JANICE K. BREWER
Governor

MICHAEL J. LACEY
Director

ARIZONA DEPARTMENT of WATER RESOURCES
3550 North Central Avenue, Second Floor
Phoenix, Arizona 85012-2105
602.771.8500

azwater.gov

March 11, 2014

VIA CERTIFIED MAIL
Annie Stewart
Fennemore Craig PC
2394 E Camelback Rd, Suite 600
Phoenix AZ 85016

Re: Certificate of Assured Water Supply
Verrado Phase 3 South, 74 lots; DWR File No. 29-700751.0008

Dear Ms. Stewart:

The Arizona Department of Water Resources (Department) has determined that the criteria for an Assured Water Supply pursuant to A.R.S. § 45-576 and A.A.C. R12-15-701 *et seq.* have been met, and therefore the Director has decided to issue Assured Water Supply Certificate No.29-700751.0008. EPCOR - Agua Fria will provide the water supply to the lots. The source of supply will be groundwater. Based on current information, the Department has determined that the subdivision's total projected demand is 36.70 acre-feet per year for 74 lots, and the groundwater allowance for the 100-year period is 73.40 acre-feet. The Certificate is attached. The Department suggests you record your Certificate of Assured Water Supply in the appropriate county recorder's office. This will provide you with a permanent public record of the Certificate.

This determination is applicable only to the person or entity specified on the Certificate and for the plat reviewed by the Department. Information used in evaluating this application is available for review in the Department's files. Please contact us if questions arise.

Pursuant to A.R.S. § 41-1092.03, the Department is notifying you that the Director's determination and decision to issue the Certificate is an appealable agency action. You are entitled to appeal this action. If you wish to appeal this action, you must file a written appeal within thirty (30) days from receipt of this letter. I am providing you with a summary of the appeal process and an appeal form, should you elect to pursue this option.

Sincerely,

Andrew J. Craddock, Manager
Recharge, Assured & Adequate Water Supply Programs

AJC/rbo

Enclosures

Candi Cox, CAGRD
Carla Randolph, Arizona Department of Real Estate
Steve Olea, Arizona Corporation Commission
Linda Taunt, Arizona Department of Environmental Quality
Cynthia Stefanovic, Arizona State Land Department

ARIZONA DEPARTMENT OF WATER RESOURCES

NOTICE OF RIGHT TO APPEAL AGENCY ACTION

I. Right to Request Hearing

You have the right to request a hearing on the agency action described in the enclosed document. To request a hearing, you must file a notice of appeal with the Docket Supervisor, Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012 within thirty (30) days from the date of your receipt of the enclosed document. A Notice of Appeal form is enclosed. Pursuant to A.R.S. § 41-1092.03(B), the grounds for appeal by a party who will be adversely affected by the agency action and who exercised a right provided by law to comment on the action is limited to the issues raised in the party's comments.

If you file a timely notice of appeal, a hearing will be scheduled and you will be given written notice of the time and place for the hearing at least thirty (30) days before the hearing date. The date scheduled for the hearing may be advanced or delayed on the agreement of the Department and the parties to the action or on a showing of good cause. **If no party files a notice of appeal within thirty days from the date of receipt of the enclosed letter, the agency action described in the letter will become final and will not be subject to judicial review.**

II. Right to Request Informal Settlement Conference

If you file a timely notice of appeal as described above, you will have the right to request an informal settlement conference. A request for an informal settlement conference must be in writing and must be filed with the Docket Supervisor, Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012 not later than twenty (20) days before the hearing date. The enclosed Notice of Appeal form includes a place for you to request an informal settlement conference. If you file a timely request for an informal settlement conference, the Department will give you written notice of the time and place for the settlement conference. An informal settlement conference must be held within fifteen (15) days after the request is filed.

If an informal settlement conference is held, a person with the authority to act on behalf of the Department will represent the Department at the conference. The parties participating in the settlement conference will waive their right to object to the participation of the Department's representative in the final administrative decision. Statements, either written or oral, made by the appellant at the conference, including a written document, created or expressed solely for the purpose of settlement negotiations, are inadmissible in any subsequent administrative hearing.

III. Agency Contact Person

If you have any questions regarding the appeals process, or the process for requesting an informal settlement conference, please contact the Docket Supervisor at (602) 771-8472.

STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
CERTIFICATE OF ASSURED WATER SUPPLY

This is to certify that

Community Development Capital Group, LLC, a Delaware Limited Liability Company, owner, Meritage Homes of Arizona, Inc., an Arizona corporation, buyer,

have met the requirements of A.R.S. §§ 45-576 and the applicable regulations, and

By powers vested in the Director of the Arizona Department of Water Resources by the State of Arizona, and subject to the conditions contained in the applicable regulations,

Are issued this Certificate of Assured Water Supply for

Verrado Phase 3 South, lots 101-134, 401-423, 501-504, 518-522, 552-559
Township 2 North, Range 2 West, Section 31
GSRB&M Maricopa County, PHOENIX Active Management Area

Sufficient water of adequate quality will be continuously available to satisfy the water demand of the referenced subdivision for at least one hundred years. The referenced subdivision consists of **74 lots** as described in the preliminary plat on file with the Department, and has an estimated water demand of **36.70 acre-feet per year.** The subdivision will be served **groundwater** by **EPCOR - Agua Fria.**

This Certificate is invalid as to any entity not named above.
This Certificate may be assigned pursuant to A.A.C. R12-15-705.

Certificate Number: 29-700751.0008
Original Issue Date: July 16, 2013

ARIZONA DEPARTMENT OF WATER RESOURCES

Program Manager

3/11/2014
Date

TYPE A CERTIFICATE