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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

ORIGINAL

Arizona Corporation Commission
DOCKETED

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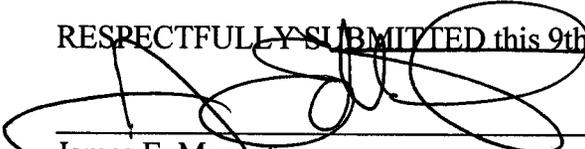
IN THE MATTER OF THE APPLICATION)
OF JOHNSON UTILITIES, LLC)
DBA JOHNSON UTILITIES COMPANY FOR)
APPROVAL OF SALE AND TRANSFER)
OF ASSETS AND CONDITIONAL)
CANCELLATION OF ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY.)

Docket No.: **WS-02987A-13-0477**

**NOTICE OF FILING
DIRECT TESTIMONY OF
CHARLES A. MONTOYA**

The Town of Florence, an Arizona municipal corporation, files herewith the Direct
Testimony of Charles A. Montoya in the above-captioned docket.

RESPECTFULLY SUBMITTED this 9th day of April, 2014.


James E. Mannato
Florence Town Attorney

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1
2 Original and thirteen (13) copies filed this 9th day of April, 2014, with:

3 Arizona Corporation Commission
4 Docket Control
5 1200 W. Washington Street
6 Phoenix, AZ 85007

7 A copy of the foregoing document was mailed this
8 9th day of April, 2014 to:

9 Lyn Farmer, Chief Administrative Law Judge
10 Hearing Division
11 Arizona Corporation Commission
12 1200 W. Washington Street
13 Phoenix, AZ 85007

14 Teena Jibilian, Administrative Law Judge
15 Hearing Division
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, AZ 85007

19 Janice Alward, Chief Counsel
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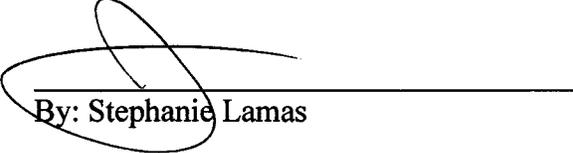
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2 **BEFORE THE ARIZONA CORPORATION COMMISSION**
3

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16 CONVENIENCE AND NECESSITY.)

Docket No.: **WS-02987A-13-0477**

17 **DIRECT TESTIMONY OF CHARLES A. MONTOYA**
18 **APRIL 9, 2014**
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TABLE OF CONTENTS

1. INTRODUCTION.....3
2. PURPOSE OF TESTIMONY.....3
3. DESCRIPTION OF THE TOWN OF FLORENCE, ARIZONA.....3
4. THE ASSET PURCHASE.....4
5. FUTURE RATES.....7
6. CUSTOMER SERVICE.....8
7. CUSTOMER DEPOSITS.....8
8. LINE EXTENSION AGREEMENTS.....8
9. PUBLIC INTEREST.....9

1 **1. INTRODUCTION.**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Charles A. Montoya. I am employed as the Town Manager for
4 the Town of Florence, Arizona. My business address is 775 N. Main Street,
5 P.O. Box 2670, Florence, Arizona 85132.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY OTHER PROCEEDINGS BEFORE THE ARIZONA CORPORATION COMMISSION?**

7
8 A. No.

9 **2. PURPOSE OF TESTIMONY.**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. On December 31, 2013, Johnson Utilities, L.L.C. ("Johnson") filed an
12 Application for Approval of the Sale and Transfer of Assets and Conditional
13 Cancellation of Certificate of Convenience and Necessity (the "Johnson
14 Application"). The Johnson Application was filed as a result of ongoing
15 negotiations between the Town of Florence (the "Town") and Johnson for
16 the acquisition of the assets of Johnson, and Johnson's entity, Southwest
17 Environmental Utilities ("Southwest") by the Town. In my testimony I will
18 describe the Town, its current utility operations, the proposed transaction
19 between the Town and Johnson, and the reasons why the acquisition of the
20 assets of Johnson by the Town is in the public interest.

17 **3. DESCRIPTION OF THE TOWN OF FLORENCE.**

18 **Q. PLEASE DESCRIBE THE TOWN OF FLORENCE, ARIZONA.**

19 A. The Town of Florence is an Arizona municipal corporation which was
20 founded in 1866. As of the 2010 census the Town had a population of
21 25,536 people, although the current population is now estimated to be in
22 excess of 27,000 people. The area within the Town's municipal limits is
23 approximately 62 square miles. Two maps illustrating the Town's municipal
24 boundaries and the Town's planning area are attached as Attachment 1 and
25 2.

24 The Town is a municipal water and wastewater treatment provider which
25 delivers potable water and effluent, as well as wastewater treatment services,
26 to the public. The Town also supplies potable water and wastewater
27 treatment services to the facilities of Pinal County, the State of Arizona, the
28 United States, and several private prison facilities within the Town.
Accordingly, the Town holds a Designation of Assured Water Supply
("DAWS") from the Arizona Dept. of Water Resources ("ADWR") which is
currently rated at approximately 13,500 acre feet, or enough legally and
physically available water for approximately 100,000 people. The Town also

1 holds two Aquifer Protection Permits ("APP's) for its water reclamation
2 plants from the Arizona Dept. of Environmental Quality ("ADEQ"). The
3 Town is a member of the Central Arizona Groundwater Replenishment
4 District ("CAGRD"), the Central Arizona Water Conservation District
5 ("CAWCD") and has an agreement with the United States Bureau of
6 Reclamation which provides the Town with an allotment of water from the
7 Central Arizona Project ("CAP") for 2,048 acre feet of CAP water per year.
8 The Town is also a Designated Management Agency pursuant to Section
9 208 of the Clean Water Act.

10 **Q. DOES THE TOWN OF FLORENCE CURRENTLY PROVIDE**
11 **WATER AND WASTEWATER SERVICE OUTSIDE ITS**
12 **MUNICIPAL LIMITS?**

13 A. Yes, the Town does provide water and wastewater treatment service outside
14 its municipal limits at this time.

15 **Q. WILL THE TOWN OF FLORENCE PROVIDE WATER AND**
16 **WASTEWATER SERVICE OUTSIDE ITS MUNICIPAL LIMITS IF**
17 **THE SALE OF ITS ASSETS IS APPROVED?**

18 A. Yes. If the sale of Johnson's assets is approved by the Commission and by
19 the voters of the Town, the Town will continue to provide water and
20 wastewater service outside of its municipal limits to the current and future
21 customers of the applicant's system.

22 **4. THE ASSET PURCHASE.**

23 **Q. PLEASE DESCRIBE THE PROPOSED ASSET PURCHASE**
24 **TRANSACTION BETWEEN THE TOWN OF FLORENCE AND**
25 **JOHNSON UTILITIES.**

26 A.
27 Because the Town is already a water and wastewater service provider, the
28 acquisition of the assets of Johnson Utilities would provide a means to
ensure that it would be the service provider to all of the 62 square miles
which is currently within the Town's boundaries, as well as any areas which
may be annexed into the Town in the future. In fact, a substantial annexation
of the Magic Ranch community, an area currently served by Johnson, is
pending. Therefore, with the authorization of the Florence Town Council,
the Town has been working diligently towards finalizing the terms and
conditions of an asset purchase and lease agreement where the Town would
acquire the assets and operations of Johnson, including the right and the
obligation to provide water and wastewater utility services to all of the
current and future customers residing within Johnson's CC&N.

///

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1 **Q. WHEN DO YOU BELIEVE THE ASSET PURCHASE AGREEMENT**
2 **WILL BE COMPLETED?**

3 A. Barring any unanticipated difficulties, the final draft of the Agreement
4 should be ready for presentation to the Florence Town Council in the
5 immediate future . Once approved, the Florence Town Council would
6 authorize the Mayor to sign the Agreement on behalf of the Town. However,
7 before the transaction can proceed to actual completion, Johnson will have
8 to receive the authorization of the Corporation Commission and the Town
9 will have to receive the authorization of its voters at an election to be held on
10 May 20, 2014. While I am not a lawyer, it is my understanding that if either
11 of those approvals do not occur, the Agreement would be null and void.

12 **Q. HOW DID THE TOWN AUTHORIZE AND SCHEDULE THE**
13 **ELECTION?**

14 A. In February of this year, the Town Council approved Resolution No. 1421-
15 14, thereby authorizing an election to be held May 20, 2014 on the question
16 of the acquisition of the assets of Johnson Utilities, L.L.C. The election was
17 scheduled according to the consolidated election law, A.R.S. §16-204.

18 **Q. IF THE REQUIRED VOTER AND COMMISSION APPROVALS**
19 **ARE OBTAINED, WHEN WOULD THE TRANSACTION CLOSE?**

20 A. The Town's goal is to close escrow on the transaction before the end of the
21 fiscal year, which is June 30, 2014.

22 **Q. HAVE YOU RECEIVED ANY REACTION FROM RESIDENTS OF**
23 **THE TOWN REGARDING THE PROPOSED TRANSACTION?**

24 A. At the special meeting held March 26, 2014, the public reaction was all
25 positive.

26 **Q. CAN YOU DESCRIBE THE MAJOR TERMS FO THE ASSET**
27 **PURCHASE AND LEASE AGREEMENT?**

28 A. Attached to my testimony as Attachment 3 is the latest draft of the Asset
Purchase and Lease Agreement. On March 26, 2014 the Town Council gave
me authorization to continue the negotiations with Johnson. The attached
document, while not approved by the Council, is the current document
between the Town and Johnson. The document will go before the Council in
the near future.

The purchase price to be paid by the Town is \$121,000,000 in the form of
revenue bonds. In return, the Town would receive all the assets of Johnson
Utilities which are available for use or necessary for the operation of the
utility business, other than those assets described in Section 1.02 of the
Agreement and in Schedule A .

The Town will agree to assume Johnson's obligations under the existing
Line Extension Agreements.

1 The Town is to receive \$2,500,000 in cash in Johnson's off-site facilities
2 hookup fee account and any balance in its CAGR D adjuster fee account, as
3 reduced by any shortfall from the October 2013 CAGR D bill advanced by
4 Johnson.

5 The Town will assume all existing customer accounts and will receive all
6 customer deposits held on account by Johnson Utilities at close of escrow.

7 **Q. HOW WILL FLORENCE OWN THE ASSETS OF JOHNSON
8 UTILITIES, L.L.C.?**

9 **A.** The Town will make the acquisition and will own the purchased assets in the
10 name of the Town of Florence, Arizona, an Arizona municipal corporation,
11 as will be reflected in the final draft of the Agreement.

12 **Q. DOES THE TOWN INTEND TO SERVE ALL CURRENT AND
13 FUTURE CUSTOMERS OF THE UTILITY SYSTEM, REGARDLESS
14 OF WHETHER SUCH CUSTOMERS ARE INSIDE OR OUTSIDE OF
15 THE TOWN'S MUNICIPAL BOUNDARIES?**

16 **A.** Yes. The Town will serve all current and future customers of Johnson
17 Utilities, whether within or without the Town's boundaries.

18 **Q. WILL THE TOWN SERVE ALL FUTURE CUSTOMERS IN THE
19 AREAS COVERED BY JOHNSON'S APPLICATIONS TO EXPAND
20 ITS CC&N?**

21 **A.** Yes.

22 **Q. DOES THE TOWN HAVE ANY PRIOR EXPERIENCE IN THE
23 OPERATION OF A WATER AND WASTEWATER UTILITY
24 SYSTEM?**

25 **A.** Yes. The Town built its second wastewater treatment facility in 1953
26 as a joint project with the Arizona Dept. of Corrections. The Town has
27 water facilities which pre-date World War II. As stated in Section 3 above,
28 the Town has a significant amount of experience in the operation of water
and wastewater systems, including knowledge of the regulatory
requirements of ADEQ and ADWR and particularly, the special
requirements of providing water service in an Active Management Area.

**Q. WILL THE EXISTING CUSTOMERS OF JOHNSON UTILITIES OR
THE TOWN EXPERIENCE ANY DISRUPTION IN THEIR SERVICE
DURING OR AFTER THE ASSET TRANSFER?**

A. No. The Town is working diligently with Johnson to ensure that both the
transaction and the transfer of assets takes place in a seamless manner. To
that end, the Town will enter into an agreement with Johnson to ensure that

1 the transfer of assets will occur without causing any problems to the
2 customers. It is the Town's goal to make sure that both the existing and
3 future customers of the Town's utility system, wherever located, receive the
4 high level of service that the Town is known for.

5 **Q. WHAT WILL HAPPEN TO THE CURRENT EMPLOYEES OF**
6 **JOHNSON UTILITIES?**

7 A. During the transition period, Johnson's current employees will remain the
8 employees of Johnson Utilities. However, some, if not all of the Johnson
9 employees will become employees of the Town of Florence unless they
10 choose not accept employment with the Town.

11 **5. FUTURE RATES.**

12 **Q. HOW DO THE TOWN'S CURRENT WATER AND WASTEWATER**
13 **RATES COMPARE WITH THOSE OF JOHNSON UTILITIES?**

14 A. The rates of the two systems are very comparable. For example, a water and
15 wastewater customer using 7,500 gallons of water with a 3/4" meter per
16 month would have a rate of \$73.51 in the Johnson system and \$71.77 in the
17 Town system.

18 **Q. WHAT IS LIKELY TO HAPPEN TO THE RATES FOR THE**
19 **CURRENT JOHNSON UTILITY CUSTOMERS AFTER THE**
20 **TOWN'S ACQUISITION OF THE JOHNSON SYSTEM?**

21 A. Based upon the Town's economic analysis of Johnson Utilities the Town
22 does not intend to make any changes to the rates charged to Johnson's
23 current customers, as well those customers acquired after the acquisition, for
24 at least 18 months. Also, since the Town is required to conduct a rate study
25 prior to increasing utility rates pursuant to A.R.S. § 9-511.01, there is
26 normally a significant time lag between the Town's authorization of a rate
27 study and the imposition of new rates.

28 **Q. ARE THERE ANY SAFEGAURDS OR CONTROLS WHICH**
29 **WOULD PROTECT UTILITY CUSTOMERS OUTSIDE OF THE**
30 **TOWN'S BOUNDARIES FROM UNREASONABLE RATE**
31 **INCREASES OR THE DISCONTINUANCE OF SERVICE?**

32 A. Yes. Although the Town's utility rates are not governed by the Corporation
33 Commission, the Town is required to abide by state law when imposing
34 utility rates on customers residing in other municipalities.

35 A.R.S. § 9-516(C) forbids a municipality which has acquired the facilities of
36 a public service corporation rendering service outside its boundaries from
37 discontinuing service while it owns or controls the utility. *See, Yuma Valley*
38 *Land Co., LLC v. City of Yuma, 227 Ariz. 228 (2011).*

1 A.R.S. § 9-511(A)(1) requires that a municipality providing water to
2 another municipality shall charge water rates which are the same or less than
3 the rates it charges its own residents for water.

4 A.R.S. § 9-511.01 requires that a municipality engaging in water and
5 wastewater service shall not increase its rates without preparing a report
6 supporting the rate increase, after which it must publicly adopt a notice of
7 intent to increase rates and then hold a public hearing.

8 Notwithstanding these important statutory safeguards, it is the Town's belief
9 that the public interest will be best served if the Town does not increase the
10 rates of the Johnson Utility customers for at least 18 months. This will allow
11 adequate time for a rate study.

12 **6. CUSTOMER SERVICE.**

13 **Q. WHAT IS THE TOWN'S POLICY REGARDING CUSTOMER
14 SERVICE?**

15 A. The Town consistently endeavors to provide the highest level of customer
16 service possible to its utility customers. We annually send out a survey to
17 residents to find out how the Town is doing.

18 **7. CUSTOMER DEPOSITS.**

19 **Q. WHAT WILL BECOME OF JOHNSON UTILITIES CUSTOMER
20 DEPOSITS AFTER THE ASSET PURCHASE AND TRANSFER?**

21 A. Pursuant to the Asset Purchase and Lease Agreement, customer deposits are
22 considered part of the "Purchased Assets" under Section §1.01(i) of the
23 Agreement. Once the customer deposits are transferred to the Town, they
24 will be refunded pursuant to Town Code section § 50.121.

25 **8. LINE EXTENSION AGREEMENTS.**

26 **Q. WHAT WILL BECOME OF JOHNSON UTILITIES' LINE
27 EXTENSION AGREEMENTS AFTER THE ASSET PURCHASE AND
28 TRANSFER?**

A. It is the Town's understanding that Johnson Utilities currently is a party to
approximately 274 Water Main Extension Agreements and approximately
260 Sewer Line Extension Agreements, which agreements will be assigned
to the Town as indicated in Exhibit L, "Listing of Contracts", to the Asset
Purchase and Lease Agreement. By accepting the assignment of the various
Line Extension Agreements, developers may be assured that the provision of
future utility service will take place as anticipated. Further, any refunds of
the advances paid by developers to Johnson will continue to be paid when
the system is operated under the Town's auspices, i.e., refunds will be paid
on August 31st of each year on any eligible revenue received by the Town
during the preceding July 1 – June 30 period.

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9. PUBLIC INTEREST.

Q. WHAT ARE THE BENEFITS OF THE ACQUISITION OF THE ASSETS OF JOHNSON UTILITIES BY THE TOWN OF FLORENCE?

A. The Town believes that the public will be well-served by Town ownership of the assets and operation of what is now Johnson Utilities. The Town desires to provide solid, dependable service and consistent rates which represent the minimum charges necessary to sustain the operation of the system – while at the same time providing sufficient revenue to maintain the financial health of the enterprise. Future consolidation of the water and wastewater system of Johnson with that of the Town will ensure continued growth of the infrastructure required for service, so as to develop, in an orderly fashion, the treatment capacity and water resources needed to service a growing population.

The Town has a long history of environmental responsibility, commitment to service and a responsive attitude toward its customers, and looks forward to bringing those values to the customers, both present and future, of Johnson Utilities.

Q. WHAT ACTION DOES THE TOWN OF FLORENCE REQUEST THE CORPORATION COMMISSION TO TAKE WITH REGARD TO THE APPLICATION OF JOHNSON UTILITIES?

A. The Town of Florence asks that the Commission issue its order approving the sale and transfer of the assets of Johnson Utilities to the Town of Florence in accordance with the terms of the Asset Purchase and Lease Agreement and approving the cancellation and extinguishment of the CC&N of Johnson Utilities upon the closing of the transaction discussed herein. It is respectfully asked that the Commission issue its order within a timeframe which allows for the Town to complete its acquisition prior to the end of the Town's fiscal year on June 30, 2014.

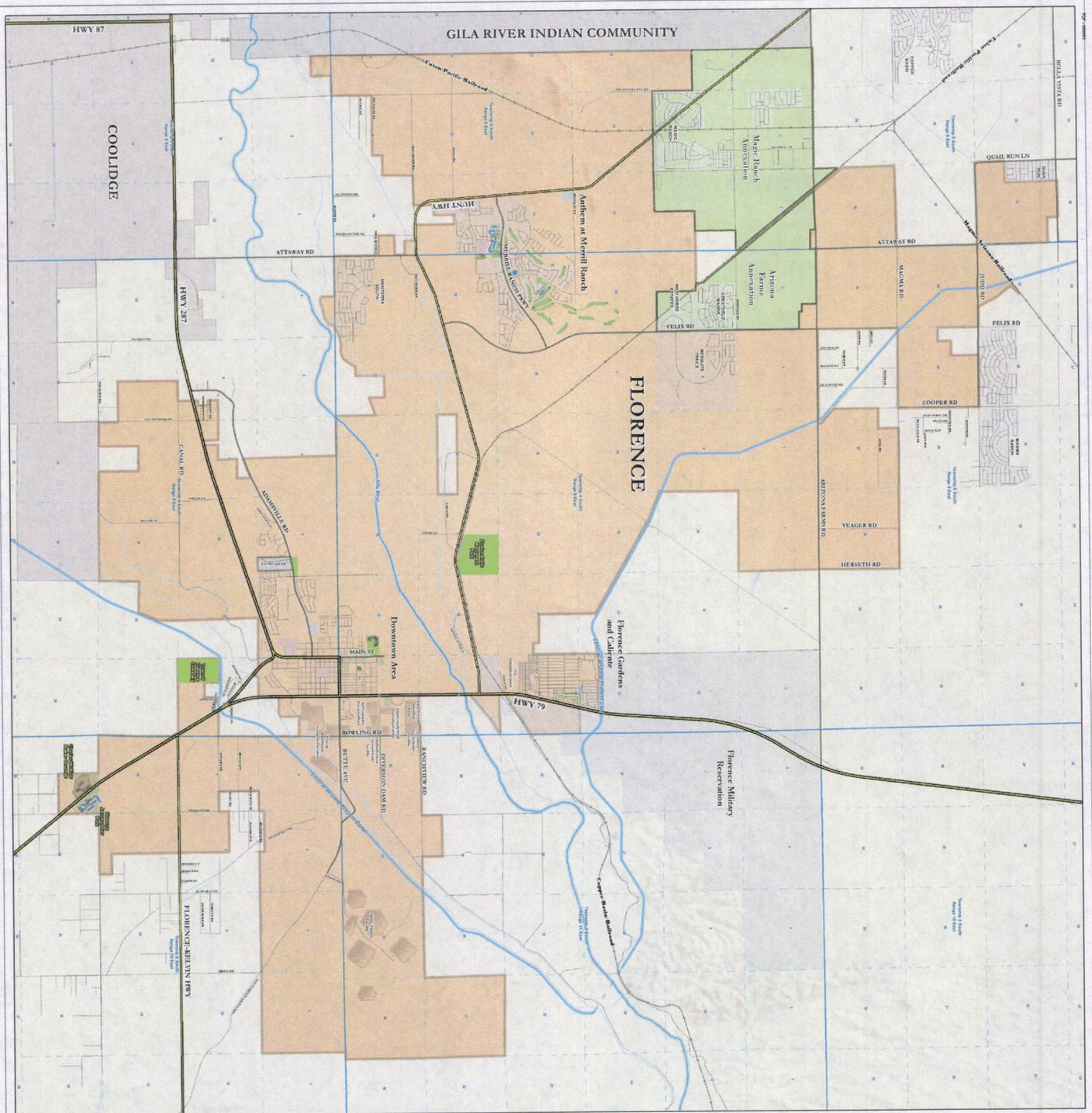
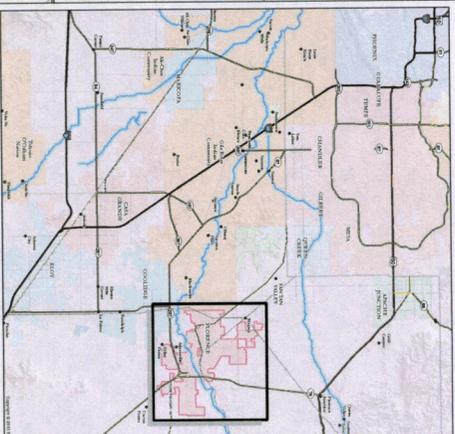
Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

