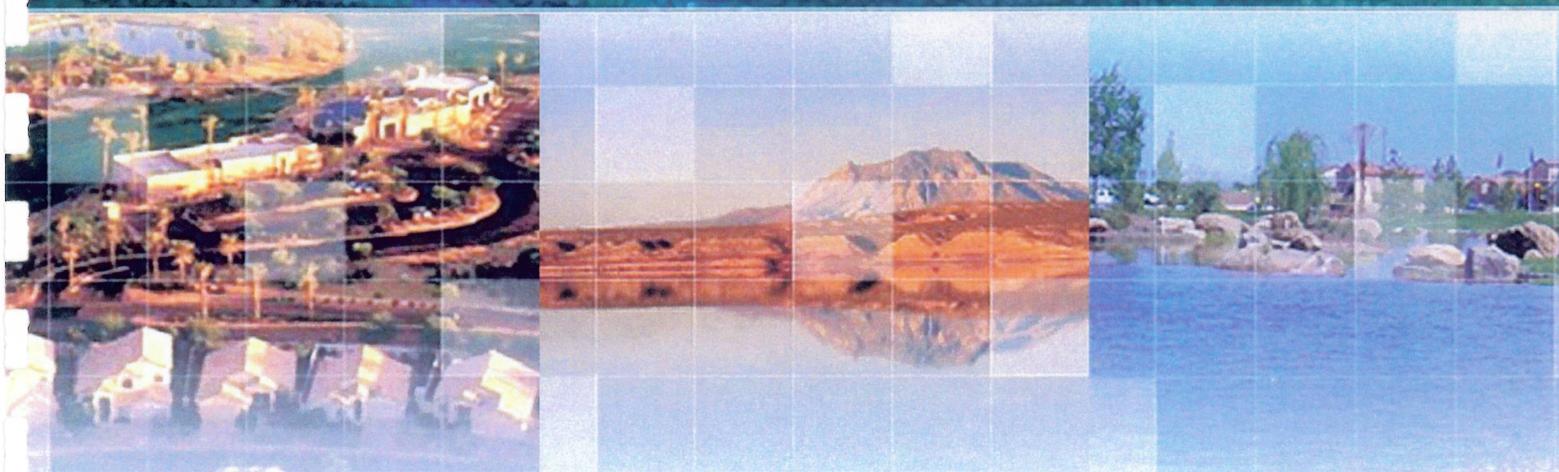


**Maricopa Association of Governments
208 Water Quality Management Plan
Amendment Application**

**HUC Southwest Service Area
May 2007**

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**Hassayampa Utility Company
 Southwest Service Area
 MAG 208 Amendment**

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1.0 AUTHORITY

In accordance with Section 208 of the Clean Water Act, the Maricopa Association of Governments (MAG) is the designated Regional Water Quality Management Planning Agency for the Maricopa County, Arizona. The 208 Amendment Checklist for completion of the request for amendment is located at the end of this document. The Maricopa County Environmental Services Department letter of support is included in Appendix G.

2.0 OVERVIEW

This document is an application for an Amendment to the Maricopa Association of Governments (MAG) Clean Water Act Section 208 Areawide Water Quality Management Plan (WQMP) for Hassayampa Utility Company, Incorporated (HUC), a wholly owned subsidiary of Global Water Resources, Incorporated (Global or Global Water).⁶ This amendment provides planning information for the proposed Campus 1 Water Reclamation Facility (WRF) with an ultimate capacity of 32 million gallons per day (mgd) that will serve the proposed service area located south of Interstate 10 (I-10), between 363rd and 443rd Avenue. The planning area, to be known as the HUC Southwest Service Area (HUC SW), is located in western Maricopa County as shown in Exhibit 1. An aerial photograph of the planning area is shown in Exhibit 2.

Maricopa County Environmental Services Department (MCESD) has indicated that they would prefer to review a regional planning approach for this area incorporating the development of several master planned communities within a consolidated utility service approach. Global, with this amendment application, will demonstrate that such a regional perspective may be obtained and that there is considerable support for these activities throughout the development community. In response to on-going planning activities with various developers throughout the area that have requested HUC service, including two substantial developments, Copper Leaf and Silver Springs Ranch, Global is able to regionally plan integrated water, wastewater, and reclaimed water services for a 45.5 section area.

Global and various developers are developing infrastructure co-ordination agreements and line extension agreements to provide such services throughout their respective master planned communities. Exhibit 3 shows the developments that have requested wastewater and reclaimed water service, and have or are preparing development agreements with Global.

Global is a Phoenix-based aggregator of small and medium sized regulated utility companies.³ HUC, a new wastewater utility, was formed in 2005. HUC, a wholly-owned subsidiary of Global, filed a Certificate of Convenience and Necessity (CC&N) extension application with the Arizona Corporation

Commission (ACC) for wastewater on September 7, 2006, docket number SW-20422-06-0566, which includes adding the Silver Springs Ranch development in its entirety and the Copperleaf development south of I-10, approximately 2,400 acres. Global’s subsidiary, the Water Utility of Greater Tonopah (WUGT), currently has a CC&N to serve water to the majority (86%) of the HUC Southwest 208 Service Area. An illustration showing the boundary of the existing CC&N and proposed CC&N extension for wastewater and water services is provided in Appendix A.

As a regulated utility, HUC’s service areas are governed by statute and the ACC. Expansion into areas not presently included in the company’s current CC&N application will be made to the ACC to obtain CC&N extensions as the property owners directly request sewer service from HUC.

¹Global/HUC has adequate authority to perform the functions enumerated at Section 208(c)(2)(A)-(I), 33 U.S.C. § 1288(c)(2)(A)-(I) in the Southwest Service Area. The required documentation detailing this authority is provided in Appendix B.

The boundary of the service area covered by this amendment application extends from the I-10 on the north, 443rd Avenue on the west, Van Buren Street and Broadway Road on the south, and the 363rd Avenue on the east. The service area comprises approximately 45.5 square miles in unincorporated Maricopa County. To optimize infrastructure and act responsibly in deploying capital to meet the demands for service in HUC SW service area, the WRF will be built in phases, depending on the pace and location of the development activity. All flows generated in the service area will be treated to meet Class A+ Reclaimed Water Quality Standards (RWQS) as defined by Arizona Administrative Code (A.A.C.), Title 18, Chapter 11. Table 2-1 shows the current status of the WRF within the service area.

Table 2-1 WRF Status

	Water Reclamation Facility	Current Status
HUC SW Service Area	Campus 1	New

^{10,16,18}The reclaimed water from the WRF will be used for beneficial reuse (common-area irrigation, golf course irrigation, industrial/commercial applications if available, residential irrigation, residential non-potable use), recharge to the aquifer, and/or discharged under Arizona/National Pollutant Discharge

Elimination System (AzPDES/NPDES) permits. ¹⁰Beneficial reuse includes irrigation of turf at various points throughout the HUC SW service area, direct sales to reuse customers, construction water use, industrial (if available) and commercial reuse. During the early stages of development, HUC may contract with farmers to use the Class A+ reclaimed water on agricultural crops.

⁸Global is aware that there may be groundwater quality issues in the service area due to historical agricultural land usage and naturally occurring conditions. Because the Aquifer Protection Permit (APP) to be obtained for the WRF specifies that reclaimed water must meet Aquifer Water Quality Standards (AWQS), any recharge to the aquifer will serve to improve the groundwater quality in this region.

The effluent management plan, Section 7.0, describes the order of priority for the reuse of reclaimed water in the HUC SW service area. Discharges to various washes will occur infrequently, if at all. It is likely this effluent management option will be used only in winter months if heavy continuous rainfall or sustained cold temperatures drastically reduce reclaimed water consumption and/or recharge facility operations. In other words, discharge to these washes will be used as a last option for managing reclaimed water flows. When discharges are required, Global Water plans to limit the discharge to the greatest extent possible. Discharges will meet the Surface Water Quality Standards prescribed in their AzPDES/NPDES permit, which for some parameters are more stringent than the AWQS.

Likewise, recharge to the aquifer will meet all AWQS prescribed in the APPs which govern these recharges. Recharge is an important element in Global's effluent management plan, and is a necessary water supply strategy to ensure the viability of the water resources in the area.

Because Global is providing water, wastewater and reclaimed water services, integrated water resource management is possible in this part of the fast-growing west valley region. Because of this rapid growth, a traditional "groundwater only" approach to serving this region to meet its water needs is not adequate. Thus, water conservation is imperative. Groundwater conservation can be achieved through the "triad of conservation": (1) reusing reclaimed water for non-potable uses such as irrigating landscaping, construction water, water amenities and, ultimately, flushing toilets; (2) introducing renewable surface water sources to the maximum feasible extent; and (3) recharging excess reclaimed water and surface water into the aquifer to the maximum extent feasible. Global and its regulated

utilities are recognized leaders in water conservation in Arizona. For example, through this “triad of conservation” strategy, Palo Verde Utilities Company and Santa Cruz Water Company (two affiliates of Hassayampa) have achieved remarkable reductions over 30% in average groundwater use as compared to traditional providers in Pinal County. A comprehensive economic evaluation conducted by Global shows that reuse of reclaimed water, supplanting the need to pump and treat groundwater for those non-potable water needs like irrigation and construction water, is far more cost-effective than recharging this reclaimed water directly to the aquifer due to the cost savings from less groundwater pumping and treatment facility costs. Further, because directly reusing the reclaimed water avoids the need to draw an equivalent amount from the groundwater, the net impact to the groundwater is exactly the same as recharging that reclaimed water into the aquifer.

3.0 BACKGROUND AND SUMMARY

The proposed HUC SW Service Area 208 is currently organized south of I-10 between 363rd Avenue on the east and 443rd Avenue on the west. ⁶HUC will provide sewer and reclaimed water service to this service area, an area of approximately 45.5 square miles. Currently, development agreements between Global and various developers within the service area have been executed to ensure regional planning and centralized provision of wastewater and reclaimed water service for the long term. Copies of the development agreements for Copperleaf and Silver Springs Ranch developments along with Request for Service letters are included in Appendix C.

⁶The planning area, to be known as the HUC SW service area, is located in western Maricopa County as shown in Exhibit 1. Exhibit 2 provides an aerial photograph of the planning area with the HUC SW service area boundary and the Town of Buckeye Planning Area boundary shown. ⁹Note there are no municipal planning area (MPA) boundaries within 3 miles of this proposed service area, and thus Maricopa County is requested to sponsor the amendment, with no requirements for letters of “no objection”. ¹⁸Table 3-1 shows the WRF with its estimated build-out capacity, and potential reclaimed water discharge locations. The possible discharge locations are illustrated in Exhibit 6.

Table 3-1 WRF Buildout Capacity and AzPDES/NPDES Receiving Bodies

Water Reclamation Facility		Receiving Bodies under AzPDES/NPDES Permit	Discharge Location Identifier ¹	Distance from WRF to Receiving Bodies (feet)
Name	Buildout Capacity (mgd)			
Campus 1	32	Delaney Wash	A	2,400
			C	21,000
		Four Mile Wash	B	11,000
			F	16,600
		Old Camp Wash	D	13,500
Unnamed Wash	E	12,000		

1. See Exhibit 6.

⁷The WRF planned for the HUC SW Service Area will utilize Sequencing Batch Reactor (SBR) technology combined with filtration and disinfection to produce ADEQ Title 18 Class A+ reclaimed water. SBR treatment units are deployed at centralized locations in phases designed to meet the needs of development flows. The WRF are patterned after our standardized facilities in the Palo Verde Utilities Company service area located in Maricopa, Arizona. With several years of operating experience, and a recent phased expansion from 1 MGD to 3 MGD, HUC will greatly benefit from Global's success with this standardized approach.

^{10,16}The reclaimed water will be put to beneficial use to the greatest extent possible, including irrigation of open spaces, green spaces, HOA common areas, school grounds, construction water, etc. Integrated irrigation impoundments will be established at each development and HUC will require all developments to use reclaimed water for irrigation, at least in their open spaces which make up 15% of their developments. ^{10,18}Seasonally, as directed by demand, excess reclaimed water will be recharged to the aquifer under an APP and will be stored for credit via an Underground Storage Facility (USF) permit. As a last resort, reclaimed water may be discharged to ephemeral washes. The washes are Waters of the US (WUS) and thus will require an AzPDES/NPDES permit for discharge. These recharge and discharge locations are shown in the Exhibit 6. Additional recharge sites may be added at other Global properties including water distribution centers where necessary and feasible, and will be specifically permitted by the appropriate regulatory agencies.

¹⁰This program of reclaimed water management provides for a redundant demand for reclaimed water, allowing for maximum reuse and minimal discharge. The reclaimed water system will also be constructed so that:

- Reclaimed water production is located close to the demand to reduce operating costs.
- Reclaimed water demand can be met and delivery maximized within HUC SW Service Area before having to recharge to the aquifer via permitted wells or recharge basins, or as a last resort, discharge to the washes.

4.0 HUC SOUTH WEST SERVICE AREA

⁶The service area comprises approximately forty-five and half (45.5) square miles in unincorporated Maricopa County. The HUC SW Service Area is bounded by the I-10 on the north, 443rd Avenue on the west, Van Buren Street, and Broadway Road on the south, and 363rd Avenue on the east. The service area boundary is shown on the Exhibits 1 and 2. Exhibit 3 shows the developments that have development agreements with Global.

^{4,6}Flows from the service area will be treated at the Campus 1 WRF located within its boundary. ^{10,16,18}Reclaimed water from the WRF will be used for beneficial reuse, which may include turf irrigation at various points throughout the service area, recharge under an USF Permit to the aquifer, and/or discharge under an AzPDES/NPDES permit to numerous points throughout the HUC SW service area. HUC will use its reclaimed water infrastructure to supply treated water to multiple recharge and/or discharge sites. With the help of this infrastructure, reclaimed water demand can be met and delivery maximized across the service area. As discussed in greater detail in Section 7 of this application, HUC will require mandatory reuse from developers through reclaimed water infrastructure HUC will construct. Facilities will be available to recharge 100% of the reclaimed water either indirectly (reuse) or directly (recharge to the aquifer).

¹⁰Reclaimed water in excess of reuse demand can be recharged into permitted wells or basins throughout the service area using the reclaimed water infrastructure. The implementation of multiple recharge facilities will provide flexibility of operation especially during the winter months and during periods of extended rainfall. Potential recharge and discharge sites are shown in the Exhibit 6. HUC plans to utilize the WRF setbacks for recharge facilities, as well as other sites owned by HUC or Global. The precise location of these sites is not known at this time but will be identified and incorporated into the APP and AzPDES/NPDES permitting processes, as required. HUC will operate its reclaimed water systems to avoid standing water in washes when/if discharge is used for disposal.

4.1 Campus 1 WRF

The Campus 1 WRF will be located in the southeast quarter of Section 7; Township 1 North, Range 6 West and immediately north of Buckeye Road (refer to Exhibit 4 and Appendix D). Flows at the Campus 1 WRF are estimated to be approximately 32 million gallons per day (mgd) at buildout.

The Campus 1 WRF will be located at the Silver Springs Ranch development on approximately 35.24 acres deeded to Global Water by the developer. This site will be constructed initially with a 1 MGD SBR configuration and will subsequently be expanded to accommodate growth in the surrounding area as the development pace dictates. When the WRF reaches a treatment capacity of 12 mgd and in response to development needs, the facility will be converted in planned phases to a Membrane Bioreactor (MBR) application. This conversion process will allow this facility to be expanded to an ultimate capacity of 32 mgd.

^{10,16,18} Reclaimed water from the Campus 1 WRF will be used for beneficial reuse, including turf irrigation at various points within the service area, and recharge at the WRF or other sites owned by HUC/Global, under an APP and USF permit. As a last resort, reclaimed water will be discharged under an AzPDES/NPDES permit to the Delaney Wash, Four Mile Wash, Old Camp Wash and/or an unnamed wash during seasonal excesses as shown in Exhibit 6.

Table 4-1 shows the expected wastewater flows generated within the HUC SW service area and its treatment location.

Table 4-1 Wastewater Flow Projections within HUC SW Service Area

Area Served (sq. miles)	Dwelling Units	Expected Wastewater Flows (mgd)	Water Reclamation Facility	
			Name	Expected Buildout Capacity (mgd)
45.5	91,000	31.85	Campus 1	32

5.0 PROJECTED POPULATION AND WASTEWATER FLOWS

^{4,5}Population projections were obtained from the MAG Interim Projections of Population, Housing, and Employment by Municipal Planning Area and Regional Analysis Zone dated July 2003. The total resident population in Maricopa County in 2000 was 3,096,600. In addition, POPTAC has projected the population in Maricopa County in 2010, 2020, and 2025 to be approximately 4,134,400, 5,164,100 and 5,664,000, respectively. The Southwest 208 Service Area is included in the southern portion of the Maricopa Association of Governments (MAG) Regional Area Zone (RAZ) 346. The total resident population in RAZ 346 in 2000 was estimated to be 3,030. POPTAC has projected the population in the RAZ 346 in 2010, 2020, and 2025 to be approximately 3,925, 4,462 and 8,852, respectively. The population for the Town of Buckeye in 2000 was 16,700. The interim projection for resident population in the Town of Buckeye in 2010, 2020 and 2025 are 58,600, 153,400 and 275,500, respectively.

The population data indicates that the growth rate of the Town of Buckeye, located to the east of the service area, is much faster in comparison to the overall growth rate for Maricopa County and RAZ 346. For the HUC SW 208, the dwelling units per square mile were based on the development master plans for the Copperleaf and Silver Springs Ranch. The dwelling unit per square mile for these developments ranges from 1,536 to 2,368, or an average of approximately 2,000.

Copperleaf master planning estimates that by 2010, its residential population in the Southwest 208 Service Area will be approximately 1,000 and 2,400 by 2012. Silver Springs Ranch master planning estimates its residential population of approximately 24,700 at buildout in approximately 2015.

^{4,5}The POPTAC data estimated that for RAZ 346 in the Year 2000, the number of persons per dwelling unit is approximately 2.88. The POPTAC data estimated that for the Town of Buckeye in the Year 2000, the number of persons per dwelling unit is approximately 3.27. However, based on guidelines provided by Maricopa County Environmental Services Department, a person per dwelling unit factor of 3.5 was used to develop treatment capacity estimates for the Campus 1 WRF.

For a 20-year planning period from Year 2000 to Year 2020, the POPTAC data estimates that, for RAZ 346, the number of dwelling units will increase by 47 percent. For a 20-year planning period Year 2000 to Year 2020, the POPTAC data estimates that for the Town of Buckeye the number of dwelling units will increase by 951 percent.

^{4,5}This report uses a planning density of 2,000 dwelling units per square mile and 350 gallons per day (gpd) per dwelling unit to establish the treatment capacity for the WRF, which includes an allowance for schools and commercial flows with a safety factor. Where population data is presented in this report, an average of occupancy of 3.5 persons per residence is assumed. The gallon per day per dwelling unit and the person per dwelling unit factors were required by Maricopa County Environmental Services Department.

Also, land that cannot be developed due to various zoning requirements including mountains, ridges, canals, washes, mines etc were included in the area used to develop conservative wastewater projections.

^{4,5}Table 5-1 shows the wastewater flow projections, based on the above mentioned density, flow rates and occupancy rates. Table 5-2 shows the wastewater generated from various service areas within HUC SW service area.

Table 5-1 Wastewater Flow Projections within HUC SW Service Area

Area Served (sq. miles)	Dwelling Units	Expected Wastewater Flows (mgd)	Water Reclamation Facility	
			Name	Expected Buildout Capacity (mgd)
45.5	91,000	31.85	Campus 1	32

Table 5-2 Wastewater Flow Generated from Various Service Area

Description	Equivalent Dwelling Units	Flow (gal/unit/day)	Average Daily Flow (gpd)
Residential	68,978	350	24,142,300
Commercial	18,383	350	6,434,050
School	1,727	350	604,450
State Land Parcel	1,912	350	669,200
Total	91,000	N/A	31,850,000 (31.85 MGD)

6.0 EXISTING AND PROPOSED WATER RECLAMATION FACILITIES

6.1 Existing Facilities

⁹This area of Maricopa County is relatively undeveloped. ^{2,11}There is one (1) small 200,000 gallons per day (gpd) activated sludge plant located in the service area that serves the Palo Verde Mobile Home Park. This facility uses percolation as their disposal method. There is also a small activated sludge facility located at the Truckstops of America with a treatment capacity of 80,000 gpd located at I-10 and 339th Avenue outside the eastern boundary of the Southwest 208 Service Area. This facility uses percolation as their disposal method. These facilities are shown on Exhibit 2. ³⁸The flows from the mobile home park can be incorporated into HUC's system, if the Palo Verde Mobile Home Park requests service from HUC.

There are no sanitary districts or wastewater treatment facility CC&Ns within the boundary of the HUC SW Service Area. The only existing private utility is the Water Utility of Greater Tonopah, a subsidiary of Global Water, which provides water, not sewer, service only.

²In addition, the proposed Tartesso Wastewater Treatment Plant (WWTP) is located approximately 6 miles to the southeast of the proposed service area and to the east of the Hassayampa River within the Buckeye Municipal Planning Area (MPA). Also, the Ruth Fisher School is served by a 15,000 GPD (ultimate capacity of 45,000 gpd) activated sludge facility is located in the vicinity of Indian School Road and Wintersburg Road, just north of Interstate I-10. Several other existing or proposed facilities are located within the Town of Buckeye MPA; however, these facilities are up to 20 miles from the eastern boundary of the proposed service area.

⁷The new WRF will be constructed in accordance with Best Available Demonstrated Control Technology (BADCT) for Sewage Treatment Facilities as prescribed by A.A.C. Title 18, Chapter 9, Part B (R18-9-B201).

6.2 Influent Wastewater Characteristics

The influent wastewater characteristics as described in the Table 6-1, is conservative in nature. The City of Avondale and Town of Buckeye have seen high strength wastewater entering their facilities, likely indicative of low flow water fixtures and the groundwater sources for potable water. Global has seen similar strength wastes in its Pinal County facilities and has seen great results with its SBR WRF facilities, which will also be used in this proposed service area.

Table 6-1 Influent Wastewater Characteristics

Wastewater Constituents	Concentration (mg/L)
Biochemical Oxygen Demand, 5-day (BOD ₅)	400
Chemical Oxygen Demand (COD)	1000
Total Suspended Solids (TSS)	400
Total Nitrogen (TN)	75
Total Phosphorus (TP)	15
Dissolved Oxygen (DO)	0

6.3 Proposed Facility

⁷The proposed WRF will consist of screening and grit removal preliminary treatment followed by Sequencing Batch Reactors (SBR), post equalization, tertiary filtration and UV disinfection. A residual chlorine concentration will be maintained in the reclaimed water distribution system to reduce any potential for algal growth or other operational problems associated with re-growth. Dechlorination systems will be provided for use whenever the reclaimed water is diverted to a WUS under an AzPDES/NPDES permit. ^{16,18}The WRF will be designed to produce Class A+ reclaimed water suitable for open access reuse and will exceed the anticipated requirements of the AzPDES/NPDES permit. Reclaimed water is expected to have less than 10 mg/L total nitrogen, BOD₅ and TSS, and turbidity less than 2 NTU. In the case of discharging to various receiving water bodies, the effluent will be dechlorinated to ensure that the Surface Water Quality Standard (SWQS) of the receiving water body for Total Residual Chlorine is achieved. ^{19,23}Aerobic digesters will be designed to produce Class B sludge suitable for land application. Sludge will be dewatered using a belt press or centrifuge and disposed of at a landfill or on permitted farmland. The plant will have noise, odor and aesthetic control and include a standby diesel generator.

Global has developed design standards for its infrastructure, as well as manages any developer-constructed infrastructure through the use of their design standards and regulations for sewage systems. These regulations are included in Appendix E for reference. The setbacks for the facility will be 350 feet as required by the AAC pertaining to aquifer protection (AAC R18-9-B201-I). Typical WRF layout and process flow diagram are shown in Exhibits 7 and 8, respectively.

⁷The WRF will be automated and controlled with a Supervisory Control and Data Acquisition (SCADA) system. Spent UV lamps will be disposed by returning to the manufacturer for proper disposal. Oils and grease collected from equipment maintenance will be stored in secure containers until it is picked up by an approved grease and oil recycler. The diesel fuel tank will have a retention wall around the slab to prevent any spills flowing to the ground and contaminating the groundwater. Spent activated carbon used for odor control will be collected by the supplier and regenerated.

6.4 Benefits of a Standard Modular Design

⁷The SBR technology, packaged with Conventional Filtration Deep Bed Sand filtration and ultraviolet disinfection, has been in use at another Global WRF for over 2 years and has consistently produced Class A+ effluent. This plant design is easily configured in 1, 2 and 3 MGD modules, and is deployed through a Design-Build delivery methodology which minimizes the construction time and allows the design engineer to have direct coordination and oversight of the construction. Further, the footprint required for the SBR technology is approximately 20 to 30 percent that of conventionally designed plants. Substantial capital and O&M savings are realized due to the efficiency of the aeration system for biological treatment and a reduction in the sludge production.

In addition to the ease of design and construction, this modular approach also provides both operational and maintenance flexibility well beyond traditional plant designs. For example, process upsets can be isolated in this modular system such that the entire biological treatment is not affected. Staff is trained to operate and maintain the SBR plant and because of HUC's standardization approach, staff can be interchanged among all plants. HUC's warehousing for spare parts can also be shared and standardized.

⁷HUC is developing and deploying a state of the art SCADA system for asset management, process optimization, predictive maintenance, trouble shooting, and reclaimed water management. SCADA

implementation of this magnitude is much more cost effective and efficient in a standardized facility network as deployed by HUC. This state of the art technology will employ statistical process controls, condition-based monitoring, and dynamically developed alarm conditions. In addition, fitted equipment health monitoring systems such as accelerometers for vibration analyses, shock pulse metering for bearing analyses and PLC-drive performance testing will allow HUC to provide predictive maintenance rather than reactive maintenance to mission critical equipment.

^{7,18}Another benefit of the standard modular design is the relative ease of permitting and compliance. Because the plant design is virtually identical to Global's other facilities, the APP (ADEQ) and USF (ADWR) applications are also virtually identical with only site geology and hydrology as its unique elements. Because the plant will be producing Class A+ reclaimed water with the same technology, the compliance monitoring and reporting requirements are expected to also be identical, barring changes in the source groundwater or CAP water that may affect background contributions to constituent quality. The WRF will produce reclaimed water that meets AWQS and applicable SWQS to allow for aquifer recharge and discharge to receiving water bodies, respectively.

6.5 Treatment Plant Startup Procedure

Initially, in order to prepare for start up, the SBR will be seeded with seed sludge from the Palo Verde Utilities Company Campus 1 WRF located in Maricopa, Arizona. HUC's parent company, Global Water Resources, owns this company and facility as well as HUC. This seed sludge will provide a viable biomass for the treatment of the wastewater, and will ensure the appropriate population of microorganisms to perform treatment. In the future, seed sludge for other HUC WRFs can be obtained from HUC Campuses already in operation.

7.0 EFFLUENT MANAGEMENT

Global Water is at the forefront of water reclamation activities in the state of Arizona. Corporately, this philosophy includes the highest and best use for all water sources, and a mandate to minimize the impact of development on non-renewable resources. This translates into employing the appropriate grade of water for the desired use. The Tonopah/Arlington Area Plan adopted by Maricopa County in 2000 as part of the Eye to the Future 2020 planning initiative and their development master plan guidelines recommend land use planning to preserve natural resources and provide open areas for public use. In many cases, these open spaces will require irrigation water to maintain turf and other landscaping. In addition, HUC imposes limitations on the characteristics of that open space, as follows:

- Maximum surface water area (integrated irrigation impoundments) = 3%
- Maximum turf area = 22%
- Minimum xeriscape = 75%

The effect of the Maricopa County and HUC requirements on land use is shown in Figure 7-1. By limiting the irrigation demands in its service area where possible, as is the case with the open space requirements, HUC can better manage this precious water resource.

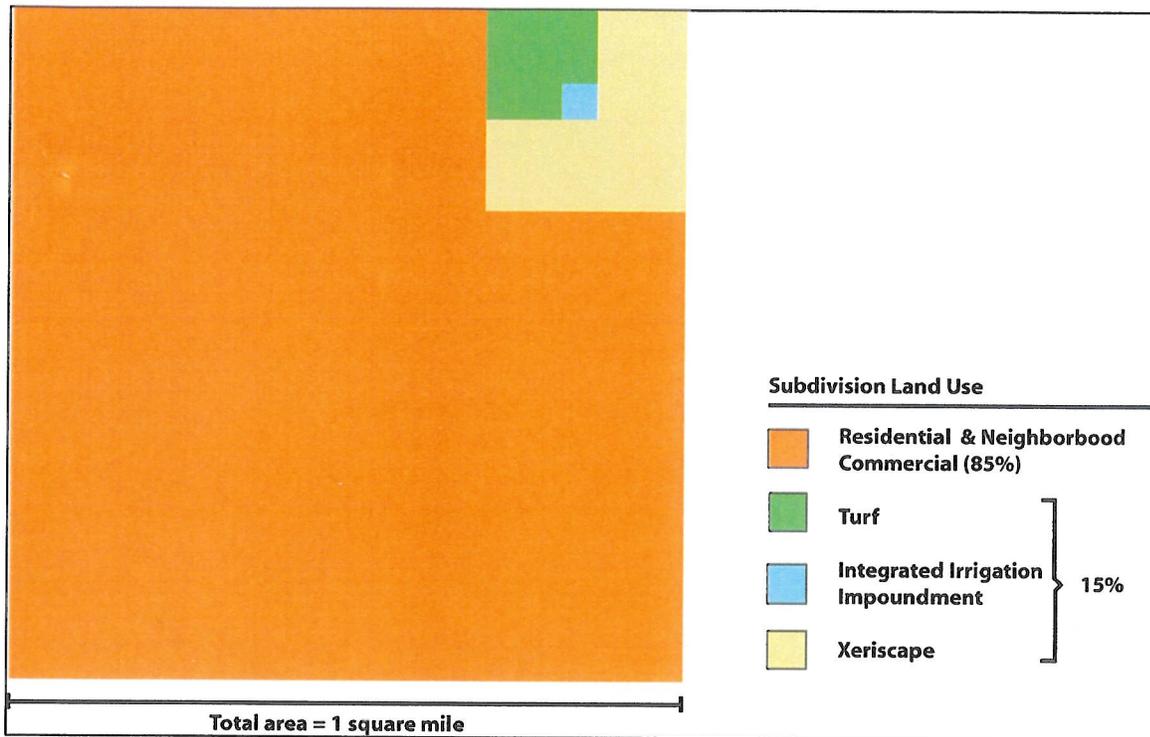


Figure 7-1 Composition of Land Usage in a Representative 1 Square Mile

^{10,16}By deploying an extensive network of reclaimed water lines, HUC is able to deliver reclaimed water for the following uses:

- Irrigation of common areas in all subdivisions and schools.
- Recharging to manage seasonal demand fluctuations and to reduce the impact of groundwater pumping on the aquifer.
- Deploying reclaimed water to other distribution networks in exchange for other sources of water (e.g. CAP water).
- As a source of water for cooling and process water for industrial purposes if available, and as flush water for toilets and urinals inside commercial, municipal and residential buildings.
- As a source of irrigation water for individual home sites.

^{10, 16}In the event that the above uses are insufficient to consume the reclaimed water produced, HUC will maintain the necessary infrastructure and permits to allow for discharge to various washes as discussed in the following sections.

Global Water requires that all developments maximize the use of reclaimed water throughout their development areas. This includes the use of reclaimed water as the primary source of irrigation water, and for use in any recreational impoundments. The diversity of reclaimed water management is shown in ¹⁶Figure 7-2. The expected dispositions are reuse and recharge with discharge as a last resort. Figure 7-3, “Yearly Consumption Curve for a Representative 1 Square Mile” illustrates this expectation.

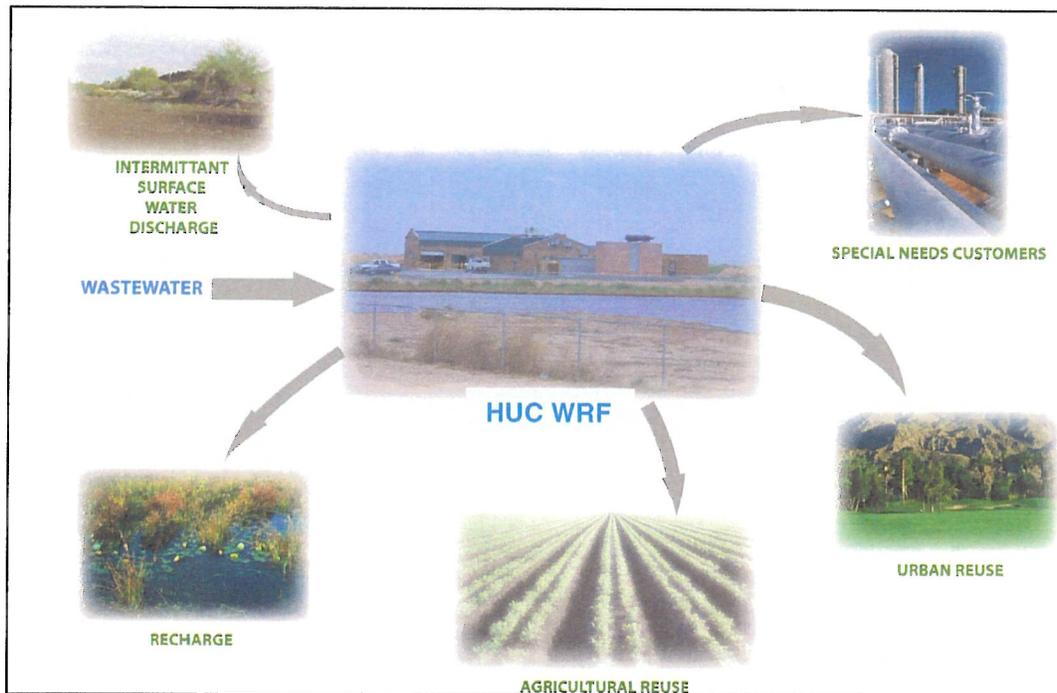


Figure 7-2 Reclaimed Water Disposition Plan for HUC

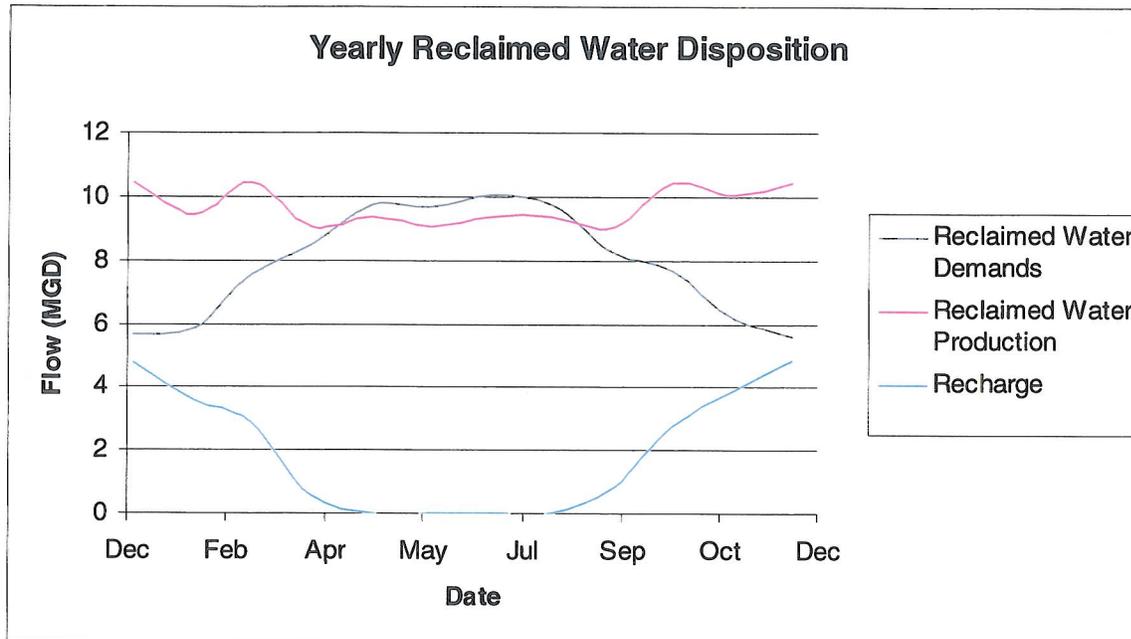


Figure 7-3 Yearly Consumption Curve for a Representative 1 Square Mile

^{10,16,18} Reclaimed water from the WRF will be used for beneficial reuse, which may include turf irrigation at various points throughout the service area, recharge under an USF Permit to the aquifer, and/or as a last resort, discharge under an AzPDES/NPDES permit to numerous points throughout the service area (Exhibit 6). HUC will use its reclaimed water infrastructure to supply treated water to multiple recharge and/or discharge sites. With the help of this infrastructure, reclaimed water demand can be met and delivery maximized across the service area, or recharged to the aquifer, prior to any discharge to the washes.

^{10,12} Also, reclaimed water in excess of reuse demand can be recharged into permitted wells or basins anywhere in the service area to optimize the recharge facility infrastructure (which has the additional benefit of allowing for recovery of stored water in periods of high demand). The implementation of multiple recharge facilities and interconnectivity of the reclaimed water infrastructure will provide flexibility of operation especially during the winter months and during periods of extended rainfall. Figure 7-4 illustrates how this integrated network for distribution of reclaimed water works. HUC operates their reclaimed water systems to avoid standing water in washes used for discharges. HUC will

have flexibility in operating and managing the WRF with these multiple recharge and discharge sites. The recharge and discharge sites are shown in the Exhibit 6. HUC's policy is to construct recharge sites only in properties it owns. HUC's agreements with the developers requires a minimum 2 acre donation per section, which can be consolidated into a larger site through cooperation among the developers, if necessary, to locate recharge infrastructure in an area deemed most ideal for recharge. Other than the known WRF site and a proposed Water Distribution Center (a WUGT facility), additional recharge facilities, as needed, will be sited within this 208 service area.

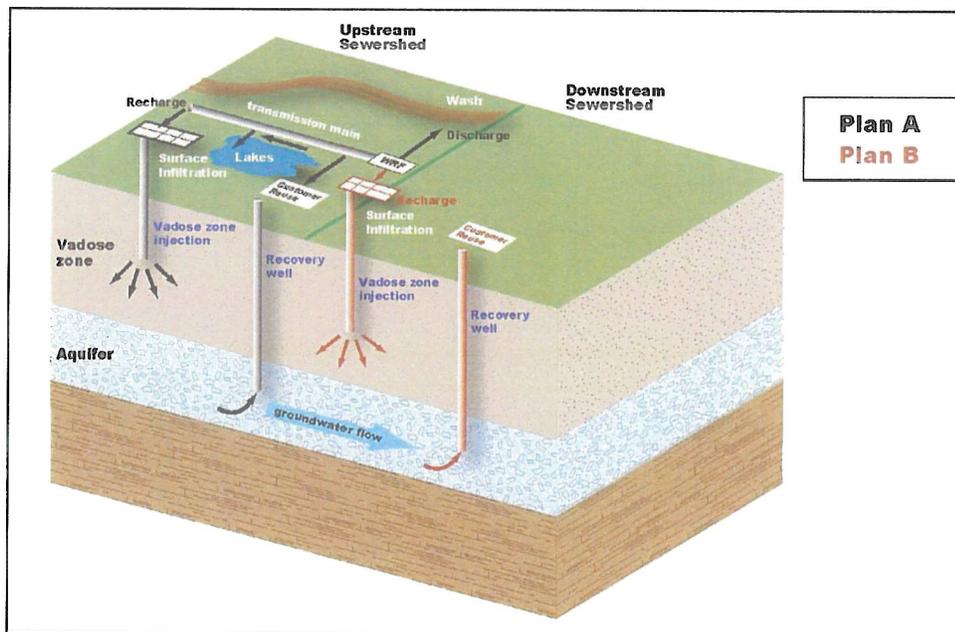


Figure 7-4 Distribution of Reclaimed Water

7.1 Campus 1 WRF

¹⁰The Campus 1 WRF will discharge, only as a last resort, to the Delaney Wash, Four Mile Wash, Old Camp Wash and/or an unnamed wash when/if production exceeds the reuse and recharge demand. The Delaney Wash, Old Camp Wash, and the unnamed wash are tributaries to the Four Mile Wash. ¹⁸HUC will apply for an AzPDES/NPDES Permit for the discharge.

¹⁸Table 7-1 shows the WRF with its estimated build-out capacity, and effluent receiving bodies under AzPDES/NPDES permits. The possible AzPDES/NPDES Permit discharge locations are shown in

Exhibit 6. The reclaimed water distribution infrastructure would be used to transport the excess reclaimed water to the permitted outfalls.

Table 7-1 WRF Buildout Capacity and AzPDES/NPDES Receiving Bodies

Water Reclamation Facility		Receiving Bodies under AzPDES/NPDES Permit	Discharge Location Identifier ¹	Distance from WRF to Receiving Bodies (feet)
Name	Buildout Capacity (mgd)			
Campus 1	32	Delaney Wash	A	2,400
			C	21,000
		Four Mile Wash	B	11,000
			F	16,600
		Old Camp Wash	D	13,500
		Unnamed Wash	E	12,000

1. See Exhibit 6.

8.0 REQUIRED PERMITS

The Campus will require the following permits, certifications, and approvals:

- Section 401 Water Quality Certification issued by ADEQ
- AzPDES/NPDES Permits, ADEQ
 - Point Source Discharge to Waterway
 - Stormwater Discharges
- Section 404 Permits (for construction of outfalls), Army Corps of Engineers
 - The 404 permit process will include Pygmy Owl surveys, cultural resource survey, and native plant survey.
- Aquifer Protection Permit, ADEQ
- Underground Storage Facility Permit (to obtain credit for reclaimed water storage in aquifer), ADWR
- Water Storage Permit, ADWR
- Recovery Well Permit, ADWR
- Reclaimed Water Permit, ADEQ
- Drywell Registration, ADEQ
- Air Quality Permit, Maricopa County Air Quality Department (MCAQD)
- Approval to Construct, Maricopa County Environmental Services Department (MCESD)
- Approval of Construction, MCESD
- Special Use Permit, Maricopa County Planning and Development Department

No significant industrial wastewater is anticipated in the HUC Southwest Service Area. However, all users will be required to meet the Global's Pretreatment Requirements. HUC's line extension agreements include a provision that obligate users to comply with these pretreatment requirements. Appendix E includes Global's Pretreatment Requirements.

¹⁸Following is a summary of the permit requirements applicable to the water reclamation facility.

8.1 Section 208 Plan Amendment

In accordance with Section 208 of the Clean Water Act, an Areawide Water Quality Management Plan was prepared for the MAG. The MAG is the designated Areawide Water Quality Management Planning Agency for Maricopa County. The Water Quality Management Plan has been continually updated through several Plan Amendments and updates. This document will serve as the 208 Water Quality Plan Amendment for HUC which proposes to increase its service area to western Maricopa County to include approximately 45.5 square miles.

8.2 Aquifer Protection Permit (APP)

^{18,19}The State of Arizona Aquifer Protection Permit (APP) Program was established by the Environmental Quality Act (EQA) and is primarily designed to regulate facilities that may discharge to an aquifer. An individual APP permit is required for all new wastewater treatment plant facilities and all such facilities must be constructed and operated to meet the greatest degree of discharge constituent reduction achievable. The new WRF will apply for an APP depending on the anticipated flows to their treatment facility. ¹⁶The new WRF will produce Title 18 Class A+ reclaimed water suitable for both recharge to the aquifer and discharge to surface waters.

8.3 Reclaimed Water Reuse Permit

^{10,18,19}Type 2 Reclaimed Water General Permits are required for direct use of reclaimed water. The permit applications will be prepared for each reuse site including the agricultural land that will be irrigated until the other reuse sites are operational. ^{16,18}Reclaimed water from the WRF will be used for beneficial reuse that includes turf irrigation, construction water, and non-potable use throughout the service area.

8.4 USF/WS Permits

¹⁸If the reclaimed water from the WRF is used to artificially recharge the aquifer, an USF permit is required. An USF permit will be obtained for the proposed WRF as required depending on the construction and phasing of the treatment facility. The Water Storage (WS) permit is affiliated with the underground storage facility and allows the permit holder to store a specific amount of eligible water at that facility. If required, the WS permit will be obtained when required for all underground storage

facilities. It should be noted that other land owned by Global Water, such as water treatment plant and pump station sites, may be used as recharge sites if necessary and will be permitted accordingly.

