own, develop, manage, lease, hold and turn to account the Investment and to do any and all things necessary or appropriate to accomplish such purpose, and to exercise all powers enumerated in the Act necessary or convenient to the conduct, promotion or attainment of such purpose including, but not limited to, the entering into or acquiring interests in any partnerships, joint ventures, corporations, limited liability companies, or other entities or arrangements to engage in any of the foregoing. The Company may engage in other businesses only with the approval of the Members.

2.4 **Term.** The term of the Company shall commence on the date the Articles of Organization were filed and shall continue until the later of (i) the date as of which the Company is dissolved, wound-up and terminated in accordance with ARTICLE 11 of this Agreement, or (ii) December 31, 2055.

2.5 **Agent for Service of Process.** The Agent for Service of Process for the Company shall be Todd T. Harrison, whose address is 34 Circulo De Copa, Tubac, Arizona, 85646, or such other Person as the Members shall appoint from time to time.

### ARTICLE 3

#### COMMERCIAL LOANS

3.1 **Acquisition Loan.** The Company will procure a Commercial Loan (the "Acquisition Loan") from First Union Commercial Corporation in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), upon such terms, conditions and provisions, as are determined by the Manager. The proceeds of the Acquisition Loan, together with the initial Capital Contributions by the Members, will be used, utilized and applied to acquire the Investment and to discharge other obligations of the Company relating to the acquisition of the Investment and the formation of the Company.

3.2 **Additional Loans.** The Members contemplate that the Company will procure one or more additional Commercial Loans ("Additional Loans"), the proceeds of which will be used, utilized and applied for the planning, development, improvement, construction, modification or other enhancement of the Investment. The amount of, and the terms, conditions and provisions of, each Additional Loan shall be as determined by the Manager.

3.3 **Modification of Loans.** The Manager shall have the authority to make and effect any modification, amendment, recasting or other change to any of the Acquisition Loan and any Additional Loans (collectively, "Loans") which the Manager deems and considers to be in the best interests of the Company, the Investment and/or the business enterprises and activities of the Company.

3.4 **Security for Loans.** The Loans will be secured by liens on and security rights in the entire Investment and other properties and assets of the Company as determined and approved by the Manager.

3.5 **Member Liability.** Henry Horowitz and Michael R. Horowitz have agreed to guaranty the Acquisition Loan, or portions thereof, and may hereafter agree to guaranty all or portions of Additional Loans. No other Member shall be obligated or required to guaranty or otherwise have or incur any liability or obligation for payment or repayment of any of the Loans, whether primarily or secondarily, directly or indirectly, as a co-obligor or guarantor, or in any other capacity. In the event Henry Horowitz and/or Michael R. Horowitz are ever required to pay or otherwise satisfy any portion of principal and/or interest of or under any of such Loans, then and in such event, and notwithstanding any other term or provision contained herein to the contrary, all amounts so paid and/or satisfied by Henry Horowitz and/or Michael R. Horowitz shall constitute "Guaranty Payments" by them, which shall be reimbursed by the Company to whichever of Henry Horowitz and/or Michael R. Horowitz made the such Guaranty Payments.

3.6 **Guaranty Reimbursements.** The Company's obligation to make reimbursements of Guaranty Payments made by Henry Horowitz and/or Michael R. Horowitz ("Guaranty Reimbursements") (i) shall be debts of the Company to whichever or both of them that made the Guaranty Payments; (ii) shall bear interest at the greater of Interest Rate or eight percent (8%) per annum; (iii) shall be fully recourse to the Company and its assets, but nonrecourse as to each other Member and such other Members' assets; and (iv) shall be evidenced by the Company's promissory note, which shall contain such terms and conditions as are commercially reasonable or as may be agreed to by whichever of Henry Horowitz and/or Michael R. Horowitz made the Guaranty Payments. However, no Member shall be obligated to contribute or advance money to the Company for the purpose of making any Guaranty Reimbursement, and no Member shall have any personal liability for the repayment of any Guaranty Reimbursement.

3.7 **Application of Guaranty Reimbursements.** Unless otherwise agreed by the whichever or both of Henry Horowitz and/or Michael R. Horowitz are entitled to receive Guaranty Reimbursements (i) all payments received with respect to a Guaranty Reimbursement shall be applied first to pay accrued and unpaid interest and then in reduction of the outstanding principal balance; and (ii) the Company shall make Guaranty Reimbursements to them in proportion to the amount of the Guaranty Payments made by each of them.

#### ARTICLE 4

#### CAPITALIZATION

4.1 **Issuance of Units.** The Company shall issue membership Units ("Units") to the Members as set forth on Exhibit A attached hereto. Additional Units may be issued in accordance with terms and conditions approved by the Members. Issuance of additional Units pursuant to this Agreement shall not be regarded as an amendment of this Agreement. Exhibit A shall be revised from time to time to reflect changes in the ownership of Units.

4.2 **Initial Capital Contributions by the Members.** On or before the date of this Agreement, each Member shall make an Initial Capital Contribution to the Company of the amount of cash set forth for such Member on Exhibit A hereto in return for the number of Units set forth for such Member on Exhibit A hereto.

4.3 **Additional Capital Contributions.** The Members shall be obligated to make Additional Capital Contributions in accordance with the following provisions:

4.3.1 **Contribution Notice.** If the Manager determines that the Company requires additional funds not otherwise available to or procurable by it in order to conduct and carry out its business enterprises with respect to the Investment, the Manager may give written notice (each, a "Contribution Notice") to the Members requesting that Additional Capital Contributions be made. Each Contribution Notice shall (i) specify the purposes for which such Additional Capital Contributions will be used or expended, (ii) set forth the total amount of Additional Capital Contributions required, and (iii) set forth the amount of the Additional Capital Contribution required from each Member, which shall be that proportion of the total amount of Additional Capital Contributions required which each the number of Units owned by each Member bears to the total number of all Units. Unless required by unanticipated events, Contribution Notices shall be given not more frequently than monthly.

4.3.2 **Payment of Additional Capital Contributions.** All Additional Capital Contributions shall be due and payable in cash within fifteen (15) days after receipt by the Members of the Contribution Notice requiring such Additional Capital Contributions.

4.3.3 **Failure to Make Additional Capital Contributions.** If any Member (a "Non-Contributing Member") fails to make any Additional Capital Contribution it is obligated to make within the time period such Additional Capital Contribution is required to be made:

4.3.3.1 **Covered Contributions.** The Manager shall give all other Members who are not Non-Contributing Members written notification of such failure and within ten (10) days after such notice, any other Member (a "Covering Members") may make all or any part of such Additional Capital Contribution which was not made by the Non-Contributing Member. If there are two (2) or more Members who wish to become Covering Members, they shall be entitled to do so in proportion to the number of Units owned by each of them. All amounts the Additional Capital Contribution so paid by Covering Members (the "Covered Contributions") shall be and constitute Additional Capital Contributions of such Covering Members, which shall dilute the Percentage of Units of the Non-Contributing Member and increase the Percentage of Units of the Covering Members as provided in Subsection 4.3.3.2 below. Each Covering Member shall be deemed to have assumed, as of the date it made any Covered Contribution, that proportion of the Non-Contributing Member's other duties and obligations hereunder as is equal to the increase in such Covering Member's Percentage of Units resulting from the Covered Contribution made by such Covering Member.

4.3.3.2 **Reallocation of Units and Percentage of Units.** In effectuation of the provisions of Section 4.3.3.1 above:

4.3.3.2.1 The Percentage of Units of a Non-Contributing Members shall be reduced by that proportion thereof which the required Additional Capital Contribution such Non-Contributing Member did not pay bears to the sum total of such unpaid Additional Capital Contribution plus the Capital Contribution theretofore made by such Non-Contributing Member and the number of Units then owned by such Non-Contributing Member shall be concomitantly reduced; and

4.3.3.2.2 The Percentage of Units of a Covering Members shall be increased by the amount of the reduction in the Percentage of Units of the Non-Contributing Member and the number of Units to be thereafter owned by the Covering Members shall be concomitantly increased, such increases to be allocated to the Covering Members in proportion to the Covered Contribution made by each of them.

All such reductions and increases in numbers of Units and Percentages of Units shall be effective as of the dates that Covered Contributions were made by Covering Members.

4.3.3.3 **Documentation.** The Manager shall take all actions, including, without limitation, the transfer of Units and amendment of this Agreement and the Articles of Organization, as may be required in order to effectuate the provisions of this Section 4.3.3. Each Non-Contributing Member shall execute, acknowledge if requested and deliver all documents and instruments the manager deems necessary or required to effectuate and carry out the foregoing provisions of this Section 4.3.

#### 4.4 Member Loans.

4.4.1 **Member Participation.** If the Members' Capital Contributions, Loans and other receipts and revenues available to the Company are insufficient to satisfy the capital requirements of the Company, or if bridge funds are needed by the Company on an interim basis, the Members may make Member Loans to the Company in such amount as determined by the Manager and the Members. No Member shall be required to make a Member Loan. Except as provided otherwise herein, each Member may elect to participate as a lender of a Member Loan, pro rata, based upon the number of Units held by the Members electing to make such Member Loans or, upon the agreement of all participating Members, in a differing proportion. Member Loans shall not be considered Capital Contributions and shall not result in any increase in the amount of the Capital Account of any Member. Member Loans shall be debts of the Company.

4.4.2 **Terms of Member Loans.** Unless otherwise determined by the Members, all Member Loans (i) shall bear interest at the greater of the Interest Rate or eight percent (8%) per annum; (ii) shall be fully recourse to the Company and its assets, but nonrecourse as to each Member and such Member's assets; (iii) shall, subject to the requirements of Section 4.4.3 below, be prepayable in whole or in part without penalty; and (iv) shall be evidenced by the Company's promissory note, which shall contain such terms and conditions as are commercially reasonable or as may be agreed to by the lending Members and the Company.

4.4.3 **Repayment.** Unless otherwise determined by the Members (i) all amounts paid with respect to a Member Loan shall be applied first to pay accrued and unpaid interest and then in reduction of the outstanding principal balance, and (ii) if more than one

Member joined in the making of a Member Loan, the Company shall make payments to the Members who made such Member Loans in proportion to the amount of principal each Member advanced. No Member shall be obligated to contribute or advance money to the Company for the purpose of repaying any Member Loan, and no Member shall have any personal liability for the repayment of any Member Loan.

## ARTICLE 5

### DISTRIBUTIONS

5.1 **Determination of Amounts of Distributions.** Subject to the provisions of Section 11.3.3, the Manager shall, not less frequently than monthly, determine the amounts, if any, of Available Cash From Operations and Capital Proceeds which are available for distribution. In determining the amounts of Available Cash From Operations and Capital Proceeds which are available for distribution, the Manager may take into consideration anticipated future income, receipts and expenditures, as well as the establishment of reserves for unanticipated expenses. Available Cash From Operations and Capital Proceeds shall be disbursed in accordance with Sections 5.2 and 5.3 hereof.

5.2 **Distributions of Available Cash From Operations.** All amounts of Available Cash From Operations which the Manager from time to time determines to be available for distribution shall be distributed as follows:

5.2.1 First, to the Unit Holders, pro rata in proportion to the number of Units from time to time held by each of them, until the total amounts they have received under this Section 5.2.1 and under Section 5.3.1 hereof equal a cumulative annual return of eight percent (8%) on their Capital Contributions;

5.2.2 Second, at any time that the Available Cash From Operations exceeds the amounts required to be paid under Section 5.2.1 above:

5.2.2.1 Twenty-five percent (25%) of such excess shall be distributed to the Manager; and

5.2.2.2 Seventy-five percent (75%) of such excess shall be distributed to all Unit Holders, including the Manager, pro rata in proportion to the number of Units from time to time held by each of them, until the sum total of all distributions received under Sections 5.2.1 and 5.2.2 hereof and under Sections 5.3.1 and 5.3.2 hereof by the Unit Holders other than the Manager and Henry Horowitz and Michael R. Horowitz is equal to a cumulative annual return of twenty percent (20%) on their Capital Contributions;

5.2.3 Third, at any time that the Available Cash From Operations exceeds the amounts required to be paid under Sections 5.2.1 and 5.2.2 above:

5.2.3.1 Thirty-five percent (35%) of such excess shall be distributed to the Manager; and

5.2.3.2 Sixty-five percent (65%) of such excess shall be distributed to all Unit Holders, including the Manager, pro rata in proportion to the number of Units from time to time held by each of them, until the sum total of all distributions received under Sections 5.2.1 through 5.2.3 hereof and under Sections 5.3.1 through 5.3.3 hereof by the Unit Holders other than the Manager and Henry Horowitz and Michael R. Horowitz is equal to the Capital Contributions of such Unit Holders; and

5.2.4 Fourth, at all times thereafter, all Available Cash From Operations shall be distributed (i) thirty-five percent (35%) to the Manager, and (ii) sixty-five percent (65%) to all Unit Holders, including the Manager, pro rata in proportion to the number of Units from time to time held by each of them.

However, notwithstanding the foregoing, if at any time after distributions of Available Cash From Operations have commenced, Additional Capital Contributions are made by any of the Members, the distributions required under this Section 5.2 shall be recomputed and adjusted such that at all times and from time to time the calculations of the amounts of distributions under this Section 5.2 shall be based on the total amounts of Capital Contributions theretofore made by the Members.

**5.3 Distributions of Capital Proceeds.** All amounts of Capital Proceeds which the Manager from time to time determines to be available for distribution shall be distributed as follows:

5.3.1 First, to the Unit Holders, pro rata in proportion to their respective aggregate Capital Contributions, until the total amounts they have received under this Section 5.3.1 and under Section 5.2.1 hereof equal a cumulative annual return of eight percent (8%) on their Capital Contributions;

5.3.2 Second, at any time that the Capital Proceeds exceed the amounts required to be paid under Section 5.3.1 above:

5.3.2.1 Twenty-five percent (25%) of such excess shall be distributed to Henry Horowitz and Michael R. Horowitz in proportion to their aggregate Capital Contributions; and

5.3.2.2 Seventy-five percent (75%) of such excess shall be distributed to all Unit Holders, including Henry Horowitz and Michael R. Horowitz, pro rata in proportion to their aggregate Capital Contributions, until sum total of all distributions received under Sections 5.2.1 and 5.2.2 hereof and under Sections 5.3.1 and 5.3.2 hereof by the Unit Holders other than the Manager and Henry Horowitz and Michael R. Horowitz is equal to a cumulative annual return of twenty percent (20%) on their aggregate Capital Contributions;

5.3.3 Third, at any time that the Capital Proceeds exceed the amounts required to be paid under Sections 5.3.1 and 5.3.2 above:

5.3.3.1 Thirty-five percent (35%) of such excess shall be distributed to Henry Horowitz and Michael R. Horowitz in proportion to their aggregate Capital Contributions; and

5.3.3.2 Sixty-five percent (65%) of such excess shall be distributed to all Unit Holders, including Henry Horowitz and Michael R. Horowitz, pro rata in proportion to their aggregate Capital Contributions, until the sum total of all distributions received under Sections 5.2.1 through 5.2.3 hereof and under Sections 5.3.1 through 5.3.3 hereof by the Unit Holders other than the Manager and Henry Horowitz and Michael R. Horowitz is equal to the Capital Contributions of such Unit Holders; and

5.3.4 Fourth, at all times thereafter, all Capital Proceeds shall be distributed (i) thirty-five percent (35%) to Henry Horowitz and Michael R. Horowitz in proportion to their Capital Contributions, and (ii) sixty-five percent (65%) to all Unit Holders, including Henry Horowitz and Michael R. Horowitz, pro rata in proportion to their aggregate Capital Contributions.

However, notwithstanding the foregoing, if at any time after distributions of Capital Proceeds have commenced, Additional Capital Contributions are made by any of the Members, the distributions required under this Section 5.3 shall be recomputed and adjusted such that at all times and from time to time the calculations of the amounts of distributions under this Section 5.3 shall be based on the total amounts of Capital Contributions theretofore made by the Members. All distributions of Capital Proceeds shall be applied in reduction of the Unreturned Capital Contributions of the Unit Holders.

5.4 **No Distribution Upon Withdrawal.** Except as otherwise specifically provided herein, no Member who withdraws from the Company shall be entitled to receive any distribution or the value of such Member's Units as a result of withdrawal from the Company prior to the liquidation of the Company.

5.5 **Return of Capital.** No Unit Holder shall be entitled to the return of, or interest on, that Unit Holder's Capital Contributions, except as provided herein.

5.6 **Limited Restoration Obligation.** Notwithstanding any provision of this Agreement to the contrary, if, upon liquidation of the Company, the total distributions to the Unit Holders pursuant to Sections 5.2 and 5.3 are less than the amount of their Capital Contributions (the amount of any such deficiency being referred to herein as the "Deficit Amount"), then the Manager, Henry Horowitz and Michael R. Horowitz shall make Capital Contributions to the Company, in proportion to the aggregate distributions received by them pursuant to Sections 5.2.3.1 and 5.3.3.1, in an amount equal to the lesser of (a) the Deficit Amount, or (b) the distributions received by the Manager, Henry Horowitz and Michael R. Horowitz pursuant to Sections 5.2.3.1 and 5.3.3.1. The obligations of the Manager, Henry Horowitz and Michael R. Horowitz under this Section 5.6 are several, and the maximum obligation of each such Person for Capital Contributions under this Section 5.6 shall not exceed any such Person's percentage share (determined as provided above) of the total required Capital Contributions. Any Capital Contributions made pursuant to this Section 5.6 shall be distributed in their entirety to the Unit Holders, in proportion to their Units.

**ARTICLE 6**  
**ALLOCATIONS**

**6.1 General Allocation Rules.**

**6.1.1 General Allocation Rule.** For each taxable year of the Company, subject to the application of Section 6.2, Profits and/or Losses shall be allocated to the Members in a manner which causes each Member's Adjusted Capital Account Balance to equal the amount that would be distributed to such Member pursuant to Section 11.3 hereof upon a hypothetical liquidation of the Company in accordance with Section 6.1.2.

**6.1.2 Hypothetical Liquidation Defined.** In determining the amounts distributable to the Members under Section 11.3 upon a hypothetical liquidation, it shall be presumed that: (i) all of the Company's assets are sold at their respective values reflected on the books of account of the Company, determined in accordance with Code Section 704(b) and Regulations thereunder ("Book Value"), without further adjustment; (ii) payments to any holder of a nonrecourse debt are limited to the Book Value of the assets securing repayment of such debt; and (iii) the proceeds of such hypothetical sale are applied and distributed in accordance with Section 11.3.

**6.1.3 Special Loss Allocation.** If the Company incurs Losses at any time when the Members' Adjusted Capital Account Balances have been reduced to or below zero, such Losses shall be allocated to the Unit Holders in accordance with their Percentage Interests.

**6.1.4 Special Profits Allocation.** If the Company incurs Profits at any time when the Members' Adjusted Capital Account Balances are less than zero and the hypothetical liquidation described in Section 6.1.2 would not result in any distributions to the Members, Profits shall be allocated to the Members in proportion to their negative Adjusted Capital Account Balances, until such negative balances have been eliminated.

**6.1.5 Item Allocations.** To the extent the Manager, upon consultation with the Company's accountants, determines that allocations of Profits and/or Losses over the term of the Company are not likely to produce the Adjusted Capital Account Balances intended under this Section 6.1, then special allocations of income, gain, loss and/or deduction shall be made as deemed necessary by the Manager to achieve the intended Adjusted Capital Account Balances.

**6.2 Special Allocations.** The allocations set forth in Section 6.1 are intended to comply with the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the general provisions of Section 6.1, the following provisions shall apply:

**6.2.1 Allocation of Nonrecourse Deductions.** If the Company has "nonrecourse deductions," as defined in Regulations Section 1.704-2(b)(1), such nonrecourse deductions shall be allocated to the Members in proportion to their Percentage Interests.

**6.2.2 Allocation of Member Nonrecourse Deductions.** If the Company has "partner nonrecourse deductions," as defined in Regulations Section 1.704-2(i)(2), such partner

nonrecourse deductions shall be allocated to the Member that bears the economic risk of loss associated with such deductions, as determined in accordance with the Regulations.

**6.2.3 Minimum Gain Chargebacks.** If the Company has a decrease in "minimum gain" or "partner nonrecourse debt minimum gain," as defined and determined in accordance with Regulations Sections 1.704-2(d) and 1.704-2(i)(3), items of income and gain shall be allocated to the Members in the manner and to the extent required under the Regulations to comply with any requirements for a "minimum gain chargeback" under Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

**6.2.4 Qualified Income Offset.** If a Member receives an adjustment, allocation or distribution described in Regulations Section 1.701-1(b)(2)(ii)(d)(4), (5) or (6) and as a result thereof has a negative Adjusted Capital Account Balance (after taking into account the allocations required under the foregoing provisions of this Section 6.2), items of income and gain shall be allocated to such Member in an amount and manner sufficient to constitute a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d).

**6.2.5 Special Tax Allocations.** The Company shall make special allocations of tax items relating to any property that is contributed to the Company or that is revalued on the Company's books of account in accordance with Regulations promulgated under Code Section 704(c), using any permissible method under such Regulations selected by the Manager.

**6.3 Capital Account.** A Capital Account shall be maintained for each Member in accordance with the Regulations, under uniform policies and procedures established by the Manager.

## ARTICLE 7

### MANAGEMENT

**7.1 General.** The Members agree that the management of the Company shall be vested in one Manager and that Oxford Capital Partners, L.L.C., a Delaware limited liability company, which is a Member, shall be the Manager of the Company commencing as of the date of this Agreement and shall remain the Manager for as long as Henry Horowitz and/or Michael R. Horowitz have any obligations under or pursuant to guaranties made by them of any obligations under or pursuant to the Acquisition Loan, or until such earlier time as Henry Horowitz and Michael R. Horowitz otherwise agree in writing. In no event shall Oxford Capital Partners, L.L.C. be removed as the Manager by any vote of the Members, nor shall the Members designate any other Manager so long as Oxford Capital Partners, L.L.C. remains the Manager. At any time that the Company has no Manager, the Members may appoint one or more successor Managers, subject to the agreement of each person so appointed to serve as Manager. There is no requirement that any successor Manager be a Member.

**7.2 Responsibilities, Rights and Powers of Manager.** Each Manager shall devote to the Company such time as may be necessary for the proper performance of the duties assigned to the Manager under this Agreement, but shall not be required to devote full time to the performance of such duties. The Manager may engage in businesses or ventures that are

competitive with that of the Company and each Member hereto agrees and consents to such activities, even though there are conflicts of interest inherent therein and they may not be invited to participate in such other businesses or ventures. Except as expressly provided in Section 7.4 hereof, the Manager shall have (i) full, exclusive and complete power to manage and control the business and affairs of the Company, (ii) all of the rights and powers provided by the Act to a manager as well as any rights and powers necessary to accomplish the purposes of the Company, (iii) all rights and powers granted to the Manager elsewhere in this Agreement, and (iv) the full, exclusive and complete power to dispose of all or any part of the assets of the Company, whether or not in the ordinary course of business. In addition, the rights, responsibilities and powers of the Manager shall include, but are not limited to, the following, all of which may be done at the Company's expense:

7.2.1 Performing all normal business functions and otherwise operating and managing the business and affairs of the Company in accordance with and as limited by this Agreement;

7.2.2 Protecting the interests of the Company and its property, improvements and other assets;

7.2.3 Obtaining and paying for all insurance coverage that is appropriate, as determined by the Manager, for the protection of the Company, property owned by the Company, any of the Members or the Manager, or to provide a source of funding for Company obligations, including life insurance on lives of the Members in order to enable the Company to exercise any right to acquire the Units or other rights and interests of a deceased Member;

7.2.4 Making, executing, acknowledging and delivering any and all documents of transfer or conveyance and any and all instruments, including agreements with regulatory agencies, that may be necessary or appropriate to carry out the powers herein granted for purposes of the Company;

7.2.5 Making capital expenditures;

7.2.6 Entering into leases including, without limitation, one or more leases of the Investment to Persons who will occupy and conduct business enterprises and activities thereon;

7.2.7 Preparing and delivering to each Member all reports required by the terms of this Agreement;

7.2.8 Causing all books of account and other records of the Company to be kept in accordance with the terms of this Agreement;

7.2.9 To the extent that funds of the Company are available, paying all taxes, assessments, rents and other impositions applicable to the Company's property;

7.2.10 To the extent that funds of the Company are available, paying all debts and other obligations of the Company as they come due;

7.2.11 Causing the Company to retain or employ, coordinate and determine the services of all consultants, employees, accountants, attorneys, realtors and other persons necessary or appropriate to carry out the business of the Company, to manage the Company's assets, and to maintain the books of account and other records and produce the reports required by the terms of this Agreement;

7.2.12 Maintaining all funds of the Company in a Company account in a bank or banks, and being the signatories to such accounts;

7.2.13 Making distributions periodically to the Unit Holders in accordance with the provisions of this Agreement;

7.2.14 Borrowing or raising monies for the purposes of the Company from any source and causing the Company to issue promissory notes (or any other evidence of indebtedness) and securing repayment thereof by pledging or granting security interests in all or any part of the Company's assets;

7.2.15 Undertaking such actions as are necessary or desirable so that the Company, within reason, promptly complies with all material present and future laws, ordinances, orders, rules, regulations and requirements of all governmental authorities having jurisdiction which may be applicable to the Company, its property, and the operations and management of the Company; and

7.2.16 Performing all other duties required or permitted by this Agreement to be performed by the Manager.

**7.3 Manner of Acting.** During periods of time that only one Person is a Manager, such Person shall solely exercise the rights and powers of the Manager hereunder. During periods of time that more than one Person is a Manager, they shall exercise the rights and powers of the Manager hereunder in such manner as they may agree. In the absence of such an agreement, if there is more than one Manager, none of them shall exercise any of such rights and powers of the Managers without the unanimous consent of all Managers.

