

AST RD

SEWER SYSTEM INTERCONNECTION AGREEMENT

1680097

This Sewer System Interconnection Agreement (this "Agreement") is made as of the 12TH day of July, 1999 by and among LAS CAMPANAS SEWER COOPERATIVE ("Campanas Co-op"), a New Mexico cooperative association organized pursuant to NMSA 1978 §§ 53-4-1 *et seq.*; LA MIRADA SEWER COOPERATIVE ("Mirada Co-op"), a New Mexico cooperative association organized pursuant to NMSA 1978 §§ 53-4-1 *et seq.*; and LA MIRADA DEVELOPMENT LLC ("Developer"), a New Mexico limited liability company.

WHEREAS, Developer is developing the subdivision in Santa Fe County known as La Mirada Subdivision, as more particularly described on that certain subdivision plat entitled "Plat of Survey Showing La Mirada Subdivision" and filed for record in Plat Book 411, pages 14-15 of the records of Santa Fe County, New Mexico; and

WHEREAS, Mirada Co-op has been organized to provide sewer and wastewater collection services within La Mirada Subdivision as a cooperative association organized under the laws of New Mexico; and

WHEREAS, Campanas Co-op is a cooperative association organized under the laws of New Mexico and currently provides sewer and wastewater collection and treatment services in the area generally known as Las Campanas; and

WHEREAS, Mirada Co-op desires to interconnect with Campanas Co-op in order to deliver its sewage and wastewater ("Delivered Sewage") into the system operated by Campanas Co-op for transportation to and treatment at the treatment plant owned and operated by Campanas Co-op; and

WHEREAS, in order to induce Campanas Co-op to accept Delivered Sewage from and provide transportation and treatment services to Mirada Co-op, Developer is willing to contribute or cause to be contributed certain capital to or for the benefit of Campanas Co-op for repair and replacement of existing facilities and construction of additional facilities.

1680098

NOW, THEREFORE, in consideration of their respective promises and agreements set forth herein, and for other good and valuable consideration, the receipt of which the parties hereby acknowledge, the parties agree:

1. **Interconnection of Systems.** On the terms and conditions set forth in this Agreement, Campanas Co-op shall permit Mirada Co-op to interconnect the sewage and wastewater collection system owned and operated by Mirada Co-op to the sewage and wastewater collection and treatment system owned and operated by Campanas Co-op. The interconnection shall be made at the single point of interconnection (the "Interconnection Point") by means of the mains and facilities described on Exhibit "A," attached to and made a part of this Agreement. Mirada Co-op shall be solely and exclusively responsible for the construction, maintenance and operation of all facilities upstream of the Interconnection Point. Campanas Co-op shall be solely and exclusively responsible for the construction, maintenance and operation of all facilities downstream of the Interconnection Point.

2. **Capital Payments.**

A. **Interconnection Fee.** Developer shall pay Campanas Co-op an interconnection fee (the "Interconnection Fee") in the amount of \$70,000. The

Interconnection Fee shall be due and payable in full not later than the date on which the physical interconnection between the Campanas Co-op system and the Mirada Co-op system at the Interconnection Point is complete and operational (the "Service Date"). Payment in full of the Interconnection Fee shall be a condition precedent to the obligations of Campanas Co-op to interconnect with and provide service to Mirada Co-op under this Agreement. 1680099

B. Lot Fees. With respect to each lot in the La Mirada Subdivision, Developer shall cause to be paid the following fees (the "Lot Fees") as and when due pursuant to this paragraph:

- (i) A connection fee of \$1,500 per lot (the "Connection Fee") shall be paid to Campanas Co-op. The Board of Directors of Campanas Co-op may, from time to time, increase the Connection Fee; provided, however, that the Connection Fee shall not exceed the amount of the fee then charged by Campanas Co-op for connection of individual residential lots within its service area.
- (ii) A treatment plant development fee (the "Development Fee") in the amount of ~~\$3,600~~ per lot, subject to adjustment as hereinafter provided, shall be paid to Las Campanas Limited Partnership pursuant to the terms and conditions of the agreement dated July 12, 1999 among Developer, Mirada Co-op and Las Campanas Partnership. Pursuant to that agreement, the Development Fee shall increase as of January 1, 2000, and as of January 1 of each year thereafter by 3% of the amount of the Development Fee in effect for the preceding year.

