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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- KRISTIN K. MAYES, Chairman
- GARY PIERCE
- PAUL NEWMAN
- SANDRA D. KENNEDY
- BOB STUMP

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AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ) Docket No. SW-20494A-06-0769  
 GLOBAL WATER – PICACHO COVE UTILITIES )  
 COMPANY FOR A CERTIFICATE OF )  
 CONVENIENCE AND NECESSITY. )

IN THE MATTER OF THE APPLICATION ) Docket No. W-20495A-06-0769  
 GLOBAL WATER – PICACHO COVE WATER )  
 COMPANY FOR A CERTIFICATE OF ) **MOTION FOR EXTENSION**  
 CONVENIENCE AND NECESSITY. ) **OF TIME**

Global Water - Picacho Cove Utilities Company ("Picacho Utilities") and Global Water - Picacho Cove Water Company ("Picacho Water")(collectively "Picacho") respectfully request an extension of time for various deadlines due on April 24, 2010 under in Decision No. 70312 (April 24, 2008). That Decision requires Picacho to file copies of:

- (1) Picacho Utilities' "General Permits for the collection system for Phase 1 of the initial phase of the Picacho Citrus and Langley Picacho Views developments";
- (2) Picacho Utilities' Aquifer Protection Permit;
- (3) Picacho Water's Approval to Construct for Phase 1 of the initial phase of the Picacho Citrus and Langley Picacho Views developments;
- (4) Picacho Water's (a) Approval to Construct for an arsenic treatment system, or (b) ADEQ-approved blending plan; and
- (5) Picacho Water's Designation of Assured Water Supply ("DAWS").

Arizona Corporation Commission

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APR 23 2010

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1 These items are all due on April 24, 2010. Picacho requests that the due dates for these items be  
2 extended until October 30, 2012. This 2.5 year extension is similar in length to the extension  
3 granted to Picacho's sister company in Decision No. 71430 (December 8, 2009).

4 Picacho requests the extension of time due to the economic downturn and the well-  
5 publicized decline in housing construction in Arizona. Expending resources to obtain items (1)  
6 through (5) above is not prudent at this time because Picacho's facilities for this area will not be  
7 needed until the housing market in Pinal County recovers.

8 Although the current economic situation has pushed back the need for Picacho's facilities,  
9 Picacho has continued to work on regional planning and other activities. For example, Picacho  
10 continues to plan for the use of recycled water by commercial and residential customers – a key  
11 goal of the Arizona Blue Ribbon Panel on Sustainability.

12 Picacho is also pursuing regional planning activities. Decision No. 703012 noted that the  
13 City of Eloy had filed a letter of objection to Picacho's CC&N request, and that Picacho and Eloy  
14 subsequently entered into discussions regarding a Memorandum of Understanding  
15 ("MOU")(Decision No. 70312 at 6-7). After the Decision was issued, the City of Eloy and  
16 Picacho's ultimate parent, Global Water Resources, LLC ("Global Parent") agreed to an MOU.  
17 The MOU between Eloy and Global Parent includes provisions regarding regional planning, water  
18 resources management, and economic development. A copy of the MOU is attached as Exhibit A.  
19 This MOU is similar to the MOUs entered into by Global Parent and the Cities of Maricopa and  
20 Casa Grande. A copy of the Global Parent / Eloy MOU was also filed with the Commission in  
21 August 2009 in Docket Nos. SW-20494A-09-0016 and W-20495A-09-0016.

22 In addition, under the MOU, the City of Eloy granted Picacho a planning area that includes  
23 the CC&N area approved in this docket, as well as additional areas. Global Parent and Picacho  
24 have continued to pursue projects in the planning area. This includes a planned regional  
25 transportation hub. Picacho currently estimates that the transportation hub will develop before the  
26 residential areas approved in this docket. The Commission granted Picacho a CC&N extension for  
27 the regional transportation hub in Decision No. 71238 (August 6, 2009).

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1           Moreover, ADWR has been subjected to dramatic budget cuts. Thus, it would be  
2 inappropriate to proceed with the DAWS (and thus add to ADWR's workload) when the DAWS is  
3 not necessary at this time.

4           Accordingly, Picacho requests that the Commission grant an extension of the due dates for  
5 items (1) through (5) above, until October 30, 2012.

