

# ICR Water Users Association



July 8, 2009

Talking Rock Golf Club, LLC  
Talking Rock Land, LLC  
Harvard Simon I, LLC  
17700 North Pacesetter Way  
Scottsdale, AZ 85255

RE: Amended & Restated Water Service Agreement, Dated December 3, 2008

Gentlemen:

Pursuant to Paragraph 9A of the above Agreement, ICRWUA may characterize infrastructure provided by the Talking Rock Parties as either advances in aid of construction or contributions in aid of construction, provided that no less than 30% of the provided infrastructure is characterized as advances in aid of construction.

To date, the Talking Rock Parties have provided \$7,949,069.42 in infrastructure. ICRWUA has determined that it wishes to characterize \$3,558,392.00 (or 44.76%) as contributions in aid of construction and \$4,490,678.42 (or 55.24%) as advances in aid of construction.

The characterization has been made by phase as shown on the attachment. Accordingly, \$4,490,678.42 of plant provided by the Talking Rock Parties to date shall be subject to refund provisions of Sections 8 and 9 of the Main Extension Agreement as amended by Section 1(d) of the First Amendment.

Robert M. Busch  
MDI Financial Services, Inc.  
Manager, ICR Water Users Association

Attachment: ICRWUA Asset Transfer Plan

STATUS OF CONVEYANCE OF TALKING ROCK WATER FACILITIES TO ICRWUA AS OF 8-22-08			
WATER FACILITIES - BILLS OF SALE (8-08)			
Value	Value	CIAC Amount	AIAC Amount
Double Adobe - Phases 1, 2, and 3	\$401,028.74		\$401,028.74
Double Adobe - Phase 3D	\$76,110.00	\$76,110.00	
Double Adobe Phase 9D & 9D Water Loop	\$200,301.00	\$200,301.00	
Phase 1A	\$515,438.00		\$515,438.00
Phase 1 B	<b>\$237,214.00</b>	\$237,214.00	
Phase 1C	\$501,698.00		\$501,698.00
Phase 3A	\$78,600.00	\$78,600.00	
Phase 3B	\$34,834.00	\$34,834.00	
Phase 3C	\$41,779.00	\$41,779.00	
Phase 3D	\$96,508.00	\$96,508.00	
Phase 4A	\$29,939.00	\$29,939.00	
Phase 5	\$204,090.00	\$204,090.00	
Phase 8A	\$171,042.00	\$171,042.00	
<b>Phase 8B</b>	<b>\$137,414.00</b>	\$137,414.00	
Phase 8C	\$197,998.00	\$197,998.00	
Phase 9A	\$176,702.00	\$176,702.00	
Phase 9B	\$199,027.00	\$199,027.00	
Phase 9C	\$266,446.00	\$266,446.00	
Phase 9D	\$156,506.00	\$156,506.00	
Phase 10	\$1,253,881.00	\$1,253,881.00	
Subtotal	<b>\$4,976,555.74</b>	<b>\$3,558,391.00</b>	<b>\$1,418,164.74</b>
WATER FACILITIES - BILLS OF SALE ACCEPTED AND/OR RECORDED			
Facilities	Value		
Production Well 3	\$160,091.08		\$160,091.08
Off-Site Main	\$957,018.00		\$957,018.00
Chlorination Facilities	\$14,618.02		\$14,618.02
Phase 2	\$300,572.00		\$300,572.00
Phase 27	\$115,063.00		\$115,063.00
Production Well #2	\$115,341.58		\$115,341.58
	\$1,662,703.68		\$1,662,703.68
PENDING WATER FACILITIES TO BE TRANSFERRED			
Facilities	Value		
Water Tank & Booster Tank (Phase 9 & 10)	\$1,162,949.00		\$1,162,949.00
Production Well 1	\$81,543.00		\$81,543.00
Ranch Compound	\$65,318.00		\$65,318.00
	\$1,309,810.00		\$1,309,810.00
<b>TOTAL OF CONSTRUCTED FACILITIES-TRR</b>	<b>\$7,949,069.42</b>		
<b>Total Asset TRR placed with Company funds</b>	\$39,178.70		
<b>Total Assets ICR</b>	\$1,462,117.10		
<b>Total Assets PR</b>	\$404,488.68		
<b>Total Assets WC</b>	\$1,874,568.23		\$1,874,568.23
<b>TOTAL COMPANY ASSETS</b>	<b>\$11,729,422.13</b>		
<b>Total TRR Assets as AIAC</b>		\$4,390,678.42	55.24%
<b>Total WC Assets as AIAC</b>		\$1,874,568.23	
<b>Total Company Assets as AIAC</b>		<b>\$6,265,246.65</b>	<b>53.41%</b>
<b>Assets as CIAC</b>			
<b>(ICR &amp; Preserve)</b>		\$1,827,065.86	
<b>(Talking Rock)</b>		\$3,558,391.00	44.76%
<b>Total Company Assets as CIAC</b>		<b>\$5,385,456.86</b>	<b>45.91%</b>
<b>Total Assets Purchased w Company Funds</b>		<b>\$78,718.62</b>	<b>0.67%</b>
<b>TOTAL COMPANY ASSETS</b>		<b>\$11,729,422.13</b>	<b>100%</b>