



0000170257

ORIGINAL RECEIVED

2016 MAY 11 Transcript Exhibit(s)

AZ CORP COMMISSION
DOCKET CONTROL

Docket #(s): W-01737A-15-0380

Arizona Corporation Commission

DOCKETED

MAY 11 2016

DOCKETED BY	<i>KE</i>
-------------	-----------

Exhibit #: S1, A 2-3

ORIGINAL

MEMORANDUM

RECEIVED

2016 MAR -2 A 10:33

AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control
FROM: Thomas M. Broderick
Director
Utilities Division



Date: March 2, 2016

RE: STAFF REPORT FOR THE APPLICATION OF NEW RIVER UTILITY COMPANY FOR APPROVAL OF THE SALE OF ASSETS TO THE CITY OF PEORIA AND CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO: W-01737A-15-0380)

Attached is the Staff Report for the application of New River Utility Company for approval of the sale of assets to the City of Peoria and cancellation of its Certificate of Convenience and Necessity ("CC&N"). Staff is recommending approval with conditions.

TMB:BNC:nr/RRM

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED
MAR 02 2016

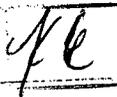
DOCKETED 

EXHIBIT
5-1
ADMITTED

Service List For: New River Utility Company
Docket Nos.: W-01737A-15-0380

Mr. William Mattingly
New River Utility Company
c/o City of Peoria
Office of the City Attorney
Post Office Box 4038
Peoria, Arizona 85380-4038

Mr. Stephen M. Kemp
City Attorney for City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

Mr. Thomas M. Broderick
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice Alward
Chief Legal Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Dwight Nodes
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

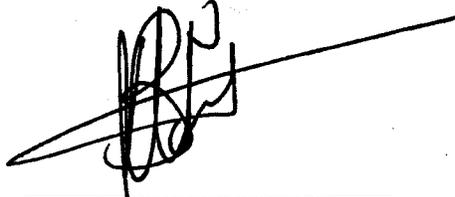
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-15-0380

SALE OF ASSETS OF NEW RIVER UTILITY COMPANY TO
THE CITY OF PEORIA AND CANCELLATION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY

MARCH 2, 2016

STAFF ACKNOWLEDGMENT

The Staff Report for New River Utility Company (Docket No. W-01737A-15-0380) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the application. Katrin Stukov was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', written over a horizontal line.

Blessing Chukwu
Executive Consultant

A handwritten signature in black ink, appearing to be 'Katrin Stukov', written over a horizontal line.

Katrin Stukov
Utilities Engineer

**EXECUTIVE SUMMARY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-15-0380**

On November 6, 2015, New River Utility Company ("New River" or "Company") filed an Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of assets to the City of Peoria ("City" or "Peoria"), an Arizona municipality, and for cancellation of its Certificate of Convenience and Necessity ("CC&N"). The application noted that the purpose was to obtain Commission approval for the sale of assets and cancellation of CC&N. When the application was docketed, sale of stock was inadvertently listed as part of the caption, rather than sale of assets.

Pursuant to the SPA executed in October 2015, New River is owned by the City of Peoria and it operates New River as a separate entity. Currently, the City is providing water service to all of New River's customers. New River is now desirous of relieving itself of the responsibilities of owning and operating a public water utility.

The City has extensive experience owning and operating a municipal water utility and has executed an Asset Purchase Agreement with New River for the acquisition and all customers are to be served by the City. No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may improve.

Based on the information provided in this docket and communications with the City, Staff concludes that (i) the City is capable of operating the water assets that will be transferred and of providing safe and reliable service to the customers being transferred from New River; (ii) the City is ready, willing and able to provide service in the New River's CC&N area and has taken steps to ensure that the same quality of service would be provided to the customers within the New River's CC&N area who have been receiving water service from New River; (iii) no detrimental impact to service reliability will occur as a result of the sale of assets; (iv) New River is still obligated to confirm via a certificate that the affected customers were given notice and informed of the hearing in this matter; and (v) the proposed cancellation of CC&N and sale of assets is in the public interest.

Staff recommends the following:

- (1) That the Commission grant New River's request to cancel its CC&N.
- (2) That the Commission approve New River's request to sale all its assets to Peoria.
- (3) That New River be authorized to engage in any transactions and to execute or cause to be executed any documents necessary to effectuate the authorizations requested with the application, including authorization to waive or where necessary, refund to customers transferred to the City of Peoria, a disconnect fee or a new connection/establishment fee charged in association with the transfer.
- (4) That New River be required to file all pertinent documents evidencing the consummation of this transaction, no later than 30 days from the effective date of transaction.

- (5) That the Commission eliminate all outstanding compliance items associated with Decision No. 74294.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
THE TRANSACTION	1
NEW RIVER'S WATER SYSTEM	3
CITY OF PEORIA'S WATER SYSTEM	3
RATES AND TERMS OF SERVICE	3
CUSTOMER SECURITY DEPOSITS	4
MAIN EXTENSION AGREEMENTS	4
METER AND SERVICE LINE INSTALLATIONS	4
CONSUMER SERVICE ISSUES	4
ACC COMPLIANCE	4
CURTAILMENT AND BACKFLOW PREVENTION TARIFFS	5
NOTICE	5
ANALYSIS AND CONCLUSIONS	5
RECOMMENDATIONS	6

EXHIBITS

ENGINEERING REPORT	A
ENGINEERING MAPS	B
CONSUMER SERVICE REPORT	C
COMPARISON OF RATES AND TERMS OF SERVICE	D
CURRENT COMPLIANCE STATUS	E

INTRODUCTION

The Arizona Corporation Commission (“ACC” or “Commission”) issued Decision No. 33131 (May 24, 1961), in Docket No. U-1737, granting New River an order preliminary to the issuance of a Certificate of Convenience and Necessity (“CC&N”), authorizing the Company to construct, operate, and maintain a public water system within a portion of Maricopa County Arizona. On August 15, 1961, the Commission granted the Company its original CC&N in Decision No. 33354.

On November 6, 2015, New River Utility Company (“New River” or “Company”) filed an Application with the Commission for approval of the sale of assets to the City of Peoria (“City” or “Peoria”), an Arizona municipality, and for cancellation of its CC&N. The application noted that the purpose was to obtain Commission approval for the sale of assets and cancellation of CC&N.

When the application was docketed, sale of stock was inadvertently listed as part of the caption, rather than sale of assets.

On January 29, 2016, Staff informed New River that its application was sufficient for administrative purposes. Hearing is set for April 29, 2016.

BACKGROUND

New River is an Arizona corporation, in good standing with the Corporations Division, and engaged in the business of providing water utility service to the public within portions of the City of Peoria, Arizona (the “Business”). The Company currently serves approximately 2,882 water utility customers, comprised of residential, commercial and landscape customers. The Company’s CC&N is wholly contained within the City limits of Peoria, Maricopa County and consists of approximately 1.75 square-miles. The City provides wastewater service to the entire area. New River does not serve unincorporated areas of Maricopa County.

The City is an Arizona municipal corporation that operates water, wastewater and solid waste services within its corporate boundaries. The City provides water service to approximately 54,686 residential customers, 2,251 commercial customers and 236 landscape customers. The City’s Utilities division is part of the City’s Public Works – Utilities Department and has a staff of 85 employees overseeing its water, wastewater, water resources, environmental, and administrative/support operations. The City is the wastewater provider in the New River service area and sets wastewater rates based on the winter water consumption of its customers. New River provides water consumption information to Peoria for Peoria’s wastewater billing purposes.

THE TRANSACTION

New River’s water system has interconnection with the City’s water system¹ and is in a geographical area in which the City desires to establish and expand its presence as a regional water

¹ Agreement between New River and the City of Peoria for water service interconnection entered August 23, 2011.

provider. Attachment B includes a map that reflects New River's CC&N area and identify other regulated utilities in the vicinity.

On October 21, 2015, Robert L. Fletcher and Mary Karen Fletcher (Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002) ("Seller") and the City entered into a Stock Purchase Agreement ("SPA"), in order to sell and transfer all of the issued and outstanding shares of capital stock of New River to the City.² The SPA provides, among other things, for all assets of the Company used in connection with the Business and necessary for the operation of the Business after the Closing in the same manner as operated immediately prior to the closing be included in the transaction contemplated by the SPA. The SPA required that the Company Assets include the well permits and well sites used by the Company to withdraw water and serve the customers located within the service area pursuant to applicable law. The SPA authorized that certain assets of the Company shall remain the property of Seller or its affiliates, notwithstanding the structure of the stock purchase. The excluded assets are: (a) all motor vehicles; (b) all office furniture; (c) all cash and cash equivalents; and (d) all cell phones. The purchase price paid by the City for the shares of stock was \$10,000,000.

On November 5, 2015, New River and the City entered into an Asset Purchase Agreement ("APA"). The main provisions of the APA are as follows:

1. The City is to provide a continuous, adequate and reliable municipal water supply to all individuals and entities served by New River.
2. The total price for the purchase and sale of New River's assets is Ten Dollars (\$10.00).
3. The closing of the sale will be conditioned upon, among other things, New River obtaining regulatory approval from the ACC.
4. The closing of the sale will occur after obtaining all regulatory approvals,
5. The assets includes, but not limited to, all tanks, surface water treatment equipment, pump stations, wells, water rights, water distribution systems, all real and personal property assets, inventory and equipment used to conduct the operation by New River of its business.

By virtue of the stock purchase, the ownership of New River transferred to the City. The City owns and operates New River water system since the SPA was executed and desires to transfer New River water utility assets to itself. By this application, New River, as the entity that holds the CC&N, is seeking Commission approval to sale it assets to the City of Peoria and to cancel its CC&N, located in the City of Peoria, in Maricopa County, Arizona. As shown on Exhibit B, Schedule 2.6 (Tangible Personal Property and Equipment), attached to New River's application,

² The authorized capitalization of the Company consists of 100,000 shares of common stock, of which 100 shares were issued and outstanding.

New River has provided a list of properties the Company intends to transfer to the City. New River currently serves approximately 2,882 water utility customers in its CC&N area. All of the customers are provided wastewater and solid waste services by the City.

Upon Commission approval of this application, the City of Peoria would become the sole provider of water service with New River's CC&N area. It is Staff's understanding that the transaction will be consummated in as seamless a manner as possible, with the objective of ensuring continuity and quality of service to all of the affected customers.

NEW RIVER'S WATER SYSTEM

As indicated above, New River's water system and the City's water system are interconnected. Attachment A is Staff's Engineering Report which describes New River water system's operation and capacity. The report includes the finding that New River's water system is in compliance with both the Maricopa County Environmental Services Department ("MCESD") and the Arizona Department of Water Resources ("ADWR"). The report indicates that the Company is not in compliance with ACC Compliance Database at this time.

