

**WELL LEASE, CREDIT RECOVERY, AND WATER TRANSPORTATION AGREEMENT
AMONG
APACHE JUNCTION WATER UTILITIES COMMUNITY FACILITIES DISTRICT,
SALT RIVER VALLEY WATER USERS' ASSOCIATION,
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

1. PARTIES:

This Well Lease, Credit Recovery, and Water Transportation Agreement ("Agreement"), entered into this ____ day of _____, 2019 is by and among the Apache Junction Water Utilities Community Facilities District, an Arizona community facilities district doing business as Apache Junction Water District ("AJWD"), the Salt River Valley Water Users' Association, an Arizona corporation ("Association"), and the Salt River Project Agricultural Improvement and Power District, a political subdivision of the State of Arizona ("District"). The Association and District are referred to collectively as "SRP". AJWD and SRP are referred to individually as "Party" and collectively as "Parties."

2. RECITALS:

This Agreement is made with regard to the following:

- 2.1 Shareholders of the Association are owners of land within the Salt River Reservoir District ("SRRD"), having valid appropriative rights to waters of the Salt and Verde Rivers. The Association is responsible for delivery to shareholder lands of waters developed, controlled, or stored by it for the benefit of such lands. The Association is the agent of the District in the operation of the water delivery system of the Salt River Project, a federal reclamation project pursuant to an agreement dated March 22, 1937, as amended by agreements dated February 28, 1944, and September 12, 1949, and is also the agent of the United States of America in the operation of said federal reclamation project pursuant to a contract dated September 6, 1917.
- 2.2 AJWD is a special taxing district formed under Title 48, Chapter 4 of the Arizona Revised Statutes ("A.R.S"), Municipal Improvement Districts, by the Apache Junction City Council on August 2, 1994 and is responsible for providing water service in a portion of the City of Apache Junction within AJWD's service area.

- 2.3 AJWD is a party to an agreement entitled “Agreement Regarding Treated Water Between the City of Mesa and Apache Junction Water Utilities Community Facilities District” dated March 12, 2018 allowing for AJWD to have water delivered to and treated by the City of Mesa at its Val Vista Water Treatment Plant for use by AJWD customers within its service area.
- 2.4 AJWD seeks to recover long-term storage credits and have SRP deliver the recovered water to the City of Mesa Val Vista Water Treatment Plant for treatment, or other delivery points as mutually agreed to by AJWD and SRP.
- 2.5 SRP agrees to allow AJWD to obtain recovery well permits on certain SRP production wells, lease such production wells to recover its long-term storage credits, and transport water recovered under its recovery well permits to the City of Mesa Val Vista Water Treatment Plant, or other delivery points as mutually agreed to by AJWD and SRP, in accordance with the terms provided in this Agreement.

3. AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

4. INCORPORATION OF RECITALS:

The recitals listed above are hereby incorporated into and expressly made part of this Agreement.

5. DEFINITIONS:

- 5.1 ADWR: The Arizona Department of Water Resources.
- 5.2 Annual Administration Fee: The Annual Administration Fee that AJWD shall pay to SRP for administration and water accounting related to the well lease and water transportation services provided under this Agreement as provided in Subparagraph 15.3.
- 5.3 Annual Usage Fee: The Annual Usage Fee AJWD pays SRP for the use of the infrastructure provided under this Agreement, more specifically described in Subparagraph 15.4
- 5.4 AJWD: Apache Junction Water Utilities Community Facilities District, an Arizona community facilities district, doing business as Apache Junction Water District.

