

ORIGINAL



Big Park Water Compar.y
45 Castle Rock Road, #4
Sedona, AZ 86351
Tel. 928.284.2298
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April 22, 2013

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

Re: Big Park Water Company; Authority to Incur Long-Term Debt From The Water Infrastructure Finance Authority of Arizona; Docket No. W-01624A-10-0009; Decision No. 71793, Compliance Filing

Dear Sirs:

Enclosed please find one (1) original and thirteen (13) copies of the all executed financing documents related to the authorization granted within the decision listed above.

If you should have any questions, or required additional information, please do not hesitate to contact this office.

Sincerely,

Nicholas Gudovic
Associate
Big Park Water Company

Cc: Docket Controls (14 copies)
Craig Marks, Esq.

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Arizona Corporation Commission
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**Water Infrastructure
Finance Authority
of Arizona**

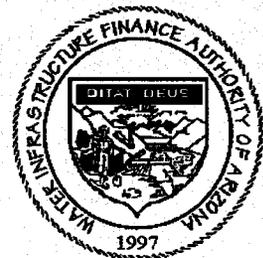
**Arizona's Drinking Water
Revolving Fund**

Big Park Water Company

Loan Agreement #920204-11

November 12, 2010

Borrower Copy



Big Park Water Company and
Water Infrastructure Finance Authority of Arizona

Loan Agreement

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1. Big Park Water Company's Borrowing Resolution

**ACTION BY WRITTEN CONSENT
OF THE
BOARD OF DIRECTORS
OF
BIG PARK WATER COMPANY**

November 12, 2010

Pursuant to Section 10-821 of the Arizona Revised Statutes, the undersigned, being all of the members of the Board of Directors of Big Park Water Company, an Arizona corporation (the "Corporation"), hereby consent in writing, without the formality of convening a meeting, to the following actions, effective as of the date written above:

Loan Agreement

WHEREAS, the Corporation desires to borrow \$415,000 from the Water Infrastructure Finance Authority of Arizona ("Lender") pursuant to the terms and conditions of that certain Loan Agreement, dated November 5, 2010, between the Corporation and Lender (the "Loan Agreement"), and the documents to be delivered in connection with the Loan Agreement (collectively, the "Loan Documents"); and

WHEREAS, the Board of Directors of the Corporation believe that executing the Loan Documents and consummating the transactions contemplated within the Loan Documents are in the best interests of the Corporation.

IT IS, THEREFORE, UNANIMOUSLY:

RESOLVED, that the Corporation is hereby authorized and empowered to enter into the loan transaction with Lender contemplated under the Loan Documents; and

FURTHER RESOLVED, that Stevan Gudovic, the President of the Corporation, be, and hereby is, authorized and empowered to act on behalf of the Corporation with respect to the Loan Documents, and to borrow, from time to time, on behalf of, and in the name of, the Corporation, from Lender such sums of money as he deems expedient, so long as the aggregate amount borrowed at any one time will not exceed \$415,000, on such terms and conditions as he may approve, including, without limitation, conferring the power to appoint a receiver, and to pledge, set over, transfer, assign, mortgage, hypothecate, grant security interests in, and otherwise encumber as security for the repayment of each of such loans, any assets of the Corporation as may be required and agreed upon between the President and Lender, and to execute and deliver to Lender on behalf of, and in the name of, the Corporation, the Corporation's evidence(s) of indebtedness stating the Corporation's promise and obligation to pay said principal sum(s), together with any other amounts which may be provided for in such instrument(s)

evidencing said indebtedness and from time to time, when any obligation evidencing any of such loans matures, to renew the loan(s) in whole or in part until the same are paid in full; and

FURTHER RESOLVED, that the President be, and hereby is, authorized and empowered to execute on behalf of, and in the name of, the Corporation, from time to time, loan agreements, instruments granting Lender a security interest in any assets of the Corporation, and supplements to each, together with any and all other security agreements, instruments, and documents as may be required and agreed upon between the President and Lender, of which the President deems expedient in carrying out the intents and purposes of the Resolutions set forth herein; and

FURTHER RESOLVED, that these Resolutions relate solely to general corporate borrowing and do not, in any manner whatsoever, limit the amount of any corporate borrowing heretofore or hereafter made under any other financing arrangement, and that these Resolutions are, mutually exclusive, cumulative as to amounts and shall not serve to revoke or alter any Resolutions previously delivered to Lender or (unless specifically otherwise provided) be revoked by any Resolutions subsequently delivered to Lender relating to general or specific financing arrangements between Lender and the Corporation.

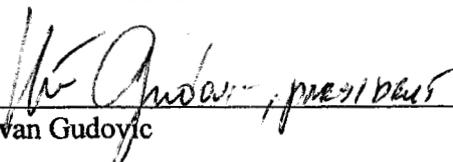
Omnibus Resolutions

RESOLVED, that each President be, and hereby is, authorized and empowered, for and on behalf of the Company, to do any and all acts and things that he deems necessary, desirable, or appropriate to effectuate the foregoing resolutions.

RESOLVED, that this written consent may be executed in multiple counterparts, each of which will be deemed an original, but all of which, when taken together, will constitute one and the same instrument.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the directors of the Big Park Water Company executed and delivered this written consent as of the date first set forth above.



Stevan Gudovic



Mary Lynn Gudovic

“Constituting all the directors of
Big Park Water Company”

**BIG PARK WATER COMPANY
SECRETARY'S CERTIFICATE**

The undersigned, Mary Lynn Gudovic, hereby certifies that she is the Secretary of Big Park Water Company, an Arizona corporation (the "Corporation"), and that, as such, she is authorized to execute and deliver this Certificate, and further certifies as follows:

- (a) Attached hereto as Exhibit A is a true, correct, and complete copy of resolutions duly adopted by written consent of the Board of Directors of the Corporation authorizing the loan transactions contemplated in that certain Loan Agreement, dated November 5, 2010, between the Corporation and the Water Infrastructure Finance Authority of Arizona. Such resolutions have not been supplemented, amended, modified, or rescinded and remain in full force and effect on the date hereof; and
- (b) Attached hereto as Exhibit B is a true, correct and complete copy of the Amended Bylaws of the Corporation in effect on the date hereof

[The Secretary's signature appears on the following page.]

The undersigned executed and delivered this Secretary's Certificate on behalf of the Corporation on the date first set forth above.

BIG PARK WATER COMPANY, an Arizona
corporation

By: Mary Lynn Gudovic
Mary Lynn Gudovic
Its: Secretary

2. WIFA Board Resolution

Loan Resolution 2011-001 – Big Park Water Company

Water Infrastructure Finance Authority of Arizona

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from Big Park Water Company (the "*Local Borrower*") a request for a loan (the "*Loan*"); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the "*Act*") and the rules promulgated thereunder (the "*Rules*"); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the "*Loan Agreement*") to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

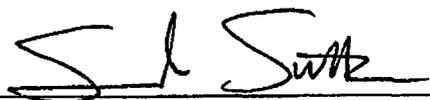
The Executive Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower's applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Executive Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: September 15, 2010

By: 
Chairman

Attest: 
Executive Director

Loan Resolution 2011-001 – Big Park Water Company

Water Infrastructure Finance Authority of Arizona

Section 2: Project Summary

2.1 Project Number(s)

DW 018-2011

2.2 Project Priority Data

<u>PL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate</u>
6	DW 2011	6803	80%

2.3 Project Description(s)

The company has installed arsenic treatment at three well sites, but has exhausted its funding for additional treatment plants on the remaining wells. Of the remaining three wells, one will be abandoned. Big Park Water will utilize loan funds to design, purchase and install arsenic treatment at the other two wells. They will use absorption technology for treatment, with an 80 gallons per minute plant for Well #1 and a 550 gallons per minute plant for Well #5.

2.4 Previous Board or Committee Actions

None, Big Park Water Company is a first time borrower of WIFA.

2.5 Project Finance Committee Recommendations

Not reviewed by the Project Finance Committee.

Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)

Financial Assistance Amount: \$415,000

Primary Repayment Source: Revenues

Secondary Repayment Source: None

Loan Term: 20 years

Frequency of Repayment: Monthly

Loan Structure: Level 2 - Fixture Filing

***Loan Resolution 2011-001 – Big Park Water Company
Water Infrastructure Finance Authority of Arizona***

Debt Service Reserve Fund Requirements: WIFA Held

Repair and Replacement Fund Requirements: Local - Separate Account

Requirements Prior to Loan Execution:

Require Legal Opinion: Yes

Other: No Requirement

Requirements Prior to Construction: No Requirement

Requirement During Construction: No Requirement

Requirements Prior to Final Disbursements: Yes

Final disbursement must occur before December 31, 2012; if not, ACC has ordered that any unused debt authorization granted shall terminate on this date.

Loan Category: Qualified, Not Pledged

Policy Exceptions: None

Section 4: Technical Terms & Conditions (Section 7.2 of Due Diligence)

Observation Schedule: A

Withholding Percentage: 5%

Requirements Prior to Loan Execution: No Requirement

Requirements Prior to Construction:

Prior Review and Approval of Construction Bids: No Requirement

Require Construction Signs: Yes

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

Other: Yes

The Local Borrower shall submit Approval to Construct for Well No. 5 to WIFA.

***Loan Resolution 2011-001 – Big Park Water Company
Water Infrastructure Finance Authority of Arizona***

Requirements During Construction:

Prior Review of Changes in Project Scope: Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

Other: No Requirement

Requirements Prior to Final Disbursements:

Require Plan of Operation: Yes

Require Final Approval: Yes

Other: No Requirement

Policy Exceptions: None

Section 5: Additional Notice & Reporting Requirements (Section 7.3 of Due Diligence)

WIFA to generate Press Release: Yes

Other: Yes

The Local Borrower shall submit wage rate reporting requirement, if applicable.

3. Loan Agreement

Loan Agreement

between

Water Infrastructure Finance Authority of Arizona
(the “Authority”)

and

Big Park Water Company

(the “Local Borrower”)

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of November 12, 2010

**WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA
LOAN AGREEMENT**

This Loan Agreement (as it may be amended or supplemented from time to time, this "Agreement") is made and entered into as of the date set forth below by and between Borrower and Lender set forth below.

This Loan Agreement includes the attached Exhibits and the attached Standard Terms and Conditions. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and Standard Terms and Conditions.

Section 1. Party Names And Addresses.

Borrower:	Big Park Water Company
Borrower Mailing Address:	45 Castle Rock Road, Suite 4 Sedona, Arizona 86351 (928) 284-2298 (928) 284-1974
Attention:	Stevan Gudovic, President
Borrower Business Office Address:	45 Castle Rock Road #4 Sedona, Arizona 86351
Lender:	Water Infrastructure Finance Authority of Arizona
Lender Address:	1110 West Washington Street, Suite 290 Phoenix, Arizona 85007
Attention:	Executive Director

Section 2. Loan Information. The terms of the Loan include the terms set forth in the Exhibits, which are part of this Agreement:

Exhibit A	Financial Assistance Terms and Conditions
Exhibit B	Technical Terms and Conditions
Exhibit C	Reporting Requirements
Exhibit D	Debt Service Reserve and Replacement Reserve Provisions
Exhibit E	Limits on Additional Indebtedness without Lender Consent
Exhibit F	Form of Promissory Note
Exhibit G	Form of Opinion of Counsel to Borrower
Exhibit H	Borrower Disclosure

Section 3. The Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower by means of one or more advances ("Advances") in an aggregate

principal amount not to exceed the Loan Amount (the "Commitment"). The unadvanced portion of the Commitment shall expire on but not include the earliest of (i) the date on which the Loan has been fully advanced by Lender, or (ii) the first Principal Repayment Date set forth in the Exhibit A. The obligation of Borrower to repay the Loan is evidenced by the Promissory Note in the form attached hereto as Exhibit F, dated of even date herewith, of Borrower payable to Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time (the "Note"). In the event of a conflict between the Note and this Agreement, the terms of this Agreement shall be deemed controlling. The Loan shall not constitute a revolving loan, and amounts repaid may not be reborrowed.

Section 4. Advances. Lender may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. In making Advances, Lender shall be entitled to rely upon, and shall incur no liability to Borrower in acting upon, any request made by a person identifying himself or herself as one of the persons authorized by Borrower to request Advances. Advances of the Loan will be made only upon satisfaction of the conditions set forth in this Agreement, including the following:

(a) Lender has received a draw request from Borrower, in form and substance satisfactory to Lender, not less than ten (10) days prior to the date for which such Advance is requested, specifying the amount and purpose of the Advance requested. Lender will furnish an acceptable form of draw request to Borrower. Lender may revise the form of draw request from time to time.

(b) Except as hereinafter provided, disbursements shall be made only upon certification of an authorized officer of Lender that such disbursement is proper. An authorized officer of Lender shall approve disbursements in payment of the invoices, demands for payment, approved contractors' estimates or other evidence of cost incurrence directly to the persons or entities entitled to payment or to Borrower in the case of reimbursement for costs of services already paid, and shall provide Borrower with a copy of the approval and the date approved.

(c) Lender has received such other items or documents as Lender may reasonably require.

Section 5. Payment Of Principal, Interest And Fees. The outstanding principal balance of the Loan, together with all unpaid accrued interest due under the Note, shall be paid by "automatic debit" from the Borrower Deposit Account. The Borrower Deposit Account shall be a Demand Deposit Account in the name of the Borrower, Account Number 252-453614 maintained with Bank of America. Borrower shall cause monthly payments to be made by direct debit to the Lender in accordance with routing instructions within Exhibit A.

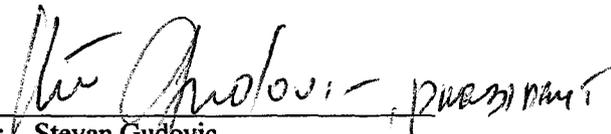
Section 6. Loan And Security Documents. The Loan shall be secured by the Continuing Security Agreement of even date herewith executed by Borrower for the benefit of Lender (the "Continuing Security Agreement") granting Lender a security interest in the collateral described therein by the provisions of this Agreement providing for the holding of, and granting Lender a security interest in, the Debt Service Reserve Fund and the Replacement Reserve Fund (as described in Exhibit D). The Continuing Security Agreement, any Deed of Trust and any other agreements, documents or instruments securing the Loan are referred to as the "Security

Documents". This Agreement, the Note, the Security Documents and any other agreements, documents or instruments evidencing, securing or otherwise relating to the Loan, and all exhibits thereto, are referred to as the "Loan Documents".

IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution herof.

DATED as of November 12, 2010.

Big Park Water Company

By: 
Name: Stevan Gudovic
Title: President

Water Infrastructure Finance Authority of Arizona

By: 
Interim Executive Director

4. Loan Agreement Addendum-Wage Rate
Requirements for Compliance with P.L.
111-88

LOAN AGREEMENT ADDENDUM

Wage Rate Requirements for Compliance with P.L. 111-88

Water Infrastructure Finance Authority of Arizona

This document (this "Wage Rate Addendum") sets forth additional requirements applicable to state revolving fund Loans made by the Water Infrastructure Finance Authority of Arizona ("WIFA") that are subject to the requirements of federal Public Law 111-88, "Making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2010, and for other purposes," enacted October 30, 2009 ("P.L. 111- 88"). The provisions in this Wage Rate Addendum are a part of the Loan Agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The parties acknowledge and agree that funds disbursed by WIFA to the Local Borrower will include funds made available to WIFA by the federal government under P.L. 111-88, and that the requirements of P.L. 111-88 include those set forth in this Wage Rate and Forgivable Principal Addendum. The Local Borrower agrees to comply with all of those requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of WIFA's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by WIFA on the Loan, together with interest and fees as provided in the Loan Agreement.

All laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code. The Local Borrower shall include this requirement in all bid specifications, construction contracts and purchase orders for the Project.

[SIGNATURE PAGE FOLLOWS]

WIFA and the Local Borrower are signing this Loan Agreement Addendum to be effective as part of the Loan Agreement.

Water Infrastructure Finance Authority of Arizona

By: 

Sandra Sutton, Interim Executive Director

Big Park Water Company

By: 

Stevan Gudovic, President

[Signature page to Wage Rate Addendum to Loan Agreement]

5. Exhibit A: Financial Assistance Terms And Conditdions

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions Big Park Water Company 10-Nov-10
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Loan Number..... 920204-11

Closing Date..... 11/12/10

Financial Assistance Terms and Conditions

Original Loan Amount as of the Closing Date.....	\$ 415,000.00
Final Loan Amount as of Release of Retention.....	\$ 415,000.00
Loan Term.....	20
Combined Interest & Fee Rate.....	4.200%
First Fixed Monthly Payment.....	06/01/11
Final Fixed Monthly Payment.....	11/01/30

Debt Service Reserve Fund Requirements (Held by WIFA)

Total Reserve Amount.....	\$ 31,209.00
Monthly Deposit.....	\$ 520.15
Reserve Funded by (Date).....	05/01/16

Repair and Replacement Fund Requirement (Held by Borrower)

Begin Funding on (Date).....	06/01/16
Annual Amount.....	\$ 6,241.80
Monthly Deposit.....	\$ 520.15

Monthly Payment

Period #7 - 1st Debt Service Payment

Maximum Payment (Includes interest payable from Closing to 1st Payment).....	\$ 11,303.29
Minimum Payment	\$ 3,120.88

WIFA will calculate the first payment due on Period #7; payment will depend on actual loan draws.

Periods #8 through #66.....	\$ 3,120.88
Periods #67 through #120.....	\$ 2,600.73
Periods #121 through #180.....	\$ 2,600.73
Periods #181 through #240.....	\$ 2,600.73

Section 2: Loan Repayment Schedule, Repayment Periods 1 through 80
Big Park Water Company
10-Nov-10

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
1	12/01/10	4.200%	0.00	41	04/01/14	4.200%	3,120.88
2	01/01/11	4.200%	0.00	42	05/01/14	4.200%	3,120.88
3	02/01/11	4.200%	0.00	43	06/01/14	4.200%	3,120.88
4	03/01/11	4.200%	0.00	44	07/01/14	4.200%	3,120.88
5	04/01/11	4.200%	0.00	45	08/01/14	4.200%	3,120.88
6	05/01/11	4.200%	0.00	46	09/01/14	4.200%	3,120.88
7	06/01/11	4.200%	11,303.29	47	10/01/14	4.200%	3,120.88
8	07/01/11	4.200%	3,120.88	48	11/01/14	4.200%	3,120.88
9	08/01/11	4.200%	3,120.88	49	12/01/14	4.200%	3,120.88
10	09/01/11	4.200%	3,120.88	50	01/01/15	4.200%	3,120.88
11	10/01/11	4.200%	3,120.88	51	02/01/15	4.200%	3,120.88
12	11/01/11	4.200%	3,120.88	52	03/01/15	4.200%	3,120.88
13	12/01/11	4.200%	3,120.88	53	04/01/15	4.200%	3,120.88
14	01/01/12	4.200%	3,120.88	54	05/01/15	4.200%	3,120.88
15	02/01/12	4.200%	3,120.88	55	06/01/15	4.200%	3,120.88
16	03/01/12	4.200%	3,120.88	56	07/01/15	4.200%	3,120.88
17	04/01/12	4.200%	3,120.88	57	08/01/15	4.200%	3,120.88
18	05/01/12	4.200%	3,120.88	58	09/01/15	4.200%	3,120.88
19	06/01/12	4.200%	3,120.88	59	10/01/15	4.200%	3,120.88
20	07/01/12	4.200%	3,120.88	60	11/01/15	4.200%	3,120.88
21	08/01/12	4.200%	3,120.88	61	12/01/15	4.200%	3,120.88
22	09/01/12	4.200%	3,120.88	62	01/01/16	4.200%	3,120.88
23	10/01/12	4.200%	3,120.88	63	02/01/16	4.200%	3,120.88
24	11/01/12	4.200%	3,120.88	64	03/01/16	4.200%	3,120.88
25	12/01/12	4.200%	3,120.88	65	04/01/16	4.200%	3,120.88
26	01/01/13	4.200%	3,120.88	66	05/01/16	4.200%	3,120.88
27	02/01/13	4.200%	3,120.88	67	06/01/16	4.200%	2,600.73
28	03/01/13	4.200%	3,120.88	68	07/01/16	4.200%	2,600.73
29	04/01/13	4.200%	3,120.88	69	08/01/16	4.200%	2,600.73
30	05/01/13	4.200%	3,120.88	70	09/01/16	4.200%	2,600.73
31	06/01/13	4.200%	3,120.88	71	10/01/16	4.200%	2,600.73
32	07/01/13	4.200%	3,120.88	72	11/01/16	4.200%	2,600.73
33	08/01/13	4.200%	3,120.88	73	12/01/16	4.200%	2,600.73
34	09/01/13	4.200%	3,120.88	74	01/01/17	4.200%	2,600.73
35	10/01/13	4.200%	3,120.88	75	02/01/17	4.200%	2,600.73
36	11/01/13	4.200%	3,120.88	76	03/01/17	4.200%	2,600.73
37	12/01/13	4.200%	3,120.88	77	04/01/17	4.200%	2,600.73
38	01/01/14	4.200%	3,120.88	78	05/01/17	4.200%	2,600.73
39	02/01/14	4.200%	3,120.88	79	06/01/17	4.200%	2,600.73
40	03/01/14	4.200%	3,120.88	80	07/01/17	4.200%	2,600.73