CITY OF PEORIA'S WATER SYSTEM

The City has operated as a water provider since 1955, shortly after it incorporated on June 7, 1954. The City's water system consists of three (3) separate public water systems, consisting of 40 wells, 22 booster stations, 30 water reservoirs, 905 miles of water mains, 8,500 fire hydrants, and 26,300 valves. In addition to groundwater supplies, the City possesses and utilizes surface water supplies from Salt River Project ("SRP") and the Central Arizona Project ("CAP"). SRP water is treated at the City's 16 Million Gallon per day ("MGD") Greenway Water treatment Plant and CAP water is treated at the City of Glendale's Pyramid Park Water Treatment Plant ("PPWTP"). The City of Peoria owns 11 MGD capacity at the PPWTP and is expanding its capacity to 24 MGD.

Attachment A (Staff's Engineering Report) includes the finding that the City's water system is in compliance with both the MCESD and the ADWR.

RATES AND TERMS OF SERVICE

The City has incorporated New River's base rates and volume charges into the City's rates and fees. The incorporated rates and charges are only applicable to New River customers and are anticipated to remain in effect until January 1, 2017. On this date, New River customers will transition to the City's water rates and charges in effect at that time. Attachment D is a comparative analysis of the rates and terms of service of New River and the City of Peoria.³

³ New River's response to Staff's Data Requests Nos. BNC 1.2 and 2.1.

The existing customers will NOT incur a disconnect fee or a new connection/establishment fee in association with the transfer. Following the acquisition, any new customers requesting for new municipal services from the City will pay the Service Connection fee of \$50.

CUSTOMER SECURITY DEPOSITS

According to the Application, all customer security deposits have not been refunded. New River intends to refund all security deposits prior to or at time of closing.

MAIN EXTENSION AGREEMENTS

There are no refunds due on Main Extension Agreements. At the time of the execution of the APA between New River and the City there were no outstanding main extension agreements.

METER AND SERVICE LINE INSTALLATIONS

There are no refunds due on meter and service line installation.

CONSUMER SERVICE ISSUES

Staff's inquiry confirmed that New River was in good standing with the Corporation Division of the Commission.

A search of Consumer Services database from 2012 through February 22, 2016, indicates that New River had 11 complaints. The complaints relate primarily to billing, termination and service issues. The complaints have been fully resolved and closed.

ACC COMPLIANCE

A check of the Commission's Compliance Section database dated December 15, 2015, indicated the Company is not in compliance with ACC at this time.⁴ There are three outstanding compliance filings from Decision No. 74294, which the Company failed to file. The compliance filings are: a Discrepancy Resolution Plan, a Recordkeeping Compliance Plan and a Fair Transaction Plan. These outstanding compliance items while they may have been relevant to the prior ownership of New River, in light of the stock transaction and the asset purchase by the City, these outstanding compliance items are no longer relevant. Therefore, Staff recommends that these outstanding compliance items be eliminated.

New River has filed its 2014 ACC Utility Division Annual Report.

⁴ Compliance Section Staff was informed by Mr. Jeffery Crockett, in December 2015 that New River was purchased and is being run by the City of Peoria. As such, the outstanding/delinquent compliance items are considered "moot" and that New River will not be filing the delinquent items. Compliance Section Staff also contacted the City of Peoria and spoke with a Deputy Director, who confirmed that New River was purchased and is being run by the City of Peoria.

CURTAILMENT AND BACKFLOW PREVENTION TARIFFS

The Company has an approved Curtailment Tariff and an approved Backflow Prevention Tariff.

NOTICE

In any CC&N proceeding, notice is paramount to ensure that affected parties (landowners, customers, municipalities, counties, and/or other providers in the vicinity) have an opportunity to be heard. The burden of providing notice of an application generally falls on the applicant.

On November 20, 2015, New River filed a Proof of Notice and Publication showing that notice of the Application had been published in the *Peoria Times* on November 6, 2015. On November 25, 2015, New River filed an Affidavit of Mailing stating that notice had been mailed to New River's customers at least 15 days after the Application was filed.

Per a Procedural Order issued February 2, 2016, New River is directed to publish a public notice of hearing for this application in a newspaper of general circulation in its CC&N service area and to mail the same public notice of hearing to each customer and each owner of land within its CC&N service area. The Procedural Order further directed New River to file certification of mailing and publication of the hearing as soon as practicable after they have been completed.

ANALYSIS AND CONCLUSIONS

Pursuant to the SPA executed in October 2015, New River is owned by the City of Peoria and it operates New River as a separate entity. Currently, the City is providing water service to all of New River's customers. New River is now desirous of relieving itself of the responsibilities of owning and operating a public water utility. The City has extensive experience owning and operating a municipal water utility and has, as indicated above, executed an Asset Purchase Agreement with New River for the acquisition and all customers are to be served by the City.

Upon Commission approval of this application, the City would become the sole provider of water service with the New River's CC&N service area. New River would no longer have customers or utility assets; it would no longer provide utility service; and it would not be a public service corporation as defined by Article 15, Section, 2 of the Arizona Constitution.

No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may increase as explained above.

The Company's system is wholly located within the City of Peoria and all of the customers are serviced by the City's wastewater and solid waste services. As stated above, New River's water system and the City's water system are interconnected. Consolidation of New River system into the City system will eliminate customer confusion that is caused by having multiple utility providers and provide economies of scale. Also, customers would only receive one bill for utility services with multiple payment options. Additionally, the City offers customers internet access to water bills, and

internet payment (including auto payment) of water bills. The City's hours are also longer and thus more convenient for customers.

Based on the information provided in this docket and communications with the City, Staff concludes that (i) the City is capable of operating the water assets that will be transferred and of providing safe and reliable service to the customers being transferred from New River; (ii) the City is ready, willing and able to provide service in the New River's CC&N area and has taken steps to ensure that the same quality of service would be provided to the customers within the New River's CC&N area who have been receiving water service from New River; (iii) no detrimental impact to service reliability will occur as a result of the sale of assets; (iv) New River is still obligated to confirm via a certificate that the affected customers were given notice and informed of the hearing in this matter; and (v) the proposed cancellation of CC&N and sale of assets is in the public interest.

RECOMMENDATIONS

Staff recommends the following:

- (1) That the Commission grant New River's request to cancel its CC&N.
- (2) That the Commission approve New River's request to sale all its assets to Peoria.
- (3) That New River be authorized to engage in any transactions and to execute or cause to be executed any documents necessary to effectuate the authorizations requested with the application, including authorization to waive or where necessary, refund to customers transferred to the City of Peoria disconnect fee or a new connection/establishment fee charged in association with the transfer.
- (4) That New River be required to file all pertinent documents evidencing the consummation of this transaction, no longer than 30 days from the effective date of transaction.
- (5) That the Commission eliminate all outstanding compliance items associated with Decision No. 74294.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant
Utilities Division

FROM: Katrin Stukov *DS*
Utilities Engineer *bon*
Utilities Division

DATE: January 4, 2016

RE: Engineering Report for New River Utility Company
Docket No. W-01737A-15-0380 (Sale of Assets and Cancellation of CC&N)

Introduction

On November 6, 2015, New River Utility Company ("Company" or "NRUC") filed with the Arizona Corporation Commission ("ACC") an application for approval of the sale of assets to the City of Peoria ("City") and cancellation of its Certificate of Convenience and Necessity ("CC&N"). The Company is located in Peoria, Maricopa County, with a CC&N area covering approximately 1.75 square-miles. The Company's CC&N is contiguous and/or near to the City limits on its northern and southern boundaries.

Water System

Operation

Based the NRUC's 2014 Annual Report and the Company's response (dated December 29, 2015) to Insufficiency Letter, the NRUC's water system consists of five wells (with three wells in service and totaling to 3,900 gallons per minute), three storage tanks (totaling to 3,000,000 gallons), eight booster pumps, two pressure tanks, three gas chlorination systems, four arsenic treatment filters, fire hydrants and water mains serving approximately 2,882 service connections. The NRUC also has interconnection with the City's water system.

According to the Company, the proposed transaction, will improve the utility's services due to increased operational efficiencies achieved from having the City being able to promptly address problems as well as having the ability to interconnect and improve water pressures and water availability within the NRUC system.

Capacity

The NRUC water system has adequate source production and storage capacity to serve its existing customer base and reasonable growth.

Maricopa County Environmental Services Department ("MCESD") Compliance

Company's System

According to the MCESD compliance status report, dated December 17, 2015, MCESD has determined that NRUC's water system (Public Water System No. 07-051) has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

City's System

According to the MCESD compliance status report, dated December 1, 2015, MCESD has determined that the City's water system (Public Water System No. 07-096) has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources ("ADWR") Compliance

NRUC's System

The NRUC's water system is located in the Phoenix Active Management Area. According to an ADWR compliance status report, dated November 12, 2015, ADWR has determined that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.

City's System

The City is located in the Phoenix Active Management Area. According to an ADWR compliance status report, dated November 24, 2015, ADWR has determined that the City is currently in compliance with departmental requirements governing water providers and/or community water systems.

ACC Compliance

On December 15, 2015, the Utilities Division Compliance Section noted that a check of the compliance database indicates that there are three outstanding compliance filings from Decision No. 74294, as the Company has not filed a Discrepancy Resolution Plan, a Recordkeeping Compliance Plan and a Fair Transaction Plan. Therefore, the Company is not in compliance with ACC Compliance Database at this time.

Curtailment Tariff

The Company has an approved Curtailment Tariff.

Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff.

Conclusions

Staff concludes that the proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers and their water service.

The Company is in compliance with ADEQ and ADWR regulations.

The Company is not in compliance with ACC Compliance Database at this time.

MEMORANDUM

ATTACHMENT B

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Lori H. Miller 
Programs & Projects Specialist II
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: December 3, 2015

RE: NEW RIVER UTILITY COMPANY (DOCKET NO. W-01737A-15-0380)

New River Utility Company has filed an application for sale of assets to the City of Peoria and cancel its CC&N.

Attached is a copy of the map for your files.

/lhm

Attachment

cc: Mr. William Mattingly
Ms. Deb Person (Hand Carried)
Ms. Katrin Stukov
File

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Trish Meeter 
Public Utilities Consumer Analyst II
Utilities Division

DATE: February 22, 2016

RE: New River Utility Company
Docket No. W-01737A-15-0380

New River Utility Company ("Company" or "New River") has filed an application for the Approval of the Sale of assets to the City of Peoria ("City") and Cancellation of Certificate of Necessity. An Affidavit of Mailing was filed November 24, 2015 showing a copy of the Public Notice of Application was mailed to the customers of New River.

Per information received from the Corporations Section of the Arizona Corporation Commission on **February 22, 2015**, the Company is in Good Standing.

Company filed their 2014 Annual Utilities Report on February 25, 2015.

A search of Consumer Services database from January 1, 2012 through **February 22, 2016** revealed the following for New River.

- 2016** – Zero Complaints
Zero Opinions regarding application
- 2015** – Six Complaints (three billing, three quality of service)
Zero Opinions regarding application
- 2014** – Two Complaints (one billing, one termination)
- 2013** – Three Complaints (one billing, two quality of service)

All complaints have been resolved and closed.