- 5.5 AJWD Long-Term Storage Credits (AJWD LTSCs): Long-term storage credits (“LTSCs”), as described in A.R.S. § 45-852.01, that are or will be recorded in the AJWD LTSC Account with ADWR. AJWD LTSCs may be or may have been earned by (1) AJWD by storing AJWD water supplies under a permit issued pursuant to A.R.S. § 45-831.01 within the exterior boundaries of the Salt River Reservoir District or (2) by acquiring LTSCs from another entity that previously stored water supplies under a permit issued pursuant to A.R.S. § 45-831.01 within the Salt River Reservoir District. The legal character of the AJWD water supplies stored under a permit issued pursuant to A.R.S. § 45-831.01 or acquired from another entity that previously stored water supplies under a permit issued pursuant to A.R.S. § 45-831.01 shall not be Salt River Reclamation Project water supplies.
- 5.6 AJWD LTSC Account: Account created by ADWR under A.R.S. § 45-852.01 that contains AJWD LTSCs.
- 5.7 AJWD Recovered Water: Underground water withdrawn from SRP Recovery Wells under Subparagraph 9 of this Agreement and in accordance with A.R.S. § 45-834.01. The legal nature of such water will be LTSCs owned by AJWD created from the storage of water, other than Salt River Reclamation Project water supplies, within the SRRD (“Apache Junction Water District LTSCs”). Such AJWD LTSCs may have been originally stored by another entity but must be transferred to the AJWD LTSC Account prior to being recovered under Paragraph 9.
- 5.8 AJWD Recovery Well Permit: A Permit that AJWD obtains from ADWR under A.R.S. § 45-834.01 to recover AJWD LTSCs under this Agreement including any renewal or modifications.
- 5.9 Association Water Delivery System: The system of infrastructure operated and maintained by the Association to deliver water to its shareholders including Association Canals, Association Laterals, drain ditches, gates and measuring devices.
- 5.10 Authorized Representatives: Those representatives of the Parties appointed to administer the provisions of this Agreement under Paragraph 8.
- 5.11 CPI Index: The Consumer Price Index for All Urban Consumers published by the United States Bureau of Labor Statistics as referenced in Subparagraph 15.5.
- 5.12 Effective Date: The date this Agreement becomes effective as provided in Subparagraph 7.1.

- 5.13 Long-Term Storage Credits ("LTSC"): Water stored that meets the requirements of A.R.S. § 45-852.01 and that has been credited to a long-term storage account with the ADWR.
- 5.14 Lost and Unaccounted Water Percentage: The percentage of total system losses for the Association Water Delivery System as reported annually to ADWR under the applicable management plan adopted by the director of ADWR under A.R.S. § 45-561 *et seq.*
- 5.15 Point(s) Of Delivery: The points designated in Exhibit 5.15, attached hereto, at which SRP delivers AJWD Recovered Water under Paragraph 10. Points of Delivery may be added or deleted upon mutual written agreement of the Authorized Representatives. SRP shall revise Exhibit 5.15 accordingly when such Points of Delivery are initially determined and when subsequently added or subtracted.
- 5.16 Point(s) Of Receipt: The points designated in Exhibit 5.16, attached hereto, where AJWD LTSCs are recovered by withdrawing AJWD Recovered Water for transportation through the Association Water Delivery System. Points of Receipt may be added or deleted upon mutual written agreement of the Authorized Representatives. SRP shall revise Exhibit 5.16 accordingly if such Points of Receipt are added or subtracted.
- 5.17 Recovery Well Lease Fee: Fee AJWD pays to SRP to lease SRP Recovery Wells under Paragraph 9 as provided in Subparagraph 15.1.
- 5.18 Salt River Reservoir District: The Salt River Reservoir District, as defined by the Article of Incorporation of the Salt River Valley Water Users' Association.
- 5.19 SRP Recovery Wells: SRP wells leased to AJWD to recover AJWD LTSCs under A.R.S. § 45-834.01. The SRP Recovery Wells that are eligible for lease by AJWD are listed in Exhibit 5.19 and may be modified from time to time to add or delete wells by mutual written agreement of the Authorized Representatives.
- 5.20 Water Transportation Fee: Fee AJWD pays to SRP for transportation of AJWD Recovered Water under Paragraph 10 from the Points of Receipt to the Points of Delivery as provided in Subparagraph 15.2.

6. SCOPE OF SERVICE:

This Agreement is limited to: (1) the lease of SRP Recovery Wells under Paragraph 9 for (2) use by AJWD when AJWD requests delivery of AJWD LTSCs by withdrawing AJWD Recovered Water from SRP Recovery Wells, and (3) the transportation of the AJWD

Recovered Water from the Points of Receipt to the Points of Delivery through the Association Water Delivery System under Paragraph 10.

7. EFFECTIVE DATE AND TERM:

7.1 This Agreement shall become effective upon execution by the Parties (“Effective Date”) and shall remain effective until terminated under Subparagraph 7.2.