8.5 *AzPDES/NPDES Permit*

^{10,18,19}If the reclaimed from the WRF is discharged to any water receiving bodies, an AzPDES/NPDES Permit for discharge will be required. The AzPDES/NPDES Permit will be obtained for the proposed WRF. ¹⁸Table 8-1 indicates the effluent receiving bodies. The possible AzPDES/NPDES Permit locations are illustrated in Exhibit 6.

Table 8-1 AzPDES Receiving Bodies

Water Reclamation Facility		Receiving Bodies under AzPDES/NPDES Permit	Discharge Location Identifier ¹	Distance from WRF to Receiving Bodies (feet)
Name	Buildout Capacity (mgd)			
Campus 1	32	Delaney Wash	A	2,400
			C	21,000
		Four Mile Wash	B	11,000
			F	16,600
		Old Camp Wash	D	13,500
Unnamed Wash	E	12,000		

1. See Exhibit 6.

8.6 *Sludge Management*

^{19,23}Part 503 of the Clean Water Act and Title 18, Chapter 9 of the AAC specify the quality of sewage sludge that may be applied to land, distributed and marketed, placed in a sludge disposal facility, or incinerated in a sewage sludge incinerator. The sludge generated at the WRF will be stabilized, dewatered and then disposed of at an operating sanitary landfill certified by ADEQ to handle and dispose of sludge from wastewater treatment plants. ²³It should be noted that the Class B sludge that is produced at the WRF will be suitable for land application and can also be used for daily cover at the landfill site. Also, Class B sludge is suitable for farmland application at ADEQ approved sites. HUC may choose to use one or both the options for sludge beneficial reuse.

The closest landfill accepting sludge for disposal is:

Butterfield Station Municipal Solid Waste Landfill
99th Avenue, one mile north of Highway 238
Mobile, Arizona

Operated by:
Waste Management, Inc
2425 South 40th Street
Phoenix, Arizona 85034
Phone: (602) 256-0630

Waste Management, Inc. has agreed to accept sludge from HUC's wastewater treatment facilities at Butterfield Station Municipal Solid Waste landfill site. HUC is confident that Waste Management, Inc. will accept the sludge from their other facilities in future. The life expectancy of the landfill is forty (40) to fifty (50) years. Protection of the groundwater at the landfill location will be provided by the landfill facility.

8.7 AzPDES Storm Water Pollution Prevention

^{15,18,19,22,30} An AzPDES Storm Water Pollution Prevention Permit (SWPPP) will be required for all the sites including the treatment plant site work. All hazardous material and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Retention basins, silt traps, and other sediments barriers are to be provided at the site to filter sediments from storm water runoff leaving the site. The contractor for the facility is responsible to obey all AzPDES Permit regulations relevant to construction sites to prevent surface water contamination. The contractor shall keep the site clean and have covered dumpsters on site which are emptied regularly.

8.8 Local Floodplain and Drainage Regulations

The proposed WRF is outside of the 100 year flood limits of the floodplain.

8.9 Construction Permits (404/401 permits)

^{18,24} As appropriate, permits covering the requirements of Section 404 of the Clean Water Act will be obtained from the US Army Corps of Engineers (USACE), likely required to construct the outfalls for N/AzPDES discharges into WUS, and for any other infrastructure installed in the WUS. The impacted

areas will be minimized, to the extent possible, to allow most 404 permitting requirements to be covered under the Nationwide Permit Program.

8.10 Air Quality Permit

¹⁸An Air Quality Permit will be obtained from Maricopa County for the WRF, as required.

8.11 Non-Point Source Permits

²⁴Runoff from the streets and golf courses are non-point issues, but will not be under the control of HUC. It will be the developer's/contractor's and, ultimately, the HOA's and homeowner's responsibility to manage these issues.

8.12 Approval to Construct/Approval of Construction

The Approval to Construct permit for the WRF and associated infrastructure will be obtained from Maricopa County prior to construction. Upon completion of construction, Global will coordinate with Maricopa County to obtain Approval of Construction for their facility prior to operation.

8.13 Special Use Permit

Maricopa County requires that a Special Use Permit be in place for a facility that does not fall under the zoning requirements for the property where the facility will be located. These permits will be obtained from Maricopa County on an as needed basis.

9.0 CONSTRUCTION OF WATER RECLAMATION FACILITIES

^{4,13,28,35}Initially, a one (1) mgd treatment facility (Campus 1) will be built to treat the wastewater. Deployment of the second phase of the WRF will always be well in advance of the flows. ⁵The expected wastewater flows throughout the service area is projected to be 31.85 mgd and the capacity of the WRF is planned to be 32.0 mgd. ¹³The construction phasing table presented in this section for Campus 1 is tentative and will change depending on the development of the service area. All infrastructure and discharge lines will be sized for ultimate flows. Some process units like odor control, solids dewatering, and generators may be sized for multiple phases. ^{15,30}Construction will follow non-point source requirements to control stormwater runoff.

9.1 *Campus 1 WRF*

The ultimate plant wastewater treatment capacity projected for the Campus 1 WRF is approximately 32 mgd. It is anticipated that the design and construction of Phase 1, the 1 mgd plant, will begin in 2008. ^{4,13,28,35}Table 9-1 presents the proposed phasing. HUC will be responsible for the design and construction of Phase 1 of the Campus 1 WRF and all subsequent phases for the WRF expansion.

⁷HUC expects to use Sequencing Batch Reactor technology, packaged with conventional filtration and ultraviolet disinfection for the Campus 1 WRF. The WRF will subsequently be expanded to accommodate growth in the surrounding area as the development pace dictates. When the WRF reaches a treatment capacity of 12 mgd and in response to development needs, the facility will be converted in planned phases to a MBR application. This conversion process will allow this facility to be expanded to an ultimate capacity of 32 mgd.

Table 9-1 Hassayampa Utility Company – Campus 1 WRF – Construction Phases

Phase	WRF where Treatment is Provided	Year Capacity Available	Capacity Available, Residential Units	Treatment Capacity (mgd)	Treatment Capital Cost per Phase
1	Campus 1	2008	2,850	1.0 Total	\$10 Million
2	Campus 1	2010	8,570	3.0 Total (2.0 New)	\$20 Million
3	Campus 1	2012	14,270	5.0 Total (2.0 New)	\$20 Million
4	Campus 1	2015	22,800	8.0 Total (3.0 New)	\$30 Million
5	Campus 1	2018	34,200	12.0 Total (4.0 New)	\$40 Million
6	Campus 1*	2020	45,600	16.0 Total (4.0 New)	\$60 Million
7	Campus 1*	2022	57,000	20.0 Total (4.0 New)	\$60 Million
8	Campus 1*	2024	68,400	24.0 Total (4.0 New)	\$60 Million
9	Campus 1*	2026	79,800	28.0 Total (4.0 New)	\$60 Million
10	Campus 1*	2028	91,200	32.0 Total (4.0 New)	\$60 Million

*If there are site restraints, the original SBR phases likely will need to be replaced with MBRs.

10.0 ENVIRONMENTAL IMPACTS/BENEFITS

³⁹The water reclamation facility for the developments will provide benefits to the area:

- Centralized wastewater treatment will be provided, reducing the potential for groundwater contamination from overuse of septic tanks with leach fields in the area.
- Regional planning allows for maximum flexibility in wastewater treatment system infrastructure deployment and use.
- Planning for regional treatment sites now precludes siting problems in the future.
- The reclaimed water from the water reclamation facility will be used for beneficial re-use (including common-area irrigation, commercial and industrial applications if available, residential irrigation and residential non-potable applications) or for aquifer recharge. Interim application may be for crop irrigation.
- A consolidated, integrated water reclamation mandate reduces the impact of development on non-renewable resources (groundwater).
- The development and expansion of the water reclamation facility will allow the area to accommodate growth in an environmentally safe manner.
- The development of new communities will fulfill a growing demand for affordable homes in high quality master planned communities, while retail uses within the community will provide an increased tax and employment base for Maricopa County.
- Availability of reclaimed water for industrial purposes can entice additional economic benefit to the region.

-
- The mechanical plants will meet Aquifer Water Quality Standards. The plant will be enclosed and have odor control.
 - This plan meets the goal of regionalization set forth by MAG, Maricopa County, State and the Clean Water Act.
 - The WRF will have the ability to discharge excess Class A+ reclaimed water flows to waters of the US under an AzPDES/NPDES permit. The WRF will meet or exceed the surface water quality standards for such discharges.

11.0 FINANCIAL INFORMATION

^{14,29}HUC, Inc is wholly owned subsidiary of Global Water Resources, Incorporated. Global is a Phoenix-based aggregator of small and medium sized regulated utility companies. Global is locally owned and operated and is well capitalized. HUC is committed to providing wastewater service in the proposed service area.

^{14,29,32,33,36}HUC will be responsible for the operation and maintenance of the sewage management system in their service area. The HUC's customers pay user fees based upon fair value as determined by the ACC. The infrastructure expansions of all the plants and the backbone of the sewage collection system will be financed through Global equity. The developer-installed in-parcel infrastructure is funded through Advances in Aid of Construction (AIAC). Note that the in-parcel infrastructure must meet Global standards prior to acceptance for service. ¹⁶The Class A+ reclaimed water is distributed and sold to many users in accordance with tariff rates as promulgated by the ACC.

^{12,14,29,33,36}HUC will fund plant and backbone construction with equity. Any portion of pipeline and interceptors constructed within a development by a developer will be constructed under the approval of the HUC and conveyed to the HUC under a line extension agreement, all in accordance with the statutes of the ACC. Currently, Global Water is deploying \$3 million a month in infrastructure to stay ahead of developers demands for service in its existing service areas. Appendix F includes letters from JP Morgan and Wells Fargo, each pledging access to cash in the low nine figures, as an example of HUC's ability to finance the project.

12.0 IMPACTS AND IMPLEMENTATION

12.1 Implementation Plan

The construction of the initial phase for Campus 1 will begin in 2008. ^{4,13,28,35}The Phase 1 facility will have a one (1) mgd treatment capacity. The proposed phasing, shown in Table 12-1, will continue until the ultimate buildout capacity of the 32 MGD. ¹³The construction phasing for Campus 1 is tentative and will change depending on the development of the service area. Deployment of the second phase of the WRF will always be well in advance of the flows. All infrastructure and discharge lines will be sized for ultimate flows. Some process units like odor control, solids dewatering, and generators may be sized for multiple phases.

Table 12-1 HUC Campus 1 WRF – Construction Phases

Phase	Year Capacity Available	Capacity Available, Residential Units	Treatment Capacity (mgd)	Treatment Capital Cost per Phase
1	2008	2,850	1.0 Total	\$10 Million
2	2010	8,570	3.0 Total (2.0 New)	\$20 Million
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9	2026 ¹	79,800	28.0 Total (4.0 New)	\$60 Million
10	2028 ¹	91,200	32.0 Total (4.0 New)	\$60 Million

1. If there are site restraints, the original SBR phases likely will need to be replaced with MBRs.

12.2 Impacts of the Proposed Plan

The Southwest 208 Service Area is in largely undeveloped area of western Maricopa County. The impact of the HUC Campus 1 WRF is not likely to have any impact on adjacent land uses, municipalities, certified service areas, existing sanitary districts, communities or businesses. The facility will be constructed and operated with current noise and odor control technologies. The Campus 1 WRF



reclaimed water will be used for reuse and recharge thereby providing the benefit of augmenting water resources. At times, the reclaimed water may be discharged to nearby washes. It is not anticipated that any of these uses will increase the vector population or odors.

13.0 PUBLIC PARTICIPATION

^{41,42,43,44,45}MAG is responsible for ensuring that the following actions are taken as part of the public participation requirements as outlined in 40 CFR 25. HUC will participate in these efforts as required.

The requirements include:

- Submit a mailing list that will be used to notify the public of the hearings on the 208 Plan Amendment
- Provide a 30-day notification to the public of the location where documentation pertaining to the amendment is available for review
- Publish a public notice with information on the date, time, subject, and location of the public hearing on the amendment application at least 45 days prior to the hearing
- Submit an affidavit of publication of the public notice
- Submit a responsiveness summary for the public hearing



208 Amendment Checklist



208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
AUTHORITY			
1	Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.	In an effort to provide regional planning and centralized wastewater services, HUC plans to provide (centralized wastewater) services throughout the boundary of the Southwest service area as shown on Exhibit 1. The HUC Southwest Service Area is located in unincorporated Maricopa County, outside a DMA. The CWA Section 208(c)(2)(A)-(I) checklist can be found in Appendix B.	Page 2-2
20-YEAR NEEDS			
2	Describe existing WWT facilities.	Truckstops of America is an existing facility immediately outside the eastern boundary of the Southwest Service Area. The Ruth Fisher School is a 15,000 gpd activated sludge facility with an ultimate capacity of 45,000 gpd. The Ruth Fisher School is located outside of the northern boundary of the Southwest Service Area. The Palo Verde Mobile Home Park is a 200,000 gpd activated sludge facility located within the Southwest Service Area.	Page 6-1, Exhibit 2
3	Show WWT certified and service areas for private utilities and sanitary district boundaries if appropriate.	There are no other service areas within the boundary of the HUC SW service area. The Palo Verde Mobile Home Park is a 200,000 gpd activated sludge facility located within the Southwest Service Area. HUC is in the process of obtaining the CC&N for the Southwest Service Area.	Page 2-1 Exhibits 4, 5, and 6, Appendix A

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ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:																																
4	Clearly describe alternatives and the recommended WWT plan: - Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period.	<p>POPTAC population projections for the 20-year planning period are:</p> <table border="1" data-bbox="503 1087 617 1764"> <thead> <tr> <th>MPA/RAZ</th> <th>2000</th> <th>2010</th> <th>2020</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>346</td> <td>3,030</td> <td>3,925</td> <td>4,462</td> <td>8,852</td> </tr> <tr> <td>Buckeye</td> <td>16,700</td> <td>58,600</td> <td>153,400</td> <td>275,500</td> </tr> <tr> <td>Total County</td> <td>3,096,600</td> <td>4,134,400</td> <td>5,164,100</td> <td>5,664,000</td> </tr> </tbody> </table> <p>Using 350 gpd/dwelling unit and the area to be serviced, the following flows are projected.</p> <table border="1" data-bbox="617 1087 763 1764"> <thead> <tr> <th rowspan="2">Area Served (sq. miles)</th> <th rowspan="2">D/U</th> <th rowspan="2">Expected Wastewater Flows (MGD)</th> <th colspan="2">Water Reclamation Facility</th> </tr> <tr> <th>Name</th> <th>Expected Buildout Capacity (MGD)</th> </tr> </thead> <tbody> <tr> <td>45.5</td> <td>91,000</td> <td>31.85</td> <td>Campus 1</td> <td>32</td> </tr> </tbody> </table>	MPA/RAZ	2000	2010	2020	2025	346	3,030	3,925	4,462	8,852	Buckeye	16,700	58,600	153,400	275,500	Total County	3,096,600	4,134,400	5,164,100	5,664,000	Area Served (sq. miles)	D/U	Expected Wastewater Flows (MGD)	Water Reclamation Facility		Name	Expected Buildout Capacity (MGD)	45.5	91,000	31.85	Campus 1	32	<p>Pages 4-1, 4-2, 5-1, 5-2, 9-1, 9-2, 12-1 Tables 4-1, 5-1, 5-2</p>
MPA/RAZ	2000	2010	2020	2025																															
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ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:															
5	Provide wastewater flow estimates over the 20-year planning period.	<table border="1" data-bbox="565 1087 841 1785"> <thead> <tr> <th data-bbox="565 1087 768 1241">Area Served (sq. miles)</th> <th data-bbox="565 1241 768 1394">D/U</th> <th data-bbox="565 1394 768 1547">Expected Wastewater Flows (MGD)</th> <th colspan="2" data-bbox="565 1547 768 1785">Water Reclamation Facility</th> </tr> <tr> <td data-bbox="768 1087 841 1241">45.5</td> <td data-bbox="768 1241 841 1394">91,000</td> <td data-bbox="768 1394 841 1547">31.85</td> <th data-bbox="768 1547 841 1656">Name</th> <th data-bbox="768 1656 841 1785">Expected Buildout Capacity (MGD)</th> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="841 1547 841 1656">Campus 1</td> <td data-bbox="841 1656 841 1785">32</td> </tr> </thead> </table>	Area Served (sq. miles)	D/U	Expected Wastewater Flows (MGD)	Water Reclamation Facility		45.5	91,000	31.85	Name	Expected Buildout Capacity (MGD)				Campus 1	32	Pages 5-1, 5-2, 9-1, 9-2 Tables 5-1, 5-2, 9-1
Area Served (sq. miles)	D/U	Expected Wastewater Flows (MGD)	Water Reclamation Facility															
45.5	91,000	31.85	Name	Expected Buildout Capacity (MGD)														
			Campus 1	32														
6	Illustrate the WWT planning and service areas.	Through this amendment, HUC has addressed a new WRF to serve 45.5 sections in western Maricopa County. The boundary of the service area extends south from the I-10 to Van Buren Street and Broadway Road and east from 443rd Avenue to 363 rd Avenue on its eastern boundary.	Exhibits 1, 2, 3, 4, 5, 6, 7 Pages 2-1, 3-1, 4-1															
7	Describe the type and capacity of the recommended WWT Plant.	The WRF will use the similar technology that has been successfully implemented at other water reclamation facilities owned by Global Water. The plant will consist of screening and grit removal preliminary treatment followed by sequencing batch reactors, post equalization, tertiary filters and UV disinfection. The plant will be designed to produce Title 18 Class A+ reclaimed water and meets SWQS for discharges to WUS. Expected buildout capacity of the WRF is 32 mgd. Phase 1 will be 1 mgd.	Pages 3-2, 6-1, 6-2, 6-3, 6-4, 9-1, Table 9-1															
8	Identify water quality problems, consider alternative control measures, and recommend solution for implementation.	The only potential water quality issues may include arsenic or nitrates in the groundwater due to historic agricultural uses or natural conditions, but there are no known conditions to a surface water in the area (the washes are dry, ephemeral washes.) There are no known mining operations that could cause water quality problems. The Arizona Department of Mines and Mineral Resources does not list any active mineral or sand and gravel mines within the service area.	Page 2-3															



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40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
9	If private WWT utilities with certificated areas are within the proposed regional service area; define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when?	There are no private WWT utilities with certificated areas within the proposed service area. The one existing facility is small, on-site facility intended for the service of the mobile home park.	Pages 3-1, 6-1, Exhibits 2, 3, 4, 5, 6, 7
10	Describe method of reclaimed water disposal and reuse sites (if appropriate).	The reclaimed water from the water reclamation facility will be used to irrigate golf courses, recreational lakes, parks and landscaping and for other direct reuse applications. If the production exceeds the irrigation/reuse demand, water will be used to recharge the aquifers under an USF permit. Thus, discharges to various receiving water bodies including the Delaney Wash, Old Camp Wash, Four Mile Wash and/or an unnamed wash will occur only infrequently, if at all, and only in emergency conditions (Exhibit 6). Discharges will occur only if the numerous recharge facilities are under maintenance or sustained cold temperatures have drastically reduce reclaimed water consumption. In other words, discharge to these washes will be used as a last option for managing reclaimed water flows. When discharges are required, GWR plans to limit the discharge to the greatest extent possible. An AZPDES permit for discharge to water receiving bodies will be required. During the early phases of the project reclaimed water may be used to irrigate agricultural land near the plant or on unused portions of the plant site.	Pages 2-2, 2-3, 3-2, 4-1, 4-2, 7-2, 7-3, 7-4, 7-5, 8-2, 8-3 Figure 7-2, 7-4 Exhibit 6
11	If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.	Currently, there are no sanitary districts within the proposed service area.	Page 6-1
12	Describe ownership of land proposed for plant sites and reuse areas.	The new WRF will be located on property that is currently undeveloped and owned privately. HUC will own in fee the entire WRF site including its 350 foot setback area. Privately held land that is largely agricultural or desert is being developed by numerous developers into subdivisions and master planned communities, portions of which will be planned and developed as commercial or possibly industrial. Reuse sites will be owned by HOAs, school districts, etc. As appropriate, commercial and industrial users (if available) may become reuse customers as well. Recharge sites will be owned by HUC.	Pages 7-4, 11-1 Appendix D



208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
13	Address time frames in the development of the treatment works.	The new WRF will be built depending on the development of the region. If development and growth is fast, the WRF will be expanded to handle the expected flows. Times frames for start and buildout capacities to be online: Campus 1: Phase 1 2008; Buildout 2028.	Pages 9-1, 9-2, 12-1 Table 9-1
14	Address financial constraints in the development of the treatment works.	HUC will fund plant and backbone construction with equity. Any portion of pipeline and interceptors constructed within a development by a developer will be constructed under the approval of the HUC and conveyed to the HUC under a line extension agreement, all in accordance with the statutes of the ACC. Currently, Global Water is deploying \$3 million a month in infrastructure to stay ahead of developers demands for service in its existing service areas. Appendix F includes letters from JP Morgan and Wells Fargo, each pledging access to cash in the low nine figures, as an example of HUC's ability to finance the project.	Page 11-1, Appendix F
15	Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).	An AZPDES Storm Water Pollution Prevention Permit (SWPPP) will be required for the site including the treatment plant construction. All hazardous material and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Retention basins, silt traps, and other sediments barriers are to be provided at the site to filter sediments from storm water runoff leaving the site. The contractor for the facility is responsible to obey all AZPDES Permit regulations relevant to construction sites to prevent surface water and groundwater contamination. The contractor shall keep the site clean and have covered dumpsters on site which are emptied regularly.	Pages 8-4, 9-1



208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
16	Describe how open areas & recreational opportunities will result from improved water quality and how those will be used.	The WRF will produce Title 18 Class A+ reclaimed water suitable for common-area irrigation, golf course irrigation, industrial/commercial applications, residential irrigation, and residential non-potable use. A reclaimed water distribution system is planned to return reclaimed water to the development projects for use in recreational lakes and landscape irrigation. The availability of the reclaimed water will allow developers to provide open areas and water bodies for public use that may not have been feasible without this source.	Pages 2-2, 3-2, 4-1, 4-2, 6-2, 7-2, 7-3, 7-4, 8-2, 11-1 Figure 7-2
17	Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.	No changes in land use are anticipated.	-
<u>REGULATIONS</u>			
18	Describe types of permits needed, including NPDES, APP and reuse.	Required permits will include APP, AZPDES, USF, Reuse, Storm water, and Air Quality	Pages 2-2, 3-1, 3-2, 4-1, 4-2, 6-2, 6-4, 7-4, 7-5, 8-1 through 8-5 Tables 3-1, 8-1
19	Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.	An AZPDES permit for discharge into water receiving bodies will be required. Biosolids quality and handling will be addressed in the permit. The Class B sludge produced at the WRF is also suitable for farmland application at ADEQ approved sites. HUC may use this reuse option instead of or in addition to landfilling. A permit will be obtained if applied for agricultural reuse.	Pages 6-2, 8-2, 8-3, 8-4
20	Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits.	Letter to Asif Majeed, ADEQ was submitted on October 5, 2006. Letter is included in Exhibit 9.	Exhibit 9

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
21	Describe pretreatment requirements and method of adherence to requirements (Section 208 (b)(2)(D), CWA).	Global Water Resources has ordinances for pretreatment and contractually obligates users to adhere to its program which is equivalent to CFR 403 program. See Appendix E, page 21 of the HUC Wastewater System Standards and the Code of Practice for prohibited and restricted wastes; and/or www.gwresources.com to view or download most current requirements and codes of practice. There are no known planned industrial users at this time.	Appendix E
22	Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208(b)(2)(K) and Section 304, CWA).	The contractor for the facility is responsible to obey all AZPDES Permit regulations relevant to construction sites to prevent surface water and groundwater contamination. All hazardous materials and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Retention basins, silt traps, and other sediment barriers are to be provided at the site to filter sediment from storm water runoff leaving the site. The contractor shall keep the site clean and have covered dumpsters on site which are emptied regularly.	Pages 8-4
23	Describe alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA).	Stabilized and dewatered sludge will be disposed of at an operating sanitary landfill certified by ADEQ to handle and dispose of sludge from wastewater treatment plants. Protection of the groundwater at the landfill location will be provided by the landfill facility. The closest landfill accepting sludge for disposal is: Butterfield Station Municipal Solid Waste Landfill, 99 th Avenue, one mile north of Highway 238, Mobile, Arizona. The WRF will produce Class B biosolids suitable for agricultural reuse by permit. HUC may find suitable reuse for its biosolids, and will obtain the necessary permits at that time.	Pages 6-2, 8-3
24	Define any nonpoint issues related to the proposed facility and outline procedures to control them.	There are no non-point issues related to the wastewater treatment plant. There are no permits to be obtained for a non-point source issue. If an issue does occur, the contractor will be required to address the problem and manage the issue. Runoff from streets and golf courses are nonpoint issues, but will not be under the control of HUC. It will be the developer's/contractor's responsibility and ultimately the HOA and homeowners that manage these issues.	Page 8-4, 8-5

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
25	Describe process to handle all mining runoff, orphan sites and underground pollutants, if applicable.	There are no known mining operations that could cause water quality problems. The Arizona Department of Mines and Mineral Resources does not list any active mineral or sand and gravel mines within the service area.	-
26	If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.	There are no known mining operations that could cause water quality problems. The Arizona Department of Mines and Mineral Resources does not list any active mineral or sand and gravel mines within the service area.	-
27	If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.	There are no known mining operations that could cause water quality problems. The Arizona Department of Mines and Mineral Resources does not list any active mineral or sand and gravel mines within the service area.	-
<u>CONSTRUCTION</u>			
28	Define construction priorities and time schedules for initiation and completion.	The new WRF will be built to accommodate the development of the HUC Southwest Service Area. If development and growth is fast, the WRF will be expanded to handle the expected flows. Refer to Section 9 and Table 9-1 for the construction and development phases of WRF. Times frames for start and buildout capacities to be online: Campus 1: Phase 1 2008; Buildout 2028	Page 9-1 Table 9-1
29	Identify agencies who will construct, operate and maintain the facilities and otherwise carry out the plan.	HUC will be responsible for the operation and maintenance of the sewage management system in their service area. HUC will fund the plant construction and major backbone infrastructure. Any portion of pipelines and interceptors constructed within a development by a developer will be conveyed to HUC under a main extension agreement. Global/HUC will be responsible for the design and construction for all phases of the WRF.	Page 11-1



208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
30	Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.	The contractor for the facility is responsible to obey all AZPDES Permit regulations relevant to construction sites to prevent surface water and groundwater contamination. All hazardous materials and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Retention basins, silt traps, and other sediment barriers are to be provided at the site to filter sediment from storm water runoff leaving the site. The contractor shall keep the site clean and have covered dumpsters on site which are emptied regularly. An AZPDES Storm Water Pollution Prevention Permit will be obtained for the project site including the treatment plant site work.	Pages 8-4, 9-1
<u>FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN</u>			
31	If plan proposes to take over certified private utility, describe how, when and financing will be managed.	N/A	-
32	Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc.	HUC is responsible for the operation and maintenance of the sewage management system in their service area. The HUC customers pay user fees based upon fair value as determined by the ACC. The infrastructure expansions of both plant and backbone will be financed by way of equity from the parent company, Global Water Resources. Class A+ reclaimed water is distributed and sold to its many users who in turn compensate the Company for its treatment and delivery costs in accordance with tariffed rates as promulgated by the ACC. See attached letters in Appendix E from JP Morgan and Wells Fargo, each pledging access to cash in the low nine figures as an example of HUC's ability to finance these projects.	Pages 11-1 Appendix F
33	Describe proposed method(s) of community financing.	The HUC customers pay user fees based upon fair value as determined by the ACC. Class A+ reclaimed water is distributed and sold to its many users who in turn compensate the Company for its treatment and delivery costs in accordance with tariffed rates as promulgated by the ACC. No methods of community financing will be used.	Pages 11-1



208 AMENDMENT CHECKLIST Section 208 Clean Water Act 40 CFR Part 130.6		
ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED
34	Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life.	The HUC Southwest Service Area is located in unincorporated Maricopa County, outside of a DMA. Letters of credit are included to demonstrate HUC's ability to construct the WRF, and Global's balance sheet is also included. See Appendix F.
35	Provide a time line outlining period of time necessary for carrying out plan implementation.	Buildout of the WRF to provide the 32 mgd of capacity is expected to occur by 2028. The new WRF will be built to accommodate the development of the HUC Southwest Service Area. The WRF will be expanded in advance of the expected flows. Refer to Section 9 and Tables 9-1 for the construction and development phases of WRF.
36	Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply.)	The infrastructure expansions of WRF and backbone will be financed by way of equity from the parent company, Global Water Resources. Global Water Resources has access to cash in the 9 figures through its relationship with Levine Investments. The HUC customers pay user fees based upon fair value as determined by the ACC. Class A+ reclaimed water is distributed and sold to its many users who in turn compensate the Company for its treatment and delivery costs in accordance with tariffed rates as promulgated by the ACC. HUC will fund the plant construction with equity. Any portion of pipelines and interceptors constructed within a development by a developer will be constructed under the approval of the company and conveyed to the Company under a line extension agreement, all in accordance with the statutes of the ACC. Developers are reimbursed through an Advance in Aid of Construction (AIAC) agreement, approved by the ACC.
<u>IMPLEMENTABILITY</u>		
37	Describe impacts and implementability of Plan: - Describe impacts on existing wastewater (WW) facilities, e.g., Sanitary district, infrastructure/facilities and certificated areas.	The area is mostly agricultural and there are no other operational wastewater treatment plants that are available to receive, treat and dispose of the sewage from the service area.
		Appendix F
		Pages 9-1 through 9-2, 12-1 Table 9-1
		Pages 11-1 Appendix F
		Pages 12-1, 12-2



208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
38	Describe how and when existing package plants will be connected to a regional system.	The mobile home park will be connected if they request service and infrastructure reaches it. Or if their package plant has operational or financial issues and Maricopa County, ADEQ or ACC direct them to hook-up, HUC can readily accommodate these flows.	Page 6-1
39	Describe the impact on communities and businesses affected by the plan.	The development & expansion of the wastewater treatment plant will allow the area to accommodate growth in an environmentally safe manner. The development of new communities will fulfill a growing demand for affordable homes in high quality master planned communities, while retail uses within the community will provide an increased tax and employment base for Maricopa County. HUC may deliver reclaimed water to farmers for irrigation of agricultural crops. Planning for discharge sites today precludes siting problems in the future, and creates the opportunity for developers to amenitize these areas if they so desire. The discharge sites have been identified in WUS, where possible. In all cases, WUS are floodplains or floodways and are not developable areas, unless they are engineered into new channel configurations to remove portions of land from the floodplain. The discharge sites will all be located in floodplains or floodways in coordination with the required USACE and ADEQ permitting processes.	Page 10-1
40	If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed: i.e., will package plants and septic systems be allowed and under what circumstances. (Interim services).	No interim facilities, package or septic, are proposed in this application.	-
<u>PUBLIC PARTICIPATION</u>			
41	Submit copy of mailing list used to notify the public of the public hearing on the 208 Amendment. (40 CFR, Chapter 1, Part 25.5)	Public participation requirements will be satisfied through MAG.	Page 13-1
42	List location where documents are available for review at least 30 days before public hearing.	Public participation requirements will be satisfied through MAG.	Page 13-1

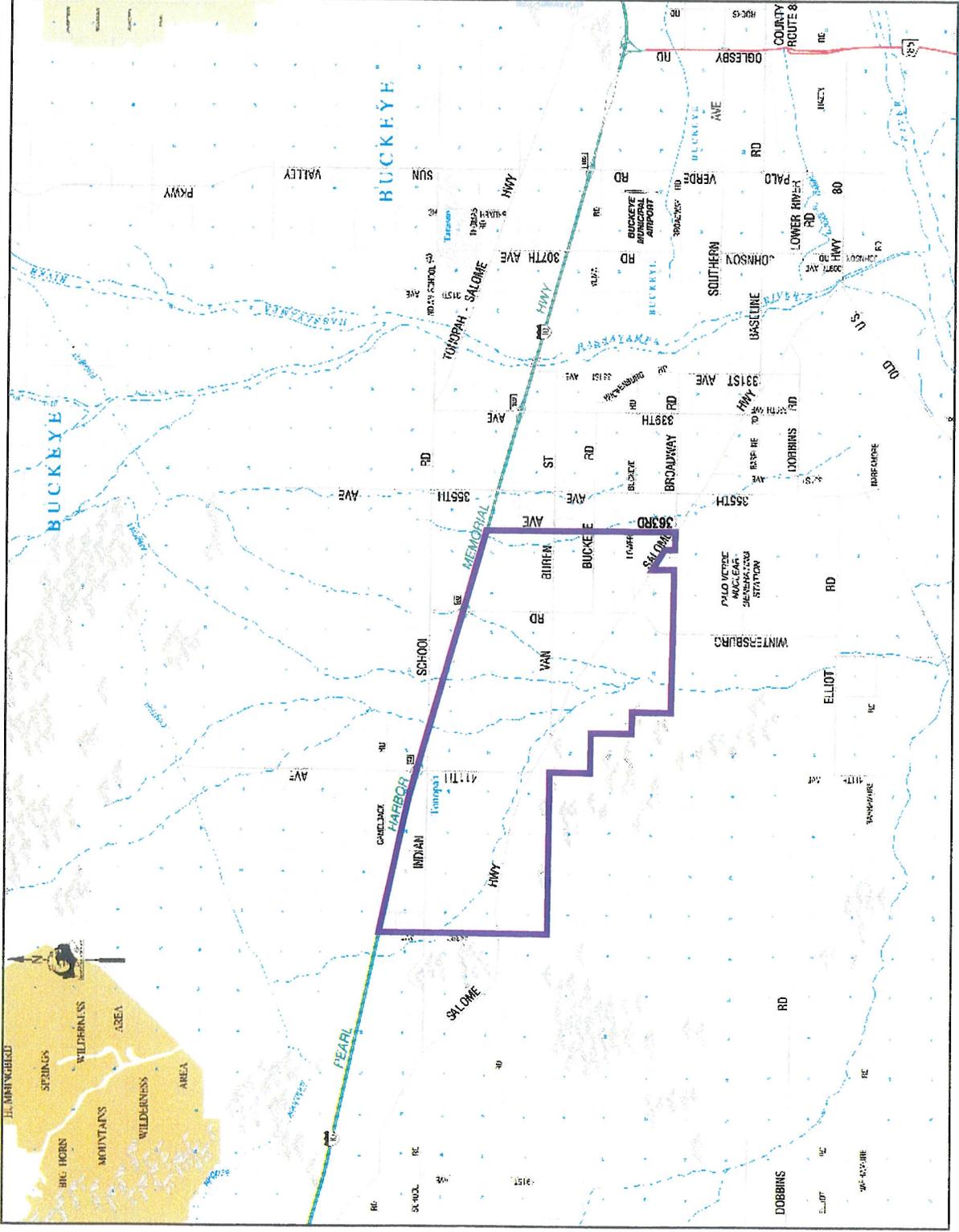


208 AMENDMENT CHECKLIST		
Section 208 Clean Water Act		
40 CFR Part 130.6		
ITEM NO.	REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED
43	Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing.	Public participation requirements will be satisfied through MAG.
44	Submit affidavit of publication for official newspaper publication.	Public participation requirements will be satisfied through MAG.
45	Submit responsiveness summary for public hearing.	Public participation requirements will be satisfied through MAG.



Exhibit 1

Vicinity Map



LEGEND	
	HUC SW PROPOSED 208 SERVICE AREA BOUNDARY

GLOBAL WATER RESOURCES, LLC
208 AMENDMENT

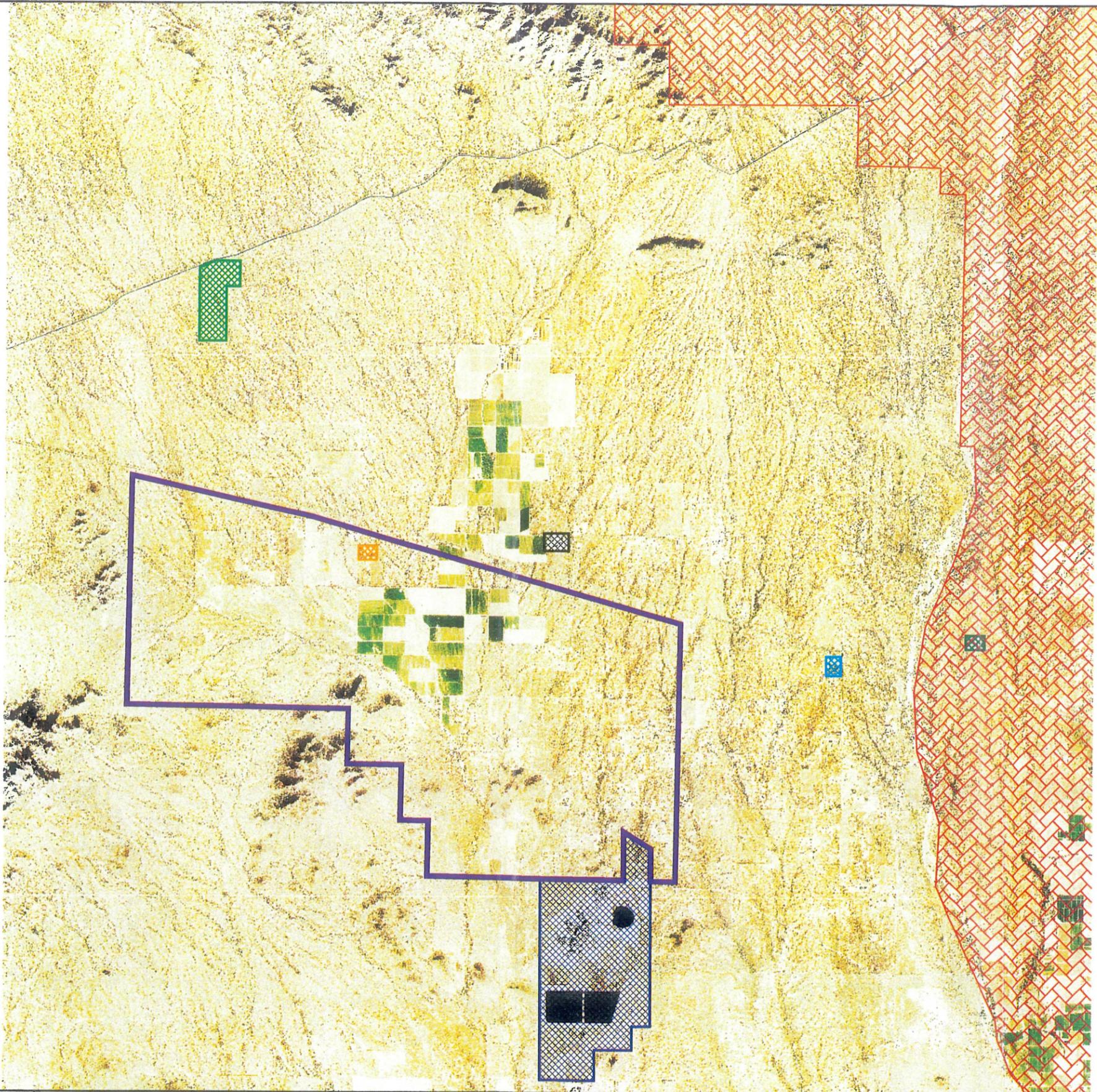
VICINITY MAP
HUC SW PROPOSED 208
SERVICE AREA



DSWA
DAMON S. WILLIAMS
ASSOCIATES, LLC

Exhibit 2

Aerial Photograph with Municipal Planning Area



LEGEND	
	HUC SW PROPOSED 208 SERVICE AREA BOUNDARY
	TOWN OF BUCKEYE PLANNING AREA
	PALO VERDE POWER PLANT
	CAWCD RECHARGE FACILITY
	RUTH FISHER SCHOOL
	TRUCKSTOPS OF AMERICA
	TARTESSO WASTEWATER TREATMENT PLANT
	PALO VERDE MOBILE HOME PARK



REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
RZ
Drawn By
CDH
Checked By
CHC



HUC SW PROPOSED 208

AERIAL PHOTOGRAPH WITH FEATURES OF NOTE

EXHIBIT 2

DSWA Project No 060010
Date MAY 2007

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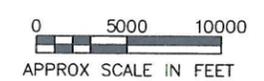
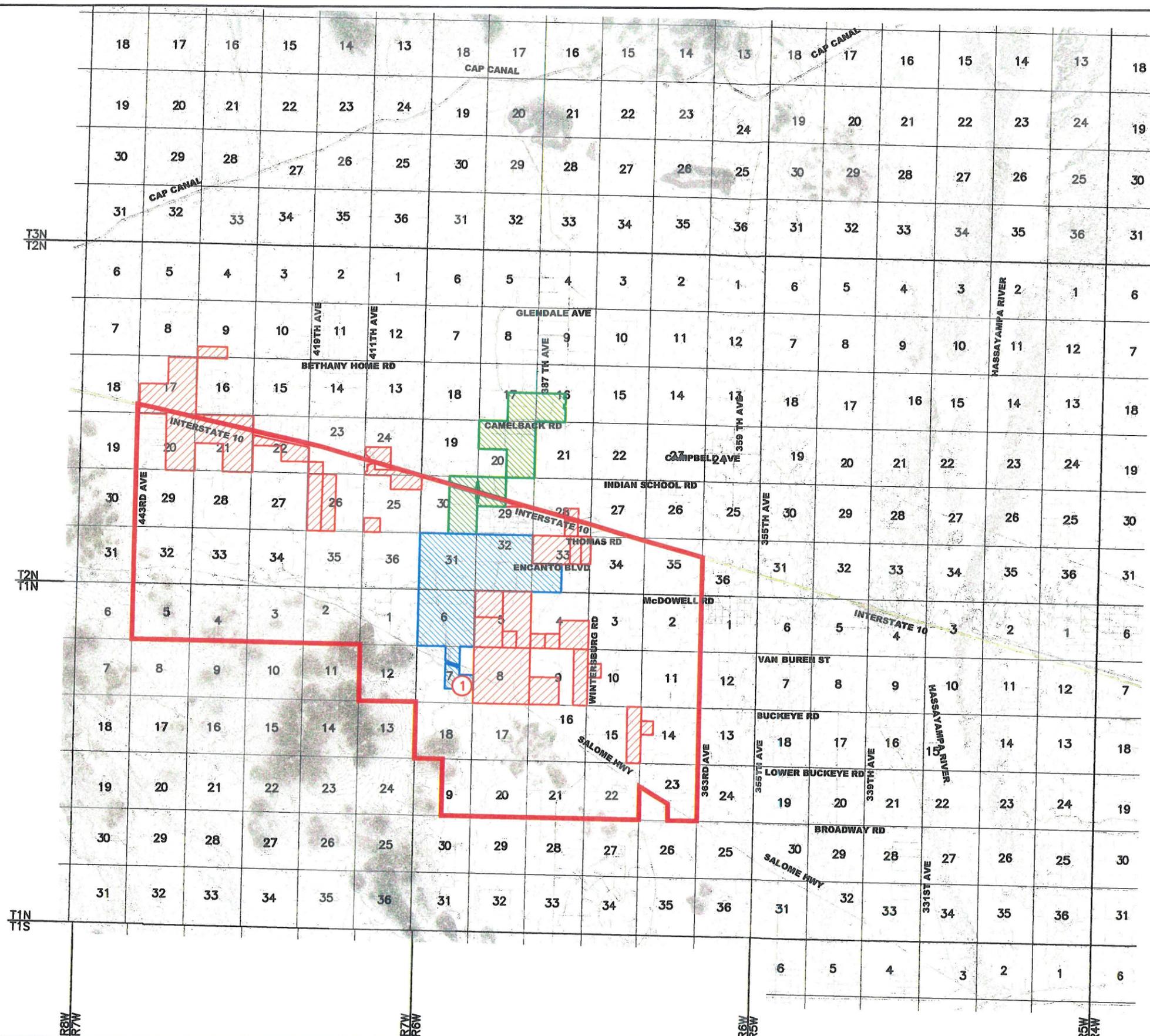


Exhibit 3

Developers in SW Service Area with Existing or Pending Agreements with Global

Exhibit 4

Water Reclamation Facility Location Map

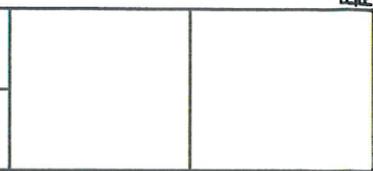
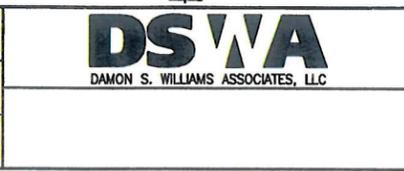


LEGEND	
	PROPOSED 208 HUC SW SERVICE AREA BOUNDARY
	SILVER SPRINGS RANCH SUBDIVISION
	COPPER LEAF SUBDIVISION
	OTHER DEVELOPMENTS
	PROPOSED WATER RECLAMATION FACILITY

WRF FACILITY		
SERVICE AREA (SQ. MILES)	WRF CAMPUS	CAPACITY (MGD)
45.5	①	32

REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
RZ
Drawn By
CDH
Checked By
CHC



HUC SW
PROPOSED 208

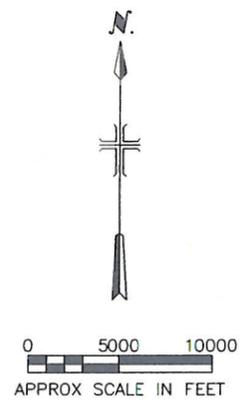
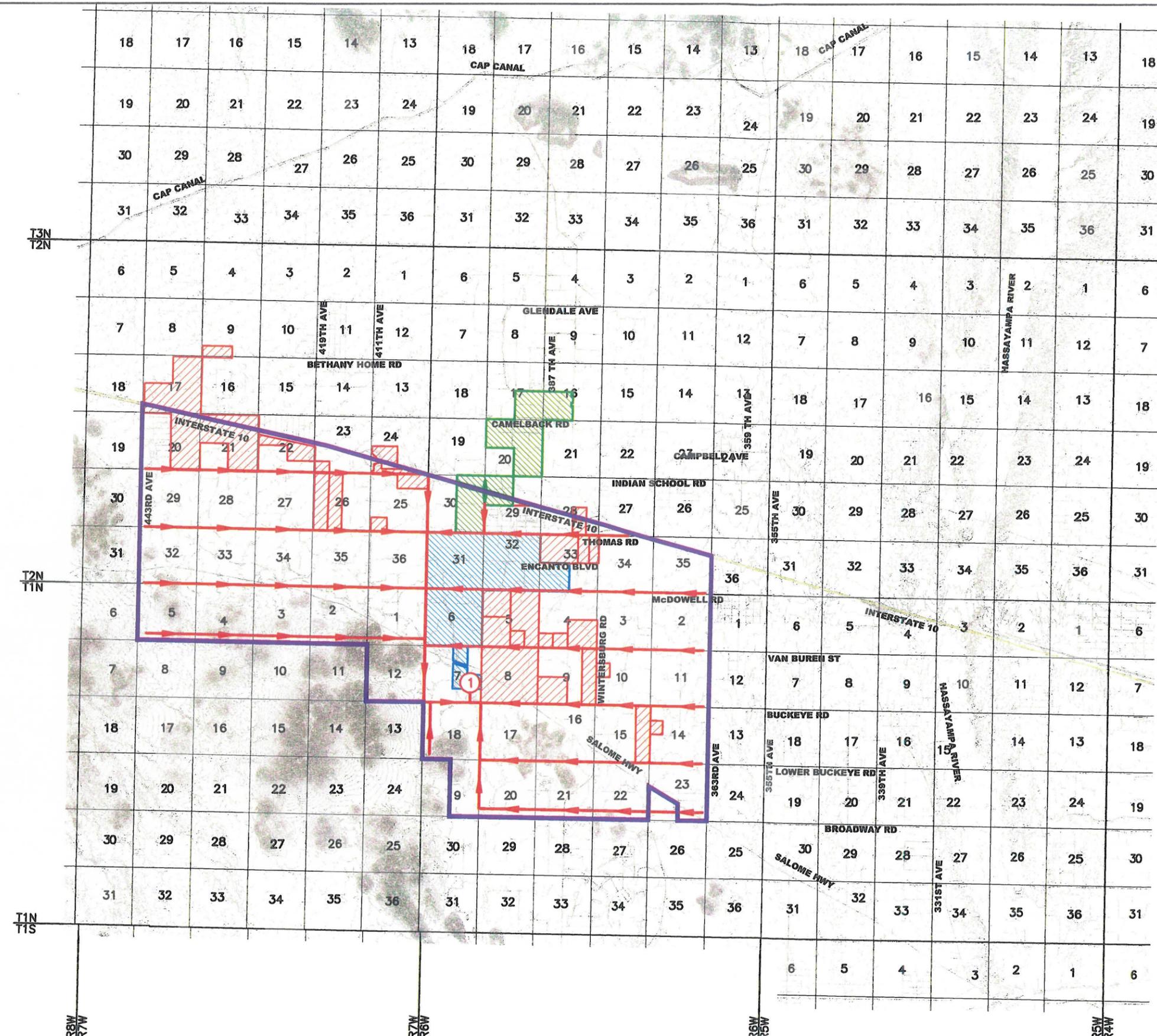
WATER RECLAMATION FACILITY
LOCATION MAP

DSWA Project No 060010
Date MAY 2007
EXHIBIT 4



Exhibit 5

Sewer Collection System



LEGEND

- PROPOSED 208 HUC SW SERVICE AREA BOUNDARY
- SILVER SPRINGS RANCH SUBDIVISION
- COPPER LEAF SUBDIVISION
- OTHER DEVELOPMENTS
- PROPOSED SEWER LINE
- PROPOSED WATER RECLAMATION FACILITY

WRF FACILITY		
SERVICE AREA (SQ. MILES)	WRF CAMPUS	CAPACITY (MGD)
45.5	①	32

REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
RZ

Drawn By
CDH

Checked By
CHC

DSWA
DAMON S. WILLIAMS ASSOCIATES, LLC

GLOBAL WATER
RELIABLE. RENEWABLE. RELIABLE.