If you have any questions, please call 602-542-0622

Cc: File

Figure 1 - Comparison of Water Charges: New River & City of Peoria

New River Rates (effective 2/1/2014)

Meter Size	Monthly Base	Applied by City
	Charge	(effective upon acquisition of NRUC)
5/8" x 3/4"	\$ 9.00	\$ 9.00
3/4"	9.00	9.00
1"	22.50	22.50
1.5"	45.50	45.50
2"	72.50	72.50
3"	144.50	144.50
4"	228.50	228.50
6"	450.50	450.50
8"	750.50	750.50

New River Volume Charges

Meter Size	Tier	Charge / 1,000 gal	
5/8" x 3/4"	Tier 1	\$ 0.95	\$ 0.95
	Tier 2	\$ 1.90	\$ 1.90
	Tier 3	\$ 2.63	\$ 2.63
All Other Meters	Tier 1	\$ 1.90	\$ 1.90
	Tier 2	\$ 2.63	\$ 2.63

New River Usage Block Cut-Offs

Meter Size Usage Blocks	Tier 1	Tier 2	Tier 3
5/8" x 3/4"	4,000	10,000	10,000+
3/4"	4,000	10,000	10,000+
1"	20,000	20,000+	
1.5"	40,000	40,000+	
2"	65,000	65,000+	
3"	130,000	130,000+	
4"	200,000	200,000+	
6"	420,000	420,000+	
8"	670,000	670,000+	

2016 Peoria Rates (effective, 7/1/2015)

Meter Size	Monthly Base Charge
5/8" x 3/4"	\$ 15.31
3/4"	15.31
1"	18.38
1.5"	29.04
2"	40.83
3"	72.32
4"	107.69
6"	205.90
8"	323.81

City of Peoria Volume Charges (per 1,000 gal)

Category	Meter Size	Tier 1	Tier 2	Tier 3	Tier 4
Residential	ALL	\$ 1.06	\$ 2.73	\$ 3.86	\$ 4.22
Multi-Residential	ALL	\$ 2.73	-	-	-
Commercial	ALL	\$ 1.06	\$ 2.73	\$ 3.86	-
Landscape	ALL	\$ 2.73	\$ 3.86	-	-
Hydrants	ALL	\$ 3.86	-	-	-

City of Peoria Usage Block Cut-Offs

Category	Tier 1	Tier 2	Tier 3	Tier 4
Residential	4,000	10,000	20,000	20,000+
Multi-Family	1,000+			
Commercial	10,000	50,000	50,000+	
Landscape	50,000	50,000+		
Hydrants	1,000+			

SERVICE CHARGES

New River

Item Description	Charge
Establishment	\$ 30.00
New Service Deposit	Note 1
Reconnection (Delinquent)	\$ 40.00
After Hours Service Charge	\$ 25.00
Meter Test (if correct)	\$ 40.00
NSF Check Charge	\$ 15.00
Meter Re-Read (if correct)	\$ 40.00
Late Payment Penalty (per month)	1.50%

Notes

1. Per A.A.C. R14-2-403(B).

City of Peoria

Effective 7/1/2015

Item Description	Charge
Service Connection Fee	\$ 50.00
New Service Deposit	Note 1
Delinquent Bill Processing Fee	\$ 50.00
Disconnection Notice Issuance	\$ 1.00
Meter Tampering Fee	\$ 75.00
Meter Test (once per 12 mos. period)	No Charge
Hydrant Meter Deposit	\$ 2,117.00
Late Payment Penalty (per month)	1.50% (min. \$2.00)
Field Trip Service Fee	\$ 50.00
Lien Filing Fee	\$ 25.00
Curb Stop Repair	\$ 150.00
Certified Letter Fee	\$ 15.00
ADOR Tax Refund Offset Fee	\$ 30.00

Notes

1. Assessed to tenants/renter accounts only in all customer classes.

Figure 2 - Comparison of Most Common Water Charges (by Customer Type), New River & City of Peoria

New River				Peoria - FY2016		
Meter Size	Base Charge	Usage Range	Rate/1,000 gal	Base Charge	Usage Range	Rate/1,000 gal
Residential						
3/4"	\$9.00	1 - 4,000	\$0.95	\$15.31	1 - 4,000	\$1.06
		4,001 - 10,000	\$1.90		4,001 - 10,000	\$2.73
		10,000+	\$2.63		10,000 - 20,000	\$3.86
					20,000+	\$4.22
1"	\$22.50	1 - 20,000	\$1.90	\$18.38	1 - 4,000	\$1.06
		20,000+	\$2.63		4,001 - 10,000	\$2.73
					10,000 - 20,000	\$3.86
					20,000+	\$4.22
Commercial						
1"	\$22.50	1 - 20,000	\$1.90	\$18.38	1 - 10,000	\$1.06
		20,000+	\$2.63		10,001 - 50,000	\$2.73
					50,000+	\$3.86
1.5"	\$45.50	1 - 40,000	\$1.90	\$29.04	1 - 10,000	\$1.06
		40,000+	\$2.63		10,001 - 50,000	\$2.73
					50,000+	\$3.86
Multi-Family						
2"	\$72.50	1 - 65,000	\$1.90	\$9.41*	1,000+	\$2.73
		65,000+	\$2.63			

* PLUS \$3.54 per Dwelling Unit

Comparison of Est. Costs for Residential Customer
 w/ 3/4" Meter using 11,000 gallons/month

	Monthly	Annually
New River	\$ 27.00	\$ 324.00
City of Peoria	\$ 40.00	\$ 480.00

Carmel Hood

From: Carmel Hood
Sent: Tuesday, December 15, 2015 11:29 AM
To: Katrin Stukov
Cc: UTIL-Compliance
Subject: RE: CURRENT Compliance Status for New River Utility (Docket #15-0380)

Hello Katrin,

In response to your request below, the information is as follows:

New River Utility Company - **A check of the Compliance Database indicates that there are 3 delinquent items showing for "New River Utility Company" at this time.**

Therefore, "New River Utility Company" is **NOT** considered to be in compliance at this time with the Compliance Database concerning the following items:

Please also see the "NOTE" information below.

**Compliance Requirements By Decision For:
New River Utility Company**

DECISION NO: 74294

DOCKET: W-01737A-12-0478 **DECISION NO:** 74294
ACTION: File within 90 days after the effective date of this decision, as a compliance item in this docket, for Commission approval, a DISCREPANCY RESOLUTION PLAN to resolve the discrepancy in a manner that is consistent with all applicable laws and orders, generally accepted accounting standards, the NARUC USOA, and Commission standards.

COMPLIANCE DUE DATE: 4/30/2014

DOCKET: W-01737A-12-0478 **DECISION NO:** 74294
ACTION: File with the Commission's Docket Control, as a compliance item in this docket, within 60 days after the date of this Decision, for Staff approval, a RECORDKEEPING COMPLIANCE PLAN in which New River Utility Company describes the action NRUC will take to maintain its books and records in compliance with A.A.C. R14-2-411(D) and the NARUC USOA. At a minimum, NRUC shall include in its recordkeeping compliance plan provisions for the following: a) obtain training on the general recordkeeping, b) Timeline for personnel to complete the training c) description of policies and procedures d) A timeline to complete the policies and procedures. (SEE DECISION FOR FULL DETAILS).

COMPLIANCE DUE DATE: 3/30/2014

DOCKET: W-01737A-12-0478 DECISION NO: 74294

ACTION: Within 60 days after the date of this decision, file a compliance item in this docket, for Staff approval, a "FAIR TRANSACTIONS PLAN" (1) describing the policies and procedures that New River will adopt to ensure that New River makes a good faith and reasonable effort to ensure the following: (a) that any transaction New River enters into with an affiliated individual or entity involves, for any item or service obtained from the affiliated individual or entity, only charges made at an objectively documented fair market rate; and (b) that any transaction New River enters into with an affiliated individual or entity is entered into with the affiliated individual or entity, rather than with an unaffiliated third party, only because New River has determined that the affiliated transaction will better enhance New River's provision of adequate and reliable serviced to its ratepayers; and (2) establishing a timeline for New River to complete and fully implement each of the policies and procedures described.

COMPLIANCE DUE DATE: 3/30/2014

*****NOTE: Compliance has spoken with the company's Counsel - Jeffrey Crockett @ (602) 441-2775 and recv'd confirmation from the City of Peoria's Deputy Director, that New River Utility Co. has been purchased & is being run by the City of Peoria. Therefore, Counsel's opinion is that the outstanding/delinquent items listed are hereby considered "moot" and will not be filed at this point.*****

If additional information is required or if I can be of more assistance, please feel free to contact me.

Thank you for your inquiry. Have a Merry Christmas & a very Happy New Year!

Carmel Hood

Compliance Officer – AZ Corporation Commission

1200 W. Washington St.

Phoenix, AZ 85007

chood@azcc.gov

602-542-0847

“Ability is what you're capable of doing. **Motivation** determines what you do. **Attitude** determines how well you do it!”

From: Katrin Stukov

Sent: Tuesday, November 10, 2015 2:15 PM

To: Carmel Hood <CHood@azcc.gov>

Subject: New River Utility (Docket #15-0380)

Hi Carmel,

Please provide compliance status for the above.

Thank you,
Katrin Stukov

New River Utility Company

c/o City of Peoria
Office of The City Attorney
P.O. Box 4038, Peoria, Arizona 85380-4038
T Civil/Risk 623-773-7330
F Civil/Risk 623-773-7043
cityattorney@peoriaaz.gov • peoriaaz.gov

RECEIVED

2015 NOV -6 A 10: 04

November 5, 2015

AZ CORP COMMISSION
DOCKET CONTROL

VIA HAND-DELIVERY

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: Application for Approval of the Sale of Stock and Cancellation of
Certificate of Necessity

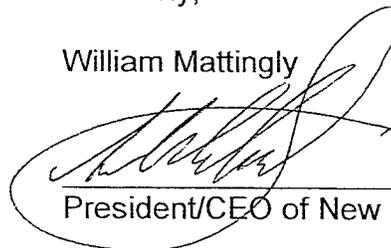
Arizona Corporation Commission,

Attached is an application by New River Utility Company, an Arizona corporation and public service company ("New River") for the Approval of the Sale of assets to the City of Peoria, an Arizona municipal corporation ("City"), and Cancellation of the Certificate of Necessity for New River. The purpose of this application is to obtain approval from the Commission authorizing the sale of all its assets to the City and cancellation of New River's certificate. The City will acquire, by way of an Asset Purchase Agreement, all wells, pumps, equipment and existing lines and systems necessary in providing water service to the public in New River's existing service area.

New River will send its customers the required notice and make publication at least once in a newspaper of general circulation in New River's service area within fifteen (15) days after this application is submitted. Furthermore, New River has refunded, to its customers, any and all deposits.

Sincerely,

William Mattingly



President/CEO of New River Utility Company

SMK/blg
cc:



ARIZONA CORPORATION COMMISSION

**APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR
FOR CANCELLATION OF THE CERTIFICATE OF CONVENIENCE
AND NECESSITY**

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

New River Utility Company, an Arizona corporation and public service company

c/o Office of the City Attorney, P.O. Box 4038 Peoria, AZ 85380-4038

Phone: 623-773-7330

B. If doing business under a name other than the Applicant name, specify.

N/A

C. The Applicant is a:

Corporation:

"C", "S", Non-Profit

Arizona Foreign

Partnership

Limited General

Arizona Foreign

Sole Proprietorship

Limited Liability Company (LLC)

Other (Specify) _____

D. List the name, address and telephone number of the attorney for the applicant:

Stephen M. Kemp, Esq.