7.2 This Agreement shall terminate upon the earlier of the following:

7.2.1 This Agreement shall terminate at 11:59 p.m. on the date five (5) years after the Effective Date;

7.2.2 AJWD may terminate this Agreement with ninety (90) days written notice to SRP;

7.2.3 The Parties shall terminate this Agreement as provided in Subparagraph 12.3;

7.2.4 SRP may terminate this Agreement as provided in Subparagraph 16.5; and

7.2.5 SRP may terminate this Agreement as provided in Paragraph 24.

8. AUTHORIZED REPRESENTATIVES:

8.1 Within thirty (30) calendar days after execution of this Agreement, each Party shall designate in writing to the other Party, an Authorized Representative and an alternate to administer this Agreement on behalf of the designating Party. Written notice of a change of an Authorized Representative or alternate shall be provided within thirty (30) calendar days of such change. The alternate shall act only in the absence of the Authorized Representative. Neither the Authorized Representatives nor the alternates shall have authority to amend, modify, or supplement this Agreement. Agreements of the Authorized Representatives pursuant to this Agreement shall be in writing and signed by them.

8.2 In addition to any other responsibilities assigned to the Authorized Representatives in this Agreement, the Authorized Representatives, by mutual written agreement:

8.2.1 May locate, add, or delete Points of Delivery as authorized under Subparagraphs 5.15 and 10.3 and Points of Receipt under Subparagraph 5.16;

- 8.2.2 May add or delete SRP Recovery Wells under Subparagraph 5.19;
- 8.2.3 Shall perform the water reporting requirements under Subparagraph 14.2;
- 8.2.4 Shall agree on a replacement index as provided in Subparagraph 5.12;
- 8.2.5 Shall agree in writing on the appropriate measurement procedures for the addition of new Points of Delivery under Subparagraph 19.2;
- 8.2.6 Shall perform the responsibilities regarding dispute resolution as authorized under Paragraph 20; and
- 8.2.7 Shall perform the responsibilities regarding audit procedures as authorized in Paragraph 21.

9. LEASE OF SRP WELLS TO RECOVER AJWD LTSCS:

- 9.1 SRP shall lease capacity in SRP Recovery Wells to AJWD for the purpose of recovering AJWD LTSCs by withdrawing AJWD Recovered Water for transportation to Points of Delivery under Paragraph 10.
- 9.2 The recovery of AJWD LTSCs under this Paragraph 9 shall be limited as follows:
 - 9.2.1 Unless otherwise agreed to in writing by the Authorized Representatives, the maximum quantity of AJWD Recovered Water that AJWD may recover from SRP Recovery Wells for transportation to the Points of Delivery shall not exceed one hundred and twenty (120) acre-feet in any one (1) calendar year.
 - 9.2.2 AJWD agrees that it may only recover AJWD LTSCs that (1) have been created and credited to its AJWD LTSC Account, and (2) have been created through water stored within the Salt River Reservoir District. AJWD is solely responsible for ensuring enough AJWD LTSCs are available in the AJWD LTSC Account for recovery pursuant to this Agreement. SRP has no obligation to lease SRP Recovery Wells to AJWD to recover any LTSCs that have not been credited to the AJWD LTSC Account or that have not been created through the storage of water within the Salt River Reservoir District.

10. TRANSPORTATION OF AJWD RECOVERED WATER THROUGH THE ASSOCIATION WATER DELIVERY SYSTEM; TRANSPORTATION LOSSES:

- 10.1 SRP shall transport AJWD Recovered Water from the Points of Receipt through the Association Water Delivery System to the Points of Delivery as provided in this Agreement.
- 10.2 AJWD Recovered Water transported under this Agreement through the Association Water Delivery System shall be subject to transportation losses computed as the average distance transported through the Association Water Delivery System at a rate of 0.07% per acre-foot per mile (through March 31, 2020) from the Points of Receipt to the Points of Delivery. Such rate shall be adjusted annually in April based on the three (3) year average Lost and Unaccounted Water Percentage during the preceding three (3) calendar years. Such adjusted rate shall become effective in April and shall remain in effect until next adjusted.
- 10.3 The Parties acknowledge and agree that the primary Point of Delivery, as described in Exhibit 5.15, shall be the Val Vista Water Treatment Plant located adjacent to SRP's South Canal at 3200 E. McDowell Road, Mesa, Arizona, 85213. Upon mutual written agreement by the Authorized Representatives, the Parties may add additional Points of Delivery, change existing Points of Delivery, or remove existing Points of Delivery. In the event the Parties add, change, or remove Points of Delivery under this Subparagraph 10.3, the Authorized Representatives shall agree in writing on appropriate measurement, reporting, and accounting procedures for the additional Points of Delivery as provided in Subparagraph 19.2.