HUC SW PROPOSED 208

SEWER COLLECTION SYSTEM

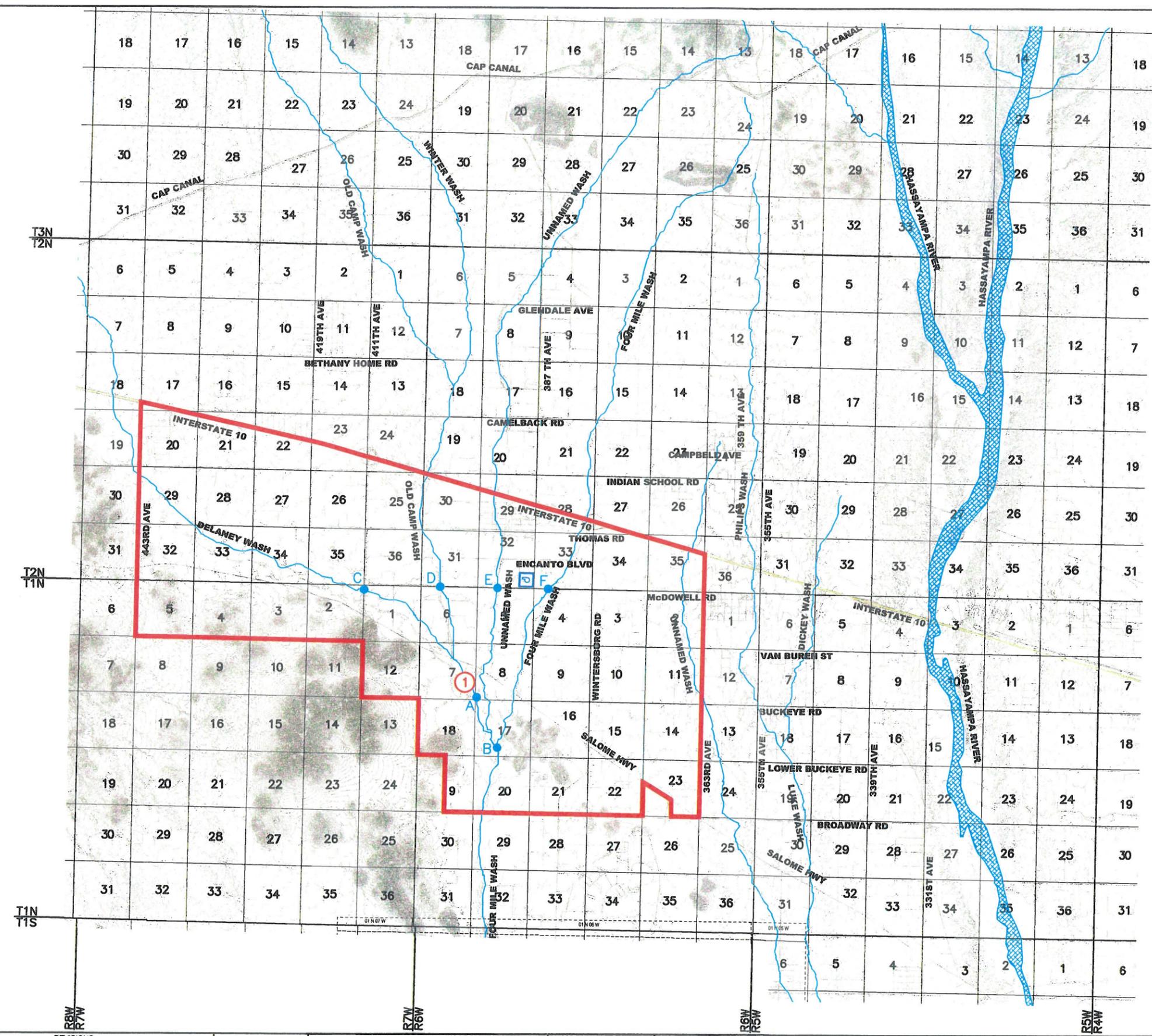
DSWA Project No 060010

Date MAY 2007

EXHIBIT 5

Exhibit 6

Water Reclamation Facility, Recharge and Discharge Sites



LEGEND

- PROPOSED 208 HUC SW SERVICE AREA BOUNDARY
- ① WATER RECLAMATION AND RECHARGE FACILITY
- WATER DISTRIBUTION CENTER AND RECHARGE FACILITY
- ~ WASH
- A POSSIBLE DISCHARGE SITE

REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
RZ
Drawn By
CDH
Checked By
CHC



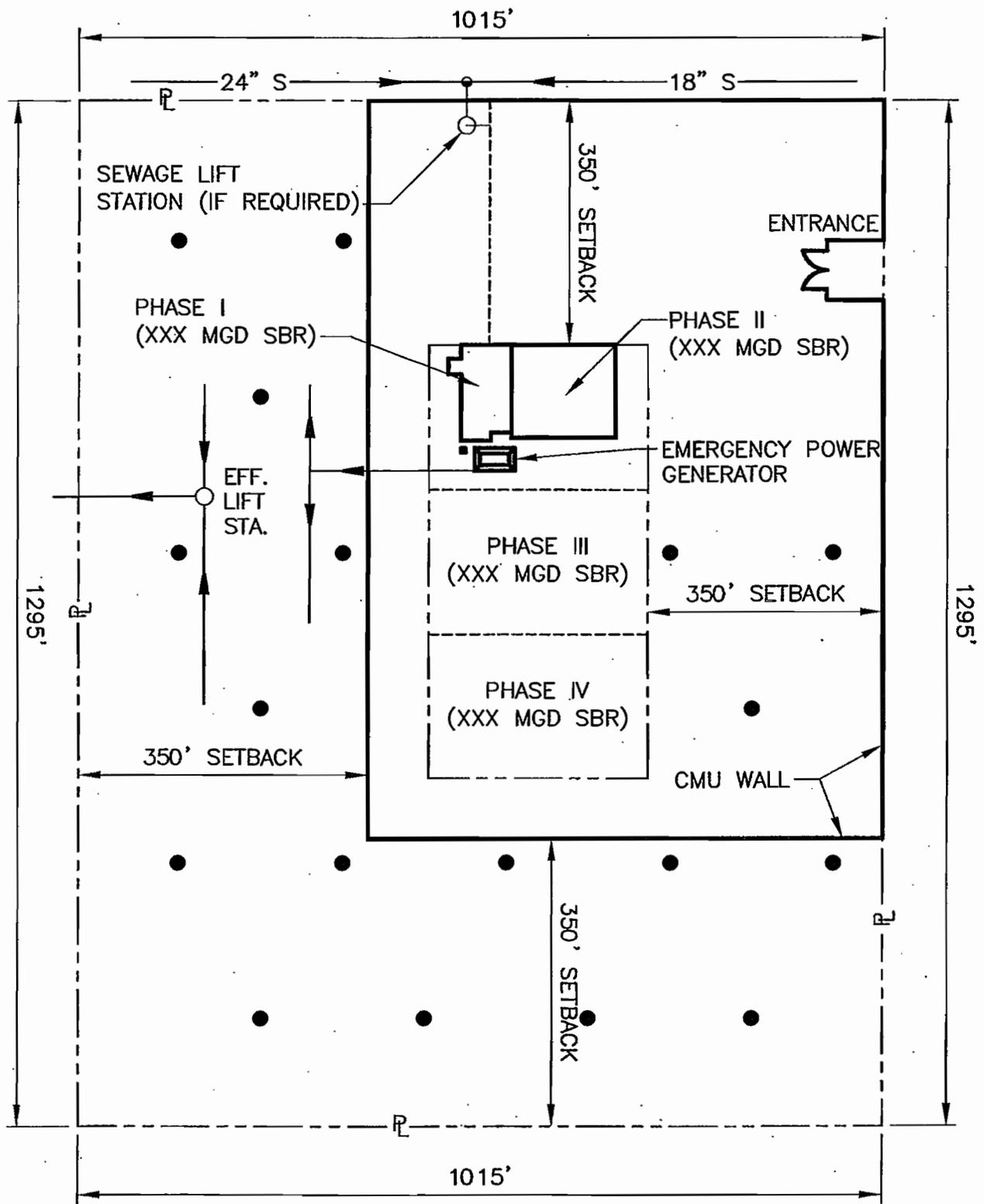
HUC SW
PROPOSED 208

WATER RECLAMATION FACILITY
RECHARGE AND DISCHARGE SITES

DSWA Project No 060010
Date MAY 2007
EXHIBIT 6

Exhibit 7

Typical WRF Layout



● - RECHARGE WELL (IF REQUIRED)

DSWA
DAMON S. WILLIAMS
ASSOCIATES, LLC

GLOBAL WATER
RELIABLE • RENEWABLE • REUSABLE

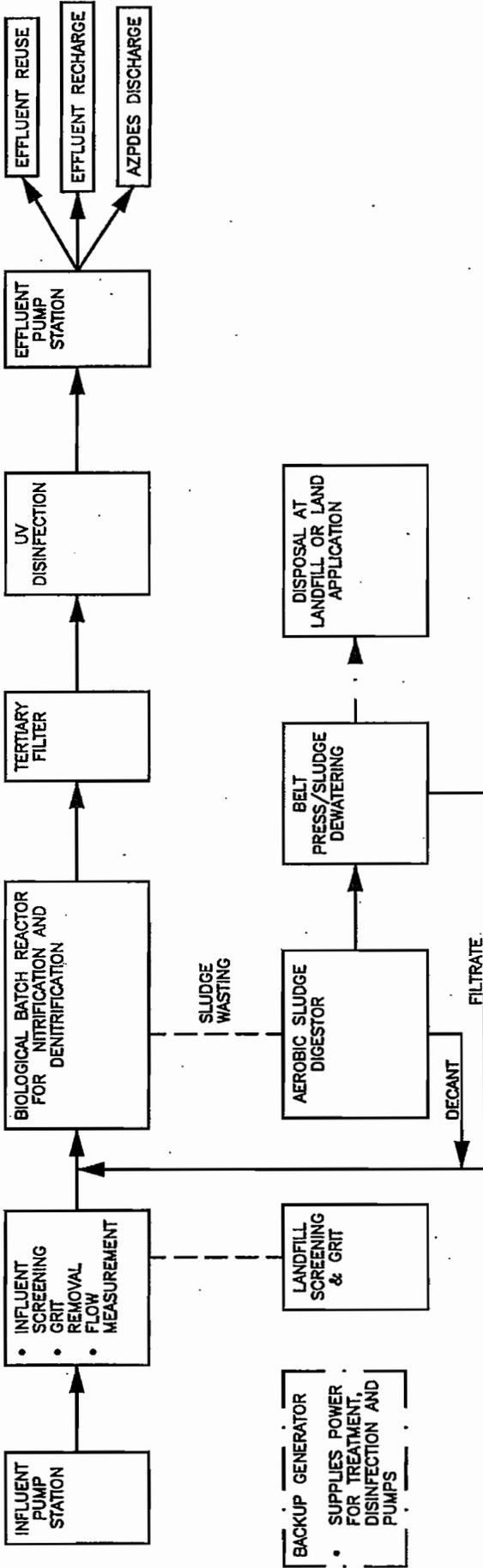
GLOBAL WATER RESOURCES, LLC
208 AMENDMENT

TYPICAL WRF LAYOUT
HUC SW PROPOSED 208

EXHIBIT 7

Exhibit 8

Process Flow Diagram Typical WRF



NARRATIVE DESCRIPTION

THE PLANT WILL BE ENCLOSED AND INCLUDE ODOR CONTROL. INFLUENT SEWAGE WILL BE PUMPED INTO THE HEADWORKS WHERE SCREENING, GRIT REMOVAL, AND FLOW MEASUREMENT WILL OCCUR. SCREENING AND GRIT WILL BE DEWATERED AND DISPOSED OF AT LANDFILL. SECONDARY TREATMENT WILL INCLUDE BOD₅ AND TSS REMOVAL AND NITRIFICATION/DENITRIFICATION FOR NITROGEN REMOVAL. THE SECONDARY TREATMENT PROCESS IS A SEQUENCING BATCH REACTOR THAT PROVIDES AERATED BIOLOGICAL TREATMENT WITH NITRIFICATION, ANOXIC DENITRIFICATION AND CLARIFICATION IN ONE TANK. SLUDGE WILL BE WASTED TO AN AEROBIC DIGESTOR. SECONDARY EFFLUENT WILL BE DECANTED INTO A SURGE TANK AND THEN PUMPED TO A TERTIARY FILTER (AUTOMATIC BACKWASH SAND FILTER) FOLLOWED BY UV DISINFECTION. WASTE SLUDGE WILL BE STABILIZED IN AN AEROBIC DIGESTOR AND DEWATERED USING MECHANICAL DEWATERING (BELT PRESS) TO PRODUCE A CLASS B SLUDGE. ULTIMATE SLUDGE DISPOSAL WILL BE TO A LANDFILL OR PERMITTED LAND APPLICATION.

GLOBAL WATER RESOURCES, LLC
208 AMENDMENT

PROCESS FLOW DIAGRAM TYPICAL WRF
HUC SW PROPOSED 208

EXHIBIT 8



Exhibit 9

Letter to Arizona Department of Environmental Quality



DAMON S. WILLIAMS ASSOCIATES, LLC
2355 East Camelback Road, Suite 700 ■ Phoenix, Arizona 85016-3458
Phone: 602-265-5400 ■ Fax: 602-265-5632
www.dswa.net

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Sheba Hafiz, P.E.

October 5, 2006

Asif Majeed, Manager
Wastewater Recharge and Reuse Unit
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, AZ 85007

Subject: Hassayampa Utility Company – Southwest Service Area
MAG 208 Amendment
DSWA Project No. 060010

Dear Mr. Majeed:

Hassayampa Utility Company, Inc (HUC) is submitting an application for an Amendment to the Maricopa Association of Governments (MAG) Clean Water Act Section 208 Areawide Water Quality Management Plan. The focus of this amendment is on consolidation of this utility's proposed planning area (referred to as the Southwest Service Area). This amendment provides planning information for two new Water Reclamation Facilities (WRF) (Campus 1 and Campus 2). Exhibits 1 and 6 (from the MAG 208 Amendment application) showing the planning area boundary and proposed WRF locations are attached for your reference.

The construction phasing of the new WRFs depends on the development of the region. If the development is slow and flows generated are low and enough excess capacity is available at existing facilities, then pump stations will be constructed and flows will be diverted to an adjacent WRF with available capacity for treatment. Once the treatment demand increases, the construction of the new WRF will commence. If development and growth is fast and capacity at existing WRF is not available, the WRFs will be constructed to handle the expected flows. The expected wastewater flow and the combined treatment capacity of all the WRFs throughout the southwest service area is projected to be 32 mgd.

The WRFs will use the same technology that has been successfully implemented at the Palo Verde Utilities Company's WRFs (Palo Verde Utilities is also a subsidiary of Global Water). The plant will consist of screening and grit removal followed by sequencing batch reactors, post equalization, tertiary filters and UV disinfection. The plant will be designed to produce Class A+ effluent that allows open access reuse and will exceed the anticipated requirements of an AZPDES or NPDES Permit. Effluent is expected to have less than 10 mg/L total nitrogen, BOD and TSS, and turbidity less than 2 NTU. Aerobic digesters will be designed to produce Class B sludge. Sludge will be dewatered using a belt press or a centrifuge and disposed of at a landfill or on permitted farmland. The plant will have noise, odor and aesthetic control and include a standby diesel generator. The setbacks for the facility will be 350 feet in accordance with the Arizona Administrative Code (AAC) R18-9-B201-I. A typical site plan for the new WRFs (Exhibit 7 from the MAG 208 Amendment application) is also attached. Design of the management system will be based upon sound engineering principles.

The WRFs will be automated and controlled with a SCADA (supervisory control and data acquisition) system. Spent ultraviolet (UV) lamps will be disposed by returning to the manufacturer for proper disposal. Oils and grease collected from equipment maintenance will be stored in secure containers until it is picked up by an



Asif Majeed, Manager
October 5, 2006

approved grease and oil recycler. The diesel fuel tank will have a retention wall around the slab to prevent any spills flowing to the ground and contaminating the groundwater. Spent charcoal used for odor control will be collected by the supplier and re-generated. Exhibit 8, from the MAG 208 Amendment application and attached for your use, illustrates a typical process flow diagram.

Effluent from the WRFs will be used for beneficial reuse, recharge to the aquifer under USF permit, and/or discharge under an AZPDES or NPDES permit. Beneficial reuse includes turf irrigation, industrial reuse and non-potable use throughout the service area. In case reclaimed water supply exceeds beneficial reuse demand, then it will be used to recharge the aquifer under an USF permit. If the supply exceeds both irrigation and recharge capacity, then it will be discharged to the receiving bodies (wash, river etc.) under an AZPDES/NPDES permit. The WRFs will have the ability to discharge to multiple points in the local washes under AZPDES or NPDES permits (if needed) when production exceeds irrigation demand and recharge ability. During the early stages of development, HUC may contract to irrigate agricultural land, typically alfalfa or cotton, as a source for reclaimed water use.

Hassayampa Utility Company understands that all the WRFs effluent will require the following permits:

1. Individual APP for the new plants and recharge facilities
2. Reuse Permits for each effluent customer
3. AZPDES or NPDES for any surface water discharge to waters of the U.S.
4. Air Quality Permit from Maricopa County
5. Underground Storage Facility and Water Storage Permits

The 208 Amendment will be submitted to MAG and ADEQ in October 2006 for review.

If you should have any questions and/or concerns, please do not hesitate to call me.

Very truly yours,

Damon S William Associates, LLC

Christine Close, P.E.

cc: Linda Taunt, ADEQ
Graham Symmonds, HUC

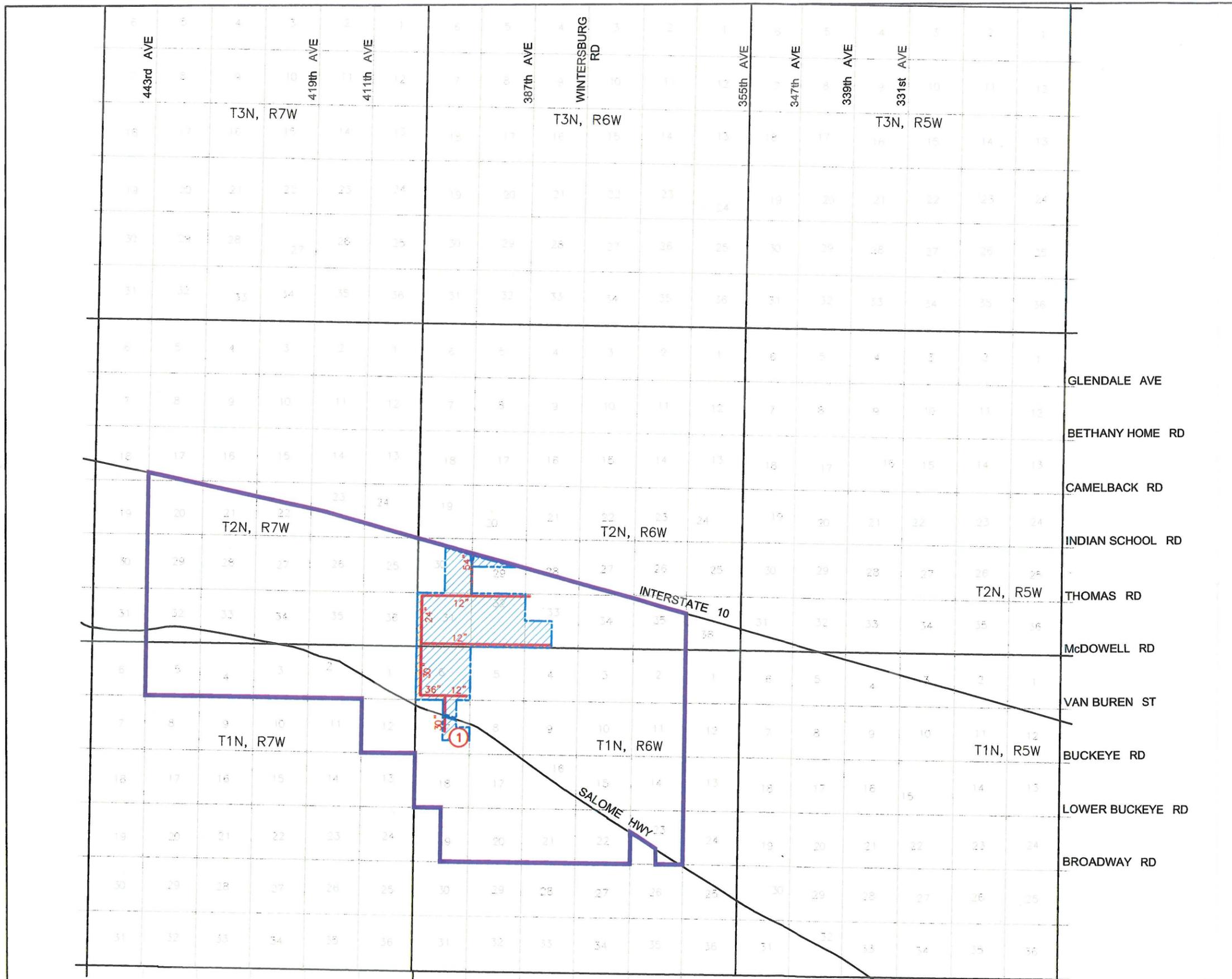
Appendix A

HUC and WUGT

CC&N Extension Boundary Maps



LEGEND	
	PROPOSED 208 HUC SW SERVICE AREA BOUNDARY
	PROPOSED SEWER
	AREA OF PROPOSED CC&N EXTENSION
	PROPOSED WATER RECLAMATION FACILITY

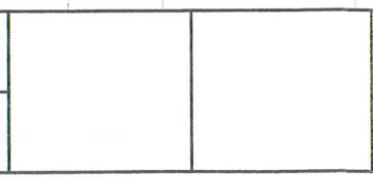
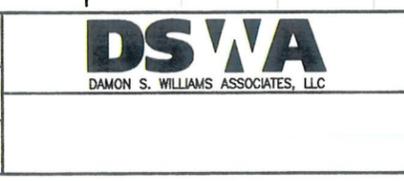


REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
CHC

Drawn By
CDH

Checked By
CHC



GLOBAL WATER
HASSAYAMPA UTILITY CO.

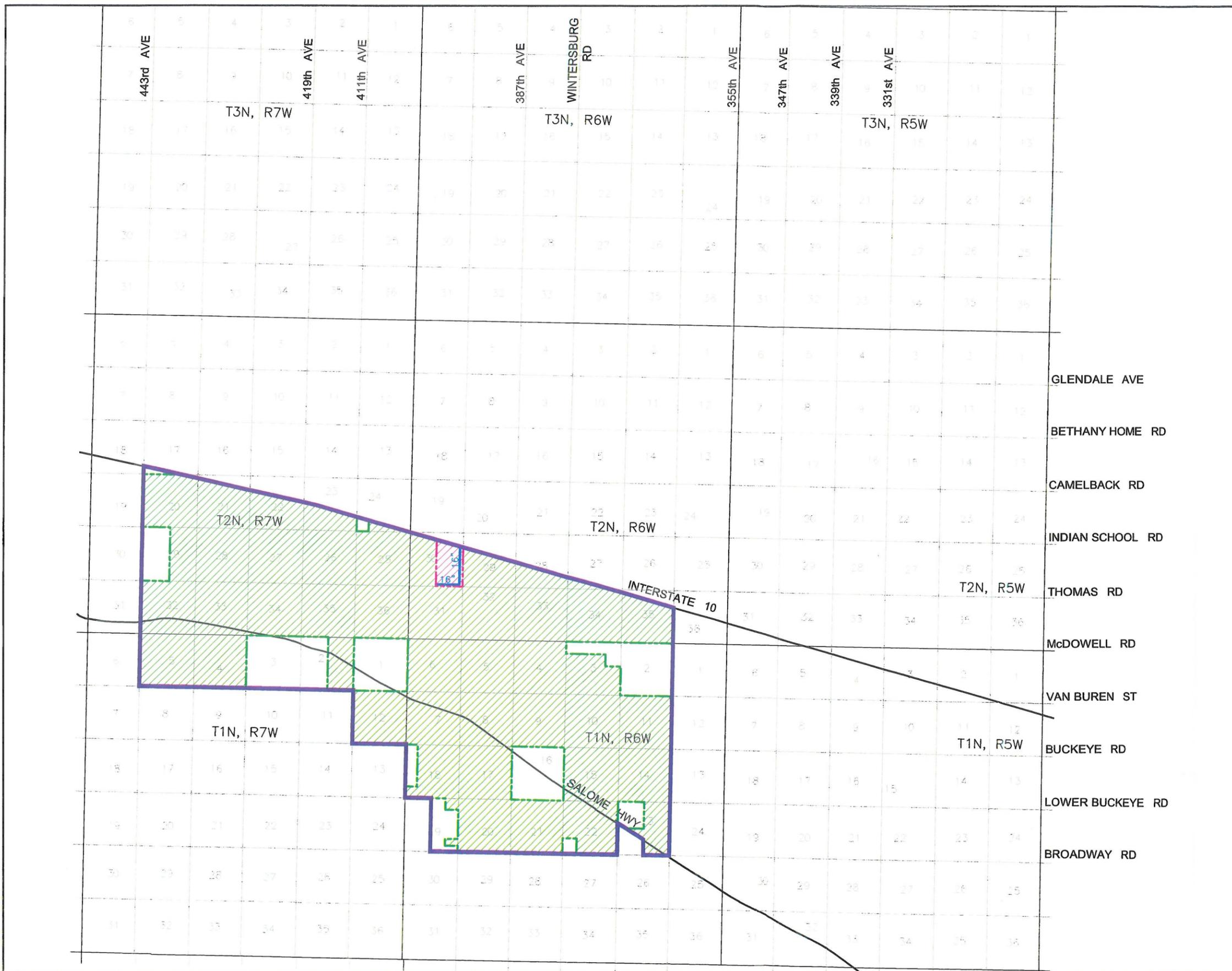
HUC SOUTHWEST SERVICE AREA
PROPOSED CC&N EXTENSION
SEWER COLLECTION
AND TREATMENT SYSTEM

DSWA Project No 060010
Date MAY 2007



LEGEND

- PROPOSED 208 HUC SW SERVICE AREA BOUNDARY
- PROPOSED WATER LINE
- FUTURE WATER DISTRIBUTION CENTER
- EXISTING CC&N
- AREA OF PROPOSED CC&N EXTENSION



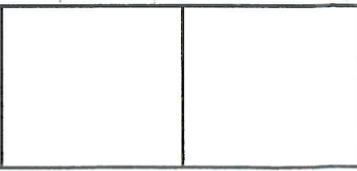
REVISIONS			
NO	DATE	BY	DESCRIPTION

Designed By
CHC

Drawn By
CDH

Checked By
CHC

DSWA
DAMON S. WILLIAMS ASSOCIATES, LLC



GLOBAL WATER
WATER UTILITY
OF GREATER TONOPAH

HUC SOUTHWEST SERVICE AREA
PROPOSED CC&N EXTENSION
WATER SYSTEM

DSWA Project No 060010
Date MAY 2007

Appendix B

DMA Checklist



April 27, 2007

Julie Hoffman, Environmental Planner III
Maricopa Association of Governments
302 N. 1st Avenue, Suite 300
Phoenix, AZ 85003

Re: MAG Staff Comments Regarding Legal Review of DMA Authorities for Hassayampa Utility Company (“HUC”)

Dear Ms. Hoffman:

Thank you for MAG’s April 4, 2007 comments on the Hassayampa Utility Company Southwest 208 Amendment (“HUC Amendment”). On April 13, 2007, we submitted to you a revised HUC Amendment in which we addressed all but one of your comments. This letter is written to address your request for a revision of the November 17, 2006 opinion of our legal counsel, George Tsiolis, “to only discuss how HUC can carry out the functions” of a designated management agency (“DMA”) under the Clean Water Act Section 208(c)(2)(A)-(I).

As you are aware, EPA has asked ADEQ to explain “how DMA functions are addressed for [Section 208] Plans for private utilities.” See EPA Letter Dated July 20, 2006 (attached hereto). ADEQ in turn has asked Section 208 amendment proponents to provide this explanation by demonstrating their ability to perform the DMA functions. Mr. Tsiolis’ legal opinion of November 17, 2006 explains how DMA functions would be addressed under the HUC Amendment, and was provided specifically in response to ADEQ’s request per the EPA letter.

It is our understanding that the issue of whether or not a private utility such as HUC may actually constitute a DMA under the existing rules, 40 C.F.R. § 130.2(n) and A.A.C. § R18-5-301(2), is a matter of federal and state law, and thus under the purview of EPA and ADEQ. We are aware that EPA and ADEQ are reviewing a number of demonstrations submitted by private utilities, including one from another Global Water Resources subsidiary. Notwithstanding the possibility that private utilities may, as the result of EPA and ADEQ review of this matter now or in the future, be able to be recognized as the DMA, this demonstration merely addresses HUC’s ability to function and does not seek to become a DMA at this time. HUC is willing to accept such designation if/when EPA and

Julie Hoffman, Environmental Planner III
Maricopa Association of Governments
April 30, 2007
Page 2 of 2

ADEQ make this decision regarding private utilities' ability to serve as such. We respectfully suggest that as long as HUC has demonstrated its ability to function as a DMA, MAG may approve the Amendment.

Sincerely,

GLOBAL WATER RESOURCES, LLC
HASSAYAMPA UTILITY COMPANY, INC



Trevor T. Hill
President and CEO

Attachment (1)

Cc: Dale Bodiya
Ken James
Linda Taunt
Edwina Vogan
George Tsiolis
Paul Gilbert
Christine Close



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3901

July 20, 2006

Edwina Vogan, Regional Water Quality Plan Coordinator
Watershed Management Unit
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, Arizona 85007

Dear Ms. Vogan:

I am sending this letter to clarify the status of several recently submitted 208 Plan Amendments (Plans) that do not have a Designated Management Agency (DMA). Two of the six pending Plans: Bachmann Springs and Willow Springs are sponsored by private utilities and do not have DMA's. These amendments are on hold, as will be any additional Plans we receive for review, until we receive an explanation from your agency regarding how DMA functions are addressed for Plans with private utilities.

As you know, we returned the Palo Verde 208 Plan Amendment last month, in part because it did not include a DMA or explain how DMA functions would be addressed. Sections 208(b)(2)(C)(iii), 208(b)(2)(D) and (c)(1), and regulations in 40 C.F.R. 130.6(c)(5) identify the types of functions performed by DMA's. Since many Plans are now sponsored by private utilities rather than agencies, they need to explain how DMA functions are addressed.

We look forward to receiving this information for Plans in the State of Arizona and proceeding with our review of these Plans. If you any questions regarding this matter or with a particular Plan, please contact me at 415-972-3415.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl A. McGovern".

Cheryl A. McGovern
Project Officer

GEORGE A. TSIOLIS
ATTORNEY AT LAW
81 Chester Place # E-2
Englewood, New Jersey 07631
Office: 201-408-4256
Cell: 602-319-4021
E-mail: gtsiolis@nj.rr.com

November 17, 2006

ATTORNEY-CLIENT COMMUNICATION (PRIVILEGED)
Sent via E-mail (PDF) and First Class Mail

Robin Bain, P.E., DEE
Permitting Manager
Global Water Management, LLC
21410 North 19th Avenue
Suite 201
Phoenix, Arizona 85027

**Re: Designated Management Agency Status of Hassayampa Utility Company
Southwest Service Area**

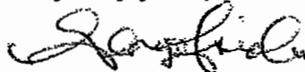
Dear Robin:

This letter expresses my legal opinion concerning the authority of Hassayampa Utility Company ("HUC") to provide wastewater collection and treatment service under the Clean Water Act Section 208(c)(2).

Based on information provided to me by Global Water Management, LLC, it is my opinion that HUC qualifies as a "Designated Management Agency" under A.A.C. R18-5-301(2), with "adequate authority" to perform the functions enumerated at Section 208(c)(2)(A)-(I), 33 U.S.C. § 1288(c)(2)(A)-(I) in the "Southwest Service Area." A memorandum in support of my opinion is attached to this letter.

If you have any questions regarding my opinion or need further information, please let me know at 602-319-4021.

Very truly yours,



George Tsiolis
Attorney at Law

**HASSAYAMPA UTILITY COMPANY
SOUTHWEST SERVICE AREA
SECTION 208(c)(2)(A)-(D) AUTHORITY**

(A) Adequate authority to carry out appropriate portions of the areawide waste treatment management plan.

The DMA's authority to carry out the portions of the Areawide Plan described in the Section 208 Amendment derives in part from the statutes and rules and implementing licenses governing public service corporations ("PSCs").

Article 15, Section 2 of the Arizona Constitution and Arizona Revised Statutes ("A.R.S.") §§ 9-511 and 40-201 through 40-495 confer on PSCs general authority to provide wastewater treatment service in Arizona. The licenses issued to each PSC pursuant to those statutes and corresponding rules provide the framework, or four corners, within which the PSC may provide the service.

The licenses are certificates of convenience and necessity ("CC&N") issued by the Arizona Corporation Commission ("Commission") pursuant to A.R.S. §§ 40-281 through 40-285; and franchises granted by the county, city or town ("Political Subdivision") within which the service will be provided, pursuant to A.R.S. §§ 9-501 and 9-502.

The CC&N: (i) is the Commission's binding confirmation that the PSC has the legal authority to provide the service;¹ (ii) is the Commission's conclusive determination that the PSC has the technical and financial capability to provide the service;² (iii) verifies the particular manner in which the PSC shall generate revenue, including, but not limited to, a schedule of service rates to be assessed against the PSC's customers, the issuance of bonds and other contracts for debt, and the issuance of stock or other forms of equity in the PSC;³ and (iv) confirms the PSC's authority to enforce statutory prohibitions against intentionally or negligently hampering with the PSC's equipment and services.⁴ In this case, the Commission has issued a CC&N to HUC in accordance with the foregoing.⁵

¹ A.R.S. § 40-281 (application for CC&N); A.R.S. § 40-282 (issuance of CC&N).

² *Id.*; A.R.S. §§ 40-202, 40-321, 40-322 (determination and regulation of technical sufficiency of service); A.R.S. §§ 40-203, 40-362, 40-367 (determination and regulation of financial capability to provide service); *see also* A.A.C. § R14-2-602(c)-(i), (m) (stating issuance of CC&N is confirmation of institutional, technical, managerial and financial capabilities of PSC).

³ A.R.S. §§ 40-203 (Commission's authority to approve rates), 40-250 (hearing on rates), 40-256 (calculation of rates), 40-301 (issuance of stocks and bonds), 40-302 (other debt instruments), 40-303 (forms of evidence of equity issuance and indebtedness), 40-335 (rate remissions), 40-361 (manner of rate assessment), 40-362 (periodic investigation of rates), 40-365 (routine filing of rate schedule), 40-367 (rate changes), 40-368 (sliding scale of rates).

⁴ A.R.S. §§ 40-492 (civil action for tampering with utility), 40-493 (damages, costs and attorney fees), 40-494 (presumptive violations); *see also* A.A.C. § R14-2-609(B)(1)(a) (authorizing PCS to terminate treatment service to any customer without advance notice upon the PSC's determination that the customer's wastewater discharge is hazardous to the sewage collection or treatment system); A.A.C. § R14-2-609(C)(1)(e) (allowing termination of service for customer's breach of contract).

⁵ CC&N Decision No. 68922 (August 29, 2006) at 3 (finding HUC's plant has "adequate treatment capacity" to provide service); *id.* at 3, 4, 9 (authorizing HUC to file and impose a pretreatment tariff to ensure if a customer "discharges

The franchise: (i) is the Political Subdivision's binding confirmation that the PSC has the legal authority to utilize public rights of way to install and maintain sewage collection and processing systems; (ii) verifies and imposes conditions on the manner in which the rights of way shall be utilized; and (iii) confirms the PSC's authority to use statutory and county or municipal ordinances to protect the integrity of the sewage collection and processing systems against the intentional or negligent misconduct of third parties.⁶ In this case, HUC is in the process of receiving from Maricopa County a franchise in accordance with the foregoing, in furtherance of HUC's service in the area covered by the Section 208 Amendment. A Board of Supervisors' vote confirming the franchise is to occur on December 20, 2006.

The DMA's authority to carry out the portions of the Areawide Plan described in the Section 208 Amendment also derives from the planning statutes governing utility providers and implementing agreements. A.R.S. §§ 11-825 and 11-830 confer on Arizona counties the obligation to conduct long-range planning of sewage collection and treatment within their unincorporated jurisdictions.⁷ Maricopa County has elected to satisfy that obligation in part by agreeing to sponsor the Section 208 Amendment, thus incorporating HUC's service under the Amendment within the County's plan.⁸ Correspondingly, HUC has agreements with the development subdivisions in the area covered by the Amendment, under which HUC is authorized to provide service specifically to those subdivisions.⁹

The foregoing statutes, rules, licenses and agreements provide HUC with adequate authority to carry out the portions of the Areawide Plan described in the Section 208 Amendment, as required under the Clean Water Act § 208(c)(2), 33 U.S.C. § 1288(c)(2).

(B) Adequate authority to manage effectively waste treatment works and related facilities serving the area in conformance with the areawide plan.

The DMA's "authority to manage effectively"¹⁰ waste treatment works and related facilities serving the area covered by the Section 208 Amendment derives from the same statutes, rules, licenses

something into the sewer that causes a permit violation or fails to maintain permit compliance, [HUC] could shut that customer down"); *id.* at 5, 9 (discussing HUC's projected equity and rate-based revenue sources); *id.* at 6-7, 8 (finding "reasonable and appropriate" HUC's schedule of rates charged to customers for service, as amended by Commission staff); *id.* at 9 (authorizing HUC to "collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R14-2-409(D)(5)"); *id.* at 7 (concluding HUC is a "fit and proper entity" to provide the service); *see also* Docket No. SW-20422A-06 Application (September 7, 2006) (specifying HUC's legal, technical and financial capability to provide the service). **Attached hereto as Exhibits 1 and 2.**

⁶ *See* A.R.S. §§ 40-209 (force and effect of franchises), 40-282 (action upon contemplated franchises).

⁷ A.R.S. § 11-825(C)(2) (requiring plan to identify distribution, location, extent and intensity of major components of sewage disposal, drainage and other facilities necessary to provide for the land uses described in the plan; A.R.S. § 11-830(G) (discussion obligations of sewage treatment provider within plan).

⁸ *See, e.g.*, Correspondence from Maricopa County regarding Sponsorship of Amendment, **attached hereto as Exhibit 3.**

⁹ *See* Subdivision Request-for-Service letters, **attached hereto as Exhibit 4.**

¹⁰ *Sic.* 33 U.S.C. §1288(c)(2)(B).

and agreements discussed above. For instance, the DMA would not have authority to manage effectively the waste treatment works if the only franchise it can secure is one that requires one hundred lift stations to route wastewater to the plant. Such a right of way configuration, while authorized by the franchise, would not lend itself to effective management of the system.

