



CENTRAL ARIZONA PROJECT

P.O. Box 43020 • Phoenix, Arizona 85080-3020 • 23636 North Seventh Street (85024)
(623) 869-2333 • www.cap-az.com

October 25, 2000

Harlyn L. Griffiths
Griffiths Investments, L.L.C.
P.O. Box 11313
Casa Grande, Arizona 85230-1313

Dear Mr. Griffiths:

You submitted an application, CAGRD # 01-25-237, on behalf of the owner of the proposed Tierra Rica Estates subdivision to enroll the subdivision as member land of the Central Arizona Groundwater Replenishment District.

We have reviewed your application and found it to be substantially complete. Based on the information provided in your application, we have prepared execution copies of Exhibits A and B to the application (the Declaration of Covenants, Conditions and Restrictions Regarding Membership in the Central Arizona Groundwater Replenishment District, and the Agreement and Notice of Municipal Provider Reporting Requirements Regarding Membership in the Central Arizona Groundwater Replenishment District, respectively). The procedure for completing your application for membership is outlined below.

Execution of the Declaration of Covenants, Conditions and Restrictions. Enclosed is an original and one duplicate original of a Declaration of Covenants, Conditions and Restrictions for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District (the "Declaration"). The original and duplicate original must be signed on behalf of SIGNAL PEAK INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership, and HARLYN L. GRIFFITHS, as Trustee for Tierra Rica Development, Inc. Defined Benefit Pension Plan, dated December 17, 1987. Please have the signatures notarized.

Execution of the Agreement and Notice of Municipal Provider Reporting Requirements. Also enclosed is an original and one duplicate original of the Agreement and Notice of Municipal Provider Reporting Requirements for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District (the "Agreement"). The original and duplicate original Agreement must be signed on behalf of SIGNAL PEAK INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership, and HARLYN L. GRIFFITHS, as Trustee for Tierra Rica Development, Inc. Defined Benefit Pension Plan, dated December 17, 1987. The original and duplicate original Agreement must also be signed on behalf of Arizona Water Company, an Arizona corporation. Please have all signatures notarized.

Mr. Griffiths
October 25, 2000
Page 2

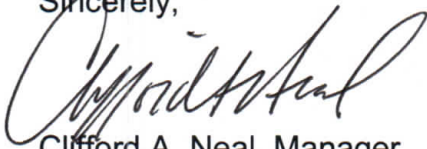
Submittal of Documents to the CAGRD. After the Declaration and the Agreement have been signed as listed above, please submit the following documents to us:

1. The executed original and duplicate original Declaration.
2. The executed original and duplicate original Agreement.

Upon receipt of these documents, we will have the Agreement executed on behalf of the Central Arizona Water Conservation District, and we will record both the Declaration and Agreement against the property in the Pinal County Recorder's office. After recording, we will notify the Arizona Department of Water Resources that the subdivision has become a member land of the CAGR, and we will return fully executed copies of the Declaration and Agreement to you and to Arizona Water Company.

If you have any questions, please call me at (623) 869-2672.

Sincerely,



Clifford A. Neal, Manager
Central Arizona Groundwater Replenishment District

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Enclosures
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*Copy to Don Coen
11-30-00*

November 28, 2000

Harlyn L. Griffiths
Griffiths Investments, L.L.C.
P.O. Box 11313
Casa Grande, Arizona 85230-1313

Dear Mr. Griffiths:

This letter is to advise you that the recording process has been completed for Tierra Rica Estates. It is now a member land of the Central Arizona Groundwater Replenishment District.

Enclosed for your files is an original of the fully executed Declaration of Covenants, Conditions and Restrictions for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District, and the Agreement and Notice of Municipal Provider Reporting Requirements.

Sincerely,

Clifford A. Neal / CPS

Clifford A. Neal, Manager
Groundwater Replenishment District

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Enclosures

cc (w/encl): Arizona Water Company

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When recorded, return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

**AGREEMENT AND NOTICE OF MUNICIPAL PROVIDER
REPORTING REQUIREMENTS FOR
TIERRA RICA ESTATES
REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA
GROUNDWATER REPLENISHMENT DISTRICT**

This Agreement and Notice of Municipal Provider Reporting Requirements for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 7th day of November, 2000, among the CENTRAL ARIZONA WATER CONSERVATION DISTRICT ("CAWCD"), a political subdivision of the State of Arizona, SIGNAL PEAK INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership, HARLYN L. GRIFFITHS, as Trustee for Tierra Rica Development, Inc. Defined Benefit Pension Plan, dated December 17, 1987, formerly known as Mi Casa Builders, Inc., Defined Benefit Pension Plan, dated May 28, 1971 and amended June 1, 1981, and Mi Casa Builders, Inc., Defined Contribution Pension Plan dated October 31, 1976, and Arizona Water Company, an Arizona corporation.