City Attorney for the City of Peoria

8401 W. Monroe Street, Peoria, AZ 85345

Phone: 623-773-7331

E. List the name, address and telephone number of the management contact:

William Mattingly

P.O. Box 4038

Peoria, AZ 85380-4038 Phone: 623-773-7330

F. The name, address and telephone number of Purchaser is:

City of Peoria, Arizona

c/o Office of the City Attorney

8401 W. Monroe Street, Peoria, AZ 85345

Phone: 623-773-7330

G. List the name and telephone number of the purchaser's representative.

Stephen M. Kemp, Esq., City Attorney - Phone: 623-773-7330

H. The Purchaser is a:

Municipality

Improvement District

Other _____

I. The purpose for the sale and/or cancellation is due to:

Negotiated Sale of Asset

Condemnation

Other Applicant, New River Utility

Company desires to sell all its assets to the City of Peoria, an Arizona municipal corporation

pursuant to the terms of the Asset Purchase Agreement submitted concurrently herewith.

J. Provide a copy of the following documents.

1. Sales or purchase agreement
2. Court order (if condemnation)
3. Corporate Resolution authorizing the liquidation of the assets, if required by the Articles of Incorporation

K. Have all customer security deposits been refunded? Yes ___ No X

If no, mark the block below that describes the proposed disposition of security deposits.

All security deposits will be refunded prior to or at time of closing.

All security deposits will be transferred to the Purchaser for refund pursuant to the terms and conditions.

Other (explain)

L. Are there any refunds due on Main Extension Agreements? Yes ___ No X

If Yes, mark the block below which describes the proposed disposition of the refunds.

Applicant will continue to refund after the transfer. (Explain method of refunding)

Purchaser will assume the refunding obligation in accordance with the terms of the main extension agreement.

Applicant will make a full refund which will be made at closing.

Other (explain).

M. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes ___ No X If Yes, mark the block below which describes the proposed disposition of
refunds.

- Applicant will continue to refund after the transfer pursuant to Commission Rules.
- Purchaser will assume the refunding obligations in accordance with Commission Rules.
- Applicant will make a full refund at closing.
- Other (explain).

DATED the 5th day of November, 2015



(Signature of Authorized Representative of Applicant)

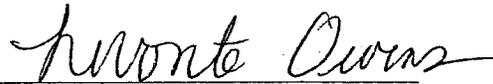
William Mattingly

(Type or Print Name Here)

Director and President of New River Utility Company

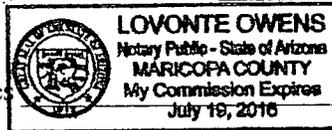
(Title)

SUBSCRIBED AND SWORN to before me on this 5th day of November, 2015



NOTARY PUBLIC

My Commission Expires



New River Utility Company

Exhibits

- A. Copy of Public Notice
- B. Asset Purchase Agreement
- C. Corporate Resolution Authorizing Sale of Assets

**PUBLIC NOTICE OF AN APPLICATION FOR THE SALE OF ASSETS AND THE
CANCELLATION OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY BY**

New River Utility Company

New River Utility Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and cancel its Certificate of Convenience and Necessity to provide water service. New River Utility Company's system is in the process of being sold to the City of Peoria. If the application is granted, the City of Peoria would be the exclusive provider of water service to your area and will establish its own rates and charges.

If you have any claims against New River Utility Company, including claims for refunds of security deposits, service line and meter installations or main extension agreements and you have not already been contacted by the Company, you must present your claim to New River Utility Company on or before December 9, 2015. Direct your claim(s) to New River Utility Company, c/o City of Peoria City Attorney's Office, P.O. Box 4038, Peoria, AZ 85380-4038.

Approval of the application may be given without a hearing. If you have any questions or concerns about this application, have any objections to its approval or would like to request information on intervention in the proceeding, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 602-542-4251 or toll free 1-800-222-7000.

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement"), is entered into as of this 5th day of November, 2015 ("Effective Date"), by and between NEW RIVER UTILITY COMPANY, an Arizona corporation and public service company (hereinafter "Seller"), and THE CITY OF PEORIA, ARIZONA, an Arizona Municipal Corporation (hereinafter "Buyer").

RECITALS

A. Seller is a public service company engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (the "Business"); and

B. Seller is the legal and beneficial owner of certain assets defined in Section 1 herein, and as described in the respective Exhibits attached to this Agreement, and desires to sell the Assets upon the terms and conditions set forth in this Agreement.

C. Buyer is an Arizona municipal corporation authorized to provide water service pursuant to A.R.S. § 9-511 and desires to purchase the Seller's Assets which include the water system and associated real property upon the terms and conditions set forth herein.

D. Buyer is an Arizona Charter City and is authorized by Article XII, Section 2 of its adopted City Charter to own and operate any public utility and to purchase any existing utility properties used or useful to public service. Further that such City Charter was approved by the qualified electors of the City on March 15, 1983. On May 7, 2005 City submitted to the qualified electors of the City, Bond Question No. 1 which provided and authorized the City to acquire water rights, lands, and interests in lands and facilities by purchase and whereas the Mayor and Council adopted Resolution 05-72 on May 24, 2005 finding that a majority of the qualified electors of the City voting in the Special Election held on May 7, 2005 approved such authority to acquire in accordance with the provisions of Arizona Revised Statutes, Section 9-514.

AGREEMENT

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

1. Conveyance of Assets. Subject to the terms, conditions and limitations set forth in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey, and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller the Assets described in this section, and as set forth in the respective Exhibits attached hereto, inclusive of all tanks, surface

water treatment equipment, pump stations, wells, water rights, water distribution systems, all real and personal property assets, inventory and equipment currently used to conduct the operation by NEW RIVER UTILITY COMPANY of its business, including without limitation, the following:

- 1.1 Deposits and Payments. The Assets include any funds held as of Closing for which a refund is not then due. All payments received by Seller after Closing shall be assigned to Buyer and shall belong to Buyer and be transmitted to Buyer in a timely manner.
- 1.2 Equipment, Inventory and Records. Seller shall provide on or before the Closing a Bill of Sale conveying all of Seller's right, title and interest in and to the Assets described in **Exhibit A**, including all Equipment, Inventory and Records, in the form attached hereto as **Exhibit B**. Buyer and Seller agree to execute and deliver such other instruments of conveyance and transfer as may be reasonably requested or necessary to convey and transfer to, and vest the Assets in Buyer.
- 1.3 Contract Rights. Buyer shall assume all Contract Rights associated with conduct of the Business. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Licenses, Certificates, Warranties and Guarantees that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the Assignment and Assumption of Contract Rights. The Assignment and Assumption of Contract Rights shall be substantially in the form of **Exhibit C** hereto.
- 1.4 Real Property. The Real Property described in **Exhibit D** shall be conveyed at Closing by the execution and delivery by Seller of the Special Warranty Deed, in the form attached hereto as **Exhibit E**. The easements described in **Exhibit F** shall be conveyed by the Seller by an Assignment of Easements which shall be substantially in the form of **Exhibit G** hereto. The Seller's water rights associated with the respective Real Property shall be conveyed by the Seller by way of an Assignment of Water Rights which shall be substantially in the form attached hereto as **Exhibit H**. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances.
- 1.5 Limitations. The purchase of the Assets, as set forth herein, shall not constitute a purchase of Seller as a corporate entity by Buyer nor render Buyer a successor-in-interest to Seller as to Seller's corporate identity and status. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may be incurred by the Buyer at any time subsequent to their transfer hereunder unless otherwise specifically set forth herein.
- 1.6 Sale Free of Liens. The Assets sold, conveyed, transferred, assigned and delivered by Seller to Buyer, as herein provided, are and shall be as of the Closing, free and clear of all Liens, other than Permitted Liens. Such acquired Assets shall be conveyed by appropriate deeds, bills of sale, endorsements, security interests, leases, pledges, assignments and other instruments of transfer and conveyance described herein.

1.7 Assumption of Liabilities. Subject to the terms and conditions set forth in this Agreement, Buyer shall assume and agree to pay, perform and discharge when due any and all liabilities and obligations of the Seller arising out of or relating to the System or the acquired Assets on or after the Closing.

2. Purchase Price. Buyer agrees to pay Seller as the Purchase Price for Seller's interests in the Assets the sum of Ten Dollars (\$10.00) and other good and valuable consideration (the "Purchase Price"), payable in lawful money of the United States of America.

3. Regulatory and Master Water System Approvals and Conditions to Closing.

Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Seller obtaining such approval of the ACC as may be necessary to complete the sale of the Assets to Buyer and cancellation of Seller's Certificate of Convenience and Necessity (the "Regulatory Approvals"); (ii) Seller's execution and delivery of the Transfer Instruments; (iii) Seller's and Buyer's payment of amounts required to be paid under this Agreement on or before Closing; and (iv) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of Closing. Buyer shall cooperate in all reasonable respects with Seller's effort to obtain the Regulatory Approvals. If (i) the Regulatory Approvals have not been obtained by December 31, 2015, the parties may agree to extend the date of Closing according to the provisions of Section 5.3 of this Agreement, or, alternatively, this Agreement shall terminate.

4. Representations and Warranties

4.1 Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as follows:

4.1.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.

4.1.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.

4.1.3 Sole Owner. After Closing, Buyer will be the sole owner of the water system. No other person or legal entity has any ownership interest in the water system.

4.1.4 Arizona Corporation Commission. To Seller's knowledge, New River Utility Company is in good standing with the ACC and has filed all reports and other filings required by state statutes or ACC regulations. Seller has not been notified by the ACC of any pending or contemplated investigation or other administrative action against or concerning New River Utility Company. Seller agrees to cooperate with the Buyer and with the ACC in obtaining the Regulatory Approvals.

- 4.1.5 Taxes. To Seller's knowledge, all income tax, property tax and other tax obligations of New River Utility Company are current. Seller has not been notified by any taxing authority of any pending or contemplated investigations or other administrative action against or concerning New River Utility Company.
- 4.1.6 Liabilities. To the best of Seller's knowledge, there are no liens, judgments, pending or threatened lawsuits, claims, administrative proceedings or other actions against, or that concern or affect Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.
- 4.1.7 Liens. There are no liens, encumbrances, judgments, security interests, monetary obligations or other matters affecting New River Utility Company, the Assets or its operations that have not been disclosed to Buyer and will be outstanding at the time of Closing, if any, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.
- 4.1.8 Proceedings. To the best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.
- 4.1.9 No Breach. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in any breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.
- 4.1.10 No Bankruptcy. Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition or suffered the filing of any involuntary petition by Seller's creditors, (iii) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (v) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.
- 4.1.11 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or

occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.