The Lot Fees shall be due and payable on the later of the Service Date or the date on which the first sale of the applicable lot is closed; provided, however, that Lot Fees for any lots which have not then been paid shall be due and payable in full on

December 31, 2005. For purposes of the preceding sentence, a sale or transfer of a lot by Developer to a member of Developer or to any partner, trustee, officer, director, shareholder, principal or similar person or entity holding an interest or position in a member, transferee, successor, or assign of a member of Developer shall not be deemed a first sale, if the transferee or purchaser holds the lot for resale and not for personal use. Full and timely payment of the Lot Fees shall be a condition to the continuing obligation of Campanas Co-op to provide service under this Agreement. This Agreement, or a memorandum of this Agreement executed by the parties and satisfactory in form to Campanas Co-op, shall be filed for record in the real estate records of Santa Fe County, New Mexico, as notice of the obligations for the Lot Fees for all lots in La Mirada Subdivision. If the facilities and systems of Campanas Co-op are acquired prior to December 31, 2005 by a municipal, county or other public authority, the obligation to pay Lot Fees with respect to any lots which have not yet been sold at the time the acquisition occurs shall abate; provided, however, that in no event shall Campanas Co-op or Las Campanas Limited Partnership be responsible, in connection with any such acquisition, for the payment of any fees, charges, or assessments related to La Mirada Subdivision or Mirada Co-op.

3. Delivery Obligations of Mirada Co-op. Commencing on the later of the Service Date or the date of payment of the Interconnection Fee and any Lot Fees then due and continuing throughout the term of this Agreement, Mirada Co-op shall deliver Delivered Sewage to Campanas Co-op at the Interconnection Point. Mirada Co-op shall limit its sewer and wastewater services exclusively to single-family residences

(including associated guest residences and permitted in-home businesses) located within La Mirada Subdivision and will not, without the prior written consent of Campanas Co-op (which Campanas Co-op may, in its discretion, refuse) provide service to any commercial, industrial or other facility not primarily a single-family residence. Mirada Co-op shall not permit its members and customers to discharge into its system, and shall not tender to Campanas Co-op, Delivered Sewage containing hazardous or toxic chemicals, substances or materials of types or in quantities that would give rise to extraordinary processing or handling requirements or that would not be incident to usual and customary residential activities and uses of water. Campanas Co-op reserves the right to reject Delivered Sewage not conforming to the requirements of this paragraph. Mirada Co-op shall own and be solely responsible for the safe and proper conduct and handling of all sewage and wastewater gathered and collected by Mirada Co-op until delivery to Campanas Co-op at the Interconnection Point. Mirada Co-op will, upon request by Campanas Co-op flush its system as reasonably necessary to maintain proper flow capacity and remove accumulated solid wastes.

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4. Obligations of Campanas Co-op. Commencing on the later of the Service Date or the date of payment of the Interconnection Fee and any Lot Fees then due and continuing throughout the term of this Agreement, Campanas Co-op shall accept at the Delivery Point, transport, treat and dispose of all Delivered Sewage delivered by Mirada Co-op at the Interconnection Point; provided, however, that Mirada Co-op shall indemnify and hold Campanas Co-op harmless from all costs and liabilities

incurred by Campanas Co-op with respect to handling, transporting, treating and disposing of Delivered Sewage not conforming to the requirements of paragraph 3 above. Subject to Mirada Co-op's obligations to deliver Delivered Sewage conforming to the requirements set forth in paragraph 3 above, and to its obligations of indemnification set forth in the preceding sentence, Campanas Co-op shall be solely and exclusively responsible for transporting, handling, treating and disposing of all Delivered Sewage in a reasonable, safe manner and in compliance with all applicable state, federal and local laws, ordinances, codes and regulations. Campanas Co-op will use reasonable diligence to furnish regular and uninterrupted service to Mirada Co-op. Campanas Co-op may, however, discontinue service as reasonably necessary in order to maintain and repair its system or construct and install new facilities and equipment. Campanas Co-op shall endeavor to give reasonable advance notice of such interruptions as and to the extent circumstances permit. In addition, Campanas Co-op may interrupt service under conditions of force majeure as provided in Paragraph 9, below. Campanas Co-op may sell or otherwise dispose of treated effluent, sludge or other products or materials produced or derived from operation of its treatment facilities in such manner as Campanas Co-op, in its discretion, deems appropriate, and Campanas Co-op shall not be accountable to Mirada Co-op for any such sales or dispositions, or for any proceeds derived therefrom.