6                               RESPECTFULLY SUBMITTED this 23<sup>rd</sup> day of April 2010.

7   ROSHKA DEWULF & PATTEN, PLC

8  
9  
10   By   
11   Michael W. Patten  
12   Timothy J. Sabo  
13   One Arizona Center  
14   400 East Van Buren Street, Suite 800  
15   Phoenix, Arizona 85004

16           Original + 15 copies of the foregoing  
17 filed this 23<sup>rd</sup> day of April 2010 with:

18           Docket Control  
19           ARIZONA CORPORATION COMMISSION  
20           1200 West Washington  
21           Phoenix, Arizona 85007

22           Copies of the foregoing hand-delivered/mailed  
23 this 23<sup>rd</sup> day of April 2010 with:

24           Lyn A. Farmer, Esq.  
25           Chief Administrative Law Judge  
26           Hearing Division  
27           Arizona Corporation Commission  
          1200 West Washington  
          Phoenix, Arizona 85007

          Janice Alward, Esq.  
          Chief Counsel, Legal Division  
          Arizona Corporation Commission  
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By Mary Appolitz

# EXHIBIT

"A"

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into as of August 25, 2008 between Global Water Resources, LLC, a Delaware limited liability company ("Global"), and the City of Eloy, a municipal corporation ("City").

### RECITALS

WHEREAS, the Utility Companies (as defined below) will be engaged in the business of providing water, wastewater and reclaimed water infrastructure services;

WHEREAS, Global is the owner of Global Water-Picacho Cove Water Company ("PCWC") and Global Water-Picacho Cove Utilities Company ("PCUC") (collectively "Utility Companies");

WHEREAS, PCWC and PCUC are Arizona public service corporations defined in Article 15, Section 2, of the Arizona Constitution and, as such, are regulated by the Arizona Corporation Commission ("ACC"). PCWC and PCUC have applied for Certificates of Convenience and Necessity ("CC&N") by the ACC to provide water and waste water services (collectively the "Utility Services"), respectively, in the subject area set forth in Exhibit "A" (hereinafter referred to as the "Subject Territory").

WHEREAS, Global has existing commitments in place to provide water, wastewater and reclaimed water infrastructure services to developments both within and outside the Subject Territory. These developments include projects/properties known as Picacho Cove, Citrus Ranch, and La Osa,

WHEREAS, the City intends to facilitate and manage future growth in accordance with its obligations under the Growing Smarter legislation and Growing Smarter Plus legislation

enacted into law by the Arizona Legislature;

WHEREAS, the City and Utility Companies have jointly identified certain land areas to regionally plan and permit for Utility Services, as more fully shown on the Subject Territory set forth in Exhibit A hereto;

WHEREAS, the City has identified land areas as their municipal planning area ("MPA") as future annexations, a portion of which includes the Subject Territory, and, in connection therewith, the Parties desire to work closely and cooperate with each other to assist the orderly assimilation of these areas;

WHEREAS, the City has the potential of experiencing rapid growth, and in order to facilitate and manage this potential future growth, the City wishes work with Global and its Utility Companies to establish Utility Services within the Subject Territory;

WHEREAS, the City is supportive of the Utility Companies's pending application to the ACC for the establishment of their CC&N for Utility Services in the City's Municipal Planning Area, more specifically within the Subject Territory attached as Exhibit "A", and the Parties acknowledge that the establishment/expansion of the CC&N over the Subject Territory may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Central Arizona Association of Governments ("CAAG") permits and approvals are in place and the Parties acknowledge that it will require cooperation and mutual support to achieve the necessary regulatory approvals;

WHEREAS, the Parties wish to form an Agreement which will benefit both Parties and significantly enhance and streamline the manner in which the Parties currently work together;

WHEREAS, the Parties believe such an Agreement represents a cost-effective and efficient solution to the water and wastewater challenges facing the City's current and anticipated future residents within the Subject Territory;

WHEREAS, the City seeks innovative revenue streams that maintain the City's long-term fiscal health and defray cost impacts that may occur within the Subject Territory;

WHEREAS, the City acknowledges Global's commitment to water conservation to date in other parts of the State/County, and its expressed intent to be a contributing corporate citizen in the community, and its desire to have a positive working relationship with the City;

WHEREAS, the Parties acknowledge the significant material capital expenditures and the consequent strong commitment that will be required by Global to meet the challenges created by the potential rapid growth within the Subject Territory;

WHEREAS, the Parties acknowledge the universal importance of water and wastewater services to all governmental jurisdictions, the unique challenges faced by the City in meeting the needs of the development community, and the unprecedented potential growth facing the City;

WHEREAS, the Parties acknowledge that the following terms are not intended to limit or increase the legal responsibilities of the City nor the statutory requirements of Global or its Utility Companies;

**NOW, THEREFORE,** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Coordination and Communications. Staff of the City and Global shall meet on a regularly scheduled monthly basis, and more or less often as needed by mutual consent. City representatives at these meetings shall normally be the City Manager, the Public Works Director, and the Community Development Director, and/or their designees. Global's representatives at these meeting shall normally be the Regional General Manager, or their designees. Other meetings with other representatives may be arranged as needed.