Section 2: Loan Repayment Schedule, Repayment Periods 81 through 160
Big Park Water Company
10-Nov-10

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
81	08/01/17	4.200%	2,600.73	121	12/01/20	4.200%	2,600.73
82	09/01/17	4.200%	2,600.73	122	01/01/21	4.200%	2,600.73
83	10/01/17	4.200%	2,600.73	123	02/01/21	4.200%	2,600.73
84	11/01/17	4.200%	2,600.73	124	03/01/21	4.200%	2,600.73
85	12/01/17	4.200%	2,600.73	125	04/01/21	4.200%	2,600.73
86	01/01/18	4.200%	2,600.73	126	05/01/21	4.200%	2,600.73
87	02/01/18	4.200%	2,600.73	127	06/01/21	4.200%	2,600.73
88	03/01/18	4.200%	2,600.73	128	07/01/21	4.200%	2,600.73
89	04/01/18	4.200%	2,600.73	129	08/01/21	4.200%	2,600.73
90	05/01/18	4.200%	2,600.73	130	09/01/21	4.200%	2,600.73
91	06/01/18	4.200%	2,600.73	131	10/01/21	4.200%	2,600.73
92	07/01/18	4.200%	2,600.73	132	11/01/21	4.200%	2,600.73
93	08/01/18	4.200%	2,600.73	133	12/01/21	4.200%	2,600.73
94	09/01/18	4.200%	2,600.73	134	01/01/22	4.200%	2,600.73
95	10/01/18	4.200%	2,600.73	135	02/01/22	4.200%	2,600.73
96	11/01/18	4.200%	2,600.73	136	03/01/22	4.200%	2,600.73
97	12/01/18	4.200%	2,600.73	137	04/01/22	4.200%	2,600.73
98	01/01/19	4.200%	2,600.73	138	05/01/22	4.200%	2,600.73
99	02/01/19	4.200%	2,600.73	139	06/01/22	4.200%	2,600.73
100	03/01/19	4.200%	2,600.73	140	07/01/22	4.200%	2,600.73
101	04/01/19	4.200%	2,600.73	141	08/01/22	4.200%	2,600.73
102	05/01/19	4.200%	2,600.73	142	09/01/22	4.200%	2,600.73
103	06/01/19	4.200%	2,600.73	143	10/01/22	4.200%	2,600.73
104	07/01/19	4.200%	2,600.73	144	11/01/22	4.200%	2,600.73
105	08/01/19	4.200%	2,600.73	145	12/01/22	4.200%	2,600.73
106	09/01/19	4.200%	2,600.73	146	01/01/23	4.200%	2,600.73
107	10/01/19	4.200%	2,600.73	147	02/01/23	4.200%	2,600.73
108	11/01/19	4.200%	2,600.73	148	03/01/23	4.200%	2,600.73
109	12/01/19	4.200%	2,600.73	149	04/01/23	4.200%	2,600.73
110	01/01/20	4.200%	2,600.73	150	05/01/23	4.200%	2,600.73
111	02/01/20	4.200%	2,600.73	151	06/01/23	4.200%	2,600.73
112	03/01/20	4.200%	2,600.73	152	07/01/23	4.200%	2,600.73
113	04/01/20	4.200%	2,600.73	153	08/01/23	4.200%	2,600.73
114	05/01/20	4.200%	2,600.73	154	09/01/23	4.200%	2,600.73
115	06/01/20	4.200%	2,600.73	155	10/01/23	4.200%	2,600.73
116	07/01/20	4.200%	2,600.73	156	11/01/23	4.200%	2,600.73
117	08/01/20	4.200%	2,600.73	157	12/01/23	4.200%	2,600.73
118	09/01/20	4.200%	2,600.73	158	01/01/24	4.200%	2,600.73
119	10/01/20	4.200%	2,600.73	159	02/01/24	4.200%	2,600.73
120	11/01/20	4.200%	2,600.73	160	03/01/24	4.200%	2,600.73

Section 2: Loan Repayment Schedule, Periods 161 through 240
Big Park Water Company
10-Nov-10

Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment	Period	Monthly Payment Dates	Combined Interest and Fee Rate	Fixed Monthly Payment
161	04/01/24	4.200%	2,600.73	201	08/01/27	4.200%	2,600.73
162	05/01/24	4.200%	2,600.73	202	09/01/27	4.200%	2,600.73
163	06/01/24	4.200%	2,600.73	203	10/01/27	4.200%	2,600.73
164	07/01/24	4.200%	2,600.73	204	11/01/27	4.200%	2,600.73
165	08/01/24	4.200%	2,600.73	205	12/01/27	4.200%	2,600.73
166	09/01/24	4.200%	2,600.73	206	01/01/28	4.200%	2,600.73
167	10/01/24	4.200%	2,600.73	207	02/01/28	4.200%	2,600.73
168	11/01/24	4.200%	2,600.73	208	03/01/28	4.200%	2,600.73
169	12/01/24	4.200%	2,600.73	209	04/01/28	4.200%	2,600.73
170	01/01/25	4.200%	2,600.73	210	05/01/28	4.200%	2,600.73
171	02/01/25	4.200%	2,600.73	211	06/01/28	4.200%	2,600.73
172	03/01/25	4.200%	2,600.73	212	07/01/28	4.200%	2,600.73
173	04/01/25	4.200%	2,600.73	213	08/01/28	4.200%	2,600.73
174	05/01/25	4.200%	2,600.73	214	09/01/28	4.200%	2,600.73
175	06/01/25	4.200%	2,600.73	215	10/01/28	4.200%	2,600.73
176	07/01/25	4.200%	2,600.73	216	11/01/28	4.200%	2,600.73
177	08/01/25	4.200%	2,600.73	217	12/01/28	4.200%	2,600.73
178	09/01/25	4.200%	2,600.73	218	01/01/29	4.200%	2,600.73
179	10/01/25	4.200%	2,600.73	219	02/01/29	4.200%	2,600.73
180	11/01/25	4.200%	2,600.73	220	03/01/29	4.200%	2,600.73
181	12/01/25	4.200%	2,600.73	221	04/01/29	4.200%	2,600.73
182	01/01/26	4.200%	2,600.73	222	05/01/29	4.200%	2,600.73
183	02/01/26	4.200%	2,600.73	223	06/01/29	4.200%	2,600.73
184	03/01/26	4.200%	2,600.73	224	07/01/29	4.200%	2,600.73
185	04/01/26	4.200%	2,600.73	225	08/01/29	4.200%	2,600.73
186	05/01/26	4.200%	2,600.73	226	09/01/29	4.200%	2,600.73
187	06/01/26	4.200%	2,600.73	227	10/01/29	4.200%	2,600.73
188	07/01/26	4.200%	2,600.73	228	11/01/29	4.200%	2,600.73
189	08/01/26	4.200%	2,600.73	229	12/01/29	4.200%	2,600.73
190	09/01/26	4.200%	2,600.73	230	01/01/30	4.200%	2,600.73
191	10/01/26	4.200%	2,600.73	231	02/01/30	4.200%	2,600.73
192	11/01/26	4.200%	2,600.73	232	03/01/30	4.200%	2,600.73
193	12/01/26	4.200%	2,600.73	233	04/01/30	4.200%	2,600.73
194	01/01/27	4.200%	2,600.73	234	05/01/30	4.200%	2,600.73
195	02/01/27	4.200%	2,600.73	235	06/01/30	4.200%	2,600.73
196	03/01/27	4.200%	2,600.73	236	07/01/30	4.200%	2,600.73
197	04/01/27	4.200%	2,600.73	237	08/01/30	4.200%	2,600.73
198	05/01/27	4.200%	2,600.73	238	09/01/30	4.200%	2,600.73
199	06/01/27	4.200%	2,600.73	239	10/01/30	4.200%	2,600.73
200	07/01/27	4.200%	2,600.73	240	11/01/30	4.200%	2,601.21

6. Exhibit B: Technical Terms and Conditions

Exhibit B

Technical Terms and Conditions

**Section 1
Budget**

Uses by Budget Item	Amount Budgeted
Planning.....	\$0.00
Design & Engineering.....	\$30,000.00
Legal/Debt Authorization.....	\$0.00
Financial Advisor.....	\$0.00
Land/System Acquisition.....	\$0.00
Equipment/Materials.....	\$274,023.00
Construction/Installation/Improvement.....	\$67,000.00
Inspection & Construction Management.....	\$0.00
Project Officer.....	\$0.00
Administration.....	\$0.00
Staff Training.....	\$0.00
Capitalized Interest.....	\$0.00
Refinance Loan.....	\$0.00
Other - Contingency.....	\$43,977.00
Total Budget.....	\$415,000.00

**Section 2
Project Description**

Big Park Water will utilize loan funds to design, purchase and install arsenic treatment at the other two wells. They will use absorption technology for treatment, with an 140 gallons per minute plant for Well #1 and a 550 gallons per minute plant for Well #5.

**Section 3
Estimated Observation and Disbursement Schedule**

WIFA Withholding % (released after Final Observation)			5%
Observation 1:	50 %	Loan Disbursal.....	\$ 207,500.00
Final Observation:	95 %	Loan Disbursal.....	\$ 394,250.00
WIFA Withholding.....			\$ 20,750.00

Additional Observations – A WIFA representative may perform additional observations based on information provided in the projects status reports included in each Local Borrower disbursement requisition form.

Section 4 Requirements Prior To Construction

Section 4.1 **Construction Bids.** No requirement.

Section 4.2 **User Charges.** The Local Borrower has established (or, if the System is not yet in operation, the Local Borrower will, at or before the time the System commences operation, establish) a system of user charges which, with other funds lawfully available, will at all times be sufficient to pay the costs of operation and maintenance of the System, including renewals and replacements of the System. The Local Borrower also agrees that such system of user charges will be established and maintained in compliance with any applicable requirements of state and federal law as long as the Local Borrower owes amounts under this Loan Agreement. The Local Borrower at its sole option may pay the costs of operation, maintenance, repair, replacement, extensions and additions to the System from any funds lawfully available to it for such purpose.

Section 4.3 **Interest in Project Site.** As a condition of the Loan, the Local Borrower will demonstrate to the satisfaction of the Authority that the Local Borrower has or will have a fee simple or such other estate or interest in the site of the Project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project.

Section 4.4 **Federal Safe Drinking Water Act.** The Local Borrower covenants that, to the extent legally applicable, the Project will meet the requirements of the Federal Safe Drinking Water Act in effect on the date of Loan Closing and any amendments thereto that may retroactively apply to the Loan, and the Local Borrower agrees that the Project will comply with applicable provisions of those federal laws and authorities listed in Article 9 of the Standard Terms and Conditions.

Section 4.5 **Signs.** The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

Section 4.5 **Other Requirements.** The Local Borrower shall submit Approval to Construct for Well No. 5 to WIFA.

Section 5

Requirements During Construction

Section 5.1 **Changes in Project Scope**. The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

Section 5.2 **Completion of Project and Provision of Moneys Therefor**. The Local Borrower covenants and agrees (a) to exercise its best efforts in accordance with prudent utility construction practice to complete the Project and (b) to the extent permitted by law, to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives hereunder and under any subsequent loan from the Authority, required to complete the Project.

Section 5.3 **Inspections; Information**. The Local Borrower shall permit the Authority and any party designated by the Authority to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith.

Section 5.4 **Adjustments for Ineligible Costs**. The Local Borrower shall promptly reimburse the Authority for any portion of the Loan which is determined to have been used for costs that are not eligible for funding under the Authority Act, the Federal Clean Water Act, as amended, or the Federal Safe Drinking Water Act, as amended, unless such matter is curable in some other manner by the Local Borrower to the satisfaction of the Authority. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority. Any such reimbursed principal amount will be applied to reduce the outstanding principal amount of the Loan.

Section 5.5 **Archaeological Artifacts**. In the event that archaeological artifacts or historical resources are discovered during construction excavation of the Project, the Local Borrower shall stop or cause to be stopped construction activities and will notify the State Historic Preservation Office and the Authority of such discovery.

Section 6

Requirements Prior To Final Disbursements

Section 6.1 **Plan of Operation**. After construction is 50% complete and prior to the release of the withholding, the Local Borrower will submit to the Authority a plan of operation which provides a concise, sequential description of an implementation schedule for those activities necessary to assure efficient and reliable start-up and continual operation of the Project.

Section 6.2 **Final Approval**. Prior to the release of the withholding, the Local Borrower will submit to the Authority (a) as-built drawings by a professional engineer that document all changes from the original plans and specifications (b) copies of all testing results performed by or under the supervision of a professional engineer as required by the specifications, and (c) Arizona Department of Environmental Quality (ADEQ) approval of construction or an engineer's Certificate of Completion certifying that all construction was completed in accordance with the plans and specifications or that any changes made are in conformance with the Arizona Revised Statutes, ADEQ and Environmental Protection Agency rules, permits and guidelines and are documented in the as-built drawings. Based on a review of the information submitted, the Authority reserves the right, prior to the release of the withholding, to request modifications to the Project, the system, or the materials submitted pursuant to this section.

7. Exhibit C: Reporting Requirements

Exhibit C

Reporting Requirements

Section 1. **Annual Loan Review.** The Authority's Annual Loan Review Form and annual financial statements in a format approved by the Authority, including the report of any annual audit(s) and all audit reports required by governmental auditing standards and any applicable Arizona rules, shall be provided by the Local Borrower to the Authority within one-hundred and eighty (180) days after the end of each fiscal year of the Local Borrower. The Local Borrower shall complete all audits and submit all reports required by the federal Single Audit Act within the time limits under that federal law, currently within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the federal agency that provided the funding or a different period is specified in a program-specific audit guide.

Section 2. **Records and Accounts.** The Local Borrower shall keep accurate records and accounts for the System, including the Project (the "*System Records*"), separate and distinct from its other records and accounts (the "*General Records*"). To the extent required by law, such System Records shall be maintained in accordance with generally accepted government or other applicable accounting standards and shall be audited annually, if required by law, by an independent accountant, which audit may be part of the annual audit of the General Records of the Local Borrower. Such System Records and General Records shall be made available for inspection by the Authority at any reasonable time.

Section 3. **Notice of Change In Key Personnel.** Promptly after becoming aware thereof, the Local Borrower shall provide notice in writing to the Authority of any change to the information in Section 1 of the Loan Agreement and any other change in key personnel connected to the Project and Loan.

Section 4. **Notice of Material Adverse Change.** The Local Borrower shall promptly notify the Authority of any material adverse change in the activities, prospects or condition (financial or otherwise), of the Local Borrower relating to the System, or in the ability of the Local Borrower to make all Loan Repayments from the Source of Repayment described in this Loan Agreement and otherwise to observe and perform its duties, covenants, obligations and agreements hereunder.

Section 5. **Disadvantaged Business Enterprise (DBE) Program.** The Local Borrower must report DBE participation to the Authority based on guidance from the Authority.

Section 6. **Notice of Default.** Promptly after becoming aware thereof, Local Borrower shall give notice to the Authority of (i) the occurrence of any Event of Default under the Loan Agreement or (ii) the occurrence of any breach, default, Event of Default, or event which with the giving of notice or lapse of time, or both, could become a material breach, default, or Event of Default (a "Future Breach") under any agreement, indenture, mortgage, or other instrument (other than the Loan Agreement) to which the Local Borrower is a party or by which it or any of its property is bound or affected. Local Borrower shall provide written notice to the Authority if the effect of such breach, default, Event of Default or Future Breach is to accelerate, or to permit

the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument; provided, however, that the failure of the Local Borrower to give such notice shall not affect the right and power of the Authority to exercise any and all of the remedies specified herein.

Section 7. **Notice of Non-Environmental Litigation.** Promptly after the commencement or overt threat thereof, Local Borrower shall provide the Authority with written notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting Local Borrower which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 8. **Notice of Environmental Litigation.** Without limiting the provisions of Section 7 above, promptly after receipt thereof, Local Borrower shall provide the Authority with written notice of the receipt of all pleadings, orders, complaints, indictments, or other communication alleging a condition that may require Local Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury to any person or property damage as a result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 9. **Regulatory and Other Notices.** Promptly after receipt or submission thereof, Local Borrower shall provide the Authority with copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or the ability of Local Borrower to perform its obligations under the Loan Agreement, or which reveals a substantial non compliance with any applicable law, regulation or rule.

Section 10. **Other Information.** The Local Borrower shall submit to the Authority other information regarding the condition (financial or otherwise), or operation of the Local Borrower as the Authority may, from time to time, reasonably request.

Section 11. **Additional Reporting Requirements.** No additional reporting requirements

8. Exhibit D: Debt Service Reserve and Replacement Reserve Provisions

Exhibit D

Debt Service Reserve And Replacement Reserve Requirements

Section 1. Debt Service Reserve Fund.

(a) There is established and maintained a Debt Service Reserve Fund held by the Lender. The deposits required pursuant to this Exhibit shall be automatically debited from the Borrower Deposit Account along with Borrower's regularly scheduled payments of principal and interest. The amount allocated to the Debt Service Reserve Fund shall be administered and invested by the Lender and allocated to the Borrower (the "Debt Service Reserve Fund"). Amounts therein shall secure payment to Lender of Loan repayments payable under the Loan Documents. The regularly scheduled deposits into the Debt Service Reserve Fund shall be in an amount, as determined by Lender, so as to accumulate over five (5) years an amount equal to the highest amount of Loan repayments by Borrower in any fiscal year as shown in the Loan repayment schedule, which Borrower and Lender agree is the initial amount of the debt service reserve requirement (the "Debt Service Reserve Requirement") for the Loan. Initially, the amount of the Debt Service Reserve Requirement and the amount of the required periodic build up are set forth in Exhibit A. The amount of the Debt Service Reserve Requirement and the amount of the required periodic build up will be adjusted to reflect any adjustment of the Loan repayment schedule.

(b) For so long as the Loan is outstanding, if on any Interest Payment Date or Principal Repayment Date Borrower has not paid to Lender an amount equal to the amount of principal and interest due on the Loan pursuant to this Agreement, Borrower hereby consents and directs the Lender to transfer, the amount of the deficiency from the Debt Service Reserve Fund to the payment of any amounts due. Borrower shall then cause to be delivered to Lender for deposit to the Debt Service Reserve Fund after provision is made for payment of amounts which have become due under this Agreement an amount sufficient to cause the amount credited to the Debt Service Reserve Fund to be at least equal to the amount then required to be on deposit therein.

(c) The Lender may commingle funds of Borrower with other funds but shall keep adequate and accurate records of moneys and investment earnings on amounts credited to the Debt Service Reserve Fund. Borrower shall pay the reasonable fees and charges of the Lender for administering the Debt Service Reserve Fund from investment earnings on amounts credited to the Debt Service Reserve Fund in an amount not to exceed 10% of investment earnings.

(d) Not less than annually, Lender shall deliver to Borrower an accounting of the Debt Service Reserve Fund, indicating the principal amount therein, and net annual investment earnings (investment earnings less administrative costs and fees pursuant to Clause (c) of this Section) (the "Net Earnings"). Net Earnings shall be applied not less than annually as a prepayment of principal.

(e) Subject to subsections (a), (b), (c), and (d) of this Section, when the Debt Service Reserve Fund is equal to or greater than the amounts due from the Borrower, the Lender shall:

- (i) Apply the Debt Service Reserve Fund to pay in full all amounts payable by Borrower under this Agreement.
- (ii) Transfer to Borrower all monies remaining in the Debt Service Reserve Fund after payment in full of all amounts payable by Borrower.

Section 2. Replacement Reserve Fund.

(a) Borrower shall establish a separate account to secure payment to Lender of Loan repayments payable under the Loan Documents (the "Replacement Reserve Fund"). The Replacement Reserve Fund shall be held and administered by the Borrower in an account which is acceptable to Lender pursuant to the provisions of the Agreement. Borrower shall cause to be deposited on or before the first business day of each month commencing with the sixty-first (61st) month following the month in which the first Advance occurs amounts at least equal to one-twelfth (1/12th) of twenty percent (20%) of the highest amount of Loan repayments by Borrower in any fiscal year as shown in the Loan repayment schedule. Initially, the amount of the required monthly deposit and the aggregate annual deposits are set forth in Exhibit A. The amount of the required monthly deposit will be adjusted to reflect any adjustment of the Loan repayment schedule.

(b) For so long as the Loan is outstanding, if no Event of Default, and no event or occurrence which, with the giving of notice or the passage of time or both, would become an Event of Default (an "Unmatured Event of Default"), has occurred and is continuing, Borrower from time to time may withdraw moneys from the Replacement Reserve Fund and apply the moneys withdrawn for one or more of the following purposes: (i) for the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the drinking water system provided that the property is depreciable; (ii) for the performance of repairs with respect to the drinking water system which are of an extraordinary and non-recurring nature provided that the property is depreciable; (iii) for the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the drinking water system provided that the property is depreciable; and/or (iv) to make payments to Lender on the Loan.

(c) For so long as the Loan is outstanding, if on any Interest Payment Date or Principal Repayment Date Borrower has not paid to Lender an amount equal to the amount of principal and interest due on the Loan pursuant to this Agreement, and the Debt Service Reserve Fund does not hold sufficient moneys to cover the deficiency, Lender will direct the Borrower to transfer, and Borrower hereby consents to transfer, the amount of the deficiency from the Replacement Reserve Fund to Lender.