11. PRIORITY OF SERVICE:

- 11.1 AJWD LTSCs recovered by withdrawing AJWD Recovered Water through SRP Recovery Wells and transporting the AJWD Recovered Water from the Points of Delivery to the Points of Receipt through the Association Water Delivery System is permitted only to the extent that such withdrawal and transportation does not impair nor prejudice the diversion, transportation, and delivery of water (1) to Association shareholders, (2) pursuant to existing decrees and existing contracts between SRP and any third party, or (3) pursuant to any Indian water rights settlements (as provided in the settlements).

- 11.2 AJWD Recovered Water shall be withdrawn and transported, as among all contractors for such service from SRP, according to the capacity of the Association Water Delivery System as determined by SRP.
- 11.3 SRP shall retain sole responsibility and authority for decisions relating to the operation and maintenance practices of the SRP Recovery Wells and the Association Water Delivery System, including maintenance scheduling and the selection of periods when maintenance will be done. Such periods may include suspension or reductions in the capability of SRP to recover AJWD LTSCs and transport AJWD in the Association Water Delivery System or evacuation of the AJWD Recovered Water from the Association Water Delivery System due to emergencies, canal dry-up, excessive storm water inflow, or because SRP determines that significant degradation of water quality in the Association Water Delivery System is occurring or may occur as a result of introduction of AJWD Recovered Water, and other operational or maintenance related constraints.
- 11.4 SRP shall have the sole discretion to determine whether circumstances exist for the suspension or reduction of delivery of AJWD Recovered Water through or evacuation of AJWD Recovered Water from the Association Water Delivery System under Subparagraphs 11.1, 11.2, and 11.3 and SRP shall assume no liability to AJWD for such suspensions, reductions, or evacuations. SRP has no obligation to replace any portion of any AJWD Recovered Water evacuated from the Association Water Delivery System. In no event shall SRP, their governing bodies, officers, employees, or agents be liable to AJWD for any cost or damage AJWD may incur as the result of the suspension, reduction, or evacuation of water provided or transported by SRP pursuant to this Agreement. In the event of such suspension, reduction, or evacuation, SRP shall provide AJWD with reasonable notice of such pending suspension or reduction.

12. PERMITS:

- 12.1 AJWD shall be responsible for obtaining any permits required, including the AJWD Recovery Well permit under A.R.S. § 45-834.01 for the SRP Recovery Wells listed in Exhibit 5.15 to recover AJWD LTSCs by withdrawing AJWD Recovered Water under Paragraph 9 and transporting it through the Association Water Delivery System to the Points of Delivery under Paragraph 10.
- 12.2 SRP shall assist AJWD with obtaining the required permits as provided in Subparagraph 12.1, including, but not limited to, providing any consent necessary under A.R.S. § 45-834.01 to allow recovery of AJWD LTSCs within the Salt River Reservoir District and any documentation, in addition to this

Agreement, necessary under A.R.S. § 45-834.01 to establish that AJWD has the right to use SRP Recovery Wells for the purpose of recovering AJWD LTSCs. AJWD shall notify SRP when it obtains the AJWD Recovery Well permit under A.R.S. § 45-834.01.

- 12.3 This Agreement shall terminate in the event that ADWR, through a final non-appealable order, denies AJWD the necessary permits to recover AJWDLTSCs by withdrawing AJWD Recovered Water and transporting it to the Points of Delivery under this Agreement. Denial of any necessary permit shall not result in liability of either Party to the other.

13. NOTICE OF WATER DELIVERIES:

Except for calendar year 2019, on or before October 1 of each year, or the next business day thereafter, AJWD shall notify SRP of its proposed monthly water delivery schedule for the following calendar year. For calendar year 2019, AJWD shall notify SRP of its proposed monthly water delivery schedule as soon as practicable following the Effective Date. SRP and AJWD may consult and agree to revise the monthly water delivery schedule as necessary.