5. Rates and Conditions of Service.

A. Service Rates, Billing and Payment. For the transportation and treatment services provided under this Agreement, Mirada Co-op shall pay Campanas

Co-op a monthly rate equal to the single-family residential rate which Campanas
Co-op then charges its members receiving residential service multiplied by the number
of residential units connected to Mirada Co-op's system as of the end of the
applicable billing period. Mirada Co-op shall notify Campanas Co-op in writing within
five business days after a residence is connected to or disconnected from its system.
In addition, in the event Campanas Co-op establishes a residential rate based on
measured service, Mirada Co-op will install such facilities and provide such
information to Campanas Co-op as may be reasonably necessary to apply the
measured service rate to Mirada Co-op. Campanas Co-op shall render monthly
statements to Mirada Co-op of the charges for services provided during the preceding
calendar month. In addition to the rates and charges provided under this Agreement,
Mirada Co-op shall reimburse Campanas Co-op for all applicable gross receipts taxes
and other revenue related taxes payable by Campanas Co-op with respect to the
payments due from Mirada Co-op. Statements shall be due and payable on receipt
by Mirada Co-op and shall be delinquent 20 days after receipt. Delinquent balances
shall accrue late charges at the rate of 1 ½ % per month (or partial month in the case
of any delinquency period of less than one month), and accrued late charges shall be
due and payable with the balance on which they have accrued. Statements shall be
rendered to Mirada Co-op at the following address:

La Mirada Sewer Cooperative
Post Office Box 2857
Santa Fe, NM 87504-2857

Upon written notice to Campanas Co-op, Mirada Co-op may change its billing

address. Mirada Co-op shall at all times establish and maintain rates and charges for services to its members sufficient to enable Mirada Co-op to pay Campanas Co-op all amounts due Campanas Co-op pursuant to this Agreement.

1680104

B. Other Assessments and Conditions of Service. Mirada Co-op shall observe and comply with and shall require its members to observe and comply with all rules, regulations and conditions of service adopted by Campanas Co-op and generally applicable to other members. Mirada Co-op shall, in addition, pay its proportionate share of any fees or assessments which Campanas Co-op may impose on its members, including, but not limited to, fees and assessments related to the purchase, repair, replacement, improvement, construction, or installation of facilities or equipment used in rendering services to members. For purposes of the preceding sentence, Mirada Co-op's proportionate share shall be the ratio of the number of residential units served by Mirada Co-op to the total of the number of residential units served by Campanas Co-op plus the number of residential units served by Mirada Co-op. Thus, for example, if Mirada Co-op serves 50 residential units and Campanas Co-op serves 200 residential units, Mirada Co-op would pay 20% ($50 \div 250$) of the total amount assessed by Campanas Co-op to its members.

6. Membership. Throughout the term of this Agreement and subject to the terms and conditions hereof, Mirada Co-op shall be entitled to one membership in Campanas Co-op and to all privileges and rights incident thereto. Mirada Co-op shall comply with the Bylaws, Rules and Operating Procedures and other policies established from time to time by Campanas Co-op.

7. Term.

A. Term and Extensions. The term of this Agreement shall commence on the date of this Agreement and shall continue until the fifteenth anniversary of the Service Date. Thereafter, this Agreement shall be automatically extended for consecutive terms of five years each, unless, subject to the limitations set forth in this subparagraph, either party gives notice to the other of the termination of this Agreement at least 180 days prior to the expiration of the then current term. In any such notice, Campanas Co-op may condition extension of the term of this Agreement on such amendments and modifications to the terms and conditions of this Agreement as may be reasonable under circumstances then existing and consistent with terms and conditions applicable to service to Campanas Co-op's other members. So long as Mirada Co-op consents to such amendments and modifications Campanas Co-op shall not exercise its right to terminate this Agreement. If no amendment or modification is requested, Campanas Co-op shall not exercise its right to terminate this Agreement. Notwithstanding any of the foregoing, Mirada Co-op may terminate this Agreement at any time on 30 days' prior written notice.

1680105

B. Termination in Certain Circumstances. This Agreement shall terminate automatically in the event that continued performance by either party in accordance with the terms and conditions hereof results in the violation of any applicable law, regulation, rule or ordinance or any judicial or governmental order, provided, however, that prior to termination pursuant to this subparagraph, the parties shall in good faith attempt by negotiation or otherwise to resolve the

conditions causing the violation and thereby permit this Agreement to continue in force.