(d) The Lender shall require that the Borrower shall keep adequate and accurate records of moneys, investments and investment earnings on amounts credited to the Replacement Reserve Fund. Lender shall have the right to audit the records of the Borrower insofar as they pertain to the Replacement Reserve Fund.

Section 3. Debt Service Reserve Fund and Replacement Reserve Fund as Collateral.

(a) Grant of Security Interest. As collateral security for the prompt and complete payment when due of all obligations of the Borrower to the Lender under the Agreement and the Note and all other obligations and liabilities of the Borrower to the Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, arising under, out of, or in connection with, the Agreement or any of the Loan Documents (the "Obligations"), Borrower has granted, bargained, sold, assigned, pledged, and set over and by these presents does hereby grant, bargain, sell, assign, pledge, transfer and set over unto the Lender, and its successors and assigns, all of the Borrower's right, title and interest in and to any amounts held or deposited in the Debt Service Reserve Fund and in the Replacement Reserve Fund (the "Pledged Funds").

(b) Terms and Conditions.

(i) The Debt Service Reserve Fund and all amounts deposited therein shall be held in the sole dominion and control of the Lender and shall be administered by the Lender as a collateral account for the benefit of the Lender, and Borrower shall have no rights or powers with respect to, or control over, the Debt Service Reserve Fund or any part thereof. Borrower's sole right with respect to the Pledged Funds in the Debt Service Reserve Fund shall be as provided in the Agreement.

(ii) From and after the occurrence and during the continuation of an Event of Default, Lender may, in the sole and absolute discretion of the Lender, apply the Pledged Funds in the Debt Service Reserve Fund, and, if there are insufficient Pledged Funds in the Debt Service Reserve Fund, in the Replacement Reserve Fund, to the Obligations in the following order: (i) all outstanding costs, expenses, fees and late charges due the Lender, (ii) interest at the rate or rates specified in the Loan Documents and (iii) the principal amount of the Obligations. All interest and other investment earnings amounts from time to time accrued and paid on the Pledged Funds in the Debt Service Reserve Fund and the Replacement Reserve Fund shall be retained in the Debt Service Reserve Fund and the Replacement Reserve Fund and shall be applied in accordance with the Agreement.

(iii) Lender shall have, with respect to the Pledged Funds, all rights and remedies of a secured party under Article 9 of the Arizona Uniform Commercial Code and other applicable laws.

Section 4. Representations, Warranties and Covenants.

(a) Borrower agrees to establish upon closing and maintain the Debt Service Reserve Fund and the Replacement Reserve Fund in accordance with the provisions of the Agreement.

(b) The Borrower covenants that it will not apply, or permit the application of, amounts on deposit in, or required by the provisions of this Agreement to be on deposit in, the Debt Service Reserve Fund and/or the Replacement Reserve Fund except in accordance with the provisions of this Agreement.

(c) Borrower hereby represents and warrants to Lender, effect on the date of the Agreement and on the date of each deposit of Pledged Funds to the Debt Service Reserve Fund and the Replacement Reserve Fund, that:

(i) No filing, recording, registration or declaration with or notice to any person or entity is required in order to preserve or perfect the first priority lien and charge intended to be created hereunder in the Pledged Funds.

(ii) Except for the security interest granted to the Lender pursuant to this Agreement, Borrower is the sole owner of the Pledged Funds, having good and marketable title thereto, free and clear of any and all mortgages, liens, security interests, encumbrances, claims or rights of others.

(iii) No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or part of the Pledged Funds is on file or of record in any public office except such as may have been filed by the Borrower in favor of the Lender.

(iv) This Agreement constitutes a valid and continuing first lien on and first security interest in the Pledged Funds in favor of the Lender, prior to all other liens, encumbrances, security interests and rights of others, and is enforceable as such as against creditors of and purchasers from the Borrower.

(d) Without the prior written consent of the Lender, the Borrower hereby covenants and agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Funds, nor will it create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance with respect to any of the Pledged Funds, or any interest therein, except for the security interest provided for by the Agreement.

(e) Borrower hereby covenants and agrees that it will defend Lender's right, title and security interest in and to the Pledged Funds against the claims and demands of all persons whomsoever except to the extent, which arise out of the willful misconduct or gross negligence of the Lender.

9. Exhibit E: Limits on Additional Indebtedness without Lender Consent

Exhibit E

Limits On Additional Indebtedness Without Lender Consent

Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any Advance is outstanding, Borrower shall not:

(a) Borrowings. Create, incur, assume, or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money, for the deferred purchase price of property or services, or for the lease of real or personal property which lease is required to be capitalized under GAAP or which is treated as an operating lease under regulations applicable to the Borrower but which otherwise would be required to be capitalized under GAAP (a "Capital Lease"), except for (i) accounts payable to trade creditors and current operating liabilities (other than for borrowed money) incurred in the ordinary course of Borrower's business, and (ii) Capital Leases, the aggregate amount of which exceeds at any one time \$15,000.00.

(b) Leases. Create, incur, assume, or permit to exist any obligations as lessee for the rental or hire of any real or personal property, except leases which do not in the aggregate require Borrower to make payments (including, without limitation, taxes, insurance maintenance, and other charges) in any fiscal year of Borrower occurring during the term hereof in excess of \$15,000.00.

Notwithstanding the foregoing, the existing borrowings and leases described in the Consent and Acknowledgement of even date are permitted.

10. Exhibit F: Form of Promissory Note

Exhibit F
PROMISSORY NOTE

\$ 415,000.00

Phoenix, Arizona
November 12, 2010

For Value Received, Big Park Water Company ("Borrower"), promise to pay to WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA ("Lender") or order the aggregate principal amount outstanding on Borrower's loan as shown on Lender's records which shall at all times be conclusive and govern, with interest thereon at an annual rate equal to five and six tenths percent (5.6%). Interest shall be calculated on a 360-day year for all advances, but, in any case, shall be computed for the actual number of days in the period for which interest is charged. Principal and interest shall be payable at the times and in the manner set forth in the Loan Agreement (as hereinafter defined).

Lender and Borrower have established specific instructions and procedures by which draws against said credit will be presented for disbursement pursuant to the terms and conditions of that certain Loan Agreement of even date herewith (the "Loan Agreement"), but nothing contained herein shall create a duty on the part of Lender to make said disbursement if Borrower is in default. The undersigned shall not be entitled to total disbursements hereunder exceeding four hundred and fifteen thousand dollars (\$415,000.00), such lesser amount determined in accordance with the Loan Agreement with respect to the Loan (as defined in the Loan Agreement).

All amounts payable hereunder shall be paid in lawful money of the United States. Principal and interest shall be payable at 1110 West Washington, Suite 290, Phoenix, Arizona 85007, or at such other place as the holder hereof may designate. Borrower may prepay the Loan, in whole or in part, at any time without premium or penalty pursuant to Section 1(a) of the Standard Terms and Conditions relating to the Loan.

Absent a default under this Note or the Loan Agreement, any payments received by the holder hereof shall be applied first to sums, other than principal and interest, due the holder hereof, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal. Any payments received by the holder hereof after any Event of Default (as defined in the Loan Agreement) shall be applied to the amounts specified in this paragraph in such order as the holder hereof may, in its sole discretion, elect.

If any payment of interest and/or principal is not received by the holder hereof when such payment is due, then, as additional remedies, (a) a late charge of six percent (6%) of the amount due and unpaid will be added to the delinquent amount for any payment past due in excess of fifteen (15) days and (b) all past due payments of principal and/or interest shall bear interest from their due date until paid at an annual rate equal to the sum of (i) six percent (6%) and (ii) the interest rate specified herein, payable on demand (the "Default Rate").

This Note shall become immediately due and payable at the option of the holder hereof without presentment or demand or any notice to Borrower or any other person obligated hereon, upon default

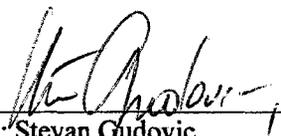
in the payment of any of the principal hereof or any interest thereon when due, or if any event occurs or condition exists which authorizes the acceleration of the maturity hereof under the Loan Agreement. Time is of the essence with regard to all payment obligations in this Note. Failure to exercise any remedy or right hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

In the event any holder hereof utilizes the services of an attorney in attempting to collect the amounts due hereunder or to enforce the terms hereof or of any agreements related to this indebtedness, or if any holder hereof becomes party plaintiff or defendant in any legal proceeding in relation to the property described in any instrument securing this Note or for the recovery or protection of the indebtedness evidenced hereby, Borrower, its successors and assigns, shall repay to such holder hereof, on demand, all costs and expenses so incurred, including reasonable attorney's fees, including those costs, expenses and attorney's fees incurred after the filing by or against the Borrower of any proceeding under any chapter of the Bankruptcy Code, or similar federal or state statute, and whether incurred in connection with the involvement of any holder hereof as creditor in such proceedings or otherwise.

Borrower and all sureties, endorsers and guarantors of this Note waive demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notice, filing of suit and diligence in collecting this Note or the release of any part primarily or secondarily liable hereon and further agree that it will not be necessary for any holder hereof, in order to enforce payment of this Note by any of them, to first institute suit or exhaust its remedies against any maker or others liable herefor, and consent to any extension or postponement of time or payment of this Note or any other indulgence with respect hereto without notice thereof to any of them.

Notwithstanding any provision contained herein to the contrary, the applicable rate of interest agreed to herein shall include the applicable interest rate described herein, in accordance with the terms of this Note, and any additional charges, costs and fees incident to this loan to the extent they are deemed to be interest under applicable Arizona law. Should the applicable rate of interest as calculated under this Note exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Big Park Water Company

By  PRESIDENT
Name: Stevan Gudovic
Title: President

"Borrower"

11. Exhibit G: Form of Opinion of Counsel To Borrower

GALLAGHER & KENNEDY

P.A.

LAW OFFICES

2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225

PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

November 12, 2010

Water Infrastructure Finance Authority of Arizona
1110 West Washington, Suite 290
Phoenix, Arizona 85007
Attention: Executive Director

Re: Loan (the "Loan") from Water Infrastructure Finance Authority of Arizona ("Lender") to Big Park Water Company, an Arizona corporation (the "Company").

Ladies and Gentlemen:

We have acted as special Arizona counsel to the Company in connection with the transactions contemplated by the Loan Documents (defined below). All capitalized terms used herein, but not elsewhere defined in this letter, will have the respective meanings given to such terms in the Loan Documents.

Examinations. As such counsel, we have made such examinations and inquiries as we have deemed necessary as a basis for this opinion, including examination of the following:

1. Forms of the following documents (collectively, the "Loan Documents"):
 - a. Loan Agreement, dated November 12, 2010, between Lender and the Company, including the Loan Agreement Standard Terms and Conditions.
 - b. Promissory Note, dated November 12, 2010, executed by the Company in favor of Lender.
 - c. Continuing Security Agreement, dated November 12, 2010, executed by the Company in favor of Lender (the "Continuing Security Agreement").
 - d. UCC-1 Financing Statement, to be filed with the Arizona Secretary of State and recorded with the Maricopa County Recorder (the "Financing Statement").
 - e. Subordination Agreement, dated November 12, 2010, between the Company and Stevan Gudovic.

- f. Cash Collateral Agreement, dated November 12, 2010, between the Company and Lender.
 - g. Certificate of President of the Company, dated November 12, 2010.
 - h. Consent and Acknowledgement dated November 12, 2010.
2. The following documents pertaining to the Company:
- a. Articles of Organization filed with the Arizona Corporation Commission on February 6, 1968, as amended on December 2, 1994 (the "Articles of Incorporation").
 - b. Amended Bylaws of the Company (the "Bylaws").
 - c. Action by Written Consent of the Board of Directors of the Company dated November 12, 2010.
 - d. Certificate of Good Standing of the Company issued by the Arizona Corporation Commission dated November 9, 2010.
 - e. Certificate of the Secretary of the Company dated November 12, 2010.

We have also examined such certificates of public officials, certificates of representatives of the Company and such other documents as we have deemed relevant and necessary as a basis for the opinions set forth below. We have relied upon certificates of public officials and of representatives of the Company with respect to the accuracy of material or factual matters contained in such certificates, which were not independently established.

Assumptions. In rendering this opinion, we have assumed that:

1. (i) Lender is duly formed, validly existing, and in good standing under the laws of the State of Arizona; (ii) the execution, delivery, and performance of all applicable Loan Documents by Lender has been duly authorized by all action required of Lender; (iii) Lender has obtained all necessary governmental consents, authorizations, approvals, permits, or certificates that are required as a condition to the execution and delivery of the Loan Documents, and to the performance of and carrying out by Lender of the transactions contemplated thereby; (iv) the Loan Documents constitute legal, valid, binding, and enforceable obligations of Lender under federal law, the laws of the States of Arizona, and the laws of any other applicable jurisdiction; (v) except for the Loan Documents, there are no other documents or agreements between the Company and Lender that would expand or otherwise modify the obligations of the parties under the Loan Documents; (vi) Lender has the power and authority under applicable laws and regulations to enter into and perform the transactions as described in the Loan Documents and has complied in all material respects with all applicable laws and regulations with respect thereto; and (vii) Lender will, at all times during the

term of the Loan Documents, act in good faith and only in a manner that under the circumstances is commercially reasonable.

2. There are no understandings among the parties that are inconsistent with the content of the Loan Documents, and there are no facts or events (such as fraud or duress) that have occurred in connection with the execution, acknowledgment, and delivery of the Loan Documents that would impair their enforceability. We are not aware of any facts inconsistent with this assumption.

3. At the time Lender seeks to enforce its rights under the Loan Documents, Lender will not be in breach thereof, those documents will still be in force, and no applicable statute of limitations will have expired.

4. Each of the Loan Documents required to be executed, notarized, filed, and/or recorded to be effective, and any UCC-1 and/or other financing statements required to perfect same, have been or will be timely and properly notarized, filed, and/or recorded in the appropriate governmental offices.

5. We have assumed without investigation the completeness, genuineness, and authenticity of any document submitted to us as an original, the conformity to the original of any document submitted to us as a copy, the authenticity of the original of such latter documents, the conformity to the executed document of any document submitted to us as the form to be executed, the genuineness of all signatures, and the legal capacity of natural persons. We have assumed without investigation that any certificate, representation (oral or otherwise), telegram, telex, telecopy, or other document on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with the assumptions in this paragraph.

6. We have assumed the collateral description contained in the Continuing Security Agreement is sufficient to allow perfection of a security interest in such collateral upon the filing of the Financing Statement with the Arizona Secretary of State and recorded with the Maricopa County Recorder.

Other Limitations. The opinions and representations hereinafter expressed are subject to the following qualifications, limitations, and exceptions:

1. Our opinions are limited to the laws of the State of Arizona (as applied to contracts and transactions made and to be performed in the State of Arizona and without reference to Arizona choice-of-law rules). Accordingly, we express no opinion as to the possible impact upon the matters of the laws, orders, or judgments of any other jurisdiction.

2. We have relied on the certificate of the Arizona Corporation Commission that the Company is an Arizona corporation and is in good standing and as to the current form of its Articles

of Incorporation. We have not conducted any independent investigation as to these matters; however, we have no reason to believe that such certificates are not accurate.

3. Whenever we indicate that our opinion or the basis for our assumptions relates to the existence or absence of facts is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge of the firm's attorneys principally responsible for the transactions contemplated by the Loan Documents. We have not made an independent investigation, verification, or review of any matters whatsoever except as specifically set forth herein, and we are relying solely on such stated investigation, verification, or review.

4. Notwithstanding any express waivers of other provisions in the Loan Documents, the enforceability of the Loan Documents is subject to bankruptcy, insolvency, reorganization, arrangement, receivership, conservatorship, moratorium, and other similar state and federal laws now or hereafter affecting the enforcement of creditors' rights in general.

5. The enforceability of the Loan Documents is subject to the general principles of equity.

6. The enforceability of the Loan Documents is subject to the qualification that certain waivers, procedures, indemnities, and other provisions of the Loan Documents may be unenforceable under or limited by the law of the State of Arizona; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Loan Documents.

7. We express no opinion concerning the legal validity and sufficiency of the acts of Lender.

8. With respect to the Arizona Uniform Commercial Code (Arizona Revised Statutes §§ 47-1101 *et seq.*) (the "Arizona UCC") and corresponding statutes in other relevant jurisdictions, as applicable:

a. With respect to collateral and financing statements, as defined in the Arizona UCC, the Arizona UCC requires the filing of continuation statements within a period of six months prior to the expiration of five years after the date of the original filing (and each subsequent filing) in order to maintain the effectiveness of the filings of the financing statements.

b. Continuation and perfection of any security interest in "proceeds," as such term is defined in the Arizona UCC, is limited to the extent set forth in the Arizona UCC (specifically, A.R.S. § 47-9315).

c. The Arizona UCC (specifically, A.R.S. § 47-9507(C)) provides that, in the event a debtor subsequently changes its name, or in the case of any organization where its name, identity, partnership, corporate, or other structure is subsequently changed so that a filed financing

statement becomes seriously misleading, the filing is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless a new appropriate financing statement is filed before the expiration of the four-month period.

9. We express no opinion as to matters of title, priority, or perfection of liens or perfection of security interests, except as otherwise provided herein.

10. We express no opinion as to the effect or enforceability of any inclusions within collateral of the products, additions, or accessions to the enumerated items of collateral.

11. The opinions herein are based upon and limited to the laws now in effect, and we assume no obligation to revise or supplement the opinions should any law be changed by any legislative action, judicial decision, administrative process, or otherwise.

12. Our opinion is limited to the matters set forth herein and to the date hereof. No opinion may be inferred or implied beyond the matters expressly stated herein.

Opinion. Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Arizona.

2. The Company has the requisite corporate power and authority to own and operate its properties and assets, to carry out its business as such business is being conducted, and to carry out the terms and conditions applicable to it under the Loan Documents. The execution, delivery, and performance of the Loan Documents by the Company have been duly authorized by all requisite corporation action on the part of the Company and the Loan Documents have been duly executed and delivered by the Company.

3. Based solely upon our knowledge, there is no pending or overtly threatened litigation or other legal proceedings against the Company.

4. The execution and delivery of the Loan Documents by the Company and consummation by the Company of the transactions contemplated by the Loan Documents will not conflict with or result in a violation of any applicable law or rule affecting the Company.

5. No consent, approval, authorization, or other action by, or filing with, any federal, state, or local government authority is required in connection with the execution and delivery by the Company of the documents and the consummation by the Company of the transactions contemplated by the Loan Documents which has not been obtained or made.

6. The execution and delivery of the Loan Documents by the Company and consummation by the Company of the transactions contemplated by the Loan Documents will not conflict with nor result in a violation of the Articles of Incorporation or the Bylaws.

7. Based solely upon our knowledge, the execution and delivery of the Loan Documents by the Company and consummation by the Company of the transactions contemplated by the Loan Documents will not conflict with nor result in a violation of any judgment, order, or decree of any court or governmental agency to which the Company is a party or by which it is bound.

8. Based solely upon our knowledge, the execution and delivery of the Loan Documents by the Company and the consummation by the Company of the transactions contemplated by the Loan Documents will not conflict with nor result in a violation of any contract, indenture, instrument, or other agreement to which the Company is a party or by which it is bound.

9. The Loan Documents constitute legal, valid, and binding obligations of the Company, enforceable in accordance with their terms.

10. The Continuing Security Agreement creates a valid security interest in the collateral described therein, to the extent the Company as borrower has rights in such collateral, but our opinion is limited to collateral in which a security interest may be granted pursuant to Article 9 of the Uniform Commercial Code adopted in the State of Arizona. All action necessary to perfect such security interest will have been taken when the Financing Statement is filed with the Secretary of State and recorded with the Maricopa County Recorder, but only to the extent that filing and recording the Financing Statement perfects a security interest in such collateral.

Sincerely,

GALLAGHER & KENNEDY, P.A.

Gallagher + Kennedy, P.A.

**CERTIFICATE OF PRESIDENT
OF
BIG PARK WATER COMPANY**

This Certificate of Stevan Gudovic (this "Certificate"), the President of Big Park Water Company, an Arizona corporation (the "Company"), dated November 12, 2010 (the "Effective Date"), is being delivered in connection with that certain Loan Agreement, dated November 5, 2010, between the Company and the Water Infrastructure Finance Authority of Arizona (the "Loan Agreement"). Capitalized terms used in this Certificate, but not defined herein, will have the meaning assigned to them in the Loan Agreement.

A. The law firm of Gallagher & Kennedy, P.A., has been retained as counsel for the Company in connection with the Loan Agreement.

B. The Company has requested that Gallagher & Kennedy, P.A. render certain opinions (the "Opinions") as to matters pertaining to the Company, the Loan Agreement (and related agreements and documents), and documents required to be delivered in connection with the Loan Agreement.

C. In rendering the Opinions, Gallagher & Kennedy, P.A. has requested that the undersigned, as an authorized officer of the Company, certify as to the matters set forth below. The Company is aware that Gallagher & Kennedy, P.A. will rely upon this Certificate as to certain matters in connection with the Opinions.

NOW, THEREFORE, the undersigned, as an officer of the Company, does hereby certify to Gallagher & Kennedy, P.A., as follows:

1. As of the date of this Certificate, the undersigned is a duly elected, qualified, and an acting officer of the Company. In such capacity, the undersigned has custody of the originals or true, correct, and complete copies of all of the following documents (collectively, the "Organizational Documents"), including all amendments, modifications, and supplements thereto, and has caused true, correct, and complete copies of the same, or the originals thereof, which are attached hereto as Exhibit A, to be delivered to Gallagher & Kennedy, P.A. for review in connection with the rendering of the Opinions:

a. Articles of Organization, as filed with the Arizona Corporation Commission on February 6, 1968, and all amendments thereto.

b. Amended Bylaws of the Company.