The DMA's ability to manage the sewage collection and treatment system effectively, on the other hand, is indicated by A.R.S. §§ 40-201 through 40-495¹¹ and the CC&N issued thereunder,¹² and by the engineering and other technical specifications in the Section 208 Amendment.¹³

HUC, accordingly, has adequate authority to manage effectively the waste treatment works and related facilities that would serve the area covered by the Section 208 Amendment, as well as the ability to do so.

(C) **Adequate authority directly or by contract, to design and construct new works, and to operate and maintain new and existing works as required by the areawide plan.**

The DMA's authority to design, construct, operate and maintain sewage collection and treatment works required for the area covered by the Section 208 Amendment derives from the same statutes, rules, licenses and agreements discussed above. The CC&N, Maricopa County franchise, County plan including sponsorship of the Amendment, and subdivision agreements, discussed above, provide the authority in the first instance to construct and operate the works, and form the basis pursuant to which the balance of the permits necessary to regulate such operations, such as aquifer protection and special use permits, can be issued.

The DMA's authority to contract with engineering firms and other contractors and vendors, to the extent necessary to design, construct, operate and maintain the collection and treatment system, is grounded in corporation law. That law recognizes an entity duly incorporated with the Commission has the right to enter into binding service contracts to further the stated goals of the entity's articles of incorporation and bylaws.¹⁴ Accordingly, HUC has adequate authority directly or by contract to design, construct, operate and maintain the sewage collection and treatment works that would serve the area covered by the Section 208 Amendment.

¹¹ A.R.S. §§ 40-202, 40-321, 40-322 (determination and regulation of technical sufficiency of service); A.A.C. § R14-2-602(c) (requiring information about the type of facility to be constructed); A.A.C. § R14-2-602(d) (requiring engineering specifications "in sufficient detail to properly describe the principal systems and components").

¹² CC&N Decision No. 68922 at 3 (finding HUC's plant has "adequate treatment capacity" to provide service); *id.* at 3, 4, 9 (authorizing HUC to cancel service to customers that fail to pretreat their indirect discharges or otherwise cause a violation of HUC's permit); *id.* at 7 (concluding HUC is a "fit and proper entity" to provide the service); Docket No. SW-20422A-06 Application (specifying HUC's technical capability to provide the service).

¹³ See Section 208 Amendment Application § 6 (design of existing and proposed treatment systems), § 7 (plan for deployment of reclaimed water), § 8 (sewage treatment and collection system permitting plan); § 9 (phasing of expanded treatment capacity).

¹⁴ A.R.S. § 10-302 ("Unless its articles of incorporation provide otherwise, every corporation has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including power to: . . . 7. Make contracts and guarantees, incur liabilities . . .").

(D) Adequate authority to accept and utilize grants, or other funds from any source, for waste treatment management purposes.

PSCs are, like any corporation registered with the Commission, authorized to generate, secure, accept and utilize funds from a variety of sources.¹⁵ Additionally, A.R.S. §§ 40-201 through 40-495 provide PSC's specific authority to generate, secure, accept and utilize funds through a schedule of service rates to be assessed against the PSC's customers, the issuance of bonds and other contracts for debt, and the issuance of stock or other forms of equity in the PSC.¹⁶ The CC&N issued pursuant to those statutes defines how that authority may be applied in the given service area.¹⁷ Accordingly, HUC has adequate authority to accept and utilize funds from a variety of sources for waste treatment management purposes.

(E) Adequate authority to raise revenue including the assessment of waste treatment charges.

The DMA's authority to raise revenue generally is found in the statutes that authorize any corporation registered with the Commission to generate, secure, accept and utilize funds.¹⁸

The authority to assess waste treatment charges, in particular, derives from A.R.S. §§ 40-201 through 40-495, which provide PSCs authority to generate, secure, accept and utilize funds through a schedule of service rates to be assessed against the PSC's customers.¹⁹ The CC&N issued pursuant to those statutes defines how that authority may be applied in the given service area.²⁰ Accordingly, HUC has adequate authority to raise revenue including the assessment of waste treatment charges.

(F) Adequate authority to incur short- and long-term indebtedness.

The DMA's authority to incur debt is found in the statutes that authorize any corporation registered with the Commission to enter contracts to borrow money.²¹

¹⁵ A.R.S. § 10-302 (“... every corporation has ... power to: ... 7. ... borrow monies, issue its notes, bonds and other obligations, which may be convertible into or include the option to purchase other securities of the corporation, and secure any of its obligations by mortgage, deed of trust, security agreement, pledge or other encumbrance of any of its property, franchises or income. 8. Issue any bond, debenture or debt security of the corporation.”).

¹⁶ See Footnote 3; see also A.A.C. § R14-2-602(e) (rates to be charged for service rendered); A.A.C. § R14-2-602(g) (manner of capitalization and method of financing for the project).

¹⁷ See CC&N Decision No. 68922 at 3, 4, 9 (authorizing HUC to file and impose a pretreatment tariff); *id.* at 5, 9 (discussing HUC's projected equity and rate-based revenue sources); *id.* at 6-7, 8 (finding “reasonable and appropriate” HUC's schedule of rates charged to customers for service, as amended by Commission staff); *id.* at 9 (authorizing HUC to “collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R14-2-409(D)(5)”; *id.* at 7; see also Docket No. SW-20422A-06 (specifying HUC's financial capability to provide the service).

¹⁸ See Footnote 15.

¹⁹ A.R.S. §§ 40-203 (Commission's authority to approve rates), 40-250 (hearing on rates), 40-256 (calculation of rates), 40-361 (manner of rate assessment), 40-365 (routine filing of rate schedule), 40-367 (rate changes); see also A.A.C. § R14-2-602(e) (rates to be charged for service rendered).

²⁰ See Footnote 17.

²¹ See Footnote 15.

In addition, A.R.S. §§ 40-201 through 40-495 provide PSC's specific authority to issue bonds and equity and enter other contracts for debt.²² Accordingly, HUC has the authority to incur short- and long-term indebtedness.

(G) **Adequate authority to assure in implementation of an areawide waste treatment management plan that each participating community pays its proportionate share of treatment costs.**

The DMA's authority to assure each community that is being provided the service pays its proportionate share of treatment costs derives from A.R.S. §§ 40-201 through 40-495. Those statutes confer on DMAs that are PSCs the authority to pass on the treatment costs to their customers by charging them certain rates.²³ It is the central purpose of the CC&N that are issued pursuant to those statutes to make sure the ratemaking is proportionately fair and equitable.²⁴ Accordingly, HUC has adequate authority to assure each community receiving the service pays its proportionate share of treatment costs.

(H) **Adequate authority to refuse to receive any wastes from any municipality or subdivision thereof, which does not comply with any provisions of the areawide plan.**

The DMA's authority to refuse to receive wastewater which does not comply with provisions of the Areawide Plan is grounded, firstly, in A.A.C. § R14-2-609(B)(1)(a), which provides "[u]tility service may be disconnected without advance written notice" due to the "existence of an obvious hazard to the safety or health of the consumer or the general population." When a customer's wastewater that does not comply with provisions of the Areawide Plan has the potential to result or in fact results in a wastewater treatment system upset or bypass,²⁵ the potential or actual result is an obvious hazard to the general population. In such instances, A.A.C. § R14-2-609(B)(1)(a) authorizes the DMA to discontinue further service to the customer. This authority is reflected in the CC&N, which allows a pretreatment tariff to be filed and imposed to ensure if a customer "discharges something into the sewer that causes a permit violation or fails to maintain compliance, [HUC] could shut that customer down."²⁶

²² A.R.S. §§ 40-301 (issuance of stocks and bonds), 40-302 (other debt instruments), 40-303 (forms of evidence of equity issuance and indebtedness); *see also* A.A.C. § R14-2-602(g) (manner of capitalization and methods of financing).

²³ *See* Footnote 19.

²⁴ *See, e.g.*, Decision No. 68922 at 9 (authorizing HUC to "collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R14-2-409(D)(5)).

²⁵ A.R.S. § 49-255(8) (definition of "upset"); A.A.C. § R18-9-A901(5) (definition of "bypass").

²⁶ Decision No. 68922 at 3-4.

The Commission's rules, additionally, require compliance with the Clean Water Act as a condition of issuance and maintenance of CC&N.²⁷ Therefore, to the extent receipt of wastewater would result in a violation of Clean Water Act Section 208 and areawide plans and amendments adopted pursuant thereto, the DMA would be required to refuse to receive the wastewater.

Finally, A.A.C. § R14-2-609(C)(1)(e) allows termination of service for the customer's breach of contract.²⁸ HUC's form line extension agreement, discussed below, requires its customers to abide by material provisions of the Clean Water Act and implementing rules as a condition of receiving service. Therefore, if a customer violates those provisions, HUC has authority terminate the customer's service.

HUC, accordingly, has adequate authority to refuse to receive wastewater which does not comply with provisions of the Areawide Plan.

(I) Adequate authority to accept for treatment industrial wastes.

A.R.S. §§ 40-201 through 40-495 and the CC&N issued thereunder provide the DMA the authority to receive industrial wastewater just like any other form of wastewater. Neither the statutes nor the rules discriminate against industrial wastewater *per se*.

In connection with its receipt of industrial wastewater, HUC has authority to impose Categorical and other Pretreatment Standards against those customers that are Industrial Users under A.A.C. § R18-9-A906(D) and 40 C.F.R. Part 403. HUC has this authority for two reasons.

First, HUC is a "POTW" for purposes of the pretreatment statutes and rules. Under the Section 208 Amendment, HUC would be the "designated management agency" under A.A.C. § R18-5-301(2), which qualifies as a "municipality" under 33 U.S.C. § 1362(4), which qualifies as a "POTW" under 40 C.F.R. § 403.4(q) and A.R.S. § 49-255(5). A.A.C. § R18-9-A906(D) and 40 C.F.R. Part 403 thus confer on HUC regulatory authority to enforce the Pretreatment Standards.

Second, HUC has in its form line extension agreement a provision that imposes on customers that are Industrial Users the contractual obligation to satisfy the Pretreatment Standards; confers on HUC the right to terminate service in the event of a customer's violation of the Pretreatment Standards;²⁹ and imposes on customers the obligation to indemnify, hold harmless and defend HUC for any losses arising from their violation of the Pretreatment Standards.³⁰ Thus, the line extension agreements confer on HUC an alternative, contractual authority to enforce the Pretreatment Standards.

²⁷ See, e.g., Decision No. 68922 at 8-9 (indicating failure to achieve compliance with § 208, Arizona Pollutant Discharge Elimination System laws, and Arizona Aquifer Protection Program laws by specific dates would render CC&N void).

²⁸ See also A.R.S. §§ 40-492 (civil action for tampering with utility) and 40-493 (damages, costs and attorney fees).

²⁹ Compare A.A.C. § R14-2-609(B)(1)(a) (authorizing termination of service upon determination customer's wastewater is causing a hazard).

³⁰ Form Line Extension Agreement ¶ 10, attached hereto as Exhibit 5. (HUC's codes of practice in furtherance of the Pretreatment Standards are included with the Section 208 Amendment.)

LIST OF EXHIBITS (Attached)

- 1 – CC&N Decision No. 68922 (August 29, 2006)**
- 2 – Docket No. SW-20422A-06 Application (September 7, 2006)**
- 3 – Correspondence with Maricopa County re Sponsorship of Section 208 Amendment**
- 4 – Subdivision Request-for-Service Letters**
- 5 – Form Line Extension Agreement**

Appendix C

Development Agreements and Requests for Service

*Sierra Negra Ranch –
Silver Water Ranch and Silver Springs Ranch*

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

4720441-83-1-1--
Gonzalesj

4720441

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

THIS INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT (this "Agreement") is entered into as of July 10, 2006 between Global Water Resources, LLC, a Delaware limited liability company ("GWR" and "Coordinator") and Sierra Negra Ranch, LLC, a Nevada limited liability company ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, acquiring and consolidating water and wastewater utilities, coordinating the provision of water, wastewater and reclaimed water services to landowners through Coordinator's regulated public service corporation affiliates and providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing coordination of construction services for water, reclaimed water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of growth. Coordinator's services to be provided pursuant to this Agreement shall, however, be provided as set forth hereinafter.

B. Coordinator owns several regulated utilities in the State of Arizona and is in the process of acquiring West Maricopa Combine, Inc. ("WMC"), an Arizona corporation, the holding company for five regulated water utilities including Water Utility of Greater Tonopah, Inc. ("WUGT"), an Arizona corporation, the result of which is expected to include serving the Landowner's property known as Silver Water Ranch and Silver Springs Ranch (the "Land") as more particularly described in Exhibit A to this Agreement. Coordinator intends to coordinate and facilitate water utility service to the Land through WUGT and any and all of Landowner's obligations under this Agreement relating to water utility service are contingent on final closing of the acquisition of WMC and WUGT. Upon such closing and approval, WMC and WUGT

will be wholly owned subsidiaries of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator represents and warrants: (1) that the acquisition of WMC and WUGT does not require approval of the Arizona Corporation Commission ("ACC"); (2) that Coordinator has full power to carry out the transactions provided for in this Agreement; (3) that Coordinator is not a party to any bankruptcy or similar proceeding, nor to the best of Coordinator's knowledge, are there any other matters pending which would adversely affect Coordinator's ability to perform the services set forth in this Agreement; (4) and that Coordinator has the financial capacity and experience to oversee and financially guarantee and hereby does guarantee to Landowner that Coordinator's subsidiaries will have sufficient financial resources to provide the Utility Services described in this Agreement.

C. Coordinator has formed a wastewater utility referred to as Hassayampa Utility Company, Inc. ("HUC") in order to serve the Land and other properties in the area, and has filed an application with the ACC for issuance of a Certificate of Convenience and Necessity ("CC&N") to provide public wastewater utility service in the State of Arizona. HUC's pending application for issuance of a CC&N pertains to another development and currently is before the ACC under Docket No SW-20422A-05-0659. HUC is a wholly owned subsidiary of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator provides equity and will provide equity for its subsidiaries' capital construction and improvements.

D. It is Coordinator's intention in this Agreement to coordinate the provision of integrated water, wastewater, and reclaimed water plant and services, and those related services, to the Land. Within thirty (30) days of the closing of the acquisition of WMC and WUGT by Coordinator, Coordinator shall coordinate and arrange for the filing of CC&N extension applications by WUGT and HUC as necessary with the ACC to provide water, reclaimed water, and wastewater service (collectively, "Utility Services") to the Land as well as other land. Coordinator shall consult and coordinate with the Landowners regarding such filing. To the best of Coordinator's actual knowledge, there are no laws, restrictions or other agreements which may prevent Coordinator from obtaining all the governmental authorizations described in this Agreement, including the CC&N extension and approvals from the ACC. Coordinator does not have an agreement with any third party (other than a financing agreement with its lenders) under which Coordinator or its successors in interest is or could become obligated to (i) sell HUC or WUGT or any portion thereof to a third party, or (ii) grant, transfer, or dedicate any part of

HUC's or WUGT's assets to a third party. Under this Agreement, Coordinator shall facilitate and arrange the provision of water, wastewater and reclaimed water services to the Land through WUGT and HUC, and Coordinator shall financially guarantee to Landowner that WUGT and HUC will have sufficient financial resources to provide water, wastewater and reclaimed water service to the Land. Landowner's obligations under this Agreement relating to wastewater service are contingent on HUC obtaining a valid CC&N from the ACC and extending its CC&N to include the Land, and Coordinator's continuing financial guarantees as set forth in this Agreement. Landowner's obligations under this Agreement relating to water service are contingent on WUGT obtaining a final order from the ACC extending WUGT's CC&N to include the Land, and Coordinator's financial guarantees as set forth in this Agreement. Under this Agreement, Coordinator, WUGT and HUC shall be responsible for any and all engineering, design, construction, licensing, permitting, payment and financing for and of any and all water, wastewater, and reclaimed water plant, production, treatment, storage, pumping, and delivery facilities constructed on or off the Land or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as defined below (the "Off-Site Facilities"), necessary to provide water, reclaimed water, and wastewater service to the Land, and shall hold Landowner harmless from any liens or additional charges on the Land resulting from Coordinator's, WUGT's, and HUC's provision of services to the Delivery Points as set forth in this Agreement. Under this Agreement, "Off-Site Facilities" means those water, reclaimed water, and wastewater facilities to be constructed by Coordinator or its subsidiaries under this Agreement, including all water, reclaimed water, and wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land, on the Land (but expressly excluding any delivery systems to the actual end-users on the Land), or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as further defined and set forth on attached Exhibit H. Landowner shall not have any additional financial responsibilities for Off-Site Facilities, including additional charges or hook-up fees intended to reimburse Coordinator, HUC and/or WUGT for Off-Site Facilities costs, except as set forth in this Agreement.

E. Landowner is the fee simple owner of that certain real property located in Maricopa County, Arizona, the legal description of which is included on the attached Exhibit A (the "Land").

F. To protect Landowner's long-term investment in the Land and to ensure that the

Land has access to essential utility services, the Landowner desires to engage Coordinator to provide various services including arranging and coordinating for the Landowner the provision of water, reclaimed water, and wastewater utility services, and related services, by WUGT and HUC with respect to the Land pursuant to the terms and conditions hereinafter set forth. Landowner will work with WUGT and HUC to include the Land in WUGT's and HUC's CC&N service areas as necessary. Landowner may entitle and sell the land in whole, in part, or in multiple phases to entities for future development. Through Coordinator, Landowner has requested water, reclaimed water and wastewater services from WUGT and HUC, and GWR through WUGT and HUC has, subject to the terms of this Agreement and as otherwise legally permitted, agreed to provide such services to Landowner, including the financing and construction of any and all Off-Site Facilities necessary to provide water, reclaimed water and wastewater services to the Land. Coordinator shall facilitate and arrange for WUGT and HUC to provide "will serve" letters contemporaneously with the execution of this Agreement in a form consistent with Exhibit I and shall provide notices of intent to serve as required by governmental agencies from WUGT and HUC for Landowner. In the event WUGT and HUC do not provide such will serve letters and notice of intent to serve to Landowner, any amounts paid by Landowner under this Agreement shall remain in an interest bearing escrow account as set forth hereinafter until WUGT and HUC provide such will serve letters and notices of intent. If WUGT and HUC fail to provide such letters and notices within 90 days of the date of this Agreement, Landowner shall have the right to a refund of any and all monies in such escrow account, including accrued interest. The Parties acknowledge that all Utility Services will be provided by WUGT and HUC, and that Coordinator itself does not provide Utility Services.

G. The Parties acknowledge that the approval or extension of WUGT's and HUC's CC&Ns may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Maricopa County Environmental Services Department ("MCESD"), and Maricopa Association of Governments ("MAG") permits and approvals are in place.

H. The parties recognize and acknowledge that this Agreement is a financing, coordination, and option agreement only as more fully set forth herein. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the

Landowner or its successors until such time as the rates associated from the provision of services within the areas to be served as contemplated by this agreement generate sufficient revenue to carry the ongoing carrying costs for this infrastructure. Coordinator shall bear the risk that the approximation of the carrying costs does not match actual carrying costs, and Landowner shall not be required to pay any additional amount to Coordinator or to others for carrying costs. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future, unless otherwise agreed by the Parties, or except as otherwise required in this Agreement.

I. The Parties recognize, acknowledge and agree that the wastewater provisions of this Agreement are contingent upon one twenty (20) acre wastewater treatment site, with an option for up to 10 additional contiguous acres as described in subsection 3.5, for a Water Reclamation Facility (“WRF”), as outlined in the MAG 208 document filed by HUC on May 8, 2006, being deeded to HUC within 60 days of signing this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. Any change to the site location identified in the MAG 208 proceedings will require Landowner’s written consent, not to be unreasonably withheld, and, if required, Coordinator shall seek to obtain an amendment to the MAG 208 Plan. The Parties also recognize, acknowledge and agree that the water supply obligations of this Agreement are contingent upon a three (3) acre water treatment plant (“WTP”) site being deeded to Coordinator or to WUGT within twelve months of the execution of this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. The WTP site can be located within the open space requirements of Maricopa County. In the event HUC and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for reclaimed water and/or wastewater services as provided for herein, the land for the WRF shall revert immediately to Landowner and HUC and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In the event WUGT and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water services as provided for herein, the land for the WTP shall revert immediately to Landowner and WUGT and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60

days of such failure. In these events, Coordinator shall execute any and all necessary additional documents to effectuate such reversion to Landowner within ten (10) days of Landowner's written request. The locations of the WRF and WTP must be reasonably approved in writing by the Landowner, and any changes to the approved locations shall require the Landowner's additional written approval and will occur upon Landowner's reasonable request. The proposed WRF locations as submitted on the MAG 208 filing are identified on Exhibit H.

J. The Parties recognize, acknowledge and agree that this Agreement is contingent upon the acquisition of WMC and WUGT by Coordinator or its affiliates. It is further recognized, acknowledged and agreed that \$500 per EDU of the Landowner Payment described in subsection 4.1 will be allocated toward the acquisition purchase price of WMC and all its subsidiaries.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall use its best efforts to complete the acquisition of WMC and WUGT, and upon such acquisition, Coordinator shall facilitate, arrange and/or coordinate with WUGT and HUC to provide Utility Services to Landowner, including without limitation, obtaining any and all necessary permits and approvals from the ACC, ADWR, ADEQ, MCESD, and MAG for WUGT and HUC lawfully to provide timely Utility Services to the Land, which will contain approximately 8,622 EDUs. In return for the payments by Landowner herein, and subject to the terms herein, Coordinator, through WUGT and HUC, shall construct any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines required by the development plan to the Delivery Points and to a reclaimed water storage facility within the Land, at locations to be requested by Coordinator or Landowner consistent with the development master plan and plats, and approved by Landowner (the "Delivery Points"). Delivery Points have been estimated based on the current site plan and noted on Exhibit H. Coordinator shall achieve substantial completion of the WTP and WRF within 18 months of the issuance of the Start Work Notice ("SWN") described in subsection 4.1 below including any and all Off-Site Facilities. Coordinator shall and hereby does financially guarantee to Landowner that WUGT and HUC shall have sufficient financial

resources to construct the appropriate water, reclaimed water, and wastewater facilities to provide water, reclaimed water and wastewater services to the Land for approximately 8,622 EDUs. It is estimated that it may take up to eighteen (18) months to obtain all necessary permits and/or approvals contemplated by this Agreement. Following satisfaction of the conditions and regulatory approvals set forth above, Landowner may in its absolute discretion issue a SWN to Coordinator to commence construction. Upon issuance of such notice, Coordinator shall commence bidding of construction services. Coordinator shall facilitate the construction and achieve substantial completion within 18 months from the date of such notice as referenced below.

2. Coordination with WUGT and HUC. Coordinator shall cooperate with Landowner as reasonably requested by Landowner and shall arrange and obtain the list of services on Exhibit D hereto for Landowner to be provided from WUGT and HUC, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land from the Delivery Points must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with WUGT and HUC respectively, at or prior to the time any portion of the Land has received final plat approval from Maricopa County ("Plat Approval") unless otherwise agreed by the Parties. The Extension Agreements shall not contain any charges or fees for the cost of Off-Site Facilities or related services provided to the Delivery Points, including any administrative or oversight charges. To the extent either WUGT or HUC requests that Landowner contribute or finance additional monies for Off-Site Facilities to provide water, reclaimed water or wastewater service to the Land, Coordinator hereby acknowledges and agrees that Landowner shall not be responsible for payment of such additional costs for Off-Site Facilities to WUGT or HUC. Rather, Coordinator shall be responsible for payment of any and all such additional costs for Off-Site Facilities as requested by WUGT or HUC or as otherwise required. At Landowner's option, Landowner may pay WUGT or HUC for such additional costs for Off-Site Facilities, and Landowner then may offset and deduct any such payments to WUGT or HUC against any remaining amounts due to Coordinator under this Agreement. Unless otherwise agreed and negotiated by the Parties, which the Parties agree to do in good faith, the Extension Agreement shall be in the form attached hereto as Exhibits E and F, subject to the approval of the ACC.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation reasonably available to Landowner about the Land reasonably necessary for Coordinator to comply with its obligations under this Agreement. The site plan anticipated at the time of this Agreement for the Land is attached hereto as Exhibit B. Landowner may make changes to the site plan at Landowner's discretion (so long as such changes do not materially affect the obligations of the Parties herein), or the site plan will change consistent with Maricopa County decisions and requirements, and such changes shall be incorporated into this Agreement when received by Coordinator.

3.1 In addition, Landowner agrees to grant to WUGT and HUC, all reasonably necessary easements and rights of way on the Land requested by Coordinator and agreed by Landowner for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. As determined and reasonably agreed by the Parties, such easements and rights of way shall be of adequate size, location and configuration so as to allow WUGT and HUC, when the Land is developed by Landowner or its successors, ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water, reclaimed water, and wastewater Utility Services in a timely manner. Landowner is not required to provide any easements or access to any locations outside of the Land.

3.2 Assured Water Supply Once WUGT has constructed the WTP and has a pressurized water system inclusive of hydrants on the portion of the Land where Landowner needs and has requested water, and except as otherwise provided in this Agreement, the Parties agree that Landowner will pay the ACC Tariff rates for water provided by WUGT, including construction water. Coordinator shall coordinate and negotiate with WUGT for a credit or reimbursement to Landowner in an amount equal to Landowner's reasonable expenditures and reasonable costs to provide any non-groundwater water resources or Type 2 right to WUGT pursuant to subsection 3.2.1 below. In order for the credit or reimbursement to occur, WUGT must own or control the non-groundwater water resource or Type 2 right provided by Landowner. The reclaimed water Tariff rate shall apply to any water WUGT provides to Landowner for interim uses on parcels that will use reclaimed water long term, such as golf course watering, lake fill

and refill, and common area watering. Landowner agrees to not apply for a Certificate of Assured Water Supply before January 1, 2007 to allow Coordinator the opportunity to research the option of obtaining an Assured Water Supply Designation.

3.2.1 Coordinator is currently planning to have WUGT obtain an Assured Water Supply Designation ("Designation") from ADWR to serve WUGT's service area. This subsection 3.2.1 shall apply only if Coordinator or WUGT secure a Designation. As Landowner at its discretion ceases to utilize the appurtenant grandfathered groundwater withdrawal rights on the Land or any phase of the Land for which a final plat has not yet been approved, for farming or raising of stock, and for construction or development purposes, Landowner will submit an application to ADWR to extinguish the Irrigation Grandfathered Rights and Type 1 Rights appurtenant to these areas, and will transfer the extinguishment credits to WUGT in consideration of WUGT's provision of an assured water supply for the Land. Landowner or its successor may at their discretion retain the Type 1 Rights appurtenant to a parcel of land to utilize long term in conjunction with development of hot spring facilities on the Land. To the extent the Irrigation Grandfathered Rights, Type 1 Rights, or alternative water supplies provided by Landowner to WUGT at the time set forth in Section 3.2 and pursuant to this subsection 3.2.1 are insufficient to provide the quantity of water necessary to meet the needs of certain non-residential uses, including water features, hot spring facilities, turf-related facility watering, lakes, and golf course uses, Landowner agrees to provide Type 2 rights, Type 1 rights delivered from other portions of the Land that have not yet received final Plat Approval, long-term storage credits and/or a recovery well permit, or an acceptable alternative water supply, that may be used to serve these uses in a manner that is consistent with ADWR's consistency with management goal requirements and that, if applicable, does not result in an increase to any replenishment obligation of WUGT (unless Landowner satisfies such obligation) until the Land is generating enough reclaimed water for those purposes. Coordinator shall negotiate and coordinate with WUGT to withdraw and serve such Type 2 water, Type 1 water, stored water or alternative water to Landowner upon request as set forth in this Agreement. Notwithstanding the provisions in this subsection, Coordinator will indemnify Landowner for any actions taken by Coordinator or its subsidiaries that demonstrably

harms Landowner's priority to physically available water below Landowner's property as determined in the ADWR's Analysis of Assured Water Supply ("Analysis") number 28-401346.0000 dated September 28, 2004. Coordinator's indemnity shall be limited to the obligation to timely provide an equivalent amount of physically available water of such a quantity and quality as is required to meet Landowner's objectives for the Land within the quantity and quality deemed available in the Analysis.

3.2.2 This subsection 3.2.2 shall apply if Coordinator or WUGT are unable to obtain a Designation or if Coordinator or WUGT fail to obtain or will not be able to obtain a Designation within six (6) months prior to the date Landowner or its successors reasonably expect to obtain final Plat Approval for any part of the Land. Landowner shall retain all Irrigation Grandfathered Rights and Type 1 Rights appurtenant to the Land or phase to be Certificated. Landowner or its successors will notify Coordinator of the platting timeline when the same is determined by Landowner in its reasonable discretion. Landowner shall retain the right to use Type 1 Rights within the Land or phase, and WUGT shall be responsible for administering or reporting such uses if required by ADWR or the Central Arizona Groundwater Replenishment District. If Landowner chooses to extinguish any Irrigation Grandfathered Rights or Type 1 Rights, Landowner will retain the extinguishment credits. For two years past the date the Certificate of Assured Water Supply issues for the applicable Land or phase, WUGT shall have the exclusive option to purchase any such extinguishment credits resulting from such Land or phase pursuant to this subsection for \$100 per credit to be paid to the owner of the credits.

3.3 Coordinator or WUGT's interests in owning existing wells on the Land are primarily for groundwater uses until reclaimed water is available as well as possibly converting the well to a service area well for use in water production for the CC&N area. After Landowner or its delegee have ceased farming a portion of the Land, and if such wells, tanks, pressurization structures or other water appurtenances are no longer needed by Landowner for uses on or under the Land, Landowner shall transfer and convey to Coordinator or WUGT at no cost to WUGT (or Coordinator) any of Landowner's wells, tanks, pressurization structures, and other water appurtenances of any kind or nature on such portion of Land that Coordinator, in its sole and reasonable discretion, deems useful

for WUGT, whether operational, abandoned, agricultural or otherwise. In addition, if WUGT identifies existing well sites on the Land that WUGT deems useful for WUGT, and such existing well sites are not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways, Landowner shall cause such well sites to be identified on the final Plat Approval and dedicated to WUGT in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever. If WUGT selects an existing well site for uses identified at the beginning of this sub-section, and Landowner or its successors still wish to use the existing well, then Landowner or its successors will establish a customer account with WUGT whereby Landowner can obtain the water necessary to continue farming or raising of live stock, or for construction uses in areas or phases of the Land that lack a pressurized water system inclusive of hydrants at a special agricultural or bulk rate equal to Landowner's cost of pumping and required repairs prior to the transfer of the well. In lieu of ACC approval for the special agricultural or bulk rate, Coordinator will subsidize the Landowner in this area. Coordinator or WUGT shall be responsible for the well site, well replacement, and all well operation and maintenance expenses. Any well sites, tanks and pressurization structures not transferred to Coordinator or WUGT are to be decommissioned at the Landowner's expense.

3.4 Both Parties acknowledge that until reclaimed water is available for the Land, groundwater from wells on the Land may be utilized. The rate charged for the use of such groundwater for lake fills is the ACC Tariff rate set for reclaimed water. Coordinator will obtain an Interim Use Permit ("IUP") from ADWR on behalf of the Landowner or the Landowner's homeowners association to allow the use of groundwater or alternative water source until reclaimed water is available. Specific identified costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated homeowners association as appropriate. Upon agreement of the Parties,

which will not be unreasonably withheld by Coordinator, Landowner or its successor may submit its own IUP application at its own expense.

3.5 Landowner agrees to deed or cause the deeding by the record owner, free and clear of all liens and encumbrances, and at no cost to Coordinator, one twenty (20) acre wastewater treatment site for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006 and as determined in consultation with Landowner, to Coordinator or to HUC prior to the filing of an Aquifer Protection Permit by HUC. If Landowner's approved development master plan requires changes to the WRF location or plan, Coordinator shall seek approval for an amendment the MAG 208 Plan consistent with the approved development master plan for the Land. If a site change for the WRF is required, Landowner recognizes Coordinator's obligation under the preceding sentence is contingent on the approved amendment of the MAG 208 Plan. As required for service to the Land, Landowner is responsible for all costs related, if any, to provide that the actual footprint of the WRF (as located within the WRF site) is out of the floodplain prior to the filing of permits at Landowner's request as necessary for the construction and ultimate operation of the WRF to serve the Land. Landowner acknowledges the 20 acres may require specific zoning and will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF. The Parties agree that the Utility Services for the Land are contingent on the use of this site as a WRF. If required to meet MAG 208 regional plan requirements, after the initial 20 acres are conveyed, and upon Coordinator's request, Landowner shall convey to Coordinator, or HUC or Coordinator's nominee subject to the requirements of this Agreement, excess land in the amount of up to an additional 10 acres contiguous to the WRF site (the "Excess Land") that is also free and clear of all liens and encumbrances, and Landowner will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF on such Excess Land. Coordinator or HUC will have an option to purchase the Excess Land from the Landowner for a period of five years from the date of signing this Agreement at a purchase price based upon Landowner's basis in the land at the time of execution of this Agreement plus accrued interest from the date of this Agreement. The interest rate paid will be the Prime Interest Rate as established by Wells Fargo Bank or Chase Bank as determined by Landowner in

its reasonable discretion. Coordinator may exercise such option solely for purposes of locating and operating a WTP, WRF or Wastewater Treatment Plant on the Excess Land. If the option is exercised for a WTP, then the unused WTP land referred to in Recital I and Section 3.6 of this Agreement not otherwise used for such purpose shall be returned to Landowner. The Parties further understand and agree that the total amount of land provided under this subsection, including any and all setbacks shall not exceed 30 acres. Coordinator or HUC shall grant Landowner an easement to use up to two of the four sides of the 350 foot setback within such 30 acres as Landowner requests, so long as such uses and easement are consistent with government requirements and HUC's service obligations to its customers. Maintenance of the setback used by the Landowner is the responsibility of the Landowner. Coordinator agrees that the acreage provide to Coordinator and HUC pursuant to this subsection is sufficient to satisfy any ADEQ or other setback requirements applicable to HUC's wastewater treatment facilities. Coordinator also agrees that the use of the acreage by Coordinator, WUGT and/or HUC shall be limited to facilities and structures necessary for WUGT and/or HUC to provide water, reclaimed water and wastewater services, including reclaimed water retention structures and SCADA towers not to exceed 150 feet unless otherwise consulted with the Parties. The Parties acknowledge and agree that Coordinator, WUGT and/or HUC may install only one tower per WTP, WRF and well site. Coordinator shall not allow any party other than Landowner without Landowner's written permission to use, any of the four sides of the 350 foot setback for a purpose that Landowner determines is inconsistent with future development plans (for example, cell phone towers, electrical towers, or other unsightly uses, or uses likely to be a nuisance to neighboring homeowners). In consultation with Landowner, Coordinator shall make reasonable efforts to design and configure such SCADA tower to minimize disruption of development views or other impacts on the Land. In the event Coordinator or its subsidiaries do not use the 20 acre WRF site for location and siting of a WRF to serve the Land, or in the event that Coordinator or its subsidiaries do not use the 3 acre WTP site for location and siting of a WTP to serve the Land, or in the event that Coordinator or its subsidiaries do not use the Excess Land for location and siting of a WRF and/or WTP, then Coordinator shall reconvey such unused Land or unused portion of the Land to Landowner.

3.6 The Landowner further agrees, within 12 months of the execution of this Agreement, or as soon thereafter as is reasonably possible under applicable Arizona laws, and at no cost to Coordinator, to deed, free and clear of all liens and encumbrances, a three (3) acre water treatment site ("WTP") to Coordinator or to WUGT in a location reasonably requested by Coordinator or WUGT and approved in writing by Landowner .

3.7 In the event HUC, WUGT and/or Coordinator fail to satisfy and/or meet any and all CC&N conditions or other regulatory requirements, the land previously deeded for the unsuccessful WRF and/or WTP shall revert to Landowner. HUC, WUGT and/or Coordinator shall deed such land back to Landowner within one month of Landowner's request free and clear of any and all encumbrances and/or liens on such land. Coordinator shall execute any and all documents necessary to effectuate such reversion to Landowner.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator as an acquisition, interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement, at the times specified in this Agreement the total sum of \$5,500.00 per EDU in the developments (the "Landowner Payment"), with any portion of this sum unpaid at the time of final plat approval for the portion of the Land affected, or sale of the Land or a portion of the Land by Landowner, whichever occurs later, adjusted upward based on a CPI Factor as defined in this Agreement. However, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to the issuance of a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs in the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. For ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index, plus two percent (2%). After ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with

the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index. The Parties, however, further agree to renegotiate this CPI Factor in good faith in the event that it results in a Landowner Payment in excess of related financing requirements. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the CC&N for wastewater is approved in December 2007, and a portion of the Landowner Payment, \$500 per EDU, is due in April 2008, and the most current available Index is 187.3 and the Index for December 2007 was 182.5, the Landowner Payment per EDU would be calculated as follows: $\$500 \times 187.3/182.5 \times 1.02 = \523.41 per EDU. The CPI Factor as limited above is only applicable to that particular unpaid portion of the \$5,500 per EDU base fee. The number of EDUs within the development shall be calculated as follows: (i) each single family residential EDU included in the final Plat Approval shall constitute one (1) EDU and (ii) each net acre of commercial or industrial property included in the final Plat Approval shall constitute four point eight (4.8) EDUs. Following the last final Plat Approval for the Land as determined by Landowner, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual portion of the Landowner Payment paid to date and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such Landowner Payment. All of the portion of the Landowner Payments for water service under this Agreement are contingent on Coordinator's acquisition of WMC and WUGT. In the event that Coordinator is unable to acquire WMC and WUGT, the Parties agree that any payments made into an escrow account will be immediately returned to Landowner, including accrued interest. Further, the Parties understand and agree that a complaint has been filed against Coordinator with the ACC under Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03567A-06-2000 and SW-03575A-06-0200 alleging that certain Infrastructure, Coordination and Finance Agreements executed by Coordinator are invalid by Arizona law. In the event that the ACC determines that Coordinator's Infrastructure, Coordination and Finance Agreements are invalid or against the law, the Parties hereby agree to amend this Agreement to conform to any such decision issued by the ACC and in doing so shall make best efforts to maintain the substance (including all benefits and

obligations) of this Agreement in any amended or restated agreement. To be effective, an amendment or restated agreement shall require the written consent of the Parties. In the event that such decision by the ACC materially alters the substance of the transaction between Landowner and Coordinator, and precludes Coordinator from fulfilling its obligations or materially increases the costs to Landowner under this Agreement, the Parties agree that this Agreement may be voided and Coordinator shall refund any and all payments made under this Agreement to Landowner that are in excess of costs incurred for services or construction to date as previously approved by Landowner which such costs shall not be more than 15% of the Landowner Payments made to date if such ACC decision occurs prior to issuance of the SWN by Landowner. Such costs reasonably incurred for services or construction to date will be made available to Landowner for review. To the extent this Agreement is voided or amended as set forth above, Coordinator shall upon request by Landowner record any and all release documents related to this Agreement and any lien related to this Agreement with the County Recorder in a form approved by Landowner and Coordinator shall waive any and all other claims against the Land or Landowner under this Agreement in writing, except as otherwise allowed in an amended or restated agreement. To the extent this Agreement is voided, Coordinator shall within 90 days deed and reconvey the WTP, WRF, and all well sites received from Landowner, along with any and all land previously deeded to Coordinator from Landowner, to Landowner free and clear of any and all encumbrances, liens and restrictions, and the Coordinator shall return or assign all water rights or extinguishment credits provided to Coordinator by Landowner pursuant to this Agreement. To the extent this Agreement is voided, Coordinator shall return to Landowner within 90 days all plans, documents and other materials provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities to serve the Land.

4.1 The following describes the timing of payments for residential EDUs of \$5,500 per EDU plus the CPI Factor, if applicable. Until a final Plat Approval is received, residential EDUs are assumed to be at 3.5 EDUs per acre. Any additional amount due for the CPI Factor for each phase or portion of the Land is paid as each phase or portion receives final Plat Approval.

- Within 72 hours of the execution of this Agreement, the Landowner will deposit in escrow \$500.00 per EDU (\$4,311,000 for 8,622 EDUs). All \$500.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. If

within 7 days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$500 per EDU payment will be returned to Landowner;

- Within 72 hours of the execution of this Agreement, Landowner will deposit in escrow \$75.00 per EDU payment (\$646,650 for 8,622 EDUs) for the May 8, 2006 filing of the MAG 208 plan amendment. All \$75.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. Landowner will remit to Coordinator \$25.00 per EDU (\$215,550 for 8,622 EDUs) payment within 90 days of the execution of this Agreement, or contemporaneously with the closing of the WMC acquisition transaction, whichever is later. If within 7 days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$75 per EDU payment will be returned to Landowner
- Upon the filing of the application for a wastewater CC&N by HUC, or upon filing of the application for an extension of WUGT's CC&N by WUGT, or within 90 days of execution of this Agreement, whichever is later, Landowner will remit to Coordinator an additional \$100.00 per EDU (\$862,200 for 8,622 EDUs). The CC&N applications will be prepared during the diligence period of the WMC acquisition and filed with the ACC within thirty (30) days of the closing of that transaction;
- Contemporaneously with the closing of the WMC transaction this Agreement shall be recorded in the records of the Maricopa County Recorder, and will reference any portion of the Land over which Landowner has exercised a purchase option and is the record title holder;
- Upon the ACC's final approval of issuance of an ACC decision granting and/or extending the CC&N of HUC to include the Land, and upon issuance of a final ACC decision granting an extension of WUGT's CC&N to include the Land, but no earlier than January 1, 2007, \$150.00 per EDU (\$1,293,300 for 8,622 EDUs) will become due and payable by the Landowner to Coordinator;
- Upon the successful approval of the MAG 208 plan amendment that includes the Land, but no earlier than January 1, 2007 \$150.00 per EDU (\$1,293,300 for 8,622 EDUs) will be due and payable by the Landowner to Coordinator;
- Upon Landowner's issuance of the "Start Work Notice" ("SWN"), a description of which is set forth at Exhibit C attached hereto, the first of which shall require the commencement of construction of facilities for 2,000 EDUs, \$1,000,000 will be due and payable by the Landowner to Coordinator. The SWN shall be issued at Landowner's sole discretion. Landowner acknowledges that Coordinator, through WUGT and HUC, shall continue to financially guarantee that WUGT and HUC have sufficient financial resources to achieve substantial completion of

the WTP and WRF, including any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines necessary for water, reclaimed water and wastewater service to the Land within 18 months of the issuance of the SWN. Coordinator shall be required to accept Landowner's SWN any time after any and all necessary permits have been issued and approved for the water, reclaimed water and wastewater facilities. Landowner represents and warrants that it will make reasonable efforts after the issuance of Landowner's SWN to pursue and obtain a final Plat Approval for a portion of the Land as determined by Landowner in its sole discretion within 6 months of the substantial completion of both the WTP and WRF, or Landowner will sell a portion of the Land to a buyer who will do so. Coordinator plans to pursue obtaining permits and approvals necessary to bore under Interstate 10, or otherwise locate a pipeline below an available overpass, as this would alleviate the need to build a WRF north of Interstate 10 for a number of years. In the event the Coordinator is successful in receiving these permits and approvals, the Landowners of developments contemplated as Copperleaf, Silver Water Ranch and Silver Spring Ranch may share the cost of the initial 2,000 EDU SWN fee based on the pro rata share of the EDUs to be initially constructed within each development. If Landowner does not participate in the SWN filed by another landowner or developer within WUGT's or HUC's CC&N area, then Landowner's first SWN payment is not due until Landowner or its successors request a SWN for the Off-Site Facilities necessary to serve the Land.

Depending on the amount already paid by Landowner, the balance of the Landowner Payment (the \$5,500.00 per EDU including CPI Index, if applicable) will be due and payable at the time of final Plat Approval for the number of EDUs within the plat or sale of the Land or portion of the Land by Landowner to the ultimate builder/developer as reflected in a change in record title ownership of the Land, whichever occurs later. Coordinator understands that Landowner intends to sell the Land to other parties who will be the ultimate builders/developers of the Land. Coordinator understands that the balance of the Landowner Payment shall not be due until Landowner sells the Land to another party as reflected in the change in record title ownership or upon final Plat Approval, whichever occurs later. As stated in Section 4 in this Agreement, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs within the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. With the amounts due for the last final plat within the Land, Coordinator will true up any discrepancy with respect to the actual number of EDUs at final Plat Approval against EDUs estimated and sums paid pursuant to this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the final platted parcel(s) of the Land.