2. Annual Report to the City of Eloy. Global shall submit an Annual Report to the Mayor and City Council. This Annual Report shall normally be submitted by April 1st each year, unless the Parties agree on a different date. The report shall include: Annual revenues and expenditures, total number of water and wastewater customers, customers added this past year, number of customers anticipated to be connected next year, water and wastewater facilities completed in preceding year, planned projects for the next year(s), and a copy of the annual report to the ACC. Global shall provide free of charge to the City copies of any annual reports Global provides to ADEQ and/or ADWR.

3. Proposed Rate and/or Fee Adjustments. Global shall submit proposed rate and/or fee adjustments of the Utility Companies to the Mayor and City Council for review and comment prior to submission to the ACC.

4. Franchise or Operating/License Agreement and Fees. Global shall pursue in good faith the necessary franchise agreement for the Utility Companies from Pinal County and operating/license agreement with the City for the Subject Territory. For areas annexed into the City, and if required by the City, the City will promptly replace the Pinal County franchise agreement with a franchise agreement issued by the City. Subject to the earlier of (i) entry of a final order (the "ACC Order") by the Arizona Corporation Commission approving the fee provided for herein; or (ii) \_\_\_\_\_, a fee of 3% of Gross Revenues as it relates to consumptive use of water and wastewater by residential, commercial, and industrial customers within the existing incorporated limits of the City, the Subject Territories and in Utility Companies' Planning Area, subject to conditions set forth in Section 9, shall be paid by Global to the City of Eloy. If the ACC Order has not been entered by \_\_\_\_\_ following diligent efforts (which the City will in good faith support and take reasonable steps to cause other interested parties to support), then the fee of 3% provided for above shall be reduced to 2% with respect to the consumptive use of water and wastewater residential, commercial and industrial customers located outside the jurisdictional limits of the City but within the Utility Companies' Subject Territory. However, if any property located outside the the City's jurisdictional limits become a part of the City's jurisdictional limit through an annexation, the the fee shall automatically be increased from 2% to 3% for the annexed property on the date the annexation is

effective. In the event the ACC declines to enter the ACC Order, the City will then proceed with a franchise election (at Global's sole cost) seeking approval of the franchise fees provided for in this Section 4 and to grant the Utility Companies a franchise in connection therewith for a term of 25 years. The franchise election shall take place on a date to be set by the City and shall occur no later than the earlier of 18 months following the ACC declining to enter the ACC Order or \_\_\_\_\_ . Upon the request of Global, the City agrees to continue to cause franchise elections to occur (at Global's cost) on at least an annual basis seeking approval of the franchise provided for herein. All of the foregoing payments shall be made on a quarterly basis. Gross Revenues shall include base fees, consumptive fees, and industrial and commercial reclaimed water sales but shall not include revenues as they arise from hook up fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, account handling fees, or bulk service rate on the sale of construction water. The parties acknowledge that Global will seek the consent of the ACC to allow for inclusion of all fees described within this Section in the monthly consumptive billing of the utilities. The fees provided for in this Section 4 are flow through fees to PCUC and PCWC and are incremental to the rates currently set in place by the ACC; however, if the ACC does not approve these fees to be added to the monthly consumptive billings of the Utility Companies, Global shall pay the fees as an operating expense to City.

5. Financing Options. The City of Eloy and Global shall jointly explore potential financing options for Global to finance its projects within the City. If the City and Global agree to jointly finance a project, the Parties will enter into a separate agreement for each project.

6. Local Office. Global shall maintain a satellite office in downtown Eloy after all applicable regulatory approvals have been obtained. Once customer counts within the Subject Territory necessitate new accommodations, Global may terminate its lease of the satellite office and relocate the same to another facility. If the satellite office is not staffed by Global, an appropriate portion of space within the building will be offered to the Economic Development Group of Eloy (EDGE) and/or City at a lease rate of One Dollar (\$1.00) per year.