14. WATER ACCOUNTING AND REPORTING:

- 14.1 The Parties shall account for the AJWDLTSCs recovered, and AJWD Recovered Water transported under this Agreement as provided in this Paragraph 14 and shall report to ADWR as required under Arizona law and ADWR policies, rules and regulations.
- 14.2 Unless otherwise provided by mutual written agreement of the Authorized Representatives, AJWD shall report the quantity of AJWD Recovered Water as measured at the City of Mesa delivery point to AJWD. Such report shall include any water losses charged by the City of Mesa for treatment and delivery of AJWD Recovered Water to AJWD. SRP shall report to AJWD the amount of AJWDLTSCs recovered through withdrawal of AJWD Recovered Water from SRP Recovery Wells and transported to the Points of Delivery, which shall include the calculated transportation losses under Subparagraph 10.2. Such amount reported by SRP to AJWD shall also represent the amount of AJWD Recovered Water withdrawn through the SRP Recovery Wells.

15. FEES AND CHARGES:

- 15.1 Recovery Well Lease Fee: AJWD shall pay to SRP a Recovery Well Lease Fee of one hundred and fifty-five dollars and 71-cents (\$155.71) for each acre-foot or fractional acre-foot (2019 fee) of AJWD LTSCs requested by AJWD for recovery by SRP under Paragraph 9.
- 15.2 Water Transportation Fee: AJWD shall pay to SRP a Water Transportation Fee of thirty-seven dollars and fifty cents (\$37.50) for each acre-foot or fractional acre-foot (2019 fee) of AJWD Recovered Water transported by SRP from the Points of Receipt to the Point of Delivery under Paragraph 10.
- 15.3 Annual Administrative Fee: AJWD shall pay annually to SRP an Annual Administrative Fee of one thousand dollars (\$1,000) for the administration and water accounting related to the well lease and water transportation services provided under this Agreement (2019 fee). The Annual Administrative Fee shall cover the first Point of Delivery and the first three Points of Receipt listed on Exhibits 5.15 and 5.16, respectively. For each additional Point of Delivery or Point of Receipt added under Subparagraphs 5.15 and 5.16, the Annual Administrative Fee shall be increased by five hundred and eighty-three dollars and five cents (\$583.05) (2019 fee). The Annual Administrative Fee shall be prorated for partial years of service resulting from permanent termination of service under Subparagraph 7.2.
- 15.4 Annual Usage Fee: Beginning in the first year AJWD requests service under this Agreement, AJWDs shall also pay to SRP an Annual Usage Fee of one thousand dollars (\$1,000) each year AJWD requests service under this Agreement (2019 fee).
- 15.5 Beginning January 1, 2020, and at each January 1 thereafter, the Recovery Well Lease Fee, Water Transportation Fee, Annual Administrative Fee, and Annual Usage Fee described in Subparagraphs 15.1, 15.2, 15.3, and 15.4 fee shall be adjusted upward annually by the greater of (a) three (3) percent, or (b) the percent change (calculated to the nearest one-hundredth percent) in the CPI Index measured from third (3rd) quarter to third (3rd) quarter. For purposes of the initial annual adjustment, the CPI Index shall be calculated using the third quarter of 2018 as the base. If the CPI Index is no longer in use, the Authorized Representatives shall agree on a replacement index.

- 15.6 On January 1, 2022, the Recovery Well Lease Fee, Water Transportation Fee, Annual Administrative Fee, and Annual Usage Fee described in Subparagraphs 15.1, 15.2, 15.3, and 15.4 shall be subject to revision based on an analysis of the costs incurred by SRP to operate, maintain, and replace the infrastructure associated with such fees. SRP shall meet and confer with AJWD to explain any proposed increases to the Recovery Well Lease Fee, Water Transportation Fee, Annual Administrative Fee, and Annual Usage Fee prior to revising such fees.
- 15.7 Other Fees. In addition to the fees set forth in this Paragraph 15, AJWD shall be responsible to pay all recovery well permit fees, long-term storage credit recovery fees collected under A.R.S. § 45-874.01, and any other fees associated with the recovery of the AJWDLTSCs and transportation of AJWD Recovered Water under this Agreement to ADWR or any other governmental entity. SRP shall not be responsible for paying any fees associated with the recovery of AJWDLTSCs and transportation of AJWD Recovered Water pursuant to this Agreement to ADWR or any other governmental entity.