**7.4 Actions Requiring a Vote.** The Manager shall not undertake any of the following acts ("Major Decisions") without the affirmative vote or written consent of a Majority in Interest of the Members:

7.4.1 Amending this Agreement, other than in accordance with Section 7.10;

7.4.2 Selling, exchanging, conveying, transferring or otherwise disposing of all or any part of the Investment or any other substantial or material property owned by the Company;

7.4.3 Obtaining any Additional Loan or other Commercial Loan or entering into any other credit or financing transaction except the Acquisition Loan and Member Loans;

7.4.4 Using the Company's funds or capital in any way other than for the business and purposes of the Company as set forth herein;

7.4.5 Admitting a Person as an additional Member;

7.4.6 Making loans by the Company or causing the Company to guarantee the obligations of others;

7.4.7 Commingling any Company funds or capital with the funds of any other Person; or

7.4.8 Any other act that expressly requires the approval of the Members pursuant to this Agreement.

**7.5 Votes, Consents and Approvals.** As to all matters specified in Section 7.4 as requiring the consent or approval of the Members, such consent or approval with respect to actions proposed by the Manager shall not be unreasonably withheld, delayed or conditioned, and any refusal to consent or approve shall be in writing and shall specify with particularity the reasons therefor. The Manager shall provide timely written notice to each Member of each proposed action requiring the vote, consent or approval of the Members, which notice shall specify with reasonable particularity the decisions to be made by the Members, the recommendation of the Manager with respect thereto, and a summary of the reasons supporting the recommendations of the Manager. If any Member fails to respond to such notice within ten (10) business days, each Member hereby grants to the Manager an irrevocable proxy for the Manager to vote in the sole discretion of the Manager on behalf of such Member. The Manager may use the Member's proxy each and every time that the Member fails, within ten (10) business days, to respond to a request for a vote of the Member.

**7.6 Filing of Documents.** The Manager shall file or cause to be filed all certificates or documents as may be determined by the Manager to be necessary or appropriate for the formation, continuation, qualification and operation of a limited liability company in the State of Arizona and any other state in which the Company may elect to do business.

**7.7 No Officers.** Inasmuch as the management of the Company is vested in the Manager, the Company shall not have any officers.

**7.8 Indemnification and Liability.**

**7.8.1 Company Indemnification.** The Members, the Manager and their Affiliates (each, an "Indemnitee") shall be indemnified, defended and held harmless by the Company for, from and against any and all losses, claims, damages, liabilities, expenses (including reasonable attorneys' fees and costs), judgments, fines, settlements, demands, actions, or suits relating to or arising out of the business of the Company, or the exercise by such Indemnitee of any authority conferred on it hereunder or the performance by such Indemnitee of any of its duties and obligations hereunder. Notwithstanding anything contained in this Agreement to the contrary, no Indemnitee shall be entitled to indemnification hereunder with respect to any claim, issue or matter: (i) in respect of which such Indemnitee, or the Company as the result of an act or omission of such Indemnitee, has been adjudged liable for fraud, gross negligence or willful misconduct; (ii) based upon or relating to a material breach by such Indemnitee of any term or provision of this Agreement; or (iii) for costs or expenses incurred by the Indemnitee in connection with a claim or action against such Indemnitee by another Member.

**7.8.2 Liability.** An Indemnitee shall not be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or failure to act in connection with the Company and its business unless the act or omission is attributed to gross negligence, willful misconduct or fraud or constitutes a material breach by such Indemnitee of any term or provision of this Agreement.

**7.8.3 Terms of Indemnification.** Each indemnity provided for under this Agreement shall be subject to the following provisions:

**7.8.4 Scope of Indemnity.** The indemnity shall cover the costs and expenses of the Indemnitee, including reasonable attorneys' fees and costs, related to any actions, suits or judgments incident to any of the matters covered by such indemnity.

**7.8.5 Notification.** The Indemnitee shall notify the Company of any claim against the Indemnitee covered by the indemnity within forty-five (45) days after the Indemnitee has notice of such claim, but failure to notify the Company shall in no case prejudice the rights of the Indemnitee under this Agreement unless the Company shall be prejudiced by such failure and then only to the extent the Company shall be prejudiced by such failure. Should the Company fail to discharge or undertake to defend the Indemnitee against such liability upon learning of the same, then the Indemnitee may settle such liability, and the liability of the Company hereunder shall be conclusively established by such settlement, which liability shall include both the settlement consideration and the reasonable costs and expenses, including reasonable attorneys' fees and costs, incurred by the Indemnitee in effecting such settlement.

**7.8.6 Effect on Insurance.** No indemnity hereunder shall be construed to limit or diminish the coverage of any Member under any insurance obtained by the Company. Payment under any such policy shall not be a condition precedent to any indemnification provided in this Agreement.

**7.9 Compensation.**

**7.9.1 Fees.** The Company will pay the Manager, for services to be rendered to the Company and not on account of the Manager's ownership of Units, the following fees:

**7.9.1.1** An Acquisition Fee in the amount of Fifty Thousand Dollars (\$50,000.00), payable at the time of closing of the acquisition of the Investment.

**7.9.1.2** A Development Fee in the amount of Two Hundred Thousand Dollars (\$200,000.00), which shall be payable one-half (1/2) at the closing of the acquisition of the Investment and the balance paid ratably over the period of development of the Investment;

**7.9.1.3** A Financing Fee in the amount of one percent (1%) of the principal amount of any loan or refinancing obtained by the Company; any Financing Fee shall be paid at the closing of the loan or refinancing transaction as to which it is payable; however, no Financing Fee shall be payable on or with respect to Member Loans; and

**7.9.1.4** A Marketing Fee in the amount of one percent (1%) of the principal amount of the sale price for any portion of the Investment sold by the Company.

The Company will not pay to the Manager or any Member any other fees or other compensation for services rendered to the Company except as specifically approved by the Members.

**7.9.2 Expenses and Reimbursements.** At the time of closing of the acquisition of the Investment, the Company will reimburse to the Manager the sum of Thirty Thousand Dollars (\$30,000.00) for costs and expenses in conducting the due diligence inspection, investigation and evaluation of the Investment, and all other costs and expenses reasonably incurred by the Manager and its Affiliates in connection with the acquisition of the Investment, the formation of the Company and the offering of the Units. The Company shall pay all costs and expenses of the Company and shall reimburse the Manager for payment of all costs and expenses paid or incurred by the Manager in connection with the carrying out of the Manager's duties set forth in this Agreement and the management, marketing, development and other activities of the Company and of the Investment including without limitation (i) all costs of borrowed money, taxes, insurance and assessments with respect to the assets and operation of the Company; (ii) legal and accounting fees; and (iii) expenses for the acquisition, financing, operation and disposition of the assets of the Company including, without limitation, the expenses of any marketing staff and office and other costs (including soft costs) of development and/or disposition of the Investment.

**7.10 Amendment of Agreement.** The Manager or one or more Members holding at least 50% of the then outstanding Units may propose amendments to this Agreement. The Manager shall submit to the Members a verbatim statement of any proposed amendment with a recommendation as to the proposed amendment. The Manager shall seek the written vote of the Members on the proposed amendment and shall call a meeting to vote thereon and to transact any other business that the Manager may deem appropriate. A proposed amendment shall be adopted and be effective as an amendment hereto if it is approved by or consented to by the Manager and by a Majority in Interest of the Members, which Majority in Interest may include the Manager, acting as a Member; provided, however, that this Agreement shall not be amended without the consent of each Member adversely affected if such amendment would (a) modify the limited liability of such Member, or (b) alter the interest of such Member in Profits, Losses, other items or any Company distributions. However, notwithstanding any provision of this Agreement to the contrary, the Manager may make amendments to this Agreement without the vote of the Members so long as such amendments (i) are of a ministerial nature, (ii) do not adversely affect the Unit Holders in any material respect, or (iii) are necessary or desirable to comply with any applicable law or regulation.

## ARTICLE 8

### THE MEMBERS

**8.1 Meetings of the Members.** Meetings of the Members shall be held on the call of the Manager or one or more Members holding at least 50% of the then outstanding Units, provided that at least five days' notice shall be given to all Members with respect to any meeting, and further provided that any Member may request that such meeting be held by telephone. A waiver of any required notice shall be equivalent to the giving of such notice if such waiver is in writing and signed by the Member entitled to such notice, whether before, at or after the time stated therein. The Members may make use of telephones and other electronic devices to hold

meetings, provided that each Member may simultaneously participate with the other Members with respect to all discussions and votes of the Members. The Members may act without a meeting if the action taken is reduced to writing (either prior to or thereafter) and approved and signed by the required number of Members in accordance with the voting provisions of this Agreement. Written minutes shall be taken at each meeting of the Members; however, any action taken or matter agreed upon by the Members shall be deemed final, whether or not written minutes are prepared or finalized.

**8.2 Voting of the Members.** Except as expressly provided otherwise in this Agreement, all votes, actions, approvals, elections and consents required under this Agreement to be made by "the Members" shall be effective when approved by a Majority in Interest of the Members.

**8.3 Other Business Interests of the Members.** This Agreement shall not be construed to grant any right, privilege or option to a Member to participate in any manner in any other business, corporation, partnership, company, or investment in which any other Members or any of their Affiliates may participate including those which may be the same as or similar to the Company's business or in direct competition therewith. Each Member expressly waives the doctrine of corporate opportunity (or any analogous doctrine) with respect to any other such business, corporation, partnership, company, or investment of any other Member or Affiliate; provided, however, that this waiver and all other terms and conditions of this Agreement shall not restrict or otherwise affect any Person's rights, obligations and duties under any employment or consulting agreement with the Company.

**8.4 Transaction With Members or Affiliates.** A Member or Affiliate thereof shall have the right to contract or otherwise deal with the Company in connection with the sale of goods or services by the Member or its Affiliate to the Company only where (a) the Manager approves such contract or transaction, or (b) the compensation paid or promised for such goods or services and the terms for the furnishing of such goods and services are consistent with prevailing market rates and conditions.

**8.5 Rights and Obligations of Members.**

**8.5.1 Limitation of Liability.** Each Member's liability for the debts, obligations and liabilities of the Company shall be limited as set forth in the Act and other applicable law.

**8.5.2 Company Records.** Upon written request, each Member shall have the right, during ordinary business hours, to inspect and copy the Company records required to be maintained at the Company's Principal Office as set forth in Section 9.1.

**8.5.3 Married Members.** Each married Member represents and confirms that he is fully authorized to act on behalf of any community property interest his or her spouse does or may have with respect to the Company. Each married Member shall, at the request of the Manager, deliver to the Company an instrument signed and acknowledged by such Member's spouse, granting to him or her full and absolute authority to act on behalf of such spouse with respect to any community property interest such spouse does or may have in and as to the

Company, and waiving all rights such spouse may have to claim or assert that he or she has the privilege of acting as, or exercising any rights of, a Member.

**8.6 Confidentiality.** Except as contemplated hereby or required by a court of competent authority, each Member shall keep confidential and shall not disclose or use, and shall use its reasonable efforts to prevent such Member's Affiliates and any of such Member's or such Member's Affiliates' current, future, or former employees, agents and representatives from disclosing or using, without the prior written authorization of the Company, any information which pertains to this Agreement, any of the transactions contemplated hereby or the business of the Company. The term "confidential information" is used in this Section 8.6 to describe information which is confidential, non-public or proprietary in nature, was provided to such Member or such Member's representative by the Company, by any other Member, or by any of their agents, representatives and employees, and relates either directly or indirectly to the Company. Information which (a) is available or becomes available to the public through no fault or action by a Member, its agents, representatives or employees shall not be deemed confidential information, or (b) becomes available on a non-confidential basis from any source other than the Company, any other Member, or any of their agents, representatives or employees shall not be deemed confidential information if such source is not prohibited from disclosing such information.

**8.7 Defaulting Member.**

**8.7.1 Events of Default.** The occurrence of any of the following events shall constitute an event of default and the Member so defaulting (herein referred to as the "Defaulting Member") shall, except as otherwise provided with respect to clause (v) below, thereafter be deemed to be in default without any further action whatsoever on the part of the Company or the other Members: (i) attempted dissolution of the Company by such Member other than pursuant to provisions contained in this Agreement; (ii) a Bankruptcy occurs as to such Member; (iii) a writ or attachment or execution or similar process is issued or levied against a Member's Units and the same is not released, vacated or bonded within thirty (30) days after the issue or levy thereof; (iv) a Withdrawal Event other than the death or incapacity of an individual Member occurs as to such Member; or (v) a material breach by such Member of this Agreement provided, however, that such Member shall not be deemed to be in default under this clause (v) unless and until such Member fails to cure such default within thirty (30) days after written notice thereof is given to such Member and if such default is a non-monetary default and cannot reasonably and with due diligence and in good faith be cured within said thirty (30)-day period and if the Defaulting Member immediately commences and proceeds to complete the cure of such default with due diligence and in good faith, the thirty (30)-day period with respect to such default shall be extended to include such additional period of time as may be reasonably necessary to cure such default.

**8.7.2 Effect of Default.** Notwithstanding anything in this Agreement to the contrary, a Defaulting Member shall not have any voting rights with respect to any matters set forth in this Agreement, including but not limited to all approval and consent rights set forth in ARTICLE 7 and this ARTICLE 8. A Defaulting Member's right to vote shall be reinstated if and when the Defaulting Member's default is cured in accordance with the provisions of this Agreement.

8.7.3 **Remedies on Default.** Upon the occurrence of a default by a Member, the Company shall have all rights and remedies available at law and in equity and may institute legal proceedings against the Defaulting Member with respect to any damages or losses incurred by the Company or any non-Defaulting Member. The Company shall be entitled to reasonable attorneys' fees and costs incurred in connection with the collection of such amounts.

## ARTICLE 9

### BOOKS, RECORDS, REPORTS AND ACCOUNTING

9.1 **Records.** The Manager shall keep or cause to be kept at the Principal Office of the Company the following: (a) a current list of the full name and last known business, residence or mailing address of each Member; (b) a copy of the Company's initial Articles of Organization and all amendments thereto; (c) copies of this Agreement and all other written operating agreements and all amendments hereto and thereto, including any written operating agreements or amendments no longer in effect; (d) copies of any written and signed promises by the Members to make Capital Contributions to the Company; (e) copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years; (f) copies of any prepared financial statements of the Company for the three most recent years; and (g) minutes of every meeting of the Members as well as any written consents of the Members to actions taken by the Members without a meeting. Any such records maintained by the Company may be kept on or be in the form of any information storage device, provided that the records so kept are convertible into legible written form within a reasonable period of time.

9.2 **Fiscal Year and Accounting.** The Fiscal Year of the Company shall be the calendar year. All amounts computed for the purposes of this Agreement and all applicable questions concerning the rights of Members shall be determined using the method of accounting employed by the Company for federal income tax purposes. The Manager, except as specifically provided to the contrary herein, shall make all decisions as to other accounting matters.

9.3 **Preparation of Tax Returns.** The Manager shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items necessary for income tax purposes and shall cause to be furnished to the Members the tax information reasonably required for income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items, for federal income tax purposes, shall be on that method of accounting as the Manager shall determine or such other method required by the Code.

9.4 **Tax Elections.** The Manager shall determine whether to make any available elections pursuant to the Code.

9.5 **Tax Controversies.** Oxford Capital Partners, L.L.C. shall be the Tax Matters Member. The Tax Matters Member is authorized and required to represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Members agree to cooperate with the Tax Matters Member and to do or refrain from doing any or all things reasonably

required by the Tax Matters Member to conduct those proceedings. The Tax Matters Member agrees to promptly notify the other Members upon the receipt of any correspondence from any federal, state or local tax authorities relating to any examination of the Company's affairs.

## ARTICLE 10

### TRANSFERS, WITHDRAWALS

**10.1 Restrictions on Transfers.** Except as otherwise permitted by this Agreement, no Unit Holder shall Transfer all or any portion of such Unit Holder's Units.

**10.2 Permitted Transfers.** Subject to the conditions and restrictions set forth in Section 10.3 hereof, a Member may at any time Transfer all or any portion of its Units to (a) any other Member or Affiliate of another Member, (b) any Affiliate of the transferor, (c) a family partnership, family trust or similar entity for estate planning purposes of the transferor, (d) the transferor's executor, administrator, trustee or personal representative to whom such Units are transferred at death or involuntarily by operation of law, or (e) any Purchaser in accordance with Section 10.4 hereof (any such Transfer being referred to in this Agreement as a "Permitted Transfer").

**10.3 Conditions to Permitted Transfers.** A Transfer shall not be treated as a Permitted Transfer under Section 10.2 hereof unless and until all of the following conditions are satisfied:

**10.3.1 Documentation of Transfer by Death or Operation of Law.** Except in the case of a Transfer at death or involuntarily by operation of law, the transferor and Transferee shall execute and deliver to the Company such documents and instruments of conveyance as may be necessary or appropriate in the opinion of counsel to the Company to effect or confirm such Transfer. In the case of a Transfer of Units at death or involuntarily by operation of law, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the transferor and/or Transferee shall reimburse the Company for all costs and expenses that it incurs in connection with such Transfer.

**10.3.2 Additional Information.** The transferor and Transferee shall furnish the Company with the Transferee's taxpayer identification number, sufficient information to determine the Transferee's initial tax basis in the Units transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Units until it has received such information.

**10.3.3 Survival of Company.** Unless otherwise approved by the Members, no Transfer shall be made except upon terms which would not, in the opinion of counsel chosen by the Company, result in the termination of the Company within the meaning of Section 708 of the Code.

**10.3.4 Registration or Proof of Exemption.** Except in the case of a Transfer of Units at death or involuntarily by operation of law, either (i) such Units shall be registered under the Federal Securities Act and any applicable state securities laws, or (ii) unless waived by the Members, the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Members, to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

**10.4 Right of First Refusal.** In addition to the other limitations and restrictions set forth in this ARTICLE 10, except as permitted by Section 10.2 hereof, no Unit Holder shall Transfer all or any portion of its Units (the "Offered Units") unless such Unit Holder (the "Seller") first offers to sell the Offered Units pursuant to the terms of this Section 10.4.

**10.4.1 Limitation on Transfers.** No Transfer may be made under this Section 10.4 unless the Seller has received a bona fide written offer (the "Purchase Offer") from a Person (the "Purchaser") to purchase the Offered Units for a purchase price (the "Offer Price") denominated and payable in United States dollars at closing or according to specified terms, with or without interest, which offer shall be in writing signed by the Purchaser and shall be irrevocable for a period ending no sooner than the first business day following the end of the Offer Period.

**10.4.2 Offer Notice.** Prior to making any Transfer that is subject to the terms of this Section 10.4, the Seller shall give to the Company and the other Members written notice (the "Offer Notice") which shall include a copy of the Purchase Offer and an offer (the "Firm Offer") to sell the Offered Units to the Company and the other Members (collectively, the "Offerees") for the Offer Price, payable according to the same terms as, or more favorable terms than, those contained in the Purchase Offer. In no event shall the Firm Offer (i) require of any earnest money or similar deposit to be paid or made the Purchaser prior to closing, and (ii) require any security other than the Offered Units to be provided by the Purchaser for any deferred portion of the Offer Price.

**10.4.3 Offer Period.** The Firm Offer shall be irrevocable for a period (the "Offer Period") ending at 11:59 P.M., Arizona time on the forty-fifth (45<sup>th</sup>) day following the date of the Offer Notice.

**10.4.4 Acceptance of Firm Offer.** The Company shall have the first right to accept the Firm Offer as to all or any portion of the Offered Units. If on or before the date that is thirty (30) days following the date of the Offer Notice the Company does not accept the Firm Offer as to all or any portion of the Offered Units by notifying the Seller and the other Offerees thereof in writing, the Members who are Offerees shall be entitled to accept the Firm Offer as to the balance of the Offered Units in proportion to the number of Units held by all such Members or as otherwise agreed upon by such Members by giving written notice thereof to the Seller and the Company. If the Offerees do not accept the Firm Offer as to all of the Offered Units during the Offer Period, the Offerees shall be deemed to have rejected the Firm Offer in its entirety.

**10.4.5 Closing of Purchase Pursuant to Firm Offer.** In the event that the Firm Offer is accepted, the closing of the sale of the Offered Units shall take place within thirty (30)

days after the Firm Offer is accepted or, if later, the date of closing set forth in the Purchase Offer. The Seller and the Offerees, who have accepted the Firm Offer, shall execute such documents and instruments as may be necessary or appropriate to effect the sale of the Offered Units pursuant to the terms of the Firm Offer and this ARTICLE 10.

**10.4.6 Sale Pursuant to Purchase Offer if Firm Offer Rejected.** If the Firm Offer is not accepted by the Offerees in the manner herein above provided, the Seller may sell the Offered Units to the Purchaser at any time within ninety (90) days after the last day of the Offer Period, provided that such sale shall be made on terms no more favorable to the Purchaser than the terms contained in the Purchase Offer and provided further that such sale complies with all other applicable terms, conditions and restrictions of this Agreement. In the event that the Offered Units are not sold to the Purchaser in accordance with the terms of the preceding sentence, the Offered Units shall again become subject to all of the conditions and restrictions of this Section 10.4.

**10.5 Prohibited Transfers.** Any purported Transfer of Units that is not a Permitted Transfer shall be null and void and of no force or effect whatsoever; provided that, if the Company is required to recognize a Transfer that is not a Permitted Transfer, or if a Transfer that is not a Permitted Transfer is recognized by the Members in the sole discretion of the Members, the rights transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the pertinent Units, which allocations and distributions may be applied, without limiting any other legal or equitable rights of the Company, to satisfy any debts, obligations or liabilities for damages that the transferor or Transferee of such rights may have to the Company. In the case of a Transfer or attempted Transfer of Units that is not a Permitted Transfer, the Persons engaging or attempting to engage in such Transfer shall be obligated to indemnify and hold harmless the Company and the other Members for, from and against all costs, liabilities and damages that any of such indemnified Members may incur as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby including, without limitation, incremental tax liabilities, lawyers' fees and expenses.

**10.6 Rights of Unadmitted Assignees.** A Person who acquires Units or rights to allocations and distributions, but who is not admitted as a substituted Member pursuant to Section 10.7 hereof, shall be referred to as an "Assignee" and shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company and shall not have any of the rights of a Member under the Act or this Agreement.

**10.7 Admission of Substituted Members.** Subject to the other provisions of this ARTICLE 10, a *Transferee of Units* may be admitted to the Company as a substituted Member only upon satisfaction of the following conditions:

**10.7.1 Member Approval.** Such admission is approved by all of the Members, which approval may be given or withheld in the sole and absolute discretion of the Members;

**10.7.2 Integrity of Acquisition.** The Units with respect to which the Transferee is being admitted were acquired by means of a Permitted Transfer;

**10.7.3 Assumption of Obligations.** The Transferee of Units shall, by written instrument in form and substance reasonably satisfactory to the Manager and, in the case of clause (ii) following, the transferor Member, (i) accept and adopt the terms and provisions of this Agreement, including this ARTICLE 10, and (ii) assume the obligations of the transferor Member under this Agreement with respect to the transferred Units;

**10.7.4 Reimbursement of Costs.** The Transferee pays or reimburses the Company for all reasonable legal, filing and publication costs that the Company incurs in connection with the admission of the Transferee as a Member with respect to the Transferred Units; and

**10.7.5 Additional Documents.** Except in the case of a Transfer at death or involuntarily by operation of law, if required by the Manager, the Transferee, other than a Transferee that was a Member prior to the Transfer, shall deliver to the Company evidence of the authority of such Person to become a Member and to be bound by all of the terms and conditions of this Agreement, and the Transferee and transferor shall each execute and deliver such other instruments as deemed necessary or appropriate by the Manager to effect, and as a condition to, such Transfer, including amendments to the Certificate or any other instrument filed with the State of Arizona or any other state or governmental authority.

**10.8 Distributions and Allocations in Respect of Transferred Units.** If any Units are Transferred during any Fiscal Year in compliance with the provisions of this ARTICLE 10, Profits, Losses, each item thereof and all other items attributable to the Transferred Units for such Fiscal Year shall be divided and allocated between the transferor and the Transferee by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any convention permitted by law and selected by the Manager. All distributions on or before the date of such Transfer shall be made to the transferor and all distributions thereafter shall be made to the Transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that, if the Company is given notice of a Transfer at least ten (10) business days prior to the Transfer, the Company shall recognize such Transfer as of the date of such Transfer, and provided further that if the Company does not receive a notice stating the date such Units were transferred and such other information as the Manager may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, was the owner of the Units on the last day of such Fiscal Year. Neither the Company nor the Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.8, whether or not the Manager or the Company has knowledge of any Transfer of ownership of any Units.

**10.9 Withdrawal of a Member.** Within thirty (30) days of the Withdrawal Event of a Member, that Member, or its successor, shall be required to give notice to the Company of such withdrawal. Failure to give notice shall constitute a default under this Agreement. After the

Withdrawal Event of a Member, the withdrawn Member shall not be entitled to receive the value of such Member's Units, but rather shall be treated as an Assignee of such Member's Units in accordance with Section 10.6.

#### 10.10 Buy-Sell.

**10.10.1 Obligation to Sell.** In the event that a Member becomes a Defaulting Member, the Company shall have the right and option, exercisable by the Company giving written notice of its exercise of such right and option within forty-five (45) days after the event as a result of which such Member became a Defaulting Member, to purchase all of the Units held by such Defaulting Member and/or its successors and assigns for a Purchase Price determined in accordance with Section 10.10.2. If the Company does not so exercise the right to purchase all of the Units held by such Member and/or its successors and assigns, the remaining Members, in proportion to the number of Units then held by them, shall have the right and option, exercisable by the remaining Members giving written notice of their exercise of such right and option within forty-five (45) days following expiration of the Company's option, to purchase all of the Units held by such Defaulting Member and/or its successors and assigns for a Purchase Price determined in accordance with Section 10.10.2. As used in this Section 10.10, "Seller" means the Defaulting Member and/or its successors and assigns whose Units are subject to being sold pursuant to this Section 10.10, and "Buyer" means either the Company or the remaining Member or Members who exercise the right to purchase Units pursuant to this Section 10.10.1.

**10.10.2 Purchase Price.** The Members recognize and understand that the Company is closely held, that no public market exists for the Units and that, consequently, a fair market value for the Units is not expected to be readily determinable. Therefore, the Members hereto agree that in the event of a purchase of Units pursuant to Section 10.10.1 above, the Purchase Price shall be eighty percent (80%) of the amount that would be received with respect to the Seller's Units if all of the Company's assets were sold for fair market value and the Company was liquidated in accordance with ARTICLE 11 as of the date on which the Buyer exercised its right to purchase the Seller's Units. For these purposes, the fair market value of the Company's assets may be the amount agreed upon by the Buyer and Seller, and if the Buyer and Seller cannot so agree within twenty (20) days after a request to do so by either the Buyer or the Seller, the fair market value of the Company's assets shall be determined by an appraisal. If an appraisal is required, the Company shall retain a qualified appraiser and shall give notice to the Members, specifying therein the name and address of the person designated to act as appraiser. Within fifteen (15) days after the service of such notice, the Seller and, if the Buyer is a Member, the Buyer may each elect to select an additional appraiser by giving notice to the Company and each other specifying the name and address of the person designated to act as its appraiser. All appraisers so chosen shall meet within ten (10) days after the last appraiser is appointed and if, within thirty (30) days after such first meeting, the appraisers are unable to agree upon the fair market valuation of the Company's assets, the appraisers shall appoint an additional appraiser and in the event of their being unable to agree upon such appointment within fifteen (15) days after the thirty (30) day time limit, such additional appraiser shall be selected by the Seller and Buyer if they can agree thereon within an additional period of fifteen (15) days. If the Seller and Buyer do not so agree, then either of them or the Company, on behalf of all of them, may request that the appointment of such additional appraiser be made by the Presiding Judge of the Pima County, Arizona, Superior Court. In the event of the failure, refusal or inability of any appraiser

to act, his successor shall be appointed within ten (10) days by the Person who originally appointed him or if such party shall fail so to appoint such successor, his successor shall be appointed by the Presiding Judge hereinabove provided. Within thirty (30) days after the appointment of the last appointed appraiser, each of the other appraisers shall submit his valuation of the Company's assets to the last appointed appraiser, who, within fifteen (15) days thereafter, must select one of such valuations as the fair market value of the Company's assets and the selection so made shall in all cases be binding and conclusive upon the Seller and the Buyer and judgment upon the decision may be entered in any court having jurisdiction. Seller and Buyer shall pay the fee and expenses of the appraisers appointed by them and shall share, on an equal basis, the fee and expenses of each other appraiser.