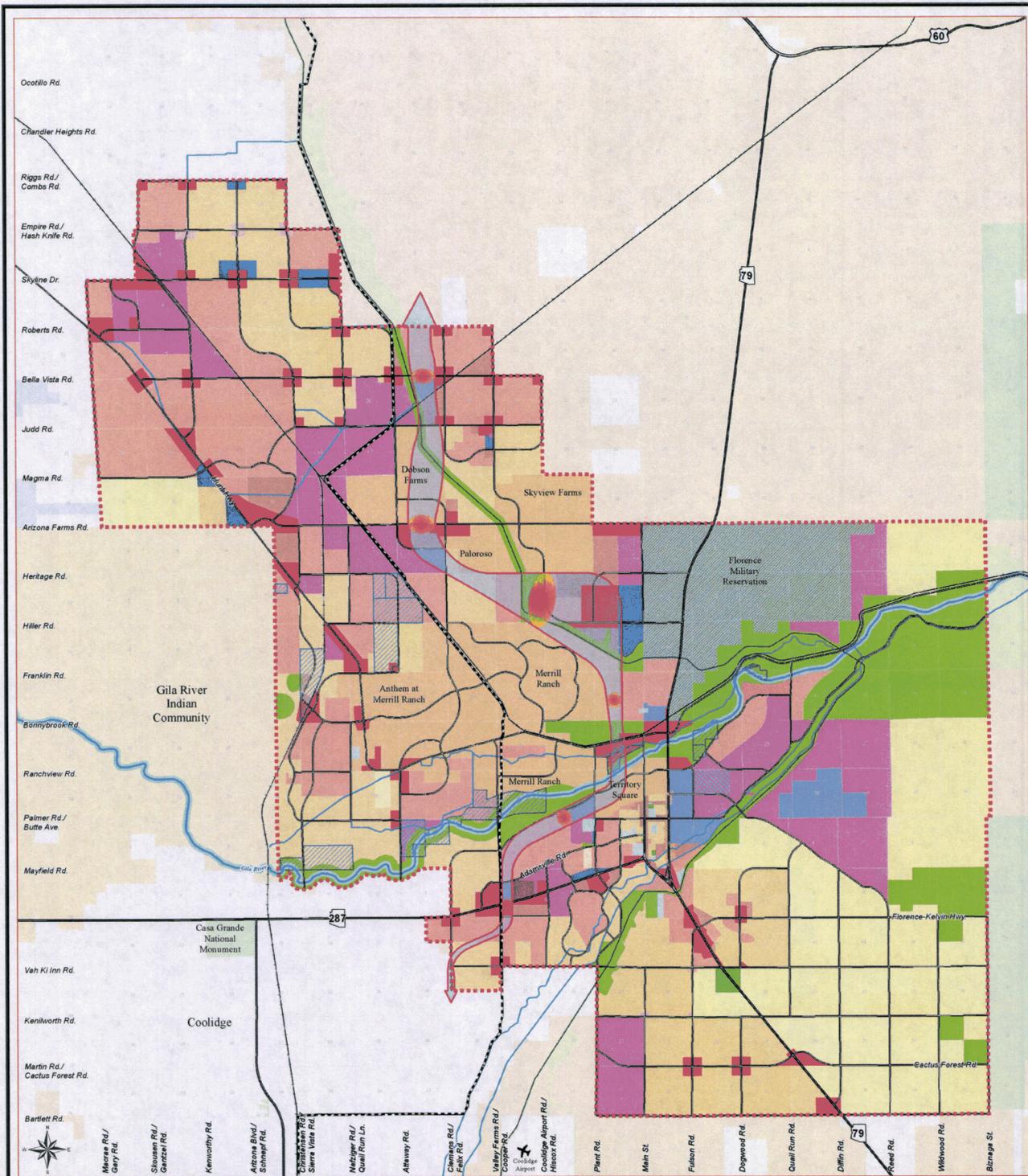
ATTACHMENT 1

Town of Florence

- County Highway
- State Highway
- Major Road
- Minor Road
- Railroads
- Canals
- Section Lines
- Gila River
- Town Boundary
- Pending Annexations
- Unincorporated Pinal County



ATTACHMENT 2



Town of Florence 2020 General Plan Future Land Use Map

Legend

- Canals
- CAP Canal
- Railroads
- Roads
- Highways
- Potential Utility/ Multi-Use Corridor
- Aggregate Resources Overlay
- Planning Area
- North-South ADOT Freeway Conceptual Corridor
- North-South ADOT Freeway Conceptual Interchanges

- #### Residential
- Rural Ranchette Residential (RRR) (0.0 - 1.0 DU/AC)
 - Low Density Residential (LDR) (1.0 - 4.0 DU/AC)
 - Medium Density Residential 1 (MDR1) (4.0 - 8.0 DU/AC)
 - Medium Density Residential 2 (MDR2) (8.0 - 12.0 DU/AC)
 - High Density Residential 1 (HDR1) (12.0 - 16.0 DU/AC)
 - High Density Residential 2 (HDR2) (16.0 - 24.0 DU/AC)
- #### Commercial/Office/Industrial
- Neighborhood Commercial (NC)
 - Community Commercial (CC)
 - Professional Office (PO)
 - Employment/Light Industrial (E/LI)
 - Heavy Industrial (HI)

- #### Mixed-Use
- Master Planned Community (MPC)
 - Downtown Mixed Use (DMU)
 - Highway Mixed Use (HMU)
 - Prison/Employment/Light Industrial (P/E/LI)
- #### Community/Public
- Public/Governmental (P/G)
 - Prison (P)
 - Military Reservation (MR)
 - Parks and Recreation (P/R)
 - Open Space (OS)

- #### Land Ownership
- Bureau of Land Management
 - Bureau of Reclamation
 - Casa Grande National Monument
 - Indian Community
 - State Trust Land

Note:

- The land uses shown are generalized by location and use. For further guidance please refer to the Town of Florence General Plan.
- Private land and Arizona State Trust Land designated as Open Space shall have a maximum density of 1 DU/AC.
- Please refer to the text of the General Plan for land use priorities and additional information on underlying areas within the Town Planning Area.
- Some roadway alignments shown on this Land Use Map are conceptual and subject to further study.
- The future freeway corridor, freeway interchanges and other roadways depicted on this Land Use Map are generally conceptual and exact alignments and locations of said features shall be determined upon more detailed development and engineering study and, in the case of the freeway elements, final design reports approved by the Arizona Department of Transportation. Interchanges shall also be subject to FHWA approval. Right-of-way widths and functional classifications for these roadways shall be subject to ADOT design and the final recommendations of the Town Engineer.
- This map is created for reference purposes only and it is to be used at your own risk. The Town of Florence makes no warranty as to the accuracy or completeness of the information contained in this map and assumes no liability for any errors or omissions contained herein, nor for any direct, indirect, or consequential damages which may be caused by its use. It is the user's responsibility to verify all information contained herein.

* Amended March 12, 2012 to reflect an updated North-South ADOT Freeway Conceptual Corridor.

ATTACHMENT 3

DRAFT

ASSET PURCHASE AND LEASE AGREEMENT

BETWEEN

FLORENCE MUNICIPAL PROPERTY CORPORATION

AND

JOHNSON UTILITIES, L.L.C., AND SOUTHWEST ENVIRONMENTAL UTILITIES, L.L.C.

February , 2014

Table of Contents

Page

| | |
|---|--|
| ARTICLE I | |
| PURCHASE, SALE AND LEASE OF ASSETS | |
| Section 1.01. | Purchased Assets..... 1 |
| Section 1.02. | Excluded Assets..... 2 |
| Section 1.03. | Leased Assets..... 2 |
| ARTICLE II | |
| PURCHASE PRICE; ASSUMPTION OF LIABILITIES | |
| Section 2.01. | Payment of Purchase Price..... 3 |
| Section 2.02. | Assumed Liabilities 3 |
| Section 2.03. | Excluded Liabilities 3 |
| Section 2.04. | Allocation of the Purchase Price among the Purchased Assets and Pro Rations 4 |
| Section 2.05. | Loan Agreement..... 4 |
| Section 2.06. | Management Agreement..... 4 |
| Section 2.07. | Procedure Upon Execution of Agreement 4 |
| ARTICLE III | |
| CLOSING | |
| Section 3.01. | Time and Place of the Closing..... 5 |
| Section 3.02. | Conditions to Obligation of Buyer..... 5 |
| Section 3.03. | Conditions to Obligation of Seller 6 |
| Section 3.04. | Procedure at the Closing 8 |
| ARTICLE IV | |
| REPRESENTATIONS AND WARRANTIES OF SELLER | |
| Section 4.01. | Organization..... 8 |
| Section 4.02. | Authorization 9 |
| Section 4.03. | No Conflicts, etc 9 |
| Section 4.04. | Real Estate 9 |
| Section 4.05. | Personal Property 9 |
| Section 4.06. | Proprietary Rights 10 |
| Section 4.07. | Contracts 10 |
| Section 4.08. | Taxes 11 |
| Section 4.09. | Litigation..... 11 |
| Section 4.10. | Financial Statements 12 |
| Section 4.11. | Insurance 12 |
| Section 4.12. | Environmental Matters 12 |
| Section 4.12. | No Changes..... 12 |
| ARTICLE V | |
| REPRESENTATIONS AND WARRANTIES OF BUYER | |
| Section 5.01. | Organization..... 12 |
| Section 5.02. | Authorization 13 |
| Section 5.03. | Enforceability..... 13 |
| Section 5.04. | No Conflicts..... 13 |
| Section 5.05. | As-Is Where-Is Condition..... 13 |

Table of Contents
(continued)

Page

ARTICLE VI
ADDITIONAL COVENANTS

| | | |
|---------------|---------------------------|----|
| Section 6.01. | Conduct of Business | 14 |
| Section 6.02. | No Solicitation | 15 |
| Section 6.03. | Further Actions | 15 |

ARTICLE VII
TERMINATION

| | | |
|---------------|----------------------------|----|
| Section 7.01. | Termination..... | 16 |
| Section 7.02. | Effect of Termination..... | 17 |

ARTICLE VIII
INDEMNIFICATION

| | | |
|---------------|----------------------------------|----|
| Section 8.01. | Indemnification By Seller | 18 |
| Section 8.02. | Indemnification by Buyer | 18 |
| Section 8.03. | Indemnification Procedures | 19 |
| Section 8.04. | Time Limitations..... | 20 |
| Section 8.05. | Limitations on Amount..... | 20 |
| Section 8.06. | Exclusive Remedy | 20 |
| Section 8.07. | Limitation of Liability..... | 20 |

ARTICLE IX
DISPUTE RESOLUTION

| | | |
|---------------|---------------|----|
| Section 9.01. | Disputes..... | 21 |
|---------------|---------------|----|

ARTICLE X
MISCELLANEOUS

| | | |
|----------------|--|----|
| Section 10.01. | Survival | 23 |
| Section 10.02. | Knowledge | 24 |
| Section 10.03. | Brokers' Commission | 24 |
| Section 10.04. | General Provisions regarding Representation and Warranties | 24 |
| Section 10.05. | Binding Effect..... | 24 |
| Section 10.06. | Entire Agreement..... | 24 |
| Section 10.07. | Headings | 24 |
| Section 10.08. | Execution in Counterpart | 24 |
| Section 10.09. | Notices | 25 |
| Section 10.10. | Amendment..... | 26 |
| Section 10.11. | Governing Law | 26 |
| Section 10.12. | Notice of A.R.S. Section 38-511 - Cancellation..... | 26 |
| Section 10.13. | Time is of the Essence | 26 |
| Section 10.14. | Threat of Condemnation | 26 |

Table of Contents
(continued)

Page

| | |
|-----------|---|
| EXHIBIT A | EXCLUDED ASSETS |
| EXHIBIT B | TERMS OF WATER AND SEWER REVENUE BONDS |
| EXHIBIT C | ASSUMED LIABILITIES |
| EXHIBIT D | ALLOCATION OF PURCHASE PRICE |
| EXHIBIT E | CONSENTS AND APPROVALS REQUIRED OF SELLER |
| EXHIBIT F | GOVERNMENTAL APPROVALS REQUIRED OF BUYER |
| EXHIBIT G | FORM OF OPINION OF COUNSEL TO BUYER |
| EXHIBIT H | FORM OF OPINION OF COUNSEL TO SELLER |
| EXHIBIT I | SCHEDULE OF REAL ESTATE |
| EXHIBIT J | PERSONAL PROPERTY |
| EXHIBIT K | PROPRIETARY RIGHTS |
| EXHIBIT L | LISTING OF CONTRACTS |
| EXHIBIT M | EXCEPTIONS TO ENFORCEABILITY |
| EXHIBIT N | EVENTS OF DEFAULT |
| EXHIBIT O | EXCEPTIONS TO TAX REPRESENTATION |
| EXHIBIT P | [RESERVED] |
| EXHIBIT Q | REQUIRED CONSENTS |
| EXHIBIT R | EXCEPTIONS TO LITIGATION REPRESENTATIONS |
| EXHIBIT S | INSURANCE POLICIES |

ASSET PURCHASE AND LEASE AGREEMENT

This Asset Purchase and Lease Agreement (this "*Agreement*") is entered into as of February __, 2014, by and between Florence Municipal Property Corporation, an Arizona nonprofit corporation (the "*Buyer*") formed on behalf of the Town of Florence, Arizona, an Arizona incorporated municipal entity (the "*Town*") and Johnson Utilities, L.L.C., an Arizona limited liability company (the "*Seller*").

RECITALS

A. Seller operates as a public utility as defined in Article 15, Section 2 of the Arizona Constitution (the "*Business*") providing domestic water and sewer service in the boundaries of the Town and adjacent areas in Pinal County, Arizona (the "*County*"). Seller operates the Business pursuant to a Certificate of Public Convenience and Necessity ("*CC&N*") issued by the Arizona Corporation Commission ("*ACC*") which authorizes Seller to provide water and wastewater treatment utility services within a defined geographic area (the "*Certificated Area*") as depicted on the diagram attached hereto as Exhibit __ and as legally described in Exhibit __, it being understood by and between the parties that if requested by either party or the ACC, either the depiction or the legal description of the Certificated Area as finally attached hereto may be amended to conform to such requests.

B. Seller desires to sell, transfer and assign to Buyer, and Buyer desires to purchase from Seller, substantially all of the assets and properties used in the Business, to assume certain rights and obligations of Seller solely relating to the Business, and to use such assets and properties and operate the Business in its own name and for its own account on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

PURCHASE, SALE AND LEASE OF ASSETS

Section 1.01. Purchased Assets. Seller will sell, convey, transfer, assign and deliver to Buyer, free and clear of all liens, mortgages, pledges, encumbrances and charges of every kind (except for Permitted Encumbrances, as hereinafter defined), on the terms and subject to the conditions set forth in this Agreement, all of Seller's right, title and interest in and to the properties, business and assets of Seller of every kind and description, real, personal and mixed, tangible and intangible, wherever located (except those assets which are excluded from this sale by Section 1.02) as they shall exist on the Closing Date (as hereinafter defined) which are useful, available for use or necessary for Seller's operation of the Business (collectively, the "*Purchased*

Assets”). Without limiting the generality of the foregoing, the Purchased Assets shall include the following:

(a) all real property and interests in real property of Seller and all improvements thereon, including without limitation all fee interests, leaseholds, utility easements, licenses and all the tenements, hereditaments and appurtenances, if any, pertaining to the Real Estate, and including all sewer, mineral, water and irrigation rights, if any, running with or otherwise appurtenant or pertaining to the Real Property, all of Seller's interest, if any, in any road or rights-of-way adjoining the Real Property to the center line thereof, together with any buildings, wells, well sites, pumps, lift stations, water storage structures, water treatment facilities, water mains, water lines, distribution facilities and sewer lines located in or on the Real Estate, all as identified or described in Exhibit ___ hereto (collectively, the “*Real Estate*”);

(b) all machinery, equipment, tools, supplies, inventory, leasehold improvements, construction in progress, furniture and fixtures, motor vehicles and other tangible personal property owned or purchased by Seller as identified in Exhibit ___ hereto, (collectively, the “*Personal Property*”);

(c) the wells, storage tanks, booster pumps, water mains, service lines, sewer lines, lift stations, water meters, manholes, valves and fire hydrants, wherever located comprising the water and wastewater infrastructure used by the Business (the “*Infrastructure*”) in connection with its provision of water and wastewater treatment utility services to customers residing or otherwise located in Seller's Certificated Area, (the “*Customers*”), whether owned or leased, all as identified or described in Exhibit ___ hereto. The Infrastructure shall include, but not be limited to, communication antennas and associated equipment, electronic or otherwise, connected with, affixed to or utilized by the Business, including any equipment related to the SCADA system used in the operation of the Business.

(d) all of the rights and benefits accruing to Seller in each of the contracts and agreements that relate to the Personal Property and the Infrastructure (as defined herein), each of which is identified or described in Exhibit ___ hereto, including, without limitation, all customer service agreements, supply contracts, purchase orders and purchase commitments made by Seller in the ordinary course of the Business and all other choses in action, causes of action and other rights of every kind of Seller which are related to the Business (collectively, the “*Assigned Contracts*”). The Assigned Contracts shall include, but are not limited to, Seller's existing Central Arizona Project (“*CAP*”) contract and any pending applications to CAP, the Central Arizona Water Conservation District or the United States Bureau of Reclamation for new or additional allotments of CAP water, which the parties will, both before and after closing, reasonably cooperate with one another in effecting the assignment thereof from Seller to Buyer.

(e) Seller's interest in the mainline extension agreements (“*LXA's*”) identified or described in Exhibit ___ hereto, including any additional LXA's entered into by Seller prior to the close of escrow, to the extent they are transferable to Buyer. Seller shall

reasonably cooperate with Buyer in obtaining consents of the respective counter-parties to all of said LXA's with regard to the respective assignments contemplated hereby.

(f) Seller's interest in the Master Utility Agreements ("MUA's) identified or described in Exhibit ___ hereto, including any additional MUA's entered into by Seller prior to the close of escrow, to the extent they are transferable to buyer. Seller shall reasonably cooperate with buyer in obtaining consents of the respective counter-parties to all of said MUA's with regard to the respective assignments contemplated hereby.

(g) all books, files, operating data and records (including both paper and electronic data and records) of Seller relating to the Business or the Customers, including without limitation, all customer lists, billing, financial, accounting, credit, regulatory and rate adjustment records, correspondence, budgets and other similar documents and records, and including any books, records, files or data pertaining to the Business which Seller is required to maintain in accordance with any law, rule or regulation of any Governmental Agency, to the extent reasonably determined by Buyer to be in facilitation of, or useful in connection with, the transfer of the Business, the Customer Accounts and future Customer billing (collectively, the "Records"); except that, the Records shall not include proprietary information of Seller unless provided pursuant to any confidentiality agreement between Seller and Buyer, or personal information relating to Seller's natural person principals.

(h) to the extent Seller has any interest in any software licenses, software or data, including radio licenses or communications franchises or licenses, such licenses or franchises, as the case may be, shall be transferred to Seller under such instruments as are customarily utilized for the transfer of such rights, in a form which is commercially reasonable and acceptable to Seller and Buyer.

(i) \$2,500,000 cash in the Offsite Facilities Hookup Fee Account, any balance in the Central Arizona Groundwater Replenishment District Account (as reduced by the shortfall from the October 2013 bill advanced by the Seller), and any Customer and

(j) all accounts receivable, excluding accounts receivable for water deliveries made by Seller prior to the close of escrow as reflected in Seller's books and records as of close of escrow, related to Seller's Customers (collectively, "Customer Accounts") reflected on Seller's books and records as of close of escrow.

(k) all licenses, permits, franchises, consents, rights or authorizations issued by, and all registrations and filings with, any Governmental agency, together with any and all other similar intangible property and rights relating to the Business (collectively, the "*Proprietary Rights*");

Section 1.02. Excluded Assets. Notwithstanding anything to the contrary in Section 1.01, the Purchased Assets shall exclude the following assets of Seller:

(a) notes receivable and insurance proceeds receivable existing as of the Closing Date, unless such insurance proceeds receivable relate to damage to the Real Estate or the Personal Property;

- (b) all cash and cash equivalents and investments, whether short-term or long-term, of Seller, including without limitation bank accounts, certificates of deposit, treasury bills and securities, except for the items described in Section 1.01(e) above;
- (c) any stock, partnership interest, limited liability company interest or other equity ownership interest in any subsidiary or affiliate;
- (d) the minute books and records of Seller; and
- (e) the assets set forth in Exhibit A.

Section 1.03. Leased Assets. Notwithstanding anything to the contrary in Sections 1.01 or 1.02, the Rancho Sendero Anthem Wastewater 1.1MW plant (the "Anthem Plant") and the Section 11 Solar Plant (the "Section 11 Plant") shall be leased by the Seller to the Buyer for a period of one year with respect to the Anthem Plant and three years with respect to the Section 11 Plant after the Closing Date, at annual lease rate of \$1.00 for each asset. At the end of the respective lease terms, the Anthem Plant and the Section 11 Plant shall be transferred to the Buyer as Purchased Assets hereunder in consideration of the purchase price of \$1.00.