7. Conservation Efforts. The City and Global will work together in promoting community and school water conservation programs. Conservation programs may be City-wide and include passing of water and waste water conservation ordinances, distribution of educational materials and access to making presentations at City and school functions.

8. Reclaimed Water and Reclamation Projects. The parties acknowledge the City's interest in long term access to reclaimed water. The City further acknowledges Global's expertise in the field of water reuse in the region and the critical nature of reclaimed water to the Global business and regional conservation plan. Accordingly, Global agrees that the Utility Companies will use reasonable best commercial efforts to use and utilize reclaimed water in the region to the extent permissible under existing and future Arizona Department of Environmental Quality ("ADEQ") policy for all residential, commercial and industrial applications within the Subject Territory of the Utility Companies. The City and the Utility Companies will explore joint water reclamation projects for parks and school playgrounds, and will encourage the development of light commercial and industrial uses of reclaimed water. Additionally, for that water which cannot be beneficially used within the Subject Territory, the Utility Companies, at the Global's sole discretion, will either recharge or reuse that certain volume of water or make that certain volume of water available to the City for recharge or reuse. If financially feasible, as determined in the sole discretion of the City, the City will install dual plumbing in all future City owned buildings or facilities serviced by the Utility Companies such that reclaimed water can be used to flush toilets and serve other non-potablewater demands, per Global's guidelines and State and Federal law. Global shall assist the City with the cost of this dual infrastructure plumbing, and shall provide signage to announce the use of reclaimed water in all public places to assist with conservation and public education efforts.

9. Economic Development. The City and Global will explore possible joint efforts to support industrial and commercial uses in the City. The City and Global will explore co-funding of specific employment generating economic development initiatives and participate on economic development committee(s). Notwithstanding the provisions of Section 4 above Global agrees to augment the City's economic development efforts. To that end, Global shall fund a total of Three Hundred Sixty Nine Thousand Dollars (\$369,000) at a rate of Seventy

Three Thousand Eight Hundred Dollars (\$73,800) per year for a period of five years to the Economic Development Group of Eloy (EDGE) "Economic Contribution".

- a. The installments of the Economic Contribution shall be paid in increments of \$6150.00 per month commencing on the first day of the month following the full execution of this agreement and will continue for a period of 60 months.
- b. For each period of time where the value of the Economic Contribution exceeds the amount of the Franchise Fees established in Section 4 for such period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value of that period's Franchise Fees shall be credited to the City against repayment of the Economic Contribution ("Credit").
- c. Repayment for the Economic Contribution shall be made through an offset of Franchise Fees and shall commence after 60 months of Economic Contribution ("Repayment"). The value of the Franchise Fees offset will be established so that the Repayment will be made in full within ten (10) years from the termination of the Economic Contribution obligation. The amount of Repayment will be equal to the total value of the Economic Contribution less any Credit as noted in Section 9.b above.
- d. If the Repayment value for a given period exceeds the Franchise Fees due for that same period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value by which the Repayment exceeds the Franchise Fees will carryover for offset in the next period. "Carryover".
- e. If the Repayment value for a given period plus Carryover exceeds the Franchise Fees due for the applicable period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value by which the Repayment plus Carryover exceeds the Franchise Fees will carryover for offset in the next period. "Carryover".

An "Example Calculation Sheet" depicting annual payment of Franchise Fees and Economic Contribution and a repayment schedule for the cumulative Economic Contribution is included as Exhibit "B".

10. Land Use Planning and Water/Wastewater Planning. Global shall prepare an annual "Plan for Growth" for the City of Eloy's municipal planning area. The City staff shall provide input and comments on changing land use and density patterns to assist Global in this planning effort. Global shall submit its annual "Plan for Growth" report to the Mayor and City Council by April 1st, unless the Parties agree to a different date.

11. Fee Effective January 1, 2009 Global shall pay a voluntary fee totaling One Hundred Dollars (\$100.00) for each residential home connecting to the Utility Companies' water and wastewater system within the Subject Territory. The fee will assist the City in defraying administrative costs for water and wastewater services, including regional planning. The fee shall be payable quarterly in arrears and will become due upon the connection of a water meter to an occupied residential dwelling by a homeowner.