**10.10.3 Payment Terms.** At the Buyer's option, the Purchase Price payable to the Seller may be paid either (i) in cash or other immediately available funds at the Closing, or (ii) at least 25% of the Purchase Price in cash or other immediately available funds at the Closing, and by execution and delivery, at the Closing, of a promissory note for the balance, which promissory note shall be payable in twelve (12) equal quarterly installments of principal, plus accrued interest computed at the Interest Rate, each of which shall be due on the last day of each calendar quarter following the Closing.

**10.10.4 Closing.** The closing ("Closing") of the purchase of the Seller's Units in accordance with this Section 10.10, shall take place at the principal office of the Company on a date and at a time scheduled by the Buyer that shall be no more than sixty (60) days following the determination of the Purchase Price pursuant to Section 10.10.2. At the Closing, the Buyer shall pay to the Seller the appropriate portion of the Purchase Price determined as provided in Section 10.10.2 above and shall deliver any required promissory note in accordance with the provisions of Section 10.10.3 above. At the Closing, the Buyer shall cause the Seller to be released from such Company-related obligations and guarantees as shall relate to the transferred Units or the Company, and the Buyer shall assume, as appropriate, and agree to indemnify and hold harmless the Seller for, from and against, all such obligations and guarantees. If the Company is indebted to the Seller with respect to any Member Loans, fees or reimbursements, the entire amount of the Member Loans, fees or reimbursements shall become immediately due and shall be paid at the Closing. At the Closing, Seller shall deliver to the Buyer and the Company an executed assignment of all of Seller's Units sufficient to convey such Units to the Buyer free and clear of any liens, claims or encumbrances.

**10.11 No Dissolution.** No Transfer of or with respect to any Units or any rights to allocations or distributions shall cause a dissolution of the Company.

## ARTICLE 11

### LIQUIDATION AND WINDING UP; MERGER

**11.1 Dissolution.** The Company shall dissolve only upon:

**11.1.1** The written agreement Members owning at least 80% of the Units;

11.1.2 Any Withdrawal Event of the last remaining Member, unless the business of the Company is continued by the unanimous written consent of the Assignees given within ninety (90) days after the such Withdrawal Event;

11.1.3 The occurrence of any event which makes it unlawful for the business of the Company to be carried on or for the Members to carry on the business of the Company;

11.1.4 The sale or other disposition of all or substantially all of the Company's assets and properties and the collection of all notes received in connection with such sale or other disposition; or

11.1.5 December 31, 2055.

**11.2 Continuation of the Company.** A Withdrawal Event with respect to any Member shall not dissolve the Company, unless such Member is the last remaining Member and the Assignees do not elect to continue the Company pursuant to Section 11.1.2.

**11.3 Liquidation.** Upon dissolution of the Company, the business and affairs of the Company shall be wound up and liquidated as rapidly as business circumstances permit, the Manager, or if at that time there is no Manager, a Person designated by the Members shall act as the liquidating trustee (the "Liquidating Trustee"), and the assets of the Company shall be liquidated and the proceeds thereof shall be paid, to the extent permitted by applicable law, in the following order:

11.3.1 First, to creditors, including Members that are creditors, in the order of priority required by applicable law;

11.3.2 Second, to a reserve for contingent liabilities to be distributed at the time and in the manner as the Liquidating Trustee determines in its discretion; and

11.3.3 Thereafter, to the Members and Assignees, if any, in accordance with the provisions of Section 5.3 hereof.

A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to this Section 11.3 to minimize any losses otherwise related to the winding up. If the Liquidating Trustee determines that an immediate sale of the Company's assets and liquidation of the Company would cause undue losses to the Members, it may defer liquidation of any asset, other than those assets necessary to satisfy current obligations, for a reasonable time, or may distribute such assets in kind according to the order and priority set forth in this Section 11.3. Any assets distributed in kind shall be valued and treated as though such assets were sold and the cash proceeds were distributed.

**11.4 Liquidating Trust.** In the discretion of the Liquidating Trustee, a pro rata portion of the distributions that would otherwise be made to the Unit Holders pursuant to this ARTICLE 11 may be:

11.4.1 Distributed to a trust established for the benefit of the Unit Holders solely for the purposes of liquidating Company property, collecting amounts owed to the Company, and

paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Unit Holders from time to time, in the reasonable discretion of the Liquidating Trustee, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Unit Holders pursuant to Section 11.3; or

11.4.2 Withheld to provide a reasonable reserve for Company liabilities and to allow for the collection of the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Unit Holders as soon as practicable.

The portion of the distributions that would otherwise have been made to each of the Unit Holders that is instead distributed to a trust pursuant to Section 11.4.1 or withheld to provide a reserve pursuant to Section 11.4.2 shall be determined in the same manner as the expense or deduction would have been allocated if the Company had realized an expense equal to such amounts immediately prior to distributions being made pursuant to Section 11.3.

**11.5 Deficit Capital Account.** Upon liquidation, if any Unit Holder has a deficit balance in such Unit Holder's Capital Account (after giving effect to all contributions, distributions and allocations for all Fiscal Years, including the Fiscal Year in which such liquidation occurs), such Unit Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever. Each Unit Holder shall look solely to the assets of the Company for the return of that Unit Holder's Capital Contribution.

**11.6 Filings.** As soon as possible following the dissolution of the Company, the Liquidating Trustee of the Company shall execute and file a Notice of Winding Up with the Arizona Corporation Commission as required by the Act. Upon the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until the Articles of Termination have been filed with the Arizona Corporation Commission as required by the Act or until a decree dissolving the Company has been entered by a court of competent jurisdiction. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining assets have been distributed to Unit Holders, Articles of Termination shall be executed and filed with the Arizona Corporation Commission as required by the Act.

**11.7 Merger.** The Manager and a Majority in Interest of the Members may approve a plan of merger or consolidation under which the Company will merge or consolidate with or into one or more "business entities", as defined in Section 29-751 of the Act.

## ARTICLE 12

### ACKNOWLEDGEMENTS AND REPRESENTATIONS

**12.1 No Registration of the Units.** Each Member hereby acknowledges and understands that the Units have not been registered under the Federal Securities Act, the Arizona

Securities Act, or any securities acts of any other state, that the Units are being issued in reliance upon one or more exemptions from registration contained in the Federal Securities Act, the Arizona Securities Act, and securities acts of other states, and that reliance on such exemptions is based in part upon the representations contained herein.

**12.2 Acquisition for Own Account.** Each Member hereby represents that it is acquiring Units solely for its own account, for investment and not with a view to, or for offer or sale in connection with, the "distribution" of all or any part of such Units within the meaning of the Federal Securities Act.

**12.3 No Public Resale.** Each Member hereby acknowledges that the provisions of Rule 144 promulgated under the Federal Securities Act are not now and are not anticipated in the future to be available for the public resale of the Units, that the Member has no right to have the Units registered under the Federal Securities Act to permit it to be resold, and that there is no established market for the Units and no certainty that one will develop. Each Member also hereby acknowledges that, as the result of the foregoing, such Member must hold the Units it purchases indefinitely, assuming the entire risk of investment therein, unless the Units are subsequently registered under the Federal Act or unless an exemption from registration is available at the time of resale.

**12.4 Access to Information.** Each Member hereby acknowledges that such Member has had access to all information which such Member considers necessary or advisable to enable it to make an informed decision concerning the purchase of Units. Moreover, each Member hereby represents that it has knowledge and experience in financial and business matters enabling it to evaluate, and that it is capable of evaluating, the merits and risks of investing in the Company and that it is able to bear the economic risk, including a total loss, of investing in the Company.

**12.5 No Representations.** Each Member understands and acknowledges that the purchase of Units involves a high degree of risk and possible loss of the entire investment. Each Member is purchasing Units based solely on such Member's investigation of, and satisfaction with, the Company's current and anticipated financial condition and assets and not based on any written or oral representations of any Person.

## ARTICLE 13

### MISCELLANEOUS

**13.1 Notices.** Notices may be delivered personally, by private messenger service or by certified mail. Any notice or document required or permitted hereunder to be given to a Member shall be in writing and shall be deemed to be given on the date received by the Member; provided, however, that all notices and documents mailed to a Member in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Member at its address as shown in the records of the Company, shall be deemed to have been received three (3) days after mailing. The address of each of the Members in the records of the Company shall for all purposes be the address set forth on Exhibit A hereto unless otherwise changed by the applicable Member by notice given to the Company and all other Members in the manner provided herein.

13.2 **Severability.** If any provision of this Agreement shall be conclusively determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby.

13.3 **Binding Effect.** Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the Members and their respective successors and, where permitted, their Transferees.

13.4 **Titles and Captions; Sections.** All article, section and paragraph titles and captions contained in this Agreement are for convenience only and are not a part of the context hereof and shall not be taken into consideration in interpreting or construing the provisions hereof. All references herein to Sections refer to the Sections of this Agreement unless otherwise specifically provided.

13.5 **Pronouns and Plurals.** All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the appropriate Person or Persons may require.

13.6 **No Third Party Rights.** This Agreement is intended to create enforceable rights only between and for the benefit of the Company and the Members only, and creates no rights in, or obligations to, any other Persons whatsoever.

13.7 **Time is of Essence.** Time is of the essence in the performance of each and every duty and obligation herein imposed.

13.8 **Further Assurances.** All Members shall execute all further instruments and perform all acts that are or may become necessary to effectuate and to carry out the provisions of this Agreement and the business contemplated by this Agreement.

13.9 **Estoppel Certificates.** Each Member hereby agrees, at the request of the Manager, from time to time to execute and deliver estoppel certificates stating that this Agreement is in full force and effect and that to the best of such Member's knowledge and belief there are no defaults by any Member under this Agreement, or if defaults exist, specifying the same therein.

13.10 **Exhibits Incorporated by Reference.** All Exhibits referred to in this Agreement is hereby incorporated into this Agreement as if they were set forth in full in the text of this Agreement.

13.11 **Amendments.** Amendments to this Agreement may be made only in writing and in accordance with Section 7.10 hereof.

13.12 **Signatures and Counterparts.** This Agreement may be executed in multiple counterparts. Signatures to this Agreement received by facsimile shall be valid and deemed to constitute original signatures.

13.13 **Creditors.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company, and no creditor will be entitled to require any

Member to solicit or demand Capital Contributions from the other Member. The Company may not assign a Member's obligation to make Capital Contributions to any third party without the prior written consent of such Member.

**13.14 Entire Agreement.** This Agreement and the Exhibits hereto contain all of the agreements between the Members and supersedes any and all prior agreements, arrangements or understandings between the Members relating to the subject matter hereof. No oral understandings, oral statements, oral promises or oral inducements exist as to the subject matter hereof. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth herein, have been made by the Members.

**13.15 Specific Performance.** Each Member agrees that the Company and the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the Company and the nonbreaching Members may be entitled, at law or in equity, the Company and the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and to specifically enforce the terms and provisions hereof.

**13.16 Waiver of Partition Right.** Each Member hereby waives any right to partition or the right to take any other action that might otherwise be available to such Member for the purpose of severing such Member's relationship with the Company or such Member's interest in the assets and properties held by the Company from the interest of the other Members until the dissolution of the Company.

**13.17 Governing Law and Venue.** All Members understand and agree that this Agreement shall be construed in accordance with the laws of the State of Arizona, without giving effect to principles of conflict of laws. The Members further agree that any suit, action, proceeding or other litigation arising from this Agreement will be commenced and conducted in the Superior Court of Pima County, Arizona. Each of the Members hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, proceeding or other litigation, any claim or assertion that (i) it is not personally subject to the jurisdiction of the above-mentioned court, (ii) the suit, action, proceeding or litigation is brought in an inconvenient forum, (iii) the venue of the suit, action, proceeding or litigation is improper, or (iv) this Agreement may not be enforced in or by such court

## ARTICLE 14

### DEFINITIONS

The following terms used in this Agreement shall have the meanings described below:

**"Acquisition Fee"** shall have the meaning set forth in Section 7.9.1.1 hereof.

**"Acquisition Loan"** shall have the meaning set forth in Section 3.1 hereof.

**"Act"** shall mean the Arizona Limited Liability Company Act, as amended from time to time.

**"Additional Capital Contribution"** means any Capital Contribution made by a Member in addition to such Member's Initial Capital Contribution.

**"Additional Loans"** shall have the meaning set forth in Section 3.2 hereof.

**"Adjusted Basis"** shall have the meaning given such term in Code Section 1011.

**"Adjusted Capital Account Balance"** means an amount with respect to any Member equal to the balance in such Member's Capital Account at the end of the relevant fiscal year, after increasing the balance in such Member's Capital Account by any amount which such Member is obligated to restore pursuant to Section 5.6 (determined by assuming a sale of all company assets at their respective Book Values) or is deemed to be obligated to restore pursuant to Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5).

**"Affiliate"** means, with respect to any Person (a) any Person directly or indirectly controlling, controlled by or under common control with such Person, (b) any officer, director, partner, manager, member or trustee of such Person, or (c) any Person who is an officer, director, partner, manager, member or trustee of any Person described in foregoing clauses (a) or (b). For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person or entity, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, or Persons exercising similar authority with respect to such Person or entities.

**"Agreement"** shall mean this Operating Agreement, as it may be amended from time to time, including all exhibits hereto.

**"Arizona Securities Act"** means the Securities Act of Arizona, Arizona Revised Statutes Sections 44-1801 *et seq.*, as amended.

**"Asset Management Fee"** shall have the meaning set forth in Section **Error! Reference source not found.** hereof.

**"Assignee"** shall have the meaning set forth in Section 10.6 hereof.

**"Available Cash From Operations"** shall mean the gross cash proceeds to the Company from its operating activities, reduced by the portion thereof used to pay or establish reserves for Company expenses, debt payments, capital improvements, replacements and contingencies as otherwise determined by the Manager. Subject to the definition of Capital Proceeds, amounts released from Company reserves (as a result of the Manager's determination that the Company holds reserves in excess of its current needs) shall be treated as gross cash proceeds from Company operations.

**"Bankruptcy"** shall mean, with respect to a Person, the happening of any of the following:

- (a) the making by such Person of a general assignment for the benefit of creditors;
- (b) the filing by such Person of a voluntary petition in bankruptcy or the filing by such Person of a pleading in any court of record admitting in writing an inability to pay debts as they become due;
- (c) the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such Person to be bankrupt or insolvent;
- (d) the filing by such Person of a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
- (e) the filing by such Person of an answer or other pleading admitting the material allegations of, or consenting to, or defaulting in answering, a bankruptcy petition filed against such Person in any bankruptcy proceeding;
- (f) the filing by such Person of an application or other pleading or any action otherwise seeking, consenting to or acquiescing in the appointment of a liquidating trustee, receiver or other liquidator of all or any substantial part of such Person's properties;
- (g) the commencement against such Person of any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation which has not been quashed or dismissed within sixty (60) days; or
- (h) the appointment, without the consent or acquiescence of such Person of a liquidating trustee, receiver or other liquidator of all or any substantial part of such Person's properties without such appointment being vacated or stayed within Sixty (60) days and, if stayed, without such appointment being vacated within Sixty (60) days after the expiration of any such stay.

**"Capital Account"** means the capital account maintained for each Member in accordance with Section 6.3.

**"Capital Contribution"** shall mean, with respect to any Unit Holder, the amount of money contributed by that Unit Holder to the Company with respect to the Units held by that Unit Holder and, if property other than money is contributed, the fair market value of such property, net of liabilities assumed or taken subject to by the Company. A Unit Holder's Capital Contribution shall be the Initial Capital Contribution and all Additional Capital Contributions (including Covered Contributions) contributed to the Company with respect to the Units held by that Unit Holder.

**"Capital Proceeds"** shall mean the gross cash proceeds received by the Company from all sales or other dispositions of all or any part of the Investment (excluding any leases entered

into by the Company), refinancings, condemnation of all or any part of the Investment, insurance proceeds relating to the Investment (to the extent not used to repair damages for which proceeds were received), and liquidation of Company assets, in each case, reduced by the portion thereof used to pay or establish reserves for Company expenses, required debt payments, capital improvements, replacements and contingencies as determined by the Manager. Expenses shall be paid and reserves shall be funded first from the gross cash proceeds taken into account in computing the Company's Available Cash From Operations and only if such amounts are insufficient to pay expenses and fund reserves shall gross cash proceeds taken into account in computing the Company's Capital Proceeds be used for such purpose. Amounts released from Company reserves (as a result of the Manager's determination that the Company holds reserves in excess of its current needs) shall be taken into account as gross proceeds for purposes of determining Capital Proceeds, to the full extent of all reserves previously funded from the sources taken into account in computing the Company's Capital Proceeds, with any remaining amounts released from reserves being deemed to be gross proceeds from the Company's operations for purposes of determining Available Cash From Operations.

**"Code"** shall mean the Internal Revenue Code of 1986 (or successor thereto), as amended from time to time.

**"Commercial Loan"** means any loan or credit facility granted by a bank or other commercial lender to the Company for the purpose of financing or providing funds for the acquisition of the Investment and/or the development, improvement, construction, modification or other enhancement of the Investment or any portion thereof.

**"Company"** shall mean the limited liability company formed pursuant to this Agreement, as such limited liability company may from time to time be constituted.

**"Contribution Notice"** shall have the meaning set forth in Section 4.3.1 hereof.

**"Covered Contribution"** shall have the meaning set forth in Section 4.3.3 hereof.

**"Covering Members:"** shall have the meaning set forth in Section 4.3.3 hereof.

**"Defaulting Member"** shall mean a Member that has committed an event of default as defined in Section 8.7.1 hereof.

**"Deficit Amount"** shall have the meaning set forth in Section 5.6 hereof.

**"Federal Securities Act"** means the Securities Act of 1933, as amended.

**"Firm Offer"** shall have the meaning set forth in Section 10.4.2 hereof.

**"Fiscal Year"** shall mean the year on which the accounting and federal income tax records of the Company are kept. The first Fiscal Year shall start on the organization date of the Company and the last Fiscal Year shall end on the termination of the Company.

**"Guaranty Payments"** shall have the meaning set forth in Section 3.5 hereof.

**“Guaranty Reimbursements”** shall have the meaning set forth in Section 3.6 hereof.

**“Indemnitee”** shall have the meaning set forth in Section 7.8.1 hereof.

**“Initial Capital Contribution”** means the amount of cash each Member is required to contribute to the Company in return for the Units to be obtained by such Member, as set forth on Exhibit A hereto.

**“Interest Rate”** means a variable rate of interest equal to the lesser of (i) the maximum rate of interest permitted under applicable law, and (ii) the prime rate from time to time quoted in the “Money Rates” section of the Wall Street Journal, Southwest Edition, plus two percent (2%) per annum.

**“Investment”** means those certain parcels of real property located in the vicinity of Tubac, Santa Cruz County, Arizona, and legally described on Exhibit B attached hereto.

**“Liquidating Trustee”** shall have the meaning set forth in Section 11.3 hereof.

**“Loans”** shall have the meaning set forth in Section 3.4 hereof.

**“Major Decisions”** shall have the meaning set forth in Section 7.4 hereof.

**“Majority in Interest”** means one or more Members holding more than 50% of the then outstanding Units that are held by all Members who are then entitled to vote.

**“Manager”** means Oxford Capital Partners, L.L.C. and/or each other Person designated as a Manager pursuant to Section 7.1 hereof.

**“Member”** shall mean any Person that executes this Agreement as a member, and any other Person admitted to the Company as an additional or substituted Member, that has not made a disposition of all of such Person’s Units.

**“Member Loan”** shall mean a loan to the Company from a Member in accordance with Section 4.4 hereof.

**“Non-Contributing Member”** shall have the meaning set forth in Section 4.3.3 hereof.

**“Offerees”** shall have the meaning set forth in Section 10.4.2 hereof.

**“Offer Notice”** shall have the meaning set forth in Section 10.4.2 hereof.

**“Offer Period”** shall have the meaning set forth in Section 10.4.3 hereof.

**“Offer Price”** shall have the meaning set forth in Section 10.4.1 hereof.

**“Offered Units”** shall have the meaning set forth in Section 10.4 hereof.

**“Permitted Transfer”** shall have the meaning set forth in Section 10.2 hereof.

**"Percentage of Units"** shall mean that percentage of the Units of any Unit Holder bears to the sum total of all Units of all Unit Holders.

**"Person"** shall mean an individual, firm, corporation, partnership, limited liability company, association, estate, trust, pension or profit-sharing plan, or any other entity.

**"Principal Office"** shall mean the registered Arizona office of the Company at which the records of the Company are kept as required under the Act.

**"Profits" and "Losses"** mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a), reduced by any items of income or gain subject to special allocation pursuant to Section 6.2, and otherwise adjusted by the Manager to comply with Regulation Sections 1.704-1(b) and 1.704-2(b).

**"Purchase Offer"** shall have the meaning set forth in Section 10.4.1 hereof.

**"Purchaser"** shall have the meaning set forth in Section 10.4.1 hereof.

**"Seller"** shall have the meaning set forth in Section 10.4 hereof.

**"Tax Matters Member"** shall mean the "tax matters partner" as defined in Code Section 6231(a)(7).

**"Transfer"** shall mean to sell, assign, transfer, give, donate, pledge, hypothecate, deposit, alienate, bequeath, devise or otherwise dispose of or encumber to any Person other than the Company.

**"Transferee"** shall mean a Person to whom a Transfer is made.

**"Treasury Regulations"** shall mean pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as "Treasury Regulations" by the United States Department of the Treasury.

**"Unit Holders"** means all Persons who hold Units, regardless of whether they are Members. "Unit Holder" means any one of the Unit Holders.

**"Units"** shall have the meaning set forth in Section 4.1 hereof.

**"Unreturned Capital Contributions"** shall mean, with respect to each Unit Holder at any time, an amount equal to (i) the aggregate amount of all Capital Contributions made by such Unit Holder minus (ii) the aggregate amount of all distributions of Capital Proceeds received by such Unit Holder pursuant to Section 5.3 hereof.

**"Withdrawal Event"** shall mean those events or circumstances listed in Section 29-733 of the Act.

IN WITNESS WHEREOF, the undersigned have executed this Operating Agreement as of the date first set forth above.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGES]**

**EXHIBIT A**

<b>Member Name/Address</b>	<b>Capital Contribution</b>	<b>Number of Units</b>	<b>Percentage of Units</b>
Michael R. Horowitz 3501 Springbrook Drive Dallas, TX 75205	255,000	170	17
Henry Horowitz 1 Collins Crest Court Greenville, SC 29607	255,000	170	17
Louis V. Gennarelli 4300 Westway Drive Dallas, TX 75205	75,000	50	5
Timothy J. Reed Family Limited Partnership, a South Carolina limited partnership 51 Club Forest Lane Greenville, SC 29605	150,000	100	10
Joseph Willett, Jr. 112 Holbrook Trail Greenville, SC 29605	150,000	100	10
Ted Mason/Edith Mason 614 Carmel Parkway Corpus Christi, TX 78411	112,500	75	7.5
W.K. Bryan, Sr. P.O. Box 17737 Greenville, SC 29606	112,500	75	7.5
John Wickser 1620 Amalfi Drive Pacific Palisades, CA 90272	75,000	50	5
Smyth McKissick, III 1611 Parkins Mill Road Greenville, SC 29607	75,000	50	5

Jeff Lee Holdings, LLC, a Delaware limited liability company 10 Troy Lane Short Hills, NJ 07078	75,000	50	5
Raymond P. Boylan and Linda K. Boylan, as Trustees of the Boylan Family Revocable Trust, organized June 19, 1995 11908 Darlington Ave, Unit 201 Los Angeles, CA 90049	45,000	30	3
HB Arizona, LLC, a Delaware limited liability company c/o Tim Haskin Tishman Hotel Corporation 666 5 <sup>th</sup> Avenue New York, NY 10103	67,500	45	4.5
Cathy Starnes Campbell 215 McDaniel Avenue Greenville, SC 29601	37,500	25	2.5
Oxford Capital Partners, LLC, a Delaware limited liability company 401 N. Main Street Greenville, SC 29601	15,000	10	1
<b>Total</b>	<b>1,500,000</b>	<b>1,000</b>	<b>100</b>

**EXHIBIT B**

**LEGAL DESCRIPTION**

PARCEL NO. 1:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 974.20 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet to the POINT OF BEGINNING;

THENCE continue North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 654.87 feet to a found ½ inch rebar;

THENCE North 26 degrees 31 minutes 16 seconds East, along said Northwesterly line, a distance of 310.26 feet to a point on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point being on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 52 degrees 38 minutes 20 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5924.58 feet and a central angle of 09 degrees 50 minutes 47 seconds, an arc distance of 1018.16 feet to a found ADOT aluminum cap;

THENCE North 49 degrees 27 minutes 58 seconds East, along said right-of-way line, a distance of 39.23 feet to a found ADOT aluminum cap on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 42 degrees 57 minutes 22 seconds West;

THENCE Southeasterly along said right-of-way line along the arc of said curve to the left, having a radius of 5884.58 feet and a central angle of 00 degrees 30 minutes 29 seconds, an arc distance of 52.18 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 12 minutes 10 seconds East, along said right-of-way line, a distance of 15.75 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 20 minutes 57 seconds East, along said right-of-way line, a distance of 48.64 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 29 minutes 28 seconds West, along said right-of-way line, a distance of 85.50 feet to a found ADOT aluminum cap;

THENCE South 48 degrees 28 minutes 29 seconds East, along said right-of-way line, a distance of 249.88 feet to a found ADOT aluminum cap;

THENCE South 41 degrees 32 minutes 29 seconds West, along said right-of-way line, do 509.84 feet to a found ADOT aluminum cap;

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 1286.48 feet to the POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet to the POINT OF BEGINNING;

THENCE continue North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 592.00 feet to a found 1 inch lead cap pipe;

THENCE North 25 degrees 35 minutes 37 seconds East, along said Northwesterly line, a distance of 170.00 feet;

THENCE South 60 degrees 11 minutes 44 seconds East, a distance of 1286.48 feet to a found ADOT aluminum cap on the Southwesterly right-of-way line of Interstate 19, as shown in ADOT plans for Project #I-19-1(24), said point hereafter referred to as "Point A";

THENCE South 48 degrees 23 minutes 05 seconds East, along said right-of-way line, a distance of 324.67 feet to a found aluminum cap;

THENCE South 89 degrees 03 minutes 13 seconds East, along said right-of-way line, a distance of 230.78 feet to a found ADOT aluminum cap;

THENCE North 41 degrees 32 minutes 52 seconds East, along said right-of-way line, a distance of 319.35 feet;

THENCE South 48 degrees 27 minutes 08 seconds East, along said right-of-way line, a distance of 100.00 feet;

THENCE South 41 degrees 32 minutes 52 seconds West, a distance of 469.87 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 423.46 feet to a point hereafter referred to as "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 500.00 feet;

THENCE North 75 degrees 34 minutes 18 seconds West, a distance of 1326.72 feet to the POINT OF BEGINNING.