- 4.1.12 Permits. To the best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.
- 4.1.13 Condemnation. To the best of Seller's knowledge, there are no pending or threatened condemnations or eminent domain proceedings to which would affect the Business or Assets.
- 4.1.14 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to receipt of the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets contemplated herein and to observe and perform all of its covenants and obligations hereunder. The persons executing this Agreement and any other document required here by have full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.
- 4.1.15 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive Closing.
- 4.1.16 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.
- 4.1.17 Hazardous Materials. Seller has not dumped, buried or released or otherwise disposed of any hazardous materials or environmental pollutants on the Real Property. Seller knows of no dumping, burial, release or other disposal of hazardous materials or other environmental pollutants on the Real Property. Seller is not aware of any environmental problems that may affect the well sites, quality of water or service or delivery of water to Seller's customers.
- 4.1.18 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report filed by Seller with the Utilities Division of the ACC.
- 4.1.19 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit Buyer to operate the Business in its usual and customary manner, and all Improvements located within the Real Property are to be conveyed to Buyer pursuant hereto.

- 4.1.20 Preservation of Assets. Seller agrees to maintain the Assets in their current condition, ordinary wear excepted, to the date of Closing.
- 4.1.21 Joint Representation. Seller is an Arizona Corporation with professional staff and management. Seller has requested that the Office of the City Attorney of the City of Peoria, Arizona represent it in proceedings before the Arizona Corporation Commission, while also representing Buyer in such proceedings. Seller acknowledges that it has the right to separate legal representation and that in the event of a conflict of interest in a litigation matter that the Office of the City Attorney will not be able to represent Seller. Seller by execution of this Agreement is giving its consent to the joint representation by the Office of the City Attorney in accordance with the Arizona Rules of Professional Conduct, Rule 1.7.
- 4.1.22 Accuracy of Representations and Warranties. None of the foregoing representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except for any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

- 4.2 Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as follows:
- 4.2.1 Authority. Buyer has been duly formed and presently exists as a Municipal Corporation under the laws of the state of Arizona, and the entering into of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by all proper and necessary official actions, and do not violate any applicable governmental statute, rule, regulation, ordinance, contract or other restriction. All actions required by law for this Agreement to be a valid and binding obligation of Buyer have been taken or will have been taken as of Closing. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind Buyer in and to the obligations imposed on it by this Agreement.
- 4.2.2 Continuing Service of Customers. Buyer agrees to provide a continuous adequate and reliable municipal water supply to all individuals and entities served by New River Utility Company, subject to all applicable laws, rules and regulations as well as the payment of all applicable fees by such individuals and entities. Any excess water capacity not needed to satisfy the foregoing service commitment may be used anywhere in Buyer's municipal water system for any lawful

purpose.

- 4.2.3 Inspection. Buyer has inspected the facility and has determined that all of the Assets are installed in a manner that will allow them to function properly and the installation is compliant with all applicable local, state and federal laws, rules and regulations.
- 4.2.4 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive Closing.
- 4.2.5 Joint Representation. Buyer is an Arizona Municipal Corporation with professional staff and management. Buyer has requested that the Office of the City Attorney of the City of Peoria, Arizona represent it in proceedings before the Arizona Corporation Commission, while also representing Seller in such proceedings. Buyer acknowledges that it has the right to separate legal representation and that in the event of a conflict of interest in a litigation matter that the Office of the City Attorney will not be able to represent Buyer. Buyer by execution of this Agreement is giving its consent to the joint representation by the Office of the City Attorney in accordance with the Arizona Rules of Professional Conduct, Rule 1.7.
- 4.2.6 Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except with respect to any breach of such warranties and representations for which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

5. Closing. The Closing of this sale shall take place when all of the Conditions Precedent to Closing have been fully satisfied as set forth in Section 3 herein.

5.1 Closing Date. The Closing shall take place at the City of Peoria City Attorney's Office, at 8401 W. Monroe Street, Peoria, AZ 85345, on _____, 2015 (the "Closing Date").

5.2 Closing Documents.

- 5.2.1 Deliveries by Seller. At the Closing, Seller shall have delivered to the Buyer the following agreements, documents and other items:
- a. The Warranty Deeds conveying to the Buyer all of Seller's rights, title and interest in and to the Real Property;
 - b. The Bill of Sale transferring all of the acquired Assets comprising of

personal property;

- c. A duly executed counterpart to an Assignment and Assumption Agreement and Consent for each contract, and obligations and benefits thereof, that the Seller is assigning and the Buyer is assuming;
- d. The Assignment of Water Rights and well registrations.
- e. The Assignment of Easements for the easement interests owned by the Seller;
- f. Copies or originals of all Files and Records, materials, documents and records in possession of Seller relating to the Real Property or Assigned Contracts;
- g. Any other documents or instruments required by this Agreement, including Regulatory Approvals.

5.2.2 Deliveries by Buyer. At Closing, Buyer shall deliver to Seller the following:

- a. A duly executed counterpart to an Assignment and Assumption Agreement and Consent for each contract, and obligations and benefits thereof, that the Seller is assigning and the Buyer is assuming;
- b. All related agreements, duly executed by Buyer;
- c. Any other instruments necessary to or reasonably required by Seller to effectuate the transaction contemplated herein.

5.3 Notwithstanding the foregoing, Seller and Buyer may agree to mutually extend the Closing date until such later time by executing a written instrument setting a new date for Closing.

5.4 Other.

5.4.1 Seller shall transfer its water utility operations to Buyer as of Closing; Buyer shall make its own utility deposit arrangements as to new customers acquired after Closing.

5.5 As set forth in Section 1.4 above, Seller shall assign all well registrations and all water rights claims subject to the Arizona Department of Water Resources which are associated with the Assets, if any. Assignment of water rights shall be facilitated by way of an Assignment of Water Rights. Seller agrees to cooperate in good faith, after Closing, in the execution of any additional documents necessary to accomplish the aforesaid assignment of such registrations and claims.

5.6 Seller shall provide to Buyer a full and complete list of Seller's customers with addresses and any other documentation needed to enable Buyer to continue to

With a copy to: City of Peoria
City Attorney's Office
8401 West Monroe Street
Peoria, Arizona 85345

If to Seller New River Utility Company
c/o Michael D. Weber, General Manager
P.O. Box 4038
Peoria, AZ 85380-4038

- 6.5 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs and personal representatives. Neither Buyer nor Seller shall assign this Agreement without the express prior written consent of the other party.
- 6.6 **Entire Agreement.** This Agreement and the Related Agreements represent the entire agreement among the Parties with respect to the subject matter hereof, thereof and supersede all prior or contemporaneous written or oral agreements or understandings of any kind among the Parties hereto and thereto with respect to the subject matter hereof and thereof. All Exhibits and Schedules hereto are expressly made a part of this Agreement as fully as though completely set forth herein.
- 6.7 **State Law.** The validity, construction, and effect of this Agreement shall be governed by the laws of the state of Arizona without regard to conflict of law principles.
- 6.8 **Severability.** If any one or more of the provisions of this Agreement shall be held invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement shall not be affected.
- 6.9 **Conflict of Interest.** Pursuant to A.R.S. Section 38-511, Buyer may cancel this Agreement within three (3) years after its execution, without penalty or further obligations, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of Buyer is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of the Agreement.
- 6.10 **Headings.** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.
- 6.11 **Modification.** This Agreement may not be changed orally, but only by an agreement in writing, signed by the parties.
- 6.12 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together

constitute the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

SELLER:

NEW RIVER UTILITY COMPANY, an
Arizona Corporation

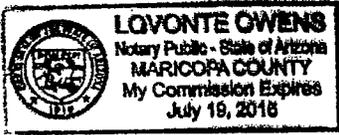
By: [Signature]
Name: William Mattingly
Its. Director and President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 4th day of November 2015, by William Mattingly, the Director and President of New River Utility Company, an Arizona corporation and public service company.

(Seal and Expiration Date)

[Signature: Lovonte Owens]
Notary Public



BUYER:

The City of Peoria

By: *Carl Swenson*
Name: Carl Swenson, City Manager

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 22 day of October 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)



Karen L. Halstead
Notary Public

ATTEST:

By: *Linda L. Blue*
for Name: Rhonda Geriminsky, City Clerk



APPROVED AS TO FORM:

By: *Stephen M. Kemp*
Name: Stephen M. Kemp, City Attorney

LIST OF EXHIBITS

- Exhibit A: List of Assets (Personal Property)
- Exhibit B: Bill of Sale
- Exhibit C: Assignment and Assumption of Contract Rights
- Exhibit D: Legal Descriptions of Nine (9) Parcels of Real Property
- Exhibit E: Special Warranty Deed
- Exhibit F: List of Easements
 - Exhibit F-1: Well No. 2 Jomax Easement
 - Exhibit F-2: Well No. 2 Cody Farms Easement
 - Exhibit F-3: Well No. 4 Cody Farms Easement
 - Exhibit F-4: Well No. 5 BLM Easement
- Exhibit G: Assignment of Easement
- Exhibit H: Assignment of Water Rights

EXHIBIT A

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

EXHIBIT B

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That New River Utility Company, as seller (the "Seller"), for good and valuable consideration received by the Seller from the City of Peoria, Arizona (the "City"), receipt of which is hereby acknowledged, does by these presents, and to the extent not otherwise prohibited by applicable law with regard to any part thereof, sells, transfers and assigns to the City the property described in Exhibit A attached hereto and as described in the Stock Purchase Agreement dated October 21, 2015, by and between the Seller and the City.

Seller warrants that it is the owner of the above-described property, warrants good and marketable title to it, and warrants that the property is unencumbered as of the date of this contract.

EXECUTED this _____ day of _____, 2015.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service
company

By: _____
Name: Bill Mattingly
Title: President

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT (the "Assignment") is dated as of November __, 2015 (the "Effective Date"), by and between New River Utility Company, an Arizona corporation ("Assignor") and City of Peoria, Arizona, an Arizona municipal corporation ("Assignee").

RECITALS

A. Assignor and the City of Glendale, Arizona are parties to that certain Agreement, dated March 13, 1990, (the "Agreement"), as evidenced in *Exhibit "A"* attached hereto.

B. Pursuant to the terms of that certain Stock Purchase Agreement, dated on or near the Effective Date (the "Stock Purchase Agreement"), by and between Assignor and Assignee, Assignor has agreed to sell to Assignee and Assignee has agreed to purchase all the Assignor's stock interest in New River Utility Company.

C. Pursuant to the terms of that certain Asset Purchase Agreement, dated on or near the Effective Date (the "Asset Purchase Agreement"), by and between Assignor and Assignee, Assignor has agreed to sell to Assignee and Assignee has agreed to purchase all the Assignor's water utility system assets.