16. BILLING AND PAYMENT:

- 16.1 Bills for services that SRP provides to AJWD shall be submitted by SRP to AJWD on or before the twenty-fifth (25th) day of each month (or if such a day is not a business day, on the next succeeding business day) for fees and charges incurred by AJWD as described in Paragraph 15 for the previous month. Such bills may include adjustments or corrections to bills previously submitted by SRP to AJWD.
- 16.2 Payment by AJWD to SRP shall be made in good funds on or before the thirtieth (30th) calendar day following the date on which the bill was postmarked or if such day is not a business day, on the next succeeding business day.
- 16.3 Bills not paid by the due date shall be delinquent and thereafter accrue an interest charge equal to one percent (1%) per month. Any payment received shall first be applied to any interest owed, then to charges for services rendered.
- 16.4 In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, AJWD shall be refunded any overpayment plus interest, accrued at the rate set forth in Subparagraph 16.3, prorated by days from the date payment was credited to AJWD to the date the refund check is mailed.
- 16.5 In the event any delinquent amount is not paid by AJWD within thirty (30) days after receipt by AJWD of written notice by SRP to AJWD of the delinquency and

the remedies available to SRP under this Agreement if the delinquent amount is not paid, SRP shall have the right, without liability of any kind, to refuse to recover AJWDLTSCs under Paragraph 9 and transport AJWD Recovered Water under Paragraph 10 so long as the said amount remains unpaid and SRP may terminate this Agreement in accordance with Subparagraph 7.2.4. Nothing herein shall limit the rights of SRP to use any other available legal remedy to effect collection of said amounts.

17. DISTRIBUTION:

SRP's obligations and responsibilities to AJWD under this Agreement shall commence at the Points of Receipt and shall terminate at the Points of Delivery. AJWD shall be responsible and assume full liability for the further distribution of AJWD Recovered Water received at the Points of Delivery, including, but not limited to, all operation and maintenance costs for delivery to AJWD's end users.

18. WATER QUALITY AND INDEMNIFICATION:

- 18.1 SRP neither guarantees nor warrants the quality of water withdrawn and transported through the Association Water Delivery System to AJWD under this Agreement. AJWD assumes all responsibility for any purification or treatment necessary for the use of such water, and hereby releases SRP from any and all liability for claims related to water quality arising out of services provided under this Agreement.
- 18.2 Nothing in this Agreement shall be construed so as to require that SRP receive or transport water from any source when SRP determines that such receipt or transportation is likely to result in the degradation of water in the SRP water delivery system with which is it commingled or when such transportation or delivery constitutes or is likely to constitute a violation of existing local, state, or federal laws or regulations regarding water quality.
- 18.3 AJWD shall hold harmless, indemnify, and defend SRP and any and all of its officers, officials, agents, and employees from and against any and all claims, demands, fines, penalties, losses, expenses, damages, obligations, liabilities, suits, actions, causes of action, proceedings, assessment, judgments and costs of any kind and nature (including attorney's fees) for injury to or death of any person, and for damage, destruction, or loss, consequential or otherwise, to any property, real or personal, resulting or arising from the transport and delivery of water under this Agreement.

19. WATER MEASUREMENT:

- 19.1 The City of Mesa shall be responsible for measuring the amount of treated AJWD Recovered Water delivered to AJWD, including water treatment losses, if any. Such measurements are subject to current SRP policies and procedures regarding measurement of water under separate agreements with the City of Mesa. The amount measured by the City of Mesa (including water treatment losses) shall be deemed to be the amount of AJWD Recovered Water delivered to the Points of Delivery by SRP.
- 19.2 In the event the Parties add, change, or remove point(s) of delivery under Subparagraph 5.15, the Authorized Representatives shall agree in writing on appropriate measurement procedures, provided, however that such measurement procedures shall be consistent with SRP policies and procedures regarding gate measurement of water.