PARCEL NO. 3:

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point A";

THENCE North 60 degrees 11 minutes 44 seconds West, a distance of 20.16 feet to the POINT OF BEGINNING;

THENCE South 17 degrees 40 minutes 32 seconds West, a distance of 32.21 feet;

THENCE South 35 degrees 30 minutes 42 seconds West, a distance of 54.75 feet to a point of curvature of a tangent curve, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 34.76 feet and a central angle of 104 degrees 03 minutes 29 seconds, an arc distance of 63.13 feet to a point of reverse curvature of a tangent curve, concave to the Southwest;

THENCE Southeasterly along the arc of said curve to the right, having a radius of 397.59 feet and a central angle of 16 degrees 01 minutes 36 seconds, an arc distance of 111.21 feet to a point of reverse curvature, concave to the Northeast;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 198.92 feet and a central angle of 18 degrees 34 minutes 52 seconds, an arc distance of 64.51 feet to a point of tangency;

THENCE South 71 degrees 06 minutes 03 seconds East, a distance of 123.82 feet;

THENCE South 87 degrees 07 minutes 40 seconds East, a distance of 55.60 feet;

THENCE South 82 degrees 51 minutes 41 seconds East, a distance of 70.84 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 224.55 feet and a central angle of 56 degrees 56 minutes 14 seconds, an arc distance of 223.14 feet to a point of tangency;

THENCE North 40 degrees 12 minutes 05 seconds East, a distance of 115.37 feet;

THENCE North 35 degrees 50 minutes 58 seconds East, a distance of 103.81 feet;

THENCE North 43 degrees 12 minutes 59 seconds East, a distance of 16.50 feet to the POINT OF TERMINATION on the said Southwesterly right-of-way line of Interstate 19.

PARCEL NO. 4:

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point B";

THENCE North 48 degrees 23 minutes 05 seconds West, a distance of 421.30 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northwest, a radial line of said curve through said point, having a bearing of South 53 degrees 24 minutes 09 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 10 degrees 23 minutes 03 seconds, an arc distance of 53.91 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 2233.45 feet and a central angle of 02 degrees 52 minutes 49 seconds, an arc distance of 112.28 feet to a point of tangency;

THENCE North 29 degrees 05 minutes 37 seconds East, a distance of 42.66 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 384.73 feet and a central angle of 09 degrees 34 minutes 18 seconds, an arc distance of 64.27 feet to a point of reverse curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 40.20 feet and a central angle of 48 degrees 19 minutes 25 seconds, an arc distance of 33.91 feet to the POINT OF TERMINATION.

PARCEL NO. 5:

That portion of the Luis Maria Baca Land Grant Float No. 6, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1229.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona, being the TRUE POINT OF BEGINNING;

THENCE North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a found ½ inch rebar;

THENCE North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 382.20 feet;

THENCE South 75 degrees 34 minutes 18 seconds East, a distance of 1326.72 feet;

THENCE South 48 degrees 23 minutes 05 seconds East, a distance of 500.00 feet;

THENCE South 55 degrees 11 minutes 11 seconds West, a distance of 225.64 feet to a point hereafter referred to as "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 2001.15 feet to the POINT OF BEGINNING.

PARCEL NO. 6:

An Easement for Ingress and Egress, 30 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point C";

THENCE North 85 degrees 51 minutes 57 seconds West, a distance of 499.79 feet to the POINT OF BEGINNING on the arc of a non-tangent curve, concave to the Northeast, a radial line of said curve through said point, having a bearing of South 45 degrees 22 minutes 24 seconds West;

THENCE Northwesterly along the arc of said curve to the right, having a radius of 100.63 feet and a central angle of 74 degrees 03 minutes 00 seconds, an arc distance of 130.06 feet to a point of tangency;

THENCE North 29 degrees 25 minutes 24 seconds East, a distance of 46.70 feet to a point of curvature of a tangent curve, concave to the Southeast;

THENCE Northeasterly along the arc of said curve to the right, having a radius of 215.41 feet and a central angle of 45 degrees 51 minutes 56 seconds, an arc distance of 172.44 feet to a point of reverse curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 2233.34 feet and a central angle of 04 degrees 20 minutes 35 seconds, an arc distance of 169.29 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 76.13 feet and a central angle of 22 degrees 33 minutes 19 seconds, an arc distance of 29.97 feet to a point of compound curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 297.44 feet and a central angle of 11 degrees 47 minutes 35 seconds, an arc distance of 61.22 to the POINT OF TERMINATION.

PARCEL NO. 7:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 feet to THE POINT OF BEGINNING;

THENCE continue North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 790.05 feet to a found 1 inch lead cap pipe on the Northwesterly line of the property recorded in Docket 739, Page 207, records of Santa Cruz County, Arizona;

THENCE South 85 degrees 51 minutes 57 seconds, a distance of 2001.15 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 548.00 feet to a point hereafter referred to as "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 1044.69 feet;

THENCE South 74 degrees 29 minutes 00 seconds West, a distance of 703.40 feet to the POINT OF BEGINNING;

PARCEL NO. 8:

An Easement for Ingress and Egress, 30.00 feet in width, lying 15.00 feet on each side of the following described centerline:

COMMENCING at the aforementioned "Point D";

THENCE North 89 degrees 05 minutes 14 seconds West, a distance of 29057 feet to the POINT OF BEGINNING;

THENCE North 30 degrees 09 minutes 10 seconds East, a distance of 14.55 feet;

THENCE North 44 degrees 44 minutes 30 seconds East, a distance of 108.54 feet;

THENCE North 47 degrees 30 minutes 33 seconds East, a distance of 56.43 feet to a point of curvature of a tangent curve, concave to the Northwest;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 61.36 feet and a central angle of 68 degrees 02 minutes 28 seconds, an arc distance of 72.86 feet to a point of tangency;

THENCE North 20 degrees 31 minutes 55 seconds West, a distance of 53.24 feet;

THENCE North 02 degrees 22 minutes 36 seconds West, a distance of 50.60 feet;

THENCE North 06 degrees 10 minutes 11 seconds East, a distance of 54.95 feet to a point of curvature of a tangent curve, concave to the Southwest;

THENCE Northwesterly along the arc of said curve to the left, having a radius of 177.10 feet and a central angle of 56 degrees 51 minutes 07 seconds, an arc distance of 175.73 feet to the POINT OF TERMINATION.

PARCEL NO. 9:

That portion of the Luis Maria Baca Land Grant Float No. 3, of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East of the Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, with the West line of said Baca Float No. 3, said point being a found U.S. Forest Service brass cap;

THENCE North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 439.00 to a point from which a found 1 inch lead cap pipe bears North 00 degrees 13 minutes 15 seconds West, a distance of 790.05 feet;

THENCE North 74 degrees 29 minutes 00 seconds East, a distance of 703.40 feet;

THENCE South 89 degrees 05 minutes 14 seconds East, a distance of 1044.69 feet;

THENCE South 29 degrees 42 minutes 23 seconds West, a distance of 727.85 feet to the Northerly line of Palo Parado Hills Parcels 1 through 6, as recorded in Book 1 of Surveys, Page 55, records of Santa Cruz County, Arizona;

THENCE North 89 degrees 05 minutes 14 seconds West, along said Northerly line, a distance of 1360.11 feet to the POINT OF BEGINNING.

PARCEL NO. 10:

That portion of Luis Maria Baca Land Grant Float No. 3, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, described as follows:

BEGINNING at the closing corner of Sections 6 and 7, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, on the West line of said Baca Float No. 3, said point being a U.S. Forest Service brass cap;

Thence North 00 degrees 13 minutes 15 seconds West, along said West line, a distance of 1,229.05 feet to a 1" lead cap pipe on the Northwesterly line of the property recorded in Docket 739 at Page 207, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

Thence North 39 degrees 18 minutes 43 seconds East, along said Northwesterly line, a distance of 449.61 feet to a ½" rebar;

Thence North 38 degrees 26 minutes 55 seconds East, along said Northwesterly line, a distance of 804.20 feet;

Thence South 41 degrees 46 minutes 42 seconds East, a distance of 663.24 feet;

Thence South 74 degrees 00 minutes 00 seconds East, a distance of 603.99 feet;

Thence South 48 degrees 23 minutes 05 seconds East, a distance of 500.00 feet;

Thence North 55 degrees 11 minutes 11 seconds East, a distance of 423.46 feet;

Thence North 41 degrees 32 minutes 52 seconds East, a distance of 469.87 feet to a point on the Southwesterly right of way line of interstate 19, as shown in ADOT plans for Project #1-19-1(24);

Thence South 48 degrees 27 minutes 08 seconds East, along said right of way line, a distance of 100.43 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 41 degrees 36 minutes 45 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,358.44 feet and a central angle of 01 degrees 29 minutes 50 seconds for an arc distance of 192.29 feet to an ADOT aluminum cap;

Thence South 43 degrees 06 minutes 35 seconds West, along said right of way line, a distance of 54.00 feet to an ADOT aluminum cap on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 43 degrees 06 minutes 35 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,304.44 feet and a central angle of 01 degrees 29 minutes 54 seconds for an arc distance of 191.03 feet to an ADOT aluminum cap on a radial line;

Thence North 44 degrees 36 minutes 30 seconds East, along said radial right of way line, a distance of 64.00 feet to a point on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of North 44 degrees 26 minutes 40 seconds East;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the right, having a radius of 7,368.44 feet and a central angle of 04 degrees 03 minutes 24 seconds, for an arc distance of 521.70 feet to an ADOT aluminum cap;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 158.62 feet to an ADOT aluminum cap;

Thence South 48 degrees 36 minutes 17 seconds West, along said right of way line, a distance of 36.16 feet;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 500.44 feet to an ADOT aluminum cap;

Thence North 48 degrees 36 minutes 17 seconds East, along said right of way line, a distance of 30.46 feet;

Thence South 41 degrees 23 minutes 43 seconds East, along said right of way line, a distance of 759.30 feet to an ADOT aluminum cap at a point of curvature of a tangent curve concave to the Northeast;

Thence Southeasterly, along said right of way line, along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 00 degrees 44 minutes 02 seconds, for an arc distance of 149.59 feet to an aluminum cap, PE #4670, on the Northerly line of Palo Parado Hills, Parcels 1 through 6, as recorded in Book 1 of Surveys at Page 55, Santa Cruz County Recorder's Office, Santa Cruz County, Arizona;

Thence North 89 degrees 07 minutes 02 seconds West, along said Northerly line, a distance of 435.64 feet to a ½" rebar;

Thence South 48 degrees 59 minutes 53 seconds West, along said Northerly line, a distance of 2,409.41 feet to a ½" rebar;

Thence North 89 degrees 04 minutes 11 seconds West, along said Northerly line, a distance of 974.26 feet to a ½" rebar;

Thence North 00 degrees 06 minutes 57 seconds West, along said Northerly line, a distance of 1,609.50 feet;

Thence North 89 degrees 05 minutes 14 seconds West, along said Northerly line, a distance of 1,360.11 feet to the POINT OF BEGINNING.

EXCEPT that portion as conveyed in deed recorded in Docket 877, page 874, records of Santa Cruz County, Arizona

PARCEL NO. 11:

A PORTION OF THE NORTH ONE-HALF (NORTH 1/2) OF THE LUIS MARIA BACA LAND

GRANT, FLOAT NO. 3, AS SURVEYED AND MONUMENTED BY THE UNITED STATES AS SHOWN ON THE MAPS AND FIELD NOTES THEREOF ON FILE IN THE OFFICE OF THE BUREAU OF LAND MANAGEMENT, PHOENIX, ARIZONA, ALSO BEING A PORTION OF WHAT CORRESPONDS TO SECTION 8, TOWNSHIP 22 SOUTH, RANGE

13 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WESTERLY BOUNDARY AND AT THE POINT KNOWN AS THE CORNER BETWEEN THE NORTH AND SOUTH ONE-HALF (SOUTH 1/2) OF SAID BACA FLOAT NO. 3, FROM WHICH MILE POST 19 OF SAID WESTERLY BOUNDARY OF SAID LAND GRANT BEARS SOUTH 00 DEGREES 17 MINUTES 36 SECONDS WEST, 1,691.26 FEET;

THENCE SOUTH 89 DEGREES 54 MINUTES 11 SECONDS EAST, ALONG SAID NORTH AND SOUTH ONE-HALF (SOUTH 1/2) LINE, A DISTANCE OF 5,010.37 FEET, TO THE SOUTHWESTERLY CORNER OF THE PARCEL DESCRIBED IN DOCKET 58 AT PAGE 226, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER, SANTA CRUZ COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 30 MINUTES 15 SECONDS WEST, ALONG THE WESTERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,794.15 FEET TO A POINT;

THENCE SOUTH 79 DEGREES 15 MINUTES 52 SECONDS WEST A DISTANCE OF 230.87 FEET TO A POINT;

THENCE NORTH 80 DEGREES 12 MINUTES 27 SECONDS WEST A DISTANCE OF 100.00 FEET TO A POINT;

THENCE SOUTH 77 DEGREES 42 MINUTES 04 SECONDS WEST A DISTANCE OF 835.47 FEET TO A POINT;

THENCE NORTH 07 DEGREES 40 MINUTES 54 SECONDS EAST A DISTANCE OF 1,037.96 FEET TO A POINT;

THENCE NORTH 15 DEGREES 00 MINUTES 28 SECONDS EAST A DISTANCE OF 1,015.82 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 61 DEGREES 17 MINUTES 34 SECONDS WEST A DISTANCE OF 1,601.95 FEET TO A POINT;

THENCE NORTH 33 DEGREES 58 MINUTES 39 SECONDS WEST A DISTANCE OF 604.07 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THE PARCEL DESCRIBED IN DOCKET 44 AT PAGE 355, AS RECORDED IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE NORTH 48 DEGREES 59 MINUTES 53 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,208.43 FEET TO A CORNER OF SAID PARCEL (SAID CORNER ALSO BEING ON THE NORTH LINE OF SAID SECTION 8).

THENCE SOUTH 89 DEGREES 05 MINUTES 03 SECONDS EAST, ALONG SAID SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 435.67 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF INTERSTATE 19, AS SHOWN ON A.D.O.T. PLANS FOR PROJECTS I-19-1 (21)11 AND I-19-1 (24) 16, AND SAID POINT ALSO BEING ON THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST, RUNNING ALONG SAID WESTERLY RIGHT-OF-WAY LINE, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT HAVING A BEARING OF SOUTH 48 DEGREES 00 MINUTES 05 SECONDS WEST;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, TO THE LEFT, HAVING A RADIUS OF 11,679.16 FEET AND A CENTRAL ANGLE OF 00 DEGREES 58 MINUTES 35 SECONDS FOR AN ARC DISTANCE OF 199.05 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 25 DEGREES 41 MINUTES 57 SECONDS WEST A DISTANCE OF 1,139.37 FEET TO THE POINT OF BEGINNING.

PARCEL 12:

A PORTION OF THE NORTH ONE-HALF (N 1/2) OF THE LUIS MARIA BACA LAND GRANT, FLOAT NO. 3, AS SURVEYED AND MONUMENTED BY THE UNITED STATES AS SHOWN ON THE MAPS AND FIELD NOTES THEREOF ON FILE IN THE OFFICE OF THE BUREAU OF LAND MANAGEMENT, PHOENIX, ARIZONA, ALSO BEING PORTIONS OF WHAT CORRESPONDS TO SECTIONS 7 AND 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WESTERLY BOUNDARY AND AT THE POINT KNOWN AS THE CORNER BETWEEN THE NORTH AND SOUTH ONE-HALF (SOUTH 1/2) OF SAID BACA FLOAT NO. 3, FROM WHICH MILE POST 19 OF SAID WESTERLY BOUNDARY OF SAID LAND GRANT BEARS SOUTH 00 DEGREES 17 MINUTES 36 SECONDS WEST, 1,691.26 FEET;

THENCE SOUTH 89 DEGREES 54 MINUTES 11 SECONDS EAST, ALONG SAID NORTH AND SOUTH ONE-HALF (SOUTH 1/2) LINE, A DISTANCE OF 5,010.37 FEET, TO THE SOUTHWESTERLY CORNER OF THE PARCEL DESCRIBED IN DOCKET 58 AT PAGE 226, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER, SANTA CRUZ COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 30 MINUTES 15 SECONDS WEST, ALONG THE WESTERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 2,794.15 FEET TO A POINT;

THENCE SOUTH 79 DEGREES 15 MINUTES 52 SECONDS WEST A DISTANCE OF 230.87 FEET TO A POINT;

THENCE NORTH 80 DEGREES 12 MINUTES 27 SECONDS WEST A DISTANCE OF 100.00 FEET TO A POINT;

THENCE SOUTH 77 DEGREES 42 MINUTES 04 SECONDS WEST A DISTANCE OF 835.47 FEET TO A POINT;

THENCE NORTH 74 DEGREES 07 MINUTES 03 SECONDS WEST A DISTANCE OF 1,360.51 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 88 DEGREES 35 MINUTES 54 SECONDS WEST A DISTANCE OF 1,480.00 FEET;

THENCE NORTH 14 DEGREES 56 MINUTES 32 SECONDS EAST A DISTANCE OF 1259.82 FEET TO A CORNER ON THE SOUTHERLY BOUNDARY OF THE PARCEL DESCRIBED IN DOCKET 44 AT PAGE 355, AS RECORDED IN SAID OFFICE OF THE COUNTY RECORDER;

THENCE SOUTH 89 DEGREES 03 MINUTES 00 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 971.13 FEET TO A CORNER OF SAID PARCEL;

THENCE NORTH 48 DEGREES 59 MINUTES 44 SECONDS EAST, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, A DISTANCE OF 200.68 FEET TO A POINT;

THENCE SOUTH 33 DEGREES 58 MINUTES 34 SECONDS EAST A DISTANCE OF 604.07 FEET TO A POINT;

THENCE SOUTH 19 DEGREES 22 MINUTES 37 SECONDS WEST A DISTANCE OF 920.18 FEET TO THE POINT OF BEGINNING.

\* \* \* \*

CERTIFICATE OF ASSURED WATER SUPPLY APPLICATION AND REVISED IMPACT ANALYSIS  
PALO PARADO SUBDIVISION, SANTA CRUZ COUNTY, ARIZONA

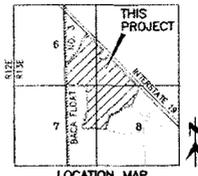
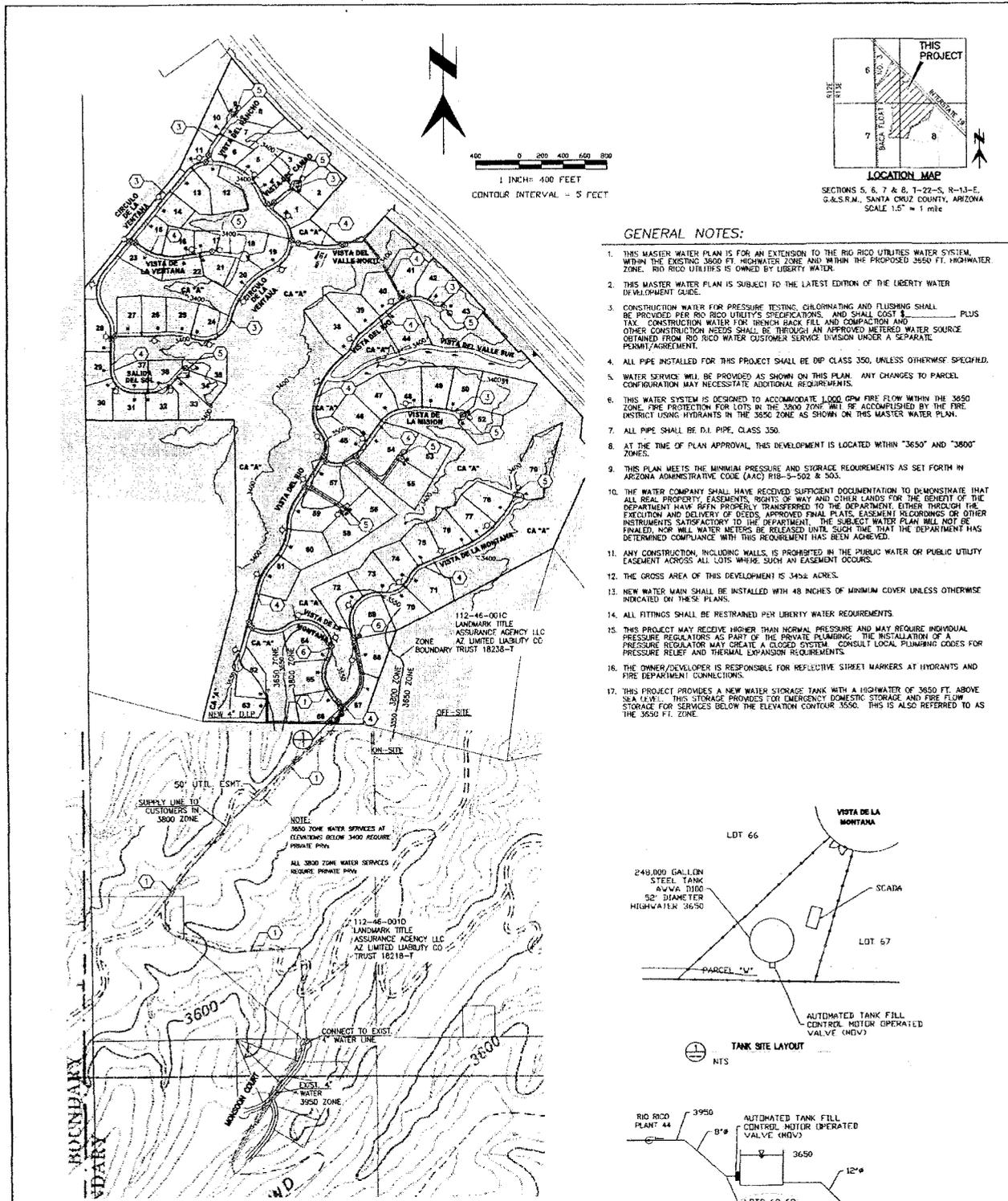
ATTACHMENT I – APPLICATION FEES

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

APPLICATION OF RIO RICO UTILITIES, INC.  
FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE  
AND NECESSITY TO PROVIDE WATER UTILITY SERVICE  
IN SANTA CRUZ COUNTY, ARIZONA

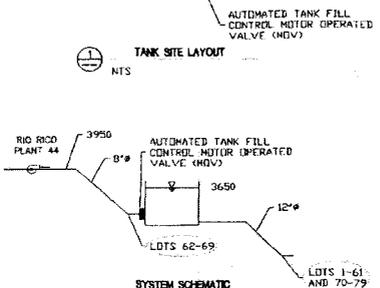
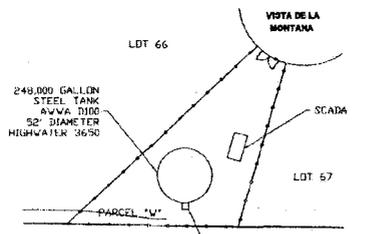
**Exhibit 15**  
**(Master Water Plan)**

2395563.3/80191.007



**GENERAL NOTES:**

- THIS MASTER WATER PLAN IS FOR AN EXTENSION TO THE RIO RICO UTILITIES WATER SYSTEM WITHIN THE EXISTING 3600 FT. HIGHWATER ZONE AND WITHIN THE PROPOSED 3650 FT. HIGHWATER ZONE. RIO RICO UTILITIES IS OWNED BY LIBERTY WATER.
- THIS MASTER WATER PLAN IS SUBJECT TO THE LATEST EDITION OF THE LIBERTY WATER DEVELOPMENT GUIDE.
- CONSTRUCTION WATER FOR PRESSURE TESTING, CHLORINATING AND FLUSHING SHALL BE PROVIDED PER RIO RICO UTILITIES SPECIFICATIONS, AND SHALL COST \$ \_\_\_\_\_ PLUS TAX. CONSTRUCTION WATER FOR BRUSH BACK FILL AND COMPACTION AND OTHER CONSTRUCTION NEEDS SHALL BE THROUGH AN APPROVED METERED WATER SOURCE OBTAINED FROM RIO RICO WATER CUSTOMER SERVICE DIVISION UNDER A SEPARATE PERMIT/AGREEMENT.
- ALL PIPE INSTALLED FOR THIS PROJECT SHALL BE DIP CLASS 350, UNLESS OTHERWISE SPECIFIED.
- WATER SERVICE WILL BE PROVIDED AS SHOWN ON THIS PLAN. ANY CHANGES TO PARCEL CONFIGURATION MAY NECESSITATE ADDITIONAL REQUIREMENTS.
- THIS WATER SYSTEM IS DESIGNED TO ACCOMMODATE 1,000 GPM FIRE FLOW WITHIN THE 3650 ZONE. FIRE PROTECTION FOR LOTS IN THE 3600 ZONE WILL BE ACCOMPLISHED BY THE FIRE DISTRICT USING HYDRANTS IN THE 3600 ZONE AS SHOWN ON THIS MASTER WATER PLAN.
- ALL PIPE SHALL BE D.I. PIPE, CLASS 350.
- AT THE TIME OF PLAN APPROVAL, THIS DEVELOPMENT IS LOCATED WITHIN "3650" AND "3800" ZONES.
- THIS PLAN MEETS THE MINIMUM PRESSURE AND STORAGE REQUIREMENTS AS SET FORTH IN ARIZONA ADMINISTRATIVE CODE (A.C.) R18-5-502 & 503.
- THE WATER COMPANY SHALL HAVE RECEIVED SUFFICIENT DOCUMENTATION TO DEMONSTRATE THAT ALL REAL PROPERTY EASEMENTS, RIGHTS OF WAY AND OTHER LANDS FOR THE BENEFIT OF THE DEPARTMENT HAVE BEEN PROPERLY TRANSFERRED TO THE DEPARTMENT EITHER THROUGH THE EXECUTION AND DELIVERY OF DEEDS, APPROVED FINAL PLATS, EASEMENT RECORDINGS OR OTHER INSTRUMENTS SATISFACTORY TO THE DEPARTMENT. THE SUBJECT WATER PLAN WILL NOT BE FINALED, NOR WILL WATER METERS BE RELEASED UNTIL SUCH TIME THAT THE DEPARTMENT HAS DETERMINED COMPLIANCE WITH THIS REQUIREMENT HAS BEEN ACHIEVED.
- ANY CONSTRUCTION, INCLUDING WALLS, IS PROHIBITED IN THE PUBLIC WATER OR PUBLIC UTILITY EASEMENT ACROSS ALL LOTS WHILE SUCH AN EASEMENT OCCURS.
- THE GROSS AREA OF THIS DEVELOPMENT IS 345± ACRES.
- NEW WATER MAIN SHALL BE INSTALLED WITH 48 INCHES OF MINIMUM COVER UNLESS OTHERWISE INDICATED BY THESE PLANS.
- ALL FITTINGS SHALL BE RESTRAINED PER LIBERTY WATER REQUIREMENTS.
- THIS PROJECT MAY RECEIVE HIGHER THAN NORMAL PRESSURE AND MAY REQUIRE INDIVIDUAL PRESSURE REGULATORS AS PART OF THE PRIVATE PLUMBING. THE INSTALLATION OF A PRESSURE REGULATOR MAY CREATE A CLOSED SYSTEM. CONSULT LOCAL PLUMBING CODES FOR PRESSURE RELIEF AND THERMAL EXPANSION REQUIREMENTS.
- THE OWNER/DEVELOPER IS RESPONSIBLE FOR REFLECTIVE STREET MARKERS AT HYDRANTS AND FIRE DEPARTMENT CONNECTIONS.
- THIS PROJECT PROVIDES A NEW WATER STORAGE TANK WITH A 150WATER OF 3650 FT. ABOVE SEA LEVEL. THIS STORAGE PROVIDES FOR EMERGENCY DOMESTIC STORAGE AND FIRE FLOW STORAGE FOR SERVICES BELOW THE ELEVATION CONTOUR 3650. THIS IS ALSO REFERRED TO AS THE 3650 FT. ZONE.