RECITALS

A. Owner is the owner of the Property, legally described in Exhibit A attached and incorporated into this Agreement.

B. Owner has applied to the Department for a certificate of assured water supply for the Property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9. Owner and the Municipal Provider have executed a notice of intent to serve agreement, as required by the Department, whereby the Municipal Provider has agreed to provide water to the Property.

C. As permitted by Arizona Revised Statutes § 45-576.01(B), Owner desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of CAWCD.

D. To qualify the Property as Member Land and to permit the delivery of Excess Groundwater to the Property as Member Land, the Groundwater Replenishment Statute requires the Property to be subject to the Declaration.

E. To qualify the Property as Member Land, the Groundwater Replenishment Statute also requires the Municipal Provider to record this Agreement and comply with certain annual reporting requirements in accordance with Arizona Revised Statutes § 48-3774(C).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 "Agreement" means this Agreement and Notice of Municipal Provider Reporting Requirements for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.2 "CAWCD" means the Central Arizona Water Conservation District, a political subdivision of the State of Arizona, and any successor political subdivision.

1.3 "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Tierra Rica Estates Regarding Membership in the Central Arizona Groundwater Replenishment District recorded by Owner, as declarant, against the Property.

1.4 "Department" means the Arizona Department of Water Resources, an agency of the State of Arizona, and any successor agency.

1.5 "Director" means the director of the Department.

1.6 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Pinal Active Management Area pursuant to Arizona Revised Statutes § 45-576(H).

1.7 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.8 "Groundwater Replenishment Statute" means Arizona Revised Statutes, Title 48, Chapter 22.

1.9 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.10 "Municipal Provider" means Arizona Water Company, an Arizona corporation, and its successors and assigns.

1.11 "Owner" means SIGNAL PEAK INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership, as to only that portion of the Property described in Exhibit A as Parcels 1, 5, and 8, and HARLYN L. GRIFFITHS, as Trustee for Tierra Rica Development, Inc. Defined Benefit Pension Plan, dated December 17, 1987, as to only that portion of the Property described in Exhibit A as Parcels 2, 3, 4, 6, 7, and 9, and their successors and assigns.

1.12 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number. The current tax parcel number for each Parcel is as shown in Exhibit B attached and incorporated into this Agreement.

1.13 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered to the Property during that year.

1.14 "Property" means the real property described in Recital A.

1.15 "Report(s)" means the report(s) required to be prepared by the Municipal Provider in accordance with Arizona Revised Statutes § 48-3775(A) and this Agreement.

ARTICLE 2 REPORTING REQUIREMENTS

2.1 Annual Reports. In accordance with Arizona Revised Statutes § 48-3775(A), on or before March 31 of each year after the recordation of this Agreement, the Municipal Provider shall file a Report with CAWCD, with the Director, and with the tax assessor and treasurer for the county where the Property is located that contains the following information for the preceding calendar year, which is the reporting year:

2.1.1 The amount of Groundwater delivered by the Municipal Provider to each Parcel, identified by the applicable tax parcel number, and the basis for the calculation of the amount of Groundwater delivered.

2.1.2 The amount of Groundwater delivered by the Municipal Provider to the Property, and the basis for the calculation of the amount of Groundwater delivered.

2.1.3 The amount of Excess Groundwater delivered by the Municipal Provider to the Property, and the basis for the calculation of the amount of Excess Groundwater delivered.

2.1.4 The Parcel Replenishment Obligation of each Parcel, identified by the applicable tax parcel number.

2.1.5 Such other information as CAWCD may reasonably require.

2.2 Records. In accordance with Arizona Revised Statutes § 48-3775(F), the Municipal Provider shall maintain current and accurate records of the information required to be included in the Reports.

2.3 Form of Reports. In accordance with Arizona Revised Statutes § 48-3777, CAWCD shall determine the form of the Reports to be submitted by the Municipal Provider in order to carry out the purposes of the Groundwater Replenishment Statute.

ARTICLE 3 ENFORCEMENT POWERS

3.1 Penalty for Failure to Report. If the Municipal Provider fails to timely file a Report as required by CAWCD, CAWCD may assess a penalty in accordance with Arizona Revised Statutes § 48-3775(G).

3.2 Inspections, Investigations and Audits. The CAWCD has the rights provided under Arizona Revised Statutes § 48-3783 with respect to inspections, investigations and audits.