Pursuant to Section 4.3, Coordinator shall arrange for interest-earning escrow accounts

for those payments in this subsection that are to be placed in escrow, with the interest paid to Landowner if the escrow is to be returned to Landowner. Escrow interest will otherwise be credited to reduce the outstanding balance of the Landowner Payment due to Coordinator. An example of how the Landowner Payment would be calculated for land included in the CC&N with 2,000 residential EDU's developed in two phases of 1,000 EDU's each is:

- \$500 times 2,000 EDU's or \$1,000,000 is due in escrow within 72 hours of signing of this Agreement;
 - \$75 times 2,000 EDU's or \$150,000 is due to escrow within 72 hours of the signing of this Agreement for the May 8, 2006 filing of the MAG 208 application. \$25 times 2,000 EDU's or \$50,000 is due to Coordinator within 90 days from execution of this Agreement or contemporaneously with the closing of the WMC acquisition transaction, whichever is later;
 - \$100 times 2,000 EDU's or \$200,000 is due to Coordinator for the filing of both the application for a wastewater CC&N and the application, if necessary, for expansion of the water CC&N, or within 90 days of the execution of this Agreement, whichever is later;
 - \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon issuance of a final decision by the ACC approving the CC&Ns for both WUGT and HUC, but no earlier than January 1, 2007;
 - \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon EPA's approval of the MAG 208 plan amendment, but no earlier than January 1, 2007;
- \$500 times 2,000 EDU's or \$1,000,000 is due to Coordinator from Landowner, or Landowner and other participating landowners as described above in subsection 4.1, upon issuance of Landowner's SWN;
- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at final Plat Approval for the first phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval; and
 - \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at the final Plat Approval for the

second phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval.

4.2 For commercial and industrial property, the \$5,500 per EDU plus the CPI Factor, if any, at 4.8 EDU's per acre is due to Coordinator when the County approves the "Commercial or Industrial Site Plan" and issues a building permit, which the Parties expect to occur after residential final Plat Approvals surrounding the site, and upon satisfaction of all contingencies and conditions set forth in this Agreement.

- An example of how this would calculate for a commercial or industrial section of land with 30 net acres in size would be as follows:

- \$5,500 plus the CPI Factor x 30 acres 4.8 EDU/acre or \$792,000 is due and payable when the County approves the Commercial or Industrial Site Plan and issues a building permit.

The parties acknowledge that additional fees as approved by the Parties or required and/or authorized by a governmental agency except as otherwise prohibited herein will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon. Fees payable to WUGT and HUC for on-site facilities, pursuant to the Extension Agreements or a WUGT or HUC tariff, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of on-site Utility Services from the Delivery Points to the end user are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

4.3 Escrow Account. Within three days of execution of this Agreement, Coordinator shall open an interest-earning escrow account with First American Title Insurance Company for the benefit of Landowner and Coordinator for purposes of accepting and disbursing any and all payments and refunds under the terms and conditions set forth in this Agreement. The escrow agent shall be Carol Peterson ("Escrow Agent"). This Agreement shall constitute an escrow agreement and instructions to Escrow Agent and all funds deposited with Escrow Agent shall be disbursed and dealt with by Escrow Agent in strict accordance with the following provisions and the terms of

this Agreement. Escrow Agent shall be authorized to make disbursements to Coordinator and/or Landowner as provided for in this Agreement within five (5) days of written request by such Party to Escrow Agent with a copy hand-delivered to the other Party. In making payment requests pursuant to Section 10.5 of this Agreement, Coordinator shall submit applications for payment relating to reasonable and necessary construction costs for water, reclaimed water and wastewater facilities constructed pursuant to this Agreement, including (i) an itemization of the facilities installed and the amount incurred for each item of the work (with appropriate invoices and backup documentation), and (ii) necessary statutory lien waivers relating to the work. Escrow Agent shall disburse funds pursuant to a payment request by either Party as set forth in this paragraph and under the terms of this Agreement unless and except to the extent a timely objection is made by the other Party. Any Party may object to disbursement of escrow funds if the Party believes in good faith that such payment is not due and if such Party delivers to Escrow Agent and all other Parties written notice of such objection within five (5) business days of the payment request, including a specific explanation of the objection and an explanation of why the Party believes the amount in question should not be disbursed under this Agreement. Any amount subject to an objection shall not be disbursed until the objection is resolved. Upon Escrow Agent's receipt of an objection, the Parties shall meet within three (3) days and make good faith efforts to resolve the objection. If the objection is not resolved completely with such three day period, then the objecting party may submit the matter to arbitration within an additional seven days and the matter shall be resolved in accordance with the arbitration provisions set forth in Section 7 of this Agreement. If the objecting party fails to submit the matter to arbitration within that time period, then the full payment request shall be deemed approved. If an objection is determined by the arbitrator to be invalid, then the objecting party shall be responsible for any additional costs (including the reasonable attorneys fees of the prevailing party) resulting from the delay in disbursement of the escrow funds.

5. Use and Sizing of Water and Reclaimed Water Distribution Mains and Sanitary Sewer Collection Mains. Coordinator, from time to time may, at its own discretion and expense, decide to oversize certain water distribution mains and wastewater collection mains to service properties or planned developments not currently contemplated within the scope of this Land.

Any and all cost of over sizing these lines will be at the sole cost of Coordinator, including any and all engineering or other costs incurred by Landowner as a result of such over sizing. Landowner understands and agrees that it must use and accept reclaimed water distribution mains to the Delivery Points agreed to by Landowner and identified in Exhibit H. Each section of land will require a water storage facility or a retention lake structure for irrigation of no less than one (1) acre developed in accordance with standards established by Coordinator in locations approved by Landowner and at Landowner's cost. Landowner may reasonably consolidate or divide the required water storage facility capacity and irrigation requirement in this Section in any location within the Land consistent with Landowner's development plans. Coordinator's responsibility is to oversee the construction of reclaimed water distribution mains is limited to only one point of storage as contemplated on Exhibit H.

6. Reclaimed Water Availability. Coordinator and its subsidiaries agree to make reclaimed water available for purchase and use within the Land approximately equal to the amount of wastewater generated within such Land. Any excess reclaimed water not purchased by Landowner or its successors within any month belongs to the utility provider for reuse, recharge and/or discharge.

7. Binding Arbitration. Any controversy, dispute or claim (a "Claim") arising out of or relating in any way to this Agreement or any other agreement or instrument delivered in connection with this Agreement, or the transactions arising hereunder or there under that cannot be resolved by negotiation (other than actions for specific performance or any other equitable remedy) shall be settled exclusively by a binding arbitration ("Arbitration"), conducted by a single arbitrator (the "Arbitrator") chosen by the Parties as described below. The arbitration shall be expedited and shall be conducted in accordance with the following rules:

7.1 Initiation of Arbitration. The Arbitration shall be initiated by either party delivering to the other an Arbitration Demand. Such demand shall be sent by hand-delivery or certified mail, return receipt requested. The Arbitration Demand must contain a list of the Claims upon which arbitration is requested, as well as a statement of the claimant's basis for bringing the Claims.

7.2 Governing Procedures. The arbitration shall be conducted in accordance with the A.R.S. § 12-1501, *et seq.* and the Commercial Arbitration Rules of the American Arbitration Association.

7.3 Appointment of Arbitrator. The Parties shall appoint a single Arbitrator by mutual agreement. If the Parties have not agreed within ten (10) days of the date of the Arbitration Demand on the selection of an Arbitrator willing to serve, then, unless otherwise agreed, each party may appoint an Arbitrator, and the two chosen Arbitrators will select a third Arbitrator. The Parties shall split the costs of all chosen Arbitrators.

7.4 Qualifications of Arbitrator. The Arbitrator shall be neutral and impartial, and knowledgeable in the areas of public utility service and/or real estate development.

7.5 Compensation. The Parties shall split equally any and all costs of arbitration, including the Arbitrator's hourly rate.

7.6 Preliminary Hearing. Within fifteen (15) days after the Arbitrator(s) has been appointed, a preliminary hearing among the Arbitrator(s) and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding. Any procedures outlined in the preliminary hearing shall require the arbitration hearing to be conducted within 60 days of the preliminary hearing date.

7.7 Final Award. The Arbitrator shall promptly (but, in no event later than twenty (20) days following the conclusion of the proceedings or such longer period as the Parties mutually agree) determine the claims of the Parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration and other relevant factors under Arizona law. The Arbitrator shall not award any punitive damages. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-

prevailing party. The Arbitrator's final award shall be binding and enforceable against the Parties.

8. Insurance. Coordinator shall include Landowner as an "additional insured" in all forms of liability insurance obtained or maintained by Coordinator and its subsidiaries, and their contractors, applicable to the construction, installation and maintenance of water, wastewater and reclaimed water infrastructure financed by this Agreement or placed within the Land, WTP site, WRF site or well sites included in this Agreement. Coordinator shall defend, indemnify and hold Landowner and any and all of Landowner's affiliates, subsidiaries, successors, and/or related entities, harmless for, from and against any and all liabilities, claims, damages, losses, costs, expenses (including, but not limited to, attorneys' fees), injuries, causes of action, or judgments for bodily injury or death or damage to property occasioned, contributed to or in any way caused, in whole or in part, by Coordinator, HUC and/or WUGT, and their agents, employees, consultants, engineers, or contractors and which arise out of or are related to the performance of this Agreement by Coordinator or its authorized agents, employees, consultants, engineers and/or contractors except for those arising from the negligence or willful misconduct of the Landowner, its agents, employees, consultants, engineers, and/or contractors. Coordinator's duty to indemnify Landowner shall extend to all construction activities undertaken by Coordinator, WUGT and HUC, and their contractors, subcontractors, agents, and employees in the performance of or related to this Agreement. This indemnity clause shall apply solely to the extent that such claim, demand, liability and/or expense is attributable to the negligent actions or inaction of Coordinator, WUGT and HUC, and/or their contractors, subcontractors, consultants, engineers, agents and/or employees .

Coordinator shall require HUC's and/or WUGT's contractors and/or subcontractors to carry and maintain, at Coordinator's sole cost and expense, during the duration of construction of the water, reclaimed water and wastewater facilities plus an additional two years, no less than the following coverage and limits of insurance:

(i) Worker's Compensation and Employer's Liability: (a) Worker's Compensation coverage as required by law; and (b) Employer's Liability with limits of at least \$1,000,000 per occurrence.

(ii) Business Automobile Liability for Bodily Injury and Property Damage: \$1,000,000 per occurrence, including coverage for all owned, non-owned and hired vehicles.

(iii) Commercial General Liability for Bodily Injury and Property Damage: \$3,000,000 general aggregate, \$1,000,000 per occurrence. Unless otherwise agreed by the parties, the general liability policy shall include a broad form comprehensive liability endorsement that includes coverage for liability assumed under any oral or written contract relating to this Agreement, and also including: (a) broad form property damage liability coverage; and (b) premises-operations coverage; and (c) independent contractor coverage (for liability may incur as a result of the operations, acts or omissions of Coordinator's contractors, subcontractors, suppliers, and/or their agents or employees). The commercial general liability insurance required pursuant to this Agreement shall name Landowner and/or any other Landowner entities designated by Landowner as an additional insured; (b) apply severally to the parties; (c) cover Landowner and affiliated entities as insureds in the same manner as if separate policies have been issued to each of them; (d) include a waiver of any and all subrogation rights against Landowner and affiliated entities; and (e) be primary insurance with any other valid and collectible insurance available to the aforesaid additional insureds constituting excess insurance.

(iv) Professional Errors and Omissions Liability, of not less than \$1,000,000 per occurrence from Coordinator's, HUC's and WUGT's Project engineer.

(v) Other Insurance. An umbrella or other policy as determined appropriate by Coordinator in its reasonable discretion. The above coverage amounts may be achieved through the use of one or more umbrella policies. At the time of this Agreement, Coordinator holds an umbrella liability insurance policy of \$10,000,000. Coordinator shall maintain such policy or an equivalent policy during the term of this Agreement.

The policies required pursuant to this Agreement shall not be revised, canceled or reduced until at least thirty (30) days' written notice of such revision, cancellation or reduction shall have been given to Landowner, and until a replacement policy is in effect that provides the coverages required in this Agreement. The policies required pursuant to this Agreement shall be issued by an insurance company that is authorized to transact business in the State of Arizona and that has a current rating of A-VII or better in Best's Insurance Report. Coordinator will provide Landowner with confirmation of the above insurance from Coordinator and any and all engineers, consultants, contractors and subcontractors, prior to commencement of construction, including copies of insurance certificates, riders and endorsements .

9. No Partnership. Coordinator is acting as an independent contractor pursuant to

this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities of Landowner.

10. Default.

10.1 Landowner shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days, as to monetary defaults, and sixty (60) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (thirty (30) days or sixty (60) days, as the case may be), such default has been cured.

10.2 Coordinator shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days written notice of the failure to fulfill its obligations hereunder to timely provide the services and to timely commence and complete construction of facilities described in this Agreement, including the provision of Utility Services by WUGT and HUC, and the failure to fulfill its financial guarantees that WUGT will have sufficient financial resources for the provision of water utility service to the Land and that HUC will have sufficient financial resources for the provision of reclaimed water service and wastewater utility service to the Land and any other material breach of this Agreement by Coordinator.

10.3 In the event either party to this Agreement is in material default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunctive, or other equitable remedies in addition to any other remedy available in this Agreement, or at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due, which failure is not cured within thirty (30) days after notice thereof in accordance with the provisions of subsection 10.1 above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Similarly, Coordinator shall pay interest at the rate of fifteen percent (15%) per annum from the date of accrual on any damages caused

Landowner or its successors by Coordinator or its subsidiaries' material breach of this Agreement.

10.4 In addition, to the extent such sums remain unpaid following such thirty (30) day period, Coordinator may then and only then claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner and that land which is the subject of such default in the manner prescribed by law for the foreclosure of realty mortgages or deeds of trust. It is the Parties' intention that Landowner's default as defined in this section 10 provide the only means by which Coordinator may claim any type of lien on the Land, and the Parties agree this Agreement or services provided pursuant to it are not liens or secured interests, but this Agreement gives Coordinator the right to assert a lien right (as set forth herein), which lien right shall be deemed perfected only upon Landowner's material default and recording of a notice of claim of lien, which shall be retroactive as of the date of the recording of this Agreement. Landowner consents to the recording of this Agreement with the county recorder's office upon Coordinator's acquisition of WMC and WUGT as set forth in Section 10.7 below. Coordinator agrees that as and when portions of the Land are sold, the obligations hereunder shall be bifurcated based on the land area sold and each new landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall not have any obligation or liability for the failure of any other owner of any portion of the Land and that the current Landowner shall be fully released from any and all such obligations. In the event Coordinator defaults (following notice and an opportunity to cure as set forth herein) on any of its obligations under this Agreement, including its financial guarantee that WUGT or HUC will have sufficient financial resources to provide water, reclaimed water and wastewater service to the Land as described herein, then Coordinator shall record a release of this Agreement and waive any and all other claims against the Land or Landowner as set forth below. Coordinator shall execute and record such release within three (3) days of a written request from Landowner in a form approved by Landowner.

10.5 Coordinator has provided to the Landowner a letter from the Coordinator's financial institution confirming that the Coordinator through its investor and bank

relationships has access to sufficient funds necessary to construct the water, reclaimed water and wastewater infrastructure, including the Off-Site Facilities, in order to provide the Utility Services. Upon issuance of the SWN by Landowner, Coordinator shall place funds in an escrow account as set forth in section 4.3 equal to the one-half of the total amount of the construction costs for all water, reclaimed water and wastewater facilities necessary to provide water, reclaimed water and wastewater service to the Land. As set forth in section 4.3, Coordinator shall be entitled to withdraw funds from such escrow account solely for purposes of paying for reasonable and necessary construction costs.

10.6 Subject to the limitations in this Section 10, amounts owed but not paid when due by Landowner under the terms of this Agreement, perfected as described in subsection 10.7 below shall be a lien against the Land for which such payment is due that the Parties agree shall then relate back to the date upon which an executed copy of this Agreement is recorded in the Maricopa County Recorders Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

- i. The name of the lien claimant;
- ii. the name of the party or then owner of the property or interest against which the lien is claimed;
- iii. and a description of the property against which the lien is claimed.

Coordinator shall not record a Preliminary Notice of Contractual lien or other similar document until at least thirty (30) days after notice of Landowner's material default as provided in Section 10.1 above.

10.7 The lien authorized in this Section 10 shall take effect only upon recordation of a claim of contractual lien as limited herein above and as described below in the office of the Maricopa County Recorder by Coordinator, and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the Agreement were recorded, as set forth in subsection 10.6 above. The lien amount shall be only that amount not paid by Landowner in accordance with the terms of this Agreement at the time the lien is recorded, and shall not include any future Landowner Payment amounts. Such lien shall apply only to those portions of the Land for which any such payment is due. Coordinator acknowledges and agrees to work with the Landowner

or its successors and their lenders to facilitate financing. Coordinator shall give written notice of any such lien claim. The Notice and Claim of Contractual Lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest against which the lien is claimed.
- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person(s) against whose property the lien is claimed in any manner prescribed under Section 21 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

10.8 If the Landowner (i) places funds in the amount due Coordinator into an escrow account or posts either (ii) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (iii) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona, which bond or letter of credit (a) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (b) is in the amount of the claim secured by the lien, and (c) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by the arbitrator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the funds, bond or letter of credit by delivery of same to Coordinator, escrow or arbitrator as determined by Landowner. All costs and expenses to obtain the bond or letter of credit, and all reasonable costs and expenses incurred by Coordinator related thereto, shall be borne by Landowner, unless Landowner is the

prevailing party in any litigation challenging the claimed lien and, in that event, all such costs shall be borne by Coordinator.

10.9 Upon Coordinator's material default of its obligations under this Agreement, Coordinator shall (i) record a "full satisfaction and release" of this Agreement and any outstanding liens with the Maricopa County Recorder, (ii) shall confirm in writing the satisfaction and release of the Agreement to all other Parties at Landowner's request, (iii) shall within 90 days of such material default return to Landowner all Landowner Payments made to date by Landowner in excess of costs incurred to date by Coordinator as previously approved by Landowner with such approval not being unreasonably withheld, and (iv) shall within 90 days return to Landowner all plans, documents, etc. provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities specifically to serve the Land. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall refund all Landowner Payments in excess of costs incurred to date by Coordinator under this Agreement as previously approved by Landowner with such approval not being unreasonably withheld. In that event, any and all amounts remaining in the escrow account provided under section 10.5 shall be released immediately to Landowner as partial or full payment of such refund obligation. The refund obligation shall be limited to the total amount of Landowner Payments made under this Agreement plus accrued interest with the remaining balance of the escrow including accrued interest to Coordinator. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall assign to Landowner all water rights, interests and extinguishment credits resulting from the Land or obtained from the Landowner. In the event of a default by Coordinator, Landowner reserves the right to pursue any and all legal rights, damages, and remedies against Coordinator for such default. All land deeded by Landowner to Coordinator shall be reconveyed by Coordinator to Landowner as provided elsewhere in this Agreement.

11. Non Issuance of Water and Wastewater CC&N Expansion. In the event that Coordinator or HUC through best efforts are unable to obtain all of the necessary approvals from the ACC, MCESD and ADEQ within twenty-four (24) months of the execution of this Agreement with respect to the water, reclaimed water and wastewater services provided for

herein, then the Landowner or Coordinator at either party's option may terminate the portions of this Agreement as it relates to reclaimed water and wastewater services without recourse to either party. In the event of termination of the wastewater portion of this Agreement and excluding the CPI Factor, Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for \$3,000 per EDU of the \$5,500 per EDU contemplated in this Agreement for reclaimed water and wastewater services. The Parties agree to execute necessary amendments to this Agreement in the event of termination of the wastewater portion of this Agreement. In that event, Landowner's payment obligations under section 4.1 above shall be reduced in proportion to the reduction of the \$5,500 per EDU payment under section 4.1 above to \$2,500 per EDU for water service, which includes Landowner's \$500 per EDU payment noted below. For example, upon issuance of the SWN for 2,000 EDUs, Landowner's payment obligations will be reduced to \$225 times 2,000 EDUs or \$450,000 upon issuance of the SWN. Further, in the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying HUC any necessary regulatory approvals to provide wastewater service to the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain \$500/EDU of the payments made under section 4.1 as of such date for water service on the condition that WUGT has obtained a final order from the ACC approving the CC&N extension to include all of the Land, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

In the event that Coordinator or WUGT are unable to obtain ACC approval for extension of WUGT's CC&N to include all of the Land or other necessary governmental approvals within 24 months for provision of water service to the Land, then Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County affecting those portions of the Land as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for water services. The Parties agree to execute

necessary amendments to this Agreement in the event of non-issuance of the CC&N extension for water service to the Land. In the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying WUGT any necessary regulatory approvals to provide water service to any portions of the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain a proportional share of \$500/EDU of the payments made under section 4.1 equal to that proportion of the Land included within WUGT's CC&N and that portion of the Land for which WUGT is authorized to provide water service, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

12. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable costs, expenses and attorney's fees incurred in litigating, arbitrating, or otherwise resolving such dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

13. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement. Acts of the parties hereto shall be excused during the period of intervening acts of God or other force majeure events not attributable to the nonperforming Party.

14. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of

this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

15. Most Favored Nation. Coordinator agrees that for the CC&N expansion and CC&N extension contemplated to commence in the July 2006 timeframe in the area West of the Hassayampa River, that if the Coordinator enters into an Infrastructure Coordination Finance and Option Agreement or an agreement with similar terms with another landowner that lies within the CC&N area of WUGT and HUC as extended (with the exception of Belmont), the Coordinator will not provide pricing, terms, or conditions more favorable to that landowner than provided herein to the Landowner, unless Coordinator amends this Agreement with the written consent of Landowner to include such pricing, terms, or conditions so that this Agreement is at least as favorable to the Landowner as the pricing, terms, and conditions offered to the other landowner.

16. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

17. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

18. Additional Instruments. The Parties hereto agree to execute, acknowledge, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

19. Severability. Every provision of this Agreement is intended to be severable except as otherwise provided in this Agreement. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

20. Incorporation by Reference. Every recital set forth herein above, exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

21. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes upon actual receipt at the addresses noted below.

Any notice sent to Coordinator shall be sent to:

Cindy Liles
 Global Water Resources, LLC
 21410 N. 19th Avenue, Suite 201
 Phoenix, Arizona 85027

Any notice sent to Landowner shall be copied simultaneously to the following persons:

SNR Management, LLC c/o Bryan O'Reilly 619 Campbell Las Vegas, NV 89107	SNR Management, LLC c/o Frank Pankratz 1350 N. Town Center Dr. #3041 Las Vegas, NV 89144
SNR Management, LLC c/o Barry Becker 50 S. Jones Blvd., Ste. 101 Las Vegas, NV 89107	SNR Management, LLC c/o John F. O'Reilly 325 S. Maryland Parkway Las Vegas, NV 89101-5300
Michele Van Quathem Ryley Carlock & Applewhite One N. Central Ave., Ste. 1200 Phoenix, AZ 85004	

22. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator and Landowner and their successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the

necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall record such documents as are reasonably requested to reflect payment in full for that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to record any release or waiver document as requested which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles, Senior Vice President
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

LANDOWNER:

Sierra Negra Ranch LLC, a Nevada limited liability company

By: SNR Management LLC, a Nevada limited liability company
Its: Manager

By: Becker SNR LLC, a Nevada limited liability company

Its: Manager

By: Barry W. Becker
Barry W. Becker
Its: Managing Member

STATE OF ARIZONA)
) ss.
County of Maricopa)

On July 11, 2006, 2006 before me,
Rebecca Scott, a Notary Public in and for said state, personally
appeared Cindy M. Liles, personally known to me (or proved to me on
the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
instrument and acknowledged to me that they executed the same in their authorized capacities,
and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
persons acted, executed the instrument.

WITNESS my hand and official seal.



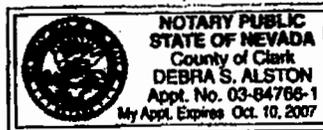
Rebecca Scott
Notary Public in and for said State

My Commission Expires:

STATE OF Nevada)
) ss.
County of Clark)

On July 10, 2006, before me,
Debra S. Alston, a Notary Public in and for said state, personally
appeared Darryl W. Becko, personally known to me (or proved to me on
the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
instrument and acknowledged to me that they executed the same in their authorized capacities,
and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
persons acted, executed the instrument.

WITNESS my hand and official seal.



Debra S. Alston
Notary Public in and for said State

My Commission Expires:

10/10/07

EXHIBIT A
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

EXHIBIT "A"**PARCEL NO. 1:**

THE WEST HALF OF SECTION 21, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA; EXCEPT THE EAST 200 ACRES THEREOF.

PARCEL NO. 2:

THE NORTHWEST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

PARCEL NO. 3:

THE NORTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIPTION LINE:

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 0 DEGREES 00 MINUTES 38 SECONDS WEST, 1476.85 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTH 75 DEGREES 04 MINUTES 23 SECONDS EAST, 5470.76 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 0 DEGREES 03 MINUTES 23 SECONDS WEST, 243.12 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 29, AS CONVEYED TO THE STATE OF ARIZONA BY AND THROUGH ITS HIGHWAY COMMISSION BY WARRANTY DEED RECORDED IN DOCKET 6586, PAGE 69.

PARCEL NO. 4:

THE WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND

THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND

THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER; AND

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 6:

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION

28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN,
MARICOPA COUNTY, ARIZONA.

PARCEL NO. 7:

THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST
QUARTER; AND

THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST
QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE
AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

SILVER SPRINGS RANCH

PARCEL NO. 8:

ALL OF SECTION 32, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL RESERVED UNTO THE STATE OF ARIZONA IN BOOK 334 OF DEEDS, PAGE 248
(AS TO THE SOUTHEAST QUARTER) AND IN BOOK 360 OF DEEDS, PAGE 10 (AS TO THE NORTH HALF
AND THE SOUTHWEST QUARTER)

PARCEL NO. 9:

THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 10:

THE WEST HALF OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER
OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL OF LAND LYING WITHIN A 200 FOOT
STRIP, BEING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT NORTH 07° 7' 30" EAST, 1223.03 FEET FROM THE SOUTHEAST CORNER OF
SECTION 16, MERIDIAN, MARICOPA COUNTY, ARIZONA;

THENCE NORTH 56° 07' 30" WEST, 1783.55 FEET TO THE POINT OF CURVE OF A 0° 15' CURVE TO THE
RIGHT, HAVING A RADIUS OF 22,918.3 FEET;

THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 433.33 FEET TO THE POINT OF TANGENT
OF SAID CURVE;

THENCE NORTH 55° 02' 30" WEST, 9949.29 FEET TO THE POINT OF CURVE OF A 4° 00' CURVE TO THE
LEFT, HAVING A RADIUS OF 1432.69 FEET;

THENCE ALONG THE ARC OF SAID CURVE, 417.29 FEET TO THE POINT OF TANGENT OF SAID CURVE;

THENCE NORTH 71° 44' WEST, 4963.49 FEET TO THE POINT OF CURVE OF A 2° 00' CURVE TO THE
RIGHT HAVING A RADIUS OF 2864.79 FEET;

THENCE ALONG THE ARC OF SAID CURVE, 489.17 FEET TO THE POINT OF TANGENT OF SAID CURVE;

THENCE NORTH 61° 57' WEST, 211.49 FEET TO A POINT ON THE WEST LINE SECTION 7, TOWNSHIP 1

NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, SAID POINT SOUTH 0° 16' WEST, 394.03 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 7;

THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, AS CONVEYED TO MARICOPA COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA BY QUIT CLAIM DEED RECORDED ON DOCKET 2747, PAGE 161.

PARCEL NO. 11

ALL OF SECTION 6, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 12

THE SOUTH HALF AND THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT FROM LOTS 1 AND 2 AND THE EAST HALF OF THE NORTHWEST QUARTER THEREOF, ALL MINERALS AS RESERVED UNTO THE UNITED STATES IN THE RECORDED PATENT TO SAID LAND RECORDED IN DOCKET 2623, PAGE 394.

PARCEL NO. 13

THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 2 NORTH, RANGE 6 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

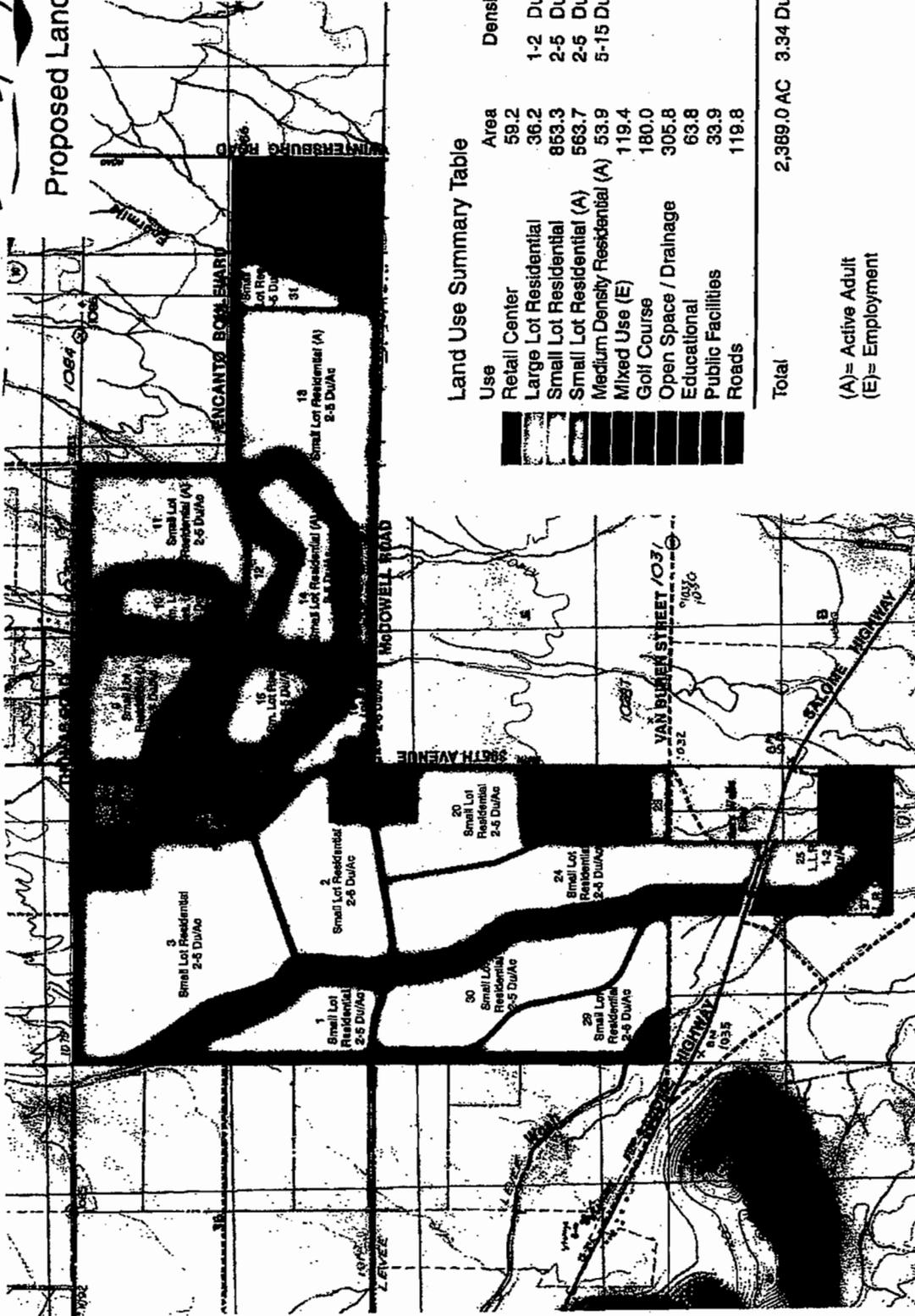
EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SITE PLAN

Siber Springs Ranch

Proposed Land Use Map

Site plan on File at Global Water Resources 21410 N. 19th Ave., Ste 201 Phoenix, AZ 85027



Land Use Summary Table

Use	Area	Density	Du
Retail Center	59.2		
Large Lot Residential	36.2	1-2 Du/Ac	72
Small Lot Residential	853.3	2-5 Du/Ac	4,266
Small Lot Residential (A)	563.7	2-5 Du/Ac	2,818
Medium Density Residential (A)	53.9	5-15 Du/Ac	808
Mixed Use (E)	119.4		
Golf Course	180.0		
Open Space / Drainage	305.8		
Educational	63.8		
Public Facilities	33.9		
Roads	119.8		
Total	2,389.0 AC	3.34 Du/Ac	7,964 DU



Project #770001
DATE: 2-1-06

EXHIBIT C

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

START WORK NOTICE

SAMPLE START WORK NOTICE

Invoice Date:

Due Date:

Invoice to: Landowner Name
Landowner Address

By issuance of this Start Work Notice, Landowner notifies and authorizes Coordinator to commence the bidding of the construction jobs necessary to provide water, wastewater and reclaimed water services to the development.

Amount due:

Number of lots within development	1,000
Start Work Notice fee per lot	\$500
Invoice Amount	\$500,000

EXHIBIT DINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENTDESCRIPTION OF WUGT AND HUC SERVICES TO BE COORDINATED BY COORDINATORWUGT

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide water service to the project.

- Expand CC&N water service area to include the Land, if necessary, including filing for a CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master water plan with respect to the Land;
- Confirm, construct and/or develop sufficient water plant, well source capacity and Central Arizona Project water source capacity and delivery systems for the Land;
- Extend a water distribution main line to the Delivery Points;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide a 100-year assured water supply through Department of Water Resources via an Assured Water Designation or assist Landowner with the Certificate for Assured Water Supply application required for final Plat Approvals and Department of Real Estate approvals;
- Prepare Interim Use Permit for Land as described within this Agreement;
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

HUC

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide reclaimed water and wastewater service to the project.

- Expand CC&N wastewater service area to include the Land, including filing for a CC&N or CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master wastewater plan with respect to the Land;
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities;
- Confirm, construct and/or develop sufficient wastewater plant capacity and Off-Site

Facilities for the Land;

- **Extend a wastewater collection system main line to the Delivery Points;**
- **Extend a reclaimed water line to a water storage facility within the Land;**
- **Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Maricopa County Association of Governments (MAG) 208 Water Quality Plan as necessary;**
- **Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;**
- **Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,**
- **Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement),**

EXHIBIT EINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENTWATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between WATER UTILITY OF GREATER TONOPAH an Arizona corporation ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of _____, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), and the Company shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit

"B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points") and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction

and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those water and reclaimed water facilities to be constructed by Company or its affiliates under this Agreement, including all water, reclaimed water, and treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction with such approval not be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials

and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. In no event shall such Administrative Costs exceed 10.0% of the cost of the Facilities. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7,

above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20)

days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Water Utility of Greater Tonopah
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein.

Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

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

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

COMPANY:

WATER UTILITY OF GREATER TONOPAH

_____ an Arizona corporation

By _____
Its _____

By _____
Cindy Liles
Its: Senior Vice President

EXHIBIT "B"

Point(s) of Connection [Delivery Point(s)]

EXHIBIT "C"**Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)**

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 1/2" Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between HASSAYAMPA UTILITY COMPANY, an Arizona corporation ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel _____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), the Company has shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and the Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B" (the "Delivery Points"). Company is willing to provide sewer utility service to the

Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points"), and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those wastewater facilities to be constructed by Company or its affiliates under this Agreement, including all wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction with such approval not to be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship

upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a

reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be

reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent(2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of

rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar

change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Hassayampa Utility Company,
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission

relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein. Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to

indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

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

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

By _____
Its _____

COMPANY:

HASSAYAMPA UTILITY COMPANY
an Arizona corporation

By _____
Cindy M. Liles
Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"

Point(s) of Connection (Delivery Point)

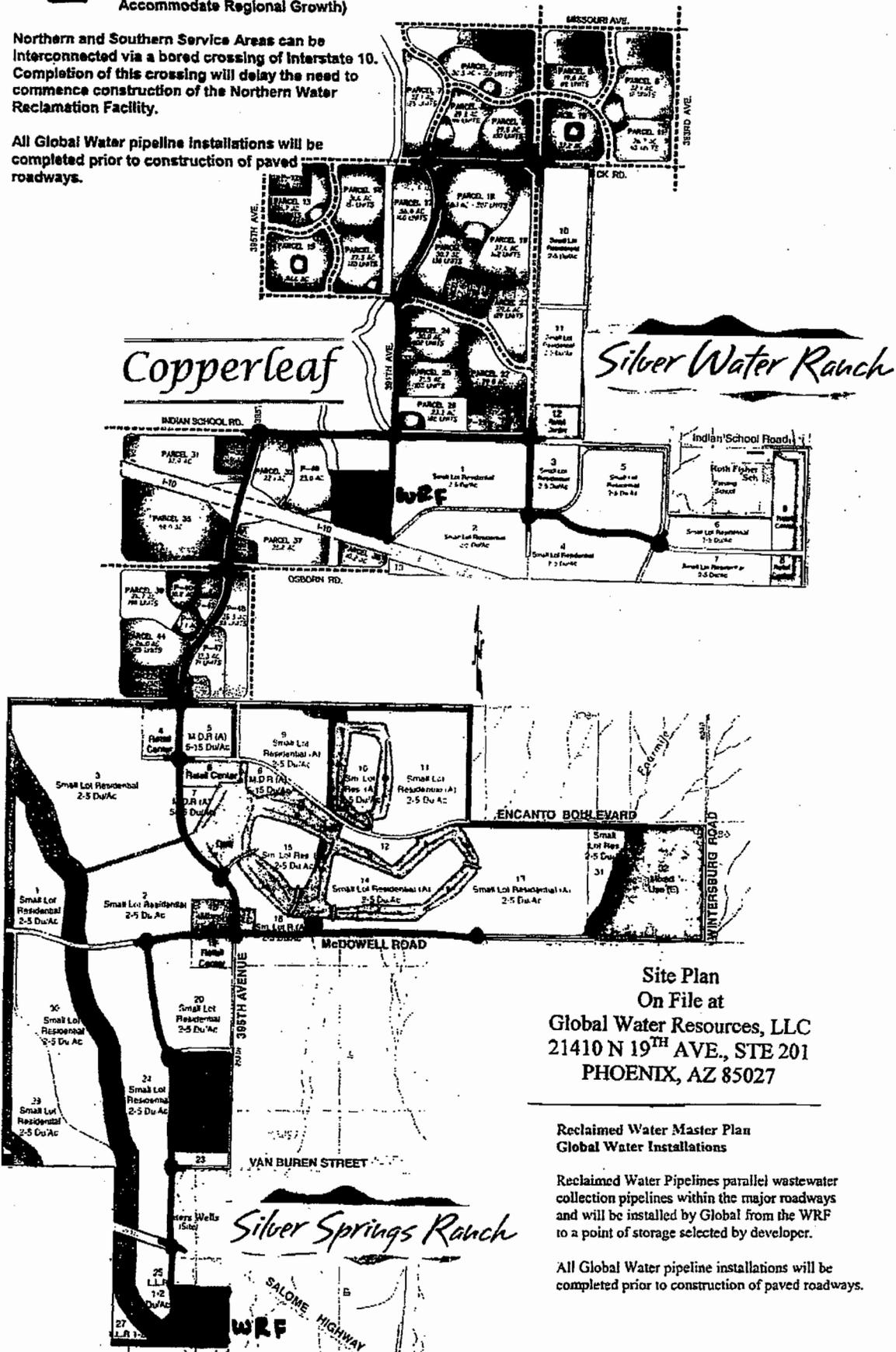
**Wastewater Master Plan
Global Water Installations**

WRF Water Reclamation Facilities

Collection Pipeline (Sized to Accommodate Regional Growth)

Northern and Southern Service Areas can be interconnected via a bored crossing of Interstate 10. Completion of this crossing will delay the need to commence construction of the Northern Water Reclamation Facility.

All Global Water pipeline installations will be completed prior to construction of paved roadways.



Site Plan
On File at
Global Water Resources, LLC
21410 N 19TH AVE., STE 201
PHOENIX, AZ 85027

**Reclaimed Water Master Plan
Global Water Installations**

Reclaimed Water Pipelines parallel wastewater collection pipelines within the major roadways and will be installed by Global from the WRF to a point of storage selected by developer.

All Global Water pipeline installations will be completed prior to construction of paved roadways.

EXHIBIT "C"**Wastewater Facilities Budget**
(Required to be completed by Developer prior to execution of agreement)

<u>Item</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT \$</u>	<u>TOTAL \$</u>
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT G
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

OFF SITE FACILITIES

Water

Backbone/offsite water infrastructure includes all ground water wells, treatment facilities, storage and distribution centers, and major distribution pipelines (typically 16" diameter or greater) that generally run beneath major roadways. These roadways are usually located along section lines and cover a one mile by one mile grid. Connection stubs to onsite/in-parcel infrastructure are provided from these distribution pipelines.

Wastewater/Reclaimed Water

Backbone/offsite wastewater infrastructure includes all major collection pipelines (typically 18" to 48" diameter) that generally run beneath major roadways. Connections to these pipelines are typically provided for the onsite/in-parcel wastewater collection system at designated locations along a one mile by one mile section line grid. Backbone/offsite wastewater infrastructure also includes all lift stations, reclamation facilities, and major reclaimed water distribution pipelines. Reclaimed water infrastructure generally runs parallel to the wastewater main lines within the major roadway to the onsite storage facility provided by the Landowner.

EXHIBIT H

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

The attached maps indicate proposed lines to be the responsibility of the utilities based on the proposed land use plan submitted. Typically, the utility is responsible for water lines in size of 16 inch or greater and wastewater lines 18 inch or greater. The Delivery Points as designated on the attached maps will change as agreed according to the final map.

Potable Water Master Plan
Global Water Installations

WDC Water Distribution Centers
(Storage and Pumping Stations)

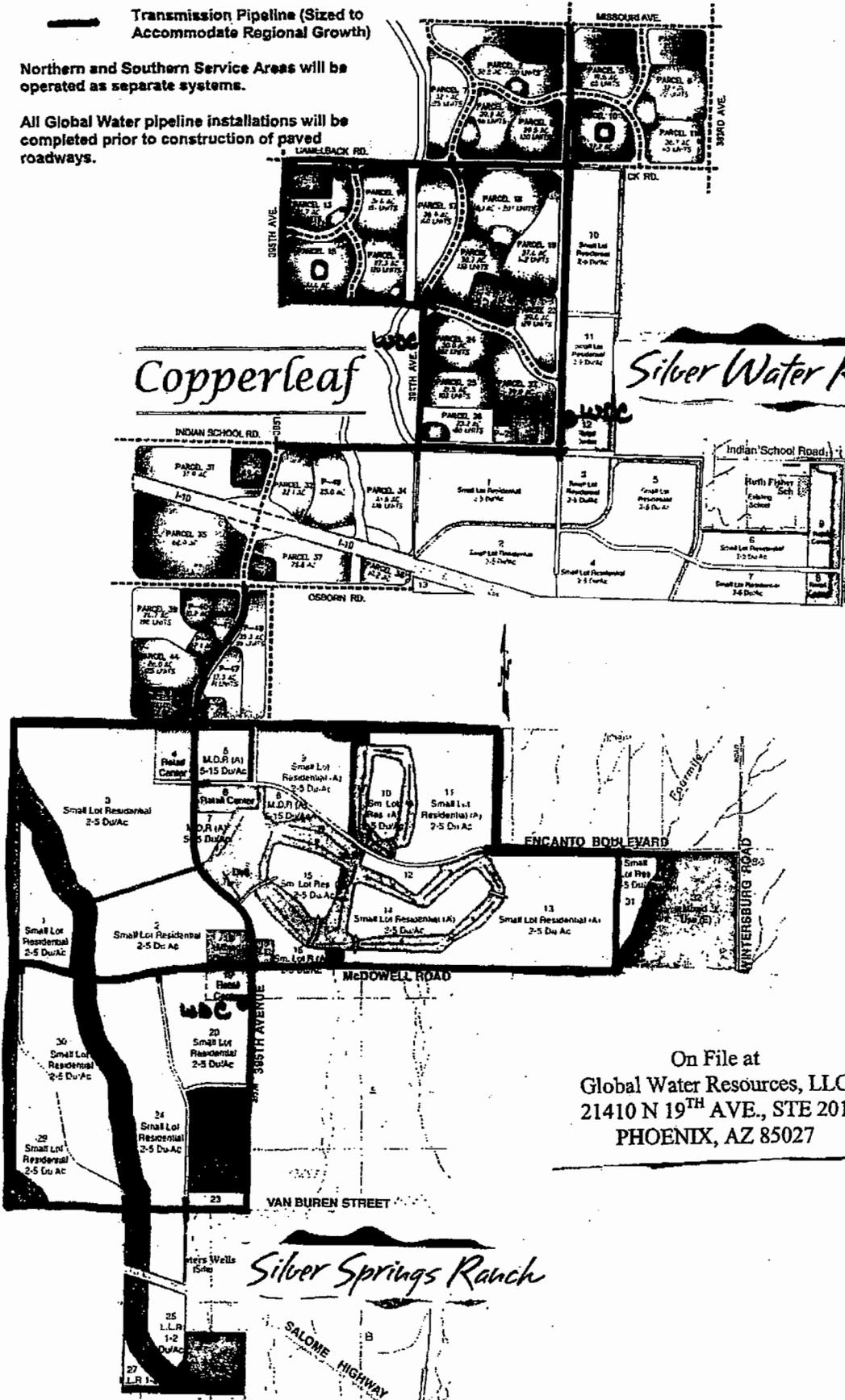
— Transmission Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas will be
operated as separate systems.