- KEY**
- 1" WATER SERVICE
  - 6" FIRE HYDRANT
  - VALVE
  - FLUSH VALVE
  - NEW 8" WATER MAIN
  - NEW 12" WATER MAIN

- KEY NOTES:**
- NEW 8" DIP CL 350: 3800 ZONE
  - NEW 12" DIP CL 350: 3800 ZONE
  - NEW 8" DIP CL 350: 3650 ZONE
  - NEW 12" DIP CL 350: 3650 ZONE
  - FLUSH VALVE
  - CLOSED VALVE ZONE BOUNDARY

**LIBERTY WATER**  
STEVE CARLSON  
DATE



DESIGNED	BY	DATE
DRAWN	BY	11/2010
CHECKED	BY	
PREP. ENG.	BY	



**PSOMAS**  
800 E. Macarone Road, Suite 110  
Tucson, AZ 85718  
(520) 292-2900 (520) 292-1290 fax  
www.psomas.com

**RIO RICO UTILITIES**  
**MASTER WATER PLAN**  
**FOR**  
**PALO PARADO**  
SHEET 1 OF 1

ORIGINAL

RECEIVED

2011 JUL 28 P 4:52

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL 28 2011

1 FENNEMORE CRAIG  
2 A Professional Corporation  
3 Patrick J. Black (No. 017141)  
4 3003 North Central Avenue, Suite 2600  
5 Phoenix, Arizona 85012  
6 Telephone (602) 916-5000

7 Attorney for Rio Rico Utilities, Inc.

DOCKETED BY 

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION  
10 OF RIO RICO UTILITIES, INC. FOR AN  
11 EXTENSION OF AN EXISTING  
12 CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WATER UTILITY  
SERVICE IN SANTA CRUZ COUNTY,  
ARIZONA

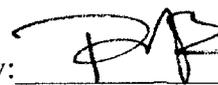
DOCKET NO. WS-02676A-11-0134

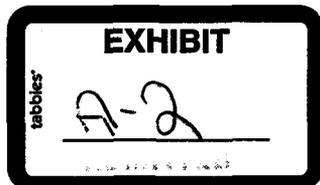
**NOTICE OF ERRATA**

13 Rio Rico Utilities, Inc., an Arizona public service corporation, hereby submits this  
14 Notice of Errata in the above captioned matter. Attached hereto as **Exhibit A** are revised  
15 legal descriptions as follows: (i) Final Plat Metes and Bounds Boundary Legal, (ii) Todd  
16 291 Acre Parcel Legal, (iii) Todd Assessors Parcel 112-46-001B, (iv) Todd 372 Acre  
17 Parcel Legal, (v) Palo Parado Hills Parcel 1, (vi) Palo Parado Hills Parcel 2, (vii) Palo  
18 Parado Hills Parcel 3, (viii) Palo Parado Hills Parcel 4, and (ix) Water Area Parcels-  
19 Overall Exhibit. **Exhibit A** shall replace **Exhibit 7** in the original application filed on  
20 March 25, 2011, and Notice of Filing Revised Exhibits filed on June 3, 2011.

21 RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of July, 2011.

22 FENNEMORE CRAIG, P.C.

23  
24 By:   
25 Patrick J. Black  
26 Attorney for Rio Rico Utilities Inc.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**ORIGINAL** and 13 copies filed  
this 28<sup>th</sup> day of July, 2011 with:

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

**COPY** of the foregoing hand-delivered  
this 28<sup>th</sup> day of July, 2011 to:

Belinda Martin  
Hearing Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Bridget Humphrey, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Vicki Wallace  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

By: W.M. McEachern

2440731

**EXHIBIT A**

**Final Plat Metes and Bounds Boundary Legal**

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

## EXHIBIT A

### LEGAL DESCRIPTION

A portion of the north one-half of the Luis Maria Baca Land Grant, Float No.3, and lying within theoretical Sections 5, 6, 7 and 8, Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, and as monumented in Record of Survey Book 2 at Page 911, records of said Santa Cruz County, described as follows:

**BEGINNING** at the Seventeen and One-half Mile Marker monument on the west line of said Baca Float No.3 Land Grant as recorded in said Book 2 at Page 911;

**THENCE** upon the west line of said Land Grant, N 00°21'45" W a distance of 843.79 feet;

**THENCE** upon the northwesterly boundary line recorded in said Book 2 at Page 911 the following 6 courses and distances:

- 1) N 38°50'16" E a distance of 438.80 feet;
- 2) N 37°58'42" E a distance of 382.22 feet;
- 3) N 37°59'04" E a distance of 592.05 feet;
- 4) N 25°00'01" E a distance of 170.13 feet;
- 5) N 25°10'00" E a distance of 655.05 feet;
- 6) N 26°07'00" E a distance of 310.23 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 206 at Page 571, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 52°15'30"E;

**THENCE** upon said southwesterly right-of-way the following 24 courses and distances:

- 1) Southeasterly upon the arc of said curve, to the left, having a radius of 5924.58 feet and a delta angle of 09°53'19" for an arc length of 1022.52 feet;
- 2) N 42°22'11" E a distance of 40.00 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 42°29'31" E;
- 3) Southeasterly upon the arc of said curve, to the left, having a radius of 5884.58 feet and a delta angle of 00°30'29" for an arc length of 52.19 feet;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

- 4) S 48°39'39" E a distance of 152.75 feet;
- 5) S 48°52'32" E a distance of 48.66 feet;
- 6) S 41°05'37" W a distance of 84.89 feet;
- 7) S 48°55'03" E a distance of 249.93 feet;
- 8) S 41°05'22" W a distance of 509.85 feet;
- 9) S 48°52'14" E a distance of 324.76 feet;
- 10) S 89°28'19" E a distance of 230.32 feet;
- 11) N 41°06'12" E a distance of 319.73 feet;
- 12) S 48°54'59" E a distance of 100.06 feet;
- 13) S 48°44'24" E a distance of 100.57 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 41°10'55" W;
- 14) Southeasterly upon the arc of said curve, to the right, having a radius of 7358.44 feet and a delta angle of 01°29'46" for an arc length of 192.14 feet;
- 15) S 42°29'19" W a distance of 54.01 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 42°37'51" W;
- 16) Southeasterly upon the arc of said curve, to the right, having a radius of 7304.44 feet and a delta angle of 01°29'54" for an arc length of 191.01 feet;
- 17) N 44°08'45" E a distance of 64.23 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 44°04'06" W;
- 18) Southeasterly upon the arc of said curve, to the right, having a radius of 7368.44 feet and a delta angle of 04°03'43" for an arc length of 522.39 feet;
- 19) S 41°51'37" E a distance of 158.26 feet;
- 20) S 47°54'11" W a distance of 35.11 feet;
- 21) S 41°47'01" E a distance of 500.04 feet;
- 22) N 48°50'33" E a distance of 29.28 feet;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

23) S 41°56'53" E a distance of 758.95 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 48°12'00" E;

24) Southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°25'11" for an arc length of 85.56 feet to the most northerly corner of the A.D.O.T. right-of-way parcel recorded in A.D.O.T. Plan Drawing No. D-12-T-342 and Docket 420 at Page 290 and Docket 420 at Page 526, records of said Santa Cruz County;

THENCE upon said right-of-way parcel, S 08°00'59" W a distance of 200.01 feet;

THENCE continue upon said right-of-way parcel, S 42°43'20" E a distance of 204.84 feet;

THENCE continuing upon said right-of-way parcel, N 08°01'12" E a distance of 200.00 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 215 at Page 603, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 46°46'31"E;

THENCE southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°17'07" for an arc length of 58.15 feet;

THENCE upon the southeasterly boundary line recorded in said record of survey, Book 2 at Page 911, S 23°22'36" W a distance of 1130.12 feet;

THENCE continue upon said southeasterly boundary line, S 61°40'27" W a distance of 1631.36 feet;

THENCE continue upon said southeasterly boundary line, S 18°59'12" W a distance of 926.23 feet;

THENCE upon the south boundary line recorded in said record of survey, Book 2 at Page 911, N 88°53'53" W a distance of 1476.26 feet;

THENCE upon the westerly boundary line recorded in said record of survey, Book 2 at Page 911, N 14°17'43" E a distance of 1259.04 feet;

THENCE continue upon said westerly boundary line, N 00°35'28" W a distance of 1610.25 feet;

THENCE continue upon said boundary line, N 89°39'23" W a distance of 1359.78 feet to the west line of said Baca Land Grant, Float No. 3;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

THENCE upon said west line, N 00°34'22" W a distance of 1.80 feet;

THENCE continue upon said west line, N 00°18'44" W a distance of 5.14 feet to the closing corner of said Sections 6 and 7 as recorded in said Book 2 at Page 911;

THENCE continuing upon said west line, N 00°22'49" W a distance of 388.41 feet to the POINT OF BEGINNING.

Containing an area of 344.2 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:  
Psomas



---

Ernest Gomez AZ RLS 27739

17 MILE MARKER  
FOUND 3.75" ACP ON  
2.75" ALUMINUM PIPE,



SCALE: 1" = 500'

INTERSTATE 19  
A.D.O.T. DRAWING NO. D-12-T-322  
DOCKET 206, PAGE 571

PALO PARADO  
RECORD OF SURVEY  
BOOK 2 AT PAGE 911

POINT OF BEGINNING  
17-1/2 MILE MARKER  
FOUND 3.25" ACP ON  
2.25" ALUMINUM PIPE,

EXCLUDED PARCEL  
A.D.O.T. DRAWING NO. D-12-T-342  
DOCKET 420 AT  
PAGES 290 AND 526

SECTION CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE



1/4 CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

WEST LINE OF LUIS MARIA BACA  
LAND GRANT, FLOAT NO. 3

PALO PARADO  
RECORD OF SURVEY  
BOOK 2 AT PAGE 911

PARCEL NO. 2  
PALO PARADO HILLS  
BK 1 SURVEYS,  
PG 55

18 MILE MARKER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

PARCEL NO. 4  
PALO PARADO HILLS  
BK 1 SURVEYS,  
PG 55

PALO PARADO HILLS  
BK 1 SURVEYS, PG 55

### EXHIBIT B

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
SECTIONS 5, 6, 7 & 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST,  
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA,  
AS MONUMENTED IN RECORD OF SURVEY BK. 2 AT PG. 911,  
RECORDS OF SAID SANTA CRUZ COUNTY

## PSOMAS

800 E. Wilmora Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomas.com

05087-02 (7WPA058702)

DATE: APRIL 2011 • DRAWN BY: EG

**Todd 291 Acre Parcel Legal**

June 1, 2011  
Psomas 05087-02  
(7JCT110101)

**EXHIBIT A**

**LEGAL DESCRIPTION**

A portion of the Luis Maria Baca Land Grant, Float No.3, and located within theoretical Sections 8, 9, 16 and 17 of Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, described as follows:

**COMMENCING** at the intersection of the West line of said Baca Land Grant with a line known as separating the south and north halves of said Land Grant and monumented with a 1-3/4" lead cap pipe as recorded in Book 1 of surveys at page 55, records of said Santa Cruz County;

**THENCE** upon said line separating the south and north halves, N 89°35'59" E a distance of 5008.52 feet to a found 1/2" rebar located at the southwest corner of the parcel recorded in Docket 58 at Page 226, records of said Santa Cruz County, and being the **POINT OF BEGINNING**;

**THENCE** upon the westerly line of said parcel, N 01°00'01" W a distance of 3094.15 feet to a found 2" aluminum cap, stamped "CBA PE 4670";

**THENCE** upon the northerly line of said parcel, N 89°01'54" E a distance of 2560.01 feet to the southwesterly right-of-way of Interstate 19, lying on the arc of a non-tangent curve, concave southwesterly, from which the radius point bears S 42°49'13" W;

**THENCE** southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14103.95 feet and a delta angle of 01°36'10" for an arc length of 394.52 feet to a 3" A.D.O.T. monument;

**THENCE** S 34°34'32" E a distance of 685.26 feet to a 3" A.D.O.T. monument;

**THENCE** N 48°13'01" E a distance of 124.89 feet to a 3" A.D.O.T. monument;

**THENCE** S 50°24'14" E a distance of 698.96 feet to a 3" A.D.O.T. monument, lying on the arc of a non-tangent curve, concave southwesterly, from which the radius point bears S 50°01'39" W;

**THENCE** southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14223.95 feet and a delta angle of 10°38'16" for an arc length of 2640.85 feet to a found railroad rail with a chiseled "X" at approximate A.D.O.T. highway station 792+20 at 210.00 feet Left:

June 1, 2011  
Psomas 05087-02  
(7JCT110101)

THENCE continue southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14223.95 feet and a delta angle of  $02^{\circ}57'11''$  for an arc length of 733.12 feet;

THENCE N  $80^{\circ}34'20''$  W a distance of 136.09 feet to a found 1-3/4" lead cap pipe;

THENCE continue N  $80^{\circ}34'20''$  W a distance of 65.66 feet;

THENCE N  $35^{\circ}14'36''$  W a distance of 1078.74 feet to a found 5/8" rebar on the line known as separating the south and north halves of said Baca Land Grant;

THENCE upon said line, being common with the north line of Rio Rico Ranchettes Unit 10 as recorded in Book 3 of Maps and Plats at Page 7, records of said Santa Cruz County, S  $89^{\circ}35'06''$  W a distance of 4832.45 feet to the **POINT OF BEGINNING**.

Containing an area of 291 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:  
Psomas

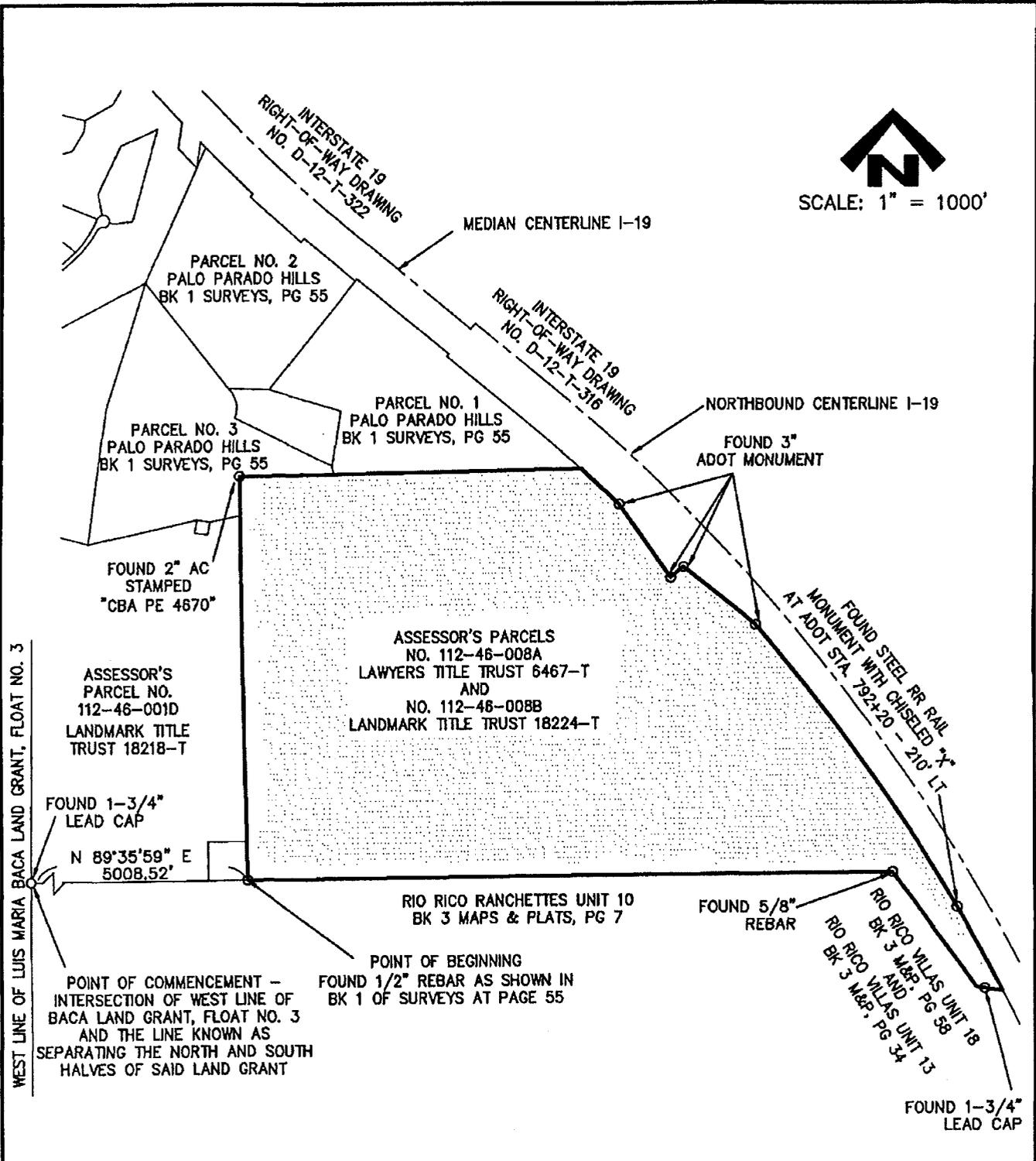


---

Ernest Gomez AZ RLS 27739



SCALE: 1" = 1000'



### EXHIBIT B

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
 FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
 SECTIONS 8, 9, 16 & 17, T-22-S, R-13-E,  
 GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA

# PSOMAS

800 E. Wetmore Road, Suite 110  
 Tucson, AZ 85719  
 (520) 292-2300 (520) 292-1290 fax  
 www.psomas.com

05087-02 (7JCT110101)

DATE: MAY 2011 • DRAWN BY: EG

**Todd Assessors Parcel 112-46-001B**

## Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Santa Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

**Todd 372 Acre Parcel Legal**

May 13, 2011  
Psomas 05087-02  
(7JCT110101)

## EXHIBIT A

### LEGAL DESCRIPTION

A portion of the Luis Maria Baca Land Grant, Float No.3, and located within theoretical Sections 7, 8, 17 and 18 of Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, described as follows:

**COMMENCING** at the intersection of the West line of said Baca Land Grant with a line known as separating the south and north halves of said Land Grant and monumented with a found 1-3/4" lead cap pipe as recorded in Book 1 of Surveys at Page 55, records of said Santa Cruz County;

**THENCE** upon said line separating the south and north halves, N 89°35'59" E a distance of 1319.02 feet to a found 1-3/4" lead cap pipe located at the northwest corner Rio Rico Ranchettes Unit 10 as recorded in Book 3 of Maps and Plats at Page 7, records of said Santa Cruz County;

**THENCE** continue N 89°35'59" E a distance of 605.98 feet to the southeast corner of the parcel recorded in Docket 392 at Page 409, records of said Santa Cruz County, and the **POINT OF BEGINNING**;

**THENCE** N 49°03'48" W a distance of 1437.79 feet to found 2" aluminum cap, stamped "CBA PE 4670";

**THENCE** N 00°11'56" E a distance of 400.23 feet to found 2" aluminum cap, stamped "CBA PE 4670";

**THENCE** N 89°48'12" W a distance of 844.97 feet to the west line of said Land Grant;

**THENCE** N 00°15'15" W a distance of 2238.10 feet to a found 3-1/4" aluminum cap at the 18 Mile Marker of said Land Grant as recorded in Book 2 of Surveys at Page 911, records of said Santa Cruz County;

**THENCE** continue upon said west line of the Land Grant, N 00°34'22" W a distance of 2240.86 feet;

**THENCE** S 89°39'23" E a distance of 1359.78 feet to a found 1/2" rebar with a plastic cap marked "RLS 29873";

**THENCE** S 00°35'28" E a distance of 1610.25 feet to a found 1/2" rebar;

**THENCE** S 14°17'43" W a distance of 1259.04 feet to found 2-1/2" aluminum cap, stamped "CBA PE 4670";

May 13, 2011  
Psomas 05087-02  
(7JCT110101)

THENCE S 88°53'53" E a distance of 1476.26 feet to found 2" aluminum cap, stamped "CBA PE 4670";

THENCE S 74°51'18" E a distance of 1362.47 feet to found 2-1/2" aluminum cap, stamped "CBA PE 4670";

THENCE N 77°11'56" E a distance of 835.74 feet;

THENCE S 09°18'34" W a distance of 100.00 feet;

THENCE S 80°41'26" E a distance of 100.00 feet;

THENCE N 09°18'34" E a distance of 100.00 feet;

THENCE N 78°46'53" E a distance of 230.87 feet to a found 2" aluminum cap, stamped "CBA PE 4670", and located on the west line of the parcel recorded in Docket 58 at Page 226, records of said Santa Cruz County;

THENCE upon said west line, S 01°00'01" E a distance of 2498.92 feet;

THENCE S 89°35'59" W a distance of 292.96 feet;

THENCE S 00°24'01" E a distance of 295.16 feet to the north line of said Rio Rico Ranchettes Unit 10;

THENCE upon said north line, being common with the line known as separating the south and north halves of said Land Grant, S 89°35'59" W a distance of 2787.47 feet to the POINT OF BEGINNING.

Containing an area of 372 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:  
Psomas



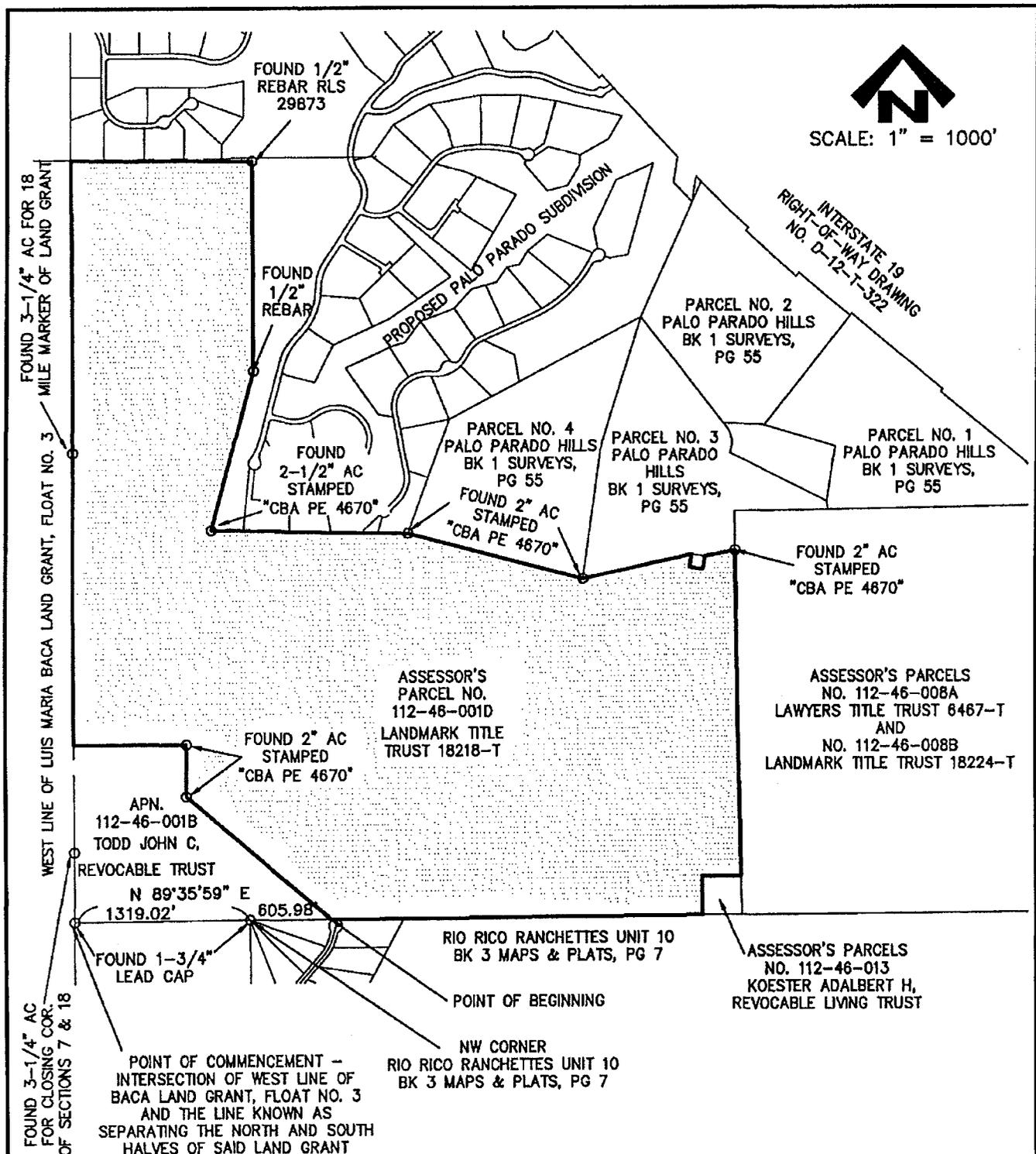
Ernest Gomez 3.831012

---

Ernest Gomez AZ RLS 27739



SCALE: 1" = 1000'



### EXHIBIT B

A PORTION OF THE NORTH HALF OF THE LUIS MARIA BACA LAND GRANT, FLOAT NO. 3, AND LYING WITHIN THEORETICAL SECTIONS 7, 8, 17 & 18, T-22-S, R-13-E, GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA

# PSOMAS

800 E. Waimore Road, Suite 110  
 Tucson, AZ 85719  
 (520) 292-2300 (520) 292-1290 fax  
 www.psomas.com

05087-02 (7JCT110101)

DATE: MAY 2011 • DRAWN BY: EG

**Palo Parado Hills Parcel 1**

**Legal Description – Palo Parado Hills Parcel No. 1**

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'18" W, along the Westerly boundary of said parcel, a distance of 3,094.19 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to the POINT OF BEGINNING;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the Parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 08°31'00" E along the Easterly boundary of said parcel a distance of 430.00 feet to the Northeasterly corner of said parcel;

THENCE N 72°27'20" W, along the Northerly boundary of said parcel, a distance of 558.34 feet to a point;

THENCE N 38°03'55" E a distance of 1,050.59 feet to a point on the Westerly right-of-way line of Interstate 19, at Highway Station 859+00.00 as shown on A.D.O.T. Highway Department plans for projects I-19-1(21)11 and I-19-1(24)16;

THENCE N 40°36'09" E, along said right-of-way line, a distance of 19.96 feet;

THENCE S 49°31'28" E, along said right-of-way line, a distance of 899.96 feet;

THENCE S 36°16'19" W, along said right-of-way line, a distance of 25.07 feet;

THENCE S 49°34'46" E, along said right-of-way line, a distance of 629.85 feet to a point on the arc of a non-tangent curve concave to the Southwest, from which the radius point bears S 40°26'28" W;

THENCE Southeasterly along the arc of said curve, to the right, running along said right-of-way line, having a radius of 14,103.95 feet and a central angle of 02°52'33" for an arc distance of 707.89 feet to the Northeasterly corner of said parcel recorded in Docket 58 at page 226;

THENCE S 89°29'42" W, along said Northerly line of said parcel, a distance of 1,859.48 feet to the POINT OF BEGINNING.