ARTICLE II

PURCHASE PRICE; ASSUMPTION OF LIABILITIES

Section 2.01. Payment of Purchase Price. As full consideration for the Purchased Assets, Buyer agrees, subject to the terms, conditions and limitations set forth in this Agreement, to deliver to Seller (or its assigns) one or more series of water and sewer revenue bonds (the "Bonds") in the aggregate principal amount of \$121,000,000 (the "Purchase Price"), issued by The Industrial Development Authority of the City of Phoenix, Arizona (the "Issuer") pursuant to a Trust Indenture dated as of February 1, 2014 (the "Indenture") between the Issuer and Zions First National Bank, as corporate trustee (the "Trustee") and a Loan Agreement dated as of February 1, 2014 (the "Loan Agreement") between the Issuer and the Buyer. The Bonds shall be dated as of the date of delivery, mature on February 1, 2044, bear interest at the rate of 6.625% per year for the first five (5) years, and 8.00% per annum thereafter, be payable on August 1, 2014, and semi-annually thereafter on each February 1 and August 1, and having such other terms and provisions as set forth in Exhibit B.

Section 2.02. Assumed Liabilities. On the Closing Date, Buyer will assume and agree to pay, discharge or otherwise perform when lawfully due only those liabilities, contracts, commitments, purchases and other obligations of Seller that are expressly set forth in Exhibit C, if any (the "Assumed Liabilities").

Section 2.03. Excluded Liabilities. Anything to the contrary in Section 2.02 notwithstanding, the Assumed Liabilities shall exclude any liabilities not expressly set forth in Exhibit C, if any, as well as the following liabilities, contracts, commitments and other obligations of Seller (the "Excluded Liabilities"):

- (a) Seller's obligations and any liabilities arising under this Agreement;

(b) any obligation of Seller for federal, state, local or foreign income tax liability (including interest and penalties) arising from the operations of Seller through and including the Closing Date or arising out of the sale by Seller of the Purchased Assets pursuant to this Agreement, including without limitation any amounts shown on the Financial Statements (as defined herein) as "Deferred Income Taxes" or the like;

(c) any property taxes assessed on the Purchased Assets prior to the Closing;

(d) any obligation of the Seller related to any notes payable to members or related parties

(e) customer refunds on closed accounts

(f) any liabilities associated with any violations of ADEQ rules or regulations that occurred prior to Closing

(g) any obligation of Seller for expenses incurred in connection with the sale of the Purchased Assets pursuant hereto, including without limitation the fees and expenses of Seller's legal counsel;

(h) any obligation or liability of Seller related to an alleged breach of contract occurring prior to or on the Closing Date; and

(i) any liability, contract, commitment or other obligation of Seller, known or unknown, fixed or contingent, the existence of which constitutes or will constitute a breach of any representation or warranty of Seller contained in or made pursuant to Article 4 of this Agreement.

Section 2.04. Allocation of the Purchase Price among the Purchased Assets and Pro Rations.

(a) The Purchase Price shall be allocated among each item or class of the Purchased Assets as specifically set forth in or determined pursuant to Exhibit D. Buyer and Seller agree that they will prepare and file their federal and any state or local income tax returns based on such allocation of the Purchase Price. Buyer and Seller agree that they will prepare and file any notices or other filings required pursuant to Section 1060 of the Internal Revenue Code of 1986, as amended, and that any such notices or filings will be prepared based on such allocation of the Purchase Price.

(b) The parties hereto agree on the following pro rations:

(i) Sales Taxes. To the extent Buyer keeps all customer accounts receivable cash collected, it shall be responsible to reimburse Seller for the unpaid sales taxes associated with such receivables.

(ii) Income Taxes. Buyer shall pay Seller an amount equal to 30% of the customer accounts receivable within 120 days of Closing to reimburse

Seller for the associated income tax liability that Seller is required to pay on the receivables balance.

(iii) Property Taxes. Property taxes shall be prorated at Closing based on the pro ration calculation provided by the Seller.

(iv) GRD Taxes. Buyer will charge and collect the rate established by Utility Tariff to pay the GRD tax bill for August 2014. The balance that exists in the account at Closing shall be transferred to the Buyer, less any amount to be reimbursed to the Seller from the October 2013 invoice.

(v) Line Extension Refunds. There shall be a pro ration for refunds due on the line extension agreements for a partial year.

Section 2.05. Loan Agreement. In connection with the issuance of the Bonds by the Issuer, the Buyer will enter into the Loan Agreement with the Issuer, pursuant to which revenues generated by the Business will be used, on a non-recourse basis, to pay debt service on the Bonds.

Section 2.06. Management Agreement. Simultaneous with the execution and delivery of this Agreement, Seller, or its affiliate, will enter into a Management Agreement with Buyer, under which Seller, or its affiliate will operate the Business for a period of five (5) years (the "*Management Agreement*"). Concurrently, with the delivery of the Management Agreement, Buyer and Seller shall deliver such legal opinions, certified instruments and other documents relating to the legality and enforceability of the obligations to be performed under the Management Agreement as the other party may reasonably request. Buyer agrees and acknowledges that the Management Agreement and the obligations of Buyer thereunder are a material inducement for Seller entering into this Agreement and consummating the transactions contemplated herein.

Section 2.07. Procedure Upon Execution of Agreement. In order for this Agreement to become effective, the parties will take the following steps in the order listed below; *provided, however,* that upon their completion all such steps shall be deemed to have occurred simultaneously:

(a) The Town Council of the Town shall have adopted a resolution approving the creation of the Buyer and authorizing this Agreement and the execution and delivery of the Management Agreement and the Loan Agreement.

(b) The Management Agreement and the Loan Agreement shall be fully executed, delivered and in full effect.

ARTICLE III

CLOSING

Section 3.01. Time and Place of the Closing. The closing of the sale of the Purchased Assets shall take place on the date on which the conditions precedent described in this Article 3 are satisfied or waived, provided that the parties shall use their best efforts to cause the closing to occur on or before February 31, 2014, or such other date and time as the parties may mutually

agree in writing (the “*Closing Date*”). Throughout this Agreement, such event is referred to as the “*Closing*.” The Closing shall take place at 10:00 a.m., Arizona time, on the Closing Date, at the offices of Kutak Rock LLP, in Scottsdale, Arizona (“*Bond Counsel*”).

Section 3.02. Conditions to Obligation of Buyer. The obligations of Buyer to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by Buyer, in its reasonable discretion) on or prior to the Closing Date of the following additional conditions, which Seller agrees to use commercially reasonable efforts in good faith to fulfill or cause to be fulfilled:

(a) The representations and warranties of Seller contained in this Agreement shall have been true and correct as of the date of this Agreement, and they shall be true and correct as of the Closing Date with the same force and effect as though made as of such date. Seller shall have performed and complied with all of its obligations required by this Agreement to be performed or complied with at or prior to the Closing Date. Seller shall have delivered to Buyer a certificate, dated as of the Closing Date and signed by the Manager of Seller, certifying that such representations and warranties are true and correct and that all such obligations have been thus performed and complied with.

(b) All necessary consents or approvals of third parties to the transactions contemplated hereby shall have been obtained and shown by written evidence reasonably satisfactory to Buyer, including without limitation, all required approvals from the ACC. All such required consents or approvals are set forth in Exhibit E.

(c) Seller shall have canceled its CC&N.

(d) There shall not be pending or threatened any action or proceeding by or before any court or other governmental body seeking to restrain, prohibit or invalidate the sale of the Purchased Assets to Buyer or any other transaction contemplated hereby, or that would have a material adverse impact on the right of Buyer to own, operate in their entirety or control the Purchased Assets.

(e) There shall not have been any change in the Business or Purchased Assets since November 1, 2013, other than changes occurring in the ordinary course of business which in the aggregate have not had a material adverse effect on the Purchased Assets or the financial condition, business prospects or operating results of the Business.

(f) Buyer shall have received an opinion of counsel to Seller, dated as of the Closing Date, in form and substance as set forth in Exhibit H attached hereto.

(g) Buyer acknowledges and agrees that there are no conditions to its obligations under this Agreement that are not expressly set forth herein.

Section 3.03. Conditions to Obligation of Seller. The obligations of Seller to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by Seller, in its reasonable discretion) on or prior to the Closing Date of the following additional conditions, which Buyer agrees to use commercially reasonable efforts in good faith to fulfill or cause to be fulfilled:

(a) The representations and warranties of Buyer contained in this Agreement shall have been true and correct as of the date of this Agreement, and they shall be true and correct as of the Closing Date with the same force and effect as though made as of such date. Buyer shall have performed and complied with all of its obligations required by this Agreement to be performed or complied with at or prior to the Closing Date. Buyer shall have delivered to Seller a certificate, dated as of the Closing Date, certifying that such representations and warranties are true and correct and that all such obligations have been thus performed and complied with.

(b) All necessary consents or approvals of third parties to the transactions contemplated hereby shall have been obtained and shown by written evidence reasonably satisfactory to Seller, including without limitation, all required approvals from the ACC. All such required consents or approvals are set forth in Exhibit F.

(c) The Management Agreement and the Loan Agreement shall be in full force and affect.

(d) There shall not be pending or threatened any action or proceeding by or before any court or other governmental body seeking to restrain, prohibit or invalidate the sale by Seller of the Purchased Assets to Buyer or any other transaction contemplated hereby, or that would have a material adverse impact on the right of Seller to sell the Purchased Assets or accept delivery of the Bonds in consideration.

(e) Seller shall have received an opinion of counsel to Buyer, dated as of the Closing Date, in form and substance as set forth in Exhibit G attached hereto.

(f) At the time of the Closing, the Buyer shall have adopted such resolutions as, in the opinion of counsel to Seller, shall be necessary in connection with the transactions contemplated hereby (collectively, the "Authorizing Resolution"), and such Authorizing Resolution will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by Seller.

(g) At or prior to the Closing, unless otherwise agreed to by Seller in writing, Seller will have received each of the following documents with respect to the Bonds (the "Bond Deliverables"):

(i) the approving opinion, dated the date of the Closing and addressed to Seller, of legal counsel to the Buyer, in form and content satisfactory to Seller and its counsel, to the effect that this Agreement and the Management Agreement have been duly authorized, executed and delivered by Buyer and are the legal, valid and binding obligation of the respective parties, enforceable in accordance with their terms, subject to customary exceptions for bankruptcy and judicial discretion;

(ii) the approving opinion, dated the date of the Closing and addressed to Seller, of Bond Counsel, in form and content satisfactory to Seller and its counsel, to the effect that (i) interest on the Bonds is excludable from gross income for purposes of federal and state income tax; (ii) the offer and sale of the Bonds to the Seller is exempt from registration under the Securities Act of 1933, as amended,

and will not result in the Indenture being required to be qualified pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the Indenture and any other document executed by the Issuer with respect to the Bonds (the "Bond Documents") have been duly authorized, executed and delivered by the Issuer and are the legal, valid and binding obligation of the Issuer, enforceable in accordance with their terms, subject to customary exceptions for bankruptcy and judicial discretion;

(iii) a certificate or certificates, dated the date of the Closing and signed on behalf of Buyer to the effect that to the best of their knowledge, information and belief (i) the representations, warranties and covenants contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the date of the Closing; (ii) no litigation of any nature is now pending seeking to restrain or enjoin the Buyer's ownership or operation of the Business or the collection of revenues or the pledging of net revenues to pay the principal and interest on the Bonds; or contesting the corporate existence or boundaries of Buyer or the title of the present officers to their respective offices; (iii) no authority or proceedings related to the matters described herein have been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to purchase the Business or to repeal or modify the Authorizing Resolution in any manner has been filed with or received by any of the undersigned; and (iv) Buyer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(iv) a certificate or certificates, dated the date of the Closing and signed on behalf of Issuer to the effect that to the best of their knowledge, information and belief (i) no litigation of any nature is now pending seeking to restrain or enjoin the issuance of the Bonds, questioning the proceedings and authority by which the Bonds are to be issued, or affecting the validity of the Bonds; and (ii) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded, and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by the Issuer; and

(v) a certified copy of the Indenture, the Management Agreement, and the Loan Agreement;

(vi) a tax (nonarbitrage) certificate of the Issuer, in form and substance satisfactory to Bond Counsel;

(vii) the filing copy of the Information Return Form 8038-G (IRS) for the Bonds; and

(viii) such additional legal opinions, certificates, instruments and other documents as Seller or their counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the representations, warranties and covenants of Buyer contained herein and the due

performance or satisfaction by Buyer at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by Buyer.

Section 3.04. Procedure at the Closing. At the Closing, the parties will take the following steps in the order listed below; *provided, however*, that upon their completion all such steps shall be deemed to have occurred simultaneously:

(a) Seller shall deliver to Buyer such bills of sale, endorsements, assignments and other instruments, in such form as in each case is reasonably satisfactory to Buyer and Seller, as shall be sufficient to vest in Buyer good and marketable title to the Purchased Assets, free and clear of all liens, mortgages, pledges, encumbrances, and charges of every kind except those which Buyer has expressly agreed in Section 2.02 hereof to assume.

(b) Buyer shall deliver to Seller instruments, in such form as in each case is reasonably satisfactory to Buyer and Seller, as shall be sufficient to effect Buyer's assumption of the Assumed Liabilities, if any, and the Contracts, together with the written consent of any third parties whose consent is required to Buyer's assumption of the Assumed Liabilities and the Contracts.

(c) Seller shall deliver to Buyer the Bond Deliverables, in such form as in each case is reasonably satisfactory to Buyer and Seller.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Buyer to enter into this Agreement and to consummate the transactions contemplated hereunder, as of the date hereof and as of the Closing Date, Seller makes the following representations and warranties:

Section 4.01. Organization. Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of Arizona with full corporate power and authority to carry on its business and to own, purchase and operate its properties as and in the places where such business is conducted and such properties are owned, purchased, or operated. Seller is duly qualified or licensed to do business and is in good standing in Arizona, which is the only jurisdiction in which Seller's operations or the character of the properties owned, purchased, or operated by it makes such qualification or licensing necessary. Seller has delivered to Buyer complete and correct copies of Seller's articles of organization and operating agreement, in each case as amended and in effect on the date hereof. Seller is not in violation of any of the provisions of its articles or organization and operating agreement or any other organizational documents.

Section 4.02. Authorization. Seller has duly executed and delivered this Agreement and this Agreement and any agreements executed by Seller in connection herewith constitute (or will constitute on their execution and delivery) the legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, receivership, moratorium, and similar laws

affecting creditors' rights generally, and to the availability of equitable remedies (whether asserted at law or in equity).

Section 4.03. No Conflicts, etc. The execution, delivery, and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with or result in a violation of or a default under (with or without the giving of notice or the lapse of time or both) (i) any applicable law to Seller, or any of the properties or assets of Seller, (ii) the organizational documents of Seller, or (iii) any Contract of which either Seller has knowledge to which either Seller is a party or by which either Seller or any of their properties or assets, may be bound or affected. Seller reasonably believes, except as expressly provided herein, that no governmental approval or other consent is required to be obtained or made by Seller in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

Section 4.04. Real Estate.

(a) Exhibit I accurately and completely sets forth all real property owned by Seller, and with respect to every parcel of the Real Estate: (i) the owner; (ii) the location, including address, thereof; (iii) the legal description and approximate size thereof; and (iv) a brief description (including function) of the principal improvements and buildings thereon. To the knowledge of Seller, there are no unrecorded or oral leases, arrangements, agreements, understandings, options, contracts, or rights of first refusal, other than that which Seller has contractually promised to Buyer in writing, affecting or relating to any of the Real Estate. Permanent, legal access is available to each parcel of Real Estate from a dedicated right-of-way, easement or license of record.

(b) Seller has good and marketable title to each parcel of the Real Estate, each of which shall be conveyed to Buyer by Special Warranty Deed.

(c) As to any leased property or leasehold interests of Seller, each lease or leasehold is legal, valid, binding, enforceable and in full force and effect. Neither Seller or any other party is in default, violation, or breach in any material respect under any lease, and no event has occurred and is continuing that constitutes or, with notice of lapse of time or both, would constitute a default, violation, or breach in any respect under any lease. The Seller enjoys peaceful and undisturbed possession under its leases. None of the leased property is subject to any sublease, assignment, or license, except as disclosed in Exhibit _____.

(d) The buildings and other improvements located on the Real Estate are each in good operating condition and are sufficient and adequate for the operation of the Business as it is presently conducted.

(e) Seller has not received notice of: (i) any condemnation proceeding with respect to any portion of the Real Estate, and to its knowledge no such proceeding is contemplated by any governmental authority; or (ii) any special assessment which may affect the Real Estate, and to Seller's knowledge no such special assessment is contemplated by any governmental authority.

(f) To the knowledge of Seller, there are no historical or archeological materials or artifacts of any kind, or any Native American or Indian ruins, aboriginal or otherwise of any kind, located on any piece, parcel or part of the Real Estate.

Section 4.05. Personal Property. Exhibit J contains a complete and accurate listing of the Personal Property. Seller has good and marketable title to all of the Personal Property, and the Personal Property is in good operating condition.

Section 4.06. Proprietary Rights. The Proprietary Rights include all proprietary rights, the failure to possess which would have a material adverse effect on the Business. Exhibit K contains a complete list of all of the Proprietary Rights. Except as set forth on Exhibit K, there have been no claims made against Seller for the assertion of the invalidity, abuse, misuse, or enforceability of any of the Proprietary Rights, and there are not grounds for the same; and Seller has not received a notice of conflict with the asserted rights of others within three (3) years prior to the date of this Agreement.

Section 4.07. Contracts. To Seller's knowledge:

(a) Exhibit L contains a complete and accurate description of all agreements, contracts, commitments, and other instruments and arrangements of the types described below by which either Seller or any of its assets, businesses, or operations receive benefits or to which either Seller is a party or by which either Seller is bound, other than insignificant contracts entered into in the ordinary course of business consistent with past practice, including:

(i) purchases, licenses, permits, franchises, insurance policies, warranties, guarantees, governmental approvals, and other contracts concerning or relating to Seller's Real Estate or purchased Real Estate,

(ii) contracts for capital expenditures in excess of \$500,000 each;

(iii) performance bonds, completion bonds, bid bonds, suretyship agreements and similar instruments;

(iv) joint venture, partnership, and similar contracts involving a sharing of profits and/or expenses;

(v) agreements providing for the leasing of Seller's Personal Property;

(vi) Line extension agreements;

(vii) agreements or instruments under which Seller has acquired or holds its water rights;

(viii) licenses, licensing arrangements and other contracts providing in whole or in part for the use of, or limiting the use of, any intellectual property;

(ix) loan agreements, indentures, letters of credit, mortgages, security agreements, pledge agreements, deeds of trust, bonds, notes, guarantees, sureties, indemnities and other agreements and instruments relating to the borrowing of money or obtaining of or extension of credit; and

(x) Master utility agreements and all other agreements that provide for the payment of hook-up fees.

(b) Except as disclosed on Exhibit P, to the knowledge of Seller the Contracts are in full force and effect and enforceable against each party thereto, subject to subject to bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, receivership, moratorium, and similar laws affecting creditors' rights generally, and to the availability of equitable remedies (whether asserted at law or in equity).

(c) Except as disclosed on Exhibit N, there does not exist under any Contract of which either Seller has knowledge any event of default or event or condition that, after notice or lapse of time or both, would constitute a violation, breach, or event of default thereunder on the part of either Seller or any other party. Except as set forth on Exhibit Q, no consent of any third party is required under any Contract of which Seller has knowledge as a result of or in connection with, and the enforceability of any Contract of which either Seller has knowledge will not be affected in any manner by, the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

Section 4.08. Taxes. Except as set forth on Exhibit O:

(a) Seller has filed all tax returns required to be filed by them for all periods ending before the Closing Date and have paid all tax liability shown due thereon. All such tax returns were correct and complete in all material respects. All taxes owed by the Seller (whether or not shown on any tax return) with respect to tax returns the due date of which preceded the date hereof have been paid.

(b) To Seller's knowledge: there are no outstanding requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment or collection of any taxes or deficiencies against Seller and there are no pending audits, disputes, or other proceedings that have been served upon Seller concerning Seller's liability for any taxes, and to Seller's knowledge, no such audits, disputes, or other proceedings have been threatened.

(c) To Seller's knowledge, no power of attorney relating to the taxes or tax returns of Seller has been executed or filed with any person including any taxing authority.

(d) Seller has withheld and paid all taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder or other person.

Section 4.09. Litigation. Except as set forth on Exhibit R: (i) there is no action, claim, demand, lawsuit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry, or

investigation of any nature, civil, criminal, regulatory, or otherwise, in law or in equity, which has been served upon Seller of which Seller has knowledge or, to the knowledge of Seller overtly threatened against Seller which materially affects Seller, the Purchased Assets or Seller's business, or relating to the transactions contemplated by this Agreement, and to the knowledge of Seller there is no valid basis for the same, (ii) to Seller's knowledge, Seller is not a party to, subject to or bound by, any decree, order, injunction, settlement agreement or arbitration decision or award (or agreement entered into in any administrative, judicial or arbitration proceeding with any governmental authority) with respect to or affecting the properties, assets, personnel or business activities of Seller, and (iii) to Seller's knowledge, no citation, fee, or penalty has been levied or asserted against Seller under any environmental law or any other governmental authority.

Section 4.10. Financial Statements. Seller has delivered to Buyer financial statements of Seller as, at and for the periods ended on October 31, 2013 and December 31, 2012 (collectively, the "Financial Statements"), including in each case a balance sheet, a statement of income and retained earnings, and a statement of cash flows. The Financial Statements are complete and correct in all material respects, accurately reflect the assets, liabilities, and results of operations and financial condition of Seller as of their respective dates, and have been prepared in accordance with GAAP. Seller does not owe any obligation and is not subject to any liability to any of Seller's affiliates other than obligations and liabilities.

Section 4.11. Insurance. Exhibit S contains a complete and correct list and summary description of all insurance policies maintained by or for the benefit of Seller. Seller has delivered to Buyer complete and correct copies of all such policies together with all riders and amendments thereto. Such policies are in full force and effect, and all premiums due thereon have been paid. Seller has complied in all material respects with the terms and provisions of such policies. Except as set forth on Exhibit S, such policies shall not continue after the Closing Date for the benefit of Seller, other than in terms of providing continued, post-Closing coverage to Seller in respect of actions, events or circumstances arising or occurring during policy coverage periods up to and including the Closing Date, whether or not claims arising from such actions, events or circumstances are made before, on or after the Closing Date. Exhibit S sets out all claims made by Seller under any policy of insurance during the past two years and, in the opinion of Seller reasonably formed and held, there is no basis on which a claim should or could be made under any such policy and contains a complete and correct list and summary description of all insurance policies maintained by or for the benefit of Seller.