1680106

8. Discontinuance of Service. Campanas Co-op may discontinue service to Mirada Co-op under this Agreement twenty-four hours after giving written or oral notice in the event Mirada Co-op delivers or attempts to deliver Delivered Sewage not conforming to the requirements of paragraph 3 above and Mirada Co-op fails to remedy the condition prior to expiration of the notice period. In addition, Campanas Co-op may discontinue service (i) 15 days after written notice to Mirada Co-op of the failure of Mirada Co-op to pay Lot Fees then due, to pay any statement then delinquent pursuant to paragraph 5, hereof, or to pay any other amount then due pursuant to this Agreement, if the required amounts are not paid within the notice period; or (ii) 30 days after written notice to Mirada Co-op of its failure to perform any other obligation owed Campanas Co-op under this Agreement if such failure is not corrected within the notice period. Service discontinued pursuant to this paragraph shall not be restored until Mirada Co-op fully cures or removes the cause of the discontinuance. Mirada Co-op shall reimburse Campanas Co-op for the cost of each disconnection and reconnection made pursuant to this paragraph.

9. Force Majeure. If Campanas Co-op is rendered unable, wholly or in part, by force majeure to perform its obligations under this Agreement, Campanas Co-op shall, as promptly as practical after the occurrence of the force majeure, give written notice to Mirada Co-op describing (i) the circumstances of the force majeure in reasonable detail, (ii) the extent to which the performance of Campanas Co-op is

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effected thereby, and (iii) the anticipated duration of the force majeure. Campanas Co-op shall thereupon be relieved from the performance of its obligations under this Agreement, insofar as such performance is prevented by the force majeure for the duration of the force majeure; provided, however, that Campanas Co-op shall exercise reasonable efforts to remove, cure or remedy the force majeure and otherwise minimize its duration and the extent to which it impairs its performance. As used in this paragraph, the term "force majeure" shall include acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, wars, insurrections, riots, civil or military disturbances, explosions, sabotage, epidemics, land slides, lightening, earthquakes, fires, storms, floods, washouts, inability to secure labor, or essential materials, supplies or permits, present and future orders of any government bodies, breakage or accident to machinery, pipelines or equipment, shutdowns for necessary repairs or maintenance, and other events or circumstances not reasonably within the control of Campanas Co-op.

10. Prudent Operations, Permits and Licenses. Throughout the term of this Agreement, each of Campanas Co-op and Mirada Co-op shall operate its system in accordance with safe, prudent operating practices, and with all applicable laws, regulations and ordinances, and shall obtain and maintain such governmental permits and licenses as may be required for the lawful operation of its systems and facilities.

11. Access to Books, Records and Facilities. At reasonable times, and upon reasonable notice, Campanas Co-op and Mirada Co-op shall each be entitled to inspect the books, records, and physical plant and facilities of the other in order to

obtain or verify such information as either shall require to perform the duties and obligations owed the other under this Agreement or to verify the performance of the other of the other's duties and obligations under this Agreement. **1680108**

12. **Indemnification.** Mirada Co-op and Campanas Co-op shall each indemnify, hold harmless and defend the other, including their respective employees, officers, director and agents from and against claims, liabilities, losses, damages, and expenses of any kind, including attorney fees and other costs of litigation, incurred by the indemnified party by reason of the indemnifying party's negligence, willful misconduct, violation of law, or breach of this Agreement. Neither Campanas Co-op nor Mirada Co-op shall be obligated by this section to indemnify or hold the other harmless from claims, liabilities, losses, damages, or expenses of any kind suffered by the other party as a result of the other party's own negligence, willful misconduct, violation of law or breach of this Agreement. Campanas Co-op and Mirada Co-op shall each purchase and maintain throughout the term of this Agreement public liability and property damage insurance coverage with respect to their respective systems and operations with combined single limits of at least \$1,000,000, and the coverage maintained by each shall name the other as an additional insured. Upon request, each party shall furnish the other proof of the insurance required by this paragraph.