2. The Organizational Documents constitute the true, correct, and complete copies thereof, and as of the date hereof, remain in full force and effect and, have not been amended, modified, or revoked and no action has been taken or is contemplated by the Company for the filing of any such amendment, modification, or revocation. Attached hereto as Exhibit B are true and complete copies of the requisite resolutions of the Board of Directors of the Company (the "Resolutions"), duly authorizing the execution, delivery, and performance by the Company of the Loan Documents (defined below) and the transactions contemplated under the Loan Documents. The Resolutions were duly executed and authorized and have not been modified, amended, or revoked and remain in full force and effect as of the date hereof.

3. The Organizational Documents do not prohibit or restrict any of the activities that currently comprise the business operations of the Company. There are no agreements, covenants, or other instruments, internal or otherwise, which materially prohibit or restrict the business operations of the Company or the transactions contemplated under the Loan Documents.

4. The undersigned has full power and authority to enter into, execute, deliver, and perform the obligations under the Loan Documents and to consummate the Loan Documents on behalf of the Company.

5. All representations and warranties of the Company contained in the Loan Agreement and other related documents (collectively, the "Loan Documents") are true, correct, and complete as of the date hereof and the Company has performed all of their obligations under each of the Loan Documents applicable to the Company, and has satisfied all of the conditions required to be satisfied by the Company on or prior to the date hereof.

6. The Company has the requisite corporate, power, and authority to (a) own its properties, (b) carry out its business as such business is currently being conducted, and (c) execute and deliver the Loan Documents to which it is a party and to perform the obligations thereunder.

7. There are no side agreements, contemporaneous understandings, letters of understanding or interpretation, or other documents or matters of any type relating to the Loan Documents that are not fully reflected in the Loan Documents.

8. There is no material pending or overtly threatened litigation, arbitration, mediation, or other alternative dispute resolution proceeding against the Company that, if adversely determined, would have a material and adverse effect on the business or financial condition of the Company.

9. The execution and delivery by the Company of the Loan Documents and the consummation of the transactions contemplated thereby will not cause a material breach or default of any judgments, orders, decrees, rulings, regulations, writs, injunctions, or decrees of any government, governmental authority, or court by which the Company or any of the Company's assets are bound, which breach or default would have a material and adverse affect on the business or financial condition of the Company.

10. The execution and delivery by the Company of the Loan Documents and the consummation of the transactions contemplated thereby will not violate any applicable law, rule, or regulation affecting the Company, which violation would have a material and adverse affect on the business or financial condition of the Company.

11. The execution and delivery by the Company of the Loan Documents and the consummation of the transactions contemplated thereby will not cause a material breach or default of any material contract, indenture, instrument, or other material agreement to which the Company is a party or by which the Company's properties are bound, breach, or default under which would have a material and adverse effect on the business or financial condition of the Company.

12. No material consent, approval, authorization, or other action by, or filing with, any federal, state, or local governmental authority is required (other than filings contemplated under the Loan Documents) in connection with the execution and delivery by the Company of the Loan Documents and the consummation of the transactions contemplated thereby by the Company.

13. The execution and delivery by the Company of the Loan Documents and consummation of the transactions contemplated thereby will not violate the Organizational Documents.

14. The Company intends for the Loan Documents to be legally valid, binding, and enforceable obligations. The undersigned is not aware of any reason why such Loan Documents would not be enforceable against the Company in accordance with their terms. The undersigned is not aware of any reason why the Loan Documents might be invalid in their entirety or subject to any limitations on the remedies and rights of the parties thereto.

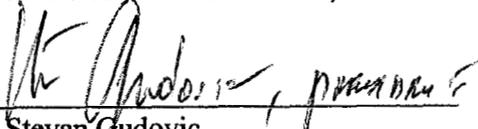
15. The undersigned has examined the Opinions which Gallagher & Kennedy, P.A. intends to deliver in connection with the transactions contemplated under the Loan Documents and knows of no factual information or matters that would render untrue or inaccurate in any way the legal conclusions in the Opinions.

16. This Certificate may be relied upon by Gallagher & Kennedy, P.A. in rendering the Opinions. All of the information contained in this Certificate is true, correct, and complete on and as of the date hereof.

[Signature blocks appear on the following page]

This Certificate is hereby executed and delivered by the undersigned and is effective as of Effective Date.

BIG PARK WATER COMPANY, an Arizona corporation

By: 
Stevan Gudovic
Its: President

12. Exhibit H: Borrower Disclosure

Exhibit H
Borrower Disclosure

1. Exception(s) to Subsection 3(e) of the Standard Terms and Conditions entitled "Compliance with Laws": (borrower to insert exceptions or "None")

See disclosure set forth in Section 2 below.

2. Exception(s) to Subsection 3(f) of the Standard Terms and Conditions entitled "Environmental Compliance": (borrower to insert exceptions or "None")

Big Park Water Company (BPWC) is currently in violation with the Federal Maximum Contaminate Level for Arsenic. BPWC is under a Notice of Violation (Dec. 2008) and a Consent Order (July 2010) from the Arizona Department of Environmental Quality (ADEQ). It is BPWC's belief that Installation of the last two treatment plants will put BPWC back into compliance.

3. Exception(s) to Subsection 3(g) of the Standard Terms and Conditions entitled "Litigation": (borrower to insert exceptions or "None")

BPWC currently does not have any pending litigation in local, state, or federal court. In October 2009, BPWC was approached by an insurance company for a local property owner. The insurance company requested that BPWC pay for water damage to the owner's property. Glatfelter Claims Management, Inc., BPWC's insurance company, then assumed responsibility for the defense of the matter on behalf of BPWC. In August of 2010, the matter was submitted to arbitration in _____, Arizona. The arbitrators have yet to render a decision.

4. Exception(s) to Subsection 3(h) of the Standard Terms and Conditions entitled "Title to Property": (borrower to insert exceptions or "None")

BPWC holds fee simple title to the real property on which Well #5 is located (parcel number 405-46-115A). BPWC entered in an Operating Agreement on August 25, 1984 with the Yavapai County's Big Park Improvement District regarding Well #1 (located on parcel number 405-43-222A) (the "Operating Agreement"). The Operating Agreement expires on August 25, 2014, and expressly provides BPWC with the first option to purchase the well site and fixtures at the depreciated value at time of expiration.

5. Exception(s) to Subsection 3(k) of the Standard Terms and Conditions entitled "Subsidiaries": (insert exceptions or "None")

None

Big Park Water Company

By: Stevan Gudovic, president
Name: Stevan Gudovic
Title: President
Date: November 12, 2010

13. Consent and Acknowledgement

CONSENT AND ACKNOWLEDGEMENT

This Consent and Acknowledgement is being delivered in connection with that certain Loan Agreement (the "Loan Agreement"), dated November __, 2010 (the "Effective Date"), between the Water Infrastructure Finance Authority of Arizona, an independent agency of the State of Arizona ("WIFA"), and Big Park Water Company, an Arizona corporation ("Big Park"), and the documents, resolutions, exhibits, schedules, certificates, statements, and other instruments to be delivered in connection with the Loan Agreement (together with the Loan Agreement, the "Loan Documentation").

For purposes of the Loan Documentation, WIFA and Big Park hereby consent to and acknowledge the following (each as of the Effective Date):

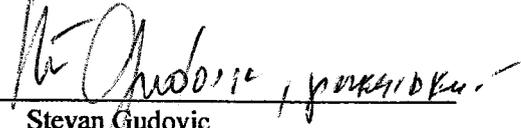
1. Big Park owes National Bank of Arizona \$32,390.87 under the terms and conditions of that certain Promissory Note dated July 15, 2010;
2. Big Park owes JPMorgan Chase Bank, N.A. ("Chase") \$198,517.00 under the terms and conditions of that certain Promissory Note dated March 16, 2006 (the "Chase Bank Debt"), and Big Park is permitted to draw up to \$250,000.00 under the terms of the Chase Bank Debt;
3. Chase holds a first position security interest in the following property as a result of the issuance of the Chase Bank Debt: accounts and deposit accounts of Big Park at any time held by Chase;
4. Big Park leases office space located at 45 Castle Rock Road, #4, Sedona, Arizona under the terms and conditions of that certain Lease dated May 1, 2010, between Carl P. Maggio, as Lessor, and Big Park, as Lessee; and
5. Big Park supplies domestic water services within the Cathedral View Subdivision in Yavapai County, Arizona under the terms and conditions of that certain Operating Agreement, dated August 25, 1984, between Big Park and Big Park Improvement District (the "Operating Agreement"). Big Park has an option to purchase such water facilities in 2014 under the terms set forth in Section 15 of the Operating Agreement.

In the event of any inconsistency between the terms and conditions set forth in the Loan Documentation and the terms and conditions set forth in this Acknowledgement, the terms and conditions set forth herein shall prevail. The terms and conditions of this Acknowledgement will be governed by and construed in accordance with the laws of the State of Arizona. This Acknowledgement may be executed in multiple counterparts, each of which will be deemed an original, but all of which, when taken together will constitute one and the same instrument.

[Signatures appear on the following page.]

The parties have executed and delivered this Consent and Acknowledgement, and it is effective as of the date first set forth above.

BIG PARK WATER COMPANY, an Arizona corporation

By: 
Stevan Gudovic
Its: President

WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA, an independent agency of the State of Arizona

By: 
Its: Interim Director

14. Loan Agreement Standard Terms and Conditions

(ii) Company Existence and Authorization. That Lender receive copies of (A) all company resolutions, documents and proceedings of Borrower authorizing the execution, delivery, and performance of the Loan Documents to which it is a party, certified to be true and correct by the Secretary of Borrower; (B) Borrower's Articles of Incorporation or other organizational documents, with all amendments certified by the Arizona Corporation Commission; (C) certificate as to Borrower's good standing from the Arizona Corporation Commission and (D) Borrower's Bylaws or similar documents with all amendments certified by the Secretary of Borrower.

(iii) Approvals. That Lender receive evidence satisfactory to it that all consents and approvals which are necessary for, or required as a condition of, the validity and enforceability of the Loan Documents have been obtained and are in full force and effect.

(iv) Opinion of Counsel. That Lender receive an opinion of counsel for Borrower (who shall be acceptable to Lender) in form and content acceptable to Lender.

(v) Perfection and Priority of Liens. That Lender receive evidence satisfactory to it that Lender has, as of the date of the initial Advance, a duly perfected security interest on all security provided for herein.

(vi) Permits. That Lender receive evidence satisfactory to it that Borrower possesses all necessary operating permits, authorizations, approvals, and the like which are material to the conduct of Borrower's business or which may otherwise be required by law.

(vii) Fees, Expenses. That Borrower pay the costs and expenses to obtain, perfect and determine the priority of any security hereof. Further, if all costs and expenses of this transaction are not known at the time of the initial advance, Borrower agrees to pay such costs and expenses upon demand.

(viii) Insurance. That Lender receive evidence of insurance in such amount and covering such risks as are usually carried by companies engaged in the same or similar business.

(ix) Debt Service Reserve and Replacement Reserve. That Lender receive evidence that Borrower has established the Debt Service Reserve Fund and Replacement Reserve Fund as required in Exhibit D hereto.

(x) Subordination Agreement. That Lender receive a Subordination Agreement, in form and substance satisfactory to Lender, fully executed by the Borrower and the Subordinated Creditors.

(b) Advances Generally. Lender's obligation to make each Advance hereunder, including the initial Advance, is subject to the satisfaction of each of the following conditions precedent on or before the date of such Advance:

(i) Event of Default. That no Event of Default (as that term is defined in Section 6 hereof) exists, and that there has occurred no event which with the passage of time or the giving of notice, or both, could become an Event of Default (a "Default").

(ii) Continuing Representations and Warranties. That the representation and warranties of Borrower contained in this Agreement be true and correct on and as of the date of the initial Advance and each subsequent Advance as though made on and as of such date.

(iii) Other Items. That Lender receive such other items or documents as Lender may reasonably require.

Section 3. Representations And Warranties.

(a) Organization; Power; Etc. Borrower (i) is duly organized, validly existing, and in good standing under the laws of its state of incorporation; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite corporate and legal power to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents to which it is a party, (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or which may be otherwise required by law; (v) is eligible to borrow from Lender.

(b) Due Authorization; No Violations; Etc. The execution and delivery by Borrower of, and the performance by Borrower of its obligations under, the Loan Documents have been duly authorized by all requisite corporate action on the part of Borrower and do not and will not (i) violate any provision of any law, rule or regulations, any judgment, order or ruling of any court or governmental agency, the articles of incorporation or bylaws of Borrower, or any agreement, indenture, mortgage, or other instrument to which Borrower is a party or by which Borrower or any of its properties is bound or (ii) be in conflict with, result in a breach of, or constitute with the giving of notice or lapse of time, or both, a default under any such agreement, indenture, mortgage, or other instrument. No action on the part of any member or shareholder of Borrower is necessary in connection with the execution and delivery by Borrower of and the performance by Borrower of its obligations under the Loan Documents except for actions which have occurred.

(c) Consents. No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents to which Borrower is a party, except such as have been obtained and are in full force and effect.

(d) Binding Agreement. Each of the Loan Documents to which Borrower is a party is, or when executed and delivered will be, the legal, valid, and binding obligation of Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally.

(e) Compliance with Laws. Borrower is in compliance with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (collectively, "Laws"), the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of Borrower, or on the ability of Borrower to perform its obligations under the Loan Documents, except as Borrower has disclosed on Exhibit H.

(f) Environmental Compliance. Without limiting the provisions of Subsection (e) above, all property owned or leased by Borrower and all operations conducted by it are in compliance in all material respects with all Laws relating to environmental protection, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of Borrower, or on the ability of Borrower to perform its obligations, under the Loan Documents, except as Borrower has disclosed on Exhibit H.

(g) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which Borrower is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of Borrower, or on the ability of Borrower to perform its obligations under the Loan Documents, and to the best of Borrower's knowledge, no such actions or proceedings are threatened or contemplated, except as Borrower has disclosed on Exhibit H.

(h) Title to Property. Borrower holds good and marketable title to all of its real property and owns all of its personal property free and clear of any lien or encumbrance, except the liens and encumbrances specifically identified on Exhibit H.

(i) Financial Statements; No Material Adverse Change; Etc. All financial statements submitted to Lender in connection with the application for the Loan or in connection with this Agreement fairly and fully present the financial condition of Borrower and the results of Borrower's operations for the periods covered thereby, and are prepared in accordance with generally accepted accounting principles for regulated utilities ("GAAP") consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of Borrower. All budgets, projections, feasibility studies, and other documentation submitted by Borrower to Lender are based upon assumptions

that are reasonable and realistic, and as of the date hereof, no fact has come to light, and no event or transaction has occurred, which would cause any assumption made therein not to be reasonable or realistic.

(j) Principal Place of Business; Records. The principal place of business and chief executive office of Borrower and the place where the records required by Subsection (g) of Section 4 hereof are kept is at the business office street address of Borrower shown in Section 1 of the Agreement.

(k) Subsidiaries. Borrower has no subsidiary, except as Borrower has disclosed on Exhibit H.

(l) Water Rights and System Condition. Borrower has water rights with such amounts, priorities and qualities as are necessary to adequately service Borrower's customers and members. Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, and has not abandoned such water rights, or any of them, nor has done any act or thing which would impair or cause the loss of any such water rights. Borrower's utility facilities reasonably meet present demand in all material respects, are constructed in a good and workmanlike manner, are in good working order and condition, and comply in all respects with applicable laws.

Section 4. Affirmative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any Advance is outstanding, Borrower agrees to:

(a) Corporate Existence. Preserve and keep in full force and effect its corporate existence and good standing in the jurisdiction of its incorporation and its good standing and qualification to transact business in all places required by law.

(b) Compliance with Laws and Agreements. Comply with (i) all Laws, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of Borrower, or on the ability of Borrower to perform its obligations under the Loan Documents; and (ii) all agreements, indentures, mortgages, and other instruments to which it is a party or by which it or any of its property is bound.

(c) Compliance with Environmental Laws. Without limiting the provisions of Subsection (b) above, comply in all material respects with, and cause all persons occupying or present on any properties owned or leased by Borrower to so comply with all Laws relating to environmental protection, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of Borrower, or on the ability of Borrower to perform its obligations under the Loan Documents.

(d) Licenses; Permits; Etc. Duly and lawfully obtain and maintain in full force and effect all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of Borrower's business or which may be otherwise required by law.

(e) Insurance. Maintain insurance with insurance companies or associations acceptable to Lender in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may request. All such policies insuring any collateral provided for herein, shall provide for loss payable clauses or endorsements in form and content acceptable to Lender. At the request of Lender, all policies (or such other proof of compliance with this Section as may be satisfactory) shall be delivered to Lender.

(f) Property Maintenance. Maintain and preserve at all times its property, and each and every part and parcel thereof, in good repair, working order and condition and in compliance with all applicable laws, regulations and orders.

(g) Books and Records. Keep adequate records and books of account in accordance with GAAP consistently applied.

(h) Inspection. Permit Lender or its agents, during normal business hours or at such other times as the parties may agree, to examine Borrower's properties, books, and records, and to discuss Borrower's affairs, finances, operations, and accounts with its respective officers, directors, employees, and independent certified public accountants.

(i) Debt Service Coverage. Achieve, at each fiscal year end a Debt Service Coverage Ratio ("DSC") of 1.20. For the purposes of this Section, DSC shall be computed by adding net income plus interest expense, depreciation and amortization expenses and dividing the total by the sum of principal and interest payments required during the period.

In the computation of net income, gains and losses and any taxes or reduction of taxes resulting from the sale or other disposition or abandonment of capital assets, or from increases or decreases in value of capital assets, or from the retirement or reacquisition or resale or reissuance of debt or capital stock, shall be disregarded.

(j) Use of Dividends and Surplus Revenues. Except as provided below, retain all existing capital and retained earnings in the business and retain all revenue which may accumulate over and above that needed to pay operating, maintenance, debt service, and Reserve requirements; or use same to reduce obligations due creditors; or invest same for capital expenditures related directly to Borrower's ability to provide services to users. Notwithstanding the foregoing, Borrower is permitted to make distributions of dividends consistent with past business practice.

(k) Water Rights. Maintain or procure water rights with such amounts, priorities and qualities as are necessary to service adequately Borrower's customers and members, whether riparian, appropriative, or otherwise and whether or not appurtenant and whether groundwater or surface water, any shares of stock and certificates evidencing the same; and all grandfathered groundwater rights under A.R.S. Section 45-401, et seq. (collectively, the "Water Rights"). Borrower will continue to control, own or have access to all Water Rights free and clear of the interest of any third party, will not suffer any Transfer of the Water Rights, will not abandon the Water Rights, nor do any act or thing which would impair or cause the loss of any of the Water Rights. For purposes of this paragraph (m) "Transfer" means, respectively, each and all of the following"

(i) Any or all of the Water Rights, or any interest or right of Borrower in or to the Water Rights is conveyed to, or becomes vested in, any person, other than Borrower and Lender, voluntarily or involuntarily;

(ii) The occurrence of any event that results in any option, right of first refusal, other right to acquire, or any other claim, interest, or right in, to, or against, any or all of the Water Rights being held by a person other than Borrower or Lender, whether occurring voluntarily or involuntarily and whether arising by agreement, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise;

(iii) Any lease or assignment of any of the Water Rights; and

(iv) Borrower enters into any agreement the performance of which would result in a Transfer under any of the clauses (i) through (iii) above, and the consummation of such agreement is not expressly conditional upon the prior written consent of Lender in its sole and absolute discretion.

(l) Operation and Maintenance of System. Borrower shall, in accordance with prudent utility practice, (a) at all times operate the properties of the water system and any business in connection therewith in an efficient manner, (b) maintain its drinking water system in good repair, working order and operating condition, and (c) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its drinking water system so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.

(m) Disadvantaged Business Enterprises. For Loan Agreements in excess of \$250,000, the Local Borrower must

(i) Make a good faith effort to award a fair share of work to DBE's who are small business enterprises (SBE's), minority business enterprises (MBE's), and women business enterprises (WBE's).

(ii) Require sub-recipients, including prime contractors and subcontractors, to make a good faith effort to award a fair share of work to DBE's.

(iii) Require prime contractors to pay subcontractors for satisfactory performance no more than thirty (30) days from the prime contractor's receipt of payment from the Local Borrower.

(iv) Require prime contractors to notify the Local Borrower in writing prior to any termination of a DBE subcontractor for convenience by the prime contractor.

(v) Report DBE participation to the Authority.

Section 5. Negative Covenants.

Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any advance is outstanding, Borrower shall not:

- (a) **Liens.** Create, incur, assume, or allow to exist any mortgage, deed of trust, deed to secure debt, pledge, lien, (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal. The foregoing restrictions shall not apply to (i) liens in favor of Lender; (ii) liens for taxes, assessments, or governmental charges that are not past due; (iii) liens, pledges, and deposits under workers' compensation, unemployment insurance, and social security laws; (iv) liens, deposits, and pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), and like obligations arising in the ordinary course of borrower's business as conducted on the date hereof; v) liens imposed by law in favor of mechanics, materialmen, warehousemen, and like persons that secure obligations that are not past due; and, (vi) liens consented to by lender.
- (b) **Mergers: Acquisitions: Etc.** Merge or consolidate with any other entity, or acquire all or substantially all of the assets of any person or entity, or form or create any new subsidiary or affiliate, or commence operations under any other name, organization, or entity, including any joint venture.
- (c) **Transfer of Assets.** Sell, transfer, lease, or otherwise dispose of any of Borrower's assets, except in the ordinary course of its business or to effect any change in ownership.
- (d) **Change in Business.** Engage in any business activities or operations substantially different from or unrelated to Borrower's present business activities or operations.

Section 6. Events Of Default. Each of the following shall constitute an "Event of Default" hereunder:

- (a) **Payment Default.** Failure by Borrower to make any payment or investment required to be made hereunder, under the Note, or under any other Loan Document when due.
- (b) **Representations and Warranties.** Any representation or warranty made by Borrower herein or in any other Loan Document shall prove to have been false or misleading in any material respect on or as of the date made, including deemed made in connection with each Advance.
- (c) **Covenants and Agreements.** Borrower should fail to perform or comply with any covenant or agreement contained herein.
- (d) **Cross-Default.** Borrower should, after any applicable grace period, breach or be in default under the terms of any agreement (other than the Loan Documents) between Borrower and Lender, including, without limitation, any other loan agreement, security agreement, mortgage, deed to secure debt, or deed of trust.
- (e) **Other Indebtedness.** The occurrence of any breach, default, event of default, or event which with the giving of notice or lapse of time, or both, could become a default or event of default under any agreement, indenture, mortgage, or other instrument by which Borrower or any of its property is bound or affected (other than the Loan Documents) if the effect of such breach, default, event of default or event is to accelerate, or to permit the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument.
- (f) **Judgments.** Judgments, decrees, or orders for the payment of money in the aggregate in excess of the amount set forth in Exhibit E relating to Additional Indebtedness hereof shall be rendered against Borrower and either (i) enforcement proceedings shall have been commenced; or (ii) such judgments, decrees, and orders shall continue unsatisfied and in effect for a period of twenty (20) consecutive days without being vacated, discharged, satisfied, or stayed pending appeal.
- (g) **Insolvency: Etc.** Borrower: (i) shall become insolvent or shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they come due; or (ii) shall suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (iii) shall apply for, consent to, or acquiesce in the

appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (iv) shall commence with respect to it or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction.

(h) Material Adverse Change. Any material adverse change occurs, as reasonably determined by Lender, in Borrower's condition, financial or otherwise, operations, properties, or business or Borrower's ability to perform its obligations under the Loan Documents.

(i) Failure to Amend Subordination Agreement. The Borrower and any additional Creditor fail to amend the Subordination Agreement in accordance with Paragraph 2 of the Subordination Agreement.

Section 7. Remedies Upon Event Of Default. Upon the occurrence of and during the continuance of each and every Event of Default:

(a) Termination; Etc. Lender shall have no obligation to make advances hereunder and, upon notice to Borrower, may terminate the Commitment and declare the entire unpaid principal balance of the Note, all accrued interest thereon and all other amounts payable under this Agreement and all other agreements between Lender and Borrower, to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the Note and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by Borrower.

(b) Enforcement. Lender may proceed to protect, exercise, and enforce such rights and remedies as may be provided by agreement or under law including, without limitation, the rights and remedies provided for in the Note. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any rights or remedy preclude any other or future exercise thereof, or the exercise of any other right. In addition, Lender may hold and/or set off and apply against Borrower's indebtedness any and all cash, accounts, securities, or other property in Lender's possession or under its control.

(c) Application of Payments. After termination and acceleration of the Loan all amounts received by Lender shall be applied to the amounts owing hereunder and under the Note in whatever order and manner as Lender shall in its sole discretion elect.

Section 8. Survival. The representations, warranties, and covenants of Borrower in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.

Section 9. Integration, Change, Discharge, Termination, Or Waiver. The Loan Documents contain the entire understanding and agreement of Lender and Borrower and supersede all prior representations, warranties, agreements, arrangements, and understandings. No provision of the Loan Documents may be changed, discharged, supplemented, terminated, or waived except in a writing signed by Lender and Borrower. No waiver of any breach or default shall be deemed a waiver of any breach or default occurring thereafter or a waiver of the time of the essence provision.

Section 10. Parties And Binding Effect. This Agreement is made solely between Lender and Borrower, and no other Person shall have any rights hereunder or be a third-party beneficiary hereof. This Loan Agreement shall be binding upon the undersigned, and upon the heirs, legal representatives, successors and assigns of the undersigned; and to the extent that the Borrower is either a partnership or a corporation, all references herein to the Borrower shall be deemed to include any successor or successors, whether immediate or remote, to such partnership or corporation. Borrower may not assign any of its rights or delegate any of its obligations under the Loan Documents without the prior express written consent of Lender, and any purported assignment by Borrower made in contravention hereof shall be void. Lender may from time to time assign, or sell participation interests in, any part or all of the Obligations and its rights and obligations under the Loan Documents in its absolute and sole discretion.

Section 11. Costs And Expenses. Borrower agrees to pay, on demand, all internal and external costs, expenses, and fees of Lender in respect of (i) application fees, (ii) enforcement of the Loan Documents and exercise of the rights and remedies of Lender, (iii) defense of the enforceability of the Loan Documents or of the perfection or priority of any Lien granted in the Loan Documents, (iv) any other matter relating to the Loan Documents, the collateral provided for herein, or the transaction described in the Loan Documents, and (v) preparation for matters within (ii), (iii), or (iv) whether or not any legal proceeding is brought. Such costs shall include, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level). At the option of Lender such costs, expenses, and fees may be deducted from the proceeds of the Loan.

Section 12. Authority To File Notices. Borrower irrevocably appoints Lender as its attorney-in-fact, with full power of substitution, to file for record, at the Borrower's cost and expense and in Borrower's name, any notices of completion, notices of cessation of labor, or any other notices that Lender considers necessary to desirable to protect its security.

Section 13. Inconsistencies With Loan Documents. In the event of any inconsistencies between the terms of this Agreement and any terms of any of the Loan Documents or any loan application, the terms of this Agreement shall govern and prevail.

Section 14. No Waiver. No disbursement of proceeds of the Loan shall constitute a waiver of any conditions to Lender's obligation to make further disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding Lender from thereafter declaring such inability a default under this Agreement.

Section 15. Lender Approval Of Instruments And Parties. All proceedings taken in accordance with transactions provided for herein; all surveys, appraisals and documents required or contemplated by this Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Lender. Lender's counsel shall be provided with copies of all documents which they may reasonably request in connection with the Agreement.

Section 16. Lender Determination Of Facts. Lender shall at all times be free to establish independently, to its satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Agreement.

Section 17. Disclaimer By Lender. Borrower is not and shall not be an agent of Lender for any purpose. Lender is not a joint venture partner with Borrower in any manner whatsoever. Approvals granted by Lender for any matters covered under this Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of Borrower.

Section 18. Severability. If any provision of this Agreement is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect.

Section 19. Waiver Of Jury Trial. Borrower waives, and, by accepting this agreement, the lender shall be deemed to waive, any right to a trial by jury in any action or proceeding to enforce or defend any rights (a) under this agreement or under any amendment, instrument, document or agreement delivered or which may in the future be delivered in connection herewith or (b) arising from any banking relationship existing in connection with this agreement, and borrower agrees, and, by accepting this agreement, the lender shall be deemed to agree, that any such action or proceeding shall be tried before a court and not before a jury.

Section 20. Time Of The Essence. Time is of the essence with regard to each provision of this Agreement as to which time is a factor.

Section 21. Notices And Demands. All written demands and notices by Lender or Borrower relating to the Loan Documents shall be served by certified or registered mail, return receipt requested. Each such demand or notice

shall be deposited in the United States Mail postage prepaid and addressed to the addressee's address first above stated. Service of any such demand or notice shall be deemed complete on the date of actual delivery as shown by the addressee's return receipt or at the expiration of the third Business Day after mailing, whichever is earlier. Rejection or refusal to accept the demand or notice by the addressee or inability to deliver the demand or notice due to a changed address of which no notice was given shall not affect deemed service. Lender or Borrower may from time to time, by written notice served on the other, designate a different address or a different attention person for service of demands and notices.

Section 22. No Construction Against Lender Or Borrower. The Loan Documents are the result of negotiations between Borrower and Lender. Accordingly, the Loan Documents shall not be construed for or against Borrower or Lender, regardless of which party drafted the Loan Documents or any part thereof.

Section 23. Rescission Or Return Of Payments. If at any time or from time to time, whether before or after payment and performance of the Obligations, all or any part of any amount received by Lender in payment of, or on account of, any Obligation is or must be, or is claimed to be, avoided, rescinded, or returned by Lender to Borrower or any other Person for any reason whatsoever (including, without limitation, bankruptcy, insolvency, or reorganization of Borrower or any other Person), such Obligation and the Liens on property, and rights to property that were the collateral at the time such avoided, rescinded, or returned payment was received by Lender shall be deemed to have continued in existence or shall be reinstated, as the case may be, all as though such payment had not been received.

Section 24. Indemnification Of Lender. Borrower agrees to indemnify, hold harmless, and on demand defend Lender and its directors, officers, employees, agents, auditors, counsel, investment committee members and representatives for, from, and against any and all damages, losses, liabilities, costs, and expenses (including, without limitation, costs and expenses of litigation and reasonable attorneys' fees) arising from any claim or demand in respect of this Agreement, the Loan Documents, the collateral provided for herein, or the transaction described in the Loan Documents and arising at any time, whether before or after payment and performance of the Obligations. The obligations of Borrower and the rights of Lender under this Section 26 shall survive payment and performance of the Obligations and shall remain in full force and effect without termination.

Section 25. Number And Gender. In this Agreement the singular shall include the plural and the masculine shall include the feminine and neuter genders, and vice versa.

Section 26. Headings And References. The headings at the beginning of each section of this Agreement are solely for convenience and are not part of this Agreement. Reference herein to a section, attachment, exhibit, or schedule is to the respective section, attachment, exhibit, or schedule herein or hereto, unless otherwise specified.

Section 27. Counterpart Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this document to physically form one document.

Section 28. Arbitration. The parties hereto agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes, as amended.

Section 29. Choice Of Law And Jurisdiction. This agreement shall be construed in accordance with and governed by the laws of the state of Arizona. The courts of Arizona, federal or state, shall have exclusive jurisdiction of all legal actions arising out of this agreement. By executing this agreement, the undersigned submits to the jurisdiction of the federal and state courts of Arizona.

Section 30. Notice Regarding A.R.S. § 38-511 Cancellation. To the extent applicable by provision of law, the parties acknowledge that this agreement is subject to cancellation pursuant to A.R.S. §38-511, the provisions of which are hereby incorporated herein.

Section 31. A.R.S. Section 23-214 E-Verify Compliance. The Borrower warrants to the Lender that either (a) it is not an “employer” (within the meaning of Arizona Revised Statutes Section 23-214) or (b) it is registered with and is participating in the employment verification pilot program as jointly administered by the United States department of homeland security and the social security administration or any of its successor programs (the “E-Verify Program”) and that the proof submitted to the Lender of that registration and participation is true and correct. The Borrower agrees that, until the Loan is fully paid, at all times during which it is an “employer” (within the meaning of Arizona Revised Statutes Section 23-214) it will be registered with and will participate in the E-Verify Program. If the Lender determines that the Borrower is not so registered and participating when required, the Lender will notify the Borrower by certified mail of the determination of noncompliance and the Borrower’s right to appeal the determination. On a final determination of noncompliance, the Borrower shall repay all monies received as an economic development incentive (within the meaning of Arizona Revised Statutes Section 23-214) to the Lender within thirty days of the final determination.

Section 32. Compliance with Applicable Federal Laws And Authorities

The Borrower agrees that the project will comply with the applicable terms and conditions of those federal laws and authorities listed below, as amended from time to time:

Environmental:

1. Archaeological and Historical Preservation Act of 1974, PL 93291.
2. Clean Air Act, 42 U.S.C. 7506(c).
3. Clean Water Act, Titles II, IV, and V, Pub. L. 92-500, as amended.
4. Coastal Barrier Resources Act, Pub. L. 97-348.
5. Coastal Zone Management Act, Pub. L. 92-583, as amended.
6. Endangered Species Act 16 U.S.C. 1531, et seq.
7. Executive Order 11593, Protection and Enhancement of the Cultural Environment.
8. Executive Order 11988, Floodplain Management.
9. Executive Order 11990, Protection of Wetlands.
10. Farmland Protection Policy Act, 7 U.S.C. 4201 et seq.
11. Fish and Wildlife Coordination Act, PL 85-624, as amended.
12. Magnuson-Stevens Fishery Conservation and Management Act, Pub L. 94-265
13. National Historic Preservation Act of 1966, PL 89-665, as amended.
14. Safe Drinking Water Act, section 1424(e), PL 92-523, as amended.
15. Wild and Scenic Rivers Act, PL 90-542, as amended.
16. Environmental Justice, Executive Order 12898.

Economic:

1. Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended.

2. Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.

Social Legislation:

1. Age Discrimination Act, PL 94-135.
2. Civil Rights Act of 1964, PL 88-352, Title VI.
3. Section 13 of PL 92-500; Prohibition against sex discrimination under the Federal Water Pollution Control Act.
4. Executive Order H 246, Equal Employment Opportunity.
5. Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (EPA) Financial Assistance Agreements Executive Orders 11625, 12138, and 12432 Women's and Minority Business Enterprise..
6. Rehabilitation Act of 1973, PL 93, 112 (including Executive Order 11914 and 11250).
7. The Drug Free Workplace Act Of 1988, Pub. L. 100-690.
8. Section 13 of PL 92-500; Prohibition against sex discrimination under the Federal Water Pollution Control Act.
9. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.
10. The Drug Free Workplace Act Of 1988, Pub. L. 100-690.
11. Anti-Lobbying Provision (40 CFR Part 30).

Miscellaneous Authority:

1. Anti-Lobbying Provision (40 CFR Part 30) and New Restrictions on Lobbying, Section 319 of Pub. L. 101-121
2. Executive Order 12549 - Debarment and Suspension.
3. Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646.

15. Subordination Agreement

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT ("Subordination Agreement") is made as of November 12, 2010 by Big Park Water Company (hereinafter called "Borrower"), and Stevan Gudovic (hereinafter called "Creditor"), in favor of WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA (hereinafter called "Lender").

RECITALS

A. Borrower is or may hereafter become obligated to Lender to the extent permitted pursuant to that certain Loan Agreement of even date herewith (the "Loan Agreement") between Borrower and Lender.

B. It is a condition to the making of the Loan, as defined in the Loan Agreement, that Borrower and Creditor enter into this Subordination Agreement.

C. In order to induce the Lender to enter into the Loan and to from this time, or from time to time, at its option, make loans or extend credit or other accommodations or benefits to or for the account of Borrower, with or without security, or to purchase or extend credit upon any instrument or writing in respect of which the Borrower may be liable in any capacity in such manner and amount and upon terms and conditions as the Lender may deem advisable, and in consideration of any such loan, renewal or extension of credit which the Lender may make, the undersigned Creditor does hereby wholly subordinate, as hereinafter provided, any and all present and future indebtedness or obligations of Borrower to Creditor, absolute or contingent, and any instrument, negotiable or otherwise, evidencing any such indebtedness, and all claims, rights and remedies therefor, (sometimes hereinafter referred to as "Subordinated Indebtedness") to any and all indebtedness of Borrower to Lender, whether now existing or hereafter arising, direct or indirect, absolute or contingent, joint, several, or joint and several, secured or unsecured, due or not due (including, without limitation, all amounts due under the Loan Agreement and the Loan Documents thereunder), and whether arising directly between Borrower and Lender, or acquired outright, conditionally or as collateral security from another by the Lender, and any renewals, modifications or extensions thereof, and any interest thereon, and all costs of collecting the same, including, but not limited to reasonable attorneys' fees incurred by Lender (sometimes hereinafter referred to as "Superior Indebtedness").

NOW THEREFORE, so long as Borrower is indebted to Lender on account of Superior Indebtedness, the parties hereto undertake and agree as follows:

1. The words "Creditor" and "Borrower" as herein used shall include the plural as well as the singular and, if Creditor or Borrower includes two (2) or more, they shall be jointly and severally bound hereby.
2. The Borrower and Creditor agree to amend this Subordination Agreement for execution by additional Creditors.

3. The Subordinated Indebtedness shall, at all times and in all respects, be wholly subordinate and inferior in claim and right to the Superior Indebtedness, and all claims, rights and remedies and interests in collateral given as security therefore are hereby subordinated and made subsequent and inferior to the Superior Indebtedness and any claims, rights and remedies arising out of, or in connection therewith. Creditor shall not exercise any such claims, rights or remedies until repayment in full of the Superior Indebtedness.

4. So long as no Event of Default (as defined in the Loan Agreement) or event which with notice or lapse of time or both would become an Event of Default has occurred and is continuing, regularly scheduled payments on the Subordinated Indebtedness may be made by Borrower and accepted by Creditor as such payments become due.

5. During any period that an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, has occurred and is continuing, Borrower shall not make and Creditor shall not accept any payments with respect to the Subordinated Indebtedness.

6. In the event of any distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of Borrower, or the proceeds thereof, to creditors of Borrower, by reason of the liquidation, dissolution, or other winding up of Borrower's business, or in the event of any sale, receivership, insolvency or bankruptcy proceedings by or against Borrower, or assignment for the benefit of creditors, or of any proceedings by or against Borrower for any relief under any bankruptcy or insolvency laws, or relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions, or of any other event whereby it becomes necessary or desirable to file or present claims against Borrower for the purpose of receiving payment thereof, or on account thereof, then and in any such event, any payment or distribution of any kind or character, either in cash or other property, which shall be made or shall be payable with respect to any Subordinated Indebtedness shall be paid over to Lender for application to the payment of the Superior Indebtedness, whether due or not due, and no payments shall be made upon or in respect of Subordinated Indebtedness unless and until the Superior Indebtedness shall have been paid and satisfied in full. In any such event, all claims of the Lender and all claims of the Creditor shall, at the option of the Lender, forthwith become due and payable without demand or notice.

7. Should any payment or distribution or security or proceeds thereof, other than the payments permitted pursuant to paragraphs 2 and 3 hereof, be received by Creditor upon or with respect to the Subordinated Indebtedness prior to the satisfaction of the Superior Indebtedness, Creditor will forthwith deliver the same to Lender in precisely the form as received except for the endorsement or assignment of Creditor where necessary for application on the Superior Indebtedness, whether due or not due, and until so delivered the same shall be held in trust by Creditor as property of the Lender. In the event of the failure of Creditor to make any such endorsement or assignment, the Lender, or any of its officers or employees, on behalf of the Lender, is hereby irrevocably authorized to make the same.

8. No renewal, modification or extension of time of payment of the Superior Indebtedness, and no release or surrender of any security for the Superior Indebtedness, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this or any other subordination

agreement of any claims subordinated, and no delay or omission in exercising any right or power on account of or in connection with the Superior Indebtedness, or under this Subordination Agreement, shall, in any manner, impair or affect the rights and duties of Lender, the Creditor and Borrower. Lender, in its uncontrolled discretion, may waive or release any right or option under this Subordination Agreement without the consent of Borrower or Creditor, and without otherwise in any way affecting the obligations of Borrower and Creditor hereunder. Creditor hereby waives notice of the creation, existence, renewal, or modification or extension of the time of payment, of the Superior Indebtedness.

9. This Subordination Agreement shall be a continuing agreement and Lender may continue, without notice to Creditor, to lend monies, extend credit and make other accommodations to or for the account of Borrower on the faith hereof.

10. Creditor agrees that Lender, at any time and from time to time, may enter into such agreement or agreements with Borrower, as Lender may deem proper, extending the time of payment or renewing or otherwise altering the terms of all or any of the obligations of Borrower to Lender, or affecting any security underlying any or all of such obligations, or may exchange, sell or surrender or otherwise deal with any such security, or may release any balance of funds of Borrower with Lender, without notice to Creditor and without in any way impairing or affecting this Subordination Agreement.

11. No waiver shall be deemed to be made by Lender of any of its rights hereunder unless the same shall be in writing signed on behalf of the Lender, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall in no way impair the rights of the Lender or the obligations of Creditor to Lender in any other respect at any other time.

12. This Subordination Agreement shall inure to the benefit of Lender and the successors and assigns of Lender, and any financing institution joining in making said loan(s) or extending said line(s) of credit, or committing itself to make any advances in connection therewith, or which may now, or hereafter, participate therein. Notice of acceptance of this Subordination Agreement is hereby waived and this Subordination Agreement shall be binding upon the Creditor, its heirs, personal representatives, successors and assigns, as the case may be, it being understood, however, that no assignment of the Subordinated Indebtedness due Creditor from Borrower, or any part thereof, shall be made to one not a party hereto without the written consent of the Lender first had and obtained, as hereinabove provided.

13. Creditor agrees not to commence or join with any other creditor of Borrower in commencing any bankruptcy, reorganization or insolvency proceedings against the Borrower.