Section 4.12. Environmental Matters.

(a) Seller has complied and is in compliance in all material respects with all applicable environmental laws, whether federal, state or local, pertaining to the Real Estate, any leased real property or the ownership or operation of the Business, and Seller has not received any written communication alleging that Seller is not in compliance with any applicable environmental law, other than as disclosed in Exhibit ____ hereto. To Seller's knowledge, there is no claim pending or threatened against Seller relating to any alleged or actual violation of an environmental law, and none of the Real Estate is currently listed on the National Priorities List or the Comprehensive Environmental Response, Compensation and Liability Information System, both promulgated under the Comprehensive

Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA) or any comparable state list.

(b) To the knowledge of Seller, neither the Seller nor any other person acting under its direction and control or on behalf of Seller, nor any affiliated entity of Seller, has caused or taken any action or is aware of any action that could reasonably result in, and the Seller is not subject to, any material liability or obligation relating to (i) the environmental conditions on, under, or about any of the Real Estate at the present time or in the past, including the air, soil and ground water conditions of such Real Estate, or (ii) the past or present use, management, handling, transport, treatment, generation, storage, disposal or release of any hazardous substance.

(c) Seller has made available to Buyer all (and not withheld from Buyer any) information, including all studies, analyses, and test results, in the possession, custody, or control of or otherwise known to Seller relating to (i) the environmental conditions on, under, or about any of the Real Estate, (ii) environmental conditions relating to the operation of the Business at the present time or in the past, (iii) any hazardous substances used, managed, handled, transported, treated, generated, stored, disposed of, or released by Seller or any other person on, under, about, or from any of the Real Estate or otherwise in connection with the use or operation of any of the Real Estate or the Business. There are no underground storage tanks located on any of the Real Estate.

Section 4.13. No Changes. Since December 31, 2012, there has not been: (a) any change in the Business or the Purchased Assets, other than changes occurring in the ordinary course of business which in the aggregate have not had a material adverse effect on the Business or the Purchased Assets; or (b) to knowledge of Seller, any threatened or prospective event or condition of any character whatsoever which could materially and adversely affect the Business or the Purchased Assets.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

In order to induce Seller to enter into this Agreement and to consummate the transactions contemplated hereunder, as of the date hereof and as of the Closing Date Buyer makes the following representations and warranties:

Section 5.01. Organization. Buyer is a nonprofit municipal property corporation formed under the laws of the State of Arizona on behalf of the Town of Florence, Arizona, with full power and authority to enter into this Agreement and perform the obligations of Buyer hereunder.

Section 5.02. Authorization. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action of Buyer. Buyer has made all required filings with, and has obtained all approvals, consents and orders of, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance

by Buyer of its obligations hereunder. As of the Closing Date, Buyer will have, full legal right, power and authority (i) to enter into this Agreement, (ii) to adopt the Authorizing Resolution, (iii) to cause the Bonds to be delivered to Seller, (iv) to carry out and consummate the transactions contemplated by this Agreement, the Management Agreement, the Loan Agreement, and the Bond Documents to which it is a party; and (vi) to set utility rates as it deems necessary and appropriate to meet its obligations with respect to the Bonds.

Section 5.03. Enforceability. This Agreement has been duly executed and delivered by Buyer and is a valid and binding obligation of Buyer, enforceable in accordance with its terms, except as may be limited by (a) any applicable bankruptcy, reorganization, moratorium or similar laws, now or hereafter in effect, affecting the enforceability of creditors' rights generally or (b) general principles of equity.

Section 5.04. No Conflicts. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (i) conflict with or violate any municipal code or ordinances, or of any decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against Buyer; or (ii) result in any breach of or default under any mortgage, contract, agreement, indenture, trust or other instrument which is either binding upon or enforceable against Buyer.

Section 5.05. As-Is Where-Is Condition. BUYER ACKNOWLEDGES THAT SELLER HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES OR COVENANTS THAT ARE NOT EXPRESSLY SET FORTH IN THIS DOCUMENT. EXCEPT FOR THOSE REPRESENTATIONS, WARRANTIES, AND COVENANTS EXPRESSLY SET FORTH HEREIN: (A) BUYER IS ACQUIRING THE PURCHASED ASSETS AND UNDERTAKING THE ASSUMED LIABILITIES IN THEIR "AS-IS WHERE-IS" CONDITION AND THAT IT IS RELYING UPON ITS OWN INVESTIGATION AND ANALYSIS AND SHALL NOT BE ENTITLED TO ANY REDUCTION TO OR SET-OFF OF THE PURCHASE PRICE FOR ANY REASON. IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND SPECIFICALLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO SELLERS OR ANY TANGIBLE OR INTANGIBLE ASSETS OF SELLER, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OR REPRESENTATIONS AS TO OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF PURCHASED ASSETS; (B) BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY AGENT OR EMPLOYEE OF SELLER; (C) BUYER REPRESENTS THAT IT IS A KNOWLEDGEABLE BUYER AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF ITS CONSULTANTS IN PURCHASING THE PURCHASED ASSETS; AND (D) BUYER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS REGARDING THE PURCHASED ASSETS AS BUYER DEEMS NECESSARY. NOTWITHSTANDING THE ABOVE, BUYER'S RELIANCE HEREIN IS BASED UPON SELLER'S WARRANTY THAT IT HAS PROVIDED ALL DOCUMENTATION AND INFORMATION KNOWN TO SELLER TO ALLOW BUYER TO MAKE AN INDEPENDENT DETERMINATION OF THE ASSETS BEING ACQUIRED.

SELLER HAS NOT WITHHELD ANY INFORMATION WHICH WOULD PREVENT THE BUYER FROM MAKING AN INFORMED DECISION AS TO THE PURCHASE OF THE ASSETS.

ARTICLE VI

ADDITIONAL COVENANTS

Section 6.01. Conduct of Business. From the date hereof to the Closing Date (and thereafter with respect to any covenant or agreement extending beyond the Closing Date), except as expressly permitted or required by this Agreement or as otherwise consented to by Buyer in writing, Seller will (as applicable):

(a) carry on the Business in, and only in, the ordinary course, in substantially the same manner as heretofore conducted, and use reasonable efforts to preserve intact its present business organization, maintain its properties in good operating condition and repair, keep available the services of its present officers and substantially all of its employees, and preserve its relationship with substantially all of its customers and others having business dealings with it, with the goal and intent that its goodwill and ongoing business shall be in all material respects unimpaired on and following the Closing Date;

(b) pay all accounts payable and other obligations of Seller when they become due and payable in the ordinary course of business consistent with prior practice;

(c) perform in all material respects all of its obligations under all Contracts and other agreements and instruments and comply in all material respects with all applicable laws applicable to it;

(d) not enter into or assume any material agreement, contract, or instrument, or enter into or permit any material amendment, supplement, waiver, or other modification with respect to any Contract;

(e) not make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended tax return, enter into any closing agreement, settle any tax claim or assessment relating to Seller, surrender any right to claim a refund of taxes, consent to any extension or waiver of the limitation period applicable to any tax claim or assessment relating to Seller or take any other similar action relating to the filing of any tax return or the payment of any tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the tax liability of Seller for any period ending after the Closing Date or decreasing any tax attribute of Seller existing on the Closing Date; provided that Buyer will make the appropriate accounting changes after the purchase to coincide with the Buyer's required governmental disclosures;

(f) not sell or transfer to any person or otherwise dispose of any material property or asset of Seller, other than dispositions of property or assets made in the ordinary course of business consistent with prior practice;

(g) not cause or permit any lien to be placed on any property or asset of Seller where such lien did not exist on the date hereof; and

(h) not take any action or knowingly omit to take any action, which action or omission would result in a breach of any of the representations and warranties set forth in Article 4.

Section 6.02. No Solicitation. Prior to the Closing Date or the earlier termination of this Agreement, neither Seller nor any affiliate of Seller, shall solicit any inquiries or proposals with respect to, (i) the sale by Seller of all or substantially all of its properties and assets, or (ii) any merger transaction or other transaction involving the acquisition of control of Seller by any person other than Buyer.

Section 6.03. Further Actions.

(a) Seller and Buyer agree to use reasonable efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated hereby by the Closing Date.

(b) Seller and Buyer will, as promptly as practicable, file or supply, or cause to be filed or supplied with all relevant governmental authorities and other Persons, all applications, notifications and information required to be filed or supplied by it pursuant to applicable law in connection with this Agreement and the consummation of the transactions contemplated hereby.

(c) Seller and Buyer, as promptly as practicable, will use reasonable efforts to obtain, or cause to be obtained, all consents (including all governmental approvals and any consents required under any contract) necessary to be obtained by it under applicable law or pursuant to any contract or permit in connection with the transactions contemplated thereby.

(d) Seller will cause its affiliates to, coordinate and cooperate with Buyer in exchanging such information and supplying such assistance as may be reasonably requested by Buyer in connection with the filings and other actions contemplated by this Agreement.

(e) Following the Closing Date, Seller and Buyer shall, from time to time and at their own expense, execute and deliver such additional instruments, documents, conveyances, or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the other party, to render effective the consummation of the transactions contemplated hereby.

ARTICLE VII

TERMINATION

Section 7.01. Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) By Seller or Buyer by written notice to the other parties if the transactions contemplated hereby shall not have been consummated pursuant hereto by 5:00 p.m., Phoenix, Arizona time on July 1, 2014;

(b) By Buyer by written notice to Seller if (a) the representations and warranties of Seller shall not have been true and correct in all material respects as of the date when made or (b) any of the conditions set forth in Section 3.02 shall not have been, or if it becomes apparent to Buyer in its reasonable discretion that any of such conditions will not be, fulfilled by 5:00 p.m. Phoenix, Arizona time on July 1, 2014, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing Date;

(c) By Seller by written notice to Buyer if (a) the representations and warranties of Buyer shall not have been true and correct in all material respects as of the date when made, or (b) any of the conditions set forth in Section 3.03 shall not have been, or if it becomes apparent to Seller in its reasonable discretion that any such condition will not be, fulfilled by 5:00 p.m. Phoenix, Arizona time on March 31, 2014, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing Date; or

(d) By Seller by written notice to Buyer if:

(i) the marketability of the Bonds or the market price thereof, in the reasonable opinion of Seller, has been materially adversely affected by (1) an amendment to the Constitution of the United States or the Constitution of the State or (2) any introduced or enacted federal or State legislation or (3) any decision of any federal or State court or (4) any ruling or regulation (final, temporary or proposed) of the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority or (5) any bill favorably reported out of committee in either house of the Congress of the United States, in any case affecting the tax status of Buyer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended, or the statutes of the State of Arizona (the "State"); or

(ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made having the effect or creating the probability that the issuance, offering or sale of obligations of the general character of the Bonds shall be or shall become a violation of any provisions of the Securities Act of 1933, the Securities and Exchange Act of 1934, or the Trust Indenture Act of 1939; or

(iii) in the Congress of the United States legislation shall be enacted or a bill shall be favorably reported out of committee to either house, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of Buyer or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, the Securities and Exchange Act of 1934 or the Trust Indenture Act of 1939; provided, however, that the effective date of the events described in (a), (b) and (c) of this Subparagraph 7.01(f) shall be prior to the Closing Date; or

(iv) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak of hostilities or a national or international calamity or crisis, or an escalation thereof, the effect of such outbreak calamity or crisis on the financial markets of the United States being such as, in the opinion of Seller, would affect materially and adversely the ability of Seller to market the Bonds or to enforce contracts for the sale of the Bonds; or

(v) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, or by the States of Arizona or New York; or

(vi) there shall exist any event which, in the sole judgment of Seller, would materially adversely affect the market for the Bonds.

Section 7.02. Effect of Termination.

(a) In the event of the termination of this Agreement pursuant the provisions in Section 7.01 (i) this Agreement shall become void and have no effect, without any liability to any person in respect hereof or of the transactions contemplated hereby on the part of any party hereto, or any of its officials, directors, officers, employees, agents, consultants, representatives or advisers, except for any liability resulting from such party's material breach of this Agreement and for failing to comply with Section 7.02(b).

(b) Upon such an event, (a) Buyer shall deliver to Seller all materials delivered to or acquired from Seller ("Seller's Materials") and (b) Buyer will maintain the confidentiality of, and not disclose to any third person (other than its attorney and other consultants to the extent reasonably required for the negotiation and processing of the transaction contemplated by this Agreement) any information obtained by Buyer from or

through Seller's Materials except to the extent such information is generally available to the public or required to be disclosed pursuant to legal process or applicable law.

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification By Seller. To the extent permitted by applicable law, but subject to the limitations set forth in Sections 8.04 and 8.05, Seller covenants and agrees to defend, indemnify and hold harmless Buyer, and its officials and employees, (collectively, the "*Buyer Indemnitees*") from and against, and to pay or reimburse Buyer Indemnitees for, any and all claims, amounts paid in settlement of claims, liabilities, obligations, losses, fines, costs, royalties, proceedings, deficiencies or damages (whether absolute, accrued, conditional, or otherwise and whether or not resulting from third party claims), including without limitation any out-of-pocket expenses and reasonable attorneys' and accountants' fees incurred in the investigation or defense of any of the same or in asserting any of their respective rights hereunder but excluding any consequential damages (collectively, "*Losses*"), resulting from or arising out of:

- (a) any material inaccuracy of any representation or warranty by Seller contained in Article 4; or
- (b) any failure of Seller to perform any material covenant or agreement hereunder or to fulfill any other obligation in respect hereof; or
- (c) all obligations of the Sellers, including but not limited to regulatory obligations and obligations for Taxes, for periods through and including the Closing Date.

Section 8.02. Indemnification by Buyer. To the extent permitted by Applicable Law, but subject to the limitations set forth in Sections 8.04 and 8.05, Buyer covenants and agrees to defend, indemnify and hold harmless Seller, and its members, officers, employees (collectively, the "*Seller Indemnitees*") from and against, and to pay or reimburse Seller Indemnitees for, any and all Losses resulting from or arising out of:

- (a) any material inaccuracy in any representation or warranty by Buyer made or contained Article 5;
- (b) any failure of Buyer to perform any material covenant or agreement hereunder or to fulfill any other obligation in respect hereof; or
- (c) all obligations of the businesses being acquired, including but not limited to regulatory obligations and obligations for Taxes, for all periods on and after the Closing Date (including any obligations concerning the need for any regulatory approvals or consents to effectuate any of the actions contemplated in this Agreement, regardless of when such obligation accrues).

Section 8.03. Indemnification Procedures. In the case of any claim by a Buyer Indemnatee or a Seller Indemnatee (any of which, an "*Indemnified Party*") for indemnification

under this Article 8, notice shall be given by the Indemnified Party to the party required to provide indemnification (the "*Indemnifying Party*") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought. The notice shall specify the factual basis of the claim in reasonable detail to the extent known by the Indemnified Party:

(a) *Third Party Claims.* With regard to third party claims, the Indemnified Party shall permit the Indemnifying Party (at the expense of such Indemnifying Party) to assume the defense of any third party claim or any litigation resulting therefrom; provided that (i) the counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be reasonably satisfactory to the Indemnified Party, (ii) the Indemnified Party may participate in such defense at such Indemnified Party's expense, and (iii) the failure by any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except to the extent that such omission results in a failure of actual notice to the Indemnifying Party and such Indemnifying Party is materially prejudiced as a result of such failure to give notice. Except with the prior written consent of the Indemnified Party, no Indemnifying Party, in the defense of any such claim or litigation, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other non-monetary relief affecting the Indemnified Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a release from all liability with respect to such claim or litigation. In the event that the Indemnified Party shall in good faith determine that the conduct of the defense of any claim subject to indemnification hereunder or any proposed settlement of any such claim by the Indemnifying Party might be expected to affect adversely the Indemnified Party's tax liability or the ability of the Indemnified Party to conduct its business, or that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more of those that may be available to the Indemnifying Party in respect of such claim or any litigation relating thereto, the Indemnified Party shall have the right at all times to take over and assume control over the defense, settlement, negotiations or litigation relating to any such claim at the sole cost of the Indemnifying Party, provided that if the Indemnified Party does so take over and assume control, the Indemnified Party shall not settle such claim or litigation without the written consent of the Indemnifying Party, such consent not to be unreasonably withheld. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party shall have the full right to defend against any such claim or demand and shall be entitled to settle or agree to pay in full such claim or demand. In any event, the Indemnifying Party and the Indemnified Party shall cooperate in the defense of any claim or litigation subject to this Section 8.03, including tax audits and claims, and the records of each shall be available to the other with respect to such defense.

(b) *Claims for Losses other than Third Party Claims.* With regard to a claim for indemnification for Losses other than a third party claim, the Indemnifying Party shall within thirty (30) days after receiving notice of the claim, give notice to the Indemnified Party of the acceptance or rejection of the claim by the Indemnifying Party. A notice of rejection of a claim will create of Dispute under Article 8.

Section 8.04. Time Limitations. If the Closing occurs, Seller will have liability with respect to Section 8.01 only if on or before the date which is twelve (12) months after the Closing Date, Buyer notifies the Seller from which it is seeking indemnification in writing of the claim, specifying the factual basis of the claim in reasonable detail to the extent then known by Buyer. If the Closing occurs, Buyer will have liability with respect to Section 8.02 only if on or before the date which is twelve (12) months after the Closing Date, Seller notifies Buyer in writing of the claim, specifying the factual basis of the claim in reasonable detail to the extent then known by Seller. Notwithstanding the foregoing, if before 5:00 p.m. (Arizona time) on the date which is twelve (12) months after the Closing Date, any party against which an indemnification claim has been made hereunder has been properly notified in writing of such claim and such claim has not been finally resolved or disposed of as of such date, then such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms of this Agreement.

Section 8.05. Limitations on Amount. No claim shall be asserted against Seller under this Article 8 which, individually, is less than \$50,000; and no claims shall be asserted against Seller under this Article 8 which, in the aggregate, exceed the sum of \$1,000,000. If a particular claim or claims are covered by insurance carried by Seller, such claims may be pursued against Seller for amounts in excess of the limits set forth in the preceding sentence, but Buyer's recourse shall be limited to the proceeds of the applicable insurance coverage. No claim shall be asserted against Buyer under this Article 8 which, individually, is less than \$50,000; and no claims shall be asserted against Buyer under Section 8.02 which, in the aggregate, exceed the sum of \$1,000,000. If a particular claim or claims are covered by insurance carried by Buyer, such claims may be pursued against Buyer for amounts in excess of the limits set forth in the preceding sentence, but Sellers' recourse shall be limited to the proceeds of the applicable insurance coverage.

Section 8.06. Exclusive Remedy. The right to indemnification provided in this Article 8 is intended to be the sole and exclusive remedy of Buyer or Seller following the Closing. Until the Closing, the parties shall have any other remedies provided herein or available at law or in equity.

Section 8.07. Limitation of Liability. The liability of each party under this Agreement, for any reason whatsoever, whether in contract, tort or statute (including without limitation, negligence), or otherwise, shall be limited to the other party's actual damages. In no event shall either party have any liability to the other party or to third parties for any indirect, incidental, special, consequential or punitive damages, even if such party has been advised of the possibility thereof. The allocations of liability in this Agreement represent the agreed and bargained-for understanding of the parties with respect to allocation of risks inherent in their relationship.

ARTICLE IX

DISPUTE RESOLUTION

Section 9.01. Disputes. In the event of any claim, dispute or other matter in controversy, whether based on contract, tort, statute or other legal theory (including but not limited to any claim of fraud or misrepresentation), arising out of or related to the Agreement or the breach thereof, either party hereto may pursue in court any remedy available to it at law or in equity.

ARTICLE X

MISCELLANEOUS

Section 10.01. Survival. Each of the representations and warranties made by Seller in Article 4 of this Agreement shall survive for a period of two (2) years after the Closing Date, notwithstanding any investigation at any time made by or on behalf of Buyer, and thereafter all such representations and warranties shall be extinguished. No claim for the recovery of Loss (as defined in Section 8.01) may be asserted by Buyer against Seller, or its successors in interest after such representations and warranties shall be thus extinguished; *provided, however*, that claims first asserted in writing within the applicable period shall not thereafter be barred and claims related to an assertion of infringement of intellectual property may be asserted at any time so long as they otherwise are not statutorily or equitably time barred.

Section 10.02. Knowledge. As used throughout this Agreement, the term "knowledge" means the actual awareness of a particular fact or circumstance and the awareness of a fact or circumstance that a prudent individual could reasonably be expected to discover or otherwise become aware of in the course of conducting a reasonable investigation and due inquiry concerning the fact or circumstance.

Section 10.03. Brokers' Commission. Seller will be solely responsible for and will indemnify and hold Buyer harmless from, the payment of any commission, fee or claim of any person, firm or corporation employed or retained or claiming to be employed or retained by Seller to bring about, or to represent Seller in, the transactions contemplated hereby.

Section 10.04. General Provisions regarding Representation and Warranties. The following provisions shall apply to all representations and warranties of any of the parties to this Agreement:

(a) *No Other Representation of Warranties.* Each party to this Agreement hereby expressly acknowledges and agrees that it has not relied on, and no other party has made, any representation or warranty, expressed or implied (all implied warranties being hereby expressly disclaimed), except for those representations and warranties that are expressly set forth in the Agreement,

(b) *Specific Overrides General.* To the extent that any matter is addressed by a specific representation or warranty, any more general representation shall be deemed not to apply to such a matter.

(c) *One Disclosure Suffices.* Anything that is duly disclosed to Buyer pursuant to this Agreement, including on any Exhibit hereto, shall be deemed to have been disclosed on all applicable schedules to this Agreement.

Section 10.05. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives.

Section 10.06. Entire Agreement. This Agreement (including the exhibits attached hereto) contains the entire agreement of the parties hereto with respect to the purchase of the Purchased Assets and the other transactions contemplated herein, and supersede all prior written and oral understandings and agreements of the parties with respect to the subject matter hereof. Any reference herein to this Agreement shall be deemed to include the exhibits attached hereto.