ARTICLE 4 GENERAL PROVISIONS

4.1 Binding Effect. The provisions of this Agreement inure to the benefit of and bind the respective successors and assigns of the parties hereto, provided that no assignment or transfer of this Agreement or any part or interest herein by the Municipal Provider is valid until approved by CAWCD, which approval may be withheld solely on the basis of CAWCD's determination that assignment would cause the Municipal Provider, Owner, or CAWCD to be out of compliance with the Groundwater Replenishment Statute or unable to meet its obligations under this Agreement or under the Groundwater Replenishment Statute. The Municipal Provider and Owner agree and covenant to CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Agreement and the Groundwater Replenishment Statute.

4.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties and no understandings or obligations not expressly set forth in this Agreement are binding upon the parties.

4.3 Amendments. This Agreement may be modified, amended or revoked only (i) by the express written agreement of the parties hereto; or (ii) by amendment statutes,

rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 4.5.

4.4 Interpretation. This Agreement is governed by and must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

4.5 Rules, Regulations and Successor Statutes. All references in this Agreement to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

4.6 Severability. Any determination by any court of competent jurisdiction that any provision of this Agreement is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Agreement.

4.7 Captions. All captions, titles or headings in this Agreement are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Agreement.

4.8 Notices. Except as otherwise required by law, any notice given in connection with this Agreement must be in writing and must be given by personal delivery, overnight delivery, facsimile, or United States certified or registered mail. Any such notice must be addressed to the appropriate party at the following address (or at any other address as a party may hereafter designate by written notice given as required by this paragraph):

CAWCD:

For delivery use: Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, Arizona 85024
Attn: Manager, Groundwater Replenishment District

For U.S. Mail use: Central Arizona Water Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater Replenishment District

Municipal
Provider: Arizona Water Company
P.O. Box 29006
Phoenix, Arizona 85038-9006

Owner:

Signal Peak Investments Limited Partnership
700 East Baseline, Suite B-1
Tempe, Arizona 85283

Harlyn L. Griffiths, Trustee
Tierra Rica Development, Inc. Defined Benefit Plan
P.O. Box 11313
Casa Grande, Arizona 85230-1313

Notice is deemed to have been given on the date on which notice is personally delivered, delivered to an overnight delivery service, transmitted by facsimile, or mailed. Notice is deemed to have been received on the date on which the notice is actually received or delivery is refused.

4.9 Consent to Recording. Owner hereby consents to the recording of this Agreement against the Property.

IN WITNESS WHEREOF, the Parties to this Agreement have executed this Agreement as of the date first set forth above.

CAWCD:

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: _____

George R. Renner

Its: President

MUNICIPAL
PROVIDER:

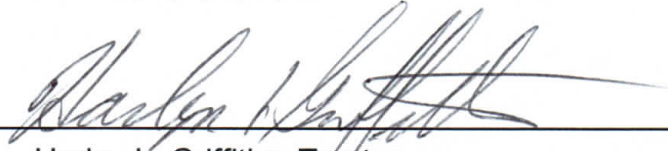
ARIZONA WATER COMPANY, an Arizona corporation

William M. Garfield
By: WILLIAM M. GARFIELD

Its: VICE PRESIDENT- OPERATIONS

OWNER:

HARLYN L. GRIFFITHS, as Trustee for Tierra Rica Development, Inc. Defined Benefit Pension Plan, dated December 17, 1987, formerly known as Mi Casa Builders, Inc., Defined Benefit Pension Plan, dated May 28, 1971 and amended June 1, 1981, and Mi Casa Builders, Inc., defined Contribution Pension Plan dated October 31, 1976, as to Parcels 2, 3, 4, 6, 7, and 9



Harlyn L. Griffiths, Trustee

SIGNAL PEAK INVESTMENTS LIMITED PARTNERSHIP,
An Arizona limited partnership

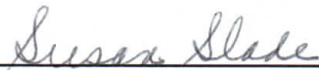
By: 

Robert C. Horne

Its: General Partner

STATE OF Arizona)
County of Pinal) ss.

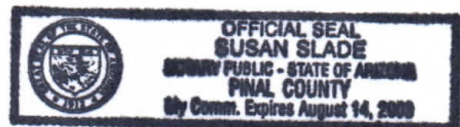
The foregoing instrument was acknowledged before me this 26th day of October, 2000, by Harlyn L. Griffiths, the Trustee of Tierra Rica Development, Inc. Defined Benefit Pension Plan, on behalf of Pension Plan.



Notary Public

My commission expires:

8/14/03

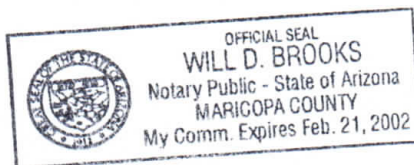


STATE OF Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 27 day of October, 2000, by Robert G. Ham, the General Partner of Signal Peak Trusts, L.P., on behalf of same.

Will D. Brooks
Notary Public

My commission expires:



STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 31st day of October, 2000, by William M. Garfield, the Vice President of Operations, on behalf of Arizona Water Company.