13. **Notices.** Any notice or other communication required or permitted under this Agreement shall, unless otherwise specified in this Agreement, be in writing and deemed to have been given only if addressed, in each case, to the receiving party at its address specified in this paragraph, or at such other address as the party may

hereafter specify by notice given in accordance with this paragraph, and (i) delivered in person, (ii) mailed by first class, prepaid, certified mail, (iii) sent by courier, or (iv) if receipt is confirmed, transmitted by telecopier. All such notices and communications shall be deemed to have been received on date of delivery or on the third business after mailing in accordance with this paragraph. Notices and communications shall be addressed to Campanas Co-op as follows:

1680109

Las Campanas Sewer Cooperative
Attn: Michael D. Baird
218 Camino La Terra
Santa Fe, NM 87501
Fax: (505) 986-9787 Attn: Michael D. Baird

Notices and communications shall be addressed to Mirada Co-op as follows:

La Mirada Sewer Cooperative
Attn: Michael Hurlocker
Post Office Box 2857
Santa Fe, NM 87504-2857
Fax: (505) 988-7249 Attn: Michael Hurlocker

Notices and communications shall be addressed to Developer as follows:

La Mirada Development LLC
Attn: Michael Hurlocker
Post Office Box 2857
Santa Fe, NM 87504-2857
Fax: (505) 988-7249 Attn: Michael Hurlocker

14. Parties Obligated and Benefitted. This Agreement will be binding upon and enforceable against the parties and their respective successors and assigns, and will inure solely to the benefit of the parties and their respective successors and assigns. No person or entity other than Campanas Co-op, Mirada Co-op, and their respective successors and assigns shall be entitled to any of the benefits conferred

by this Agreement, except that the terms and conditions of subparagraph B of paragraph 2 regarding the payment of Lot Fees are intended to benefit Las Campanas Limited Partnership.

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15. **Entire Agreement.** This Agreement contains the entire agreement of the parties and supersedes all prior oral or written negotiations, representations, understandings and agreements with respect to the subject matter hereof. This Agreement may not be amended or modified except by a writing signed by the party to be bound thereby.

16. **Governing Law.** This Agreement and the rights of the parties hereunder will be governed by and construed in all respects in accordance with the laws of the State of New Mexico.

17. **Severability.** Any term of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability, but will not cause any other or remaining provision of this Agreement to be invalid or unenforceable.

18. **Captions.** The captions of the several paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first above written.

LAS CAMPANAS SEWER COOPERATIVE

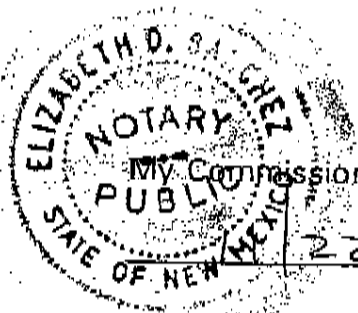
By *Shelburne*
Its PRESIDENT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

1680112

This instrument was acknowledged before me this 14th day of July, 1999 by Michael Harlocker, President
LA MIRADA SEWER COOPERATIVE.

Elizabeth D. Sanchez
Notary Public

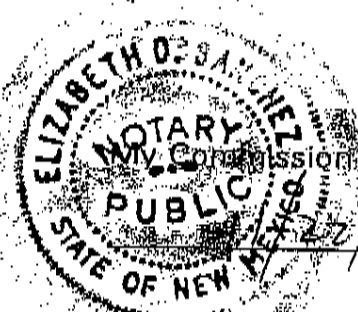


My Commission Expires: 22/99

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

This instrument was acknowledged before me this 14th day of July, 1999 by Michael Harlocker, Managing Member
LA MIRADA DEVELOPMENT LLC.

Elizabeth D. Sanchez
Notary Public



My Commission Expires: 22/99



SCALE: 1" = 100'



CONTOUR INTERVAL = N/A

HORIZ.: 1" = 100'

VERT.: 1" = 10'

LOVE PROPERTY

30° BEND WITH CLEANOUT
PI 2+63.93

8+00 9+00 10+00 11+00 12+00

NEW FORCE MAIN

13+00

S SUBDIVISION

ATES-II 6775

TRACT "C"