Section 10.07. Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 10.08. Execution in Counterpart. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

Section 10.09. Notices. Any notice, request, information or other document to be given hereunder to any of the parties by any other party shall be in writing and delivered personally or sent by certified mail, overnight courier, facsimile or electronic mail as follows:

If to Buyer, addressed to:

Florence Municipal Property Corporation
c/o Town Manager
775 N. Main Street
P.O. Box 2670
Florence, Arizona
Attn:
Email:

with a copy to:

775 N. Main Street
P.O. Box 2670
Florence, Arizona
Email:

If to Seller, addressed to:

Johnson Utilities, L.L.C.
5230 E. Shea Boulevard, Suite 200
Scottsdale, Arizona 85254
Attention: George H. Johnson
Fax: (480) 483-7908
Email: gjohnson@azvision.net

with a copy to:

Gary A. Drummond, Esq
Sallquist & Drummond, P.C.
1430 E. Missouri Avenue, Suite B-125

Phoenix, Arizona 85014
Email: gary@sd-law.com

Any party may change the address to which notices hereunder are to be sent to it by giving written notice of such change of address in the manner herein provided for giving notice. Any notice delivered personally shall be deemed to have been given on the date it is so delivered, and any notice delivered by registered or certified mail shall be deemed to have been given on the date it is received.

Section 10.10. Amendment. This Agreement may be amended only with the written approval of all of the parties hereto.

Section 10.11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona applicable to contracts made and to be performed therein.

Section 10.12. Notice of A.R.S. Section 38-511 - Cancellation. Notice is hereby given of the provisions of Arizona Revised Statutes Section 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to contracts of the nature of this Agreement under the law of the State.

Section 10.13. Time is of the Essence. Time is hereby declared to be of the essence for the purposes of the performance of all conditions and obligations under this Agreement.

Section 10.14. Threat of Condemnation. The parties hereto expressly acknowledge that the sale of the Business from Seller to Buyer under the terms described herein has been negotiated under the threat of condemnation action.

* * *

SIGNATURES FOLLOW

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase and Lease Agreement to be duly executed as of the date first above written.

BUYER:

FLORENCE MUNICIPAL PROPERTY CORPORATION

By: _____
Name: _____
Title: _____

SELLER:

JOHNSON UTILITIES, L.L.C.

By: _____
Name: _____
Title: _____

EXHIBIT A

EXCLUDED ASSETS

- **RENEWABLE ENERGY CREDITS ASSOCIATED WITH THE SOLAR FACILITY LOCATED AT THE ANTHEM WASTEWATER TREATMENT PLANT**
- **RENEWABLE ENERGY CREDITS ASSOCIATED WITH THE SOLAR FACILITY LOCATED AT THE SECTION 11 WASTEWATER TREATMENT PLANT**
- **RENEWABLE ENERGY CREDIT ASSOCIATED WITH THE SOLAR FACILITY LOCATED AT THE RANCHO SENDERO WATER PLANT**
- **JOHNSON RANCH WELL #2**
- **RESIDENCE LOCATED AT 7320 EAST SONOMA WAY, FLORENCE, AZ 85132**
- **250 ACRE-FEET OF RECHARGE CREDITS WITH THE ARIZONA DEPARTMENT OF WATER RESOURCES**

EXHIBIT B

TERMS OF WATER AND SEWER REVENUE BONDS

| | |
|--------------------------------------|--|
| Issuer: | The Industrial Development Authority of the City of Phoenix |
| Borrower: | Florence Municipal Property Corporation, an Arizona non-profit corporation formed for the benefit of the Town of Florence, Arizona |
| Par Amount: | \$121,000,000 |
| Bond Closing: | On or about March 1, 2014 |
| Maturity: | 30 years, with sinking fund principal redemptions beginning in Y6 |
| Tax Status: | Interest on the Bonds will be excluded from gross income for purposes of federal and state income taxation and will not be subject to the alternative minimum tax |
| Town of Florence: | No recourse to Town of Florence. Net revenues from the Purchased Assets will be paid to the Town. Once the Bonds are fully paid, the Purchased Assets will be gifted to the Town free of charge |
| Bond Counsel | Kutak Rock LLP in Scottsdale, Arizona |
| Project Seller/Bond Purchaser | Johnson Utilities, L.L.C. will sell the Purchased Assets to the Borrower in exchange for the Bonds |
| Bond Terms: | The Bonds will bear interest at the rate of 6.625% (interest only) for the first 5 years and at the rate of 8.00% per annum for years 6-30, mature in 2044, and will not be subject to optional redemption |

All major financing documents, including the offering document and the bond form will contain substantially the following disclaimer:

THE BONDS AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE LOAN AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER OR THE TOWN OF FLORENCE, OR OF THE STATE OF ARIZONA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF. THE

BONDS SHALL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE TOWN OF FLORENCE, BUT SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

- Defeasance:** The Indenture will provide that the Borrower and/or the Town may defease the lien of Indenture at any time by depositing with the Trustee for the benefit of the Bondholders government obligations sufficient to pay principal and interest on the Bonds to the maturity date
- Management:** The Purchased Assets will be managed by the Seller (or its affiliate) for a period of 5 years on a fixed fee contract that pays \$500,000 annually in full compliance with federal qualified management contract rules (Rev Ruling 97-13). Town will assume management (on its own or by contract) after Y5
- Bond Purchase Price:** Purchaser will purchase the Bonds at a price of par in exchange for the Purchased Assets
- Cost of Issuance** All closing costs related to the Bonds, including the fees and expenses of Seller's Counsel, Issuer, Issuer's Counsel, Bond Counsel, Borrower, Borrower's Counsel, and Trustee will be paid by the Seller at closing
- Town Costs:** All costs incurred by the Town will be paid by the Town
- Denominations:** The Bonds will be issued in minimum denominations of \$1,000,000 and will only be transferable to parties related to Seller
- Flow of Funds:** From cash flow generated by the Purchased Assets, the Manager will pay operating expenses, replenish reserve funds, and forward the balance to the Trustee, who will make payments in the following order of priority:
- first, interest on the Bonds;
 - second, principal on the Bonds;
 - third, ongoing fees of the Borrower, Issuer and Trustee;
 - fourth, management fees;
 - fifth, required arbitrage rebate amounts, if any;
 - sixth, replenishment of reserve funds; and

seventh, remainder to Town.

Security:

The Bonds will be issued pursuant to the Indenture as special obligations of the Issuer and shall be secured by a first priority security interest in all amounts held pursuant to the Indenture, and the pledged revenues which consist of the following:

- (1) Revenues received by the Issuer under the Loan Agreement
- (2) To the extent permitted by law, first mortgage on all assets of Borrower
- (3) A debt service/operating reserve fund will be established under the Indenture and be funded from cash deposits currently held by Seller, in an amount to be determined, subject to federal tax rule limitations

EXHIBIT C

ASSUMED LIABILITIES

- **CUSTOMER ACCOUNT SECURITY DEPOSITS (ADVANCE DEPOSITS MADE BY CUSTOMERS TO SECURE PAYMENT OF FUTURE CHARGES) WHICH COME DUE AFTER CLOSING**

- **METER ADVANCE REFUNDS DUE AFTER CLOSING**

- **ANNUAL AMOUNTS DUE ON THE LINE EXTENSION AGREEMENTS (LXAs) ATTACHED HERETO. SELLER SHALL BE RESPONSIBLE FOR THE PRO RATA SHARE OF AMOUNTS DUE UNDER THE LXAs FOR THE PERIOD ENDING ON THE CLOSING DATE**

EXHIBIT D

ALLOCATION OF PURCHASE PRICE

EXHIBIT E

CONSENTS AND APPROVALS REQUIRED OF SELLER

- **APPROVAL FROM THE ARIZONA CORPORATION COMMISSION TO TRANSFER THE ASSETS AND DELETE THE CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N)**

EXHIBIT F

GOVERNMENTAL APPROVALS REQUIRED OF BUYER

- **APPROVAL FROM THE ARIZONA CORPORATION COMMISSION TO TRANSFER THE ASSETS AND DELETE THE CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N)**

DRAFT

EXHIBIT G

FORM OF OPINION OF COUNSEL TO BUYER

[DATE]

Johnson Utilities, L.L.C.
Florence, AZ

\$_[]

The Industrial Development Authority of the City of Phoenix, Arizona
Water and Sewer Revenue Bonds
(Florence Water Company Project)
Series 2014

Ladies and Gentlemen:

We have acted as counsel to Florence Municipal Property Corporation (the "Buyer"), an Arizona non-profit public benefit corporation formed on behalf of the Town of Florence, Arizona (the "Town") in connection with (a) the Asset Purchase and Lease Agreement, dated as of [], 2014 (the "Sale Agreement") by and between the Buyer and Johnson Utilities, L.L.C., an Arizona limited liability company (the "Seller"), and (b) the Management Agreement (the "Management Agreement"), dated as of [], 2014 between the Buyer and Southwest Environmental Utilities, L.L.C., an Arizona corporation (the "Manager"). This opinion is delivered to you pursuant to Section 3.03(e) of the Sale Agreement.

In rendering this opinion, we have reviewed an executed copy of each of the following documents (collectively, the "Organizational Documents"):

(a) Articles of Organization of the Buyer dated [], as certified by the Arizona Secretary of State, and the Bylaws of the Buyer, certified by an authorized officer of the Buyer, dated [];

(b) Certificate of Good Standing issued [], by the Arizona Secretary of State for Buyer.

We have also reviewed an executed copy of each of the following documents (collectively, the "Transaction Documents"):

(a) the Sale Agreement executed by the Buyer;

(b) the Management Agreement executed by the Buyer;

DRAFT

(c) the Officer's Certificate of the appropriate officers or authorized representatives of the Buyer, certifying that (i) each covenant and agreement of the Buyer to be performed prior to or as of the Closing pursuant to the Sale Agreement and the Management Agreement has been performed, (ii) each representation and warranty of the Buyer is true and correct on the Closing Date, as if made on and as of the Closing, and (iii) the resolution of the Buyer attached thereto authorizing and approving execution of the Sale Agreement and the Management Agreement and performance of the transactions contemplated thereby;

(d) the Incumbency Certificate of the appropriate officers or authorized representatives of the Buyer; and

In addition, we have reviewed such matters of law as we have deemed necessary for the rendering of the opinions contained herein.

In rendering the following opinions, we have assumed and relied upon (i) the genuineness of all signatures (other than the Buyer); (ii) the authenticity and completeness of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as PDF, electronic, certified or photostatic copies; (iii) the accuracy and completeness of all the Organizational Documents of the Buyer made available to us; (iv) there has not been any mutual mistake of fact or misunderstanding, fraud, duress, criminal activity or undue influence; (v) the conduct of all the parties and their respective agents has complied with any requirement of good faith and fair dealing; (vi) there are no agreements or understandings among the parties to the Transaction Documents, written or oral, and there is no usage of trade or course of prior dealings among the parties that would, in either case, define, supplement or otherwise qualify the terms and conditions of the Transaction Documents; (vii) the constitutionality or validity of a relevant statute, rule, regulation or agency action is not at issue unless a reported decision in the State of Arizona has specifically addressed, but not resolved, or has established, its unconstitutionality or invalidity; (viii) all parties (other than the Buyer) have the power, authority and capacity to execute, deliver and perform the Transaction Documents and that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates; (ix) the enforceability of the Transaction Documents against all parties other than the Buyer; (x) each party to the Transaction Documents (other than the Buyer) has satisfied the legal requirements which are applicable to it to the extent necessary to make the Transaction Documents enforceable against it; (xi) no party to the Transaction Documents will in the future take any discretionary action (including any decision not to act) permitted under the Transaction Documents which would result in a violation of law or constitute a breach or default under any agreements, other than the Transaction Documents, to which any party to the Transaction Documents is a party or by which its property is bound, or under any court, arbitrator or administrative order, writ, judgment, or decree that names any party to the Transaction Documents and is specifically directed to its property; (xii) all parties will act in accordance with, and refrain from taking any action which is forbidden by, the terms and conditions of the Transaction Documents and that you will perform all of your obligations under the Transaction Documents; and (xiii) adequate consideration at law has been paid under the Transaction Documents.

We have not conducted any other investigation to confirm any facts set forth in the Organizational Documents and in the Transaction Documents and the other documents called

forth therein, and we have not conducted any independent investigation to confirm the facts upon which the opinions set forth herein are based.

Based solely upon the foregoing and subject to the assumptions, qualifications and limitations herein stated, we are of the opinion that:

1. The Buyer is an Arizona non-profit public benefit corporation formed on behalf of the Town and is organized, validly existing and in good standing under the laws of the State of Arizona.
2. The Buyer has the power and authority to execute and deliver the Transaction Documents to which it is a party, to consummate the transactions contemplated thereby and to perform its obligations thereunder.
3. The execution and delivery by the Buyer of the Transaction Documents to which the Buyer is a party, the consummation by the Buyer of the transactions contemplated by such Transaction Documents and the performance of the Buyer's obligations therein have been duly authorized and/or ratified by all necessary corporation action of the Buyer.
4. The Transaction Documents to which the Buyer is a party have been duly executed and delivered by the Buyer and constitute the valid and legally binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms.
5. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority is required to authorize, or is otherwise required in connection with either the execution and delivery by the Buyer of the Transaction Documents to which it is a party or the incurrence by the Buyer of its obligations under the Transaction Documents to which it is a party, except as may be have been obtained, made or taken prior to the date hereof.
6. The execution and delivery of the Transaction Documents by the Buyer do not, and the compliance with the terms of the Transaction Documents to which it is a party will not (A) result in a violation of the Buyer's Organizational Documents, (B) result in a breach of or default under any agreements or instruments (other than the Transaction Documents) to which the Buyer is a party, except for those agreements with respect to which any breach, default or violation thereof in the aggregate would not have a material adverse effect on the Buyer or the ability of the Buyer to perform its obligations under the Transaction Documents to which it is a party; or (C) result in any violation of any applicable Federal or State of Arizona law or statute, rule or regulation to which the Buyer is subject, or any judgment, order, writ, injunction or decree of any court or other tribunal located in the State of Arizona directed against and naming the Buyer, except where any such violations in the aggregate would not have a material adverse effect on the Buyer, or the ability of the Buyer to perform its obligations under the Transaction Documents.
7. There is no action, suit, proceeding, inquiry or investigation at law or in equity or by or before any governmental instrumentality or other agency pending or, to our knowledge, now threatened against or affecting the Buyer or to which the Buyer are or may be a party or to which the property of the Buyer is or may be subject, wherein an unfavorable decision, ruling or finding would adversely affect: (i) the existence or organization of the Buyer or the title to office

of any officer of the Buyer or any power of the Buyer; (ii) the validity or enforceability of the proceedings taken by the Buyer for the authorization, execution and delivery by the Transaction Documents; (iii) the validity or enforceability of the Transaction Documents; or (iv) the transactions contemplated by the Transaction Documents.

Our opinions are based on the assumptions (upon which we have relied with your consent) and subject to the qualifications and limitations, set forth in this letter, including the following:

1. For purposes of rendering the opinions set forth herein, we have assumed that the Transaction Documents are governed and interpreted by the laws of the State of Arizona. We express no opinion whatsoever with respect to any rules of choice or conflicts of laws.

2. We have assumed for purposes of this opinion that: (a) the parties to the Transaction Documents other than the Buyer (the "Other Parties") are duly organized, validly existing and in good standing with full power and authority to enter into, execute, deliver and perform the Transaction Documents and their respective obligations thereunder; (b) the Transaction Documents have been duly authorized by the Other Parties and the Other Parties have duly executed and delivered the Transaction Documents to which they are signatories; (c) the Other Parties have satisfied those legal requirements that are applicable to each of them to the extent necessary to make the Transaction Documents enforceable against each of them; (d) any contracts, agreements, or instruments to which the Other Parties are a party or by which its or their property is bound, other than the Transaction Documents, will be enforced as written (e) the Other Parties have complied with all legal requirements pertaining to each of their status as such status relates to their rights to enforce the Transaction Documents against the Buyer; (f) each natural person executing any of the Transaction Documents is legally competent; (g) all signatures are genuine, the Transaction Documents submitted to us as originals are authentic and the Transaction Documents submitted to us as copies conform to the originals; (h) all Transaction Documents are complete or will be appropriately completed (including, without limitation, all amendments and exhibits thereto); (i) any certifications dated prior to Closing remain true as of Closing; (j) there has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence; (k) the conduct of the parties to the Transaction Documents has complied with any requirement of good faith, fair dealing and conscionability; (l) the Other Parties and any agent acting for the Other Parties in connection with the Transaction have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as part of, the Transaction Documents; (m) there are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Transaction Documents; (n) the Buyer hold the requisite title and rights to any property involved in the transactions contemplated by the Transaction Documents; and (o) the Buyer will obtain all permits and governmental approvals required, and take all actions similarly required, relevant to consummation of the Transaction Documents or performance of the Transaction Documents.

3. We also assume that if the consent of any other person or entity is required to the assignment of any contract, agreement, instrument, lease, license, permit, warranty or approval, that such consent has been received and such consent was given by the person or entity required

and properly authorized to grant such consent. We note that we have no actual knowledge of the occurrence of any of the matters described in clauses (j) or (m), above, nor do we have any actual knowledge that any of the parties to the Transaction Documents have not complied with the requirement of good faith, fair dealing, and conscionability as assumed by clauses (k) or (l), above. We have not made any independent investigation or inquiry concerning the business or financial condition of the Buyer or concerning the operation, management, use or other dealings with the property of the Buyer.

4. Our opinions are subject to: (i) the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or fraudulent conveyance and other similar laws affecting creditor's rights generally; and (ii) limitations imposed by equitable doctrines, including without limitation, limitations upon the specific enforceability of provisions of the Transaction Documents, concepts of materiality, reasonableness (including commercial reasonableness of the sale or disposition of collateral), good faith and fair dealing, and the availability of injunctive relief or other equitable remedies (regardless whether considered in a proceeding in equity or at law).

5. We do not express any opinion on any matter not expressly addressed in this letter, and no other opinions should be implied therefrom. The opinions set forth herein are delivered based solely upon the facts, examinations, assumptions and other matters described herein as they exist as of the date hereof, and we have no obligation and disclaim any obligation to modify, supplement or update this opinion letter or otherwise to communicate with you with respect to events, changes in facts, law or matters which occur or come to our attention after the date hereof. This letter expresses our legal opinions as to matters set forth herein based on our professional judgment on the date hereof and is not to be construed as a guaranty or a warranty as to any legal or factual matter or that a court considering such matters would not rule in a manner contrary to the opinions expressed herein.

This opinion is delivered only to you in connection with the transactions referred to above and is solely for your benefit, and may be relied upon only by you. This opinion may not be relied upon by, nor copies delivered to, any other person without our express prior written consent; provided, however, that copies may be delivered to your counsel. This opinion letter is provided as a legal opinion only and not as a guarantee or warranty of the matters discussed herein. This opinion letter is given as of the date hereof and we undertake no obligation, and hereby disclaim any obligation, to update or supplement this opinion in response to a subsequent change in the law or future events affecting the Buyer or the transactions contemplated by the Transaction Documents.

Respectfully Submitted,

(b) the Management Agreement executed by the Manager;

(c) the Officer's Certificates of the appropriate officers or authorized representatives of the Seller and the Manager, certifying that (i) each covenant and agreement of the Seller and the Manager to be performed prior to or as of the Closing pursuant to the Sale Agreement and the Management Agreement has been performed, (ii) each representation and warranty of the Seller and the Manager is true and correct on the Closing Date, as if made on and as of the Closing, and (iii) the resolutions of the Seller and the Manager attached thereto authorizing and approving execution of the Sale Agreement and the Management Agreement and performance of the transactions contemplated thereby;

(d) the Incumbency Certificate of the appropriate officers or authorized representatives of the Seller and the Manager; and

In addition, we have reviewed such matters of law as we have deemed necessary for the rendering of the opinions contained herein.

In rendering the following opinions, we have assumed and relied upon (i) the genuineness of all signatures (other than the Seller and the Manager); (ii) the authenticity and completeness of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as PDF, electronic, certified or photostatic copies; (iii) the accuracy and completeness of all the Organizational Documents of the Seller and the Manager made available to us; (iv) there has not been any mutual mistake of fact or misunderstanding, fraud, duress, criminal activity or undue influence; (v) the conduct of all the parties and their respective agents has complied with any requirement of good faith and fair dealing; (vi) there are no agreements or understandings among the parties to the Transaction Documents, written or oral, and there is no usage of trade or course of prior dealings among the parties that would, in either case, define, supplement or otherwise qualify the terms and conditions of the Transaction Documents; (vii) the constitutionality or validity of a relevant statute, rule, regulation or agency action is not at issue unless a reported decision in the State of Arizona has specifically addressed, but not resolved, or has established, its unconstitutionality or invalidity; (viii) all parties (other than the Seller and the Manager) have the power, authority and capacity to execute, deliver and perform the Transaction Documents and that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates; (ix) the enforceability of the Transaction Documents against all parties other than the Seller and the Manager; (x) each party to the Transaction Documents (other than the Seller and the Manager) has satisfied the legal requirements which are applicable to it to the extent necessary to make the Transaction Documents enforceable against it; (xi) no party to the Transaction Documents will in the future take any discretionary action (including any decision not to act) permitted under the Transaction Documents which would result in a violation of law or constitute a breach or default under any agreements, other than the Transaction Documents, to which any party to the Transaction Documents is a party or by which its property is bound, or under any court, arbitrator or administrative order, writ, judgment, or decree that names any party to the Transaction Documents and is specifically directed to its property; (xii) all parties will act in accordance with, and refrain from taking any action which is forbidden by, the terms and conditions of the Transaction Documents and that you will perform all of your obligations under

the Transaction Documents; and (xiii) adequate consideration at law has been paid under the Transaction Documents.

We have not conducted any other investigation to confirm any facts set forth in the Organizational Documents and in the Transaction Documents and the other documents called forth therein, and we have not conducted any independent investigation to confirm the facts upon which the opinions set forth herein are based.