14. This Subordination Agreement shall be deemed to have been executed, delivered and performed in Arizona, and construed according to the laws of the State of Arizona. Creditor and Borrower waive notice of acceptance hereof and all other notices or demands whatsoever.

15. In the event of a breach of any covenant or agreement made herein by either Creditor or Borrower, Lender may, at its option, declare all of the Superior Indebtedness and/or Subordinated Indebtedness immediately due and payable.

16. This Subordination Agreement may be executed in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to form physically one document.

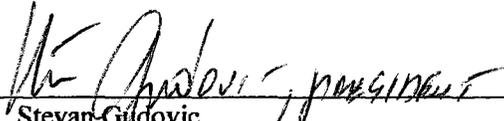
17. The parties hereto agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes, as amended.

18. This agreement shall be construed in accordance with and governed by the laws of the state of Arizona. The courts of Arizona, federal or state, shall have exclusive jurisdiction of all legal actions arising out of this agreement. By executing this agreement, the undersigned submits to the jurisdiction of the federal and state courts of Arizona.

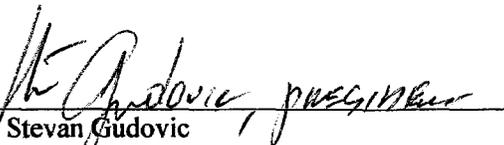
19. To the extent applicable by provision of law, the parties acknowledge that this agreement is subject to cancellation pursuant to A.R.S. §38-511, the provisions of which are hereby incorporated herein.

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed as of the date first written above.

Big Park Water Company

By: 
Name: Stevan Gudovic
Title: President

"Borrower"

By: 
Name: Stevan Gudovic

"Creditor"

16. Cash Collateral Agreement

CASH COLLATERAL AGREEMENT

This Cash Collateral Agreement is made as of November 12, 2010 between Big Park Water Company ("Pledgor"), and Water Infrastructure Finance Authority of Arizona ("Lender").

RECITALS:

A. Pledgor and Lender have entered into that certain Loan Agreement of even date herewith (the "Loan Agreement"), pursuant to which Lender has made available to Pledgor a loan of up to four hundred and fifteen thousand dollars (\$415,000.00) (the "Loan").

B. Pursuant to the Loan Agreement, certain funds are required to be deposited from time to time by Pledgor in a Debt Service Reserve Fund administered by the Lender and in a Replacement Reserve Fund administered by the Borrower, both of which are pledged to Lender to secure repayment with interest of the Loan. Amounts deposited with the Lender in the Debt Service Reserve Fund and in the Replacement Reserve Fund are referred to herein as the "Pledged Funds".

C. Pledgor and Lender desire to enter into this Cash Collateral Agreement to provide for the deposit and holding of the Pledged Funds.

D. The Loan Agreement, this Cash Collateral Agreement and all other documents securing or otherwise relating to the Loan shall be referred to collectively in this Cash Collateral Agreement as the "Loan Documents". All capitalized terms used in this Cash Collateral Agreement and not otherwise defined shall have the meanings given to such terms in the Loan Agreement.

E. It is a condition to the making of the Loan that Pledgor and Lender enter into this Cash Collateral Agreement.

NOW, THEREFORE, in order to induce Lender to make the Loan and in consideration thereof, Pledgor and Lender agree as follows:

1. Definitions. The following terms shall have the following meanings:

"Cash Collateral Agreement" means this Cash Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Debt Service Reserve Fund" shall have the meaning ascribed thereto in Section 2 hereof.

"Obligations" shall mean all the obligations of Pledgor to Lender under the Loan Agreement and the Note and all other obligations and liabilities of Pledgor to Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, arising under, out of, or in connection with, the Loan Agreement, this Cash Collateral Agreement or any of the Loan Documents.

"Pledged Funds" shall mean as defined in the Recitals to this Agreement.

"Replacement Reserve Fund" shall have the meaning ascribed thereto in Section 2 hereof.

2. Establishment of Debt Service Reserve Fund and Replacement Reserve Fund. Pledgor and Lender agree that concurrently with the execution and delivery of this Cash Collateral Agreement there is established and shall be maintained a Debt Service Reserve Fund pursuant to the Loan Agreement. At such time as is required pursuant to the Loan Agreement Borrower shall establish a Replacement Reserve Fund in the name of Borrower in which there shall be deposited by Pledgor all Pledged Funds as required by the provisions of the Loan Agreement.

3. Grant of Security Interest. As collateral security for the prompt and complete payment when due of all the Obligations, Pledgor has granted, bargained, sold, assigned, pledged, and set over and by these presents does hereby grant, bargain, sell, assign, pledge, transfer and set over unto the Lender, and its successors and assigns, all of Pledgor's right, title and interest in and to any Pledged Funds now or hereafter held or deposited in the Debt Service Reserve Fund and the Replacement Reserve Fund.

4. Terms and Conditions.

(a) The Debt Service Reserve Fund and all amounts deposited therein shall be held in the sole dominion and control of Lender and shall be administered by the Lender as a collateral account for the benefit of Lender, and Pledgor shall have no rights or powers with respect to, or control over, the Debt Service Reserve Fund or any part thereof. Pledgor's sole right with respect to the Pledged Funds in the Debt Service Reserve Fund shall be as provided herein and in the Loan Agreement.

(b) If no Event of Default, and no event which with the giving of notice or the passage of time or both could become an Event of Default, has occurred and is continuing, Pledgor from time to time may withdraw moneys from the Replacement Reserve Fund and apply the moneys withdrawn for one or more of the following purposes: (i) for the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the Facility provided that the property is depreciable; (ii) for the performance of repairs with respect to the Facility which are of an extraordinary and non-recurring nature provided that the property is depreciable; (iii) for the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the Facility provided that the property is depreciable; and/or (iv) to make payments to Lender on the Loan.

(c) From and after the occurrence and during the continuation of an Event of Default, Lender may, in the sole and absolute discretion of Lender, apply the Pledged Funds in the Debt Service Reserve Fund, and, if there are insufficient Pledged Funds in the Debt Service Reserve Fund, in the Replacement Reserve Fund, to the Obligations in the following order: (i) all outstanding costs, expenses, fees and late charges due to Lender, (ii) interest at the rate or rates specified in the Loan Documents and (iii) the principal amount of the Obligations. All interest and other investment earnings amounts from time to time accrued and paid on the Pledged Funds in the Debt Service Reserve Fund and the Replacement Reserve Fund shall be retained in the Debt Service Reserve Fund and the Replacement Reserve Fund and shall be applied in accordance with the Loan Agreement and this Cash Collateral Agreement.

(d) Lender shall have, with respect to the Pledged Funds, all rights and remedies of a secured party under Article 9 of the Arizona Uniform Commercial Code and other applicable laws.

5. Further Assurances. Pledgor will, at any time and from time to time, execute and deliver such further documents and do such further acts as shall be required by law or be reasonably requested by Lender to confirm or further assure the interest of Lender hereunder.

6. No Liability for Lawful Actions. Neither Lender nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be liable for any action lawfully taken or omitted to be taken by any of them under or in connection with this Cash Collateral Agreement (except for gross negligence or willful misconduct).

7. Notices. All notices, requests, demands or other communications to or upon the parties hereto shall be deemed to have been given or made when mailed, delivered or transmitted in accordance with the requirements of the Loan Documents.

8. No Failure, etc. No failure to exercise and no delay in exercising on the part of Lender of any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other power or right. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

9. Waiver; Amendments. None of the terms and provisions of this Cash Collateral Agreement may be waived, altered, modified or amended except by an instrument in writing executed by the parties hereto.

10. Representations and Warranties; Covenants.

(a) Pledgor hereby represents and warrants to Lender, effective upon the date hereof and each deposit of Pledged Funds to the Debt Service Reserve Fund and the Replacement Reserve Fund, that:

(i) No filing, recordation, registration or declaration with or notice to any person or entity is required in connection with the execution, delivery and performance of this Cash Collateral Agreement by Pledgor or in order to preserve or perfect the first priority lien and charge intended to be created hereunder in the Pledged Funds.

(ii) Except for the security interest granted to Lender pursuant to this Cash Collateral Agreement, Pledgor is the sole owner of the Pledged Funds, having good and marketable title thereto, free and clear of any and all mortgages, liens, security interests, encumbrances, claims or rights of others.

(iii) No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Pledged Funds is on file or of record in any public office, except such as may have been filed by Pledgor in favor of Lender.

(iv) This Cash Collateral Agreement constitutes a valid and continuing first lien on and first security interest in the Pledged Funds in favor of Lender, prior to all other liens, encumbrances, security interests and rights of others, and is enforceable as such as against creditors of and purchasers from Pledgor.

(b) Without the prior written consent of Lender, Pledgor hereby covenants and agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Funds, nor will it create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance with respect to any of the Pledged Funds, or any interest therein, except for the security interest provided for by this Cash Collateral Agreement.

(c) Pledgor hereby covenants and agrees that it will defend Lender's right, title and security interest in and to the Pledged Funds against the claims and demands of all persons whomsoever except to the extent which arise out of the willful misconduct or gross negligence of Lender.

11. Lender's Expenses and Liabilities. Pledgor shall pay all costs and out-of-pocket reasonable expenses of Lender in connection with the maintenance and operation of this Cash Collateral Agreement made in accordance with the terms hereof. Pledgor also agrees to pay all costs of Lender, including reasonable attorneys' fees, incurred with respect to the enforcement of Lender's rights hereunder.

12. Governing Law. This Cash Collateral Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the law of the State of Arizona.

13. Severability. Any provision of this Cash Collateral Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

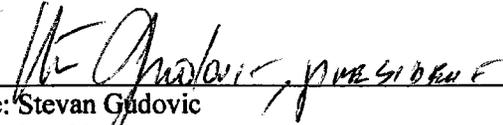
14. Successors and Assigns. This Cash Collateral Agreement and all obligations of Pledgor hereunder shall be binding upon the successors or assigns of Pledgor, and shall, together with the rights and remedies of Lender hereunder, inure to the benefit of Lender and its successors and assigns.

15. Termination. This Agreement shall terminate and, upon request of Pledgor, all monies (if any) remaining in the Debt Service Reserve Fund and the Replacement Reserve Fund shall be returned to Pledgor at such time as all of the following have occurred: (i) all amounts payable to Lender under the Loan Documents have been paid in full and all other obligations of Pledgor to Lender pursuant to the Loan Agreement have been performed in full, and (ii) Lender has no further obligation to make any loans or advances to Pledgor pursuant to the Loan Agreement or any of the other Loan Documents.

16. Counterparts. This Agreement may be executed in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to form physically one document.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be duly executed and delivered as of the date first above written.

Pledgor: Big Park Water Company

By: 
Name: Stevan Gudovic
Title: President

Lender: Water Infrastructure Finance Authority of Arizona

By: 
Interim Executive Director

17. Intercreditor Agreement

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT ("Agreement") is made as of this 9th day of November, 2010 by and between **NATIONAL BANK OF ARIZONA** whose address is 1470 West Highway 89A, Sedona, Arizona 86336 ("Junior Lender"), and **WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA**, whose address is 1110 West Washington Street, Suite 290, Phoenix, Arizona 85007 ("Senior Lender").

RECITALS:

A. Senior Lender has provided term loans (the "Senior Facility") in favor of Big Park Water Company ("Borrower"), in an amount of four hundred and fifteen thousand dollars (\$415,000.00) (in the aggregate of actual outstanding balances and funds available for advance), for the purpose of designing, purchasing and installing arsenic treatment at two wells.

B. The terms and conditions of the Senior Facility are set forth under and pursuant to various documents, instruments, and agreements between Senior Lender and Borrower dated as of November 12, 2010 that are more particularly described on Schedule 1 attached hereto (collectively, the "Senior Loan Documents"). The Senior Facility is secured by various collateral (the "Collateral") described in and pledged pursuant to the Senior Loan Documents.

C. Junior Lender has provided a loan ("Junior Facility") in favor of Borrower in the amount of \$100,000.00, for the purpose of revolving line of credit for working capital.

D. The terms and conditions of the Junior Facility are set forth under and pursuant to various documents, instruments, and agreements between Junior lender and Borrower originally dated August 28, 2009, as amended or renewed (the "Junior Loan Documents"). The Junior Facility is secured by the collateral pledged pursuant to the Junior Loan Documents.

E. Pursuant to the terms of the Junior Loan Documents, the written approval of Junior Lender is required to the Senior Facility and the granting by Borrower of liens on the security interests in the Collateral and other assets of Borrower in favor of Senior Lender Pursuant to the Senior Loan Documents.

F. Senior Lender and Junior Lender desire to enter into this Agreement for the purpose of evidencing Junior Lender's approval of the Senior Facility and Senior Loan Documents and of establishing and clarifying each of their respective rights and obligations with respect to the Collateral in which Junior Lender has a security interest or lien and the payment and performance of obligations of Borrower to Senior Lender and Junior Lender pursuant to the Senior Facility and the Junior Facility.

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

1. Junior Lender Approval of Senior Facility. Junior Lender hereby grants its written approval to Borrower to borrow the Senior Facility and to secure the same by various collateral of Borrower described in and pledged pursuant to the Senior Loan Documents, including the

Collateral. Senior Lender's liens on and security interests in the Collateral shall constitute "Permitted Exceptions" within the meaning of the Junior Loan Documents.

2. Lien Subordination.

(a) Notwithstanding the order in which any of the Senior Loan Documents or Junior Loan Documents may be recorded or filed, as the case may be, in order to perfect the liens of Senior Lender or Junior Lender in the Collateral, Senior Lender and Junior Lender hereby confirm and agree that the lien of Senior Lender in the Collateral shall be a lien charge, and encumbrance on the Collateral, prior and superior to any right, title, or interest therein of Junior Lender; provided, however, that nothing herein shall be construed as a subordination of Junior Lender's rights to payment under or pursuant to the Junior Facility.

(b) Advances or monies paid by Senior Lender in amounts not greater than \$415,000 that are reasonably necessary for protection or maintenance of the Collateral and Senior Lender's security interest therein shall be senior in priority to the security interests of the Junior Lender.

3. Notices of Default. Each of Senior Lender and Junior Lender shall provide a copy to the other of any written notice provided by either Senior Lender or Junior Lender to Borrower with respect to (i) the occurrence of any act or breach by Borrower constituting a default, event of default, or Event of Default (as defined in the Senior Loan Documents or the Junior Loan Documents), or the occurrence of any event which with notice or the passage of time or both would constitute such a default by Borrower under any of the Senior Loan Documents or the Junior Loan Documents, (ii) the acceleration of amount due and payable by Borrower to either of Senior Lender or Junior Lender under the Senior Facility and the Junior Facility, respectively, or (iii) the occurrence of any event or condition which would constitute, in the reasonable judgment of either Senior Lender or Junior Lender, a material adverse change in the business or operations of Borrower. Such notices shall be delivered in accordance with Paragraph 7 below within three (3) calendar days of the date any such notice is given to Borrower. However, the failure to give any such notice shall not be grounds or cause for any diminution of the respective rights between the Senior Lender and Junior Lender otherwise granted or agreed to herein.

4. Disposition of Collateral.

(a) In the event of (i) any insolvency, bankruptcy, receivership, liquidation, reorganization, assignment for the benefit of creditors or other similar proceeding relating to Borrower, whether voluntary or involuntary, (ii) any proceeding for the voluntary liquidation, dissolution or other winding-up of Borrower and whether or not involving insolvency or bankruptcy proceedings, or (iii) any foreclosure on or other similar action with respect to all or any portion of the Collateral in which the Junior Lender shall have a security interest or lien, then, and in any such event, any payment or other distribution of any character, whether in cash, securities or other property out of or in respect of the Collateral or any proceeds thereof, shall be shared by Junior Lender and Senior Lender to the extent of the priorities herein specified; provided, however, that no party hereto shall take any action without written notice to the other party. However, the failure to give any such notice shall not be grounds or cause for any diminution of the respective rights between the Senior Lender and Junior Lender otherwise granted or agreed to herein.

(b) If Senior Lender shall have received any payment or distribution out of any of the assets constituting a part of the Collateral in which the Junior Lender shall have a security interest or lien, whether arising out of or as a result of any event described in subparagraph (a) hereof, or otherwise, Senior Lender shall promptly provide Junior Lender a clear and detailed accounting of any such funds received, and shall promptly take all action necessary to cause such payment to be shared in accordance with the priorities herein set forth.

(c) If Senior Lender shall, at any time, have possession or control of any of the Collateral, it shall hold or control such Collateral for the benefit of itself and Junior Lender in accordance with the priorities herein set forth for so long as it and Junior Lender shall have a security interest or lien therein. In holding or controlling such Collateral, Senior Lender shall exercise the degree of care as it otherwise exercises with respect to its own property, and shall have no responsibility or liability for exercising any higher degree of care for the of Junior Lender. Upon payment or other satisfaction in full of all obligations under the Senior Facility, Senior Lender will assign and deliver to Junior Lender, as Junior Lender shall direct in writing, without representation, warranty or recourse of any kind, all such Collateral in which the Junior Lender shall have a security interest or lien then in Senior Lender's possession.

5. Cooperation. Senior Lender and Junior Lender agree to use reasonable best efforts to cooperate with one another in the realization upon and liquidation of the Collateral, and to promptly advise one another of any actions taken with respect thereto, or of any modification or amendment of any or all of the Senior Loan Documents; provided, however, Senior Lender shall not, without prior written notice to Junior Lender, enter into any such modification or amendment that would (i) extend the term of the Senior Facility, (ii) increase the applicable rate of interest thereunder, or (iii) increase the amount of Borrower's indebtedness thereunder.

6. Limitation of Subordination. Junior Lender's subordination to Senior Lender herein shall apply only to amounts due and payable by Borrower to Senior Lender under and pursuant to the Senior Facility and to the liens of Senior Lender in the Collateral securing the Senior Facility, and shall not apply to amounts due and payable by Borrower to Senior Lender under any other credit accommodation or by reason of any other indebtedness of any nature.

7. Delivery of Notices. All notices to be made hereunder to the parties hereto shall be in writing and shall be delivered by hand or sent by registered mail or certified mail, postage prepaid, return receipt requested, through the United States Postal Service to the addresses shown below or such other address which the parties may provide to one another in accordance herewith, or by facsimile as set forth below. Such notice, request, demand or consent, if sent by mail she be deemed given two (2) business day after deposit in the United States Mail, or if delivered by hand or transmitted via facsimile, shall be deemed give when delivered or transmitted. Original documents transmitted by facsimile shall thereafter be delivered or mailed in accordance with this Paragraph 7.

Senior Lender: Water Infrastructure Finance Authority of Arizona
1110 West Washington Street, Suite 290
Phoenix, Arizona 85007

Attention: Executive Director
Telephone: (602) 364-1310
Facsimile: (602) 364-1327

Junior Lender: 1470 West Highway 89A,
Sedona, Arizona 86336
Attention: Commercial Loan Officer
Telephone: (928) 708-6918
Facsimile: (928) 771-1839

8. No Third Party Beneficiary. This Agreement is intended to establish relative priorities between Senior Lender and Junior Lender, and shall not be deemed to create any rights or priorities in any other person, including, without limitation, Borrower.

9. Arbitration. The parties hereto agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes, as amended.

10. Choice Of Law And Jurisdiction. This agreement shall be construed in accordance with and governed by the laws of the state of Arizona. The courts of Arizona, federal or state, shall have exclusive jurisdiction of all legal actions arising out of this agreement. By executing this agreement, the undersigned submits to the jurisdiction of the federal and state courts of Arizona.

11. Notice Regarding A.R.S. § 38-511 Cancellation. To the extent applicable by provision of law, the parties acknowledge that this agreement is subject to cancellation pursuant to A.R.S. §38-511, the provisions of which are hereby incorporated herein.

12. No Oral Modification. Neither this Agreement, nor any term hereof, may be amended, waived, discharged or terminated, except by writing signed by all of the parties hereto.

13. Severability. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

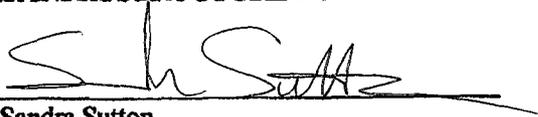
14. Binding on Successors and Assigns. This Agreement shall be binding on and inure to the benefit of Senior Lender and Junior Lender and their respective successors and assigns.

15. No Impairment of Indebtedness. Nothing herein shall be construed to impair limit, condition, cancel, or supersede the obligations of Borrower to either Senior Lender or Junior Lender.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this document to physically form one document.

IN WITNESS WHEREOF, the parties hereto have caused this Intercreditor Agreement to be executed as of the day and year first above written.

WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

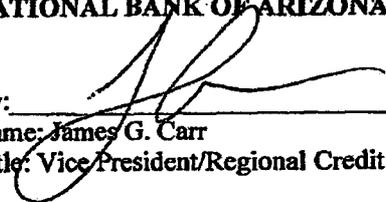
By: 

Name: Sandra Sutton

Title: Interim Executive Director

Senior Lender

NATIONAL BANK OF ARIZONA

By: 

Name: James G. Carr

Title: Vice President/Regional Credit Manager

Junior Lender

Acknowledged:

BIG PARK WATER COMPANY

By: 

Name: Steven Gudovic

Title: President

Borrower

18. UCC Financing Statement

FINANCING STATEMENT - FOLLOW INSTRUCTIONS CAREFULLY

This Financing Statement is presented for filing pursuant to the Uniform Commercial Code and will remain effective, with certain exceptions, for 5 years from date of filing.