12. Community Outreach. The City and Global shall work cooperatively to prepare, cost-share (in-kind services such as web hosting, graphic design, etc. is considered equitable to actual funds), and disseminate a community outreach packet. The community outreach packet will be a collaborative effort by multiple entities within the City, to be distributed to existing and new homeowners. Global will explore commitments to fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities. Global will explore co-sponsoring significant water reclamation demonstration projects. Global will support community events with bottled water and a presence at all major municipal, Chamber of Commerce, or EDGE functions and events.

13. Geographic Information System and Information Technology. The City and Global shall work collaboratively in developing and updating the City's Geographical Information System ("GIS"). This may include data sharing and/or integration, cost-sharing on GIS surveying, cost-sharing on a GIS Geodesic Marker, and other GIS related administrative

items. The City and Global will endeavor to share and integrate SCADA systems, CCD Security Data and Vulnerability Preparedness, Emergency, Operations, and Rapid Response Plans, Broadband Wireless network sharing, and Internet Site Linking. The City and Global shall also explore opportunities for collaborative billing services.

14. Annexation. Global shall support all annexation efforts of the City within the Subject Territory. Global shall support the City's efforts to manage and coordinate development in the Utility Companies' Subject Territory. Global will provide water and wastewater modeling services to determine the impact of proposed developments. Global will share and publish long-term master plans with the City and continuously update the plans so that the water and wastewater infrastructure is coordinated with the City's infrastructure plans.

15. Permits. The City will endeavor to streamline and expedite permit issuance, plan review, and related design and construction regulatory issues for Global. The City will endeavor to assist and support Global's efforts to obtain CAAG 208, CC&N, ADEQ, ADWR and other regulatory approvals required within the Subject Territory. If the City cannot provide a prompt review of Global's permits or plans, Global shall have the option of reimbursing the City for any costs incurred by the City if the City, at Global's request, hires an outside consultant to expedite the review of Global's permits and plans. Any such consultants shall report directly to the City and take direction only therefrom.

16. Joint Actions and Conditions. In order to effectuate this MOU, and in addition to the actions otherwise set forth herein which shall in good faith be pursued by the parties hereto, the parties shall undertake (or the parties shall support one another in taking) the following actions in good faith:

- a. ACC approval of PCWC and PCUC's proposed expansion of the CC&N over the Utility Companies' Subject Territory;
- b. Execution and approval of an operating/license agreement with the City for Utility Services provided within the City's current and existing jurisdictional

boundary and for Utility Services provided outside the City's current and existing jurisdictional boundary but within the Utility Companies' Subject Territory;

- c. ACC approval of the operating/license agreement described in Section 4 and Section 16(b) above;
- d. ACC approval of Global's request for inclusion of all fees set forth in Section 4 above in the monthly consumptive billings of the Utility Companies.
- e. If necessary, the franchise election provided for in Section 4 above.

18. Right to Review. As set forth in the recitals to this Agreement, the City acknowledges certain rights of Global to provide water, wastewater and reclaimed water infrastructure services to developments outside the Subject Territory as defined in this agreement. As a result, the City agrees to give Global a first and prior right to review and negotiate with the City (and the City shall in good faith negotiate with Global) on future opportunities to expand the Subject Territory at such time expansion becomes an option as reasonably determined by either the City or Global.

19. Effective Date. Except as otherwise set forth herein, the obligation of the parties pursuant to this MOU shall commence thirty days after approval of said MOU by the Eloy City Council.

20. Entire Agreement. This MOU contains the entire agreement between the parties hereto and supersedes all previous communications, representations or agreements, written or verbal, with respect to its subject matter.

21. Construction. This MOU shall be construed in accordance with the laws of the State of Arizona.

22. Modification or Amendment. This MOU may not be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by the all parties hereto.

23. Jurisdiction, Venue and Attorneys' Fees and Costs. Subject to the provisions of this MOU, the prevailing party in any arbitration, proceeding, lawsuit, appeal or other proceeding brought to enforce or otherwise implement the terms and conditions of this MOU shall be entitled to an award of attorneys' fees and costs from the losing party. Jurisdiction and venue shall be in Pinal County, Arizona, and the parties waive any right to a trial by jury.