Based solely upon the foregoing and subject to the assumptions, qualifications and limitations herein stated, we are of the opinion that:

1. The Seller is a limited liability company organized, validly existing and in good standing under the laws of the State of Arizona.
2. The Manager is a limited liability company organized, validly existing and in good standing under the laws of the State of Arizona.
3. The Seller has the power and authority to execute and deliver the Transaction Documents to which it is a party, to consummate the transactions contemplated thereby and to perform its obligations thereunder.
4. The Manager has the power and authority to execute and deliver the Transaction Documents to which it is a party, to consummate the transactions contemplated thereby and to perform its obligations thereunder.
5. The execution and delivery by the Seller of the Transaction Documents to which the Seller is a party, the consummation by the Seller of the transactions contemplated by such Transaction Documents and the performance of the Seller's obligations therein have been duly authorized and/or ratified by all necessary limited liability company action of the Seller.
6. The execution and delivery by the Manager of the Transaction Documents to which the Manager is a party, the consummation by the Manager of the transactions contemplated by such Transaction Documents and the performance of the Manager's obligations therein have been duly authorized and/or ratified by all necessary limited liability company action of the Manager.
7. The Transaction Documents to which the Seller is a party have been duly executed and delivered by the Seller and constitute the valid and legally binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms.
8. The Transaction Documents to which the Manager is a party have been duly executed and delivered by the Manager and constitute the valid and legally binding obligations of the Manager, enforceable against the Manager in accordance with their respective terms.
9. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority is required to authorize, or is otherwise required in connection with either the execution and delivery by the Seller of the Transaction Documents to which it is a

party or the incurrence by the Seller of its obligations under the Transaction Documents to which it is a party, except as may have been obtained, made or taken prior to the date hereof.

10. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority is required to authorize, or is otherwise required in connection with either the execution and delivery by the Manager of the Transaction Documents to which it is a party or the incurrence by the Manager of its obligations under the Transaction Documents to which it is a party, except as may have been obtained, made or taken prior to the date hereof.

11. The execution and delivery of the Transaction Documents by the Seller to which it is a party do not, and the compliance with the terms of the Transaction Documents to which it is a party will not (A) result in a violation of the Seller's Organizational Documents, (B) result in a breach of or default under any agreements or instruments (other than the Transaction Documents) to which the Seller is a party, except for those agreements with respect to which any breach, default or violation thereof in the aggregate would not have a material adverse effect on the Seller or the ability of the Seller to perform its obligations under the Transaction Documents to which it is a party; or (C) result in any violation of any applicable Federal or State of Arizona law or statute, rule or regulation to which the Seller is subject, or any judgment, order, writ, injunction or decree of any court or other tribunal located in the State of Arizona directed against and naming the Seller, except where any such violations in the aggregate would not have a material adverse effect on the Seller, or the ability of the Seller to perform its obligations under the Transaction Documents to which it is a party.

12. The execution and delivery of the Transaction Documents by the Manager to which it is a party do not, and the compliance with the terms of the Transaction Documents to which it is a party will not (A) result in a violation of the Manager's Organizational Documents, (B) result in a breach of or default under any agreements or instruments (other than the Transaction Documents) to which the Manager is a party, except for those agreements with respect to which any breach, default or violation thereof in the aggregate would not have a material adverse effect on the Manager or the ability of the Manager to perform its obligations under the Transaction Documents to which it is a party; or (C) result in any violation of any applicable Federal or State of Arizona law or statute, rule or regulation to which the Manager is subject, or any judgment, order, writ, injunction or decree of any court or other tribunal located in the State of Arizona directed against and naming the Manager, except where any such violations in the aggregate would not have a material adverse effect on the Manager, or the ability of the Manager to perform its obligations under the Transaction Documents to which it is a party.

13. There is no action, suit, proceeding, inquiry or investigation at law or in equity or by or before any governmental instrumentality or other agency pending or, to our knowledge, now threatened against or affecting the Seller or the Manager or to which the Seller or the Manager are or may be a party or to which the property of the Seller or the Manager is or may be subject, wherein an unfavorable decision, ruling or finding would adversely affect: (i) the existence or organization of the Seller or Manager or the title to office of any officer of the Seller or the Manager or any power of the Seller or Manager; (ii) the validity or enforceability of the proceedings taken by the Seller and the Manager for the authorization, execution and delivery by

the Transaction Documents to which each is a party; (iii) the validity or enforceability of the Transaction Documents; or (iv) the transactions contemplated by the Transaction Documents.

Our opinions are based on the assumptions (upon which we have relied with your consent) and subject to the qualifications and limitations, set forth in this letter, including the following:

1. For purposes of rendering the opinions set forth herein, we have assumed that the Transaction Documents are governed and interpreted by the laws of the State of Arizona. We express no opinion whatsoever with respect to any rules of choice or conflicts of laws.

2. We have assumed for purposes of this opinion that: (a) the parties to the Transaction Documents other than the Seller or the Manager (the "Other Parties") are duly organized, validly existing and in good standing with full power and authority to enter into, execute, deliver and perform the Transaction Documents and their respective obligations thereunder; (b) the Transaction Documents have been duly authorized by the Other Parties and the Other Parties have duly executed and delivered the Transaction Documents to which they are signatories; (c) the Other Parties have satisfied those legal requirements that are applicable to each of them to the extent necessary to make the Transaction Documents enforceable against each of them; (d) any contracts, agreements, or instruments to which the Other Parties are a party or by which its or their property is bound, other than the Transaction Documents, will be enforced as written; (e) the Other Parties have complied with all legal requirements pertaining to each of their status as such status relates to their rights to enforce the Transaction Documents against the Seller or the Manager; (f) each natural person executing any of the Transaction Documents is legally competent; (g) all signatures are genuine, the Transaction Documents submitted to us as originals are authentic and the Transaction Documents submitted to us as copies conform to the originals; (h) all Transaction Documents are complete or will be appropriately completed (including, without limitation, all amendments and exhibits thereto); (i) any certifications dated prior to Closing remain true as of Closing; (j) there has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence; (k) the conduct of the parties to the Transaction Documents has complied with any requirement of good faith, fair dealing and conscionability; (l) the Other Parties and any agent acting for the Other Parties in connection with the Transaction have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as part of, the Transaction Documents; (m) there are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Transaction Documents; (n) the Seller and the Manager hold the requisite title and rights to any property involved in the transactions contemplated by the Transaction Documents; and (o) the Seller will obtain all permits and governmental approvals required, and take all actions similarly required, relevant to consummation of the Transaction Documents or performance of the Transaction Documents.

3. We also assume that if the consent of any other person or entity is required to the assignment of any contract, agreement, instrument, lease, license, permit, warranty or approval, that such consent has been received and such consent was given by the person or entity required and properly authorized to grant such consent. We note that we have no actual knowledge of the

occurrence of any of the matters described in clauses (j) or (m), above, nor do we have any actual knowledge that any of the parties to the Transaction Documents have not complied with the requirement of good faith, fair dealing, and conscionability as assumed by clauses (k) or (l), above. We have not made any independent investigation or inquiry concerning the business or financial condition of the Seller or concerning the operation, management, use or other dealings with the property of the Seller or the Manager.

4. Our opinions are subject to: (i) the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or fraudulent conveyance and other similar laws affecting creditor's rights generally; and (ii) limitations imposed by equitable doctrines, including without limitation, limitations upon the specific enforceability of provisions of the Transaction Documents, concepts of materiality, reasonableness (including commercial reasonableness of the sale or disposition of collateral), good faith and fair dealing, and the availability of injunctive relief or other equitable remedies (regardless whether considered in a proceeding in equity or at law).

5. We do not express any opinion on any matter not expressly addressed in this letter, and no other opinions should be implied therefrom. The opinions set forth herein are delivered based solely upon the facts, examinations, assumptions and other matters described herein as they exist as of the date hereof, and we have no obligation and disclaim any obligation to modify, supplement or update this opinion letter or otherwise to communicate with you with respect to events, changes in facts, law or matters which occur or come to our attention after the date hereof. This letter expresses our legal opinions as to matters set forth herein based on our professional judgment on the date hereof and is not to be construed as a guaranty or a warranty as to any legal or factual matter or that a court considering such matters would not rule in a manner contrary to the opinions expressed herein.

This opinion is delivered only to you in connection with the transactions referred to above and is solely for your benefit, and may be relied upon only by you. This opinion may not be relied upon by, nor copies delivered to, any other person without our express prior written consent; provided, however, that copies may be delivered to your counsel. This opinion letter is provided as a legal opinion only and not as a guarantee or warranty of the matters discussed herein. This opinion letter is given as of the date hereof and we undertake no obligation, and hereby disclaim any obligation, to update or supplement this opinion in response to a subsequent change in the law or future events affecting the Seller, the Manager or the transactions contemplated by the Transaction Documents.

Respectfully Submitted,

EXHIBIT I
SCHEDULE OF REAL ESTATE

| Wells | |
|-----------------------------|---------------------|
| Name | Assessor Parcel No. |
| Silverado Well No. 1 | 210-34-022C |
| Anthem No 3 | 211-01-003 |
| Johnson Ranch 5 | 210-20-005 |
| Circle Cross 1 | 210-07-001HZ |
| Morning Sun Farms Well 1 | 509-02-002L |
| Pecan WRP Monitor Well | 104-22-008D |
| Pecan WRP Monitor Well 2 | 104-22-008D |
| Oasis 1 | 200-75-2590 |
| Oasis 2 | 200-24-089B |
| Oasis 3 | 200-24-089B |
| San Tan Number 1 | 509-02-214A |
| San Tan Number 2 | 509-02-214A |
| Rancho Sendero No. 2 | 211-02-006 |
| Johnson Ranch 7* | 210-20-001H |
| Skyline 1 | 509-02-028D6 |
| Johnson Ranch 3 * | 210-21-004B1 |
| Johnson Ranch 4 | 210-20-0040 |
| Crestfield Manor 1 - Future | 200-13-666A |
| Crestfield Manor 2 - Future | 200-13-666C |
| Ricke 1 | 210-36-002D |
| Ricke 3 | 210-36-002B |
| Morning Sun Farms Well 2 | 509-03-002H |
| Hardison Well No 1 | 210-21-002D |
| Magma well . NO. 1 | 210-40-019C |
| Magma Well No 2 | 210-40-019B |
| Attaway Well, Section 13 | 210-12-001D |
| Rancho Sendero No. 1 | 211-02-004B |
| Anthem No. 2 | 211-01-0080 |
| Anthem No. 4 | 211-01-0040 |
| Sec11 WWTP Mon Well* | 200-24-091 |
| Edwards Road 2 | 210-28-018 |
| Wild Horse 1 | 200-74-0850 |
| San Tan WRP Monitor Well | 509-02-062D3 |
| Anthem No. 1 | 211-01-0070 |
| Bella Vista Well No. 1 | 210-23-001J |
| Ellsworth Well | In Progress |
| Monterra Wells | In Progress |
| | |
| | |
| | |

| Water Plants | |
|----------------------------|---------------------|
| Name | Assessor Parcel No. |
| Silverado Water plant | 210-34-022C |
| San Tan Water Storage | 509-02-057B |
| Circle Cross Water Plant | 210-07-001H |
| Oasis Water Plant | 200-24-089A |
| CAP Pump Station No. 1 | 210-20-003R |
| Rancho Sendero Water Plant | 211-02-0060 |
| Wild Horse Water Plant | 200-74-0850 |
| Edwards Road Water Plant | 210-28-001B |
| Ricke Water Plant | 210-36-002D |
| Morning Sun Farms W. P. | 509-03-002H |
| Bella Vista Water Plant | 210-23-001J |
| Anthem Water Plant | 211-01-0070 |
| Johnson Ranch Water Plant | 210-20-001J |
| RO system | 210-20-001J |

| Lift Stations | |
|----------------------------------|---------------------|
| Name | Assessor Parcel No. |
| Superstition Views | 210-64-061B |
| Circle Cross #1 | 210-07-005H |
| Circle Cross #2 | 509-03-001D |
| Magma Lift Station | 210-38-003B |
| 4D/4F | 210-66-951B |
| Crestfield Manor Lift Station | 200-13-666B |
| Quail Run Lift Station | 210-24-452B |
| Ocotillo Crossing | 104-87-152B |
| Copper Basin #1 | 210-67-499B |
| Pecan Station | 104-22-008D |
| Oasis Sunrise | 200-24-089B |
| Rancho Bella Vista North Phase 1 | 210-71-937D |
| Laredo Ranch Lift Station | 109-27-310B |
| Cambria Lift Station (the Links) | 104-87-073E |
| Cambria L.S. Upgrade | 104-22-040G |
| Station 4A | 210-66-951C |
| Station Unit 6 | 210-54-0410 |
| Copper Basin #2 | 210-73-007B |
| Morning Sun Farms | 509-03-003M |
| JR Unit 29 | 210-76-337A |
| 14-52B Lift Station | 210-66-951C |
| Meadow Vista Lift Station | 109-21-5050 |
| Magic Ranch Phase III | 200-03-5310 |
| Rancho Bella Vista North Phase 2 | 210-71-937E |
| Magic Ranch | 210-75-516A |
| Joy Drive Lift Station | 109-26-820A |
| The Parks Lift Station | 104-98-1140 |
| Johnson Farms Lift Station | 104-22-012L |
| Archer Meadows Lift Station | 104-22-028Y |
| Ironwood Crossing Lift Station | 104-25-002E |
| Coolidge High School | 509-19-7000 |
| Combs School | 104-22-7120 |
| San Tan Station | 509-02-062D3 |
| Reuse Station | 200-24-003D5 |
| Main Station | 210-20-0001J |
| Whitewing | In Process |
| Bélcara | In Process |
| Mitchell Trail | In Process |

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| Wastewater Reclamation Plants | |
|--------------------------------------|----------------------------|
| Name | Assessor Parcel No. |
| Pecan Water Reclamation Plant | 104-22-008M |
| Section 11 WWTP | 200-24-0910 |
| Precision | 210-20-003J |
| San Tan Water Reclamation Plant | 509-02-062D |
| Anthem WRP | 211-02-0050 |
| Copper Basin | 210-25-002B |
| Oasis Golf Course | |
| Name | Assessor Parcel No. |
| Oasis Golf Course | 200-24-090 |
| Oasis Golf Course | 200-24-089B |

EXHIBIT J
PERSONAL PROPERTY

| Vehicles | | |
|----------|----------------------|--------------------|
| YEAR | MODEL | VIN # |
| 2013 | Chevy Silv 4X4 | 1GCNKPEAXDZ163542 |
| 2013 | Chevy Sil | 1GCNCPEX7DZ139829 |
| 2013 | Chevy Sil | 1GCNKPEA6DZ122373 |
| 2013 | Chevy Sil | 1GCNCPEXXDZ137699 |
| 2012 | Chevy Tahoe | 1GNSCCE03CR151206 |
| 2012 | Chevy Silv 4X2 | 1GCNCPEX8CZ351248 |
| 2004 | Ford (Explorer) 4DSW | 1FMZU64K34ZB34167 |
| 2003 | INT'L 430 TK | 1HTMMAAL53H594937 |
| 2001 | Chevy Van | 1GCHG35R111138049 |
| 1997 | Ford FT8000/ Crane | 1FDZU82EXVVA28834 |
| 1999 | Dodge 1 TN P/U (RAM) | 1B7MC3361XJ649823 |
| 2003 | Chevy S-10 | 1GCCS14H038243181 |
| 2011 | Chevy Colorado | 1GCCCSBF91B8131208 |
| 2011 | Chevy Colorado | 1GCCCSBF98B2131156 |
| 2003 | Chevy Colorado | 1GCEC14V43Z350479 |
| 2004 | Chevy Silverado | 1GCEK14V54Z179844 |
| 2005 | Chevy Colorado | 1GCCS148958171593 |
| 2005 | Chevy Colorado | 1GCCS148158171801 |
| 2005 | Chevy Colorado | 1GCEC14XX5Z30110 |
| 2005 | Chevy Colorado | 1GCEC14X15Z300630 |
| 2006 | Chevy Tahoe | 1GNEK13ZX6J124092 |
| 2006 | Chevy Tahoe Z71 | 1GNEK13T56R125051 |
| 2007 | Ford Ranger | 1FTYR10U77PA49120 |
| 2011 | Chevy Colorado | 1GCCSBF99B8131733 |
| 2008 | Ford F150 | 1FTRF12268KB81941 |

| Equipment List | |
|--|----------------|
| Item Description | ID No. |
| Safety Tripod Winch and Cable | Q4922W |
| TL-6035 Forklift | 60467-CVC |
| 6" Trash Pump | Q6HJ100911 |
| Massey Ferguson Tractor 263 (0000HO6131) | 268740 |
| Godwin 6" Dri-Prime Pump Model DC150M | D332772-17 |
| Auger Post Hole Digger | GCABT-2077980 |
| Honda Generator | EG 3500 |
| Ramset Gun/ Powder activated | F467136 |
| Saw Drill | A1_ 604501949 |
| Drill | D091402479 |
| Concrete Vibrator | 0310-0067/WSD1 |
| Nail Gun | 132740_ 033 |
| Auger & Bit | 140C8 |
| Cement Drill | 316090 |
| Topcon Rotating Laser | RT-SSA |
| Theodolite Surveying Equip | N/A |
| Magnum Power Piston (paint spayer) | BA114003 |
| Trailer Jet unit | |
| Spectra Precision Laser LL300 | S/N # 10035435 |
| Sokkia B20 Automatic Level | N/A |

Club at Oasis Equipment

| Item Description | Serial Number |
|--|-----------------|
| Toro groundmaster 4500-D | 30856-27000088 |
| Toro Ground 3500-D | 80839-270000816 |
| John Deere 3235C # 29D0049 | TC3235CO20653 |
| John Deere 3235C # 2XD034 | TC3235CO30323 |
| John Deere 2500 Green Mower 11 Blade | TC2500D030521 |
| John Deere 2500 Green Mower 11 Blade | TC2500D020124 |
| John Deere 2500 Green Mower 8 Blade | TC250AD020630 |
| Toro Workman 3300 | 07212-230000670 |
| Club Car | RG0240-209521 |
| Club Car | RG0431-412650 |
| Express Dual 3000 reel Grinder | 13252 |
| Angmaster 3000 Bedknife Grinder | 13253 |
| Toro Sand Pro 5020 | 0886-210000255 |
| John Deere RC2072 Rotary Deck Mower | |
| Massey Ferguson Tractor 263 | 5726E37454 |
| EZ-Go Work Horse Utility Cart | 1168708 |
| John Deere Gator | M00TURF00844 |
| John Deere Gator | |
| Lely Fertilizer Spreader | 10Z13-134 |
| Ryan Vert-cutter | 507798 |
| Ryan Vert-cutter | 508450 |
| Ryan Vert-cutter | 508095 |
| Hover Mower | GJAFE4164957 |
| Hover Mower | GJAFE4164985 |
| Air Compressor | 101048 |
| Welder | 9227-704 |
| Lawn Mower | 5B5XG / 158VG |
| Slit Seeder | 82120 / 2366 |
| Edger | CAN006662862 |
| Sod Cutter | 5448448210 |
| Hedge Trimmer | 286900327 |
| Chain Saw | 290880369 |
| Weedeater | T42512005560 |
| Weedeater | T42512017164 |
| Weedeater | T42512005572 |
| Weedeater | T42512005541 |
| 400 Gallon Sprayer | No s/n |
| Cold Water Pressure Washer # EP-30115A | 11060270-100367 |
| Hot Water Pressure Washer # 11090330 | 11090330-169806 |
| Yamaha 48 Volt & Charger | 1073129 |
| Yamaha 48 Volt & Charger | 1194384 |
| Yamaha 48 Volt & Charger | 1386894 |
| Yamaha 48 Volt & Charger | 1489156 |
| Yamaha 48 Volt & Charger | 1073136 |
| Yamaha 48 Volt & Charger | 1194388 |

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|--------------------------|---------------|
| Yamaha 48 Volt & Charger | 1489155 |
| Yamaha 48 Volt & Charger | 1012863 |
| Yamaha 48 Volt & Charger | 1386893 |
| Yamaha 48 Volt & Charger | 1104375 |
| Yamaha 48 Volt & Charger | 1194387 |
| Yamaha 48 Volt & Charger | 1073137 |
| Yamaha 48 Volt & Charger | 1194371 |
| Yamaha 48 Volt & Charger | 1386890 |
| Yamaha 48 Volt & Charger | 1489157 |
| Yamaha 48 Volt & Charger | 1073128 |
| Yamaha 48 Volt & Charger | 1489160 |
| Yamaha 48 Volt & Charger | 1073132 |
| Yamaha 48 Volt & Charger | 1194378 |
| Yamaha 48 Volt & Charger | 1194372 |
| Yamaha 48 Volt & Charger | 1194374 |
| Yamaha 48 Volt & Charger | 1194383 |
| Yamaha 48 Volt & Charger | 1194370 |
| Yamaha 48 Volt & Charger | 1489163 |
| Yamaha 48 Volt & Charger | 1194386 |
| Yamaha 48 Volt & Charger | 1194367 |
| Yamaha 48 Volt & Charger | 1489154 |
| Yamaha 48 Volt & Charger | 1386892 |
| Yamaha 48 Volt & Charger | 1073134 |
| Yamaha 48 Volt & Charger | 1194381 |
| Yamaha 48 Volt & Charger | 1194373 |
| Yamaha 48 Volt & Charger | 1238576 |
| Yamaha 48 Volt & Charger | 1194380 |
| Yamaha 48 Volt & Charger | 1238573 |
| Yamaha 48 Volt & Charger | 1194369 |
| Yamaha 48 Volt & Charger | 1386891 |
| EZ Go Carts & Charges | 122-9290 |
| EZ Go Carts & Charges | 122-9293 |
| EZ Go Carts & Charges | 122-9288 |
| EZ Go Carts & Charges | 122-9296 |
| EZ Go Carts & Charges | 122-9287 |
| EZ Go Carts & Charges | 122-9289 |
| EZ Go Carts & Charges | 122-9295 |
| Club Cars | PH0910-007334 |
| Club Cars | PH0910-007331 |
| Club Cars | PH0910-007373 |
| Club Cars | PH0910-007480 |
| Club Cars | PH0910-007330 |