D. In accordance with Article III, subsection F of the Agreement, Assignor now desires to assign to Assignee, and Assignee desires to acquire and assume from Assignor, all of Assignor's right, title and interest in and to, and duties and obligations under, the Agreement on the terms and conditions set forth herein and the City desires to consent to such assignment and assumption.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agreed as follows:

1. Assignment. Assignor hereby grants, conveys and assigns unto Assignee all of Assignor's right, title, and interest in and to, and duties and obligations under, the Agreement. Assignor shall indemnify, defend and hold Assignee harmless for, from and against any and all actions, suits, proceedings and claims, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), arising out of or relating to the Agreement, and which occurred or are alleged to have occurred prior to the Effective Date.
2. Assumption. Assignee hereby assumes all of Assignor's right, title, and interest in and to, and duties and obligations set forth in the Agreement and agrees to perform and observe all of Assignor's covenants, responsibilities, and conditions contained in the Agreement. Assignee further covenants and agrees to indemnify, defend and hold Assignor harmless for, from and against any and all actions, suits, proceedings and claims, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), arising out of or relating to the Agreement, and which occur or are alleged to have occurred after the Effective Date.
3. Representations, Warranties and Covenants of Assignor. Assignor represents and warrants that: (a) the contract rights being transferred and assigned hereunder are free and clear of all liens, encumbrances, and third-party interests or claims; and (b) subject to satisfaction of the conditions contained in Article III, subsection F of the Agreement,

Assignor has all lawful right and authority to undertake the actions contemplated by this Assignment. If Assignor or its affiliates receives from the City of Glendale or its affiliates any treated CAP water or other benefits under the Agreement to which the Assignee is entitled as a result of the assignment contemplated hereby, Assignor shall promptly (and in all events within 5 business days of Assignor's receipt thereof) transfer and/or convey such to Assignee or its designee.

4. Consent. In accordance with the terms of Article III, subsection F of the Agreement, City of Glendale, Arizona hereby consents to the assignment by Assignor of its rights and obligations under the Agreement and the assumption by Assignee of such rights and obligations and hereby releases Assignor from all further liability or obligation under the Agreement. Hereafter, all rights and obligations of Assignor under the Agreement shall be the responsibility of, and for the benefit of the Assignee for so long as this Assignment is not in breach.

5. Binding Effect. This Assignment shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns.

6. Choice of Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Arizona.

7. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

8. Final Approval. This Assignment is expressly subject to and shall not be or become effective or binding on any party until it is approved and fully executed by all signatories hereto, including all signatories of Assignee and Assignor.

9. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested; to the follow addresses:

If to the Assignee:

City of Peoria, Arizona
City Manager
8401 W. Monroe St.
Peoria, AZ 85345

With a copy to:

City of Peoria, Arizona
City Attorney's Office
8401 W. Monroe St.
Peoria, AZ 85345

If to the Assignor:

New River Utility Company

c/o City of Peoria
P.O. Box 4038
Peoria, Arizona 85380-4038
Attn: Bill Mattingly

Notice shall be deemed given and effective the day personally delivered with delivery verification, the day after being sent by overnight courier, subject to signature verification, and three business days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

[Remainder of page intentionally left blank]

ASSIGNOR:

NEW RIVER UTILITY COMPANY,
an Arizona Corporation

By: _____
Name: Bill Mattingly
Its: President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ___ day of
November 2015, by Bill Mattingly, the President of New River Utility Company, an
Arizona corporation and public service company.

(Seal and Expiration Date)

Notary Public

ASSIGNEE:

The City of Peoria

By: _____
Name: Carl Swenson, City Manager

Approved as to form:

By: _____
Name: Stephen M. Kemp, City
Attorney

Attestation:

By: _____
Name: Rhonda Geriminsky, City
Clerk

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona
municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

CONSENTING TO ASSIGNMENT:

The City of Glendale, Arizona

By: _____

Name: _____, City Manager

Approved as to form:

By: _____

Name: _____, City Attorney

Attestation:

By: _____

Name: _____, City Clerk

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ___ day of _____
2015, by _____, the City Manager for the City of Glendale, Arizona, an Arizona
municipal corporation, on behalf of the City of Glendale.

(Seal and Expiration Date)

Notary Public

EXHIBIT A
AGREEMENT

EXHIBIT D

LEGAL DESCRIPTION

WELL SITE No. 1

That portion of the Northwest quarter of Section 23, Township 4 North, Range 1 East of the Gila and Salt River Base & Meridian, Maricopa County, Arizona, described as follows:

Commencing at a point on the North line of said Section from which the North Quarter corner thereof bears North 89 degrees 34 minute 06 seconds East 318.02 feet; thence South 00 degrees 07 minutes 51 seconds West along the northerly projection of the East line of Tract "P", FLETCHER HEIGHTS PHASE 1A, according to Book 447 of Maps, page 31, Maricopa County Recorder's Office, a distance of 40.00 feet to the POINT OF BEGINNING; thence North 89 degrees 34 minutes 06 seconds East 49.77 feet; thence South 00 degrees 35 minutes 30 seconds West along the most easterly face of an existing block fence wall, 58.98 feet to the southeasterly corner of said wall; thence South 88 degrees 39 minutes West along the southerly edge of an existing chain link fence, 49.31 feet to a point on said East line of Tract "P", thence North 00 degrees 07 minutes 51 seconds East along said East line and its northerly projection thereof, 59.76 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION

WELL SITE No. 2

That part of the Southeast quarter of the Southeast quarter of the Northeast quarter of the Southeast quarter of Section 14, Township 4 North, Range 1 East, Gila and Salt River Base & Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point on the East line of said Southeast quarter from which a brass cap marking the centerline of Montoya Drive according to the plat of HILLCREST RANCH PARCEL "E", Book 361 of Maps, page 5 records of Maricopa County, bears South a distance of 68.03 feet; thence West 150.93 feet; thence North 66.58 feet; thence East 150.93 feet to a point on said East line; thence South along said East line, 66.58 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION
WELL SITE No. 3, RESERVOIRS 2 & 3, AND ARSENIC TREATMENT FACILITY

That portion of the Northwest quarter of the Northwest quarter of the Northwest quarter of the Southeast quarter of Section 22, Township 4 North, Range 1 East of the Gila and Salt River Base & Meridian, Maricopa County, Arizona (hereinafter referred to as the "Parcel"), described as follows:

BEGINNING at a point on the North line of said parcel from which the Northeast corner thereof bears East 92.91 feet; thence South 329.17 feet to a point on the South line of said Parcel from which the Southeast corner of said Parcel bears North 89 degrees 58 minutes 10 seconds East 96.87 feet; thence South 89 degrees 58 minutes 10 seconds West along said South line, 231.50 feet to the Southwest corner of said Parcel; thence North 00 degrees 39 minutes 49 seconds West along the West line of said Parcel, 329.31 feet to the Northwest corner of said Parcel and the Center of Section 22; thence East along the North line of said Parcel, 235.31 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION
WELL SITE No. 4 & RESERVOIR No. 1

That portion of the Southeast quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter of Section 23, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona (hereinafter referred to as the Property) lying North of the following described line:

Beginning at a point on the West line of the Property from which the Northwest corner thereof bears North 00 degrees 06 minutes 17 seconds East 163.92 feet and from which the Southwest corner thereof bears South 00 degrees 06 minutes 17 seconds West 165.54 Feet; thence North 89 degrees 51 minutes 34 seconds East along the Westerly projection of the centerline of an existing chain link fence and along said centerline, 332.32 feet to a point on the East line of the Property from which the Northeast corner thereof bears North 00 degrees 07 minutes 51 seconds East 164.96 Feet and from which the Southeast corner thereof bears South 00 degrees 07 minutes 51 seconds West 164.72 feet and to the POINT OF ENDING of the above described line.

LEGAL DESCRIPTION

WELL SITE No. 5 (TRACT II), TRACT P, and TRACT HH

The following described real property situated in Maricopa County, Arizona:
Tract P, Tract HH; and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps,
Page 31, records of Maricopa County, Arizona.

LEGAL DESCRIPTION

WELL SITE No. 5 TRACT II, TRACT P, and (TRACT HH)

The following described real property situated in Maricopa County, Arizona:
Tract P, Tract HH, and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps,
Page 31, records of Maricopa County, Arizona.

LEGAL DESCRIPTION

WELL SITE No. 5 TRACT II, (TRACT P), and TRACT HH

The following described real property situated in Maricopa County, Arizona:
Tract P, Tract HH, and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps,
Page 31, records of Maricopa County, Arizona.

EXHIBIT A

(Well Site No. 6)

A tract of land being a part of the Southeast quarter of Section 22, Township 4, North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona being more particularly described as follows:

COMMENCING at the center said Section 22, thence South 00 degrees 07 minutes 32 seconds West along the West line of the Southeast Quarter of said Section 22, a distance of 1,388.12 feet to a point which bears North 00 degrees 07 minutes 32 seconds East, a distance of 1,246.34 feet from the South quarter corner of said Section 22;

thence, at a right angle, South 89 degrees 52 minutes 28 seconds East, a distance of 40.00 feet to a point on the Easterly right-of-way of 87th Avenue, said point being the TRUE POINT OF BEGINNING;

thence continue South 89 degrees 52 minutes 28 seconds East, a distance of 28.63 feet;

thence, North 32 degrees 21 minutes 23 seconds East a distance of 40.08 feet;

thence, North 00 degrees 07 minutes 32 seconds East, a distance of 21.22 feet;

thence, North 33 degrees 20 minutes 37 seconds West, a distance of 17.83 feet;

thence, North 89 degrees 52 minutes 28 seconds West, perpendicular to the

West line of the Southeast quarter of said Section 22; a distance 40.16 feet to the Easterly right-of-way of 87th Avenue;

thence, at a right angle South 00 degrees 07 minutes 32 seconds West along said Easterly right-of-way, and parallel to the West line of the Southeast quarter of said Section 22, a distance of 70.00 feet to the TRUE POINT OF BEGINNING.

Enccompassing 0.070 acres, more or less,

and

Tracts J and K, Fletcher Heights - Phase 3A, according to Book 587 of Maps, Page 35, records of Maricopa County, Arizona.

EXHIBIT "A"

A parcel of land located in the Northeast quarter of Section 22, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the Northeast corner of said Section 22;

thence South $00^{\circ} 23' 46''$ East along the East line of said Section 22, a distance of 1306.01 feet to the TRUE POINT OF BEGINNING;

thence South $89^{\circ} 36' 14''$ West, a distance of 90.00 feet;

thence South $00^{\circ} 23' 46''$ East, a distance of 30.00 feet;

thence North $89^{\circ} 36' 14''$ West, a distance of 90.00 feet to a point on the East line of said Section 22;

thence North $00^{\circ} 23' 46''$ West along said East line, a distance of 30.00 feet back to the TRUE POINT OF BEGINNING.

EXHIBIT E

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

SPECIAL WARRANTY DEED
(Well Site No. _____)

For valuable consideration, the receipt of which is hereby acknowledged, NEW RIVER UTILITY COMPANY, an Arizona corporation and public service company ("COMPANY") engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (GRANTOR), does hereby grant, bargain, sell and convey unto the CITY OF PEORIA, an Arizona municipal corporation ("GRANTEE"), all right, title, and interest in and to the following described real property and premises situated in Maricopa County, Arizona:

See Exhibit "A" attached hereto and incorporated herein (the "Property").

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining.