All Global Water pipeline installations will be
completed prior to construction of paved
roadways.

Copperleaf

Silver Water Ranch



On File at
Global Water Resources, LLC
21410 N 19TH AVE., STE 201
PHOENIX, AZ 85027

Silver Springs Ranch

EXHIBIT I
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

WATER UTILITY OF GREATER TONOPAH
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Water Utility of Greater Tonopah, Inc. ("WUGT") is a private water company authorized by the Arizona Corporation Commission ("ACC") to furnish water utility service within portions of Maricopa County. [Insert Name of Landowner] has requested that WUGT provide water utility service to the Development as set forth on the legal description attached to this letter as Exhibit A. WUGT has determined that the Development is located partially within WUGT's service territory. Within 30 days of the closing of the pending acquisition of WUGT and the Western Maricopa Combine, WUGT shall file an application with the ACC seeking approval to extend WUGT's CC&N to include all of the land set forth on Exhibit A.

Based upon the inclusion of the above referenced land in the certificate of convenience and necessity (CC&N) territory approved by the ACC, and subject to execution of water line extension agreements by the Landowner and other regulatory approvals including Arizona Department of Water Resources, WUGT has agreed to provide water utility service to the Development. Further, WUGT has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, WUGT shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to

be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President

HASSAYAMPA UTILITY COMPANY
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Hassayampa Utility Company ("HUC") has submitted an application to the Arizona Corporation Commission ("ACC") to form a private wastewater company authorized to furnish reclaimed water and wastewater utility service within portions of Maricopa County. Insert Name of Landowner] has requested that HUC provide reclaimed water and wastewater utility service to the Development as set forth on the legal description attached to this letter as Exhibit A.

Based upon the ACC's approval of the formation of the certificate of convenience and necessity (CC&N) for HUC, the ACC's approval to include the Development in HUC's CC&N territory, execution of wastewater line extension agreements by Landowner and other regulatory approvals including the MAG 208 amendment, HUC has agreed to provide reclaimed water and wastewater utility service to the Development. Further, HUC has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, HUC shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President

Copperleaf

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

4720842-88-1-1--
Leonardi1

4720482

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

THIS INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT (this "Agreement") is entered into as of July 11, 2006 between Global Water Resources, LLC, a Delaware limited liability company ("GWR" and "Coordinator") and First American Title Insurance Company, a California corporation as trustee under Trust No. 8559 ("Landowner") as to the parcels described on Exhibit A attached hereto and, when option rights are exercised, as to the parcels described on Exhibit A-1 attached hereto.

RECITALS

A. Coordinator is engaged in the business of, among other things, acquiring and consolidating water and wastewater utilities, coordinating the provision of water, wastewater and reclaimed water services to landowners through Coordinator's regulated public service corporation affiliates and providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing coordination of construction services for water, reclaimed water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of growth. Coordinator's services to be provided pursuant to this Agreement shall, however, be provided as set forth hereinafter.

B. Coordinator owns several regulated utilities in the State of Arizona and is in the process of acquiring West Maricopa Combine, Inc. ("WMC"), an Arizona corporation, the holding company for five regulated water utilities including Water Utility of Greater Tonopah, Inc. ("WUGT"), an Arizona corporation, the result of which is expected to include serving the Landowner's property known as Copperleaf (the "Land") as more particularly described in Exhibits A and A-1 to this Agreement. Coordinator intends to coordinate and facilitate water utility service to the Land through WUGT and any and all of Landowner's obligations under this

Agreement relating to water utility service are contingent on final closing of the acquisition of WMC and WUGT. Upon such closing and approval, WMC and WUGT will be wholly owned subsidiaries of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator represents and warrants: (1) that the acquisition of WMC and WUGT does not require approval of the Arizona Corporation Commission ("ACC"); (2) that Coordinator has full power to carry out the transactions provided for in this Agreement; (3) that Coordinator is not a party to any bankruptcy or similar proceeding, nor to the best of Coordinator's knowledge, are there any other matters pending which would adversely affect Coordinator's ability to perform the services set forth in this Agreement; (4) and that Coordinator has the financial capacity and experience to oversee and financially guarantee and hereby does guarantee to Landowner that Coordinator's subsidiaries will have sufficient financial resources to provide the Utility Services described in this Agreement.

C. Coordinator has formed a wastewater utility referred to as Hassayampa Utility Company, Inc. ("HUC") in order to serve the Land and other properties in the area, and has filed an application with the ACC for issuance of a Certificate of Convenience and Necessity ("CC&N") to provide public wastewater utility service in the State of Arizona. HUC's pending application for issuance of a CC&N pertains to another development and currently is before the ACC under Docket No SW-20422A-05-0659. HUC is a wholly owned subsidiary of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator provides equity and will provide equity for its subsidiaries' capital construction and improvements.

D. It is Coordinator's intention in this Agreement to coordinate the provision of integrated water, wastewater, and reclaimed water plant and services, and those related services, to the Land. Within thirty (30) days of the closing of the acquisition of WMC and WUGT by Coordinator, Coordinator shall coordinate and arrange for the filing of CC&N extension applications by WUGT and HUC as necessary with the ACC to provide water, reclaimed water, and wastewater service (collectively, "Utility Services") to the Land as well as other land. Coordinator shall consult and coordinate with the Landowners regarding such filing. To the best of Coordinator's actual knowledge, there are no laws, restrictions or other agreements which may prevent Coordinator from obtaining all the governmental authorizations described in this Agreement, including the CC&N extension and approvals from the ACC. Coordinator does not have an agreement with any third party (other than a financing agreement with its lenders) under

which Coordinator or its successors in interest is or could become obligated to (i) sell HUC or WUGT or any portion thereof to a third party, or (ii) grant, transfer, or dedicate any part of HUC's or WUGT's assets to a third party. Under this Agreement, Coordinator shall facilitate and arrange the provision of water, wastewater and reclaimed water services to the Land through WUGT and HUC, and Coordinator shall financially guarantee to Landowner that WUGT and HUC will have sufficient financial resources to provide water, wastewater and reclaimed water service to the Land. Landowner's obligations under this Agreement relating to wastewater service are contingent on HUC obtaining a valid CC&N from the ACC and extending its CC&N to include the Land, and Coordinator's continuing financial guarantees as set forth in this Agreement. Landowner's obligations under this Agreement relating to water service are contingent on WUGT obtaining a final order from the ACC extending WUGT's CC&N to include the Land, and Coordinator's financial guarantees as set forth in this Agreement. Under this Agreement, Coordinator, WUGT and HUC shall be responsible for any and all engineering, design, construction, licensing, permitting, payment and financing for and of any and all water, wastewater, and reclaimed water plant, production, treatment, storage, pumping, and delivery facilities constructed on or off the Land or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as defined below (the "Off-Site Facilities"), necessary to provide water, reclaimed water, and wastewater service to the Land, and shall hold Landowner harmless from any liens or additional charges on the Land resulting from Coordinator's, WUGT's, and HUC's provision of services to the Delivery Points as set forth in this Agreement. Under this Agreement, "Off-Site Facilities" means those water, reclaimed water, and wastewater facilities to be constructed by Coordinator or its subsidiaries under this Agreement, including all water, reclaimed water, and wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land, on the Land (but expressly excluding any delivery systems to the actual end-users on the Land), or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as further defined and set forth on attached Exhibit H. Landowner shall not have any additional financial responsibilities for Off-Site Facilities, including additional charges or hook-up fees intended to reimburse Coordinator, HUC and/or WUGT for Off-Site Facilities costs, except as set forth in this Agreement.

E. Landowner is the fee simple owner of that certain real property located in Maricopa County, Arizona, the legal description of which is included on the attached Exhibit A (the "Land").

F. To protect Landowner's long-term investment in the Land and to ensure that the Land has access to essential utility services, the Landowner desires to engage Coordinator to provide various services including arranging and coordinating for the Landowner the provision of water, reclaimed water, and wastewater utility services, and related services, by WUGT and HUC with respect to the Land pursuant to the terms and conditions hereinafter set forth. Landowner will work with WUGT and HUC to include the Land in WUGT's and HUC's CC&N service areas as necessary. Landowner may entitle and sell the land in whole, in part, or in multiple phases to entities for future development. Through Coordinator, Landowner has requested water, reclaimed water and wastewater services from WUGT and HUC, and GWR through WUGT and HUC has, subject to the terms of this Agreement and as otherwise legally permitted, agreed to provide such services to Landowner, including the financing and construction of any and all Off-Site Facilities necessary to provide water, reclaimed water and wastewater services to the Land. Coordinator shall facilitate and arrange for WUGT and HUC to provide "will serve" letters contemporaneously with the execution of this Agreement in a form consistent with Exhibit I and shall provide notices of intent to serve as required by governmental agencies from WUGT and HUC for Landowner. In the event WUGT and HUC do not provide such will serve letters and notice of intent to serve to Landowner, any amounts paid by Landowner under this Agreement shall remain in an interest bearing escrow account as set forth hereinafter until WUGT and HUC provide such will serve letters and notices of intent. If WUGT and HUC fail to provide such letters and notices within 90 days of the date of this Agreement, Landowner shall have the right to a refund of any and all monies in such escrow account, including accrued interest. The Parties acknowledge that all Utility Services will be provided by WUGT and HUC, and that Coordinator itself does not provide Utility Services.

G. The Parties acknowledge that the approval or extension of WUGT's and HUC's CC&Ns may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Maricopa County Environmental Services Department ("MCESD") and Maricopa Association of Governments ("MAG") permits and approvals are in place.

H. The parties recognize and acknowledge that this Agreement is a financing, coordination and option agreement only as more fully set forth herein. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the Landowner or its successors until such time as the rates associated from the provision of services within the areas to be served as contemplated by this agreement generate sufficient revenue to carry the ongoing carrying costs for this infrastructure. Coordinator shall bear the risk that the approximation of the carrying costs does not match actual carrying costs, and Landowner shall not be required to pay any additional amount to Coordinator or to others for carrying costs. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future, unless otherwise agreed by the Parties, or except as otherwise required in this Agreement.

I. The Parties recognize, acknowledge and agree that the wastewater provisions of this Agreement are contingent upon one twenty (20) acre wastewater treatment site, with an option for up to 10 additional contiguous acres as described in subsection 3.5, for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006, being deeded to HUC within 60 days of signing this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. Any change to the site location identified in the MAG 208 proceedings will require Landowner's written consent, not to be unreasonably withheld, and, if required, Coordinator shall seek to obtain an amendment to the MAG 208 Plan. The Parties also recognize, acknowledge and agree that the water supply obligations of this Agreement are contingent upon a three (3) acre water treatment plant ("WTP") site being deeded to Coordinator or to WUGT within twelve months of the execution of this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. The WTP site can be located within the open space requirements of Maricopa County. In the event HUC and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water, reclaimed water and/or wastewater services as provided for herein, the land for the WRF shall revert immediately to Landowner and HUC and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In the event WUGT and/or Coordinator fail to satisfy and/or meet, or more likely

than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water services as provided for herein, the land for the WTP shall revert immediately to Landowner and WUGT and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In these events, Coordinator shall execute any and all necessary additional documents to effectuate such reversion to Landowner within ten (10) days of Landowner's written request. The locations of the WRF and WTP must be reasonably approved in writing by the Landowner, and any changes to the approved locations shall require the Landowner's additional written approval and will occur upon Landowner's reasonable request. The proposed WRF locations as submitted on the MAG 208 filing are identified on Exhibit H.

J. The Parties recognize, acknowledge and agree that this Agreement is contingent upon the acquisition of WMC and WUGT by Coordinator or its affiliates. It is further recognized, acknowledged and agreed that \$500 per EDU of the Landowner Payment described in subsection 4.1 will be allocated toward the acquisition purchase price of WMC and all its subsidiaries.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall use its best efforts to complete the acquisition of WMC and WUGT, and upon such acquisition, Coordinator shall facilitate, arrange and/or coordinate with WUGT and HUC to provide Utility Services to Landowner, including without limitation, obtaining any and all necessary permits and approvals from the ACC, ADWR, ADEQ, MCESD and MAG for WUGT and HUC lawfully to provide timely Utility Services to the Land, which will contain approximately 3,750 EDUs. In return for the payments by Landowner herein, and subject to the terms herein, Coordinator, through WUGT and HUC, shall construct any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines required by the development plan to the Delivery Points and to a reclaimed water storage facility within the Land, at locations to be requested by Coordinator or Landowner consistent with the development master plan and plats, and approved

by Landowner (the "Delivery Points"). Delivery Points have been estimated based on the current site plan and noted on Exhibit H. Coordinator shall achieve substantial completion of the WTP and WRF within 18 months of the issuance of the Start Work Notice ("SWN") described in subsection 4.1 below including any and all Off-Site Facilities. Coordinator shall and hereby does financially guarantee to Landowner that WUGT and HUC shall have sufficient financial resources to construct the appropriate water, reclaimed water, and wastewater facilities to provide water, reclaimed water and wastewater services to the Land for approximately 3,750 EDUs. It is estimated that it may take up to eighteen (18) months to obtain all necessary permits and/or approvals contemplated by this Agreement. Following satisfaction of the conditions and regulatory approvals set forth above, Landowner may in its absolute discretion issue a SWN to Coordinator to commence construction. Upon issuance of such notice, Coordinator shall commence bidding of construction services. Coordinator shall facilitate the construction and achieve substantial completion within 18 months from the date of such notice as referenced below.

2. Coordination with WUGT and HUC. Coordinator shall cooperate with Landowner as reasonably requested by Landowner and shall arrange and obtain the list of services on Exhibit D hereto for Landowner to be provided from WUGT and HUC, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land from the Delivery Points must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with WUGT and HUC respectively, at or prior to the time any portion of the Land has received final plat approval from Maricopa County ("Plat Approval") unless otherwise agreed by the Parties. The Extension Agreements shall not contain any charges or fees for the cost of Off-Site Facilities or related services provided to the Delivery Points, including any administrative or oversight charges. To the extent either WUGT or HUC requests that Landowner contribute or finance additional monies for Off-Site Facilities to provide water, reclaimed water or wastewater service to the Land, Coordinator hereby acknowledges and agrees that Landowner shall not be responsible for payment of such additional costs for Off-Site Facilities to WUGT or HUC. Rather, Coordinator shall be responsible for payment of any and all such additional costs for Off-Site Facilities as requested by WUGT or HUC or as otherwise required. At Landowner's option, Landowner may pay WUGT or HUC for such additional costs

for Off-Site Facilities, and Landowner then may offset and deduct any such payments to WUGT or HUC against any remaining amounts due to Coordinator under this Agreement. Unless otherwise agreed and negotiated by the Parties, which the Parties agree to do in good faith, the Extension Agreement shall be in the form attached hereto as Exhibits E and F, subject to the approval of the ACC.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation reasonably available to Landowner about the Land reasonably necessary for Coordinator to comply with its obligations under this Agreement. The site plan anticipated at the time of this Agreement for the Land is attached hereto as Exhibit B. Landowner may make changes to the site plan at Landowner's discretion (so long as such changes do not materially affect the obligations of the Parties herein), or the site plan will change consistent with Maricopa County decisions and requirements, and such changes shall be incorporated into this Agreement when received by Coordinator.

3.1 In addition, Landowner agrees to grant to WUGT and HUC, all reasonably necessary easements and rights of way on the Land requested by Coordinator and agreed by Landowner for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. As determined and reasonably agreed by the Parties, such easements and rights of way shall be of adequate size, location and configuration so as to allow WUGT and HUC, when the Land is developed by Landowner or its successors, ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water, reclaimed water, and wastewater Utility Services in a timely manner. Landowner is not required to provide any easements or access to any locations outside of the Land.

3.2 Assured Water Supply Once WUGT has constructed the WTP and has a pressurized water system inclusive of hydrants on the portion of the Land where Landowner needs and has requested water, and except as otherwise provided in this Agreement, the Parties agree that Landowner will pay the ACC Tariff rates for water provided by WUGT, including construction water. Coordinator shall coordinate and negotiate with WUGT for a credit or reimbursement to Landowner in an amount equal to Landowner's reasonable expenditures and reasonable costs to provide any non-

groundwater water resources or Type 2 right to WUGT pursuant to subsection 3.2.1 below. In order for the credit or reimbursement to occur, WUGT must own or control the non-groundwater water resource or Type 2 right provided by Landowner. The reclaimed water Tariff rate shall apply to any water WUGT provides to Landowner for interim uses on parcels that will use reclaimed water long term, such as golf course watering, lake fill and refill, and common area watering. Landowner agrees to not apply for a Certificate of Assured Water Supply before January 1, 2007 to allow Coordinator the opportunity to research the option of obtaining an Assured Water Supply Designation.

3.2.1 Coordinator is currently planning to have WUGT obtain an Assured Water Supply Designation ("Designation") from ADWR to serve WUGT's service area. This subsection 3.2.1 shall apply only if Coordinator or WUGT secure a Designation. As Landowner at its discretion ceases to utilize the appurtenant grandfathered groundwater withdrawal rights on the Land or any phase of the Land for which a final plat has not yet been approved, for farming or raising of stock, and for construction or development purposes, Landowner will submit an application to ADWR to extinguish the Irrigation Grandfathered Rights and Type 1 Rights appurtenant to these areas, and will transfer the extinguishment credits to WUGT in consideration of WUGT's provision of an assured water supply for the Land. Landowner or its successor may at their discretion retain the Type 1 Rights appurtenant to a parcel of land to utilize long term in conjunction with development of hot spring facilities on the Land. To the extent the Irrigation Grandfathered Rights, Type 1 Rights, or alternative water supplies provided by Landowner to WUGT at the time set forth in Section 3.2 and pursuant to this subsection 3.2.1 are insufficient to provide the quantity of water necessary to meet the needs of certain non-residential uses, including water features, hot spring facilities, turf-related facility watering, lakes, and golf course uses, Landowner agrees to provide Type 2 rights, Type 1 rights delivered from other portions of the Land that have not yet received final plat approval, long-term storage credits and/or a recovery well permit, or an acceptable alternative water supply, that may be used to serve these uses in a manner that is consistent with ADWR's consistency with management goal requirements and that, if applicable, does not result in an increase to any replenishment obligation of WUGT (unless Landowner satisfies such obligation) until the Land is generating enough

reclaimed water for those purposes. Coordinator shall negotiate and coordinate with WUGT to withdraw and serve such Type 2 water, Type 1 water, stored water or alternative water to Landowner upon request as set forth in this Agreement. Notwithstanding the provisions in this subsection, Coordinator will indemnify Landowner for any actions taken by Coordinator or its subsidiaries that demonstrably harms Landowner's priority to physically available water below Landowner's property as determined in the ADWR's Analysis of Assured Water Supply ("Analysis") number 28-401401.0000 dated January 3, 2005. Coordinator's indemnity shall be limited to the obligation to timely provide an equivalent amount of physically available water of such a quantity and quality as is required to meet Landowner's objectives for the Land within the quantity and quality deemed available in the Analysis.

3.2.2 This subsection 3.2.2 shall apply if Coordinator or WUGT are unable to obtain a Designation or if Coordinator or WUGT fail to obtain or will not be able to obtain a Designation within six (6) months prior to the date Landowner or its successors reasonably expect to obtain final Plat Approval for any part of the Land. Landowner shall retain all Irrigation Grandfathered Rights and Type 1 Rights appurtenant to the Land or phase to be Certificated. Landowner or its successors will notify Coordinator of the platting timeline when the same is determined by Landowner in its reasonable discretion. Landowner shall retain the right to use Type 1 Rights within the Land or phase, and WUGT shall be responsible for administering or reporting such uses if required by ADWR or the Central Arizona Groundwater Replenishment District. If Landowner chooses to extinguish any Irrigation Grandfathered Rights or Type 1 Rights, Landowner will retain the extinguishment credits. For two years past the date the Certificate of Assured Water Supply issues for the applicable Land or phase, WUGT shall have the exclusive option to purchase any such extinguishment credits resulting from such Land or phase pursuant to this subsection for \$100 per credit to be paid to the owner of the credits.

3.3 Coordinator or WUGT's interests in owning existing wells on the Land are primarily for groundwater uses until reclaimed water is available as well as possibly converting the well to a service area well for use in water production for the CC&N area. After Landowner or its delegee have ceased farming a portion of the Land, and if such

wells, tanks, pressurization structures or other water appurtenances are no longer needed by Landowner for uses on or under the Land, Landowner shall transfer and convey to Coordinator or WUGT at no cost to WUGT (or Coordinator) any of Landowner's wells, tanks, pressurization structures, and other water appurtenances of any kind or nature on such portion of Land that Coordinator, in its sole and reasonable discretion, deems useful for WUGT, whether operational, abandoned, agricultural or otherwise. In addition, if WUGT identifies existing well sites on the Land that WUGT deems useful for WUGT, and such existing well sites are not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways, Landowner shall cause such well sites to be identified on the final Plat Approval and dedicated to WUGT in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever. If WUGT selects an existing well site for uses identified at the beginning of this sub-section, and Landowner or its successors still wish to use the existing well, then Landowner or its successors will establish a customer account with WUGT whereby Landowner can obtain the water necessary to continue farming or raising of live stock, or for construction uses in areas or phases of the Land that lack a pressurized water system inclusive of hydrants at a special agricultural or bulk rate equal to Landowner's cost of pumping and required repairs prior to the transfer of the well. In lieu of ACC approval for the special agricultural or bulk rate, Coordinator will subsidize the Landowner in this area. Coordinator or WUGT shall be responsible for the well site, well replacement, and all well operation and maintenance expenses. Any well sites, tanks and pressurization structures not transferred to Coordinator or WUGT are to be decommissioned at the Landowner's expense.

3.4 Both Parties acknowledge that until reclaimed water is available for the Land, groundwater from wells on the Land may be utilized. The rate charged for the use of such groundwater for lake fills is the ACC Tariff rate set for reclaimed water. Coordinator will obtain an Interim Use Permit ("IUP") from ADWR on behalf of the Landowner or the Landowner's homeowners association to allow the use of groundwater or alternative water source until reclaimed water is available. Specific identified costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering

plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated homeowners association as appropriate. Upon agreement of the Parties, which will not be unreasonably withheld by Coordinator, Landowner or its successor may submit its own IUP application at its own expense.

3.5 Landowner agrees to deed or cause the deeding by the record owner, free and clear of all liens and encumbrances, and at no cost to Coordinator, one twenty (20) acre wastewater treatment site for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006 and as determined in consultation with Landowner, to Coordinator or to HUC prior to the filing of an Aquifer Protection Permit by HUC. If Landowner's approved development master plan requires changes to the WRF location or plan, Coordinator shall seek approval for an amendment to the MAG 208 Plan consistent with the approved development master plan for the Land. If a site change for the WRF is required, Landowner recognizes Coordinator's obligation under the preceding sentence is contingent on the approved amendment of the MAG 208 Plan. As required for service to the Land, Landowner is responsible for all costs related, if any, to provide that the actual footprint of the WRF (as located within the WRF site) is out of the floodplain prior to the filing of permits at Landowner's request as necessary for the construction and ultimate operation of the WRF to serve the Land. Landowner acknowledges the 20 acres may require specific zoning and will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF. The Parties agree that the Utility Services for the Land are contingent on the use of this site as a WRF. If required to meet MAG 208 regional plan requirements, after the initial 20 acres are conveyed, and upon Coordinator's request, Landowner shall convey to Coordinator, or HUC or Coordinator's nominee subject to the requirements of this Agreement, excess land in the amount of up to an additional 10 acres contiguous to the WRF site (the "Excess Land") that is also free and clear of all liens and encumbrances, and Landowner will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF on such Excess Land. Coordinator or HUC will have an option to purchase the Excess Land from the Landowner for a period

of five years from the date of signing this Agreement at a purchase price based upon Landowner's basis in the land at the time of execution of this Agreement plus accrued interest from the date of this Agreement. The interest rate paid will be the Prime Interest Rate as established by Wells Fargo Bank or Chase Bank as determined by Landowner in its reasonable discretion. Coordinator may exercise such option solely for purposes of locating and operating a WTP, WRF or Wastewater Treatment Plant on the Excess Land. If the option is exercised for a WTP, then the unused WTP land referred to in Recital I and Section 3.6 of this Agreement not otherwise used for such purpose shall be returned to Landowner. The Parties further understand and agree that the total amount of land provided under this subsection, including any and all setbacks shall not exceed 30 acres. Coordinator or HUC shall grant Landowner an easement to use up to two of the four sides of the 350 foot setback within such 30 acres as Landowner requests, so long as such uses and easement are consistent with government requirements and HUC's service obligations to its customers. Maintenance of the setback used by the Landowner is the responsibility of the Landowner. Coordinator agrees that the acreage provide to Coordinator and HUC pursuant to this subsection is sufficient to satisfy any ADEQ or other setback requirements applicable to HUC's wastewater treatment facilities. Coordinator also agrees that the use of the acreage by Coordinator, WUGT and/or HUC shall be limited to facilities and structures necessary for WUGT and/or HUC to provide water, reclaimed water and wastewater services, including reclaimed water retention structures and SCADA towers not to exceed 100 feet unless otherwise agreed by the Parties. The Parties acknowledge and agree that Coordinator, WUGT and/or HUC may install only one tower per WTP, WRF and well site. Coordinator shall not allow any party other than Landowner without Landowner's written permission to use, any of the four sides of the 350 foot setback for a purpose that Landowner determines is inconsistent with future development plans (for example, cell phone towers, electrical towers, or other unsightly uses, or uses likely to be a nuisance to neighboring homeowners). In consultation with Landowner, Coordinator shall make reasonable efforts to design and configure such SCADA tower to minimize disruption of development views or other impacts on the Land. In the event Coordinator or its subsidiaries do not use the 20 acre WRF site for location and siting of a WRF to serve the Land, or in the event that

Coordinator or its subsidiaries do not use the 3 acre WTP site for location and siting of a WTP to serve the Land, or in the event that Coordinator or its subsidiaries do not use the Excess Land for location and siting of a WRF and/or WTP, then Coordinator shall reconvey such unused Land or unused portion(s) of the Land to Landowner.

3.6 The Landowner further agrees, within 12 months of the execution of this Agreement, or as soon thereafter as is reasonably possible under applicable Arizona laws, and at no cost to Coordinator to deed, free and clear of all liens and encumbrances, a three (3) acre water treatment site ("WTP") to Coordinator or to WUGT in a location reasonably requested by Coordinator or WUGT and approved in writing by Landowner .

3.7 In the event HUC, WUGT and/or Coordinator fail to satisfy and/or meet any and all CC&N conditions or other regulatory requirements, the land previously deeded for the unsuccessful WRF and/or WTP shall revert to Landowner. HUC, WUGT and/or Coordinator shall deed such land back to Landowner within one month of Landowner's request free and clear of any and all encumbrances and/or liens on such land. Coordinator shall execute any and all documents necessary to effectuate such reversion to Landowner.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator as an acquisition, interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement, at the times specified in this Agreement the total sum of \$5,500.00 per EDU in the Copperleaf development (the "Landowner Payment"), with any portion of this sum unpaid at the time of final plat approval for the portion of the Land affected, or sale of the Land or a portion of the Land by Landowner, whichever occurs later, adjusted upward based on a CPI Factor as defined in this Agreement. However, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to the issuance of a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs in the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. For ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers and all Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month the

wastewater CC&N application is approved for Landowner's Land being treated as the base Index, plus two percent (2%). After ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers and all Items published by the United States Department of Labor, Bureau of Labor Statistics (“Index”), with the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index. The Parties, however, further agree to renegotiate this CPI Factor in good faith in the event that it results in a Landowner Payment in excess of related financing requirements. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the CC&N for wastewater is approved in December 2007, and a portion of the Landowner Payment, \$500 per EDU, is due in April 2008, and the most current available Index is 187.3 and the Index for December 2007 was 182.5, the Landowner Payment per EDU would be calculated as follows: $\$500 \times 187.3/182.5 \times 1.02 = \523.41 per EDU. The CPI Factor as limited above is only applicable to that particular unpaid portion of the \$5,500 per EDU base fee. The number of EDUs within the development shall be calculated as follows: (i) each single family residential EDU included in the final Plat Approval shall constitute one (1) EDU and (ii) each net acre of commercial or industrial property included in the final Plat Approval shall constitute four point eight (4.8) EDUs. Following the last final Plat Approval for the Land as determined by Landowner, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual portion of the Landowner Payment paid to date and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such Landowner Payment. All of the portion of the Landowner Payments for water service under this Agreement are contingent on Coordinator's acquisition of WMC and WUGT. In the event that Coordinator is unable to acquire WMC and WUGT, the Parties agree that any payments made into an escrow account will be immediately returned to Landowner, including accrued interest. Further, the Parties understand and agree that a complaint has been filed against Coordinator with the ACC under Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03567A-06-2000 and SW-03575A-06-0200 alleging that certain Infrastructure, Coordination and Finance Agreements executed by

Coordinator are invalid by Arizona law. In the event that the ACC determines that Coordinator's Infrastructure, Coordination and Finance Agreements are invalid or against the law, the Parties hereby agree to amend this Agreement to conform to any such decision issued by the ACC and in doing so shall make best efforts to maintain the substance (including all benefits and obligations) of this Agreement in any amended or restated agreement. To be effective, an amendment or restated agreement shall require the written consent of the Parties. In the event that such decision by the ACC materially alters the substance of the transaction between Landowner and Coordinator, and precludes Coordinator from fulfilling its obligations or materially increases the costs to Landowner under this Agreement, the Parties agree that this Agreement may be voided and Coordinator shall refund any and all payments made under this Agreement to Landowner that are in excess of costs incurred for services or construction to date as previously approved by Landowner which such costs shall not be more than 15% of the Landowner Payments made to date if such ACC decision occurs prior to issuance of the SWN by Landowner. Such costs reasonably incurred for services or construction to date will be made available to Landowner for review. To the extent this Agreement is voided or amended as set forth above, Coordinator shall upon request by Landowner record any and all release documents related to this Agreement and any lien related to this Agreement with the County Recorder in a form approved by Landowner and Coordinator shall waive any and all other claims against the Land or Landowner under this Agreement in writing, except as otherwise allowed in an amended or restated agreement. To the extent this Agreement is voided, Coordinator shall within 90 days deed and reconvey the WTP, WRF, and all well sites received from Landowner, along with any and all land previously deeded to Coordinator from Landowner, to Landowner free and clear of any and all encumbrances, liens and restrictions, and the Coordinator shall return or assign all water rights or extinguishment credits provided to Coordinator by Landowner pursuant to this Agreement. To the extent this Agreement is voided, Coordinator shall return to Landowner within 90 days all plans, documents and other materials provided to Coordinator, WUGT or HUC by Landowner or created to design water, reclaimed water or wastewater facilities to serve the Land.

4.1 The following describes the timing of payments for residential EDUs of \$5,500 per EDU plus the CPI Factor, if applicable. Until a final Plat Approval is received, residential EDUs are assumed to be at 3.5 EDUs per acre. Any additional

amount due for the CPI Factor for each phase or portion of the Land is paid as each phase or portion receives final Plat Approval.

- Within 72 hours of the execution of this Agreement, the Landowner will deposit in escrow \$500.00 per EDU (\$1,875,000 for 3,750 EDUs at Copperleaf). All \$500.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. If within seven (7) days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$500 per EDU payment will be returned to Landowner;
- Within 72 hours of the execution of this Agreement, Landowner will deposit in escrow \$75.00 per EDU payment (\$281,250 for 3,750 EDUs at Copperleaf) for the May 8, 2006 filing of the MAG 208 plan amendment. All \$75.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. Landowner will remit to Coordinator \$25.00 per EDU (\$93,750 for 3,750 EDUs at Copperleaf) payment within 90 days of the execution of this Agreement, or contemporaneously with the closing of the WMC acquisition transaction, whichever is later. If within seven (7) days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$75 per EDU payment will be returned to Landowner.
- Upon the filing of the application for a wastewater CC&N by HUC, or upon filing of the application for an extension of WUGT's CC&N by WUGT, or within 90 days of execution of this Agreement, whichever is later, Landowner will remit to Coordinator an additional \$100.00 per EDU (\$375,000 for 3,750 EDUs at Copperleaf). The CC&N applications will be prepared during the diligence period of the WMC acquisition and filed with the ACC within thirty (30) days of the closing of that transaction;
- Contemporaneously with the closing of the WMC transaction this Agreement shall be recorded in the records of the Maricopa County Recorder, and will reference any portion of the Land over which Landowner has exercised a purchase option and is the record title holder;
- Upon the ACC's final approval of issuance of an ACC decision granting and/or extending the CC&N of HUC to include the Land, and upon issuance of a final ACC decision granting an extension of WUGT's CC&N to include the Land, but no earlier than January 1, 2007, \$150.00 per EDU (\$562,500 for 3,750 EDUs) will become due and payable by the Landowner to Coordinator;

- Upon the successful approval of the MAG 208 plan amendment that includes the Land, but no earlier than January 1, 2007 \$150.00 per EDU (\$562,500 for 3,750 EDUs) will be due and payable by the Landowner to Coordinator;
- Upon Landowner's issuance of the "Start Work Notice" ("SWN"), a description of which is set forth at Exhibit C attached hereto, the first of which shall require the commencement of construction of facilities for 2,000 EDUs, \$1,000,000 will be due and payable by the Landowner to Coordinator. The SWN shall be issued at Landowner's sole discretion. Landowner acknowledges that Coordinator, through WUGT and HUC, shall continue to financially guarantee that WUGT and HUC have sufficient financial resources to achieve substantial completion of the WTP and WRF, including any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines necessary for water, reclaimed water and wastewater service to the Land within 18 months of the issuance of the SWN. Coordinator shall be required to accept Landowner's SWN any time after any and all necessary permits have been issued and approved for the water, reclaimed water and wastewater facilities. Landowner represents and warrants that it will make reasonable efforts after the issuance of Landowner's SWN to pursue and obtain a final Plat Approval for a portion of the Land as determined by Landowner in its sole discretion within 6 months of the substantial completion of both the WTP and WRF, or Landowner will sell a portion of the Land to a buyer who will do so. Coordinator plans to pursue obtaining permits and approvals necessary to bore under Interstate 10, or otherwise locate a pipeline below an available overpass, as this would alleviate the need to build a WRF north of Interstate 10 for a number of years. In the event the Coordinator is successful in receiving these permits and approvals, the Landowners of developments contemplated as Copperleaf, Silver Water Ranch and Silver Spring Ranch may share the cost of the initial 2,000 EDU SWN fee based on the pro rata share of the EDUs to be initially constructed within each development. If Landowner does not participate in the SWN filed by another landowner or developer within WUGT's or HUC's CC&N area, then Landowner's first SWN payment is not due until Landowner or its successors request a SWN for the Off-Site Facilities necessary to serve the Land.
- Depending on the amount already paid by Landowner, the balance of the \$5,500.00 per EDU Landowner Payment, including CPI Index, if applicable, will be due and payable at the time of final Plat Approval for the number of EDUs within the plat or sale of the Land or portion of the Land by Landowner to the ultimate builder/developer as reflected in a change in record title ownership of the Land, whichever occurs later. Coordinator understands that Landowner intends to sell the Land to other parties who will be the ultimate builders/developers of the Land. Coordinator understands that the balance of the Landowner Payment shall not be due until Landowner sells the Land to another party as reflected in the change in record title ownership or upon final Plat Approval, whichever occurs later. As stated in Section 4 in this Agreement, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat

Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs within the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. With the amounts due for the last final plat within the Land, Coordinator will true up any discrepancy with respect to the actual number of EDUs at final Plat Approval against EDUs estimated and sums paid pursuant to this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the final platted parcel(s) of the Land.

Pursuant to Section 4.3, Coordinator shall arrange for interest-earning escrow accounts for those payments in this subsection that are to be placed in escrow, with the interest paid to Landowner if the escrow is to be returned to Landowner. Escrow interest will otherwise be credited to reduce the outstanding balance of the Landowner Payment due to Coordinator. An example of how the Landowner Payment would be calculated for land included in the CC&N with 2,000 residential EDU's developed in two phases of 1,000 EDU's each is:

- \$500 times 2,000 EDU's or \$1,000,000 is due in escrow within 72 hours of signing of this Agreement;
- \$75 times 2,000 EDU's or \$150,000 is due to escrow within 72 hours of the signing of this Agreement for the May 8, 2006 filing of the MAG 208 application. \$25 times 2,000 EDU's or \$50,000 is due to Coordinator within 90 days from execution of this Agreement or contemporaneously with the closing of the WMC acquisition transaction, whichever is later;
- \$100 times 2,000 EDU's or \$200,000 is due to Coordinator for the filing of both the application for a wastewater CC&N and the application, if necessary, for expansion of the water CC&N, or within 90 days of the execution of this Agreement, whichever is later;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon issuance of a final decision by the ACC approving the CC&Ns for both WUGT and HUC, but no earlier than January 1, 2007;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon EPA's approval of the MAG 208 plan amendment, but no earlier than January 1, 2007;

\$500 times 2,000 EDU's or \$1,000,000 is due to Coordinator from Landowner, or Landowner and other participating landowners as described above in subsection 4.1, upon issuance of Landowner's SWN;

- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at final Plat Approval for the first phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval; and
- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at the final Plat Approval for the second phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval.

4.2 For commercial and industrial property, the \$5,500 per EDU plus the CPI Factor, if any, at 4.8 EDU's per acre is due to Coordinator when the County approves the "Commercial or Industrial Site Plan" and issues a building permit which the Parties expect to occur after residential final Plat Approvals surrounding the site, and upon satisfaction of all contingencies and conditions set forth in this Agreement.

- An example of how this would calculate for a commercial or industrial section of land with 30 net acres in size would be as follows:
 - \$5,500 plus the CPI Factor x 30 acres 4.8 EDU/acre or \$792,000 is due and payable when the County approves the Commercial or Industrial Site Plan and issues a building permit.

The parties acknowledge that additional fees as approved by the Parties or required and/or authorized by a governmental agency except as otherwise prohibited herein will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon. Fees payable to WUGT and HUC for on-site facilities, pursuant to the Extension Agreements or a WUGT or HUC tariff, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of on-site Utility Services from the Delivery Points to the end user are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the

Extension Agreements.

4.3 Escrow Account. Within three days of execution of this Agreement, Coordinator shall open an interest earning escrow account with First American Title Insurance Company for the benefit of Landowner and Coordinator for purposes of accepting and disbursing any and all payments and refunds under the terms and conditions set forth in this Agreement. The escrow agent shall be Carol Peterson ("Escrow Agent"). This Agreement shall constitute an escrow agreement and instructions to Escrow Agent and all funds deposited with Escrow Agent shall be disbursed and dealt with by Escrow Agent in strict accordance with the following provisions and the terms of this Agreement. Escrow Agent shall be authorized to make disbursements to Coordinator and/or Landowner as provided for in this Agreement within five (5) days of written request by such Party to Escrow Agent with a copy hand-delivered to the other Party.

In making payment requests pursuant to Section 10.5 of this Agreement, Coordinator shall submit applications for payment relating to reasonable and necessary construction costs for water, reclaimed water and wastewater facilities constructed pursuant to this Agreement, including (i) an itemization of the facilities installed and the amount incurred for each item of the work (with appropriate invoices and backup documentation), and (ii) necessary statutory lien waivers relating to the work. Escrow Agent shall disburse funds pursuant to a payment request by either Party as set forth in this paragraph and under the terms of this Agreement unless and except to the extent a timely objection is made by the other Party. Any Party may object to disbursement of escrow funds if the Party believes in good faith that such payment is not due and if such Party delivers to Escrow Agent and all other Parties written notice of such objection within five (5) business days of the payment request, including a specific explanation of the objection and an explanation of why the Party believes the amount in question should not be disbursed under this Agreement. Any amount subject to an objection shall not be disbursed until the objection is resolved. Upon Escrow Agent's receipt of an objection, the Parties shall meet within three (3) days and make good faith efforts to resolve the objection. If the objection is not resolved completely with such three day period, then the objecting party may submit the matter to arbitration within an additional seven days and the matter shall be resolved in accordance with the arbitration provisions set forth in

Section 7 of this Agreement. If the objecting party fails to submit the matter to arbitration within that time period, then the full payment request shall be deemed approved. If an objection is determined by the arbitrator to be invalid, then the objecting party shall be responsible for any additional costs (including the reasonable attorneys fees of the prevailing party) resulting from the delay in disbursement of the escrow funds.

5. Use and Sizing of Water and Reclaimed Water Distribution Mains and Sanitary Sewer Collection Mains. Coordinator, from time to time may, at its own discretion and expense, decide to oversize certain water distribution mains and wastewater collection mains to service properties or planned developments not currently contemplated within the scope of this Land. Any and all cost of over sizing these lines will be at the sole cost of Coordinator, including any and all engineering or other costs incurred by Landowner as a result of such over sizing. Landowner understands and agrees that it must use and accept reclaimed water distribution mains to the Delivery Points agreed to by Landowner and identified in Exhibit H. Each section of land will require a water storage facility or a retention lake structure for irrigation of no less than one (1) acre developed in accordance with standards established by Coordinator in locations approved by Landowner and at Landowner's cost. Landowner may reasonably consolidate or divide the required water storage facility capacity and irrigation requirement in this Section in any location within the Land consistent with Landowner's development plans. Coordinator's responsibility is to oversee the construction of reclaimed water distribution mains is limited to only one point of storage as contemplated on Exhibit H.

6. Reclaimed Water Availability. Coordinator and its subsidiaries agree to make reclaimed water available for purchase and use within the Land approximately equal to the amount of wastewater generated within such Land. Any excess reclaimed water not purchased by Landowner or its successors within any month belongs to the utility provider for reuse, recharge and/or discharge.

7. Binding Arbitration. Any controversy, dispute or claim (a "Claim") arising out of or relating in any way to this Agreement or any other agreement or instrument delivered in connection with this Agreement, or the transactions arising here under or there under that cannot be resolved by negotiation (other than actions for specific performance or any other equitable remedy) shall be settled exclusively by a binding arbitration ("Arbitration"), conducted by a

single arbitrator (the "Arbitrator") chosen by the Parties as described below. The arbitration shall be expedited and shall be conducted in accordance with the following rules:

7.1 **Initiation of Arbitration.** The Arbitration shall be initiated by either party delivering to the other an Arbitration Demand. Such demand shall be sent by hand-delivery or certified mail, return receipt requested. The Arbitration Demand must contain a list of the Claims upon which arbitration is requested, as well as a statement of the claimant's basis for bringing the Claims.

7.2 **Governing Procedures.** The arbitration shall be conducted in accordance with the A.R.S. § 12-1501, *et seq.* and the Commercial Arbitration Rules of the American Arbitration Association.

7.3 **Appointment of Arbitrator.** The Parties shall appoint a single Arbitrator by mutual agreement. If the Parties have not agreed within ten (10) days of the date of the Arbitration Demand on the selection of an Arbitrator willing to serve, then, unless otherwise agreed, each party may appoint an Arbitrator, and the two chosen Arbitrators will select a third Arbitrator. The Parties shall split the costs of all chosen Arbitrators.

7.4 **Qualifications of Arbitrator.** The Arbitrator shall be neutral and impartial, and knowledgeable in the areas of public utility service and/or real estate development.

7.5 **Compensation.** The Parties shall split equally any and all costs of arbitration, including the Arbitrator's hourly rate.

7.6 **Preliminary Hearing.** Within fifteen (15) days after the Arbitrator(s) has been appointed, a preliminary hearing among the Arbitrator(s) and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding. Any

procedures outlined in the preliminary hearing shall require the arbitration hearing to be conducted within 60 days of the preliminary hearing date.