EXHIBIT K

PROPRIETARY RIGHTS

- **ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY AQUIFER PROTECTION PERMITS FOR THE PECAN, SAN TAN, ANTHEM, AND SECTION 11 WASTEWATER TREATMENT PLANTS**
- **ARIZONA DEPARTMENT OF WATER RESOURCES DESIGNATION OF ASSURED WATER SUPPLY FOR THE PHOENIX AND PINAL ACTIVE MANAGEMENT AREAS**
- **CENTRAL ARIZONA GROUNDWATER REPLENISHMENT AGREEMENT**
- **CENTRAL ARIZONA GOVERNMENTS 208 PLAN**
- **PINAL COUNTY FRANCHISE AGREEMENTS**
- **TOWN OF FLORENCE OPERATING AGREEMENTS**

EXHIBIT L

LISTING OF CONTRACTS

- **PINAL COUNTY FRANCHISE AGREEMENT**
- **TOWN OF FLORENCE OPERATING AGREEMENT**
- **CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT REPLENISHMENT AGREEMENT**
- **ARIZONA STATE LAND DEPARTMENT SPECIAL LAND USE PERMIT**
- **CENTRAL ARIZONA SOLID WASTE BILLING AGREEMENT**
- **STATE LAND DEPARTMENT RIGHT OF WAY AGREEMENTS**
- **CENTRAL ARIZONA WATER CONSERVATION DISTRICT LAND USE LICENSES**

JOHNSON UTILITIES POLICIES 2013-2014

| Policy coverage | Policy Number | Term Dates | Insurance Company |
|---------------------------|---------------|----------------------|--------------------------|
| Package: GL/Property/Auto | PHPK1016444 | 05/06/13 to 06/01/14 | Philadelphia Insurance |
| Umbrella | PHPK643317 | 05/06/13 to 06/01/14 | Philadelphia Insurance |
| Pollution | PHPK643317 | 11/09/10 to 06/01/14 | Philadelphia Insurance |
| Solar | 59MSKM4948 | 04/30/14 to 04/30/14 | Hartford Insurance |
| Work Comp | N50890 | 01/16/14 to 01/16/15 | SCF Indemnity |
| Group Medical | 30106 | 06/01/13 to 06/01/14 | Blue cross / Blue Shield |
| Group Dental | 01H5760GDEN | 06/01/13 to 06/01/14 | United Health Care |
| Group Life | C3981404 | 05/01/13 to 05/01/14 | Colonial Life & Acc |
| Group Vision | 9787748 | 05/01/13 to 05/01/14 | Fidelity Security Life |

THE CLUB AT OASIS LLC POLICIES 2013-2014

| Policy coverage | Policy Number | Term Dates | Insurance Company |
|----------------------|---------------|----------------------|-------------------|
| Package: GL/Property | CLP958867410 | 12/16/13 to 12/16/14 | Central Mutual |
| Umbrella | CXS958867510 | 12/16/13 to 12/16/14 | Central Mutual |

Master Utility/Offsite Facilities Hookup Fee Agreements

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| Date | Subdivision |
|------------|--|
| 4/12/2005 | Anthem at Merrill Ranch |
| 11/1/2007 | Arizona Farms |
| 2/28/2007 | Bella Villagio |
| 11/1/2007 | Bella Vista Section 23 |
| 10/30/2009 | Borgata at Hunt Highway |
| 10/26/2009 | Borgata Professional Plaza |
| 12/19/2006 | Caballero |
| 6/7/2002 | Circle Cross Ranch I |
| 10/14/2004 | Circle Cross Ranch II |
| 6/27/2005 | Circle Cross Ranch IIB |
| 3/10/2002 | Copper Basin |
| 3/22/2005 | Crestfield Manor @ Arizona Farms Village |
| 2/8/2005 | Felix Farms |
| 5/20/2005 | Heritage Estates |
| 9/17/1999 | Johnson Ranch |
| 10/21/2004 | Laredo Ranch |
| 8/15/2005 | Magic Ranch, Parcel G and Portions of K & F and Unit 2 |
| 11/1/2004 | Magic Ranch, Parcels B & C |
| 11/18/2005 | Magma Ranch I |
| 8/11/2005 | Magma Ranch II |
| 4/13/2004 | Sonoran Villages |
| 2/2/2009 | Merrill Ranch |
| 3/10/2006 | Mesquite Trails |
| 5/22/2003 | Morning Sun Farms |
| 11/1/2007 | Paloroso Aspen Farms |
| 6/12/2013 | Quail Ranch |
| 4/21/2005 | Quail Run |
| 4/8/2003 | Rancho Bella Vista |
| 4/12/2006 | Salita del Sol @ San Tan |
| 5/10/2001 | San Tan Heights |
| 5/31/2007 | San Tan Shadows |
| 8/20/2013 | Sherwood Park |
| 9/7/2006 | SILVERADO RANCH |
| 2/9/2004 | Skyline Ranch |
| 1/25/2007 | Skyview Farms |
| 2/1/2003 | Superstition Views |
| 9/31/2005 | The Palms at Magic Ranch |
| 2/21/2012 | The Village at Magic Ranch |
| 5/25/2005 | Trailside Village aka Ocotillo Trails |
| 2/1/2001 | Wildhorse Estates |
| 4/30/2006 | Belcara at Pima Road |
| 9/11/2006 | Borgata Village Phase 1 |
| 1/20/2006 | Ironwood Crossing |
| 12/28/2006 | Johnson Farms |
| 1/26/2005 | Milagro |
| 10/17/2002 | Pecan Estates |
| 1/26/2005 | Taylor Ranch |
| 11/3/2004 | Vineyard Estates |
| 11/11/2004 | Wayne Ranch |
| 3/3/2014 | Johnson Ranch Estates |
| 3/7/2014 | Ironwood 80 |

Water Line Extension Agreements

| Date | Subdivision |
|----------|--|
| 08/12/13 | American Leadership Academy Charter School - Florence |
| 02/23/07 | Anthem Market Place at Merrill Ranch |
| 07/31/06 | Unit 2 Anthem at Merrill Ranch |
| 10/27/06 | Unit 3 Anthem at Merrill Ranch |
| 07/31/06 | Unit 4 Anthem at Merrill Ranch |
| 10/27/06 | Unit 5 Anthem at Merrill Ranch |
| 07/31/06 | Unit 6 Anthem at Merrill Ranch |
| 10/27/06 | Unit 7 Anthem at Merrill Ranch |
| 07/31/06 | Unit 8 Anthem at Merrill Ranch |
| 10/27/06 | Unit 9 Anthem at Merrill Ranch |
| 07/31/06 | Unit 10 Anthem at Merrill Ranch |
| 07/31/06 | Unit 11 Anthem at Merrill Ranch |
| 07/31/06 | Unit 12 Anthem at Merrill Ranch |
| 07/31/06 | Unit 13 Anthem at Merrill Ranch |
| 12/08/06 | Unit 14 Anthem at Merrill Ranch |
| 07/31/06 | Unit 15 Anthem at Merrill Ranch |
| 07/28/08 | Unit 17 Anthem at Merrill Ranch |
| 12/28/09 | Unit 18 Anthem at Merrill Ranch |
| 07/31/06 | Unit 19 Anthem at Merrill Ranch |
| 01/09/09 | Unit 20 Anthem at Merrill Ranch |
| 07/31/06 | Unit 21 Anthem at Merrill Ranch |
| 07/31/06 | Unit 23 Anthem at Merrill Ranch |
| 07/31/06 | Unit 25 Anthem at Merrill Ranch |
| 09/12/06 | Unit 27 Anthem at Merrill Ranch |
| 09/01/06 | Unit 29 Anthem at Merrill Ranch |
| 01/09/09 | Unit 35A Anthem at Merrill Ranch |
| 01/09/09 | Unit 37 Anthem at Merrill Ranch |
| 09/12/06 | Unit 39 Anthem at Merrill Ranch |
| 01/09/09 | Unit 40 Anthem at Merrill Ranch |
| 04/29/08 | Unit 50 Anthem at Merrill Ranch |
| 05/29/06 | Unit 54 Anthem at Merrill Ranch |
| 02/28/07 | Bella Villagio |
| 10/30/09 | Borgata at Hunt Highway (Retail) |
| 08/24/07 | Borgata at San Tan; Unit 1 |
| 10/26/09 | Borgata Professional Plaza |
| 10/22/12 | Central AZ College (San Tan Campus) and Bella Vista Farms Offsite Agreement |
| 08/28/12 | Central AZ College (San Tan Campus), Phase 1 |
| 06/07/02 | Circle Cross Ranch; Phase 1; Parcels 1 & 4; portions of 2 & 5 (Laramie) |
| 06/07/02 | Circle Cross Ranch; Phase 1; Parcels 3 & 6; portions of 2 & 5 (2 & 5 = Laramie; 3 = Silverado) |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 6-B |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 7 |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 8 |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 9 |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 10 |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 11 |

| | |
|----------|--|
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 14 |
| 10/18/04 | Circle Cross Ranch; Phase 2; Parcel 15 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 12 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 13 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 16 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 17 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 18 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 19 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 20 |
| 06/28/05 | Circle Cross Ranch; Phase 2B; Parcel 21 |
| 04/28/06 | Copper Basin; Phase 1, Parcels A, B, C, D |
| 10/01/02 | Copper Basin; Phase 2 |
| 01/13/04 | Copper Basin (Villages at); Phase 3A (split 4/28/06 from Unit 3) |
| 01/13/04 | Copper Basin (Villages at); Phase 3B (split 4/28/06 from Unit 3) |
| 12/22/04 | Copper Basin (Villages at); Phase 4 |
| 02/01/06 | Copper Basin (Villages at); Phase 5A |
| 04/10/08 | Copper Basin, Village - Unit 5B |
| 03/21/05 | Crestfield Manor @ AZ Farms Village |
| 09/06/05 | Felix Farms |
| 03/04/08 | Florence High School |
| 12/08/05 | Heritage Estates |
| 10/01/00 | Mutschler, J. Jay (Mutschler 5 acres) |
| 01/31/99 | Rose Ross - See Contract # 2017 |
| 07/01/99 | Ellis, David & Nancy J. |
| 04/10/03 | Rimrock Financial, Inc. |
| 10/31/02 | Montana Resources LLC |
| 03/17/04 | Kimpel, Robert & Lynn |
| 05/04/04 | Legler, Justin |
| 05/18/04 | Chamberlin, Randy (KEM Homes, Inc) |
| 06/03/04 | Maurer, Mark |
| 07/27/04 | Brennan, Lupita |
| 06/18/04 | Turcotte, David |
| 06/23/04 | Diamante Homes, Inc. |
| 08/02/04 | Call Builders |
| 09/29/04 | CBC incorporated |
| 09/30/04 | Kent, Joel and Pat |
| 12/13/04 | Schamae Custom Homes (W. Todd Schafer) |
| 08/18/05 | WJB Construction |
| 03/10/05 | Grant, Kelly & Mary |
| 03/14/05 | Turcotte, David (These 3 in one file) |
| 04/04/05 | Bell, Mark and Jody |
| 04/19/05 | Taylor, Scott (Astoria Homes Inc) |
| 05/03/05 | Quintana Hill Estates |
| 09/08/05 | Neilson, Pat |
| 09/09/05 | Cannon, Tom |
| 09/19/05 | Turcotte, David |
| 09/26/05 | Davis, Greg |

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| 09/20/05 | Fortuna, Dawn & David |
| 01/31/06 | Hundley, Sterling |
| 12/15/05 | Rounds, Rob |
| 07/20/06 | Kempton, Mitch |
| 06/14/06 | Gary 1, LLC |
| 06/29/06 | Whiting, Ken |
| 08/24/06 | Call Builders L.L.C. - Lots 46 & 47 |
| 10/20/06 | Flores, Javier |
| 11/17/06 | Mendoza, Luis & Rosie |
| 12/20/06 | Cotone, Cris |
| 12/20/06 | Plote, Larry |
| 03/14/07 | CDLM Properties, L.L.C. |
| 08/15/07 | MacPhall, Scott |
| 07/26/07 | Cascade Scottsdale at Gilbert |
| 06/25/07 | Lee, Tart Sing |
| 07/17/07 | Eduprize School |
| 10/23/07 | Jones, Spencer & Lindsay |
| 10/23/07 | Sundanica Development, LLC - (20 acres) |
| 05/08/08 | Pierce, Brandon |
| 11/27/07 | San Tan Homes, LLC |
| 12/19/07 | Kelley Construction |
| 12/04/07 | King, David |
| 01/16/08 | Kastle Homes |
| 06/05/08 | Calvario, Victor |
| 10/09/09 | Mullen, Steve |
| 06/18/10 | Farnworth, Martin |
| 01/10/12 | Augusta Investments, LLC |
| 03/06/14 | ELM (Jaref Morrow) |
| 02/24/14 | ELM (Jaref Morrow) |
| 12/31/98 | Johnson Ranch Golf Course |
| 04/15/04 | Johnson Ranch Indigo Sky Blvd. - Construct Utility Plant |
| 03/15/00 | Johnson Ranch Unit 1 (24/83= 107) \$750.00 |
| 12/22/98 | Johnson Ranch Unit 2 |
| 12/22/98 | Johnson Ranch Unit 3A |
| 12/22/98 | Johnson Ranch Unit 3B (Fairways) |
| 12/22/98 | Johnson Ranch Unit 4A |
| 03/28/00 | Johnson Ranch Unit 4B (The Greens) |
| 09/06/01 | Johnson Ranch Unit 4D & 04F (2) |
| 03/01/00 | Johnson Ranch Unit 5 (Lakeview Gardens) |
| 12/01/99 | Johnson Ranch Unit 6 (Equestrian Manor) |
| 03/15/00 | Johnson Ranch Unit 7 |
| 03/15/00 | Johnson Ranch Unit 8 |
| 03/15/00 | Johnson Ranch Unit 12 (A & B) |
| 03/15/00 | Johnson Ranch Unit 13 |
| 11/13/03 | Johnson Ranch Unit 14/52 Phase 1 (Richmond American) |
| 11/13/03 | Johnson Ranch Unit 14/52 Phase 2 (Richmond American) |
| 09/06/01 | Johnson Ranch Unit 15 |

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| 02/27/03 | Johnson Ranch Unit 16 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 16 Phase 2 |
| 02/27/03 | Johnson Ranch Unit 16 Phase 3 |
| 02/27/03 | Johnson Ranch Unit 17 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 17 Phase 2 & 3 |
| 02/27/03 | Johnson Ranch Unit 18 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 18 Phases 2 & 3 |
| 04/28/04 | Johnson Ranch Unit 19, 43, 44 & 45 (Solera, Phs III) |
| 08/14/02 | Johnson Ranch Unit 20 / 21 |
| 08/12/03 | Johnson Ranch Unit 22A |
| 09/10/03 | Johnson Ranch Unit 22B |
| 09/10/03 | Johnson Ranch Unit 23A |
| 04/15/04 | Johnson Ranch Unit 23B |
| 04/28/04 | Johnson Ranch Unit 24 |
| 04/28/04 | Johnson Ranch Unit 25 |
| 06/20/06 | Johnson Ranch Unit 26B |
| 04/15/04 | Johnson Ranch Unit 27, Phase 1 |
| 04/15/04 | Johnson Ranch Unit 27, Phase 2 |
| 04/15/04 | Johnson Ranch Unit 28 |
| 08/13/04 | Johnson Ranch Unit 29 Phase 2 |
| 08/12/03 | Johnson Ranch Unit 29, Phase 1 |
| 06/20/06 | Johnson Ranch Unit 30B |
| 06/20/06 | Johnson Ranch Unit 32 |
| 07/12/02 | Johnson Ranch Unit 34 |
| 08/20/03 | Johnson Ranch Unit 35 & 36 |
| 09/06/01 | Rural Metro / Tosco / Unit 36 (Circle "K") |
| 03/31/06 | Johnson Ranch Unit 37 & 38 |
| 04/15/04 | Johnson Ranch Unit 39, 40B, 50; Phase 1 |
| 10/02/03 | Johnson Ranch Unit 40A, 48 & 49 (Solera, Phs I) |
| 10/02/03 | Johnson Ranch Unit 41 & 47 (Solera, Phs I) |
| 04/15/04 | Johnson Ranch Unit 42; Phase 2 (Solera) |
| 04/15/04 | Johnson Ranch Unit 46; Phase I |
| 04/28/04 | Johnson Ranch Unit 51 |
| 09/17/04 | Magic Ranch Estates; Phase 1 |
| 01/22/99 | Magic Ranch (Oasis Golf Course) |
| 10/30/06 | Magic Ranch (Oasis) - Parcels B and C |
| 04/28/06 | Magic Ranch (Oasis) - Parcel CC |
| 06/01/02 | Magic Ranch (Oasis) - Phase 3 |
| 10/15/01 | Magic Ranch (Oasis) - Phase 1, Unit 1 (Lots 1-137 = 137 lots) |
| 02/20/03 | Magic Ranch (Oasis) - Phase 1, Unit 2 (Lots 138-258 = 121 lots) |
| 04/01/04 | Magic Ranch (Oasis) - Phase 2, Units 3 & 4 |
| 12/08/05 | Magic Ranch (Oasis) - Phases 5 & 6 |
| 06/01/02 | Magic Ranch (Oasis Sunrise) - Phase 1 (Mirage) |
| 07/28/03 | Magic Ranch (Oasis Sunrise) - Phase 2 (Mirage) |
| 11/15/05 | Magic Ranch Parcel G portions of K and F (Ironhorse at MR) |
| 11/15/05 | Magic Ranch Parcel G portions of K and F (Ironhorse at MR) |
| 03/27/06 | Magic Ranch - Unit 2 |

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| 01/09/06 | Magic Ranch (The Palms) - Unit 1 |
| 01/09/06 | Magic Ranch (The Palms) - Unit 2 |
| 10/22/12 | Magic Ranch (The Village) |
| 11/18/04 | Magma Ranch; Phases 1-10 |
| 08/23/05 | Magma Ranch II; Unit 1 |
| 08/23/05 | Magma Ranch II; Unit 2 - Parcel 4 |
| 08/23/05 | Magma Ranch II; Unit 2, Parcel 5 |
| 08/23/05 | Magma Ranch II; Unit 03 |
| 08/23/05 | Magma Ranch II; Unit 04 |
| 04/13/05 | Magma Ranch III AKA Sonoran Villages |
| 05/22/03 | Morning Sun Farms & South (Model Lots) |
| 07/19/04 | Morning Sun Farms; Phase 1 |
| 07/19/04 | Morning Sun Farms; Phase 2 |
| 08/05/05 | Morning Sun Farms; Phase 3 |
| 04/13/06 | Morning Sun Farms; Phase 4 |
| 04/21/05 | Quail Run |
| 04/08/03 | Rancho Bella Vista; Parcel A |
| 07/26/06 | Rancho Bella Vista - Units 2a 2b 2c 3a 3b |
| 10/07/04 | Rancho Bella Vista South; Phase 1 |
| 10/01/04 | Rancho Bella Vista South; Phase 1 (Ryland) |
| 05/01/05 | Rancho Bella Vista South; Phase 2 (Ryland) |
| 10/31/05 | Rancho Bella Vista South; Phase 3A |
| 02/28/06 | Rancho Bella Vista South; Phase 3B |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-1 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-2 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-3 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-4 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-5 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-6 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-7 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-8 |
| 09/24/04 | San Tan Heights; Phase 3; Parcel A-9 & Infrastructure |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-6 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-7 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-8 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-9 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-10 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-11 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-12 |
| 10/21/05 | San Tan Heights; Phase 4; Parcel C-13 |
| 07/21/03 | San Tan Heights; Phs 2; Parcel A |
| 07/22/03 | San Tan Heights; Phs 2; Parcel B |
| 07/23/03 | San Tan Heights; Phs 2; Parcel C |
| 07/21/03 | San Tan Heights; Phs 2; Parcel D |
| 07/24/03 | San Tan Heights; Phs 2; Parcel E |
| 07/25/03 | San Tan Heights; Phs 2; Parcel F |
| 07/21/03 | San Tan Heights; Phs 2; Parcel I |

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| 07/26/03 | San Tan Heights; Phs 2; Parcel J |
| 07/27/03 | San Tan Heights; Phs 2; Parcel K |
| 10/21/03 | San Tan Heights; Phs 2; Parcel L |
| 08/01/02 | San Tan Villages Parcel 01 |
| 08/01/02 | San Tan Villages Parcel 02 |
| 08/01/02 | San Tan Villages Parcel 03 |
| 08/01/02 | San Tan Villages Parcel 04 |
| 04/09/02 | San Tan Villages Parcel 05 |
| 04/09/02 | San Tan Villages Parcel 06 |
| 04/09/02 | San Tan Villages Parcel 07 |
| 02/07/02 | San Tan Villages Parcel 08 |
| 02/07/02 | San Tan Villages Parcel 09 |
| 09/07/06 | Silverado Ranch; Unit 1A |
| 09/07/06 | Silverado Ranch; Unit 1B |
| 09/07/06 | Silverado Ranch; Unit 1C |
| 09/07/06 | Silverado Ranch; Unit 1D |
| 09/07/06 | Silverado Ranch; Unit 1E |
| 09/07/06 | Silverado Ranch; Unit 1F |
| 09/07/06 | Silverado Ranch; Unit 1G |
| 09/07/06 | Silverado Ranch; Unit 1H |
| 10/01/07 | Skyline Ranch Market Place |
| 08/18/04 | Skyline Ranch; Phase 1, Parcel A |
| 08/18/04 | Skyline Ranch; Phase 1, Parcel B |
| 08/18/04 | Skyline Ranch; Phase 1, Parcel C |
| 08/18/04 | Skyline Ranch; Phase 1, Parcel D |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel A |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel B |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel C |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel D |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel E |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel F |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel G |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel H |
| 08/11/04 | Skyline Ranch; Phase 2, Parcel I |
| 07/22/13 | St. Michael the Archangel Parish Hall |
| 02/01/03 | Superstition Views Phase I |
| 08/12/03 | Superstition Views Phase II |
| 08/29/08 | Superstition Views Phase III |
| 06/05/06 | Whitewing at San Tan Magma |
| 12/29/98 | Wild Horse Estates Phase 1 |
| 04/17/06 | Wild Horse Estates Phase 2 |