FM

EX. 8" PVC

EX. MH 55

EX. MH 57

RIM = 6764.5
INV. = 6755.4

LOT 230

LOT 229

LOT 224

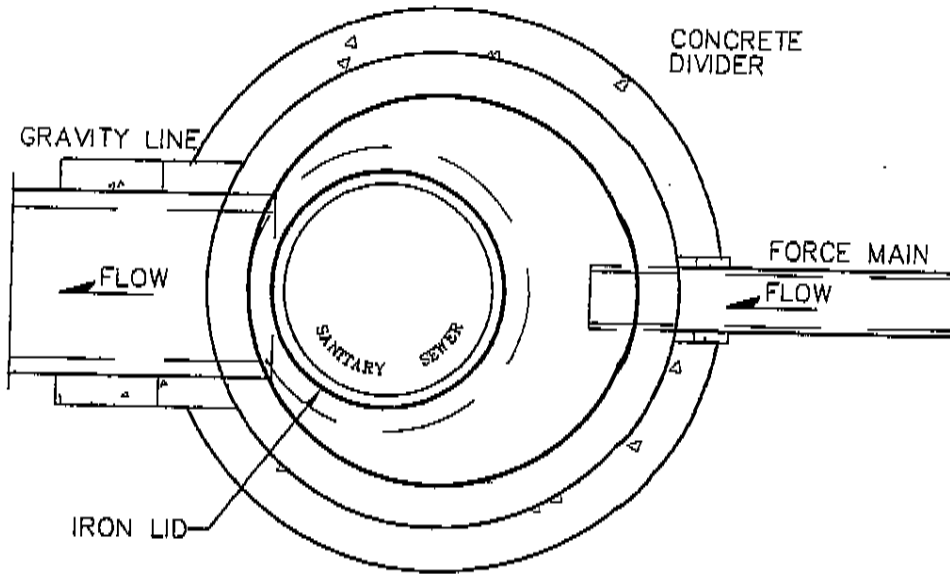
LOT 225

223

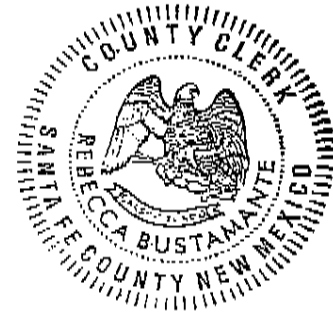
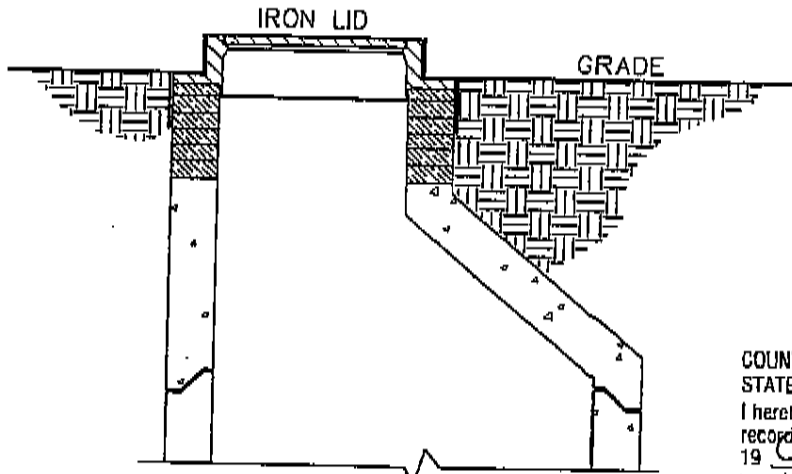
1680113

DAISY CT.