7.7 Final Award. The Arbitrator shall promptly (but, in no event later than twenty (20) days following the conclusion of the proceedings or such longer period as the Parties mutually agree) determine the claims of the Parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration and other relevant factors under Arizona law. The Arbitrator shall not award any punitive damages. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party. The Arbitrator's final award shall be binding and enforceable against the Parties.

8. Insurance. Coordinator shall include Landowner as an "additional insured" in all forms of liability insurance obtained or maintained by Coordinator and its subsidiaries, and their contractors, applicable to the construction, installation and maintenance of water, wastewater and reclaimed water infrastructure financed by this Agreement or placed within the Land, WTP site, WRF site or well sites included in this Agreement. Coordinator shall defend, indemnify and hold Landowner and any and all of Landowner's affiliates, subsidiaries, successors, and/or related entities, harmless for, from and against any and all liabilities, claims, damages, losses, costs, expenses (including, but not limited to, attorneys' fees), injuries, causes of action, or judgments for bodily injury or death or damage to property occasioned, contributed to or in any way caused, in whole or in part, by Coordinator, HUC and/or WUGT, and their agents, employees, consultants, engineers, or contractors and which arise out of or are related to the performance of this Agreement by Coordinator or its authorized agents, employees, consultants, engineers and/or contractors except for those arising from the negligence or willful misconduct of the Landowner, its agents, employees, consultants, engineers, and/or contractors. Coordinator's duty to indemnify Landowner shall extend to all construction activities undertaken by Coordinator, WUGT and HUC, and their contractors, subcontractors, agents, and employees in the performance of or related to this Agreement. This indemnity clause shall apply solely to the extent that such claim, demand, liability and/or expense is attributable to the negligent

actions or inaction of Coordinator, WUGT and HUC, and/or their contractors, subcontractors, consultants, engineers, agents and/or employees .

Coordinator shall require HUC's and/or WUGT's contractors and/or subcontractors to carry and maintain, at Coordinator's sole cost and expense, during the duration of construction of the water, reclaimed water and wastewater facilities plus an additional two years, no less than the following coverage and limits of insurance:

(i) Worker's Compensation and Employer's Liability: (a) Worker's Compensation coverage as required by law; and (b) Employer's Liability with limits of at least \$1,000,000 per occurrence.

(ii) Business Automobile Liability for Bodily Injury and Property Damage: \$1,000,000 per occurrence, including coverage for all owned, non-owned and hired vehicles.

(iii) Commercial General Liability for Bodily Injury and Property Damage: \$3,000,000 general aggregate, \$1,000,000 per occurrence. Unless otherwise agreed by the parties, the general liability policy shall include a broad form comprehensive liability endorsement that includes coverage for liability assumed under any oral or written contract relating to this Agreement, and also including: (a) broad form property damage liability coverage; and (b) premises-operations coverage; and (c) independent contractor coverage (for liability may incur as a result of the operations, acts or omissions of Coordinator's contractors, subcontractors, suppliers, and/or their agents or employees). The commercial general liability insurance required pursuant to this Agreement shall name Landowner and/or any other Landowner entities designated by Landowner as an additional insured; (b) apply severally to the parties; (c) cover Landowner and affiliated entities as insureds in the same manner as if separate policies have been issued to each of them; (d) include a waiver of any and all subrogation rights against Landowner and affiliated entities; and (e) be primary insurance with any other valid and collectible insurance available to the aforesaid additional insureds constituting excess insurance.

(iv) Professional Errors and Omissions Liability, of not less than \$1,000,000 per occurrence from Coordinator's, HUC's and WUGT's Project engineer.

(v) Other Insurance. An umbrella or other policy as determined appropriate by Coordinator in its reasonable discretion. The above coverage amounts may be achieved through the use of one or more umbrella policies. At the time of this Agreement, Coordinator

holds an umbrella liability insurance policy of \$10,000,000. Coordinator shall maintain such policy or an equivalent policy during the term of this Agreement.

The policies required pursuant to this Agreement shall not be revised, canceled or reduced until at least thirty (30) days' written notice of such revision, cancellation or reduction shall have been given to Landowner, and until a replacement policy is in effect that provides the coverages required in this Agreement. The policies required pursuant to this Agreement shall be issued by an insurance company that is authorized to transact business in the State of Arizona and that has a current rating of A-VII or better in Best's Insurance Report. Coordinator will provide Landowner with confirmation of the above insurance from Coordinator and any and all engineers, consultants, contractors and subcontractors, prior to commencement of construction, including copies of insurance certificates, riders and endorsements .

9. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities of Landowner.

10. Default.

10.1 Landowner shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days, as to monetary defaults, and sixty (60) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (thirty (30) days or sixty (60) days, as the case may be), such default has been cured.

10.2 Coordinator shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days written notice of the failure to fulfill its obligations hereunder to timely provide the services and to timely commence and complete construction of facilities described in this Agreement, including the provision of Utility Services by WUGT and HUC, and the failure to fulfill its financial guarantees that WUGT will have sufficient financial resources for the provision of water utility service to

the Land and that HUC will have sufficient financial resources for the provision of reclaimed water service and wastewater utility service to the Land, and any other material breach of this Agreement by Coordinator.

10.3 In the event either party to this Agreement is in material default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunctive, or other equitable remedies in addition to any other remedy available in this Agreement, or at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due, which failure is not cured within thirty (30) days after notice thereof in accordance with the provisions of subsection 10.1 above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Similarly, Coordinator shall pay interest at the rate of fifteen percent (15%) per annum from the date of accrual on any damages caused Landowner or its successors by Coordinator or its subsidiaries' material breach of this Agreement.

10.4 In addition, to the extent such sums remain unpaid following such thirty (30) day period, Coordinator may then and only then claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner which is the subject of such default in the manner prescribed by law for the foreclosure of realty mortgages or deeds of trust. It is the Parties' intention that Landowner's default as defined in this section 10 provide the only means by which Coordinator may claim any type of lien on the Land, and the Parties agree this Agreement or services provided pursuant to it are not liens or secured interests, but this Agreement gives Coordinator the right to assert a lien right (as set forth herein) which lien right shall be deemed perfected only upon Landowner's material default and recording of a notice of claim of lien, which shall be retroactive as of the date of the recording of this Agreement. Landowner consents to the recording of this Agreement with the county recorder's office upon Coordinator's acquisition of WMC and WUGT as set forth in section 10.7 below. Coordinator agrees that as and when portions of the Land are sold, the obligations hereunder shall be bifurcated based on the land area sold and each new landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall

not have any obligation or liability for the failure of any other owner of any portion of the Land and that the current Landowner shall be fully released from any and all such obligations. In the event Coordinator defaults (following notice and opportunity to cure as set forth herein) on any of its obligations under this Agreement, including its financial guarantee that WUGT or HUC will have sufficient financial resources to provide water, reclaimed water and wastewater service to the Land as described herein, then Coordinator shall record a release of this Agreement and waive any and all other claims against the Land or Landowner as set forth below. Coordinator shall execute and record such release within three (3) days of a written request from Landowner in a form approved by Landowner.

10.5 Coordinator has provided to the Landowner a letter from the Coordinator's financial institution confirming that the Coordinator through its investor and bank relationships has access to sufficient funds necessary to construct the water, reclaimed water and wastewater infrastructure, including the Off-Site Facilities, in order to provide the Utility Services. Upon issuance of the SWN by Landowner, Coordinator shall place funds in an escrow account as set forth in section 4.3 equal to the one-half of the total amount of the construction costs for all water, reclaimed water and wastewater facilities necessary to provide water, reclaimed water and wastewater service to the Land. As set forth in section 4.3, Coordinator shall be entitled to withdraw funds from such escrow account solely for purposes of paying for reasonable and necessary construction costs.

10.6 Subject to the limitations in this Section 10, amounts owed but not paid when due by Landowner under the terms of this Agreement, perfected as described in subsection 10.8 below shall be a lien against the Land for which such payment is due that the Parties agree shall then relate back to the date upon which an executed copy of this Agreement is recorded in the Maricopa County Recorders Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

- i. The name of the lien claimant;
- ii. the name of the party or then owner of the property or interest against which the lien is claimed;
- iii. and a description of the property against which the lien is claimed.

Coordinator shall not record a Preliminary Notice of Contractual lien or other similar document until at least thirty (30) days after notice of Landowner's material default as provided in Section 10.1 above.

10.7 Coordinator understands that Landowner holds certain options to purchase the Land as described in Exhibit A-1 in phases and that in the event Landowner has not yet closed on its purchase of any portion of the land subject to this Agreement, Coordinator may not record this Agreement with the Maricopa County Recorder against the land or any portion of the Land which is the subject to Landowner's option until (a) Landowner has exercised its option and closed on its purchase of each portion of the Land and assumed title or (b) the current property owner has consented in writing to recordation of this Agreement against the land. Coordinator may not record this Agreement against any portion of the Land as described on Exhibits A and A-1 until Coordinator closes on its purchase and acquisition of WMC and WUGT. Landowner consents to the recording of this Agreement against the Land described on Exhibit A with the county recorder's office upon closing of Coordinator's acquisition of WMC and WUGT, written notice of which shall be given by Coordinator to Landowner not less than two (2) days prior to such acquisition.

10.8 The lien authorized in this Section 10 shall take effect only upon recordation of a claim of contractual lien as limited herein above and as described below in the office of the Maricopa County Recorder by Coordinator, and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the Agreement were recorded, as set forth in subsection 10.6 above. The lien amount shall be only that amount not paid by Landowner in accordance with the terms of this Agreement at the time the lien is recorded, and shall not include any future Landowner Payment amounts. Such lien shall apply only to those portions of the Land for which any such payment is due. Coordinator acknowledges and agrees to work with the Landowner or its successors and their lenders to facilitate financing. Coordinator shall give written notice of any such lien claim. The Notice and Claim of Contractual Lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest

against which the lien is claimed.

- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person(s) against whose property the lien is claimed in any manner prescribed under Section 21 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

10.9 If the Landowner (i) places funds in the amount due Coordinator into an escrow account or posts either (ii) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (iii) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona, which bond or letter of credit (a) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (b) is in the amount of the claim secured by the lien, and (c) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by the arbitrator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the funds, bond or letter of credit by delivery of same to Coordinator, escrow or arbitrator as determined by Landowner. All costs and expenses to obtain the bond or letter of credit, and all reasonable costs and expenses incurred by Coordinator related thereto, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien and, in that event, all such costs shall be borne by Coordinator.

10.10 Upon Coordinator's material default of its obligations under this Agreement, Coordinator shall (i) record a "full satisfaction and release" of this Agreement and any outstanding liens with the Maricopa County Recorder, (ii) shall

confirm in writing the satisfaction and release of the Agreement to all other Parties at Landowner's request, (iii) shall within 90 days of such material default return to Landowner all Landowner Payments made to date by Landowner in excess of costs incurred to date by Coordinator as previously approved by Landowner with such approval not being unreasonably withheld, and (iv) shall within 90 days return to Landowner all plans, documents, etc. provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities specifically to serve the Land. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall refund all Landowner Payments in excess of costs incurred to date by Coordinator under this Agreement as previously approved by Landowner with such approval not being unreasonably withheld. In that event, any and all amounts remaining in the escrow account provided under section 10.5 shall be released immediately to Landowner as partial or full payment of such refund obligation. The refund obligation shall be limited to the total amount of Landowner Payments made under this Agreement plus accrued interest with the remaining balance of the escrow including accrued interest to Coordinator. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall assign to Landowner all water rights, interests and extinguishment credits resulting from the Land or obtained from the Landowner. In the event of a default by Coordinator, Landowner reserves the right to pursue any and all legal rights, damages and remedies against Coordinator for such default. All land deeded by Landowner to Coordinator shall be reconveyed by Coordinator to Landowner as provided elsewhere in this Agreement.

11. Non Issuance of Water and Wastewater CC&N Expansion. In the event that Coordinator or HUC through best efforts are unable to obtain all of the necessary approvals from the ACC, MCESD and ADEQ within twenty-four (24) months of the execution of this Agreement with respect to the water, reclaimed water and wastewater services provided for herein, then the Landowner or Coordinator at either party's option may terminate the portions of this Agreement as it relates to reclaimed water and wastewater services without recourse to either party. In the event of termination of the wastewater portion of this Agreement and excluding the CPI Factor, Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County as reasonably requested by Landowner and waive any

lien rights it may have under this Agreement for \$3,000 per EDU of the \$5,500 per EDU contemplated in this Agreement for reclaimed water and wastewater services. The Parties agree to execute necessary amendments to this Agreement in the event of termination of the wastewater portion of this Agreement. In that event, Landowner's payment obligations under section 4.1 above shall be reduced in proportion to the reduction of the \$5,500 per EDU payment under section 4.1 above to \$2,500 per EDU for water service, which includes Landowner \$500 per EDU payment noted below. For example, upon issuance of the SWN for 2,000 EDUs, Landowner's payment obligations will be reduced to \$225 times 2,000 EDUs or \$450,000 upon issuance of the SWN. Further, in the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying HUC any necessary regulatory approvals to provide wastewater service to the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain \$500/EDU of the payments made under section 4.1 as of such date for water service on the condition that WUGT has obtained a final order from the ACC approving the CC&N extension to include all of the Land, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

In the event that Coordinator or WUGT are unable to obtain ACC approval for extension of WUGT's CC&N to include all of the Land or other necessary governmental approvals within 24 months for provision of water service to the Land, then Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County affecting those portions of the Land as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for water services. The Parties agree to execute necessary amendments to this Agreement in the event of non-issuance of the CC&N extension for water service to the Land. In the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying WUGT any necessary regulatory approvals to provide water service to any portions of the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be

entitled to retain a proportional share of \$500/EDU of the payments made under section 4.1 equal to that proportion of the Land included within WUGT's CC&N and that portion of the Land for which WUGT is authorized to provide water service, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

12. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable costs, expenses and attorney's fees incurred in litigating, arbitrating, or otherwise resolving such dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

13. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement. Acts of the parties hereto shall be excused during the period of intervening acts of God or other force majeure events not attributable to the nonperforming Party.

14. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

15. Most Favored Nation. Coordinator agrees that for the CC&N expansion and CC&N extension contemplated to commence in the July 2006 timeframe in the area West of the Hassayampa River, that if the Coordinator enters into an Infrastructure Coordination Finance and Option Agreement or an agreement with similar terms with another landowner that lies within the CC&N area of WUGT and HUC as extended (with the exception of Belmont), the Coordinator will not provide pricing, terms, or conditions more favorable to that landowner than provided herein to the Landowner, unless Coordinator amends this Agreement with the written consent of Landowner to include such pricing, terms, or conditions so that this Agreement is at least as favorable to the Landowner as the pricing, terms, and conditions offered to the other landowner.

16. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

17. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

18. Additional Instruments. The Parties hereto agree to execute, acknowledge, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

19. Severability. Every provision of this Agreement is intended to be severable except as otherwise provided in this Agreement. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

20. Incorporation by Reference. Every recital set forth herein above, exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

21. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered

personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes upon actual receipt at the addresses noted below.

Any notice sent to Coordinator shall be sent to:

Cindy Liles
Global Water Resources, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Any notice sent to Landowner shall be copied simultaneously to the following persons:

Mark C. Brown,
8540 E. McDowell Road, #90
Mesa, AZ 85207
Fax: (480) 380-0040

Rick Jellies
The Lead Group
2151 E. Broadway Road, Suite 203
Tempe, AZ 85282
Fax: (480) 557-7772

Mike Grant
Todd C. Wiley
Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, Arizona 85016-9225
Fax: (602) 530-8500

22. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator and Landowner and their successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall record such documents

as are reasonably requested to reflect payment in full for that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to record any release or waiver document as requested which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles, Senior Vice President
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

LANDOWNER:

First American Title Insurance Company, a
California corporation as trustee under Trust
No. 8559 and not Personally.

By: Simin Bell
Trust officer
First American Title Insurance Company
Trust Department
4801 East Washington Street,
Suite 140
Phoenix, Arizona 85034

STATE OF ARIZONA)
) ss.
County of Maricopa)

On July 11, 2006, before me,
Rebecca Scott, a Notary Public in and for said state, personally
appeared Cindy M. Liles, personally known to me (or proved to me on
the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
instrument and acknowledged to me that they executed the same in their authorized capacities,
and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
persons acted, executed the instrument.

WITNESS my hand and official seal.



Rebecca Scott
Notary Public in and for said State

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

On 7-7-06, before me,
Elaine M-Gill, a Notary Public in and for said state, personally
appeared Simon Berry, Trust Officer, personally known to me (or proved to me on
the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
instrument and acknowledged to me that they executed the same in their authorized capacities,
and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
persons acted, executed the instrument.

WITNESS my hand and official seal.

Elaine M Gill

Notary Public in and for said State

My Commission Expires:

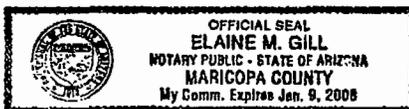


EXHIBIT A

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

PARCEL NO. 3:

AS TO AN UNDIVIDED 76.4% INTEREST

THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 4:

AS TO AN UNDIVIDED 76.4% INTEREST

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

AS TO AN UNDIVIDED 23.6% INTEREST

THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 11:

THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF SAID EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 29 WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 134 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°00'38" WEST, 1478.55 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTH 75°04'23" EAST, SOUTH 470.76 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°03'23" WEST, 243.17 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 20;

PARCEL NO. 13:

THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 14:

THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXHIBIT A-1
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

PARCEL NO. 1:

THE NORTH HALF OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 3:

AS TO AN UNDIVIDED 23.6% INTEREST

THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 4:

AS TO AN UNDIVIDED 23.6% INTEREST

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

AS TO AN UNDIVIDED 76.4% INTEREST

THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 6:

THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 7:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 8:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH 00°00'05" WEST, 75.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30;

THENCE SOUTH 75°07'10" EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH 75°07'10" EAST-SOUTH 75°04'23" EAST;

THENCE SOUTH 75°04'73" EAST, 2445.44 FEET TO A POINT ON THE LINE COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS 50°00'38" WEST, 1476.85 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH 75°04'23" EAST, TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29; AND

EXCEPT THEREFROM THOSE PORTIONS LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND:

TRACT NO. 1:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 475.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°39'22" WEST, 33.00 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 361.77 FEET;

THENCE NORTH 09°31'38" WEST 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 and 30, WHICH POINT BEARS SOUTH 00°00'38" EAST 2505.94 FEET FROM THE CORNER COMMON TO SECTIONS 29, 30, 31 AND 32;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE NORTH 07°33'28" WEST, 888.33 FEET TO THE EXISTING SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY TO (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 06°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 5 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

PARCEL NO. 9:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1093 FEET;

THENCE EAST ALONG THEN NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE NO (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION LYING WITH THE FOLLOWING DESCRIBED PARCEL OF LAND.

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT SOUTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 29 AND 30;

THENCE NORTH 59°59'22", 33.00 FEET;

THENCE SOUTH 05°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310,4242 FEET;

THENCE NORTH 04°29'47" WEST, 381.77 FEET;

THENCE NORTH 09°51'36" WEST, 507.51 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 10:

THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH 00°00'05" WEST, 76.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30; THENCE SOUTH 75°07'10" EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH 75°07'10" EAST, SOUTH 75°04'23" EAST;

THENCE SOUTH 75°04'23" EAST, 2445.44 FEET TO A POINT ON THE LINE;

COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS SOUTH 00°00'38" WEST, 1476.83 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH 75°04'23" EAST TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29.

PARCEL NO. 12:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THOSE PORTION LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND;

TRACT NO. 1

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22"W, 33.00 FEET;

THENCE SOUTH 087°19'27"W, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 381.77 FEET;

THENCE NORTH 09°51'35" WEST, 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS NORTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND;

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 311 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 30 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

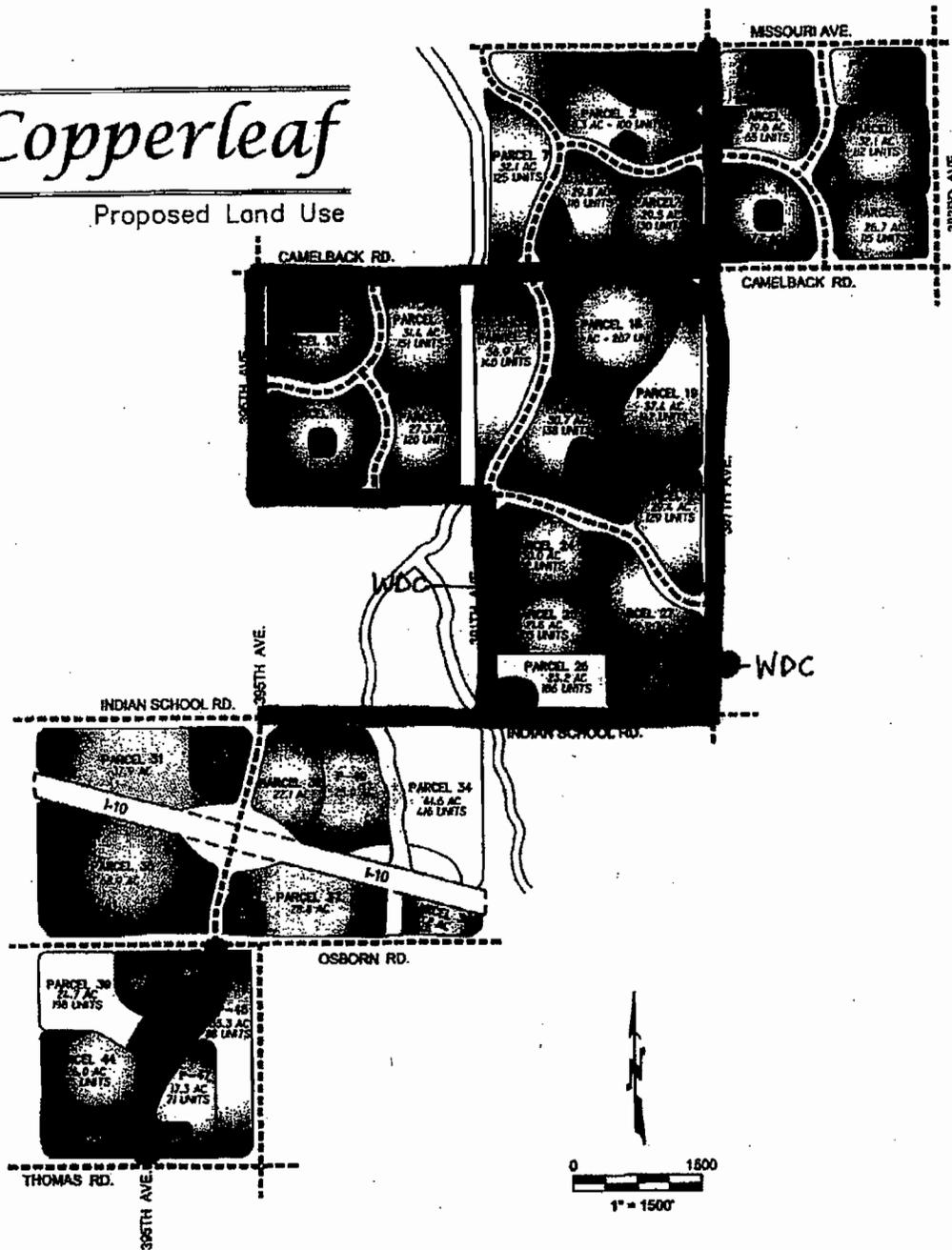
EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SITE PLAN

**EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
SITE PLAN**

Copperleaf

Proposed Land Use



**EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
SITE PLAN**

IS ON FILE AT:
GLOBAL WATER RESOURCES, LLC
21410 NORTH 19TH AVE., STE. 201
PHOENIX, ARIZONA 85027

EXHIBIT C

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

START WORK NOTICE

SAMPLE START WORK NOTICE

Invoice Date:

Due Date:

Invoice to: Landowner Name
Landowner Address

By issuance of this Start Work Notice, Landowner notifies and authorizes Coordinator to commence the bidding of the construction jobs necessary to provide water, wastewater and reclaimed water services to the development.

Amount due:

Number of lots within development	1,000
Start Work Notice fee per lot	\$500
Invoice Amount	\$500,000

EXHIBIT DINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENTDESCRIPTION OF WUGT AND HUC SERVICES TO BE COORDINATED BY COORDINATORWUGT

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide water service to the project.

- Expand CC&N water service area to include the Land, if necessary, including filing for a CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master water plan with respect to the Land;
- Confirm, construct and/or develop sufficient water plant, well source capacity and Central Arizona Project water source capacity and delivery systems for the Land;
- Extend a water distribution main line to the Delivery Points;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide a 100-year assured water supply through Department of Water Resources via an Assured Water Designation or assist Landowner with the Certificate for Assured Water Supply application required for final Plat Approvals and Department of Real Estate approvals;
- Prepare Interim Use Permit for Land as described within this Agreement;
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

HUC

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide reclaimed water and wastewater service to the project.

- Expand CC&N wastewater service area to include the Land, including filing for a CC&N or CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master wastewater plan with respect to the Land;
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities;
- Confirm, construct and/or develop sufficient wastewater plant capacity and Off-Site Facilities for the Land;
- Extend a wastewater collection system main line to the Delivery Points;
- Extend a reclaimed water line to a water storage facility within the Land;

- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Maricopa County Association of Governments (MAG) 208 Water Quality Plan as necessary;
 - Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
 - Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
 - Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement),
-

EXHIBIT E
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between WATER UTILITY OF GREATER TONOPAH an Arizona corporation ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel _____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of _____, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), and the Company shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit

"B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points") and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction

and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those water and reclaimed water facilities to be constructed by Company or its affiliates under this Agreement, including all water, reclaimed water, and treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction with such approval not be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials

and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and material men have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. In no event shall such Administrative Costs exceed 10.0% of the cost of the Facilities. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7,

above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20)

days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Water Utility of Greater Tonopah
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein.

Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

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

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

By _____
Its _____

COMPANY:

WATER UTILITY OF GREATER TONOPAH
an Arizona corporation

By _____
Cindy Liles
Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"

Point(s) of Connection [Delivery Point(s)]

EXHIBIT "C"**Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)**

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				_____
Sales Tax				_____
Total				_____

EXHIBIT F
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between HASSAYAMPA UTILITY COMPANY, an Arizona corporation ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel _____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), the Company has shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and the Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B" (the "Delivery Points"). Company is willing to provide sewer utility service to the

Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points"), and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those wastewater facilities to be constructed by Company or its affiliates under

this Agreement, including all wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction with such approval not to be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the

Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and material men have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent(2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such

advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. Notice. All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Hassayampa Utility Company,
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which

notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise

relating to Company's failure to comply with any of the terms and conditions contained herein. Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

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

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

By _____
Its _____

COMPANY:

HASSAYAMPA UTILITY COMPANY
an Arizona corporation

By _____
Cindy M. Liles
Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"

Point(s) of Connection (Delivery Point)

EXHIBIT "C"**Wastewater Facilities Budget
(Required to be completed by Developer prior to execution of agreement)**

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT G
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

OFF SITE FACILITIES

Water

Backbone/offsite water infrastructure includes all ground water wells, treatment facilities, storage and distribution centers, and major distribution pipelines (typically 16" diameter or greater) that generally run beneath major roadways. These roadways are usually located along section lines and cover a one mile by one mile grid. Connection stubs to onsite/in-parcel infrastructure are provided from these distribution pipelines.

Wastewater/Reclaimed Water

Backbone/offsite wastewater infrastructure includes all major collection pipelines (typically 18" to 48" diameter) that generally run beneath major roadways. Connections to these pipelines are typically provided for the onsite/in-parcel wastewater collection system at designated locations along a one mile by one mile section line grid. Backbone/offsite wastewater infrastructure also includes all lift stations, reclamation facilities, and major reclaimed water distribution pipelines. Reclaimed water infrastructure generally runs parallel to the wastewater main lines within the major roadway to the onsite storage facility provided by the Landowner.

EXHIBIT H
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

The attached maps indicate proposed lines to be the responsibility of the utilities based on the proposed land use plan submitted. Typically, the utility is responsible for water lines in size of 16 inch or greater and wastewater lines 18 inch or greater. The Delivery Points as designated on the attached maps will change as agreed according to the final map.

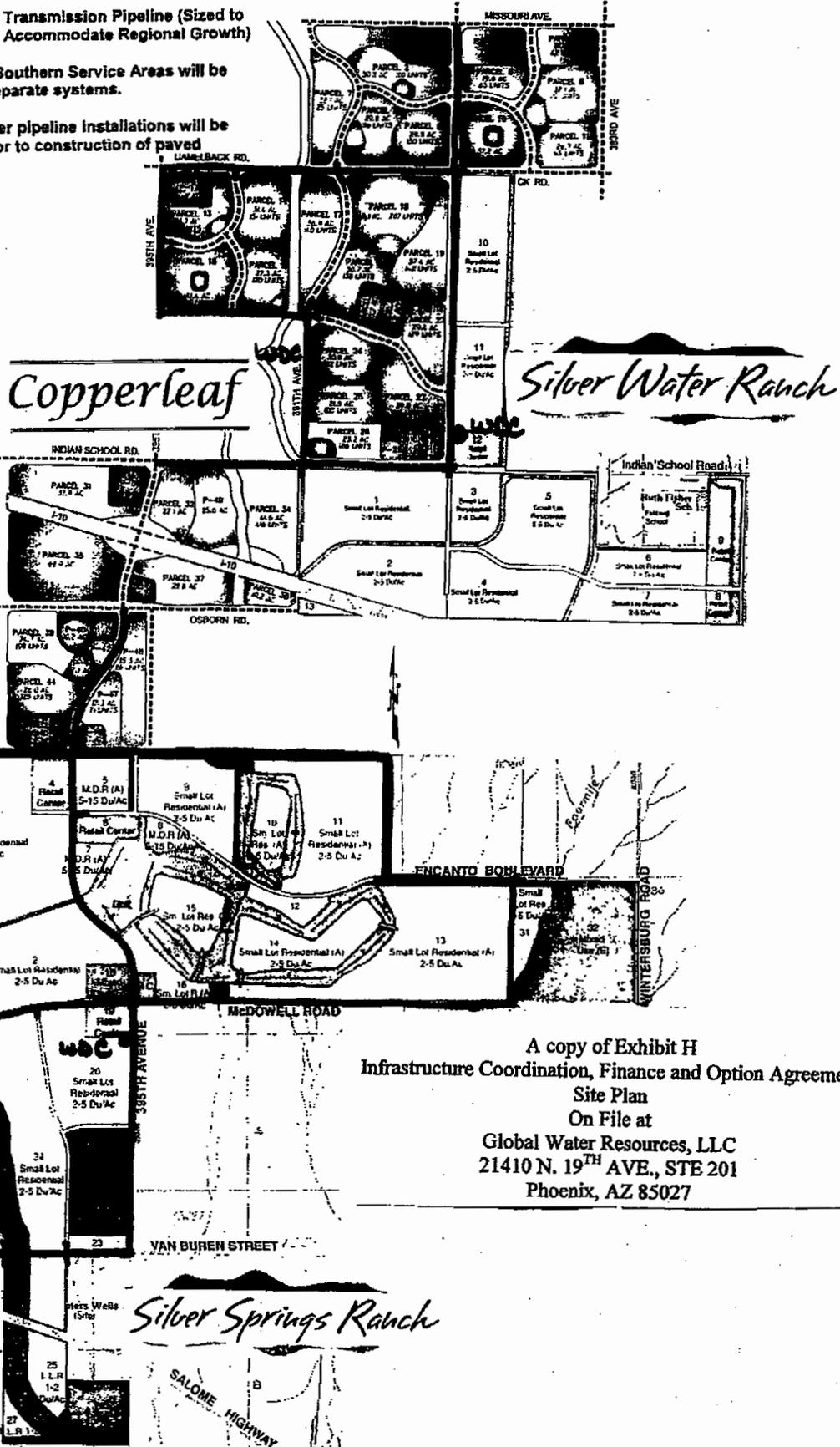
Potable Water Master Plan
Global Water Installations

WDC Water Distribution Centers
(Storage and Pumping Stations)

— Transmission Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas will be
operated as separate systems.

All Global Water pipeline installations will be
completed prior to construction of paved
roadways.



A copy of Exhibit H
Infrastructure Coordination, Finance and Option Agreement
Site Plan
On File at
Global Water Resources, LLC
21410 N. 19TH AVE., STE 201
Phoenix, AZ 85027

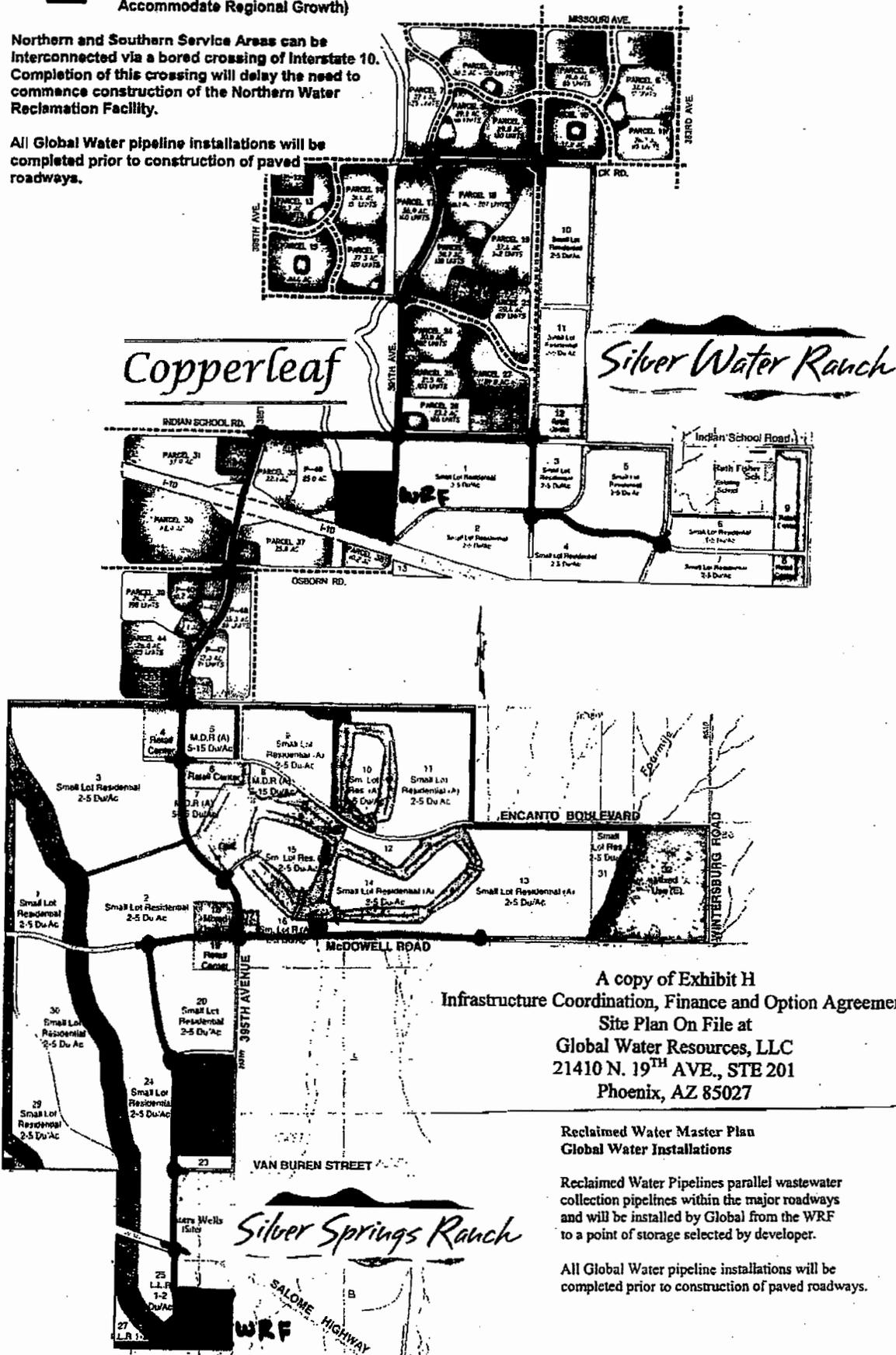
**Wastewater Master Plan
Global Water Installations**

WRF Water Reclamation Facilities

Collection Pipeline (Sized to Accommodate Regional Growth)

Northern and Southern Service Areas can be interconnected via a bored crossing of Interstate 10. Completion of this crossing will delay the need to commence construction of the Northern Water Reclamation Facility.

All Global Water pipeline installations will be completed prior to construction of paved roadways.



A copy of Exhibit H
Infrastructure Coordination, Finance and Option Agreement
Site Plan On File at
Global Water Resources, LLC
21410 N. 19TH AVE., STE 201
Phoenix, AZ 85027

**Reclaimed Water Master Plan
Global Water Installations**

Reclaimed Water Pipelines parallel wastewater collection pipelines within the major roadways and will be installed by Global from the WRF to a point of storage selected by developer.

All Global Water pipeline installations will be completed prior to construction of paved roadways.

EXHIBIT I
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

WATER UTILITY OF GREATER TONOPAH
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Water Utility of Greater Tonopah, Inc. ("WUGT") is a private water company authorized by the Arizona Corporation Commission ("ACC") to furnish water utility service within portions of Maricopa County. [Insert Name of Landowner] has requested that WUGT provide water utility service to the Copperleaf Development as set forth on the legal description attached to this letter as Exhibit A. WUGT has determined that the Development is located partially within WUGT's service territory. Within 30 days of the closing of the pending acquisition of WUGT and the Western Maricopa Combine, WUGT shall file an application with the ACC seeking approval to extend WUGT's CC&N to include all of the land set forth on Exhibit A.

Based upon the inclusion of the above referenced land in the certificate of convenience and necessity (CC&N) territory approved by the ACC, and subject to execution of water line extension agreements by the Landowner and other regulatory approvals including Arizona Department of Water Resources, WUGT has agreed to provide water utility service to the Development. Further, WUGT has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, WUGT shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to

be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President

HASSAYAMPA UTILITY COMPANY
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Hassayampa Utility Company ("HUC") has submitted an application to the Arizona Corporation Commission ("ACC") to form a private wastewater company authorized to furnish reclaimed water and wastewater utility service within portions of Maricopa County. [Insert Name of Landowner] has requested that HUC provide reclaimed water and wastewater utility service to the Copperleaf Development as set forth on the legal description attached to this letter as Exhibit A.

Based upon the ACC's approval of the formation of the certificate of convenience and necessity (CC&N) for HUC, the ACC's approval to include the Development in HUC's CC&N territory, execution of wastewater line extension agreements by Landowner and other regulatory approvals including the MAG 208 amendment, HUC has agreed to provide reclaimed water and wastewater utility service to the Development. Further, HUC has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, HUC shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President



Wintersburg 50

Date

Ms. Cindy Liles
Senior Vice President of Growth Management
Hassayampa Utilities Company, Inc.
22601 N. 19th Avenue, Suite 210
Phoenix, AZ 85027

Re: MAG 208 Areawide Water Quality Management Plan Amendment
Belmont/Tonopah Regional Area

Dear Ms. Liles:

We understand that Global Water Resources, Inc. ("Global") is in the process of filing an application for an amendment to the MAG 208 Areawide Water Quality Management Plan ("208 Plan") for its subsidiary, Hassayampa Utilities Company, Inc. ("HUC") to provide wastewater and reclaimed water services west of the Hassayampa River in unincorporated Maricopa County, in an area known as the Belmont/Tonopah Regional Area.

We do not oppose now, nor will oppose in the future, any filing by HUC and/or Global or its subsidiaries to establish or expand their service area in the MAG 208 Plan over our property. Further, we desire for our property to be included in the first available CC&N expansion. The legal description of our subject property is enclosed as Exhibit A.

Name of Authorized Owner

By: [Signature] Date: 3/23/06
Its: managing member
Wintersberg SO LLC

Wintersberg 50 LLC -

506-45-029 E
506-45-029 C

EXHIBIT "A"

The West 50 Acres of Parcel No. 1 as shown in the Results of Survey Map, recorded in the Recorders Office of Maricopa County, Arizona in Book 689 of Maps, Page 3; being a portion of the Northeast quarter of Section 33, Township 2 North, Range 6 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows;

COMMENCING at the East quarter corner of said Section 33;

THENCE North 89 degrees 57 minutes 56 seconds West, a distance of 782.72 feet along the East-West quarter line of said Section 33;

THENCE North 00 degrees 01 minutes 41 seconds East, a distance of 50.00 feet;

THENCE North 89 degrees 57 minutes 56 seconds West, a distance of 270.97 feet to the POINT OF BEGINNING of this description;

THENCE continuing North 89 degrees 57 minutes 56 seconds West, a distance of 855.90 feet;

THENCE North 00 degrees 01 minutes 41 seconds East, a distance of 2543.92 feet;

THENCE North 89 degrees 55 minutes 45 seconds East, a distance of 855.90 feet;

THENCE South 00 degrees 01 minutes 41 seconds West, a distance of 2545.50 feet to the POINT OF BEGINNING.



AZ 204

Date

Ms. Cindy Liles
Senior Vice President of Growth Management
Hassayampa Utilities Company, Inc.
22601 N. 19th Avenue, Suite 210
Phoenix, AZ 85027

Re: MAG 208 Areawide Water Quality Management Plan Amendment
Belmont/Tonopah Regional Area

Dear Ms. Liles:

We understand that Global Water Resources, Inc. ("Global") is in the process of filing an application for an amendment to the MAG 208 Areawide Water Quality Management Plan ("208 Plan") for its subsidiary, Hassayampa Utilities Company, Inc. ("HUC") to provide wastewater and reclaimed water services west of the Hassayampa River in unincorporated Maricopa County, in an area known as the Belmont/Tonopah Regional Area.

We do not oppose now, nor will oppose in the future, any filing by HUC and/or Global or its subsidiaries to establish or expand their service area in the MAG 208 Plan over our property. Further, we desire for our property to be included in the first available CC&N expansion. The legal description of our subject property is enclosed as Exhibit A.

Name of Authorized Owner

By: [Signature] Date: 3/23/06
Its: Principal

I am in escrow for this 204 acres (contiguous to my other 107 acres w. Wintersberg 50 LLC & Power Center 379 LLC)
I am set to close on June 16 2006

AZ 204 - 506-45-028 + 506-45-029H

NW/4 Sec 33 T2N R6W
(160 acs m/l)



425. _____
426. Legal Description of Parcel 506-45-029H (continued from page 1, line 19): NE4 SEC33 EX BEG NE
427. COR SD SEC 33 TH W 50F TH S 50F TH E 50F TH N 50F TO POB & EX E 45F RD & EX BEG 50F W NE COR
428. SEC 33 THS 50F TH E50F THS 183.45F TH W 100F TH N 233.33F TON LN SEC 33 THE 50F POB & EX COM
429. E4 COR SEC33 TH W 414.86F TH N 50F TO TPOB TH CONT N 2546.67F 264.86F TH S 233.50F TH E 150F
430. TH S 2313.80F TH W 414.85F TO TPOB & EX COM E4 COR SEC 33 TH W 414.86F TH N 50F TO TPOB TH W
431. 367.86F TH N 2546.02F TH E 367.86F TH S 2546.67F TO TPOB & EX COM E4 COR SEC 33 TH W 782.72F
432. TH N 50F TPOB TH W 1128.87F TH N 2543.92F TH E 1126.87 TH S2545.99F TPOB, SEC 33 T2N R6W per
433. Maricopa County Recorder @ www.maricopa.gov



Powercenter 379

Date

Ms. Cindy Liles
Senior Vice President of Growth Management
Hassayampa Utilities Company, Inc.
22601 N. 19th Avenue, Suite 210
Phoenix, AZ 85027

Re: MAG 208 Areawide Water Quality Management Plan Amendment
Belmont/Tonopah Regional Area

Dear Ms. Liles:

We understand that Global Water Resources, Inc. ("Global") is in the process of filing an application for an amendment to the MAG 208 Areawide Water Quality Management Plan ("208 Plan") for its subsidiary, Hassayampa Utilities Company, Inc. ("HUC") to provide wastewater and reclaimed water services west of the Hassayampa River in unincorporated Maricopa County, in an area known as the Belmont/Tonopah Regional Area.

We do not oppose now, nor will oppose in the future, any filing by HUC and/or Global or its subsidiaries to establish or expand their service area in the MAG 208 Plan over our property. Further, we desire for our property to be included in the first available CC&N expansion. The legal description of our subject property is enclosed as Exhibit A.