A. NAME & TEL. # OF CONTACT AT FILER (optional)	B. FILING OFFICE ACCT. # (optional)
C. RETURN COPY TO: (Name and Mailing Address)	
Water Infrastructure Finance Authority of Arizona 1110 West Washington Ste. 290 Phoenix, AZ 85007 Attention: Finance Director	

THIS SPACE FOR USE OF FILING OFFICER

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b)

OR	1a. ENTITY'S NAME Big Park Water Company				
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 45 Castle Rock Road, Suite 4		CITY Sedona	STATE AZ	COUNTRY USA	POSTAL CODE 86351
1d. S.S. OR TAX I.D. # 86-0251042	OPTIONAL ADD'NL INFO RE ENTITY DEBTOR	1e. TYPE OF ENTITY Public Water System	1f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION Arizona	1g. ENTITY'S ORGANIZATIONAL I.D. #, if any NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b)

OR	2a. ENTITY'S NAME				
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	COUNTRY	POSTAL CODE
2d. S.S. OR TAX I.D. #	OPTIONAL ADD'NL INFO RE ENTITY DEBTOR	2e. TYPE OF ENTITY	2f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION	2g. ENTITY'S ORGANIZATIONAL I.D. #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S (ORIGINAL S/P OR ITS TOTAL ASSIGNEE) EXACT FULL LEGAL NAME - insert only one secured party name (3a or 3b)

OR	3a. ENTITY'S NAME Water Infrastructure Finance Authority of Arizona				
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 1110 West Washington Street, Suite 290		CITY Phoenix	STATE AZ	COUNTRY USA	POSTAL CODE 85012

4. This FINANCING STATEMENT covers the following types or items of property:

See Exhibit A and Addendum attached hereto and incorporated herein.

5. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> LESSOR/LESSEE <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG. LIEN <input type="checkbox"/> NON-UCC FILING
--

6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2
--	---

ADDITIONAL FILER REFERENCE DATA

Exhibit A

Collateral Description

All of Debtor's present and future right, title, and interest in and to any and all of Debtor's Fixtures, Personal Property, General Intangibles, Accounts, Liens and Encumbrances and Proceeds as defined below, regardless of whether in the possession of Debtor, a bailee, a warehouseman, or any other Person; the agreements, documents, and instruments evidencing Accounts or granting such Liens and encumbrances and the filings and recordings relating to such Liens and Encumbrances; all books and records and all computer software, computer disks, computer tapes and other record-keeping media pertaining to any collateral listed in this Exhibit A; furniture, fixtures, machinery, and equipment of any kind or nature; and proceeds of any of the collateral listed in this Exhibit A; any accounts established for debt service or reserves, any certificate of authority, franchise or other right to conduct business as may be issued by any Governmental Authority (including, without limitation, cash and non-cash proceeds, insurance proceeds, proceeds of any proceeds, and proceeds of any taking by any Governmental Authority or any transfer in lieu of such a taking).

(a) the water utility plants and systems of the Debtor, including, but not limited to, all water works, generating stations, substations, pump houses, wells, distribution lines, whether located upon the Real Property or upon public or private easements, leaseholds or the like and which form a part of or are used in connection with the water utility plants or systems of the Debtor (the "Fixtures");

(b) all goods, (whether goods held for sale or returned or whether used in the business of the Debtor or to be installed in or on the Real Property), personal property, equipment, inventory, fixtures, furnishings, devices or tools and all replacements or substitutions of same (the "Personal Property");

(c) all of the franchises, certificates, authorizations by rule, privileges, permits, grants and consents for the construction, operation, and maintenance of water plants or systems in, on, and under streets, alleys, highways, roads, public grounds, easements and rights-of-way and all rights incident thereto which were granted by private persons or entities or the governing bodies of the cities, counties, state, and countries in which the Debtor operates and including, but not limited to, permits and certificates issued pursuant to the applicable provisions of the Arizona Water Code, and all development rights, utility commitments, water and wastewater taps, living unit equivalents, capital improvements project contracts, utility construction agreements with any governmental authority, including municipal utility districts or other constitutional conservation districts created under Article III, Section 52, or Article XVI, Section 59, of the Arizona Constitution, or with any utility companies (and all refunds and reimbursements thereunder) relating to the Real Property or Improvements, as any of the foregoing may be amended, and all plants and specifications for water utility plants or systems and all Debtor's rights (but not Debtor's obligations) under any documents, contract rights, accounts, commitments, construction contracts (and all payment and performance bonds, statutory or otherwise, issued by any surety in connection with any such construction contracts, and the proceeds of such bonds), architectural contracts, engineering contracts, and general intangibles (including without limitation trademarks, trade names, and symbols) arising from or by virtue of any transactions related to the Real Property, the Improvements, or the Personal Property, management contracts and all of the Debtor's rights under any contracts otherwise providing for the purchase, lease, sale or assignment of water or water rights (the "General Intangibles");

(d) all accounts arising from or by virtue of the sale, lease or disposition of any of the Real Property or Personal Property, or from any policy of insurance or the taking of any of the Real Property by right of eminent domain or condemnation or by private or other purchase in lieu thereof, including change of grade of street, curb cuts or other rights of access, for any public or quasi-public use under any law and all amounts due under current and future water supply customer accounts, including but not limited to those future accounts arising from any water utility plants or systems (or for delivery of water by any other means) (the "Accounts");

(e) all deposits, bank accounts, funds, instruments, notes or chattel paper of the Debtor, including, without limitation cash or securities deposited pursuant to leases to secure performance by the tenants of their obligations thereunder; and proceeds arising from or by virtue of the sale, lease or other disposition of the Real Property and proceeds (including premium refunds) of each policy of insurance relating to the Real Property (the "Proceeds")

(f) all of the following: (i) any lease or other right to use; (ii) any assignment as security, conditional sale, grant in trust, lien, mortgage, pledge, security interest, title retention arrangement, other encumbrance, or other interest or right securing the payment of money or the performance of any other liability or obligation, whether voluntarily or involuntarily created and whether arising by agreement, document, or instrument, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; and (iii) any option, right of first refusal, other right to acquire, or other interest or right ("Liens and Encumbrances").

All other capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Uniform Commercial Code in effect in the State of Arizona (A.R.S. §§ 47-1101 through 47-9507).

Addendum

Borrower's Legal Description of Property

See Attached

WATER STORAGE TANK SITE
SECTION 8, T-16-N., R-6-E CATHEDRAL
VIEW

All of the southerly 120.00 feet of the northerly 340.00 feet of the westerly 100.00 feet of the easterly 150.00 feet of the west half of the SW Quarter of the SW Quarter of Section 8, T-16-N, R-6-E, G. & S. R. B. & M., Yavapai County, Arizona;

EXCEPT a triangular shaped parcel bounded on the north by the northerly line of the above described parcel, on the east by the easterly line of the above described parcel and on the southwest by a curve, concave to the southwest, and having a radius of 25.00 feet and being tangent to the north and east lines.

TOGETHER with a 20.00 foot wide access and utility easement over, under, across, and upon portions of the SW Quarter of the SW Quarter of said Section 8 and the SE Quarter of the SE Quarter of Section 7, T-16-N, R-6-E, G. & S. R. B. & M., Yavapai County, Arizona more particularly described as follows, to wit:

Beginning at the northeast corner of the west half of the SW Quarter of the SW Quarter of said Section 8 run thence S 0° 02' 57" W along the easterly line of said West half of the SW Quarter of the SW Quarter of Section 8 a distance of 340.01 feet to a point;

thence N 89° 25' 26" W a distance of 10.00 feet to a point, said point being the true point of beginning of the center line of said 20.00 foot wide access and utility easement;

thence S 0° 02' 57" W along a line that is 10.00 feet westerly of and parallel with said easterly line of the west half of the SW Quarter of the SW Quarter of Section 8 a distance of 862.16 feet to a point;

thence S 87° 01' 47" W a distance of 241.03 feet to a point of curvature;

thence northwesterly around a curve to the right whose radius is 335.00 feet a distance of 143.54 feet to a point of tangency;

thence N 68° 25' 13" W a distance of 191.08 feet to a point;

thence N 65° 36' 13" W a distance of 179.49 feet to a point of curvature;

thence northwesterly around a curve to the left whose radius is 352.33 feet a distance of 258.92 feet to a point of tangency;

thence S 72° 17' 26" W a distance of 108.00 feet to a point of curvature;

thence southwesterly around a curve to the left whose radius is 315.00 feet a distance of 206.17 feet to a point;

thence S 28° 53' 04" W a distance of 145.77 feet to a point of terminus in the southerly line of said Section 7; said point also being the southwest corner of the east half of the SE Quarter of the SE Quarter of said Section 7;

TOGETHER with an access and utility easement over, under, across and upon the easterly 50.00 feet of the southerly 120.00 feet of the northerly 340.00 feet of the west half of the SW Quarter of the SW Quarter of Said Section 8.

EXHIBIT "A"

Policy No. 71481-T

All that portion of Tract F, Canyon Mesa Country Club recorded in Book 25 of Maps, Pages 13-15 and amended in Book 25 of Maps, pages 62-64, located in the Southeast one-quarter of Section 18, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona being more particularly described as follows:

COMMENCING for reference at the South one-quarter corner of said Section 18; thence North 0 degrees 10 minutes 29 seconds East along the North-South Mid-Section line of said Section 18, a distance of 1236.25 feet to a point on the Southerly Right-of-Way line of Jacks Canyon Road as discribed in Book 18 of Maps and Plats, Page 62, Records of Yavapai County Arizona; thence South 89 degrees 47 minutes 40 seconds East along said Southerly Right-of-Way line, a distance of 79.56 feet to the point of curvature of a curve concave to the Northwest having a radius of 612.96 feet; thence Northeasterly along the arc of said Southerly Right-of-Way curve, a distance of 703.50 feet through a central angle of 65 degrees 45 minutes 31 seconds to a point on said curve and the TRUE POINT OF BEGINNING; thence continuing along said Southerly Right-of-Way curve, a distance of 30.00 feet through a central angle of 2 degrees 48 minutes 15 seconds to the point of tangency of said curve; thence North 21 degrees 38 minutes 34 seconds East along said Southerly Right-of-way line, a distance of 51.17 feet to a point; thence North 89 degrees 42 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 0 degrees 18 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 89 degrees 42 minutes 00 seconds West, a distance of 106.01 feet to the TRUE POINT OF BEGINNING.

EXCEPTING all minerals as reserved by the United States in Patent recorded May 11, 1973 in Book 838 of Official Records, page 408.

Subject to and together with an Easement for Public Utilities being 8.00 feet in width and being more particularly described as follows:

BEGINNING at the Northeast corner of the aforescribed parcel of land; thence South 0 degrees 18 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 89 degrees 42 minutes 00 seconds West, a distance of 8.00 feet to a point; thence North 0 degrees 18 minutes 00 seconds West, a distance of 75.00 feet to a point; thence North 89 degrees 42 minutes 00 seconds East, a distance of 8.00 feet to the TRUE POINT OF BEGINNING.

19. Continuing Security Agreement

Continuing Security Agreement

Date: November 12, 2010

Parties: **Obligor:** Big Park Water Company

Obligor 45 Castle Rock Road, Suite 4

Address: Sedona, Arizona 86351

(928) 284-2298

(928) 284-1974

Secured Water Infrastructure Finance Authority of Arizona
Party:

Secured 1110 West Washington, Suite 290

Party Phoenix, Arizona 85007

Address:

Attention: Executive Director

Agreement: For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor agrees for the benefit of Secured Party as follows:

1. Schedule Of Terms.

Name in which Obligor conducts business: Big Park Water Company

Locations of Collateral:

See Attached

2. Definitions. In this Agreement, the following terms shall have the following meanings, and all capitalized terms used in this Agreement not defined herein and used or defined in the Uniform Commercial Code will have their respective meanings in the Uniform Commercial Code:

“Accounts” means all accounts arising from or by virtue of the sale, lease or disposition of any of the Real Property or Personal Property, or from any policy of insurance or the taking of any of the Real Property by right of eminent domain or condemnation or by private or other purchase in lieu thereof, including change of grade of street, curb cuts or other rights of access, for any public or quasi-public use under any law and all amounts due under current and future Customer accounts, including but not limited to those future accounts arising from any water utility plants or systems (or for delivery of water by any other means);

"Agreement" means this Security Agreement as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Collateral" means all of Obligor's present and future right, title, and interest in and to any and all of the following types of property, regardless of whether in the possession of Obligor, a bailee, a warehouseman, or any other Person; Fixtures, Personal Property, Accounts, General Intangibles, Liens and Encumbrances and Proceeds; the agreements, documents, and instruments evidencing Accounts or granting such Liens and Encumbrances and the filings and recordings relating to such Liens and Encumbrances; all books and records and all computer software, computer disks, computer tapes, and other record keeping media pertaining to any of the Collateral; furniture, fixtures, machinery, and equipment of any kind or nature; and proceeds of any of the Collateral; any accounts established for debt service or reserves; any certificate of authority, franchise or other right to conduct business as may be issued by any Governmental Authority (including, without limitation, cash and non-cash Proceeds, insurance proceeds, proceeds of any proceeds, and proceeds of any taking by any Governmental Authority or any transfer in lieu of such a taking).

"Commitment" means any and all obligations of Secured Party from time to time to make advances to Obligor, or to make other financial accommodations for Obligor.

"Customer" means a water supply customer of Obligor.

"Default Rate" means a rate per annum of interest equal to the sum of (i) six percent (6%) per annum, and (ii) the rate per annum of interest applicable from time to time to the principal amount under the Note.

"Event of Default" shall have the meaning specified in Section 6.

"Fixtures" means the water utility plants and systems of the Debtor, including, but not limited to, all water works, generating stations, substations, pump houses, wells, distribution lines, whether located upon the Real Property or upon public or private easements, leaseholds or the like and which form a part of or are used in connection with the water utility plants or systems of the Debtor.

"General Intangibles" means all of the franchises, certificates, authorizations by rule, privileges, permits, grants and consents for the construction, operation, and maintenance of water plants or systems in, on, and under streets, alleys, highways, roads, public grounds, easements and rights-of-way and all rights incident thereto which were granted by private persons or entities or the governing bodies of the cities, counties, state, and countries in which the Debtor operates and including, but not limited to, permits and certificates issued pursuant to the applicable provisions of the Arizona Water Code, and all development rights, utility commitments, water and wastewater taps, living unit equivalents, capital improvements project contracts, utility construction agreements with any governmental authority, including municipal utility districts or other constitutional conservation districts created under Article III, Section 52, or Article XVI, Section 59, of the Arizona Constitution, or with any utility companies (and all refunds and reimbursements thereunder) relating to the Real Property or improvements, as any of the foregoing may be amended, and all plants and specifications for water utility plants or systems and all Debtor's rights (but not Debtor's obligations) under any documents, contract rights, accounts, commitments, construction contracts

(and all payment and performance bonds, statutory or otherwise, issued by any surety in connection with any such construction contracts, and the proceeds of such bonds), architectural contracts, engineering contracts, and general intangibles (including without limitation trademarks, trade names, and symbols) arising from or by virtue of any transactions related to the Real Property, any improvements thereon, or the Personal Property, management contracts and all of the Debtor's rights under any contracts otherwise providing for the purchase, lease, sale or assignment of water or water rights.

"Governmental Authority" means any government, any court, and any agency, authority, body, bureau, department, or instrumentality of any government.

"Inventory" means all goods and other tangible and intangible personal property (i) owned by Obligor or in which Obligor has rights or an interest under any agreement, document, instrument, or otherwise (including, without limitation, a lease) now or hereafter from time to time and (ii) either (A) consumed or to be consumed in the business of Obligor, (B) held for sale, lease, or other disposition by Obligor, (C) sold, leased, or furnished under contracts for service, or (D) used for demonstration, display, executive, model, or similar uses, or to be so used. Inventory includes, without limitation, (i) raw materials, scrap materials and by-products, work in progress, supplies, components, parts, spare parts, accessories, and finished goods, (ii) the rights and interest of Obligor in goods or other tangible or intangible personal property sold, leased, or furnished under contracts of service, (iii) goods or other tangible or intangible personal property sold, leased, or furnished under contracts of service and returned to or repossessed by Obligor, and (D) all accessions and additions to any goods or other tangible or intangible personal property included in Inventory.

"Lien or Encumbrance" and **"Liens and Encumbrances"** mean each and all of the following: (i) any lease or other right to use; (ii) any assignment as security, conditional sale, grant in trust, lien, mortgage, pledge, security interest, title retention arrangement, other encumbrance, or other interest or right securing the payment of money or the performance of any other liability or obligation, whether voluntarily or involuntarily created and whether arising by agreement, document, or instrument, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; and (iii) any option, right of first refusal, other right to acquire, or other interest or right.

"Loan Agreement" means that certain Loan Agreement of even date herewith by and between Obligor and Secured Party, as it may be amended, modified, extended, renewed, restated or supplemented from time to time.

"Loan Documents" means the Loan Agreement, this Agreement and any and all other agreements, documents, and instruments from time to time evidencing, guarantying, securing, or otherwise relating to the Obligations (including, without limitation, any and all promissory notes, loan agreements, and guaranties), as they may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Note" means that certain promissory note of even date herewith executed by Obligor in favor of Secured Party, as it may be amended, modified, extended, renewed, restated or supplemented from time to time.

"Obligations" means (i) payment by Obligor of all sums due under and pursuant to the Note, the Loan Agreement, or any other Loan Document; (ii) performance by Obligor of all terms and conditions set forth in any or all of the Loan Documents; and (iii) any and all other liabilities and obligations of Obligor to Secured Party existing now or in the future (except indebtedness of any individual for personal, family, or household purposes), whether for the payment of money or otherwise, whether absolute or contingent, whether as principal, endorser, guarantor, or otherwise, whether originally due to Secured Party or to a third Person and assigned or endorsed to Secured Party, and whether several, joint, or joint and several, all as they may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Permitted Exceptions" means a Lien and Encumbrance granted by Obligor with the consent of Secured Party.

"Person" means a natural person, a partnership, a joint venture, an unincorporated association, a corporation, a limited liability company, a trust, any other legal entity, or any Governmental Authority.

"Personal Property" means all goods, (whether goods held for sale or returned or whether used in the business of the Debtor or to be installed in or on the Real Property), personal property, equipment, Inventory, fixtures, furnishings, devices or tools and all replacements or substitutions of same.

"Proceeds" means all deposits, bank accounts, funds, instruments, notes or chattel paper of Obligor, including, without limitation cash or securities deposited pursuant to leases to secure performance by the tenants of their obligations thereunder; and proceeds arising from or by virtue of the sale, lease or other disposition of the Real Property and proceeds (including premium refunds) of each policy of insurance relating to the Real Property.

"Real Property" means all real property owned by Obligor.

"Remittance Account" means an account established with a financial institution acceptable to Secured Party for the benefit of Secured Party and subject to the sole dominion and control of Secured Party.

"Requirements" means any and all obligations, other terms and conditions, requirements, and restrictions in effect now or in the future by which Obligor or any or all of the Collateral is bound or which are otherwise applicable to any or all of the Collateral or the business or operations of Obligor including, without limitation, such obligations, other terms and conditions, restrictions, and requirements imposed by: (i) any law, ordinance, regulation, or rule (federal, state, or local); (ii) any approvals and permits; (iii) any Permitted Exceptions; (iv) any insurance policies; (v) any other agreement, document, or instrument to which Obligor is a party or by which Obligor or any of the Collateral is bound; or (vi) any judgment, order, or decree of any arbitrator, other private adjudicator, or Governmental Authority to which Obligor is a party or by which Obligor, any or all of the Collateral, or the business or operations of Obligor is bound.

"Transfer" means the occurrence of any of the following:

(i) Any or all of the Collateral, or any interest or right of Obligor in or to the Collateral, is conveyed to, or becomes vested in, any Person, other than Obligor and Secured Party, voluntarily or involuntarily;

(ii) The occurrence of any event that results in any option, right of first refusal, other right to acquire, or any other claim, interest, or right in, to, or against, any or all of the Collateral being held by a Person other than Obligor and Secured Party, whether occurring voluntarily or involuntarily and whether arising by agreement, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; or

(iii) Obligor enters into any agreement the performance of which would result in a Transfer under clause (i) or (ii) above, and the consummation of such agreement is not expressly conditional upon the prior written consent of Secured Party in its absolute and sole discretion,

except (A) disposition of Inventory by lease, sale, or otherwise for fair consideration in the ordinary course of the business of Obligor, excluding from such exception bulk sales, dispositions to one or more creditors, and transfers in satisfaction of indebtedness, and (B) the Permitted Exceptions.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of Arizona (currently, Arizona Revised Statutes Sections 47-1101 through 47-9507).

3. Grant Of Security Interest. Obligor grants to Secured Party a Security Interest in the Collateral to secure payment and performance of the Obligations.

4. Obligor Representations And Warranties. Obligor represents and warrants to Secured Party as of the date of this Agreement:

4.1 **Ownership of Collateral.** Obligor is the legal and beneficial owner of the Collateral, subject only to the Permitted Exceptions. There are no Liens and Encumbrances on the Collateral or claims thereof, except the Permitted Exceptions. There is no financing statement now filed or recorded covering any of the Collateral or in which Obligor is named or has signed as a Debtor, except financing statements related to the Permitted Exceptions.