Containing 38.856 acres, more or less.

**Palo Parado Hills Parcel 2**

Legal Description – Palo Parado Hills Parcel No. 2

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'18" W, along the Westerly boundary of said parcel, a distance of 3,094.19 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to a point;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 08°31'00" E along the Easterly boundary a distance of 430.00 feet to the Northeasterly corner of said parcel;

THENCE N 72°27'20" W, along the Northerly boundary of said parcel, a distance of 558.34 feet to a Northerly corner of said parcel, said corner also being the POINT OF BEGINNING;

THENCE N 87°13'43" W, along the Northerly boundary of said parcel, a distance of 306.57 feet to the Northwesternmost corner of said parcel;

THENCE N 38°21'42" W a distance of 1,052.73 feet to a point;

THENCE N 25°41'57" E a distance of 1,139.37 feet to a point on the Westerly right-of-way line of Interstate 19, as shown on A.D.O.T. Highway Department plans for Projects I-19-1(21)11 and I-19-1(24)16, and said point also being on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 47°01'30" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 02°28'40" for an arc distance of 505.05 feet to a non-tangent line (Highway Station 869+00.00, P.O.C.);

THENCE S 44°09'31" W, along said Westerly right-of-way line, a distance of 29.04 feet to a point on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 44°22'24" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,709.16 feet and a central angle of 02°30'44" for an arc distance of 513.38 feet to a non-tangent line (Highway Station 864+00.00, P.O.C.);

THENCE N 42°14'37" E a distance of 35.14 feet to a point on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 42°01'26" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,674.16 feet and a central angle of 01°28'54" for an arc distance of 301.92 feet to a non-tangent line (Highway Station 861+05.99, P.O.C.);

THENCE S 49°34'30" E, along said Westerly right-of-way line, a distance of 205.03 feet to a point (Highway Station 859+00.00, P.O.T.);

THENCE S 38°03'55" W a distance of 1,050.59 feet to the POINT OF BEGINNING.

Containing 36.228 acres, more or less.

**Palo Parado Hills Parcel 3**

**Legal Description – Palo Parado Hills Parcel No. 3**

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'15" W, along the Westerly boundary of said parcel, a distance of 2,794.15 feet to the POINT OF BEGINNING;

THENCE N 00°30'44" W, along the Westerly boundary of said parcel, a distance of 300.04 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to a point;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the Parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 62°23'08" W, along the Southerly boundary of said parcel a distance of 820.70 feet to a Southwesterly corner of said parcel, said corner being a point on the arc of a non-tangent curve concave to the West, from which the radius point bears N 67°16'37" W;

THENCE Northerly along the arc of said curve, to the left, having a radius of 205.41 feet and a central angle of 69°04'33" for an arc distance of 247.64 feet to the northwesterly corner of said parcel, said corner being on a non-tangent line;

THENCE N 38°21'42" W a distance of 1,052.73 feet to a point;

THENCE S 15°00'28" W a distance of 1,015.82 feet to a point;

THENCE S 07°40'54" W a distance of 1,037.96 feet to a point;

THENCE N 77°42'04" E a distance of 835.47 feet to a point;

THENCE S 80°12'27" E a distance of 100.00 feet to a point;

THENCE N 79°15'52" E a distance of 230.87 feet to the POINT OF BEGINNING.

Containing 37.845 acres, more or less.

**Palo Parado Hills Parcel 4**

2075 North Sixth Avenue  
Tucson, Arizona 85705.  
(502) 624-7401

**CBA** CELLA BARR  
ASSOCIATES

BOOK 392 PAGE 648

CBA File No. 03553-02-06  
June 29, 1984  
LEGALS, NAT-4 (8)

Legal Description - Palo Parado Hills Parcel No. 4

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portions of what corresponds to Sections 7 and 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet, to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'15" W, along the Westerly boundary of said parcel, a distance of 2,794.15 feet to a point;

THENCE S 79°15'52" W a distance of 230.87 feet to a point;

THENCE N 80°12'27" W a distance of 100.00 feet to a point;

THENCE S 77°42'04" W a distance of 835.47 feet to the POINT OF BEGINNING;

THENCE N 74°07'03" W a distance of 1,360.51 feet to a point;

THENCE N 19°22'37" E a distance of 920.18 feet to a point;

THENCE N 61°17'39" E a distance of 1,601.95 feet to a point;

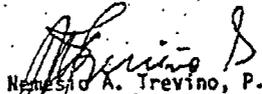
THENCE S 15°00'28" W a distance of 1,015.82 feet to a point;

THENCE S 07°40'54" W a distance of 1,037.96 feet to the POINT OF BEGINNING.

Containing 41.666 acres, more or less.

Prepared by:

CELLA BARR ASSOCIATES

  
Nemesio A. Trevino, P.E., R.L.S.

Offices in Tucson and Phoenix, Arizona  
Engineering - Planning - Surveying - Landscape Architecture - Hydrology

B 7

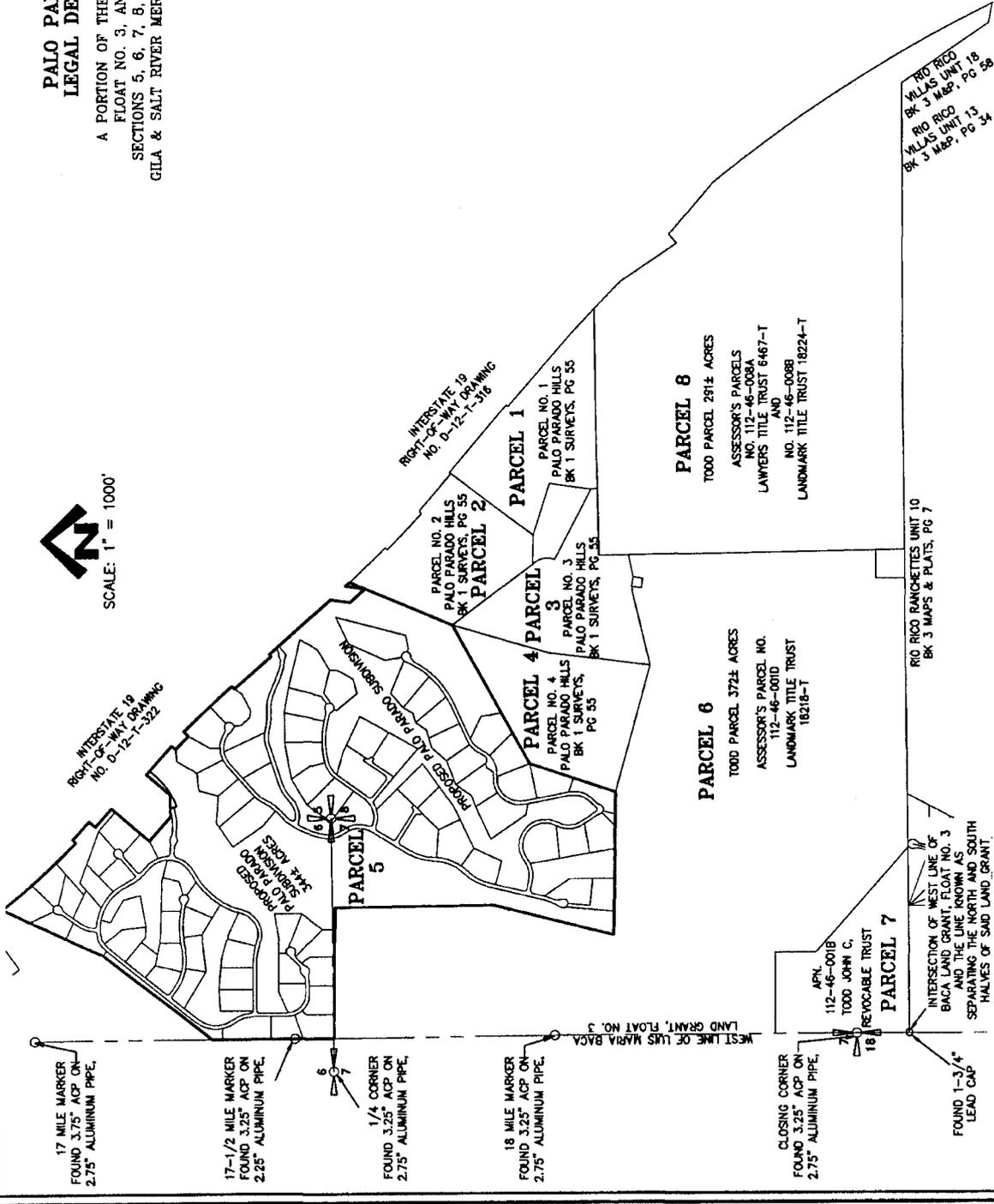
**Water Area Parcels-Overall Exhibit**

**PALO PARADO WATER AREA  
LEGAL DESCRIPTION EXHIBIT**

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
SECTIONS 5, 6, 7, 8, 9, 16, 17 & 18, T-22-S, R-13-E,  
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA



SCALE: 1" = 1000'



17 MILE MARKER  
FOUND 3.75" ACP ON  
2.75" ALUMINUM PIPE

17-1/2 MILE MARKER  
FOUND 3.25" ACP ON  
2.25" ALUMINUM PIPE

1/4 CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE

18 MILE MARKER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE

CLOSING CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE

FOUND 1-3/4"  
LEAD CAP

INTERSTATE 19  
RIGHT-OF-WAY DRAWING  
NO. D-12-1-316

INTERSTATE 19  
RIGHT-OF-WAY DRAWING  
NO. D-12-1-322

PARCEL NO. 2  
PALO PARADO HILLS  
BK 1 SURVEYS, PG 55  
**PARCEL 2**

PARCEL NO. 1  
PALO PARADO HILLS  
BK 1 SURVEYS, PG 55  
**PARCEL 1**

PARCEL NO. 3  
PALO PARADO HILLS  
BK 1 SURVEYS, PG 55  
**PARCEL 3**

PARCEL NO. 4  
PALO PARADO HILLS  
BK 1 SURVEYS, PG 55  
**PARCEL 4**

PARCEL NO. 5  
PALO PARADO HILLS  
BK 1 SURVEYS, PG 55  
**PARCEL 5**

**PARCEL 8**  
TODD PARCEL 291± ACRES  
ASSESSOR'S PARCELS  
NO. 112-46-008A  
LAWYERS TITLE TRUST 6467-T  
AND  
NO. 112-46-008B  
LANDMARK TITLE TRUST 18224-T

**PARCEL 6**  
TODD PARCEL 372± ACRES  
ASSESSOR'S PARCEL NO.  
112-46-001D  
LANDMARK TITLE TRUST  
18218-T

APN.  
112-46-001B  
TODD JOHN C.  
TODD REVOCABLE TRUST  
**PARCEL 7**

RICO RICO RANCHETTES UNIT 10  
BK 3 MAPS & PLATS, PG 7

INTERSECTION OF WEST LINE OF  
BACA LAND GRANT, FLOAT NO. 3  
AND THE LINE KNOWN AS  
SEPARATING THE NORTH AND SOUTH  
HALVES OF SAID LAND GRANT.

RICO RICO  
VILLAS UNIT 18  
BK 3 MAPS, PG 58  
RICO RICO  
VILLAS UNIT 13  
BK 3 MAPS, PG 34

**P S O M A S**

800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psonas.com

DATE: MAY 2011 PROJ NO: 05087-02 (7MPA058702)  
1 OF 1

ORIGINAL

RECEIVED

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

FENNEMORE CRAIG  
A Professional Corporation  
Patrick J. Black (No. 017141)  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012  
Telephone (602) 916-5000

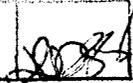
2011 AUG 18 P 12:40

Arizona Corporation Commission

DOCKETED

AUG 18 2011

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY 

Attorney for Rio Rico Utilities, Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF RIO RICO UTILITIES, INC. FOR AN  
EXTENSION OF AN EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WATER UTILITY  
SERVICE IN SANTA CRUZ COUNTY,  
ARIZONA

DOCKET NO. WS-02676A-11-0134

**RESPONSE TO STAFF REPORT**

Rio Rico Utilities, Inc. ("RRUI"), an Arizona public service corporation, hereby submits this Response to the Staff Report filed on August 5, 2011, in the above-captioned matter. As a general matter, RRUI does not take issue with the recommendations contained in the Staff Report. However, RRUI would like to point out that the reason the company requested approximately 855 acres (4 parcels) to be included in the extension was twofold: (i) because it received a request by the landowner of the 4 parcels to include the property, and (ii) after reviewing its existing certificate of convenience and necessity ("CC&N"), it appeared that the 855 acres would essentially be surrounded by RRUI's CC&N once it was extended to serve the Palo Parado Subdivision. Although immediate water utility service is not required in the 855 acres identified by Staff, RRUI believed that including those four parcels now was not only in the interest of judicial economy, but also consistent with the Commission's policy to encourage operation by regional providers and reducing the number of potential new, smaller water providers.

**EXHIBIT**  
tabbles  
A-3

1 It appears that Staff has considered and rejected the company's arguments in this  
2 regard. While the company would like Staff to reconsider its recommendation not to  
3 include the 855 acres in RRUI's CC&N - based on the absence of engineering plans for  
4 development - it recognizes that absent compelling reasons to do so, such inclusion would  
5 not be consistent with the Commission's past practices. RRUI has no further issues with  
6 the Staff Report, and supports the recommendations contained therein.

7 RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of August, 2011.

8 FENNEMORE CRAIG, P.C.

9  
10 By:   
11 Patrick J. Black  
12 Attorney for Rio Rico Utilities Inc.

13  
14 **ORIGINAL** and 13 copies filed  
15 this 18<sup>th</sup> day of August, 2011 with:

16 Docket Control  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

20 COPY of the foregoing hand-delivered  
21 this 18<sup>th</sup> day of July, 2011 to:

22 Belinda Martin  
23 Hearing Division  
24 Arizona Corporation Commission  
25 1200 W. Washington St.  
26 Phoenix, AZ 85007

Bridget Humphrey, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

1 Vicki Wallace  
2 Utilities Division  
3 Arizona Corporation Commission  
4 1200 W. Washington St.  
5 Phoenix, AZ 85007

6 By: W. M. M. Leach

7 2445459.1/080191.0007

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

## MEMORANDUM

RECEIVED

TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

2011 AUG -5 A 10: 17

AZ CORP COMMISSION  
DOCKET CONTROL

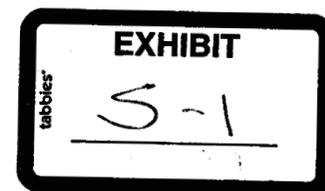
Date: August 5, 2011

RE: **STAFF REPORT** - FOR THE APPLICATION OF RIO RICO UTILITIES, INC., FOR AN EXTENSION OF AN EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY ("CC&N") TO PROVIDE WATER UTILITY SERVICE IN SANTA CRUZ COUNTY, ARIZONA - DOCKET NO: WS-02676A-11-0134

Attached is the Staff Report for the application of Rio Rico Utilities, Inc., to extend its Certificate of Convenience and Necessity ("CC&N"). Staff recommends partial approval with conditions.

SMO:VW:red

Originator: Vicki Wallace



Service List For: Rio Rico Utilities, Inc.  
Docket No. WS-02676A-11-0134

Mr. Patrick Black  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012-2913

Arizona Reporting Service, Inc.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

Mr. Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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

Ms. Lyn Farmer  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**RIO RICO UTILITIES, INC.  
DOCKET NO. WS-02676-11-0134**

**APPLICATION OF RIO RICO UTILITIES, INC., FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY**

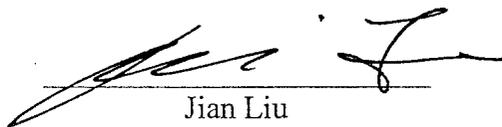
**AUGUST 5, 2011**

## STAFF ACKNOWLEDGMENT

The Staff Report for Rio Rico Utilities, Inc., Docket No. WS-02676A-11-0134 was prepared by the Staff members shown below.

A handwritten signature in cursive script that reads "Vicki Wallace".

Vicki Wallace  
Executive Consultant

A handwritten signature in cursive script that reads "Jian Liu".

Jian Liu  
Utilities Engineer

**EXECUTIVE SUMMARY  
RIO RICO UTILITIES, INC.  
DOCKET NO. WS-02676A-11-0134**

On March 25, 2011, Rio Rico Utilities, Inc. ("Rio Rico" or "Company") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its existing Certificate of Convenience and Necessity ("CC&N") to provide water service in Santa Cruz County, Arizona.

Rio Rico is a public service corporation certificated to provide water and wastewater utility service and is in good standing with the Corporations Division. Rio Rico's water and wastewater divisions are both Class B utilities. Rio Rico provides water service to approximately 6,730 customers in Santa Cruz County, Arizona. Water customers who do not get wastewater service from Rio Rico utilize septic systems. The requested CC&N extension area totals 1,200 acres of which 345 acres will be developed and known as the Palo Parado Subdivision. The other 855 acres requested is owned by Mr. John Todd and administered by various trusts. This 4 parcel, 855 acre area will remain undeveloped.

Staff concludes that:

- The Company has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.
- That the proposed water system infrastructure and related costs for the 345 acre Development are reasonable and appropriate.
- The Company is in compliance with Arizona Department of Environmental Quality, Arizona Department of Water Resource, and ACC regulations.
- The Company has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.
- The Company has submitted the information required by the Arizona Administrative Code ("A.A.C.") R14-2-402.D ("ACC Water Rules) for the 345 acre Development requested in the extension application. Staff recommends the 345 acre Development be included within the Company's CC&N.
- Although the Company has requests for service for the other 855 acres requested in the extension application; (1) there are no plans to develop the area, and (2) the Company cannot and has not submitted the information required by A.A.C. R14-2-402.D.5.n, o, r, s, and z regarding description of proposed facilities being constructed, the revenue and expenses of requested service area, construction timeline, number of customers to be served, etc., for this area. Therefore, Staff recommends this area not be included in the Company's CC&N.

## Staff Recommendations

Staff recommends that the ACC approve a portion Rio Rico's application for extension of its CC&N to provide water utility service in Santa Cruz County, Arizona, as follows:

1. That the 345 acre parcel known as the Palo Parado Subdivision ("The Development") be approved to be included within the Company's existing CC&N.
2. That the remaining 855 acres that make up the other 4 parcels requested not be approved to be included within the existing CC&N.
3. That the Company file with Docket Control, as a compliance item in this docket, copies of the Approval to Construct for the first phase of the 345 acres no later than 2 years after the effective date of the order granting this CC&N Extension.
4. That the Company file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply ("CAWS") demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting this CC&N Extension.

Staff further recommends that the Commission's decision approving an extension of the CC&N be considered null and void, after due process, if the Company fails to meet the filing requirements of items 3 and 4 above within the time frame specified.

**TABLE OF CONTENTS**

Page

**INTRODUCTION**..... 1  
**BACKGROUND**..... 1  
**PROPOSED EXTENSION AREA**..... 1  
**RIO RICO'S EXISTING WATER SYSTEM**..... 2  
**PROPOSED WATER FACILITIES** ..... 2  
    *ADEQ* ..... 3  
    *ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR")* ..... 3  
    *ACC* ..... 3  
**CUSTOMER SERVICE AND RATES** ..... 4  
**CONCLUSIONS AND RECOMMENDATIONS** ..... 4  
    *CONCLUSIONS* ..... 4  
    *STAFF RECOMMENDATIONS* ..... 4

**ATTACHMENTS**

Engineering Report ..... A  
Engineering Map ..... B

## **INTRODUCTION**

On March 25, 2011, Rio Rico Utilities, Inc. ("Rio Rico" or "Company") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its existing Certificate of Convenience and Necessity ("CC&N") to provide water service in certain defined portions of Santa Cruz County, Arizona.

On April 25, 2011, the ACC Utilities Division ("Staff") filed an Insufficiency Letter indicating that the Company's application had not met sufficiency requirements of Arizona Administrative Code ("A.A.C."). A copy of the Insufficiency Letter was sent to the Company via United States certified mail.

On May 17 and June 3, 2011, Rio Rico responded to Staff's Insufficiency Letter.

On June 13, 2011, Staff filed a Sufficiency Letter indicating the application had met the sufficiency requirement of A.A.C.

On June 21, 2011, the Administrative Law Judge assigned to this case issued a procedural schedule setting a hearing for August 30, 2011.

## **BACKGROUND**

Rio Rico is a public service corporation certificated to provide water and wastewater utility service and is in good standing with the Corporations Division. Rio Rico's water and wastewater divisions are both Class B utilities. Rio Rico provides water service to approximately 6,730 customers in Santa Cruz County, Arizona. Water customers who do not get wastewater service from Rio Rico utilize septic systems. The requested CC&N extension area totals 1,200 acres. The legal description and maps are attached as Exhibit 1.

In December of 2005, Rio Rico became a wholly-owned subsidiary of Algonquin Water Resources of America, Inc. which is currently known as Liberty Water, Inc. ("Liberty Water"). In addition to Rio Rico, Liberty Water owns seven other utilities in Arizona. Rio Rico's current rates were authorized in Decision No. 72059 issued January 6, 2011.

## **PROPOSED EXTENSION AREA**

The proposed extension area includes a 345-acre parcel located on portions of the Luis Maria Land Grant, west of Interstate 19 near Tubac in Santa Cruz County, Arizona and is called the Palo Parado Subdivision ("the Development"). The Development consists of 79 residential lots and common areas and is owned by Windward Partners XIV, LLC ("Developer"). The Developer provided a request for service to the Company on August 12, 2009.

Rio Rico also received requests for service for the remaining 855 acres from Mr. John Todd, who owns four parcels of land (three of which are administered by Lawyers Title Trust

and one by John C. Rev. Trust) within the requested extension area. Mr. Todd agreed to provide an easement for a transmission main on the John C. Rev. Trust parcel which is required by the Company to serve the Development referenced above. The application indicates that Mr. Todd's property was included at this juncture in order to facilitate the extension of service to The Development.

In its Insufficiency Letter, Staff questioned the inclusion of the 855 acres when it appeared there were only plans to develop and provide water to approximately 345 acres of that area for the Palo Parado Subdivision. Rio Rico responded that based on the developer's discussions with Mr. Todd, written requests for service were provided for the four parcels making up the 855 acres since: (1) The required main will cross Mr. Todd's property and require an easement; (2) the location of the four other parcels in relation to Rio Rico's existing CC&N and the requested extension area to include Palo Parado, if granted, would essentially surround Mr. Todd's property, making Rio Rico the logical choice for service once development occurs; and (3) it would be more economic and efficient for all parties involved to extend the Company's CC&N in one proceeding rather than in smaller separate proceedings.

### **RIO RICO'S EXISTING WATER SYSTEM**

As indicated in the Staff Engineering Report (Exhibit 3), the drinking water system serving the community of Rio Rico is divided geographically by the Santa Cruz River, which runs south to north. Twelve inch and sixteen inch transmission mains cross the Santa Cruz River and allow the east and west sections of the water system to operate as a single unit. The terrain is very hilly and consequently the water system is divided into seven pressure zones at 150 foot intervals and dotted with about 26 small pressure tank and booster stations, which are in addition to the major pumping and storage facilities. Six groundwater wells provide the water source and feed into a lower pressure zone. All groundwater is disinfected with elemental chlorine. Staff concludes that Rio Rico has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

Wastewater service within the proposed extension area for The Development will be provided by individual septic systems designed within each residence and permitted through the Santa Cruz County Health Department at the time of construction of the individual residence.

### **PROPOSED WATER FACILITIES**

The proposed facilities to be constructed during the first five (5) years for the 345 acre Development include a storage reservoir; transmission mains; related distribution facilities; and upgrades to the existing water production. The Company also provided applicable plant cost projections by year for the first five (5) years. Staff's Engineering Report itemizes the facilities to be constructed and projected costs.