Name of Authorized Owner

By: [Signature] Date: 3/23/06
Its: [Signature]
Power Center 379



Elkhorn Creek

ELKHORN CREEK
LLC

5/12/2006

Ms. Cindy Liles
Global Water Management
21410 N. 19th Avenue
Suite 201
Phoenix, AZ 85027

Re: MAG 208 Belmont/Tonopah Region

Dear Ms. Liles:

The undersigned is the owner of the real property described on the attached Exhibit A. We have no objection to inclusion of Owner's land as described in Exhibit A, enclosed, into the MAG 208 Areawide Water Quality Management Plan ("208 Plan") filed by Hassayampa Utilities Company, Inc. ("HUC"), Global Water Resources, Inc. or its subsidiary.

Further, we desire for our property to be included in the first available CC&N expansion.

Sincerely,
Elkhorn Creek LLC

James P. Smith
Manager

ELKHORN CREEK LLC

Exhibit A

West ½ of the East ½ of the SW ¼ of Section 22, Township 2 North, Range 7 West.
East ½ of the East ½ of the SW ¼ of Section 22, Township 2 North, Range 7 West.
East ½ of the West ½ of the SW ¼ of Section 22, Township 2 North, Range 7 West.

Appendix D

Legal Description with Exhibit for Campus 1 Site

September 13, 2006

LEGAL DESCRIPTION FOR
SILVER SPRINGS RANCH
TREATMENT PLANT PARCEL

That part of the Southeast Quarter of Section 7, Township 1 North, Range 6 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 7, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 7 bears South 00°33'28" West, a distance of 2,642.52 feet;

Thence South 00°33'28" West, along the East line of the Southeast Quarter of said Section 7, a distance of 1,057.68 feet to the True Point of Beginning;

Thence continuing South 00°33'28" West, along said East line, a distance of 263.58 feet to the Southeast Corner of the North Half of the Southeast Quarter of said Section 7;

Thence North 89°25'51" West, along the South line of the North Half of the Southeast Quarter of said Section 7, a distance of 962.26 feet;

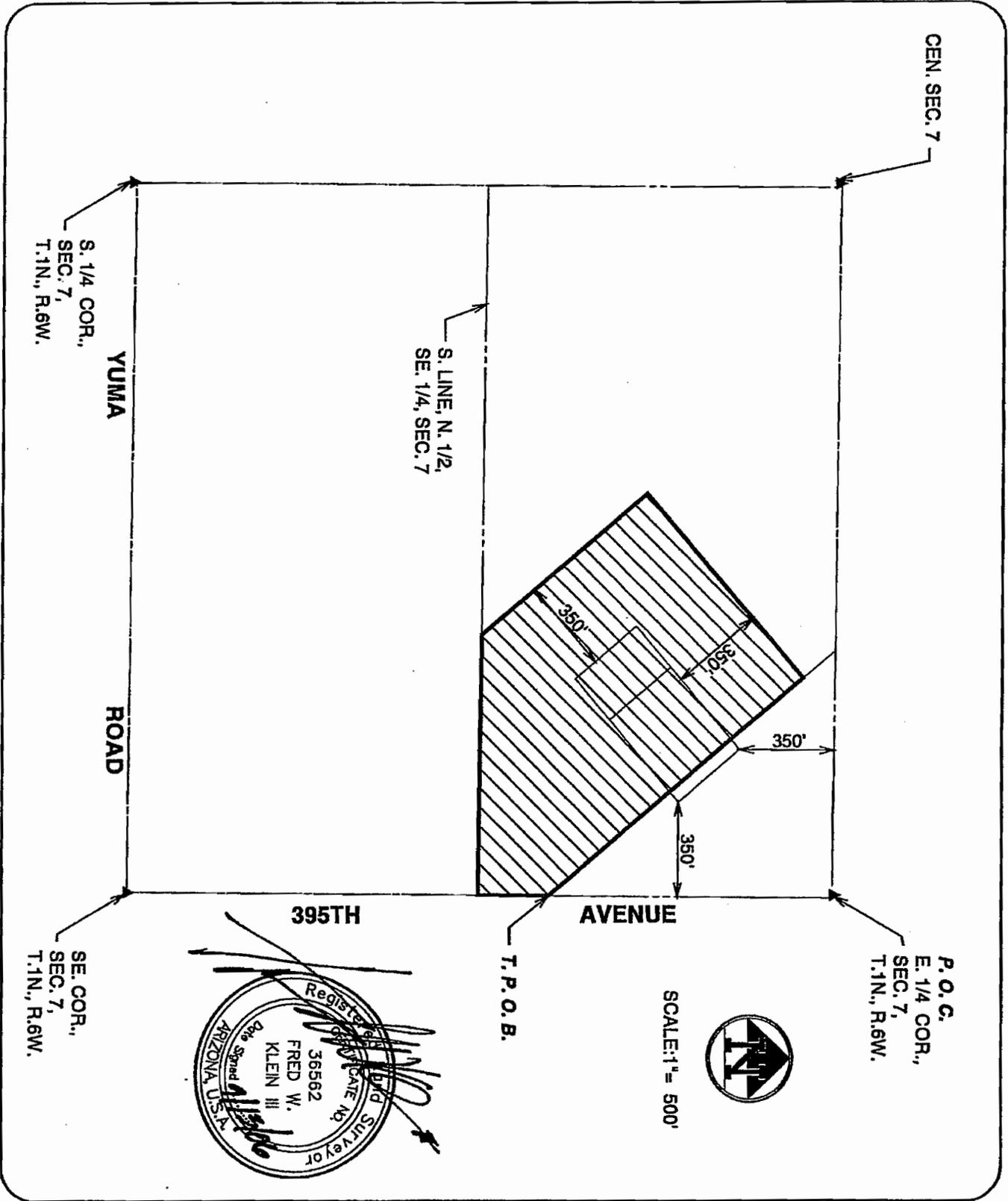
Thence North 40°18'47" West, departing said South line, a distance of 812.17 feet;

Thence North 49°41'13" East, a distance of 900.00 feet;

Thence South 40°18'47" East, a distance of 1,242.66 feet to the True Point of Beginning.

Containing 24.139 Acres, more or less.





<p>EXHIBIT</p> <p>N:\770001\LAND\EH-TRTMT.DGN</p>	<p>SILVER SPRINGS RANCH TREATMENT PLANT PARCEL</p>	<p>JOB NO 770001</p>
<p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>	<p>SHEET 1 OF 1</p>

September 13, 2006

LEGAL DESCRIPTION FOR
SILVER SPRINGS RANCH
OPTIONAL PARCEL

That part of the Southeast Quarter of Section 7, Township 1 North, Range 6 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 7, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 7 bears South 00°33'28" West, a distance of 2,642.52 feet;

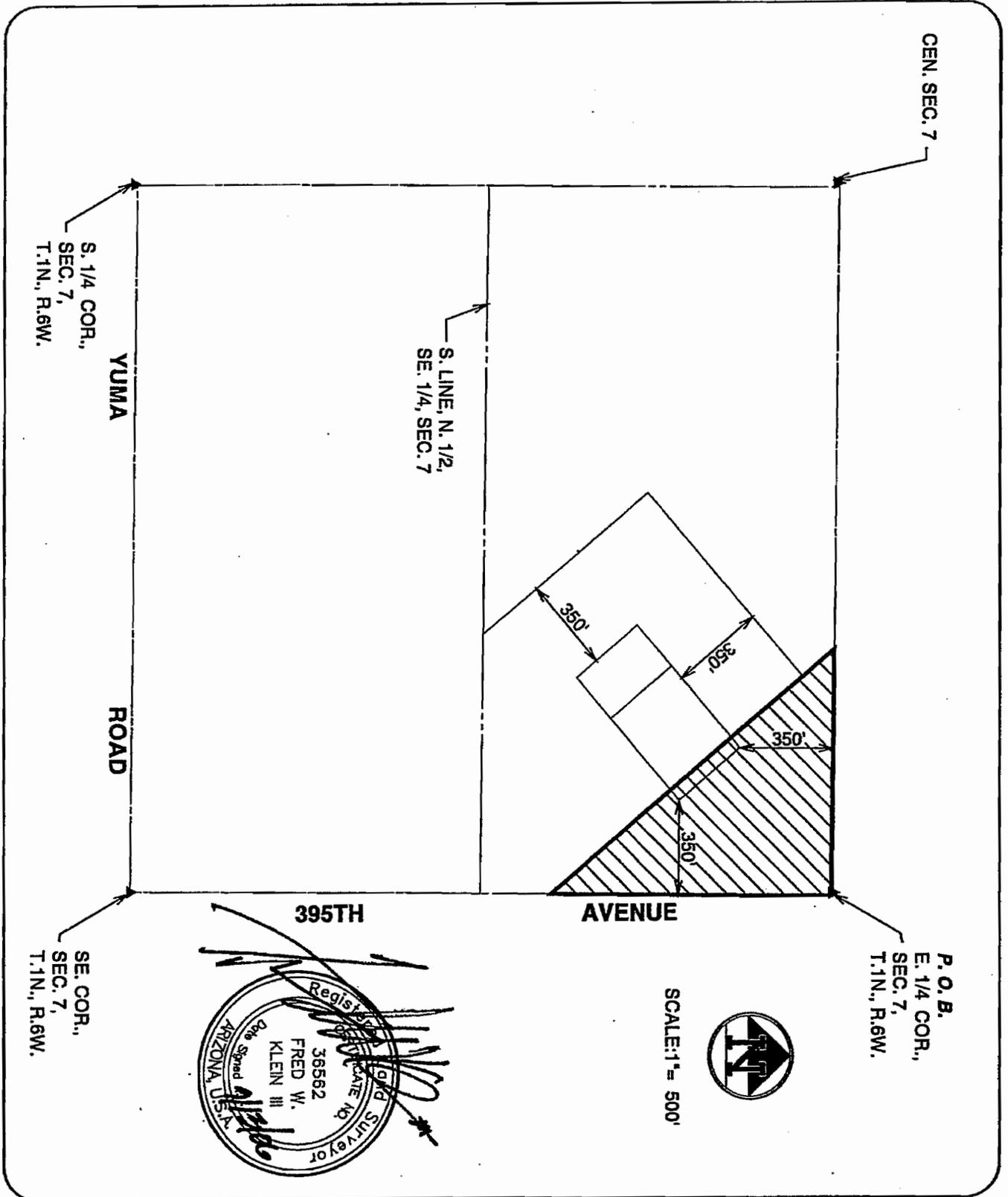
Thence South 00°33'28" West, along the East line of the Southeast Quarter of said Section 7, a distance of 1,057.68 feet;

Thence North 40°18'47" West, departing said East line, a distance of 1,398.82 feet to a point on the North line of the Southeast Quarter of said Section 7;

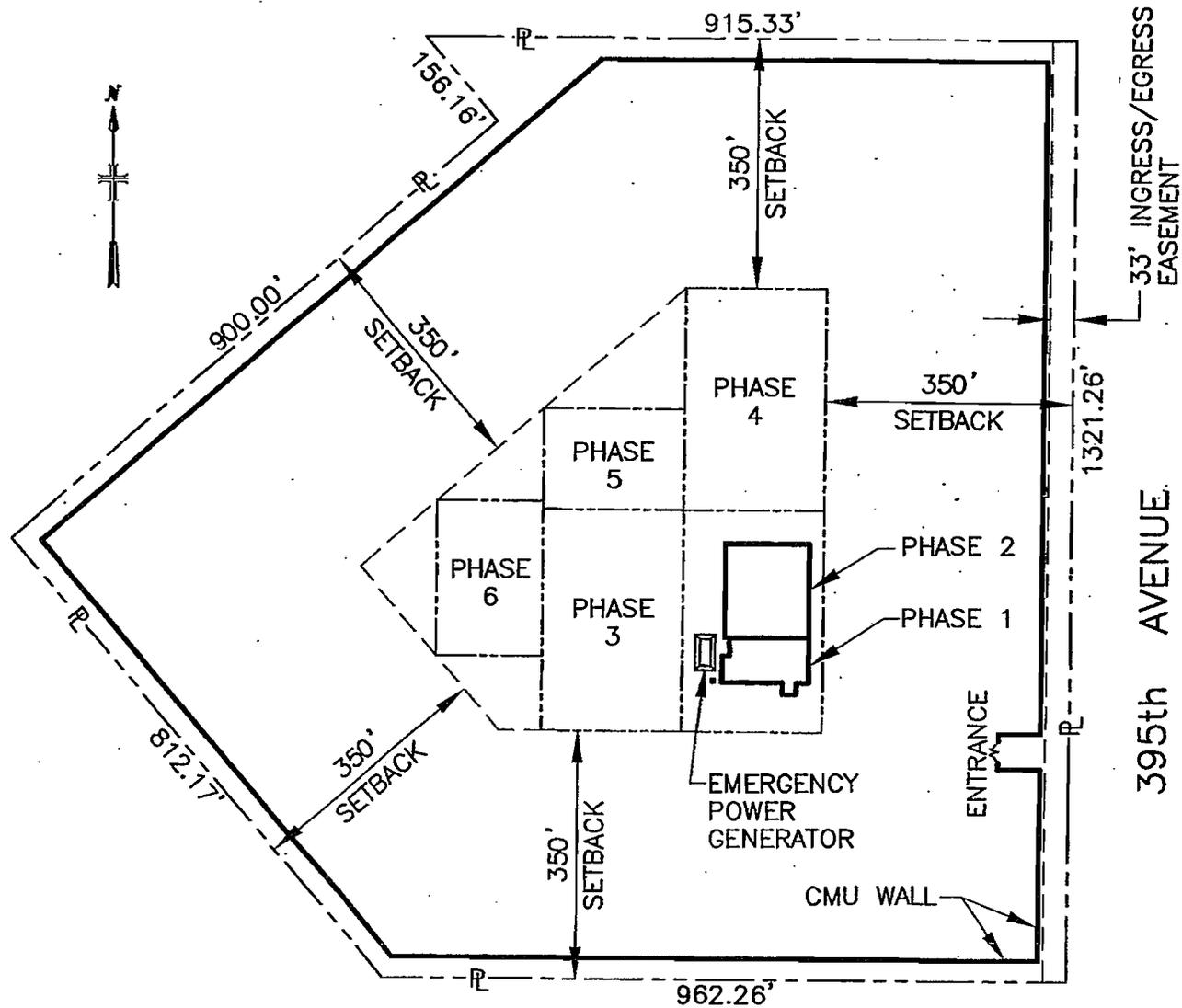
Thence South 89°26'11" East, along said North line, a distance of 915.33 feet to the Point of Beginning.

Containing 11.113 Acres, more or less.





<p>EXHIBIT</p> <p>N:\770001\LAND\HOPTION.DGN</p>	<p>SILVER SPRINGS RANCH OPTIONAL PARCEL</p>	<p>JOB NO 770001</p>
<p>4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831</p>	<p>COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE</p>	<p>SHEET 1 OF 1</p>



PHASE	CAPACITY ADDITION (MGD)	CAPACITY TOTAL (MGD)	TYPE
1	1	1	SBR
2	2	3	SBR
3	2	5	SBR
4	3	8	SBR
5	4	12	SBR
6	4	16	MBR
7	4	20	MBR
8	4	24	MBR
9	4	28	MBR
10	4	32	MBR

NOTE: IN PHASE 7, BEGIN CONVERSION OF EXISTING SBR UNITS TO MBR.

DSWA
DAMON S. WILLIAMS
ASSOCIATES, LLC



GLOBAL WATER
RELIABLE • RENEWABLE • RELIABLE

GLOBAL WATER RESOURCES
HUC SW 208 AMENDMENT

WRF LAYOUT
32 MGD BUILDOUT



Appendix E

Regulations for Individual Sewage Systems and Septic Systems

GLOBAL WATER RESOURCES, L.L.C. WASTEWATER SYSTEM STANDARDS

I. GENERAL REQUIREMENTS

A. Introduction

This document has been developed as a guideline to provide minimum criteria for the planning, design, and construction of wastewater collection and pumping systems. It is the responsibility of the developer/engineer to comply with the requirements of the Arizona Department of Environmental Quality (ADEQ) in Title 18 of the Arizona Administrative Code (AAC), and the standards issued by an authority having jurisdiction. In the event of a conflict between the Global Water Resources (GWR) design guidelines discussed herein and any applicable federal, state, county, or local authority, the more stringent requirement shall take precedence.

Technical specifications and standard details shall conform to the current Uniform Standard Specifications for Public Works Construction sponsored and distributed by the Maricopa Association of Governments (MAG), any GWR supplements thereto, and as modified herein.

B. Codes of Practice

All development must be in compliance with current GWR Codes of Practice, which are provided in Appendix A.

C. Submittal Requirements

All improvement projects which involve the GWR sanitary sewer collection system must be submitted for GWR review and approval prior to construction. Submittals shall be made in accordance with the policies and procedures established by the local governing authority in which the system is to be constructed. Refer to Appendix D for additional information regarding the process for request and approval of service.

1. Master Plans

A Wastewater Master Plan is required for all proposed developments. Development master plans shall be prepared in accordance with GWR design guidelines and must conform to GWR Master Wastewater Plan for the region. A minimum of 3 copies shall be submitted to GWR prior to final plan submittal. AutoCAD files shall be submitted on a CDR disk with the master plan.



At a minimum, master plans shall include the following:

- A brief description of the project location, site conditions, topographic conditions (on an approved vertical datum), and existing and proposed land use.
- A vicinity map and proposed land use plan.
- A description of the wastewater system design criteria utilized.
- A map which identifies the proposed wastewater infrastructure and the wastewater service area with contour data, both existing and proposed.
- Anticipated wastewater flows generated within the development.
- A description of the existing and proposed wastewater system.
- A description and timeline of project phasing.
- A spreadsheet which summarizes the upstream and downstream nodes, service acreage, number of dwelling units served, average and peak flows, lengths, slopes, inverts, diameters, ground elevations, pipe capacity, percentage of pipe capacity utilized, and peak daily flow velocity for each sewer segment.

All master plans shall be signed and sealed by a professional civil engineer registered in the State of Arizona.

2. Construction Drawings

Gravity sewer plans shall be at a minimum scale of 1" = 40' and shall include the following information:

- Sewer stationing.
- Signature approval block for the appropriate wastewater utility provider.
- Benchmark and datum information.
- Plan and profile views for water mains 6 inches and larger.
- GWR standard sewer notes (located in Appendix B).
- Existing and proposed ground elevations at the centerline of the sewer.
- Locations of sewer service lines.
- Slope, length, and invert elevation of stubs for future extensions.
- Identification of pipe crossings and proposed separations.
- Identification of existing utility locations.
- Identification and dimensions of easements and right-of-ways.

All plan documents shall be signed and sealed by a professional civil engineer registered in the State of Arizona.

3. Design Reports

A design report may be required at the discretion of GWR depending on the scale of the project. A report shall be required for all proposed lift station projects.



Reports shall be signed and sealed by a professional civil engineer registered in the State of Arizona.

D. Meeting Requirements

Mandatory meetings shall include the following:

- A pre-design meeting between the developer, engineer, GWR, and the local governing authority.
- An onsite pre-construction meeting between the contractor, the GWR inspector, and the local governing authority.

The contractor must present to GWR all applicable permits prior to or during the pre-construction meeting including, but not limited to, all ADEQ permits and any permits required by the local governing authority.

It shall be responsibility of the developer, engineer, and/or contractor to schedule the pre-design and pre-construction meetings.

Refer to Appendix D for additional information related to meeting requirements.

E. Final Acceptance

Final acceptance of gravity sewers, force mains, and manholes shall be in accordance with GWR Code of Practice GWR-CP-01-008 Acceptance of Underground Facilities.

No new utilities will be accepted by GWR until the following occurs:

- All installed facilities have been inspected, tested, and approved.
- A video survey has been completed after paving operations and shall include video of all sewer infrastructure.
- A copy of all test reports, including trench compaction tests, and inspections has been provided to GWR.
- All punchlist items required by the GWR inspector have been addressed.
- Record drawings (as-builts) have been supplied to GWR by the Engineer-of-Record including AutoCAD files.
- A signed ADEQ "Certificate of Approval of Construction" has been provided to GWR.
- Developer has furnished copies of the contract, copies of all checks paid to the Contractor, and UNCONDITIONAL LIEN WAIVERS from the Contractor.
- Any other outstanding issues.

Water meters will NOT be installed to any water service location until the sewer system is accepted by GWR, all easements have been signed and recorded, and the video, mainline and services, approved.



Record drawings (as-builts) to be provided to GWR shall consist of three 11" x 17" hard copy sets of as-built drawings and one electronic set on CDR disk in AutoCAD format with a minimum of two points referenced to the GWR GIS system.

II. SEWER COLLECTION SYSTEMS

A. Sanitary Sewers

In general, all sewer lines in subdivisions shall be located 6 feet south or west of street centerlines. Horizontal curvilinear sewers shall not be allowed for sewers less than 24 inches in diameter. For sewers greater than 24 inches, contact GWR.

All sewers with services shall be installed with a minimum cover of seven (7) feet above the top of pipe to finished grade unless otherwise approved by GWR. The depth shall be sufficient to allow for gravity drainage from the ultimate service area as well as allow for future extensions to adjacent service areas when necessary. The depth of the main sewer line and the side (house) sewers shall be sufficient to avoid conflicts with water service connections and dry utilities.

Acceptable pipe materials for gravity sanitary sewer lines shall include the following:

- Sewers 15 inches in diameter and smaller shall be polyvinyl chloride (PVC) or ductile iron (DIP).
- Sewers larger than 15 inches in diameter shall be PVC, DIP, high density polyethylene (HDPE), or fiberglass reinforced polymer mortar (FRPM).
- All building and house service connections shall be PVC, minimum 4 inches in diameter.

Proposals for alternate pipe materials may be considered by GWR and shall be submitted, in writing, by the engineer.

DIP shall include an approved polyurethane or ceramic epoxy interior lining system with a minimum thickness of 40 mils. Each section of pipe and fitting shall be Holiday tested. Encasement of DIP with a loose type of polyethylene material per MAG standards may be required for corrosive soil environments at the discretion of GWR.

In areas where depth exceeds the allowable capacity of PVC and HDPE pipe, a non-flexible pipe material such as DIP shall be utilized at the discretion of GWR.

Buoyancy and the potential for flotation of sewers shall be considered and prevented with appropriate construction where high groundwater levels are anticipated.

B. Manholes

Manholes shall be installed at the end of each line and at all changes in pipe grade, size, material, and alignment. At changes in pipe alignment, the horizontal angle between two



intersecting sewer lines shall not be less than 90 degrees. Manholes shall also be used in lieu of a wye fitting for service connections 8 inches in diameter and larger.

Maximum sewer lengths between manholes shall be as follows:

Pipe Diameter (in)	Maximum Spacing (ft)
Less than 12	400
12 to 15	500
18 to 36	600
Over 36	800

Cleanouts may be utilized in place of manholes at dead ends when the sewer length is less than 150 feet. Either a manhole or cleanout shall be provided at the end of all line extensions to allow for cleaning. Cleanouts or manholes shall also be provided at the end of all sewer line stubs for future extensions which are greater than one pipe length to allow for testing.

Manholes shall be precast concrete structures in accordance with MAG standards with the exception that manhole steps shall not be provided. Minimum manhole diameters shall be 48 inches for pipe diameters of 8 to 15 inches. Manhole diameters shall be 60 inches for pipe diameters greater than 15 inches or for manholes greater than 10 feet in depth measured from the flow line to the manhole rim. The minimum manhole frame and cover diameter shall be 30 inches for 60 inch manholes.

An approved interior manhole coating system for corrosion protection shall be required for manholes with sewers 15 inches and larger. System shall be approved by GWR prior to installation. T-Loc systems are not acceptable.

Manholes located in washes shall be constructed in accordance with Standard Detail No. 3. The top of sewer pipe located within washes shall be located a minimum of two feet below the scour depth.

C. Design Flows

All sewers shall be designed for peak flow conditions. In the absence of flow data, new domestic sewage systems shall be designed based on the following criteria:

- Residential flows shall be based upon 234 gpd per dwelling unit and a dry peaking factor based upon tributary population in accordance with Table 1 of AAC R-18-9-E301.D.1.a.
- Commercial average day flows shall be based on 0.10 gallons per square foot of building area. For master planning purposes, it shall be assumed that the building area occupies 50% of the total commercial land area to account for open space and parking. Accordingly, the average day flow shall be equal to 2,200 gpd per acre of commercial property. The commercial peak flow shall be equal to 2.0 x average day flow.



- School average day flows shall be based upon 25 gallons per day (10 hour day) per student with a peaking factor of 2.0 x average day flow.
- Open space tracts shall be assumed to generate no wastewater flow.

For preliminary design only, a density of 3.5 dwelling units per acre shall be utilized for single family residential properties without a land use plan. Final design shall be based on the actual density.

D. Hydraulic Design

The minimum allowable slope for an 8 inch sewer shall be equal to 0.0035 ft/ft unless otherwise approved by GWR. For all other sewer sizes, the sewer lines shall be designed and constructed to provide a minimum velocity of 2.0 feet per second (fps) when flowing full. A design Manning's Formula "n" value equal to 0.013 shall be utilized for all pipe materials. Peak design velocities shall be less than 8 fps.

Other than private services, no sewers shall be less than 8 inches in diameter.

The ratio of flow depth in the pipe to the pipe diameter (d/D) shall not exceed 0.75 in peak dry weather flow. Consequently, the maximum sewer design capacity shall be equal to 91% of the full flow capacity at the peak design flow.

Manholes shall have a minimum drop of 0.10 feet across the manhole for all sewers with intersecting angles. When sewers with different diameters enter a manhole, the upstream pipe shall not have its crown lower than the crown of the downstream pipe.

Drop manholes shall be constructed in accordance with MAG standards when the difference between the upstream and downstream sewer inverts is greater than 2 feet. The manhole bottom shall be shaped to prevent solids deposition. Only outside drops shall be acceptable unless the inside manhole diameter is 6 feet or greater.

E. House and Building Service Connections

Residential sewer service connections shall be a minimum of 4 inches in diameter, and commercial service connections shall be a minimum of 6 inches. All service line connections shall be installed in accordance with MAG standards. Taps for future connections shall be marked. Each house or dwelling unit requires a separate sewer service connection.

Service connections 8 inches and larger in diameter shall be installed directly into a manhole. Direct service connections are not allowed for sewers 18 inches and larger and shall be installed into a manhole. No more than three service taps shall be made into any single manhole. Sewer service line inverts shall be a minimum of 6 inches above the crown of the outflow pipe.



Grease, oil, and/or sand interceptors shall be provided for all facilities when determined necessary by GWR. Refer to Paragraph F of Section II "Commercial and Industrial Operations" for additional details.

F. Commercial and Industrial Operations

Codes of Practice (COP) define the requirements for managing wastes discharged into the GWR sanitary sewer collection system from commercial and industrial operations. The COP provide guidance related to discharge regulations, interceptors, sampling, and record keeping and retention. Refer to Appendix A for additional requirements.

As of March 2005, operations regulated by GWR include RV parks, food services, dry cleaning, photographic imaging, and dental care. Contact GWR for the most current list of regulated operations or to determine the requirements of commercial and industrial operations which are currently not regulated by a COP.

Installation and maintenance of grease, oil, and sand interceptors shall be the responsibility of the property owner. The design shall be approved by GWR prior to installation and shall meet the requirements outlined in the COP. Minimum maintenance requirements for interceptors are also provided in the COP.

G. Easements

All sewer lines shall be located within street right-of-way or within a dedicated easement. The easement shall be dedicated to GWR and shall be restricted to GWR utilities only.

Dedicated easements shall be a minimum width of 20 feet wide for sewers less than 15 feet in depth and a minimum of 30 feet wide for sewers greater than 15 feet in depth. Sewer depths shall be measured from finished grade to the flow line. The easement width shall be increased by 5 feet if parallel water and sewer mains are to be located within the same easement.

In no case shall a sewer line shall be located within 10 feet of a property line, easement line, or a masonry block wall footing or within 15 feet of a building foundation.

Dedicated easements shall be free of obstructions and easily accessible to GRW. No permanent structures shall be located within the easement. Trees shall not be planted within 10 feet of any sewer. Easements shall not be located within storm water retention basins.

H. Testing Requirements

Testing shall be performed in accordance with GWR Code of Practice, GWR-CP-01-008.



Deflection testing shall be done on all sewer lines comprised of flexible materials. The entire length of sewer shall be tested for uniform slope. PVC sewer lines shall be low-pressure air tested utilizing ASTM Method F 1417-92.

Water tightness of sewers and manholes shall be determined by exfiltration or low-pressure air testing. Water tightness testing of the sewer line shall be performed to show that leakage does not exceed 200 gpd per inch diameter per mile of pipe. Exfiltration from manholes shall be limited to 0.1 gallons per hour per vertical foot of manhole.

Trench compaction and settlement testing shall be performed in accordance with the recommendations of a registered professional geotechnical engineer in the State of Arizona and as determined necessary by GWR. Test results shall be provided to the GWR inspector and shall be sealed by a registered professional geotechnical engineer in the State of Arizona.

The Contractor shall be responsible for an initial video inspection of the entire sewer line. However, after placement of pavement and prior to development of a punchlist, GWR will videotape the entire sewer system prior to acceptance at GWR's cost.

III. SEWAGE PUMP STATIONS

Sewage pump stations shall be capable of pumping the peak design wastewater flow with the largest pump out of service. Force main velocities shall be between 3 and 6 fps. Force mains shall be identified by placing marking tape one foot above the pipe along its entire length.

Acceptable pipe materials for pressure sewer pipe include PVC and DIP. Proposals for alternate pipe materials may be considered by GWR and shall be submitted in writing. Pressure class of PVC pipe shall be AWWA C-900 DR 14 Class 200 or AWWA C-905 DR 25 Class 165. In no case shall the pressure class of pressured pipe be less than 150 psi.

DIP shall include an approved polyurethane or ceramic epoxy interior lining system with a minimum thickness of 40 mils. Each section of pipe and fitting shall be Holiday tested. Encasement of DIP with a loose type of polyethylene material per MAG standards may be required in corrosive soil environments at the discretion of GWR.

Joints shall be restrained when necessary in accordance with MAG Standards. At a minimum, restrained joints shall be provided at all bends, tees, reducers, and dead ends. Thrust blocks as a substitute to restrained joints are not acceptable.

Isolation valves shall be eccentric type plug valves.

Odor control requirements will be evaluated on an individual project basis and may be required at the discretion of GWR. Odor control requirements apply to both the wetwell and air release valves.



Wetwells shall be lined with an approved coating system for corrosion protection. T-Loc systems are not acceptable.

Pump station equipment shall be protected from flooding and shall be designed to remain operable during a 100-year storm event. All pump stations shall include an automated backup power supply with a fuel reserve adequate for a 12-hour run time.



GLOBAL WATER RESOURCES, L.L.C. RECLAIMED WATER SYSTEM STANDARDS

I. GENERAL REQUIREMENTS

Contact Global Water Resources for current standards for reclaimed water systems.



APPENDIX A

CODES OF PRACTICE



GLOBAL WATER RESOURCES (GWR)

CODE OF PRACTICE

GWR-CP-01-LST

LIST OF EFFECTIVE CODES OF PRACTICE

CODES OF PRACTICE

The following Codes of Practice are enforced by Global Water:

ID Number	Title	Revision/ Status	Office of Primary Interest
GWR-CP-01-LST	List of Effective Codes of Practice	000	Compliance
GWR-CP-01-DEF	Definitions	001	Engineering & Projects
GWR-CP-01-001	RV Park Operations	001	Engineering & Projects
GWR-CP-01-002	Food Service Operations	001	Engineering & Projects
GWR-CP-01-003	Dry Cleaning Operations	001	Engineering & Projects
GWR-CP-01-004	Photographic Imaging Operations	001	Engineering & Projects
GWR-CP-01-005	Dental Operations	001	Engineering & Projects
GWR-CP-01-006	Determination of Capacity Impact of Commercial Units	000	Engineering & Projects
GWR-CP-01-007	Optimizing Landscape Configuration	001	Engineering & Projects
GWR-CP-01-008	Acceptance of Underground Facilities	003	Engineering & Projects
GWR-CP-01-009	Water From Hydrants/Construction Water	DRAFT	Operations
GWR-CP-01-010	On-Call Practices	000	Operations
GWR-CP-01-011	Vehicle Guidelines	001	Operations
GWR-CP-01-012	SCWC Emergency Operations Plan	000	Operations

GLOBAL WATER RESOURCES (GWR)**CODE OF PRACTICE****GWR-CP-01-DEF****DEFINITIONS****PROHIBITED WASTE**

Prohibited waste means:

Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

Flammable or Explosive Waste

Any waste, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

Obstructive Waste

Any waste which by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

Corrosive Waste

Any waste with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

High Temperature Waste

A high temperature waste is:

- a. Any waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;
- b. Any waste which will raise the temperature of waste entering any sewage facility to 40 degrees Celsius (104 degrees Fahrenheit) or more;
- c. Any non-domestic waste with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps and untreated human blood and body fluids.

Miscellaneous Wastes

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- a. constitutes or may constitute a significant health or safety hazard to any person;
- b. may interfere with any sewer or sewage treatment process;
- c. may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or AzPDES discharge permit or any other act, or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation; or
- d. may cause biosolids to fail criteria for beneficial land application.

RESTRICTED WASTE

Restricted waste means:

Specified Waste

Any waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

CONVENTIONAL CONTAMINANTS [mg/L]	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	700
Oil and Grease ¹	100
Suspended Solids	350

¹ Total oil and grease includes oil and grease (hydrocarbons) (see Organic Contaminants Table)

ORGANIC CONTAMINANTS [mg/L]	
Benzene	0.004
Ethyl Benzene	0.56
Toluene	0.8
Xylenes	8
Polynuclear Aromatic Hydrocarbons (PAH) ²	0.05
Phenols	1
Oil and Grease (hydrocarbons)	15

INORGANIC CONTAMINANTS [mg/L]	
Antimony	0.0048
Arsenic (As)	0.010
Barium	1.6
Beryllium	0.0032

² Note: Polynuclear Aromatic Hydrocarbons (PAH) include:

- a. naphthalene benzo(a)anthracene
- b. acenaphthylene chrysene
- c. acenaphthene benzo(b)fluoranthene
- d. fluorene benzo(k)fluoranthene
- e. phenanthrene benzo(a)pyrene
- f. anthracene dibenzo(a,h)anthracene
- g. fluoranthene indeno(1,2,3-cd)pyrene
- h. pyrene benzo(g,h,i)perylene

INORGANIC CONTAMINANTS [mg/L]	
Cadmium (Cd)	0.004
Chloride (Cl)	1500
Chromium (Cr)	0.08
Cobalt (Co)	5
Copper (Cu)	1
Cyanide (CN)	0.16
Fluoride (F)	3.2
Iron (Fe)	50
Lead (Pb)	0.04
Manganese (Mn)	5
Mercury (Hg)	0.0016
Molybdenum (Mo)	5
Nickel (Ni)	0.08
Selenium (Se)	0.04
Silver (Ag)	0.5
Sulphate (SO ₄)	1500
Sulphide (S)	1
Thallium	0.0016
Zinc (Zn)	3

Food Waste

Any non-domestic waste from cooking and handling of food that, at the point of discharge into a sewer, contains particles larger than 0.5 centimeters in any dimension.

Radioactive Waste

Any waste containing radioactive materials that, at the point of discharge into a sewer, exceeds radioactivity limitations as established by regulatory agencies.

pH Waste

Any non-domestic waste which, at the point of discharge into a sewer, has a pH lower than 6 or higher than 9.0, as determined by either a grab or a composite sample.

Dyes and Coloring Material

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

Miscellaneous Restricted Wastes

Any of the following wastes:

- a. seawater
- b. PCBs
- c. chlorinated phenols³
- d. pesticides
- e. tetrachloroethylene

³ Chlorinated phenols include:

- chlorophenol (ortho, meta, para)
- dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-)
- trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-)
- tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-)
- pentachlorophenol

Appendix F

Letters of Credit from JP Morgan and Wells Fargo



April 12, 2006

Julie Hoffman
Maricopa Association of Governments
302 North 1st Avenue, Suite 300
Phoenix, Arizona 85003

Re: Financial Assurance of Capital Funding for Hassayampa Utilities
Company

Dear Ms. Hoffman:

This letter has been prepared to provide evidence of Global Water Resources' financial capability to build the proposed Water Reclamation Facilities and sewer and reclaimed water infrastructure to serve the area planned in the Hassayampa Utilities Company 208 plan amendment for the Belmont/Tonopah area. Hassayampa utilities Company is a wholly-owned subsidiary of Global Water Resources, Inc. who, through its relationship with Levine Investments, has access to immediately available funds in the low nine figures for the purpose of funding capital improvements as they relate to the proposed 208 Plan Amendment.

Should you have any further questions regarding this matter, please feel free to contact me at 480-367-3279.

Sincerely,

Jamie M. Altholz
Vice President

JPMorgan Chase Bank, N.A. • Private Client Services • 8501 N Scottsdale Rd., Ste. 240, Scottsdale, AZ 85253

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Ellen K. Bond
Vice President
Private Banker

Private Client Services
8601 N. Scottsdale Rd., Ste 150
Scottsdale, AZ 85253
480 348-5072
480 348-4848 Fax

April 13, 2006

Julie Hoffman
Maricopa Association of Governments
302 North 1st Avenue, Suite 300
Phoenix, Arizona 85003

Re: Financial Assurance of Capital Funding for Hassayampa Utilities
Company

Dear Ms. Hoffman:

This letter has been prepared to provide evidence of Global Water Resources' financial capability to build the proposed Water Reclamation Facilities and sewer and reclaimed water infrastructure to serve the area planned in the Hassayampa Utilities Company 208 plan amendment for the Belmont/Tonopah area. Hassayampa utilities Company is a wholly-owned subsidiary of Global Water Resources, Inc. who, through its relationship with Levine Investments, has access to immediately available funds in the low nine figures for the purpose of funding capital improvements as they relate to the proposed 208 Plan Amendment.

Should you have any further questions regarding this matter, please feel free to contact me at 480-348-5072.

Sincerely,

A handwritten signature in black ink, appearing to read "Ellen K. Bond", written over a printed name.

Ellen K. Bond
Senior Private Banker
Vice President

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
UTILITY PLANT:		
Utility plant in service	\$ 67,891,156	\$ 24,499,924
Less accumulated depreciation and amortization	(2,600,655)	(740,212)
Total	65,290,501	23,759,712
Construction work-in-progress	15,894,683	6,483,989
Utility plant—net	81,185,184	30,243,701
CURRENT ASSETS:		
Cash and cash equivalents	134,423	1,297,904
Accounts receivable	1,294,473	505,056
Accrued utility revenue	61,264	24,544
Other receivable	173,955	
Infrastructure coordination and financing fees receivable	754,650	466,050
Other current assets	100,603	33,220
Total current assets	2,519,368	2,326,774
OTHER ASSETS:		
Intangible assets—net	23,673,656	17,146,029
Security and escrow deposits	465,308	464,950
Stock price in excess of book	5,384,161	-
Deferred acquisition costs	157,318	271,156
Total other assets	29,680,443	17,882,135
TOTAL	\$ 113,384,995	\$ 50,452,610
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,775,790	\$ 1,445,857
Accrued liabilities	4,311,761	853,617
Meter deposits	131,750	69,750
Loan payable—current portion	-	720,000
Total current liabilities	9,219,301	3,089,224
NONCURRENT LIABILITIES:		
Deferred revenue	21,837,420	3,890,966
Advances in aid of construction	15,422,579	8,068,043
Deferred income tax	304,419	-
Contributions in aid of construction—net	3,464,093	-
Loan payable—line of credit outstanding	23,153,423	6,780,000
Other long-term debt	17,196,802	-
Total noncurrent liabilities	81,378,736	18,739,009
Total liabilities	90,598,037	21,828,233
MEMBERS' EQUITY:		
Contributed capital—net of principal distributions	26,000,000	27,500,000
Distributions, preferred interest	(4,555,737)	-
Distributions, taxes	(3,944,077)	-
Retained earnings	5,286,772	1,124,377
Total members' equity	22,786,958	28,624,377
TOTAL	\$ 113,384,995	\$ 50,452,610

See notes to consolidated financial statements.

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
OPERATING REVENUES:		
Water usage	\$ 5,302,254	\$ 1,805,702
Wastewater services	2,732,303	1,007,504
Infrastructure coordination and financing fees	4,346,527	1,843,300
Other	<u>1,596,239</u>	<u>243,776</u>
Total operating revenues	<u>13,977,323</u>	<u>4,900,282</u>
OPERATING EXPENSES:		
Operations and maintenance	1,424,392	589,375
General and administrative	<u>4,008,902</u>	<u>1,188,701</u>
Total operating expenses	<u>5,433,294</u>	<u>1,778,076</u>
Depreciation	1,763,133	740,237
Amortization of intangibles	1,703,882	831,861
OPERATING INCOME	<u>5,077,014</u>	<u>1,550,108</u>
OTHER INCOME (EXPENSE):		
Interest income	1,860	3,226
Interest expense	(951,532)	(255,946)
Other income	<u>123,776</u>	<u>2,238</u>
Total other income (expense)	<u>(825,896)</u>	<u>(250,482)</u>
EARNINGS BEFORE INCOME TAX	<u>4,251,118</u>	<u>1,299,626</u>
Income tax	<u>(88,718)</u>	<u>-</u>
NET INCOME	<u>\$ 4,162,400</u>	<u>\$ 1,299,626</u>

See notes to consolidated financial statements.



Appendix G

MCESD Letter of Support



Maricopa County

Environmental Services Department
Water and Waste Management Division

1001 N Central Ave, Suite 150
Phoenix, Arizona 85004
Phone: (602) 506-6666
Fax: (602) 506-6925
TDD: (602) 506-6704
www.maricopa.gov/envsvc

February 27, 2007

Maricopa Association of Governments
302 North 1st Avenue, Suite 300
Phoenix, AZ 85003

Attention: Ms. Lindy Bauer, Environmental Director

Re: Global Water Resources, HUC Southwest Service Area
Clean Water Act, MAG 208 Amendment

Dear Ms. Bauer:

In a letter dated January 11, 2007, Damon S. Williams Associates, LLC, submitted revisions to its *208 Water Quality Management Plan Amendment Application for the HUC Southwest Service Area, October 5, 2006*, to Maricopa County Environmental Services Department (Department). The application is for an initial 1.0 MGD water reclamation facility that is expandable in phases to 32.0 MGD to serve 91,200 residential units within a 45.5 square mile portion of unincorporated Maricopa County. The facility would be located on 35.25 acres of land located west of 395th Avenue and north of Buckeye Road (Township 1 North, Range 6 West, in the southeasterly quarter of Section 7).

In accordance with the MAG Water Quality Management Plan, Section 4.4 (MAG 208 Amendment Process), this document was submitted to the Department for review and sponsorship, since the facility is located within an unincorporated area of Maricopa County, outside of any municipal planning area. The facility is not located within three miles of a municipal planning area.

Based on a review of the proposed MAG 208 Amendment, the Department has determined that the proposed MAG 208 Amendment is acceptable and complies with the MAG 208 Areawide Water Quality Management Plan. The proposed WRF does not conflict with Maricopa County plans for the area.

The HUC Southwest Service Area is located within the Lower Hassayampa Sub-basin aquifer. The *Lower Hassayampa Sub-basin Hydrologic Study and Computer Model*, (Brown and Caldwell, November 15, 2006) predicts that groundwater levels in the sub-basin will be significantly impacted unless all approved, committed, and pending developments recharge effluent equal to at least 30% of their total water use. The HUC application states that reclaimed water will be used as the primary source of irrigation water and for use in any recreational impoundments. It does not identify the percentage of reclaimed water that will be recharged.

1001 N Central Ave, Suite 150
Phoenix, Arizona 85004
Phone: (602) 506-6666
Fax: (602) 506-6925
TDD: (602) 506-6704
www.maricopa.gov/cnsvsc

February 27, 2007

Global Water Resources, HUC Southwest Service Area

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Please note that the Department has not reviewed, nor approved, the design of the facilities as part of the 208 review. Any technical issues that remain will need to be resolved during the design phase of the project. Approval to Construct (ATC) and Approval of Construction (AOC) must be obtained from this Department prior to start of construction and startup, respectively, of all treatment, discharge, recharge, and reuse facilities, including all conveyance facilities and final end user facilities.

If you have any questions or comments, please contact me at 506-6667.

Sincerely,



Kevin Chadwick, P.E.
Manager, Water and Waste Management Division

cc: John Power, P.E., Director, Environmental Services Department
Dale G. Bodiya, P.E., Manager, Treatment Plant Program
Christine Close, P.E., Damon S. Williams, Associates
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