4.2 **Validity, Perfection, and Priority of Security Interest.** The Security Interest granted in this Agreement (i) is legal, valid, binding, and enforceable, (ii) is a perfected security interest in all the Collateral, and (iii) is and shall remain prior to any security interest other than the Permitted Exceptions.

4.3 **Names; Location of Collateral; Place of Business or Chief Executive Office; and Books and Records.** Obligor conducts its business and other activities solely in the name(s) set forth in Section 1. The Collateral, the sole place of business or the chief executive office of Obligor, and all books and records of Obligor relating to the Collateral are at the location(s) set forth in Section 1.

5. Obligor Covenants. Until any Commitment terminates in full, and the Obligations are paid and performed in full, Obligor agrees that, unless Secured Party otherwise agrees in writing in Secured Party's absolute and sole discretion:

5.1 Payment and Performance of Obligations. Obligor shall pay and perform the Obligations. Obligor shall comply with and perform the Requirements.

5.2 Transfer; Liens and Encumbrances; Defense of Obligor's Title and of Security Interest.

5.2.1 Obligor shall not suffer to occur any Transfer. Except for Permitted Exceptions, Obligor shall not suffer to exist any Lien or Encumbrance on any or all of the Collateral, regardless of whether junior or senior to the security interest granted herein. Obligor shall notify Secured Party immediately of any claim of any Lien or Encumbrance on any or all of the Collateral. Except for financing statements relating to Permitted Exceptions, Obligor shall not execute or suffer to exist or to be filed or recorded any financing statement that covers any or all of the Collateral or in which Obligor is named or signs as Debtor.

5.2.2 Obligor shall defend the Collateral, the title and interest therein of Obligor represented and warranted in this Agreement, and the legality, validity, binding nature, and enforceability of the security interest granted herein, the perfection thereof, and the priority thereof against (i) any attachment, levy, or other seizure by legal process or otherwise of all or part of the Collateral, (ii), except for Permitted Exceptions, any Lien or Encumbrance or claim thereof on any or all of the Collateral, (iii) any attempt to realize upon any or all of the Collateral under any Lien or Encumbrance other than the Permitted Exceptions, regardless of whether junior or senior to the security interest herein, or (iv) any claim questioning the legality, validity, binding nature, enforceability, perfection, or priority of the security interest herein. Obligor shall notify Secured Party immediately in writing of any of the foregoing.

5.3 Names; Books and Records; Location of Collateral; Place of Business or Chief Executive Office. Obligor shall maintain complete and accurate books and records relating to the Collateral. Unless Obligor obtains the prior written consent of Secured Party and takes in advance all actions and makes all filings and recordings necessary or appropriate to assure the perfection and priority of the security interest granted herein, Obligor shall not change its name, shall conduct its business and other activities solely in the name(s), trade name(s), and fictitious name(s) in Section 1, and shall not move the Collateral, its sole place of business or chief executive office, or its books and records relating to the Collateral from the location(s) in Section 1. Anything in this Section 5.3 to the contrary notwithstanding, Obligor may move the Inventory between any of such locations and between any of such locations and any location at which services are rendered to Customers or where the Inventory is delivered to Customers.

5.4 Inspection. Secured Party and such persons as Secured Party may designate shall have the right, at any reasonable time, from time to time and upon reasonable notice to Secured Party, (i) to enter upon the premises at which any of the Collateral or any of the books and records relating to the Collateral is located, (ii) to inspect the Collateral, (iii) to make extracts and copies from Obligor's books and records relating to the Collateral (at Secured Party's sole cost and expense), and (iv) to verify under reasonable procedures determined by Secured Party the amount,

condition, quality, quantity, status, validity, and value of, or any other matter relating to, the Collateral (including, without limitation, in the case of Accounts or Collateral in the possession of a third Person by contacting the obligors of the Accounts or the third Persons possessing such Collateral for the purpose of making such verification). Obligor shall provide access to such premises. Secured Party shall have the absolute right to share any information it gains from any such inspection or verification with any other Person holding an interest or a participation in any of the Obligations.

5.5 Further Assurances. Obligor shall promptly execute, acknowledge, deliver, and cause to be duly filed and recorded all such additional agreements, documents, and instruments (including, without limitation, financing statements) and take all such other actions as Secured Party may reasonably request from time to time to better assure, perfect, preserve, and protect the security interest granted herein, the priority thereof, and the rights and remedies of Secured Party hereunder. If any amount payable under or in connection with any Receivable shall be evidenced by any Instrument or any of the Inventory by a Document, such Document or Instrument shall be immediately pledged and delivered to the Secured Party, duly endorsed in a manner satisfactory to the Secured Party.

5.6 Maintenance of Inventory. Obligor shall keep the Inventory in good and leasable, saleable, and usable condition and shall store the Inventory properly to protect it from damage, destruction, and deterioration, reasonable wear and tear excepted. Obligor shall not misuse or conceal the Inventory nor take any action or fail to take any action with respect to Inventory that might affect any insurance coverage. Unless Secured Party approves in advance in writing, Obligor shall not use any Inventory for demonstration, executive, or any similar purpose, other than reasonable and customary quality control tests and inspections. Obligor shall pay promptly when due all liabilities and obligations incurred to acquire or lease Inventory or otherwise relating to Inventory.

5.7 Insurance. The risk of loss of, damage to, or destruction of the Collateral at all times shall be on Obligor. At its expense, Obligor will maintain insurance in form and amounts, and with companies, in all respects satisfactory to Secured Party, covering all of the insurable Collateral on an all-risk basis at full replacement value. Obligor shall deliver to Secured Party the original, or a certified copy, of each policy of insurance and evidence of payment of all premiums therefor within thirty (30) days of the date hereof. Such policies of insurance shall contain an endorsement or an independent instrument furnished to Secured Party, providing that such insurance company will give Secured Party at least 30 days prior written notice before any such policy or policies of insurance shall be altered or canceled. Obligor hereby agrees to apply all insurance proceeds received under the Insurance Policy to remedy the loss covered thereby (including reimbursing Obligor for funds expended to remedy such loss), to satisfy the indebtedness evidenced by the Note, or as otherwise consented to by Secured Party.

5.8 Taxes. Obligor shall promptly pay when due any and all property, excise, and other taxes and all assessments, duties, and other charges levied or imposed on any or all of the Collateral or imposed on Obligor in respect of any or all of the Collateral, this Agreement, or the security interest granted herein. Obligor shall also pay when due any and all lawful claims for labor,

materials, and supplies, that, if unpaid, might become a Lien or Encumbrance on any or all of the Collateral.

5.9 Special Covenants Regarding Collateral.

5.9.1 Use of Inventory. Until an Event of Default, Obligor may possess, process, use, and consume in the manufacture or processing of finished goods, and lease, sell, or otherwise dispose of for fair consideration the Inventory, all in the ordinary course of Obligor's business, excluding, however, any bulk sale, any disposition to one or more creditors, and any transfer in satisfaction of indebtedness.

5.9.2 Proceeds of Inventory and Accounts and Notification to Accounts Obligor. Upon the occurrence of an Event of Default, to the extent applicable, (i) Obligor will notify the obligors of Accounts to make payments of any or all Accounts directly into a Remittance Account established in favor of Secured Party, and (ii) Obligor shall on the day of receipt by Obligor of any Accounts or any proceeds of Inventory or Accounts, transmit the same to Secured Party in the form received by Obligor. Obligor agrees to account to Secured Party for all Accounts and all proceeds of Inventory and Accounts and, pending transmittal of any proceeds to Secured Party, to hold the same in the form received separate and apart from, and not commingled with, any other property of Obligor and in trust for Secured Party. Amounts in the Remittance Account and any cash proceeds received by Secured Party will be applied periodically by Secured Party to payment of such of the Obligations, whether or not then due, determined by Secured Party in its absolute and sole discretion.

5.10 No Obligations and Limit of Liability of Secured Party. Secured Party does not assume and shall have no liability or obligation for any liabilities or obligations of Obligor relating to the Collateral. Secured Party shall have no obligation to notify Obligor with respect to the payment or performance or non-payment or non-performance of any third Person obligations included in the Collateral (including, without limitation, payment or non-payment of any Accounts) or to enforce the payment or performance by any third Person of obligations included in the Collateral (including, without limitation, payment of the Accounts). In exercising its rights and remedies in the Loan Documents and its other rights and remedies and in performing any obligations to Obligor, Secured Party and its stockholders, directors, officers, employees, agents, and representatives shall have no liability or responsibility whatsoever (including, without limitation, any liability or obligation for any injury to the assets, business, operations, or property of Obligor), other than for its gross negligence or willful misconduct. No action taken or omitted to be taken by the Secured Party with respect to all or part of the Collateral shall give rise to any claim, counterclaim, defense, or offset in favor of Obligor against Secured Party (except for claims for gross negligence or willful misconduct by Secured Party).

5.11 Costs and Expenses of Performance of Obligor's Covenants. Obligor will perform all its obligations under this Agreement at its sole cost and expense.

5.12 Actions by Secured Party; Power of Attorney.

5.12.1 If Obligor fails to pay or perform any of the Obligations under this Agreement, Secured Party in its absolute and sole discretion, without obligation so to do, without releasing Obligor from such Obligations, and without notice to or demand upon Obligor, may pay or perform the same in such manner and to such extent as Secured Party determines necessary or appropriate in its absolute and sole discretion.

5.12.2 Without limiting the general powers, whether conferred herein, in another Loan Document, or by law, upon an Event of Default or in exercising its rights under Section 5.12.1, Secured Party shall have the right but not the obligation to do any or all of the following from time to time, to the extent applicable: (i) to enter upon any premises where any of the Collateral or the books and records relating to the Collateral are located and take possession of the Collateral; (ii) to maintain, preserve, protect, repair, restore, assign, lease, pledge, sell, and otherwise dispose of and deal with the Collateral; (iii) to make additions, alterations, and improvements to the Collateral to keep the Collateral in good condition and repair; (iv) to enforce the rights and remedies of Obligor with respect to the Collateral; (v) to perform or cause compliance with the Requirements; (vi) to adjust, compromise, defend, deposit a bond or give security in connection with, discharge, enforce, make demands related to, pay or otherwise obtain the discharge or release, prosecute, release, settle, terminate, or waive any claim or legal proceeding relating to any or all of the Collateral (including, without limitation, claims under insurance policies and claims against Obligor or the Collateral that Secured Party believes to be valid, regardless of whether actually valid); (vii) to send verifications to obligors of Accounts and issuers of Documents evidencing or representing Collateral; (viii) to notify obligors of Accounts to make payments directly to Secured Party; (ix) to execute, deliver, file, record, amend, modify, extend, renew, restate, supplement, and terminate agreements, documents, and instruments included in or relating to the Collateral (including, without limitation, invoices, bills of lading, and Documents); (x) to receive, endorse, and collect Accounts (including, without limitation, checks, Instruments, and other orders for the payment of money made payable to Obligor or representing any Collateral), and to give receipts and full or partial discharge for the same; (xi) to obtain, realize upon, and release guaranties and security for obligations of third Persons included in the Collateral (including, without limitation, the Accounts); (xii) to obtain any insurance required under this Agreement, to pay the premiums for such required insurance, to file, prosecute, compromise, and settle proofs of claim under such insurance, and to receive insurance proceeds payable to Secured Party alone; (xiii) to commence, appear and participate in, prosecute, and terminate any legal proceeding relating to (A) the Collateral, (B) the security interest granted herein, (C) the perfection or priority of such security interest, or (D) the rights or remedies of Secured Party under the Loan Documents or the law; (xiv) to compromise, contest, deposit a bond or give security in connection with, discharge, pay, purchase, or settle any Lien or Encumbrance (including, without limitation, any Permitted Exception), whether senior or junior to the security interest granted herein; (xv) to do all other acts and things that Secured Party may, in its absolute and sole discretion, determine to be necessary or appropriate to carry out the purpose of the Loan Documents, as fully and completely as if Secured Party were the absolute owner of the Collateral, and (xvi) to pay from Secured Party's own funds or from proceeds of advances of any unadvanced portion of any Commitment, which

advances Obligor hereby authorizes Secured Party to make for account of Obligor, all related costs, expenses, and fees (including, without limitation, attorneys' fees and costs of legal proceedings) incurred by Secured Party, which costs, expenses, and fees, if paid from Secured Party's funds, Obligor agrees to pay to Secured Party upon demand together with interest thereon at the Default Rate from the date incurred until paid in full. All costs, expenses, and fees incurred by Secured Party shall be prima facie evidence of the necessity therefor and the reasonableness thereof. Nothing in this Agreement shall be construed as requiring or obligating Secured Party to make any inquiry as to the nature or sufficiency of any payment received by Secured Party, to present or file any claim or notice, or to take any other action with respect to the Collateral.

5.12.3 Obligor hereby appoints Secured Party as Obligor's attorney-in-fact for the purpose of carrying out the provisions of this Agreement (including, without limitation, the obligations of Obligor). This appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, Secured Party shall have the power as attorney-in-fact to do the things described in Section 5.12.2 as and when provided in such section.

5.12.4 Nothing in this Agreement shall relieve Obligor of any of its obligations under any Loan Document or under any other agreement, document, or instrument or in any way limit the rights or remedies of Secured Party.

6. Events Of Default. Each of the following shall be an event of default ("Event of Default"):

6.1 Attachment, garnishment, levy of execution, or seizure by legal process of any or all of the Collateral.

6.2 Any legal proceeding or other action against or affecting any or all of the Collateral is commenced (including, without limitation, any prejudgment attachment or garnishment) and is not quashed, stayed, or released within thirty (30) days.

6.3 Giving of notice of a sale under the Uniform Commercial Code or any other action by any Person, other than Secured Party, to realize upon any of the Collateral under any Lien or Encumbrance, regardless of whether such Lien or Encumbrance is a Permitted Exception and regardless of whether junior or senior to the security interest granted herein.

6.4 Any Transfer occurs.

6.5 Any Lien or Encumbrance on any or all of the Collateral, other than the Permitted Exceptions, is created or exists, whether junior or senior to the security interest herein.

6.6 Any or all of the Collateral is lost, stolen, suffers substantial damage or destruction, or declines materially in value.

6.7 Obligor abandons any or all of the Collateral.

6.8 The occurrence of a default or any event or condition that with notice, passage of time, or both would be a default in respect of any Permitted Exception.

6.9 The occurrence of a default or condition or event designated as a default, an event of default, or an Event of Default in any other Loan Document or in any agreement, document, or instrument relating to any other indebtedness of Obligor to Secured Party.

7. Rights And Remedies Of Secured Party. Upon occurrence of an Event of Default, Secured Party may, at its option, in its absolute and sole discretion and without demand or notice, do any or all of the following:

7.1 Acceleration of Obligations. Declare any or all of the Obligations to be immediately due and payable, whereupon such Obligations shall be immediately due and payable within 30 days.

7.2 Possession and Other Actions Concerning Collateral. Either in person or by agent, with or without bringing any action or legal proceeding, without regard to the adequacy of its security, or by means of a court appointed receiver, enter upon any premises in which the Collateral or the books and records relating to the Collateral are located and take sole and exclusive possession of all or any part of the Collateral, and take any or all of the actions described in Section 5.12.2. In the event Secured Party demands, or attempts to take possession of the Collateral in the exercise of the rights under this Agreement, Obligor shall promptly turn over and deliver possession of the Collateral to Secured Party. Secured Party may enter upon any premises upon which any of the Collateral or any books and records relating to the Collateral are located in order to exercise Secured Party's right to take possession of the Collateral and may remove the Collateral from such premises or render the Collateral unusable.

7.3 Replevin. As a matter of right and without notice to Obligor or anyone claiming under Obligor, Secured Party shall be entitled to orders of replevin by a court of any or all Collateral from time to time.

7.4 Other Rights and Remedies. Exercise any and all other rights and remedies of Secured Party. In this regard, Secured Party may, among any other rights and remedies, sell all or any part of the Collateral at public or private sale for cash, upon credit, in exchange for other property, or for future delivery as Secured Party shall deem appropriate. As to sale or other disposition of the Collateral, except as to any of the Collateral that is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market as to which no notice shall be required, Secured Party will give Obligor reasonable notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition is to be made. Obligor agrees that any such notice shall be sufficient if given at least ten (10) days prior to such sale or other disposition. Secured Party may be a purchaser at any sale. Secured Party may pay the purchase price at any sale by crediting the amount of the purchase price against the obligations.

8. Application Of Proceeds. All Collateral and all proceeds of Collateral received by Secured Party, before or after an Event of Default, will be applied by Secured Party to the Obligations, whether or not due, in such order as Secured Party shall determine in its absolute and sole discretion,

WATER STORAGE TANK SITE
SECTION 8, T-16-N., R-6-E CATHEDRAL
VIEW

All of the southerly 120.00 feet of the northerly 340.00 feet of the westerly 100.00 feet of the easterly 150.00 feet of the west half of the SW Quarter of the SW Quarter of Section 8, T-16-N, R-6-E, G. & S. R. P. & M., Yavapai County, Arizona;

EXCEPT a triangular shaped parcel bounded on the north by the northerly line of the above described parcel, on the east by the easterly line of the above described parcel and on the southwest by a curve, concave to the southwest, and having a radius of 25.00 feet and being tangent to the north and east lines.

TOGETHER with a 20.00 foot wide access and utility easement over, under, across, and upon portions of the SW Quarter of the SW Quarter of said Section 8 and the SE Quarter of the SE Quarter of Section 7, T-16-N, R-6-E, G. & S. R. P. & M., Yavapai County, Arizona more particularly described as follows, to wit:

Beginning at the northeast corner of the west half of the SW Quarter of the SW Quarter of said Section 8 run thence S 0° 02' 57" W along the easterly line of said West half of the SW Quarter of the SW Quarter of Section 8 a distance of 340.01 feet to a point;

thence N 89° 25' 26" W a distance of 10.00 feet to a point, said point being the true point of beginning of the center line of said 20.00 foot wide access and utility easement;

thence S 0° 02' 57" W along a line that is 10.00 feet westerly of and parallel with said easterly line of the west half of the SW Quarter of the SW Quarter of Section 8 a distance of 862.16 feet to a point;

thence S 87° 01' 47" W a distance of 241.03 feet to a point of curvature;

thence northwesterly around a curve to the right whose radius is 335.00 feet a distance of 143.54 feet to a point of tangency;

thence N 68° 25' 13" W a distance of 191.08 feet to a point;

thence N 65° 36' 13" W a distance of 179.49 feet to a point of curvature;

thence northwesterly around a curve to the left whose radius is 352.33 feet a distance of 258.92 feet to a point of tangency;

thence S 72° 17' 26" W a distance of 108.00 feet to a point of curvature;

thence southwesterly around a curve to the left whose radius is 315.00 feet a distance of 206.17 feet to a point;

thence S 28° 53' 04" W a distance of 145.77 feet to a point of terminus in the southerly line of said Section 7; said point also being the southwest corner of the east half of the SE Quarter of the SE Quarter of said Section 7;

TOGETHER with an access and utility easement over, under, across and upon the easterly 50.00 feet of the southerly 120.00 feet of the northerly 340.00 feet of the west half of the SW Quarter of the SW Quarter of Said Section 8.

EXHIBIT "A"

Policy No. 71481-T

All that portion of Tract F, Canyon Mesa Country Club recorded in Book 25 of Maps, Pages 13-15 and amended in Book 25 of Maps, pages 62-64, located in the Southeast one-quarter of Section 18, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona being more particularly described as follows:

COMMENCING for reference at the South one-quarter corner of said Section 18; thence North 0 degrees 10 minutes 29 seconds East along the North-South Mid-Section line of said Section 18, a distance of 1236.25 feet to a point on the Southerly Right-of-Way line of Jacks Canyon Road as discribed in Book 18 of Maps and Plats, Page 62, Records of Yavapai County Arizona; thence South 89 degrees 47 minutes 40 seconds East along said Southerly Right-of-Way line, a distance of 79.56 feet to the point of curvature of a curve concave to the Northwest having a radius of 612.96 feet; thence Northeasterly along the arc of said Southerly Right-of-Way curve, a distance of 703.50 feet through a central angle of 65 degrees 45 minutes 31 seconds to a point on said curve and the TRUE POINT OF BEGINNING; thence continuing along said Southerly Right-of-Way curve, a distance of 30.00 feet through a central angle of 2 degrees 48 minutes 15 seconds to the point of tangency of said curve; thence North 21 degrees 38 minutes 34 seconds East along said Southerly Right-of-way line, a distance of 51.17 feet to a point; thence North 89 degrees 42 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 0 degrees 18 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 89 degrees 42 minutes 00 seconds West, a distance of 106.01 feet to the TRUE POINT OF BEGINNING.

EXCEPTING all minerals as reserved by the United States in Patent recorded May 11, 1973 in Book 838 of Official Records, page 408.

Subject to and together with an Easement for Public Utilities being 8.00 feet in width and being more particularly described as follows:

BEGINNING at the Northeast corner of the aforescribed parcel of land; thence South 0 degrees 18 minutes 00 seconds East, a distance of 75.00 feet to a point; thence South 89 degrees 42 minutes 00 seconds West, a distance of 8.00 feet to a point; thence North 0 degrees 18 minutes 00 seconds West, a distance of 75.00 feet to a point; thence North 89 degrees 42 minutes 00 seconds East, a distance of 8.00 feet to the TRUE POINT OF BEGINNING.