Margaret R. Plumb
Notary Public

My commission expires:

April 3, 2004

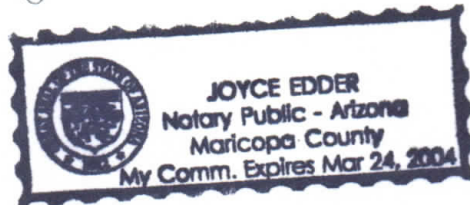
STATE OF Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 7th day of November, 2000, by George R. Renner, the President of Central Arizona Water Conservation District, on behalf of CAWCD.

Joyce Edder
Notary Public

My commission expires:

03/24/04



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EXHIBIT A

PARCEL 1:

The Northwest quarter of the Northeast quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 2:

That portion of the Southwest quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona, described as follows:

BEGINNING at the West quarter corner of said Section 29;

THENCE South 0 degrees 03 minutes East, along the West line of said Southwest quarter of Section 29, a distance of 525 feet to a point;

THENCE South 84 degrees 35 minutes East, 859.53 feet to the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE North 17 degrees 39 minutes West, 330 feet to a point;

THENCE North 72 degrees 21 minutes East, 660 feet to a point;

THENCE South 17 degrees 39 minutes East, 660 feet to a point;

THENCE South 72 degrees 21 minutes West, 660 feet to a point;

THENCE North 17 degrees 39 minutes West, 330 feet to the TRUE POINT OF BEGINNING;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 3:

The North half of the Northeast quarter of the Southeast quarter of the Northeast quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 4:

The Southeast quarter of the Northeast quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPT the North half of the Northeast quarter of the Southeast quarter of the Northeast quarter thereof; and

EXCEPT that part of the Southeast quarter of the Northeast quarter of said Section 29 as recorded in Docket 876, Page 105, Pinal County records and described as follows:

BEGINNING at the East quarter corner of said Section 29;

THENCE North 1 degrees 29 minutes 16 seconds West, following the East line of the Northeast quarter of said Section 29, a distance 250.85 feet to a point which is a 2 inch pipe set in concrete;

THENCE South 89 degrees 11 minutes 20 seconds West, parallel to the East-West centerline of said Section 29, a distance of 694.60 feet to a point which is a drill hole and stake set in a granite boulder;

THENCE South 1 degrees 29 minutes 16 seconds East, parallel with said East line of Section 29, a distance of 250.85 feet to a point which is a pipe set in a drill hole in a granite bedrock, and said point being located on the said East-West center line of said Section 29;

THENCE North 89 degrees 11 minutes 20 seconds East, following said East-West center line of said Section 29, a distance of 694.60 feet to the POINT OF BEGINNING;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 5:

The Northeast quarter of the Northeast quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 6:

The West half of the Southeast quarter, and the Southwest quarter of the Northeast quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona as recorded in Docket 775, Page 469, records of Pinal County, Arizona;

EXCEPT the South 250 feet of the East 100 feet of said West half of the Southeast quarter; and

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 7:

The West half of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPT the North half of the Northwest quarter of said Section 29;

EXCEPT that portion of the Southwest quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona, described as follows:

BEGINNING at the West quarter corner of said Section 29;

THENCE South 0 degrees 03 minutes East, along the West line of said Southwest quarter of Section 29, 525 feet to a point;

THENCE South 84 degrees 35 minutes East, 859.53 feet to the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE North 17 degrees 39 minutes West, 330 feet to a point;

THENCE North 72 degrees 21 minutes East, 660 feet to a point;

THENCE South 17 degrees 39 minutes East, 660 feet to a point;

THENCE South 72 degrees 21 minutes West, 660 feet to a point;

THENCE North 17 degrees 39 minutes West, 330 feet to the TRUE POINT OF BEGINNING;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 8:

The Northwest quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of Section 29, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPTING all uranium, thorium or other materials which are or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in the Patent recorded in Docket 12, Page 161.

PARCEL 9:

The Southeast quarter of Section 30, Township 5 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona;

EXCEPT the West half of the Northwest quarter of the Southeast quarter of said Section.

EXHIBIT B

Tax Parcel Numbers

<u>Tax Assessor Parcel Number</u>	<u>Tax Year</u>	<u>County</u>	<u>AMA</u>
509-59-005C	2000	Pinal	Pinal
509-58-001C	2000	Pinal	Pinal
509-58-002B	2000	Pinal	Pinal
509-58-002C	2000	Pinal	Pinal
509-58-003	2000	Pinal	Pinal
509-58-004	2000	Pinal	Pinal
509-58-006A	2000	Pinal	Pinal
509-58-006B	2000	Pinal	Pinal
509-58-007	2000	Pinal	Pinal