20. DISPUTE RESOLUTION; CHOICE OF LAW:

- 20.1 Any dispute under this Agreement shall first be submitted to the Authorized Representatives for resolution. If the matter cannot be resolved by the Authorized Representatives, any Party may submit the matter to the SRP General Manager and the Director of AJWD. If the matter cannot be resolved by the SRP General Manager and the Director of AJWD, any Party may bring suit upon the matter, provided however, that it is expressly agreed that the venue shall only be in Maricopa County Superior Court or its successor court.
- 20.2 This Agreement shall be governed and construed in accordance with the laws of the State of Arizona and any applicable federal law.
- 20.3 In the event of any future dispute or action arising under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein, including expert witness fees.
- 20.4 Pending the resolution of a dispute, the Parties shall proceed, to the extent legally permissible, in a manner consistent with this Agreement, and shall make payments required in accordance with the applicable provisions of this Agreement. Amounts paid by a Party under Subparagraph 16.4 during the pendency of such dispute shall be subject to refund and adjustment upon a final resolution of any dispute involving an amount due. Upon such final resolution, the owed amounts shall be remitted in accordance with the remittance procedures/arrangements contained in Paragraph 16.

21. AUDIT:

- 21.1 Upon reasonable written notice, either Party at its expense shall have the right, at all reasonable times, to review and audit the books, records and documents of the other Party pertaining to the billings and water accounting data required to administer this Agreement. Any such audit may be conducted by an employee of or independent accountant designated by the auditing Party. The Party being audited agrees to fully cooperate with any such audit. This right to audit shall extend for a period of three (3) years following the date of each payment under this Agreement. The Parties agree to retain all necessary records and documentation during this audit period. The foregoing shall not be construed to permit either Party to conduct a general audit of the other Party's records. Information obtained by either Party's representatives in examining the other Party's applicable records to verify such billings and water accounting data shall not be disclosed to third parties without prior written consent of the audited Party, or unless in response to compulsory judicial or regulatory process or state law and after giving the other Party written notice as much in advance as possible.
- 21.2 The audited Party's Authorized Representative shall be notified in writing of any exception taken as a result of an audit and shall respond to such notification within thirty (30) calendar days. Upon resolution of any exception as to payment of any monies due, the owing Party shall directly remit the amount of any exception to the other Party within thirty (30) calendar days, with interest calculated at the rate set forth in Subparagraph 16.3. Interest shall be computed from the date of the original billing to the date of payment by the Party owing as a result of the audit performed in accordance with Paragraph 16.

22. UNCONTROLLABLE FORCES:

No Party shall be considered to be in default in the performance of any of its obligations hereunder when a failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party seeking relief from an obligation hereunder including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning or other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, labor or material shortage, sabotage, terrorism, or government priorities and restraint by court order or public authority.

23. WATER RIGHTS:

This Agreement shall not be construed to create, transfer, forfeit, abandon or otherwise affect water rights.

24. RECLAMATION REFORM ACT:

In no event shall actions taken under this Agreement subject the Association or its shareholders to provisions of the Reclamation Reform Act of 1982 ("Reclamation Reform Act" Pub. Law 97-293), 43 U.S.C. 390, as amended, and regulations attendant thereto, to which Association would not otherwise have been subjected. In the event a federal agency or other administrative or judicial entity subjects or purports to subject Association to the Reclamation Reform Act as a result of actions taken under this Agreement, Association shall be relieved of any further obligations hereunder, and this Agreement shall terminate at Association's discretion.

25. ASSOCIATION ARTICLES OF INCORPORATION AND BYLAWS:

This Agreement shall be governed by and subject to the Association's Articles of Incorporation, Bylaws, and rules and regulations.

26. NOTICES:

Any notice, demand or request provided for in this Agreement shall be in writing and delivered in person, or sent by registered or certified mail, postage prepaid, to:

Salt River Project

Salt River Project
c/o Corporate Secretary
P.O. Box 52025
Phoenix, AZ 85072-2025

Reference: Apache Junction Water District/SRP Well Lease, Credit Recovery, and Water Transportation Agreement

(With a copy to SRP's Authorized Representative.)

Apache Junction Water District

Attention: District Manager
Apache Junction Water District
POB 4768
Apache Junction, AZ 85178-0014

Reference: Apache Junction Water District/SRP Well Lease, Credit Recovery, and
Water Transportation Agreement

(With a copy to Apache Junction Water District Authorized Representative and
the Apache Junction Water District Attorney, 300 E Superstition Blvd., Apache
Junction, AZ 85119)

27. SEVERABILITY:

Should any part of this Agreement be declared, in a final decision by a court or tribunal of competent jurisdiction, to be unconstitutional, invalid, or beyond the authority of either Party to enter into or carry out, such decision shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect, provided that the remainder of this Agreement, absent the excised portion, can be reasonably interpreted to give effect to the intentions of the Parties.