24. Mediation/Arbitration. In the event that any dispute arises between the parties to this MOU, the parties first shall attempt to find a neutral person, who is mutually acceptable to both parties, and who has experience in matters such as those provided for in this MOU, and request that person to mediate the dispute. In the event that such mediation is not undertaken or successfully concluded within 45 days after the dispute arises, the parties to any such dispute shall submit the dispute to binding arbitration in accordance with the rules of commercial arbitration ("Rules") for the American Arbitration Association ("AAA"). If the claim in the dispute involves a non-monetary default or breach or does not exceed One Hundred Thousand Dollars (\$100,000), there shall be a single arbitrator selected by mutual agreement of the Parties, and in the absence of agreement, appointed according to the Rules. If the claim in the dispute, exceeds One Hundred Thousand Dollars (\$100,000), the arbitration panel shall consist of three (3) arbitrators, one of whom shall be selected by each party and the third, who shall serve as chairman, shall be selected by the AAA. The arbitrator or arbitrators must be knowledgeable in the subject matter of the dispute. The costs and fees of the arbitrator(s) shall be divided equally among the parties. Any decision of the arbitrator(s) shall be supported by written findings of fact and conclusions of law. The decision of the arbitrator(s) shall be final, subject to the exceptions outlined in the Arizona Uniform Arbitration Act, A.R.S. § 12-1502, et seq., and judgment may be entered upon the same. The arbitrator(s) shall control discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs. Any arbitration arising from this MOU shall occur within Pinal County, or at any other location mutually agreed to by the Parties.

25. Assignment. The terms and conditions of this MOU shall bind and inure to the benefit of the parties hereto and their successors and assigns and legal representatives. Neither Party shall be allowed to assign this MOU without the express written consent of the other Party.

26. Waiver. Any waiver of any provision of this MOU shall not constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. A party may waive any provision of this MOU intended for its benefit; provided, however, that such waiver shall in no way excuse the other parties from the performance of any of their other obligations under this MOU.

27. Section Headings. The section headings used herein are for reference only and shall not enter into the interpretation hereof.

28. Relationship of Parties. Nothing contained in this MOU shall be deemed or construed to create the relationship of principal and agent or of limited or general partnership or of joint venture or of any other association between the City and Global.

29. Notices. Any notices given pursuant to this MOU shall be in writing and shall be personally delivered or deposited in the United States mail, certified mail, postage prepaid, return receipt requested, to a party hereunder. Notices shall be deemed given and received when personally delivered or three (3) days after deposit in the United States mail to the address set forth below such party's signature.

30. Time of Essence. Time is of the essence for all purposes of this MOU.

31. Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. § 38-511.

32. Limitation of Damages on Taxpayer Initiatives. Global waives its rights (as well as its successors' rights, to the extent permitted by law) to any claim for diminution of value pursuant to A.R.S. Section 12-1134 (Proposition 207).

33. Indemnification.

A. Global agrees to defend, indemnify and hold harmless City, its officers, officials and employees ("Indemnified Group") for liability from and against claims, damages, losses and expenses of any nature whatsoever (including but not limited to reasonable attorney fees, court costs, the costs of appellate proceedings, and all claim adjusting and handling expense), relating to, arising out of, resulting from or alleged to have resulted from Global's negligent acts, errors, mistakes or omissions relating to any action or inaction of the Global under this Agreement, including but not limited to negligent work or services in the performance of this Agreement by any subcontractor or anyone directly or indirectly employed by or contracting with the Global or a subcontractor or anyone for whose acts any of them may be liable. This indemnity provision shall apply solely to the extent that such claim, damage, loss, and/or expense is caused by Global's negligent act or omission. This indemnity provision shall not apply to the extent the claim, damage, loss, and/or expense is caused, in whole or part, by the City and/or any third party unrelated to Global.

B. If any claim, action or proceeding is brought against the Indemnified Group, by reason of any event that is the subject of this Agreement, Global (at its sole cost and expense) shall pay, resist or defend such claim or action on behalf of the Indemnified Group by the attorney of Global, or if covered by insurance, Global's insurer, all of which must be approved by City, which approval shall not be unreasonably withheld or delayed. The City shall cooperate with all reasonable efforts in the handling and defense of such claim. Notwithstanding the foregoing, the City may at its own expense engage its own attorney to defend or assist in its defense.

C. Any settlement of claims must fully release and discharge the Indemnified Group from any liability for such claims. The release and discharge shall be in writing and shall

be subject to approval by the City, which approval shall not be unreasonably withheld or delayed.