EXHIBIT A



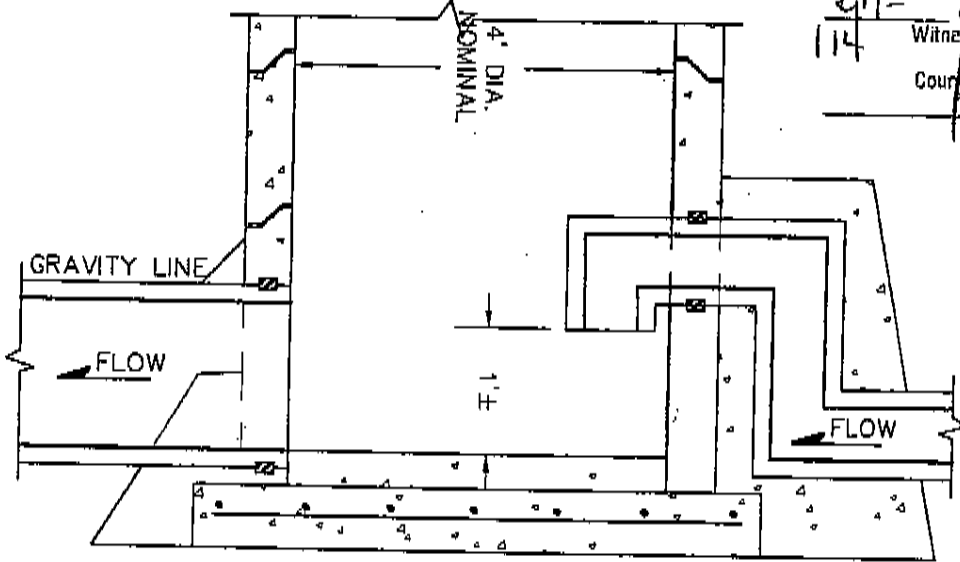
1680114



COUNTY OF SANTA FE
 STATE OF NEW MEXICO
 I hereby certify that this instrument was filed for
 record on the 27 day of July A.D.
 19 99 at 11:40 o'clock P. and
 was duly recorded in book 1190 page
114 of the records of Santa Fe County.

Witness my Hand and Seal of Office
 Rebecca Bustamante
 County Clerk, Santa Fe County, NM

Kim [Signature]
 Deputy



NEW
 FORCE MAIN
 (SEE PLANS FOR
 SIZE AND TYPE)

TIE INTO EXISTING MANHOLE

NOT TO SCALE

EXHIBIT A

B L A N K

DEVELOPMENT FEE AGREEMENT

168009i

This Development Fee Agreement (this "Agreement") is made as of the 12th day of July, 1999 by and among LA MIRADA DEVELOPMENT LLC ("Mirada"), a New Mexico limited liability company, LA MIRADA SEWER COOPERATIVE ("Mirada Co-op"), a New Mexico cooperative association organized pursuant to NMSA 1978, §§ 53-4-1 *et seq.*, and LAS CAMPANAS LIMITED PARTNERSHIP ("Campanas"), a Delaware limited partnership.

WHEREAS, Mirada is developing the subdivision in Santa Fe County known as La Mirada Subdivision, and more particularly described on that certain subdivision plat entitled "Plat of Survey Showing La Mirada Subdivision" and filed for record in Plat Book 411, pages 14-15 of the records of Santa Fe County, New Mexico; and

WHEREAS, Mirada Co-op has been organized to provide sewer and wastewater collection services within La Mirada Subdivision; and

WHEREAS, contemporaneously with this Agreement Mirada and Mirada Co-op are entering into a Sewer System Interconnection Agreement (the "Interconnection Agreement") with Las Campanas Sewer Cooperative ("Campanas Co-op") under which Campanas Co-op will interconnect with Mirada Co-op in order to receive, transport and treat sewage and wastewater for Mirada Co-op; and

WHEREAS, Campanas, for the benefit of Campanas Co-op and the lot owners in the subdivided areas known as Las Campanas de Santa Fe, has constructed and will construct sewer collection and wastewater treatment infrastructure, plant and facilities; and

WHEREAS, in order to induce Campanas Co-op to enter into the Interconnection Agreement, Mirada and Mirada Co-op intend to cause contributions to be paid to Campanas to assist in development of future wastewater treatment facilities;

1680092

NOW, THEREFORE, in consideration of their respective promises and agreements set forth herein, and for other good and valuable consideration, the receipt of which the parties hereby acknowledge, the parties agree:

1. Payment of Development Fees. With respect to each lot in the La Mirada Subdivision, Mirada and Mirada Co-op shall pay or cause to be paid to Campanas a treatment plant development fee (the "Development Fee") in the amount and at the time specified in this paragraph. Until January 1, 2000, the amount of the Development Fee shall be \$3,600 per lot. As of January 1, 2000 and as of January 1 of each year thereafter, the Development Fee shall increase by 3% of the amount of the Development Fee in effect for the preceding year. The Development Fee for each lot shall be due and payable on the later of the date on which the first sale of the applicable lot is closed or the date on which the physical interconnection between the Campanas Co-op system and the Mirada Co-op system is complete and operational in accordance with the terms of the Interconnection Agreement; provided, however, that the Development Fees for any lots which have not then been paid shall be due and payable in full on December 31, 2005. For purposes of the preceding sentence, a sale or transfer of a lot by Mirada to a member of Mirada or to any partner, trustee, officer, director, shareholder, principal or similar person or entity

holding an interest or position in a member, transferee, successor, or assign of a member of Mirada shall not be deemed a first sale, if the transferee or purchaser holds the lot for resale and not for personal use. Mirada and Mirada Co-op acknowledge that, under the Interconnection Agreement, full and timely payment of the Development Fees is a condition to the continuing obligation of Campanas Co-op to provide service under the Interconnection Agreement and further acknowledge that this condition is intended to benefit both Campanas and Campanas Co-op.