28. WAIVER:

The waiver by either Party of any breach of any term, covenant or condition herein shall not be deemed a waiver of any other term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein.

29. TRANSFER OF INTEREST AND BINDING EFFECT:

All of the provisions of this Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective heirs, legal representatives, successors and permitted assigns; provided, however, that neither Party shall assign its rights and obligations under this Agreement to another entity without the written consent of the other Party. Such consent to assignment shall not, however, be unreasonably withheld, conditioned, or delayed.

30. NO THIRD PARTY BENEFICIARIES:

This Agreement is solely for the benefit of the Parties, and does not create nor shall it be construed to create rights in any third party. No third party may enforce the terms and conditions of this Agreement.

31. NO PARTNERSHIP AND NO JOINT VENTURE:

Nothing contained in this Agreement shall be construed as creating a partnership or joint venture between the Parties hereto. The covenants, obligations, and liabilities contained in this Agreement are intended to be several and not joint or collective, and nothing contained herein shall be construed to create an association, joint venture, agency, trust, or partnership, or to impose a trust or partnership covenant, obligation, fiduciary duty, or liability between the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided herein.

32. AUTHORITY:

The undersigned representative of each Party certifies that it is fully authorized by the Party whom it represents to enter into the terms and conditions of this Agreement and to legally bind the Party to it.

33. ENTIRE AGREEMENT; MODIFICATION:

The terms, covenants and conditions of this Agreement constitute the entire Agreement between the Parties, and no understandings or obligations not herein expressly set forth shall be binding upon them. This Agreement may not be modified or amended in any manner unless in writing and signed by the Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[signatures on the following pages]

IN WITNESS WHEREOF, this Agreement was executed by the Parties on the date first hereinabove written.

**SALT RIVER VALLEY WATER USERS'
ASSOCIATION**

By: _____

Name: David C. Roberts

Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Patrick B. Sigl

Title: Supervising Attorney, Land & Water
Rights

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____

Name: David C. Roberts

Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Patrick B. Sigl

Title: Supervising Attorney, Land & Water
Rights

**APACHE JUNCTION WATER UTILITIES
COMMUNITY FACILITIES DISTRICT**

By: _____

Name: Frank Blanco

Title: Water District Director

APPROVED AS TO FORM

By: _____

Name: R.J. Stern

Title: Water District Attorney

WELL LEASE, CREDIT RECOVERY, AND WATER TRANSPORTATION AGREEMENT
AMONG
APACHE JUNCTION WATER UTILITIES COMMUNITY FACILITIES DISTRICT,
SALT RIVER VALLEY WATER USERS' ASSOCIATION,
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

EXHIBIT 5.15

Points of Delivery

<u>Name</u>	<u>Location</u>
Val Vista Treatment Plant	3200 E. McDowell Rd.

WELL LEASE, CREDIT RECOVERY, AND WATER TRANSPORTATION AGREEMENT
AMONG
APACHE JUNCTION WATER UTILITIES COMMUNITY FACILITIES DISTRICT,
SALT RIVER VALLEY WATER USERS' ASSOCIATION,
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

EXHIBIT 5.16

Points of Receipt

Note that the Points of Receipt are the same as the SRP Recovery Wells listed in Exhibit 5.19:

	<u>(SRP Coordinates)</u>	<u>Well Registration</u>
1)	32.3E-07.0N	55-585036
2)	31.8E-06.5N	55-617871
3)	31.5E-06.4N	55-594975

**WELL LEASE, CREDIT RECOVERY, AND WATER TRANSPORTATION AGREEMENT
AMONG
APACHE JUNCTION WATER UTILITIES COMMUNITY FACILITIES DISTRICT,
SALT RIVER VALLEY WATER USERS' ASSOCIATION,
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

EXHIBIT 5.19

SRP Recovery Wells

SRP Recovery Wells:

	<u>(SRP Coordinates)</u>	<u>Well Registration</u>
1)	32.3E-07.0N	55-585036
2)	31.8E-06.5N	55-617871
3)	31.5E-06.4N	55-594975