Sewer Line Extension Agreement

| Date | Subdivision |
|------------|--|
| 02/23/07 | Anthem Market Place at Merrill Ranch |
| 07/31/06 | Unit 2 Anthem at Merrill Ranch |
| 10/27/06 | Unit 3 Anthem at Merrill Ranch |
| 07/31/06 | Unit 4 Anthem at Merrill Ranch |
| 10/27/06 | Unit 5 Anthem at Merrill Ranch |
| 07/31/06 | Unit 6 Anthem at Merrill Ranch |
| 10/27/06 | Unit 7 Anthem at Merrill Ranch |
| 07/31/06 | Unit 8 Anthem at Merrill Ranch |
| 10/27/06 | Unit 9 Anthem at Merrill Ranch |
| 07/31/06 | Unit 10 Anthem at Merrill Ranch |
| 07/31/06 | Unit 11 Anthem at Merrill Ranch |
| 07/31/06 | Unit 12 Anthem at Merrill Ranch |
| 07/31/06 | Unit 13 Anthem at Merrill Ranch |
| 12/08/06 | Unit 14 Anthem at Merrill Ranch |
| 07/31/06 | Unit 15 Anthem at Merrill Ranch |
| 07/28/08 | Unit 17 Anthem at Merrill Ranch |
| 12/28/09 | Unit 18 Anthem at Merrill Ranch |
| 07/31/06 | Unit 19 Anthem at Merrill Ranch |
| 01/09/09 | Unit 20 Anthem at Merrill Ranch |
| 07/31/06 | Unit 21 Anthem at Merrill Ranch |
| in process | Unit 22A Anthem at Merrill Ranch |
| in process | Unit 22B Anthem at Merrill Ranch |
| 07/31/06 | Unit 23 Anthem at Merrill Ranch |
| 07/31/06 | Unit 25 Anthem at Merrill Ranch |
| 09/12/06 | Unit 27 Anthem at Merrill Ranch |
| 10/01/06 | Unit 29 Anthem at Merrill Ranch |
| 01/09/09 | Unit 35A Anthem at Merrill Ranch |
| 01/09/09 | Unit 37 Anthem at Merrill Ranch |
| 09/12/06 | Unit 39 Anthem at Merrill Ranch |
| 01/09/09 | Unit 40 Anthem at Merrill Ranch |
| 04/29/08 | Unit 50 Anthem at Merrill Ranch |
| 06/28/08 | Unit 54 Anthem at Merrill Ranch |
| 05/14/07 | Banner Ironwood Medical Center, Phase I |
| 04/30/06 | Belcara at Pima Road |
| 02/28/07 | Bella Villagio |
| 08/24/07 | Borgata at San Tan Unit 1 |
| 10/02/07 | Bulk Wastewater Treatment Agreement - ONLY |
| 07/03/07 | Castlegate Ward Meeting House |
| 10/22/12 | Central AZ College & Bella Vista Farms Comm. Property Offsites |
| 08/28/12 | Central AZ College (San Tan Campus) |
| 06/07/02 | Circle Cross Parcels 01,02,04,05 - Phase I |
| 06/07/02 | Circle Cross Parcels 2,3,5,6 - Phase I |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 06B |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 07 |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 08 |

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| 10/18/04 | Circle Cross Ranch - Phase II Parcel 09 |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 10 |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 11 |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 14 |
| 10/18/04 | Circle Cross Ranch - Phase II Parcel 15 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 12 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 13 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 16 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 17 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 18 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 19 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 20 |
| 06/28/05 | Circle Cross Ranch - Phase IIB Parcel 21 |
| 01/23/08 | Coolidge High School No. 2 - LS & FM |
| 04/28/06 | Copper Basin Unit 1, Parcels A, B, C, D |
| 10/01/02 | Copper Basin Unit 2 |
| 01/13/04 | Copper Basin Unit 3A, Village (split 4/28/06 from 3) |
| 01/13/04 | Copper Basin Unit 3B, Village (split 4/28/06 from 3) |
| 12/22/04 | Copper Basin, Village - Unit 4 |
| 02/01/06 | Copper Basin, Village - Unit 5A |
| 04/10/08 | Copper Basin, Village - Unit 5B |
| 03/21/05 | Crestfield Manor@AZ Farms Village |
| 09/06/05 | Felix Farms |
| 03/04/08 | Florence High School |
| 11/14/12 | Happy Valley East Campus LS/FM |
| 12/08/05 | Heritage Estates |
| 12/15/06 | Ironwood Crossing Unit 1 |
| 12/15/06 | Ironwood Crossing Unit 2 (Parcels 1, 2, & 3) |
| 11/17/10 | Ironwood Crossing Unit 3A (Parcel 15) |
| 07/26/12 | Ironwood Crossing Unit 3B (Parcels 11 & 12) |
| 07/28/12 | Ironwood Crossing Unit 3C (Parcels 13 & 14) |
| 10/02/07 | J.C. Combs Educational Village |
| 04/15/04 | Johnson Ranch Indigo Sky Blvd. - Construct Utility Plant |
| 03/15/00 | Johnson Ranch Unit 1 (24/ 83 = 107) |
| 12/22/98 | Johnson Ranch Unit 2 |
| 12/22/98 | Johnson Ranch Unit 3A |
| 12/22/98 | Johnson Ranch Unit 3B (Fairways) |
| 12/22/98 | Johnson Ranch Unit 4A |
| 03/29/00 | Johnson Ranch Unit 4B (The Greens) |
| 09/06/01 | Johnson Ranch Units 4D & 4F (2) |
| 03/28/00 | Johnson Ranch Unit 5 (Lakeview Gardens) |
| 12/0/99 | Johnson Ranch Unit 6 (Equestrian Manor) |
| 03/15/00 | Johnson Ranch Unit 7 |
| 03/15/00 | Johnson Ranch Unit 8 |
| 03/15/00 | Johnson Ranch Unit 12 (A & B) |
| 03/15/00 | Johnson Ranch Unit 13 |
| 11/13/03 | Johnson Ranch Unit 14/52 Phase 1 |

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| 11/13/03 | Johnson Ranch Unit 14/52 Phase 2 |
| 09/06/01 | Johnson Ranch Unit 15 |
| 02/27/03 | Johnson Ranch Unit 16 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 16 Phase 2 |
| 02/27/03 | Johnson Ranch Unit 16 Phase 3 |
| 02/27/03 | Johnson Ranch Unit 17 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 17 Phase 2 and 3 |
| 02/27/03 | Johnson Ranch Unit 18 Phase 1 |
| 02/27/03 | Johnson Ranch Unit 18 Phases 2 & 3 |
| 04/28/04 | Johnson Ranch Unit 19, 43, 44 & 45 |
| 08/14/02 | Johnson Ranch Units 20 / 21 |
| 08/12/03 | Johnson Ranch Unit 22A |
| 09/10/03 | Johnson Ranch Unit 22B |
| 09/10/03 | Johnson Ranch Unit 23A |
| 04/15/04 | Johnson Ranch Unit 23B |
| 04/28/04 | Johnson Ranch Unit 24 |
| 04/28/04 | Johnson Ranch Unit 25 |
| 06/20/06 | Johnson Ranch Unit 26B |
| 04/15/04 | Johnson Ranch Unit 27, Phase 1 |
| 04/15/04 | Johnson Ranch Unit 27, Phase 2 |
| 04/15/04 | Johnson Ranch Unit 28 |
| 08/12/03 | Johnson Ranch Unit 29, Phase 1 |
| 08/13/04 | Johnson Ranch Unit 29, Phase 2 |
| 06/20/06 | Johnson Ranch Unit 30B |
| 06/20/06 | Johnson Ranch Unit 32 |
| 07/12/02 | Johnson Ranch Unit 34 |
| 08/20/03 | Johnson Ranch Units 35 & 36 |
| 09/06/01 | Johnson Ranch Rural Metro/Tosco Unit 36 |
| 03/31/06 | Johnson Ranch Unit 37 & 38 |
| 04/15/04 | Johnson Ranch Unit 39, 40B, 50 |
| 10/02/03 | Johnson Ranch Unit 40A, 48 & 49 |
| 10/02/03 | Johnson Ranch Units 41 & 47 |
| 04/15/04 | Johnson Ranch Unit 42, (Solera, Phs II) |
| 04/15/04 | Johnson Ranch Unit 46, Phase 1 |
| 04/28/04 | Johnson Ranch Unit 51 |
| 10/21/04 | Laredo Ranch Phase I |
| 10/21/04 | Laredo Ranch Phase II |
| 10/21/04 | Laredo Ranch Lift Station |
| 01/22/99 | Magic Ranch (Oasis Golf Course) |
| 04/28/06 | Magic Ranch (Oasis) Parcel CC |
| 06/01/02 | Magic Ranch (Oasis Sunrise) - Phase I (Mirage) |
| 07/28/03 | Magic Ranch (Oasis Sunrise) - Phase II (Mirage) |
| 02/18/03 | Magic Ranch (Oasis) - Phase 1, Unit 1 (Lots 1-137) |
| 02/18/03 | Magic Ranch (Oasis) - Phase 1, Unit 2 (Lots 138-258) |
| 04/01/04 | Magic Ranch (Oasis) - Phase 2, Units 3 and 4 |
| 12/08/05 | Magic Ranch (Oasis) - Phases 5 and 6 |
| 11/01/06 | Magic Ranch Parcels B and C |

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| 09/17/04 | Magic Ranch Estates - Unit 1 |
| 11/15/05 | Magic Ranch Parcel G portions of K and F (Ironhorse) |
| 11/15/05 | Magic Ranch Parcel G portions of K and F (Ironhorse) |
| 03/28/06 | Magic Ranch - Unit 2 |
| 01/09/06 | Magic Ranch (The Palms) - Unit 1 |
| 01/09/06 | Magic Ranch (The Palms) - Unit 2 |
| 10/22/12 | Magic Ranch (The Village) |
| 11/18/04 | Magma Ranch I |
| 08/23/05 | Magma Ranch II Unit 1 |
| 08/23/05 | Magma Ranch II Unit 2, Phase 4 |
| 08/23/05 | Magma Ranch II Unit 2, Phase 5 |
| 08/23/05 | Magma Ranch II Unit 3 |
| 08/23/05 | Magma Ranch II Unit 4 |
| 01/26/05 | Milagro - Sewer Only |
| 05/22/03 | Morning Sun Farms & South (Model Lots) |
| 07/19/04 | Morning Sun Farms Phase 1 |
| 07/19/04 | Morning Sun Farms Phase 2 |
| 08/05/05 | Morning Sun Farms Phase 3 |
| 04/13/06 | Morning Sun Farms Unit 4 |
| 03/31/08 | Ocotillo Crossing |
| 05/25/05 | Ocotillo Trails (Trailside Village) |
| 01/02/07 | Parks, The (Parcels A & B) |
| | Parks, The: Offsite Gravity Line (Parcels A & B) |
| 05/15/12 | Pecan Creek 1st Meeting House |
| 06/30/06 | Pecan Creek South Unit 1 |
| 06/30/06 | Pecan Creek South Unit 2 |
| 06/30/06 | Pecan Creek South Unit 3 |
| 06/30/06 | Pecan Creek South Unit 4 |
| 06/30/06 | Pecan Creek South Unit 5 |
| 06/30/06 | Pecan Creek South Unit 6 |
| 11/15/02 | Pecan Estates - Parcel 1 |
| 11/15/02 | Pecan Estates - Parcel 2 |
| 11/15/02 | Pecan Estates - Parcel 3 |
| 11/15/02 | Pecan Estates - Parcel 4 - SHEA |
| 11/15/02 | Pecan Estates - Parcel 5 - SHEA |
| 11/15/02 | Pecan Estates - Parcel 6 - FULTON |
| 11/15/02 | Pecan Estates - Parcel 7 - SHEA |
| 11/15/02 | Pecan Estates - Parcel 8 - TAYLOR |
| 09/19/07 | Pinal Professional Village |
| 04/21/05 | Quail Run |
| 07/26/06 | Rancho Bella Vista - Units 2a 2b 2c 3a 3b |
| 04/08/03 | Rancho Bella Vista Phase 01 |
| 02/28/06 | Rancho Bella Vista South Phase 3B (Lots 632-756) |
| 04/08/03 | Rancho Bella Vista South Phase 01 |
| 10/01/04 | Rancho Bella Vista South Phase 01 |
| 05/01/05 | Rancho Bella Vista South Phase 02 |
| 10/31/05 | Rancho Bella Vista South Phase 03A |

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| 09/24/04 | San Tan Heights Parcel A 01 |
| 09/24/04 | San Tan Heights Parcel A 02 |
| 09/24/04 | San Tan Heights Parcel A 03 |
| 09/24/04 | San Tan Heights Parcel A 04 |
| 09/24/04 | San Tan Heights Parcel A 05 |
| 09/24/04 | San Tan Heights Parcel A 06 |
| 09/24/04 | San Tan Heights Parcel A 07 |
| 09/24/04 | San Tan Heights Parcel A 08 |
| 09/24/04 | San Tan Heights Parcel A 09 |
| 07/21/03 | San Tan Heights Parcel A |
| 07/22/03 | San Tan Heights Parcel B |
| 07/23/03 | San Tan Heights Parcel C |
| 07/21/03 | San Tan Heights Parcel D |
| 07/24/03 | San Tan Heights Parcel E |
| 07/25/03 | San Tan Heights Parcel F |
| 07/21/03 | San Tan Heights Parcel I |
| 07/26/03 | San Tan Heights Parcel J |
| 07/27/03 | San Tan Heights Parcel K |
| 10/21/03 | San Tan Heights Parcel L |
| 10/21/05 | San Tan Heights Parcel C 06 |
| 10/21/05 | San Tan Heights Parcel C 07 |
| 10/21/05 | San Tan Heights Parcel C 08 |
| 10/21/05 | San Tan Heights Parcel C 09 |
| 10/21/05 | San Tan Heights Parcel C 10 |
| 10/21/05 | San Tan Heights Parcel C 11 |
| 10/21/05 | San Tan Heights Parcel C 12 |
| 10/21/05 | San Tan Heights Parcel C 13 |
| 08/01/02 | San Tan Villages Parcel 01 |
| 08/01/02 | San Tan Villages Parcel 02 |
| 08/01/02 | San Tan Villages Parcel 03 |
| 08/01/02 | San Tan Villages Parcel 04 |
| 04/09/02 | San Tan Villages Parcel 05 |
| 04/09/02 | San Tan Villages Parcel 06 |
| 04/09/02 | San Tan Villages Parcel 07 |
| 02/07/02 | San Tan Villages Parcel 08 |
| 02/07/02 | San Tan Villages Parcel 09 |
| 01/23/08 | Shea Homes at Johnson Farms (Neighborhood 1) |
| 01/23/08 | Shea Homes at Johnson Farms (Neighborhood 2) |
| 04/01/12 | Shea Homes at Johnson Farms (Neighborhood 3: Phases 3A, 3B, 3C) |
| 04/19/12 | Shea Homes at Johnson Farms (Neighborhood 7A: Phases 1 and 2) |
| 10/21/10 | Shea Homes at Johnson Farms (Neighborhood 7B) |
| 01/23/08 | Shoppes at Pecan Ranch, The |
| 09/07/06 | SILVERADO UNIT 01A |
| 09/07/06 | SILVERADO UNIT 01B |
| 09/07/06 | SILVERADO UNIT 01C |
| 09/07/06 | SILVERADO UNIT 01D |
| 09/07/06 | SILVERADO UNIT 01E |

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| 09/07/06 | SILVERADO UNIT 01F |
| 09/07/06 | SILVERADO UNIT 01G |
| 09/07/06 | SILVERADO UNIT 01H |
| 10/01/07 | Skyline Ranch Marketplace |
| 08/18/04 | Skyline Ranch Phase 01 |
| 08/18/04 | Skyline Ranch Phase 01, Parcel A |
| 08/18/04 | Skyline Ranch Phase 01, Parcel B |
| 08/18/04 | Skyline Ranch Phase 01, Parcel C |
| 08/18/04 | Skyline Ranch Phase 01, Parcel D |
| 08/11/04 | Skyline Ranch Phase 02, Parcel A |
| 08/11/04 | Skyline Ranch Phase 02, Parcel B |
| 08/11/04 | Skyline Ranch Phase 02, Parcel C |
| 08/11/04 | Skyline Ranch Phase 02, Parcel D |
| 08/11/04 | Skyline Ranch Phase 02, Parcel E |
| 08/11/04 | Skyline Ranch Phase 02, Parcel F |
| 08/11/04 | Skyline Ranch Phase 02, Parcel G |
| 08/11/04 | Skyline Ranch Phase 02, Parcel H |
| 08/11/04 | Skyline Ranch Phase 02, Parcel I |
| 07/22/13 | St. Michael the Archangel Parish Hall |
| 02/01/03 | Superstition Views Phase I |
| 08/11/03 | Superstition Views Phase II |
| 08/29/08 | Superstition Views Phase III |
| 01/31/08 | Taylor Ranch |
| 11/03/04 | Vineyard Estates |
| 10/27/04 | Wayne Ranch |
| 11/11/04 | Wayne Ranch |
| 06/05/06 | Whitewing at San Tan Magma |

EXHIBIT M

EXCEPTIONS TO ENFORCEABILITY

EXHIBIT N

EVENTS OF DEFAULT

NOT APPLICABLE

EXHIBIT O

EXCEPTIONS TO TAX REPRESENTATION

NOT APPLICABLE

EXHIBIT P

[RESERVED]

EXHIBIT Q

REQUIRED CONSENTS

NOT APPLICABLE

EXHIBIT R

EXCEPTIONS TO LITIGATION REPRESENTATIONS

Johnson Utilities LLC dba Johnson Utilities Company v. Swing First Golf, LLC;
In the Court of Appeals, State of Arizona, Division One, Case No. 1 CA-CV 13-0625
(Maricopa County Superior Court Case No. CV2008-000141)

ADEQ NOTICE OF VIOLATION NUMBERS 92021,97512,102722,102257,103956,

EXHIBITS
INSURANCE POLICIES

JOHNSON UTILITIES POLICIES 2013-2014

| Policy coverage | Policy Number | Term Dates | Insurance Company |
|----------------------------|----------------------|----------------------|--------------------------|
| Package: GL /Property/Auto | PHPK1016444 | 05/06/13 to 06/01/14 | Philadelphia Insurance |
| Umbrella | PHPK643317 | 05/06/13 to 06/01/14 | Philadelphia Insurance |
| Pollution | PHPK643317 | 11/09/10 to 06/01/14 | Philadelphia Insurance |
| Solar | 59MSKM4948 | 04/30/14 to 04/30/14 | Hartford Insurance |
| Work Comp | N50890 | 01/16/14 to 01/16/15 | SCF Indemnity |
| | | | |
| Group Medical | 30106 | 06/01/13to 06/01/14 | Blue cross / Blue Shield |
| Group Dental | D1H5760GDEN | 06/01/13 to 06/01/14 | United Health Care |
| Group Life | C3981404 | 05/01/13 to 05/01/14 | Colonial Life & Acc |
| Group Vision | 9787748 | 05/01/13 to 05/01/14 | Fidelity Security Life |

THE CLUB AT OASIS LLC POLICIES 2013-2014

| Policy coverage | Policy Number | Term Dates | Insurance Company |
|------------------------|----------------------|----------------------|--------------------------|
| Package: GL/Property | CLP958867410 | 12/16/13 to 12/16/14 | Central Mutual |
| Umbrella | CXS958867510 | 12/16/13 to 12/16/14 | Central Mutual |

ATTACHMENT 3

Town Of Florence Water Rates

Current
\$32.68

Johnson Utilities Water Rates

Current
\$31.51

Town of Florence Wastewater Rates

Current
\$39.09

Johnson Utilities Wastewater Rates

Current
\$42.00

Total Water & Sewer

\$71.77

\$73.51

* Comparison based on 7,500 Gals of usage per month with a 3/4" Meter

ATTACHMENT 4

**PUBLIC NOTICE OF THE APPLICATION OF
JOHNSON UTILITIES, LLC, FOR APPROVAL OF THE SALE AND
TRANSFER OF ASSETS AND CONDITIONAL CANCELLATION OF ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY
(Docket No. WS-02987A-13-0477)**

On December 31, 2013, Johnson Utilities, LLC (the "Company") filed with the Arizona Corporation Commission ("Commission") an application ("Application") for approval to sell and transfer all of its utility assets to the Town of Florence ("Town") and to cancel its Certificate of Convenience and Necessity ("CC&N") upon consummation of the sale and transfer of the assets to the Town. The Commission's Utilities Division Staff ("Staff") has not yet made a recommendation regarding the Application and the Commission is not bound by the proposals made by the Company, Staff or any intervenors in the docket. The Commission will issue a decision regarding the Application following consideration of the matter and, if applicable, testimony and evidence. Copies of the Application are available at the Company's offices at 968 East Hunt Hwy, San Tan Valley, Arizona, 85143 and at the Commission's offices at 1200 West Washington, Phoenix, Arizona, 85007 for public inspection during regular business hours and on the internet via the Commission's website (www.azcc.gov) using the e-docket function.

The Company has requested that the Commission consider its Application as soon as practicable at a regularly scheduled Open Meeting at the Commission's offices, 1200 West Washington, Phoenix, Arizona, 85007. Public comments will be taken at such Open Meeting. Please check <http://www.azcc.gov/Divisions/Administration/Meetings/> for the schedule and agendas for the Commission's upcoming Open Meetings. Written public comments may be submitted via email (<http://www.azcc.gov/Divisions/Utilities/Forms/PublicCommentForm1.pdf>), or by mailing a letter referencing Docket No. WS-02987A-13-0477 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, Arizona, 85007.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the Company or its legal counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

- 1.** Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired;
- 2.** A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.); and
- 3.** A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105. If representation by legal counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining legal counsel to represent the intervenor. For information about requesting intervention, visit the Commission's webpage at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing if a hearing is held and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing, if a hearing is held, and making a statement on such customer's own behalf.

If you have any question about the Application, you may contact the Company at 480-987-9870. If you wish to file written comments on the Application or want further information on intervention you may contact the Consumer Services Section of the Commission at 1200 West Washington, Phoenix, Arizona 85007, or call 602-542-4251 or 1-800-222-7000 if outside the metro Phoenix area.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, e-mail sabernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.