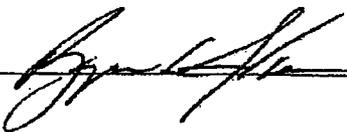
D. If Global neglects or refuses to defend any of the Indemnified Group as required by this Agreement, any recovery or judgment against the Indemnified Group for a claim covered by this Agreement shall conclusively establish Global's liability to the Indemnified Group in connection with such recovery or judgment. If the City desires to settle such dispute, the City shall, following written notice to Global and Global having an opportunity to participate, be entitled to settle such dispute in good faith and Global shall be liable for the amount of such settlement, and all expenses in connection with such settlement.

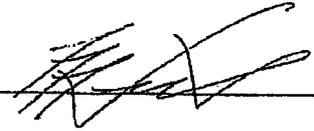
34. Exercise of Authority. It is understood and agreed that neither Global nor its affiliates or related entities shall in any way exercise any portion of the authority or sovereign powers of the City and shall not make or contract or commit or in any way represent itself as an agent for the City. Nothing in this Agreement be construed to create a principal agency relationship between the parties.

IN WITNESS WHEREOF, each of the parties has executed this MOU as of the date first above written.

**CITY OF ELOY**

**GLOBAL WATER RESOURCES, LLC**

By: 

By: 

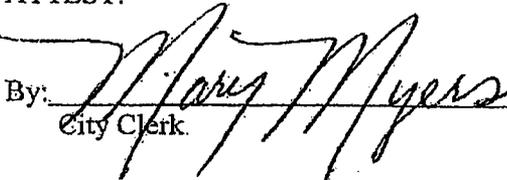
Title: MAYOR

Title: PRESIDENT & CEO

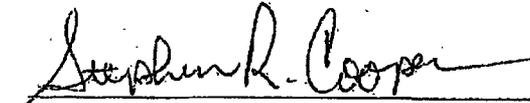
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Address: 21410 N 19<sup>TH</sup> AVE SUITE 201  
PHOENIX, ARIZONA, 85027

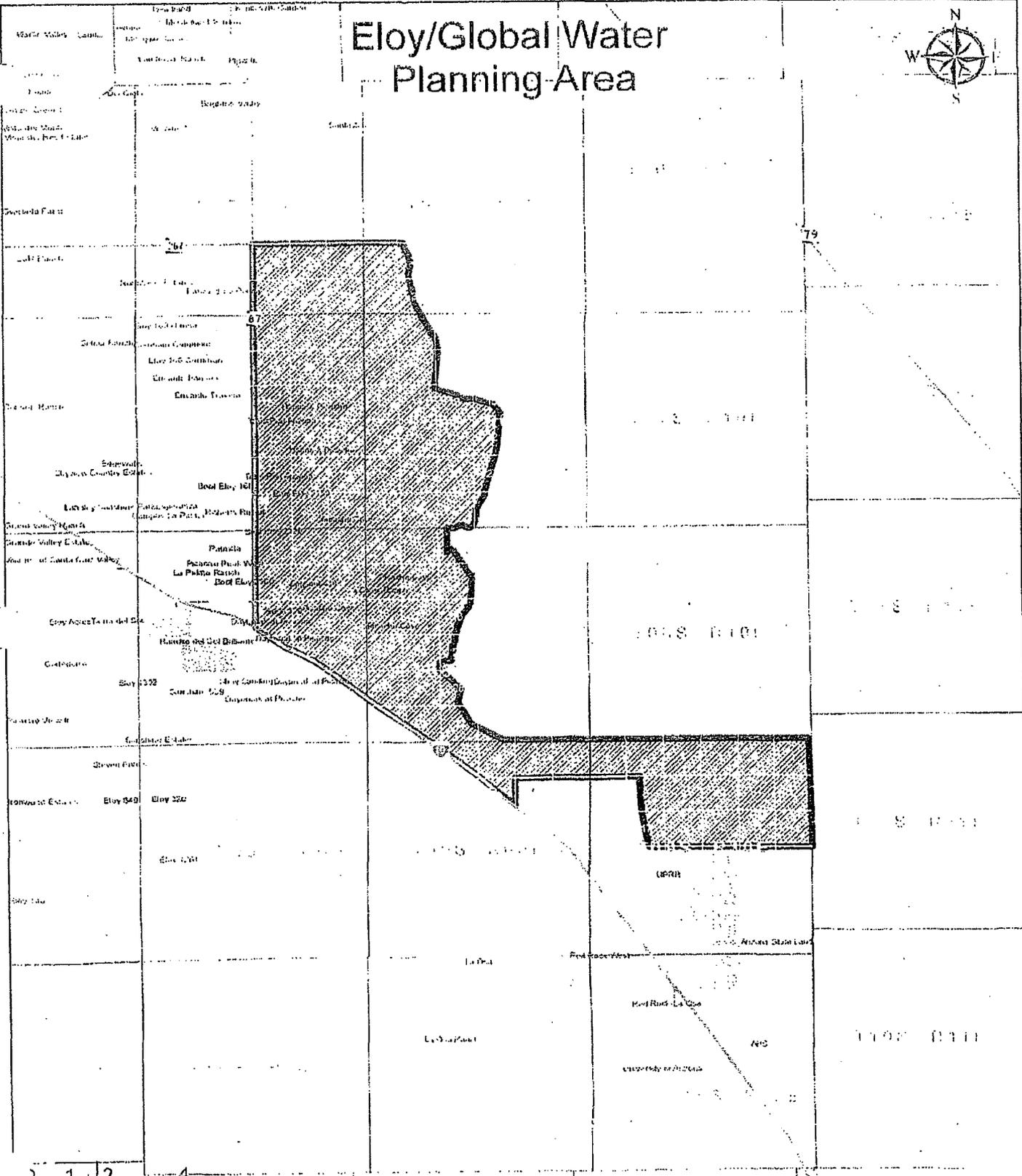
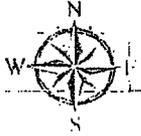
ATTEST:

By:   
City Clerk

APPROVED AS TO FORM:

  
City Attorney

# Eloy/Global Water Planning Area



0 1 2 4 Miles

 Planning Area



Exhibit "B"

Global Water  
 City of Eloy Economic Contribution  
 Example Calculation Sheet - Values Listed are Examples Only

Year	Economic Contribution (1)	Estimated Franchise Fees (2)	Credit	Amount To Be Repaid	Cumulative Amount To Be Repaid	Repayment	Adjusted Franchise Fee Payment (3)
1	\$	\$	\$	\$	\$	\$	\$
2	\$ 73,800	\$ 871	-\$ (871)	\$ 72,929	\$ 72,929	\$	\$
3	\$ 73,800	\$ 2,527	-\$ (2,527)	\$ 71,273	\$ 144,202	\$	\$
4	\$ 73,800	\$ 4,075	-\$ (4,075)	\$ 69,725	\$ 213,927	\$	\$
5	\$ 73,800	\$ 11,040	-\$ (11,040)	\$ 62,760	\$ 276,686	\$	\$
6	\$ 73,800	\$ 24,414	-\$ (24,414)	\$ 49,386	\$ 326,072	\$	\$
7	\$	\$ 39,860	\$	\$	\$ 326,072	-\$ (32,607)	\$ 7,253
8	\$	\$ 58,562	\$	\$	\$ 283,465	-\$ (32,607)	\$ 25,964
9	\$	\$ 81,533	\$	\$	\$ 200,858	-\$ (32,607)	\$ 48,926
10	\$	\$ 112,308	\$	\$	\$ 228,250	-\$ (32,607)	\$ 79,701
11	\$	\$ 153,932	\$	\$	\$ 195,643	-\$ (32,607)	\$ 121,325
12	\$	\$ 203,996	\$	\$	\$ 163,036	-\$ (32,607)	\$ 171,388
13	\$	\$ 260,329	\$	\$	\$ 130,429	-\$ (32,607)	\$ 227,722
14	\$	\$ 322,157	\$	\$	\$ 97,822	-\$ (32,607)	\$ 289,550
15	\$	\$ 388,759	\$	\$	\$ 65,214	-\$ (32,607)	\$ 356,152
16	\$	\$ 459,464	\$	\$	\$ 32,607	-\$ (32,607)	\$ 426,856
17	\$	\$ 533,649	\$	\$	\$	\$	\$ 533,649
18	\$	\$ 610,740	\$	\$	\$	\$	\$ 610,740
19	\$	\$ 690,200	\$	\$	\$	\$	\$ 690,200
20	\$	\$ 717,731	\$	\$	\$	\$	\$ 717,731
TOTAL	\$ 369,000	\$ 4,676,147	-\$ (42,928)	\$ 326,072	\$	-\$ (326,072)	\$ 4,307,147

(1) Payable to Economic Development Group of Eloy (EDGE)  
 (2) Based on Absorption Estimates (Example Only)  
 (3) Payable to the City of Eloy



# Public Private Partnership Eloy and Global Water - Subject Territory