TO HAVE AND TO HOLD said described premises unto the said GRANTEE, their successors and assigns forever, free and clear and discharged of and from all grants, charges, assessments, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature and kind, and that at the time of execution and delivery of this deed GRANTOR is the rightful owner of the Property conveyed, in fee simple, and has good right, full power and lawful authority to convey the Property.

IN WITNESS WHEREOF, GRANTOR has caused this deed to be executed, and delivered this ____ day of _____, 2015.

EXEMPT FROM AFFIDAVIT AND FEES PURSUANT TO A.R.S. § 11-1134, A.3.

NEW RIVER UTILITY COMPANY, an
Arizona corporation

By _____
Name: Bill Mattingly
Title: President

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledgment. On this _____ day of _____, 2015, before me, a notary public, personally appeared: Bill Mattingly known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Public

EXHIBIT F
EASEMENTS

EXHIBIT F-1

Well No. 2

Jomax Easement

Well No 2

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20150472391 06/30/2015 04:18
ELECTRONIC RECORDING

5020355-12-1-1--
Hoyp

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

DRAINAGE PIPELINE EASEMENT

JOMAX HOLDINGS LLC, an Arizona limited liability company ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for an in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, twenty (20) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), but only to the extent that such Easement Area is within the Grantor's Property, for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a drainage pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

20150472391

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefited estate.

(Signatures appear on the following pages.)

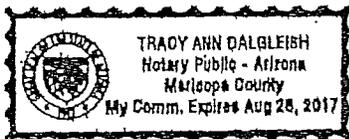
Grantor and Grantee have executed this instrument as of the Effective Date.

GRANTOR

JOMAX HOLDINGS LLC,
an Arizona limited liability company

By: C. William Nichols
C. William Nichols, Manager

State of Arizona)
) SS.
County of Maricopa)



The foregoing instrument was acknowledged before me this 28th day of June, 2015, by C. William Nichols, the Manager of Jomax Holdings LLC, an Arizona limited liability company, for and on behalf of the Grantor.

Tracy Dalgleish
Notary Public

My Commission Expires:

Aug. 28, 2017

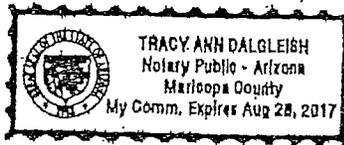
Grantor and Grantee have executed this instrument as of the Effective Date.

GRANTEE

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By: *[Signature]*
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 28th day of June, 2015, by Robert L. Fletcher, President of New River Utility Company, an Arizona corporation, for and on behalf of the company.

Tracy Ann Dalgleish
Notary Public

My Commission Expires:

Aug. 28, 2017

20150472391

Exhibit A

Description of Grantor's Property

(See attached.)

20150472391

20140109067

EXHIBIT "A"

A tract of land being part of the Southeast quarter of Section 14, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

Beginning at the Southeast corner of said Section 14, thence South 89 degrees 38 minutes 53 seconds West along the South line of the Southeast quarter of said Section 14, a distance of 406.23 feet;

Thence North 21 degrees 40 minutes 24 seconds West, a distance of 95.93 feet;

Thence North 24 degrees 38 minutes 12 seconds West, a distance of 176.43 feet;

Thence North 13 degrees 36 minutes 06 seconds West, a distance of 81.47 feet;

Thence North 01 degrees 07 minutes 09 seconds West, a distance of 139.58 feet;

Thence North 04 degrees 02 minutes 03 seconds East, a distance of 155.26 feet;

Thence North 05 degrees 31 minutes 04 seconds East, a distance of 482.17 feet;

Thence North 10 degrees 40 minutes 08 seconds East, a distance of 181.80 feet;

Thence North 13 degrees 58 minutes 23 seconds East, a distance of 155.70 feet;

Thence North 17 degrees 52 minutes 08 seconds East, a distance of 236.47 feet;

Thence North 22 degrees 54 minutes 01 seconds East, a distance of 248.74 feet;

Thence North 24 degrees 13 minutes 49 seconds East, a distance of 229.87 feet;

Thence North 20 degrees 39 minutes 22 seconds East, a distance of 221.43 feet;

Thence North 18 degrees 07 minutes 18 seconds East, a distance of 191.85 feet to a point on the East line of the Southeast quarter of said Section 14, which bears South 00 degrees 09 minutes 55 seconds East, a distance of 166.91 feet from the East quarter corner of said Section 14;

Thence South 00 degrees 09 minutes 55 seconds East along said East line, a distance of 2,483.70 feet to the Point of Beginning;

EXCEPT the Southeast quarter of the Southeast quarter of the Northeast quarter of the Southeast quarter of Section 14, Township 4 North, Range 1 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

AND EXCEPT commencing at the southeast corner of said Section 14;

Thence south 89 degrees 38 minutes 53 seconds west along the south line of Section 14, a distance of 94.82 feet;

20150472391

20140109067

Thence north 00 degrees 21 minutes 07 seconds west, a distance of 55 feet, to a point on a line that is 55 feet north of and parallel with the south line of said Section 14, said point also being the POINT OF BEGINNING;

Thence north 89 degrees 38 minutes 53 seconds west, along said parallel line, a distance of 275.63 feet;

Thence north 24 degrees 16 minutes 13 seconds west, a distance of 178.52 feet;

Thence north 39 degrees 09 minutes 38 seconds west, a distance of 81.92 feet;

Thence north 00 degrees 21 minutes 07 seconds west, a distance of 12.81 feet;

Thence north 89 degrees 38 minutes 53 seconds east, a distance of 440.20 feet to a point on a line that is 55 feet west of and parallel with the east line of said Section 14;

Thence south 00 degrees 09 minutes 08 seconds east along said parallel line, a distance of 199.81 feet;

Thence south 44 degrees 44 minutes 34 seconds west, a distance of 56.70 feet to the point of beginning.

20150472391

Exhibit B

Description of Easement Area

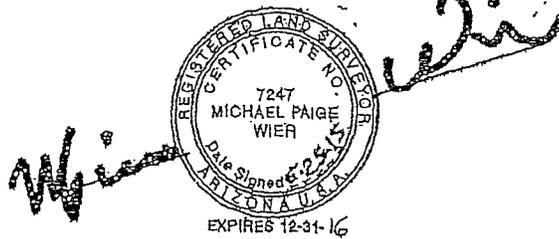
(See attached.)

20150472391

DESCRIPTION OF PROPOSED DRAINAGE PIPE EASEMENT

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

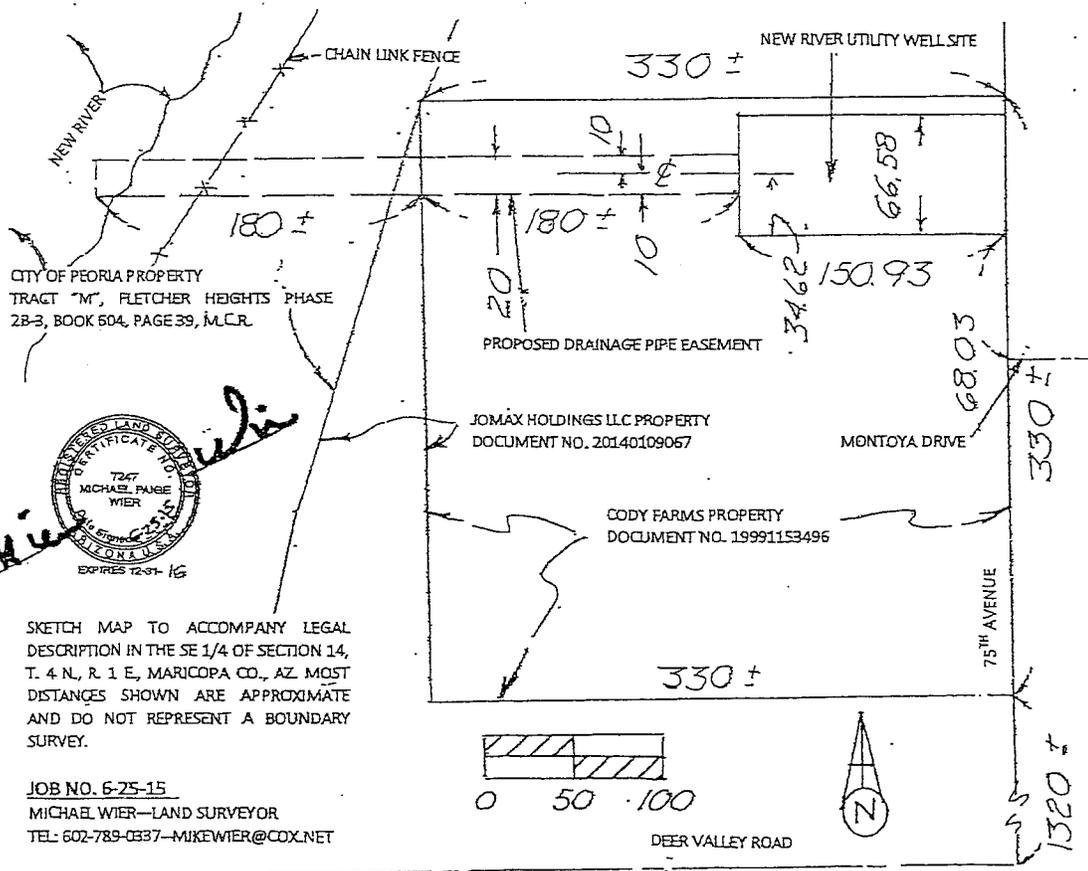
COMMENCING AT A POINT ON THE EAST LINE OF SAID SOUTHEAST QUARTER FROM WHICH A BRASS CAP MARKING THE CENTERLINE OF MONTOYA DRIVE ACCORDING TO THE PLAT OF HILLCREST RANCH PARCEL "E", BOOK 361 OF MAPS, PAGE 5, BEARS SOUTH (ASSUMED BEARING) A DISTANCE OF 68.03 FEET; THENCE WEST 150.93 FEET; THENCE NORTH 34.62 FEET TO THE POINT OF BEGINNING OF THE CENTERLINE OF THE HEREIN DESCRIBED 20 FOOT WIDE PIPELINE EASEMENT; THENCE WEST 360 FEET TO THE POINT OF ENDING.



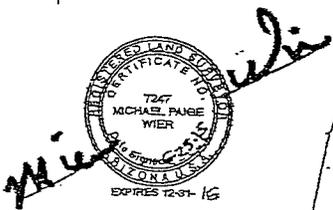
JOB NO. 6-25-15

MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0387—MIKEWIER@COX.NET

20150472391

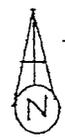
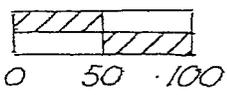


CITY OF PEORIA PROPERTY
 TRACT "M", FLETCHER HEIGHTS PHASE
 2B-3, BOOK 504, PAGE 39, M.C.R.



SKETCH MAP TO ACCOMPANY LEGAL
 DESCRIPTION IN THE SE 1/4 OF SECTION 14,
 T. 4 N., R. 1 E., MARICOPA CO., AZ. MOST
 DISTANCES SHOWN ARE APPROXIMATE
 AND DO NOT REPRESENT A BOUNDARY
 SURVEY.