After review of the proposed water system infrastructure and related costs, Staff finds them to be reasonable and appropriate for the 345 acre Development. However, approval of this

CC&N extension application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed water plant-in-service was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

There were no plans submitted for the other proposed 855 acres since there are no plans to develop this area. Thus, Staff could not conduct a review or recommend approval of this area for the extension.

## **COMPLIANCE**

### *ADEQ*

ADEQ regulates the Company's Water system under ADEQ Public Water System No. 12-011. Based on compliance information submitted by the Company, the system has no deficiencies, and ADEQ has determined (ADEQ Drinking Water Compliance Status Report dated February 24, 2011) that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Rio Rico has not received its ADEQ Certificate of Approval to Construct ("ATC") for the proposed water facilities. Staff recommends that Rio Rico file with Docket Control, as a compliance item in this Docket, copies of the ATC for the first phase of the development no later than 2 years after the effective date of the order granting this CC&N extension.

### *Arizona Department of Water Resources ("ADWR")*

Rio Rico is located within the Santa Cruz Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. According to an ADWR Water Provider Compliance Report dated April 28, 2011, ADWR has determined that the Company's water system is currently compliant with departmental requirements governing water providers and/or community water systems.

Staff recommends that Rio Rico file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply ("CAWS") demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting this CC&N Extension.

### *ACC*

The Utilities Division Compliance Section has indicated that the Company has no delinquent ACC compliance items.

## **CURTAILMENT PLAN AND BACKFLOW PREVENTION TARIFF**

Rio Rico has approved Curtailment Plan a Backflow Prevention Tariffs on file with the Commission.

## **CUSTOMER SERVICE AND RATES**

According to the Consumer Services database, 30 complaints were filed from January 1, 2008 through April 5, 2011. All customer complaints have been resolved and closed. There were no opinions filed regarding this particular extension application.

The rates and charges proposed for the extension area are the Company's current rates and charges established in Decision No. 72059 issued January 6, 2011.

## **CONCLUSIONS AND RECOMMENDATIONS**

### *Conclusions*

The Company is in compliance with ADEQ, ADWR, and ACC regulations.

The Company has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

The Company has submitted the information required by the Arizona Administrative Code ("A.A.C.") R14-2-402.D ("ACC Water Rules) for the 345 acre Development requested in the extension application.

Although the Company has requests for service for the other 855 acres requested in the extension application; (1) there are no plans to develop the area, and (2) the Company cannot and has not submitted the information required by A.A.C. R14-2-402.D.5.n, o, r, s, and z regarding description of proposed facilities being constructed, the revenue and expenses of requested service area, construction timeline, number of customers to be served, etc., for this area.

### *Staff Recommendations*

Staff recommends that the ACC approve a portion Rio Rico's application for extension of its CC&N to provide water utility service in Santa Cruz County, Arizona, as follows:

1. That the 345 acre parcel known as the Palo Parado Subdivision ("The Development) be approved to be included within the Company's existing CC&N.
2. That the remaining 855 acres that make up the other 4 parcels requested not be approved to be included within the existing CC&N.

3. That the Company file with Docket Control, as a compliance item in this docket, copies of the ATC for the first phase of the 345 acres no later than 2 years after the effective date of the order granting this CC&N Extension.
4. That the Company file with Docket Control, as a compliance item in this docket, a copy of the developer's CAWS demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting this CC&N Extension.

Staff further recommends that the Commission's decision approving an extension of the CC&N be considered null and void, after due process, if the Company fails to meet the filing requirements of items 3 and 4 above within the time frame specified.

MEMORANDUM

DATE: July 19, 2011

TO: Vicki Wallace  
Executive Consultant

FROM: Jian W. Liu   
Utilities Engineer

RE: Rio Rico Utilities Inc.  
Docket No. WS-02676A-11-0134 (CC&N Extension – Water)

---

**INTRODUCTION**

On March 25, 2011, Rio Rico Utilities, Inc. (“RRUI” or “Company”) filed with the Arizona Corporation Commission (“Commission” or “ACC”) an Application for an Extension of its Certificate of Convenience and Necessity (“CC&N”) to provide water service in certain defined portions of Santa Cruz County, Arizona.

On June 13, 2011, Staff notified the Company that its Application was sufficient pursuant to the Arizona Administrative Code.

Windward Partners XIV, LLC, an Arizona limited liability company, (“Developer”) owns a 345-acre land parcel located on portions of the Luis Maria Land Grant, west of Interstate 19 near Tubac in Santa Cruz County, Arizona called the Palo Parado Subdivision (the “Development”). The Development consists of 79 residential lots, and common areas. Undeveloped land lies to the north and south of the Development.

RRUI also received requests for service from Mr. John Todd, who owns four parcels of land within the requested extension area. Mr. Todd has agreed to provide an easement for a transmission main required for RRUI to serve the Development. RRUI has agreed to serve Mr. Todd’s property in order to facilitate its proposed extension of service to the Development.

The Development includes approximately 345 acres of the total 1,200 acre extension area. RRUI is requesting an extension to provide service to the 345 acre Palo Parado subdivision based on a written request for service. In order to extend water service from the Company’s existing facilities, a water main will have to be constructed across property owned by John C. Todd, who also owns the other 3 parcels within the requested extension area administered by Lawyers Title Trust. Although Mr. Todd does not have immediate plans to develop the 855 acres included with the extension area, Mr. Todd provided a written request for service.

## EXISTING RRUI WATER SYSTEM

RRUI provided water service to 6,730 customers as December 31, 2010.

The drinking water system serving the community of Rio Rico is divided geographically by the Santa Cruz River, which runs south to north. Twelve inch and sixteen inch transmission mains cross the Santa Cruz River and allow the east and west sections of the water system to operate as a single unit. The terrain is very hilly and consequently the water system is divided into seven pressure zones at 150 feet intervals and dotted with about 26 small pressure tank and booster stations, which are in addition to the major pumping and storage facilities. Six groundwater wells provide the water source and feed into a lower pressure zone. All groundwater is disinfected with elemental chlorine. Staff concludes that RRUI has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

Wastewater service in The Development will be provided by individual septic systems designed within each residence and permitted through the Santa Cruz County Health Department at the time of construction of the individual residence.

## PROPOSED WATER FACILITIES

Proposed facilities to be constructed for The Development during the first five (5) years include the following:

- (i) One (1) 248,000 gallon storage reservoir;
- (ii) Transmission mains consisting of 8" and 12" diameter pipe;
- (iii) Related distribution facilities;
- (iv) Upgrades to the existing water production.

### *Cost Analysis*

The cumulative plant cost projections by year for the first five (5) years:

#### Plant Cost Projection

1st Year	\$917,540
2nd Year	\$1,668,434
3rd Year	\$2,477,324
4th Year	\$2,750,314
5th Year	\$2,755,039

Staff has reviewed the proposed water system infrastructure and related costs and finds them to be reasonable and appropriate. However, approval of this CC&N extension application does not imply any particular future treatment for determining the rate base. No "used and

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE**

ADEQ regulates the Company’s Water System under ADEQ Public Water System (“PWS”) No. 12-011. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ Drinking Water Compliance Status Report dated Feb 24, 2011).

**APPROVAL TO CONSTRUCT**

RRUI has not received its ADEQ Certificate of Approval to Construct (“ATC”) for the proposed water facilities. Staff recommends that RRUI file with Docket Control, as a compliance item in this docket, copies of the ATC for the first phase of the development no later than 2 years after the effective date of the order granting this CC&N Extension.

**ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) COMPLIANCE**

RRUI is located within the Santa Cruz Active Management Area (“AMA”) and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report on April 28, 2011. ADWR reported that RRUI is currently in compliance with departmental requirements governing water providers and/or community water systems.

Staff recommends that the RRUI file with Docket Control, as a compliance item in this docket, copy of the developer’s Certificate of Assured Water Supply demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting this CC&N Extension.

**ACC COMPLIANCE**

In Decision No. 72059, the Commission ordered that Rio Rico Utilities, Inc. submit its ten Best Management Practices in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission’s Website) for the Commission’s review and consideration. Proposed tariffs were received from the Company on June 30, 2011. Staff is reviewing the tariffs.

**CURTAILMENT PLAN AND BACKFLOW PREVENTION TARIFF**

RRUI has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

## SUMMARY

### *Conclusions*

1. ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") No. 12-011. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ Drinking Water Compliance Status Report dated Feb 24, 2011).
2. RRUI is located within the Santa Cruz Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report on April 28, 2011. ADWR reported that RRUI is currently in compliance with departmental requirements governing water providers and/or community water systems.
3. In Decision No. 72059, Commission ordered that RRUI shall submit its ten Best Management Practices, as a compliance item in this docket, in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission's Website) for the Commission's review and consideration. Tariffs were received from the Company on June 30, 2011. Staff is reviewing the tariffs.
4. RRUI has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

### *Recommendations*

1. Staff recommends that RRUI file with Docket Control, as a compliance item in this docket, copies of the ATC for the first phase of the development no later than 2 years after the effective date of the order granting this CC&N Extension.
2. Staff recommends that the RRUI file with Docket Control as a compliance item in this docket copy of the developer's Certificate of Assured Water Supply demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting this CC&N Extension.

MEMORANDUM

TO: Vicki Wallace  
Chief, Consumer Services & Special Projects  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: August 3, 2011

RE: **RIO RICO UTILITIES, INC. (DOCKET NO. W-02676A-11-0134)**

The area requested by Rio Rico for an extension for water service has been plotted using an amended legal description, which was docketed on July 28, 2011. This legal description is attached and should be used in place of the original description submitted with the application, as well as any previous amendments that were filed.

Also attached are copies of the maps for your files.

:bsw

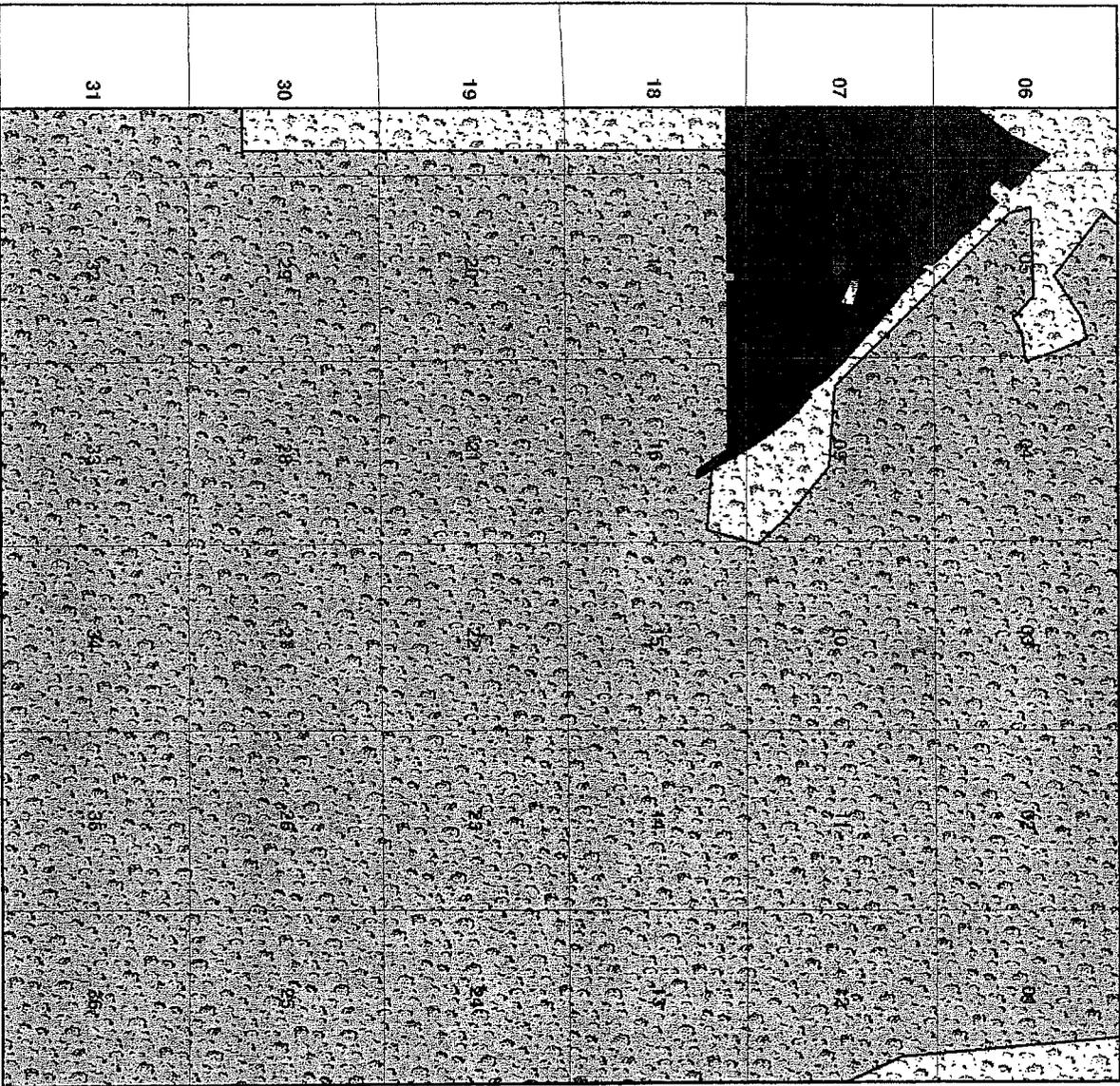
Attachments

cc: Mr. Patrick Black  
Ms. Deb Person (Hand Carried)  
Mr. Jian Liu  
File

# SANTA CRUZ COUNTY

Map No. 8

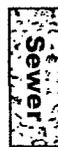
## RANGE 13 East



## TOWNSHIP 22 South



WS-02676A (6)



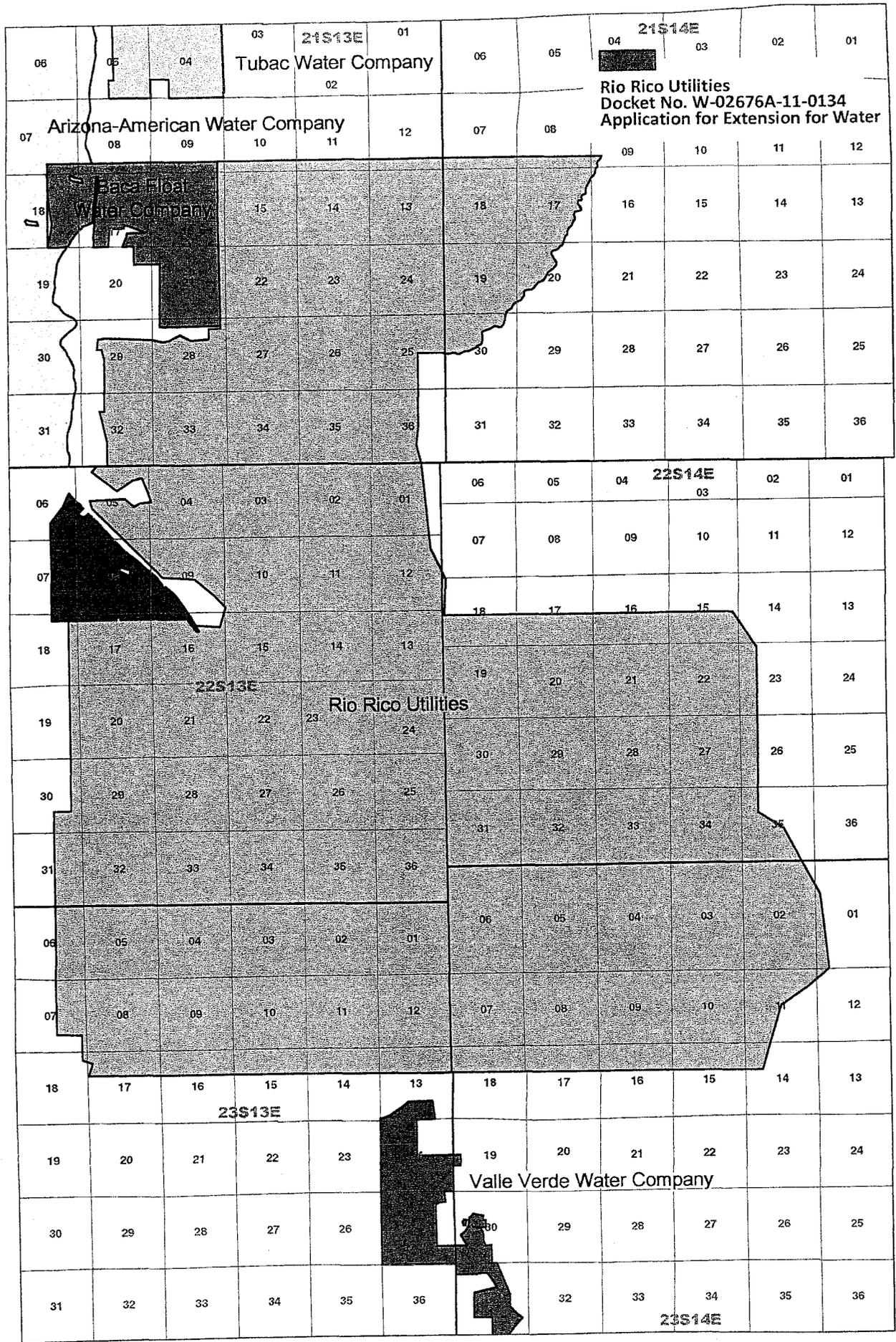
Rio Rico Utilities, Inc.



(1)

Rio Rico Utilities, Inc.  
Docket No. W-02676A-11-0134  
Application for Extension for Water

# SANTA CRUZ COUNTY



**Final Plat Metes and Bounds Boundary Legal**

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

## EXHIBIT A

### LEGAL DESCRIPTION

A portion of the north one-half of the Luis Maria Baca Land Grant, Float No.3, and lying within theoretical Sections 5, 6, 7 and 8, Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, and as monumented in Record of Survey Book 2 at Page 911, records of said Santa Cruz County, described as follows:

**BEGINNING** at the Seventeen and One-half Mile Marker monument on the west line of said Baca Float No.3 Land Grant as recorded in said Book 2 at Page 911;

**THENCE** upon the west line of said Land Grant, N 00°21'45" W a distance of 843.79 feet;

**THENCE** upon the northwesterly boundary line recorded in said Book 2 at Page 911 the following 6 courses and distances:

- 1) N 38°50'16" E a distance of 438.80 feet;
- 2) N 37°58'42" E a distance of 382.22 feet;
- 3) N 37°59'04" E a distance of 592.05 feet;
- 4) N 25°00'01" E a distance of 170.13 feet;
- 5) N 25°10'00" E a distance of 655.05 feet;
- 6) N 26°07'00" E a distance of 310.23 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 206 at Page 571, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 52°15'30"E;

**THENCE** upon said southwesterly right-of-way the following 24 courses and distances:

- 1) Southeasterly upon the arc of said curve, to the left, having a radius of 5924.58 feet and a delta angle of 09°53'19" for an arc length of 1022.52 feet;
- 2) N 42°22'11" E a distance of 40.00 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 42°29'31" E;
- 3) Southeasterly upon the arc of said curve, to the left, having a radius of 5884.58 feet and a delta angle of 00°30'29" for an arc length of 52.19 feet;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

- 4) S 48°39'39" E a distance of 152.75 feet;
- 5) S 48°52'32" E a distance of 48.66 feet;
- 6) S 41°05'37" W a distance of 84.89 feet;
- 7) S 48°55'03" E a distance of 249.93 feet;
- 8) S 41°05'22" W a distance of 509.85 feet;
- 9) S 48°52'14" E a distance of 324.76 feet;
- 10) S 89°28'19" E a distance of 230.32 feet;
- 11) N 41°06'12" E a distance of 319.73 feet;
- 12) S 48°54'59" E a distance of 100.06 feet;
- 13) S 48°44'24" E a distance of 100.57 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 41°10'55" W;
- 14) Southeasterly upon the arc of said curve, to the right, having a radius of 7358.44 feet and a delta angle of 01°29'46" for an arc length of 192.14 feet;
- 15) S 42°29'19" W a distance of 54.01 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 42°37'51" W;
- 16) Southeasterly upon the arc of said curve, to the right, having a radius of 7304.44 feet and a delta angle of 01°29'54" for an arc length of 191.01 feet;
- 17) N 44°08'45" E a distance of 64.23 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 44°04'06" W;
- 18) Southeasterly upon the arc of said curve, to the right, having a radius of 7368.44 feet and a delta angle of 04°03'43" for an arc length of 522.39 feet;
- 19) S 41°51'37" E a distance of 158.26 feet;
- 20) S 47°54'11" W a distance of 35.11 feet;
- 21) S 41°47'01" E a distance of 500.04 feet;
- 22) N 48°50'33" E a distance of 29.28 feet;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

23) S 41°56'53" E a distance of 758.95 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 48°12'00" E;

24) Southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°25'11" for an arc length of 85.56 feet to the most northerly corner of the A.D.O.T. right-of-way parcel recorded in A.D.O.T. Plan Drawing No. D-12-T-342 and Docket 420 at Page 290 and Docket 420 at Page 526, records of said Santa Cruz County;

THENCE upon said right-of-way parcel, S 08°00'59" W a distance of 200.01 feet;

THENCE continue upon said right-of-way parcel, S 42°43'20" E a distance of 204.84 feet;

THENCE continuing upon said right-of-way parcel, N 08°01'12" E a distance of 200.00 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 215 at Page 603, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 46°46'31"E;

THENCE southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°17'07" for an arc length of 58.15 feet;

THENCE upon the southeasterly boundary line recorded in said record of survey, Book 2 at Page 911, S 23°22'36" W a distance of 1130.12 feet;

THENCE continue upon said southeasterly boundary line, S 61°40'27" W a distance of 1631.36 feet;

THENCE continue upon said southeasterly boundary line, S 18°59'12" W a distance of 926.23 feet;

THENCE upon the south boundary line recorded in said record of survey, Book 2 at Page 911, N 88°53'53" W a distance of 1476.26 feet;

THENCE upon the westerly boundary line recorded in said record of survey, Book 2 at Page 911, N 14°17'43" E a distance of 1259.04 feet;

THENCE continue upon said westerly boundary line, N 00°35'28" W a distance of 1610.25 feet;

THENCE continue upon said boundary line, N 89°39'23" W a distance of 1359.78 feet to the west line of said Baca Land Grant, Float No. 3;

April 8, 2011  
Psomas 05087-02  
(7WPA058702)

THENCE upon said west line, N 00°34'22" W a distance of 1.80 feet;

THENCE continue upon said west line, N 00°18'44" W a distance of 5.14 feet to the closing corner of said Sections 6 and 7 as recorded in said Book 2 at Page 911;

THENCE continuing upon said west line, N 00°22'49" W a distance of 388.41 feet to the POINT OF BEGINNING.

Containing an area of 344.2 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:  
Psomas



Expires 3/31/12

---

Ernest Gomez AZ RLS 27739

17 MILE MARKER  
FOUND 3.75" ACP ON  
2.75" ALUMINUM PIPE,



SCALE: 1" = 500'

INTERSTATE 19  
A.D.O.T. DRAWING NO. D-12-T-322  
DOCKET 206, PAGE 571

PALO PARADO  
RECORD OF SURVEY  
BOOK 2, AT PAGE 911

POINT OF BEGINNING  
17-1/2 MILE MARKER  
FOUND 3.25" ACP ON  
2.25" ALUMINUM PIPE,

EXCLUDED PARCEL  
A.D.O.T. DRAWING NO. D-12-T-342  
DOCKET 420 AT  
PAGES 290 AND 526

SECTION CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE



1/4 CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

WEST LINE OF LUIS MARIA BACA  
LAND GRANT, FLOAT NO. 3

PALO PARADO  
RECORD OF SURVEY  
BOOK 2 AT PAGE 911

PARCEL NO. 2  
PALO PARADO HILLS  
BK 1 SURVEYS,  
PG 55

18 MILE MARKER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

PARCEL NO. 4  
PALO PARADO HILLS  
BK 1 SURVEYS,  
PG 55

PALO PARADO HILLS  
BK 1 SURVEYS, PG 55

### EXHIBIT B

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
SECTIONS 5, 6, 7 & 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST,  
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA,  
AS MONUMENTED IN RECORD OF SURVEY BK. 2 AT PG. 911,  
RECORDS OF SAID SANTA CRUZ COUNTY

## PSOMAS

800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomas.com

05087-02 (7WPA058702)

DATE: APRIL 2011 • DRAWN BY: EG

**Todd 291 Acre Parcel Legal**

June 1, 2011  
Psomas 05087-02  
(7JCT110101)

## EXHIBIT A

### LEGAL DESCRIPTION

A portion of the Luis Maria Baca Land Grant, Float No.3, and located within theoretical Sections 8, 9, 16 and 17 of Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, described as follows:

COMMENCING at the intersection of the West line of said Baca Land Grant with a line known as separating the south and north halves of said Land Grant and monumented with a 1-3/4" lead cap pipe as recorded in Book 1 of surveys at page 55, records of said Santa Cruz County;

THENCE upon said line separating the south and north halves, N 89°35'59" E a distance of 5008.52 feet to a found 1/2" rebar located at the southwest corner of the parcel recorded in Docket 58 at Page 226, records of said Santa Cruz County, and being the POINT OF BEGINNING;

THENCE upon the westerly line of said parcel, N 01°00'01" W a distance of 3094.15 feet to a found 2" aluminum cap, stamped "CBA PE 4670";

THENCE upon the northerly line of said parcel, N 89°01'54" E a distance of 2560.01 feet to the southwesterly right-of-way of Interstate 19, lying on the arc of a non-tangent curve, concave southwesterly, from which the radius point bears S 42°49'13" W;

THENCE southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14103.95 feet and a delta angle of 01°36'10" for an arc length of 394.52 feet to a 3" A.D.O.T. monument;

THENCE S 34°34'32" E a distance of 685.26 feet to a 3" A.D.O.T. monument;

THENCE N 48°13'01" E a distance of 124.89 feet to a 3" A.D.O.T. monument;

THENCE S 50°24'14" E a distance of 698.96 feet to a 3" A.D.O.T. monument, lying on the arc of a non-tangent curve, concave southwesterly, from which the radius point bears S 50°01'39" W;

THENCE southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14223.95 feet and a delta angle of 10°38'16" for an arc length of 2640.85 feet to a found railroad rail with a chiseled "X" at approximate A.D.O.T. highway station 792+20 at 210.00 feet Left:

June 1, 2011  
Psomas 05087-02  
(7JCT110101)

THENCE continue southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 14223.95 feet and a delta angle of  $02^{\circ}57'11''$  for an arc length of 733.12 feet;

THENCE N  $80^{\circ}34'20''$  W a distance of 136.09 feet to a found 1-3/4" lead cap pipe;

THENCE continue N  $80^{\circ}34'20''$  W a distance of 65.66 feet;

THENCE N  $35^{\circ}14'36''$  W a distance of 1078.74 feet to a found 5/8" rebar on the line known as separating the south and north halves of said Baca Land Grant;

THENCE upon said line, being common with the north line of Rio Rico Ranchettes Unit 10 as recorded in Book 3 of Maps and Plats at Page 7, records of said Santa Cruz County, S  $89^{\circ}35'06''$  W a distance of 4832.45 feet to the POINT OF BEGINNING.