1680093

2. Application of Development Fees. Development Fees, once paid, shall be nonrefundable, except as provided below. Campanas shall, however, establish a reserve account for the future expansion of the wastewater treatment facilities and lagoon, and the Development Fees will be charged to that account as and when paid. Campanas may, in turn, charge the reserve account for the cost of capital improvements for the expansion of the wastewater treatment facilities and lagoon. Development Fees shall be refunded to the Mirada Co-op at the time the facilities and systems of Campanas Co-op are acquired by a municipal, county or other public authority, if not previously expended for expansion of the waste water treatment facilities and lagoon as provided herein.

3. Abatement of fees. If, prior to December 31, 2005, the facilities and systems of Campanas Co-op are acquired by a municipal, county or other public authority, the obligation to pay Development Fees with respect to any lots in La Mirada Subdivision which have not been sold at the time the acquisition occurs shall abate; provided, however, that in no event shall Campanas be responsible for

the payment of any fees, charges or assessments related to La Mirada Subdivision or Mirada Co-op in connection with any such acquisition. 1680094

4. Miscellaneous. This Agreement: (i) contains the entire Agreement amount the parties and supersedes any and all other agreements or understandings, oral or written; (ii) may be modified or amended only by a written instrument signed by the parties; (iii) shall be governed by and construed in accordance with the laws of the State of New Mexico; and (iv) shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

EXECUTED as of the date first above written.

LAS CAMPANAS LIMITED PARTNERSHIP

*By LAS CAMPANAS Corporation
Its sole general partner*

By *Walter D. Baird*
Its *Vice President*

LA MIRADA DEVELOPMENT LLC

By *[Signature]*
Its *Managing Member*

LA MIRADA SEWER COOPERATIVE

By *[Signature]*
Its *President*

STATE OF NEW MEXICO)

)ss.

COUNTY OF Santa Fe)

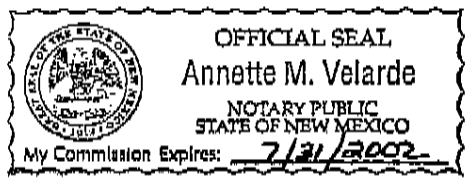
1680095

This instrument was acknowledged before me on August 24, 1999, 1999, by Michael D. Baird, as Vice President of ~~LAS CAMPANAS LIMITED PARTNERSHIP, a Delaware limited partnership.~~ Las Campanas Corporation on behalf of Las Campanas Limited Partnership, a Delaware limited partnership.

Annette M. Velarde
Notary Public

My Commission Expires:

7/31/2002



STATE OF NEW MEXICO)

)ss.

COUNTY OF Santa Fe)

This instrument was acknowledged before me on July 14, 1999, by Michael Durbin as Managing Member of LA MIRADA DEVELOPMENT LLC, a New Mexico limited liability company.

Elizabeth D. Sarchez
Notary Public



My Commission Expires:

7/22/99



1087-058

COUNTY OF SANTA FE
STATE OF NEW MEXICO)
I hereby certify that this instrument was filed for
recording on the 21st day of August, A.D.
1999 at 2:58 o'clock P.m. and
was duly recorded in book 1150 page
291 of the records of Santa Fe County.
Witness my Hand and Seal of Office
Rebecca Bustamante
County Clerk, Santa Fe County, NM
RMB
Deputy

STATE OF NEW MEXICO)

1680096

COUNTY OF Dona Ana) ss.
)

This instrument was acknowledged before me on July 14,
1999, by Michael Herbster, as President of LA MIRADA
SEWER COOPERATIVE, a New Mexico cooperative association.

[Signature]
Notary Public

ELIZABETH D. SANCHEZ
NOTARY PUBLIC
COMMISSION EXPIRES: 2/22/99
STATE OF NEW MEXICO