Containing an area of 291 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:  
Psomas



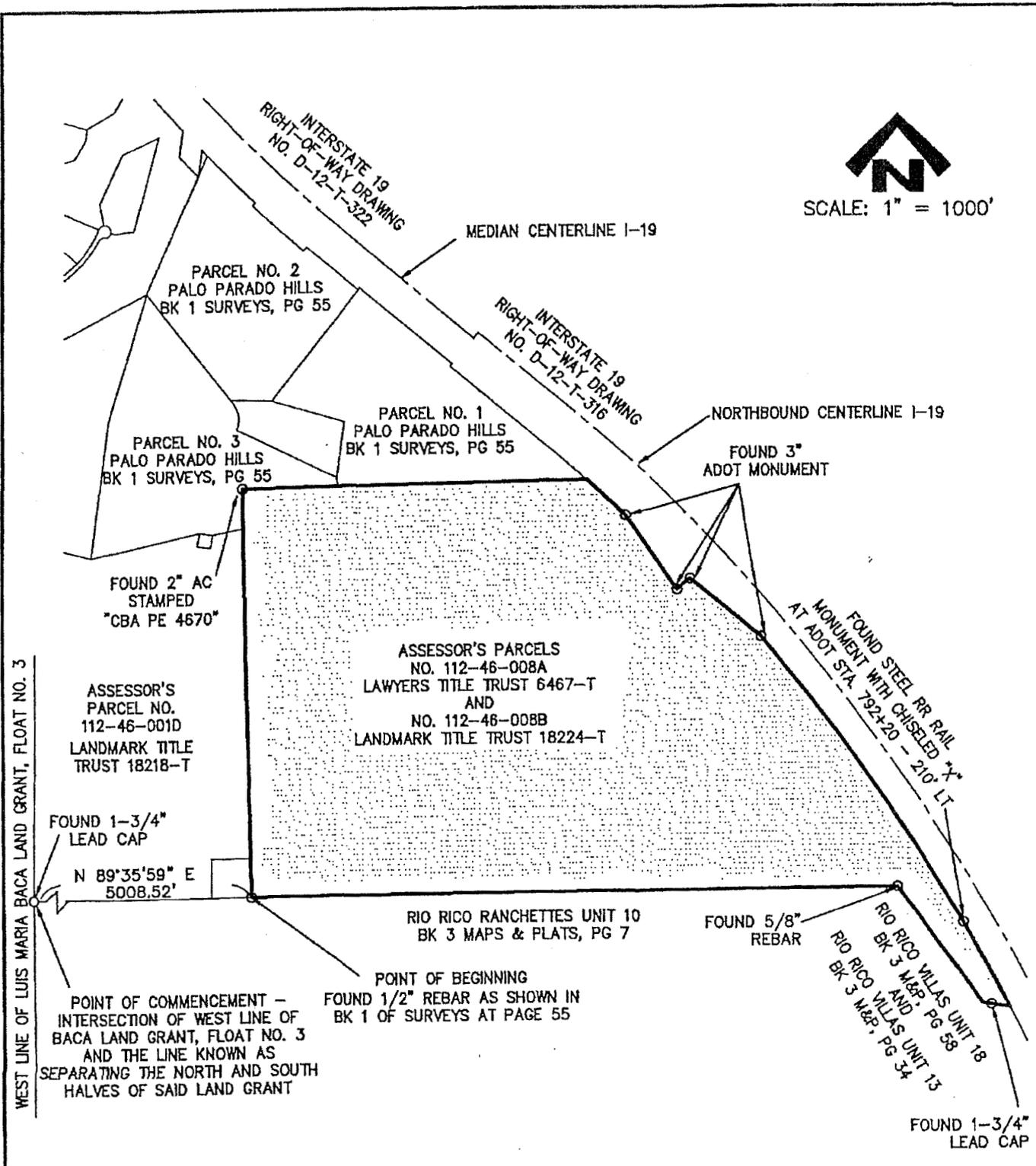
Expires 3/31/12

---

Ernest Gomez AZ RLS 27739



SCALE: 1" = 1000'



### EXHIBIT B

# PSOMAS

800 E. Wetmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomas.com

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
SECTIONS 8, 9, 16 & 17, T-22-S, R-13-E,  
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA

05087-02 (7JCT110101)

DATE: MAY 2011 • DRAWN BY: EG

**Todd Assessors Parcel 112-46-001B**

## Parcel IV

A portion of the North One-Half (North 1/2 ) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumental by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portion of what corresponds to Section 7 and 18, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

BEGINNING at the Westerly boundary and at the point know as the corner between the North and South One-Half (South 1/2 ) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears south 00 degrees 17 minutes 36 seconds West, 1,691.26 feet;

THENCE North 00 degrees 17 minutes 36 seconds East, along the Westerly boundary of said Land Grant, a distance of 1,358.65 feet to a point;

THENCE South 89 degrees 18 minutes 53 seconds East a distance of 847.18 feet to a point;

THENCE South 00 degrees 41 minutes 07 seconds West a distance of 400.00 feet to a point;

THENCE South 48 degrees 29 minutes 52 seconds East a distance of 1,463.33 feet to a point on the North and South One-Half (South 1/2 ) line of said Land Grant (said point also being the Northeasterly corner of Rio Rico Ranchettes Unit No. 10, as shown on the plat thereof as recorded in Book 3 of maps and plats at Page 7 in the Office of the County Recorder, Santa Cruz County, Arizona );

THENCE North 89 degrees 54 minutes 11 seconds West, along said North and South One-Half (South 1/2 ) line of said Land Grant, a distance of 1,925.00 feet to the POINT OF BEGINNING.

**Todd 372 Acre Parcel Legal**

May 13, 2011  
Psomas 05087-02  
(7JCT110101)

## EXHIBIT A

### LEGAL DESCRIPTION

A portion of the Luis Maria Baca Land Grant, Float No.3, and located within theoretical Sections 7, 8, 17 and 18 of Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, described as follows:

**COMMENCING** at the intersection of the West line of said Baca Land Grant with a line known as separating the south and north halves of said Land Grant and monumented with a found 1-3/4" lead cap pipe as recorded in Book 1 of Surveys at Page 55, records of said Santa Cruz County;

**THENCE** upon said line separating the south and north halves, N 89°35'59" E a distance of 1319.02 feet to a found 1-3/4" lead cap pipe located at the northwest corner Rio Rico Ranchettes Unit 10 as recorded in Book 3 of Maps and Plats at Page 7, records of said Santa Cruz County;

**THENCE** continue N 89°35'59" E a distance of 605.98 feet to the southeast corner of the parcel recorded in Docket 392 at Page 409, records of said Santa Cruz County, and the **POINT OF BEGINNING**;

**THENCE** N 49°03'48" W a distance of 1437.79 feet to found 2" aluminum cap, stamped "CBA PE 4670";

**THENCE** N 00°11'56" E a distance of 400.23 feet to found 2" aluminum cap, stamped "CBA PE 4670";

**THENCE** N 89°48'12" W a distance of 844.97 feet to the west line of said Land Grant;

**THENCE** N 00°15'15" W a distance of 2238.10 feet to a found 3-1/4" aluminum cap at the 18 Mile Marker of said Land Grant as recorded in Book 2 of Surveys at Page 911, records of said Santa Cruz County;

**THENCE** continue upon said west line of the Land Grant, N 00°34'22" W a distance of 2240.86 feet;

**THENCE** S 89°39'23" E a distance of 1359.78 feet to a found 1/2" rebar with a plastic cap marked "RLS 29873";

**THENCE** S 00°35'28" E a distance of 1610.25 feet to a found 1/2" rebar;

**THENCE** S 14°17'43" W a distance of 1259.04 feet to found 2-1/2" aluminum cap, stamped "CBA PE 4670";

May 13, 2011  
Psomas 05087-02  
(7JCT110101)

THENCE S 88°53'53" E a distance of 1476.26 feet to found 2" aluminum cap, stamped "CBA PE 4670";

THENCE S 74°51'18" E a distance of 1362.47 feet to found 2-1/2" aluminum cap, stamped "CBA PE 4670";

THENCE N 77°11'56" E a distance of 835.74 feet;

THENCE S 09°18'34" W a distance of 100.00 feet;

THENCE S 80°41'26" E a distance of 100.00 feet;

THENCE N 09°18'34" E a distance of 100.00 feet;

THENCE N 78°46'53" E a distance of 230.87 feet to a found 2" aluminum cap, stamped "CBA PE 4670", and located on the west line of the parcel recorded in Docket 58 at Page 226, records of said Santa Cruz County;

THENCE upon said west line, S 01°00'01" E a distance of 2498.92 feet;

THENCE S 89°35'59" W a distance of 292.96 feet;

THENCE S 00°24'01" E a distance of 295.16 feet to the north line of said Rio Rico Ranchettes Unit 10;

THENCE upon said north line, being common with the line known as separating the south and north halves of said Land Grant, S 89°35'59" W a distance of 2787.47 feet to the POINT OF BEGINNING.

Containing an area of 372 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

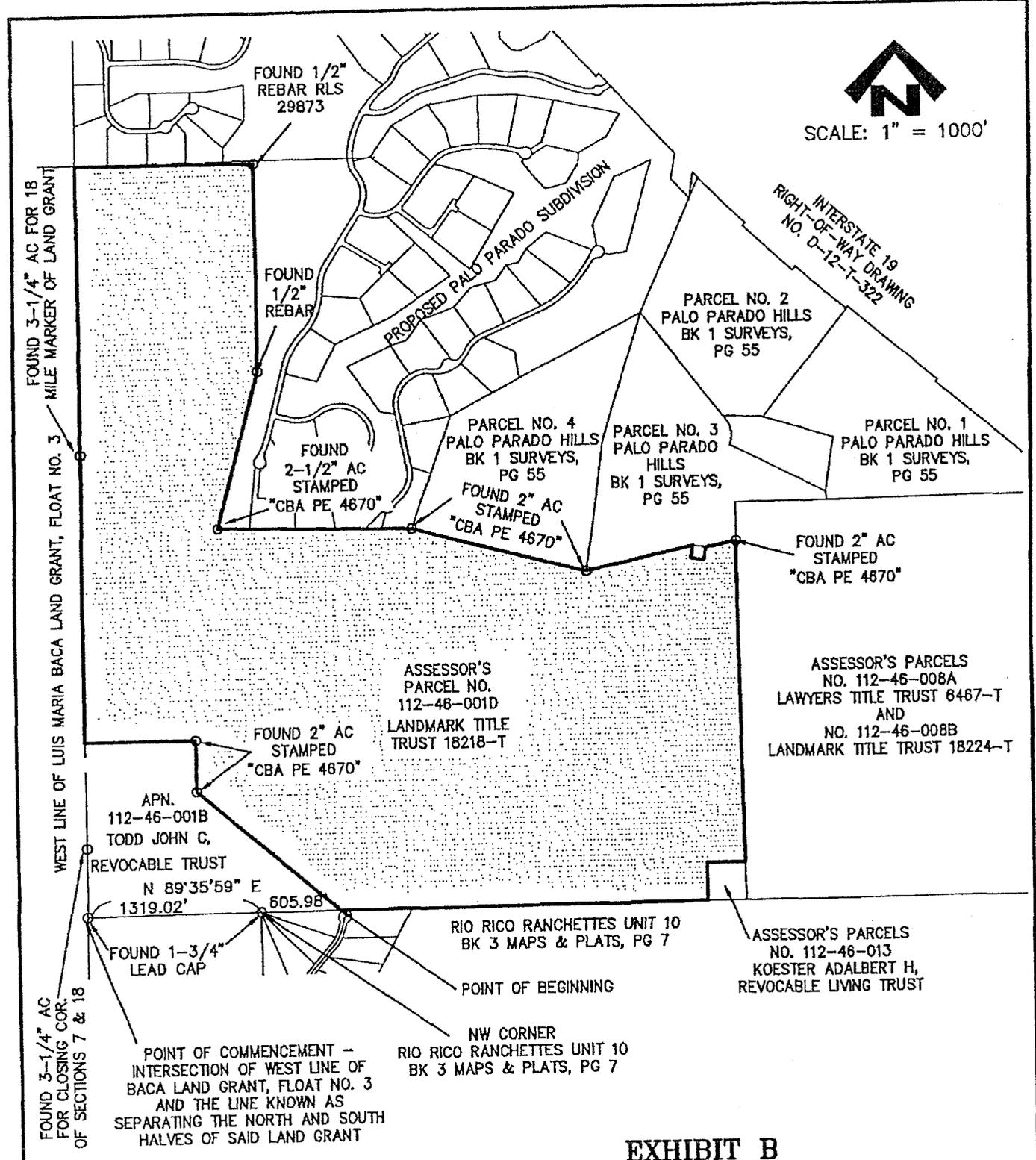
Prepared By:  
Psomas



Expires 3.8.2012

---

Ernest Gomez AZ RLS 27739



**EXHIBIT B**

A PORTION OF THE NORTH HALF OF THE LUIS MARIA BACA LAND GRANT, FLOAT NO. 3, AND LYING WITHIN THEORETICAL SECTIONS 7, 8, 17 & 18, T-22-S, R-13-E, GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA

**PSOMAS**

800 E. Waimore Road, Suite 110  
 Tucson, AZ 85719  
 (520) 292-2300 (520) 292-1290 fax  
 www.psomas.com

05087-02 (7JCT110101)

DATE: MAY 2011 • DRAWN BY: EG

**Palo Parado Hills Parcel 1**

**Legal Description – Palo Parado Hills Parcel No. 1**

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'18" W, along the Westerly boundary of said parcel, a distance of 3,094.19 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to the POINT OF BEGINNING;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the Parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 08°31'00" E along the Easterly boundary of said parcel a distance of 430.00 feet to the Northeasterly corner of said parcel;

THENCE N 72°27'20" W, along the Northerly boundary of said parcel, a distance of 558.34 feet to a point;

THENCE N 38°03'55" E a distance of 1,050.59 feet to a point on the Westerly right-of-way line of Interstate 19, at Highway Station 859+00.00 as shown on A.D.O.T. Highway Department plans for projects I-19-1(21)11 and I-19-1(24)16;

THENCE N 40°36'09" E, along said right-of-way line, a distance of 19.96 feet;

THENCE S 49°31'28" E, along said right-of-way line, a distance of 899.96 feet;

THENCE S 36°16'19" W, along said right-of-way line, a distance of 25.07 feet;

THENCE S 49°34'46" E, along said right-of-way line, a distance of 629.85 feet to a point on the arc of a non-tangent curve concave to the Southwest, from which the radius point bears S 40°26'28" W;

THENCE Southeasterly along the arc of said curve, to the right, running along said right-of-way line, having a radius of 14,103.95 feet and a central angle of 02°52'33" for an arc distance of 707.89 feet to the Northeasterly corner of said parcel recorded in Docket 58 at page 226;

THENCE S 89°29'42" W, along said Northerly line of said parcel, a distance of 1,859.48 feet to the POINT OF BEGINNING.

Containing 38.856 acres, more or less.

**Palo Parado Hills Parcel 2**

Legal Description – Palo Parado Hills Parcel No. 2

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'18" W, along the Westerly boundary of said parcel, a distance of 3,094.19 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to a point;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 08°31'00" E along the Easterly boundary a distance of 430.00 feet to the Northeasterly corner of said parcel;

THENCE N 72°27'20" W, along the Northerly boundary of said parcel, a distance of 558.34 feet to a Northerly corner of said parcel, said corner also being the POINT OF BEGINNING;

THENCE N 87°13'43" W, along the Northerly boundary of said parcel, a distance of 306.57 feet to the Northwesternmost corner of said parcel;

THENCE N 38°21'42" W a distance of 1,052.73 feet to a point;

THENCE N 25°41'57" E a distance of 1,139.37 feet to a point on the Westerly right-of-way line of Interstate 19, as shown on A.D.O.T. Highway Department plans for Projects I-19-1(21)11 and I-19-1(24)16, and said point also being on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 47°01'30" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,679.16 feet and a central angle of 02°28'40" for an arc distance of 505.05 feet to a non-tangent line (Highway Station 869+00.00, P.O.C.);

THENCE S 44°09'31" W, along said Westerly right-of-way line, a distance of 29.04 feet to a point on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 44°22'24" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,709.16 feet and a central angle of 02°30'44" for an arc distance of 513.38 feet to a non-tangent line (Highway Station 864+00.00, P.O.C.);

THENCE N 42°14'37" E a distance of 35.14 feet to a point on the arc of a non-tangent curve concave to the Northeast, running along said Westerly right-of-way line, from which the radius point bears N 42°01'26" E;

THENCE Southeasterly along the arc of said curve, to the left, having a radius of 11,674.16 feet and a central angle of 01°28'54" for an arc distance of 301.92 feet to a non-tangent line (Highway Station 861+05.99, P.O.C.);

THENCE S 49°34'30" E, along said Westerly right-of-way line, a distance of 205.03 feet to a point (Highway Station 859+00.00, P.O.T.);

THENCE S 38°03'55" W a distance of 1,050.59 feet to the POINT OF BEGINNING.

Containing 36.228 acres, more or less.

**Palo Parado Hills Parcel 3**

**Legal Description – Palo Parado Hills Parcel No. 3**

(Recorded in Book 1 of Surveys at Page 55 and Docket 392, Page 634, Records of Santa Cruz County, Arizona)

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being a portion of what corresponds to Section 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) line of said Baca Float No. 3, from which Mile Post 19 of said Westerly boundary of said Land Grant, bears S 00°17'36" W, 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'15" W, along the Westerly boundary of said parcel, a distance of 2,794.15 feet to the POINT OF BEGINNING;

THENCE N 00°30'44" W, along the Westerly boundary of said parcel, a distance of 300.04 feet to the Northwesterly corner of said parcel;

THENCE N 89°29'42" E, along the Northerly boundary of said parcel, a distance of 700.00 feet to a point;

THENCE N 07°43'12" W a distance of 66.42 feet to the Southernmost corner of the Parcel described in Docket 176 at Page 138 in said Office of the County Recorder;

THENCE N 62°23'08" W, along the Southerly boundary of said parcel a distance of 820.70 feet to a Southwesterly corner of said parcel, said corner being a point on the arc of a non-tangent curve concave to the West, from which the radius point bears N 67°16'37" W;

THENCE Northerly along the arc of said curve, to the left, having a radius of 205.41 feet and a central angle of 69°04'33" for an arc distance of 247.64 feet to the northwesterly corner of said parcel, said corner being on a non-tangent line;

THENCE N 38°21'42" W a distance of 1,052.73 feet to a point;

THENCE S 15°00'28" W a distance of 1,015.82 feet to a point;

THENCE S 07°40'54" W a distance of 1,037.96 feet to a point;

THENCE N 77°42'04" E a distance of 835.47 feet to a point;

THENCE S 80°12'27" E a distance of 100.00 feet to a point;

THENCE N 79°15'52" E a distance of 230.87 feet to the POINT OF BEGINNING.

Containing 37.845 acres, more or less.

**Palo Parado Hills Parcel 4**

2075 North Sixth Avenue  
Tucson, Arizona 85705  
(502) 624-7401



DOCK 392 PAGE 648

CBA File No. 03553-02-06  
June 29, 1984  
LEGALS, NAT-4 (8)

Legal Description - Palo Parado Hills Parcel No. 4

A portion of the North One-Half (N 1/2) of the Luis Maria Baca Land Grant, Float No. 3, as surveyed and monumented by the United States as shown on the maps and field notes thereof on file in the Office of the Bureau of Land Management, Phoenix, Arizona, also being portions of what corresponds to Sections 7 and 8, Township 22 South, Range 13 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

COMMENCING at the Westerly boundary and at the point known as the corner between the North and South One-Half (S 1/2) of said Baca Float No. 3, from which mile post 19 of said Westerly boundary of said Land Grant bears S 00°17'36" W. 1,691.26 feet;

THENCE S 89°54'11" E, along said North and South One-Half (S 1/2) line, a distance of 5,010.37 feet, to the Southwesterly corner of the parcel described in Docket 58 at Page 226, as recorded in the Office of the County Recorder, Santa Cruz County, Arizona;

THENCE N 00°30'15" W, along the Westerly boundary of said parcel, a distance of 2,794.15 feet to a point;

THENCE S 79°15'52" W a distance of 230.87 feet to a point;

THENCE N 80°12'27" W a distance of 100.00 feet to a point;

THENCE S 77°42'04" W a distance of 835.47 feet to the POINT OF BEGINNING;

THENCE N 74°07'03" W a distance of 1,360.51 feet to a point;

THENCE N 19°22'37" E a distance of 920.18 feet to a point;

THENCE N 61°17'39" E a distance of 1,601.95 feet to a point;

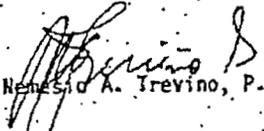
THENCE S 15°00'28" W a distance of 1,015.82 feet to a point;

THENCE S 07°40'54" W a distance of 1,037.96 feet to the POINT OF BEGINNING.

Containing 41.666 acres, more or less.

Prepared by:

CELLA BARR ASSOCIATES

  
Mercedes A. Trevino, P.E., R.L.S.

Offices in Tucson and Phoenix, Arizona  
Engineering - Planning - Surveying - Landscape Architecture - Hydrology

B7.

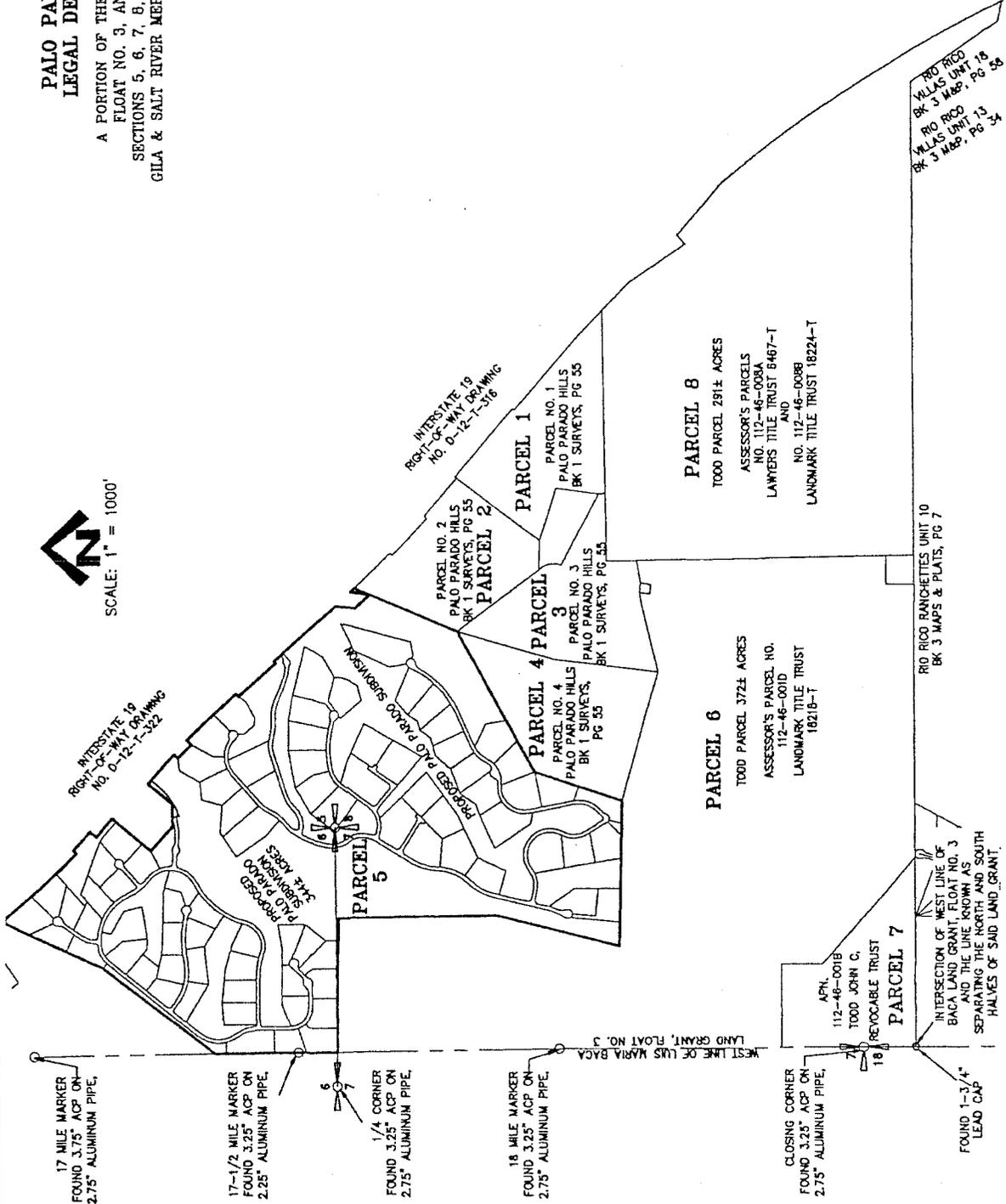
**Water Area Parcels-Overall Exhibit**

**PALO PARADO WATER AREA  
LEGAL DESCRIPTION EXHIBIT**

A PORTION OF THE LUIS MARIA BACA LAND GRANT,  
FLOAT NO. 3, AND LYING WITHIN THEORETICAL  
SECTIONS 5, 6, 7, 8, 9, 16, 17 & 18, T-22-S, R-13-E,  
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA



SCALE: 1" = 1000'



17 MILE MARKER  
FOUND 3.75" ACP ON  
2.75" ALUMINUM PIPE,

17-1/2 MILE MARKER  
FOUND 3.25" ACP ON  
2.25" ALUMINUM PIPE,

1/4 CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

18 MILE MARKER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

CLOSING CORNER  
FOUND 3.25" ACP ON  
2.75" ALUMINUM PIPE,

FOUND 1-3/4"  
LEAD CAP

**P S O M A S**

800 E. Walmore Road, Suite 110  
Tucson, AZ 85719  
(520) 292-2300 (520) 292-1290 fax  
www.psomads.com

DATE: MAY 2011  
PROJ NO: 05087-02 (7MPA058702)  
1 OF 1