JOB NO. 6-25-15
 MICHAEL WIER—LAND SURVEYOR
 TEL: 602-789-0337—MIKEWIER@COX.NET



DEER VALLEY ROAD

20150472391

Exhibit C

Description of Grantee's Property

(See attached.)

84 557715

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1: SE-1/4 SE-1/4 NE-1/4 SE-1/4, Section 14,
Township 4 North, Range 1 East, G11 & Salt River Meridian
(the "Parcel"), including, without limiting the generality
of the conveyance, the following:

- (i) That certain well situated within the Parcel,
which is more particularly described in file
no. A(4-1) 14 dad in the records of the
Arizona Department of Water Resources and
which has been assigned Registration No.
55-516944 by said Department (the "Well");
- (ii) The pump, casing and other personal property
and fixtures used in connection with the
operation of the Well; and
- (iii) Subject to the reservation to the Grantor set
forth in the Warranty Deed to which this
Exhibit "A" is attached, all present and
future rights to withdraw and use groundwater
from the Well, and all water rights appurte-
nant to or associated with the Parcel.

EXHIBIT F-2

Well No. 2

Cody Farms

Easement

Wall No 2

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20150466180 06/29/2015 04:41
ELECTRONIC RECORDING

5019956-11-1-1--
Esquivela

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

DRAINAGE PIPELINE EASEMENT

CODY FARMS, INC., a Texas corporation ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for an in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, twenty (20) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), but only to the extent that such Easement Area is within the Grantor's Property, for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a drainage pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

20150466180

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefitted estate.

(Signatures appear on the following pages.)

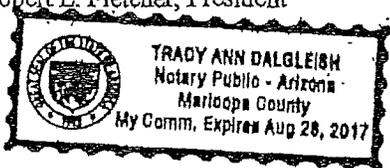
Grantor and Grantee have executed this instrument as of the Effective Date.

GRANTEE

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By: *Robert L. Fletcher*
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 28th day of June, 2015, by Robert L. Fletcher, President of New River Utility Company, an Arizona corporation, for and on behalf of the company.

Tracy Ann Dagleish
Notary Public

My Commission Expires:

Aug. 28, 2017

20150466180

Exhibit A

Description of Grantor's Property

(See attached.)

20150466180

19991153496

19991153496

DESCRIPTIONS

EXHIBIT 1

That part of the Southeast quarter of Section 14, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

SE 1/4 of the SE 1/4 of the NE 1/4 of the SE 1/4 of Section 14, T, 4 N., R. 1 E., G&SR B&M

Except the 10,049 square feet (0.2307 acre) described as follows:

Beginning at a point on the East line of said Southeast quarter from which a brass cap marking the centerline of Montoya Drive according to the plat of HILLCREST RANCH PARCEL "E", Book 361 of Maps, page 5 records, of Maricopa County, bears South a distance of 68.03 feet; thence West 150.93 feet; thence North 66.58 feet; thence East 150.93 feet to a point on said East line; thence South along said East line, 66.58 feet to the Point of Beginning.

20150466180

Exhibit B

Description of Easement Area

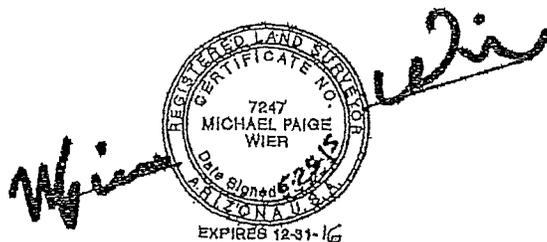
(See attached.)

20150466180

DESCRIPTION OF PROPOSED DRAINAGE PIPE EASEMENT

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

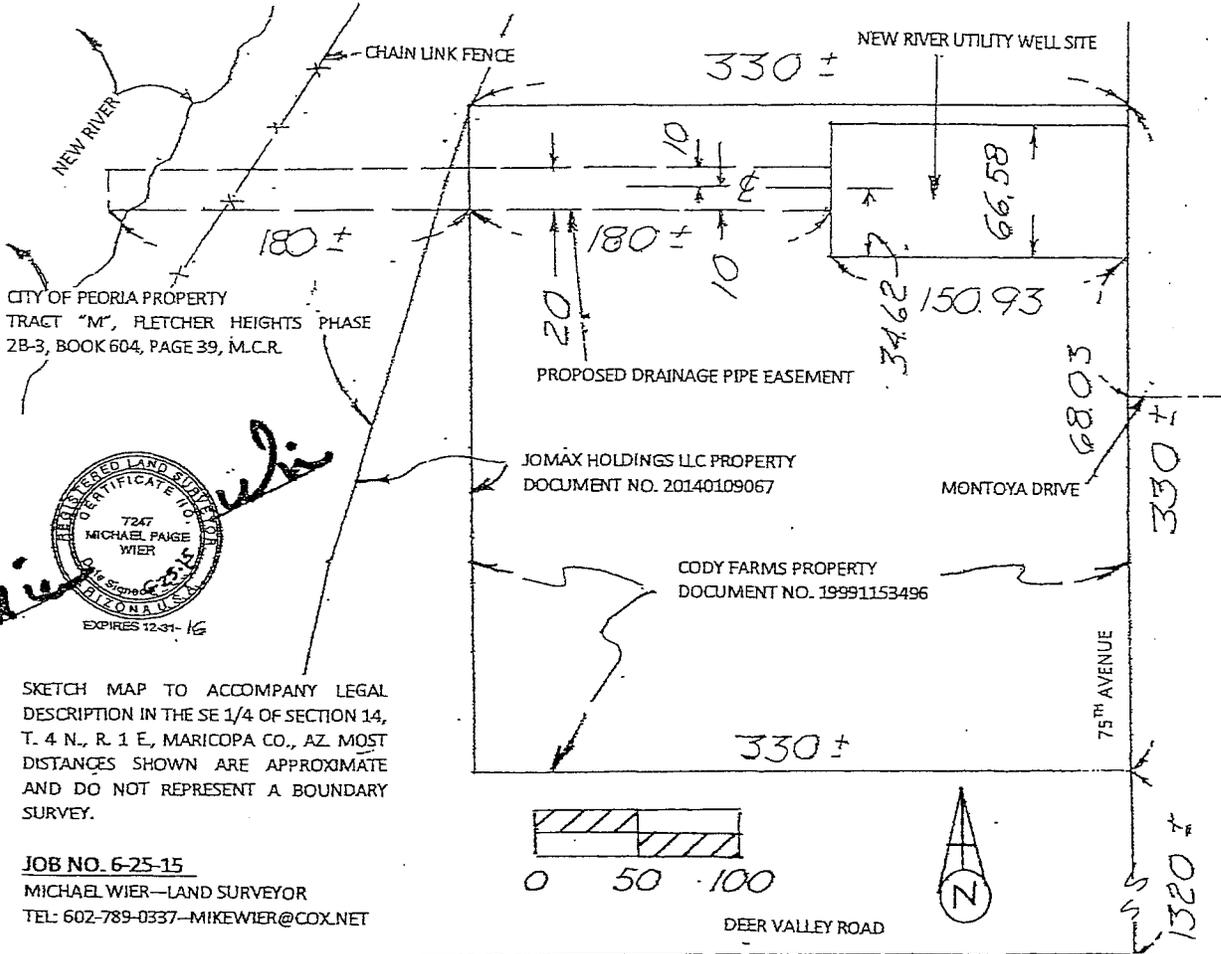
COMMENCING AT A POINT ON THE EAST LINE OF SAID SOUTHEAST QUARTER FROM WHICH A BRASS CAP MARKING THE CENTERLINE OF MONTOYA DRIVE ACCORDING TO THE PLAT OF HILLCREST RANCH PARCEL "E", BOOK 361 OF MAPS, PAGE 5, BEARS SOUTH (ASSUMED BEARING) A DISTANCE OF 68.03 FEET; THENCE WEST 150.93 FEET; THENCE NORTH 34.62 FEET TO THE POINT OF BEGINNING OF THE CENTERLINE OF THE HEREIN DESCRIBED 20 FOOT WIDE PIPELINE EASEMENT; THENCE WEST 360 FEET TO THE POINT OF ENDING.



JOB NO. 6-25-15

MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0337—MIKEWIER@COX.NET

*Cody Farms Inc Grants easement To New
River Utility*

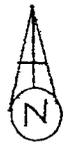
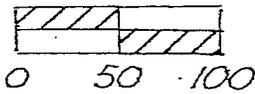


CITY OF PEORIA PROPERTY
 TRACT "M", FLETCHER HEIGHTS PHASE
 2B-3, BOOK 604, PAGE 39, M.C.R.



SKETCH MAP TO ACCOMPANY LEGAL
 DESCRIPTION IN THE SE 1/4 OF SECTION 14,
 T. 4 N., R. 1 E, MARICOPA CO., AZ. MOST
 DISTANCES SHOWN ARE APPROXIMATE
 AND DO NOT REPRESENT A BOUNDARY
 SURVEY.

JOB NO. 6-25-15
 MICHAEL WIER—LAND SURVEYOR
 TEL: 602-789-0337—MIKEWIER@COX.NET



20150465180

20150466180

Exhibit C

Description of Grantee's Property

(See attached.)

84 557715

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1: SE-1/4 SE-1/4 NE-1/4 SE-1/4, Section 14, Township 4 North, Range 1 East, Gila & Salt River Meridian (the "Parcel"), including, without limiting the generality of the conveyance, the following:

- (i) That certain well situated within the Parcel, which is more particularly described in file no. A(4-1) 14 dad in the records of the Arizona Department of Water Resources and which has been assigned Registration No. 55-616944 by said Department (the "Well");
- (ii) The pump, casing and other personal property and fixtures used in connection with the operation of the Well; and
- (iii) Subject to the reservation to the Grantor set forth in the Warranty Deed to which this Exhibit "A" is attached, all present and future rights to withdraw and use groundwater from the Well, and all water rights appurtenant to or associated with the Parcel.

EXHIBIT F-3

Well No. 4

Cody Farms

Easement

5034480-11-1-1--
morenoa

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

PIPELINE EASEMENT

CODY FARMS, INC., a Texas corporation ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, fifteen (15) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee's Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefitted estate.

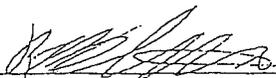
In the event that Grantee, its successors and assigns, including any subsequent owner of the Grantee's Property, ceases to use the Easement Area for the purposes herein specified for a period of sixty (60) consecutive days, then the easement rights granted to Grantee, its successors and assigns hereunder shall terminate and Grantee, its successors and assigns, including the then owner of the Grantee's Property, shall, upon written request of Grantor, or its successors and assigns, including the then owner of the Grantor's Property, promptly execute and deliver to the then owner of the Grantor's Property, an instrument in recordable form that evidences such termination.

(Signatures appear on the following pages.)

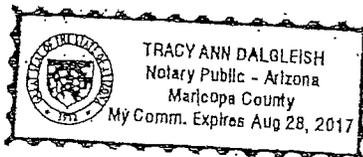
Grantor and Grantee have executed this instrument as of July 14, 2015.

GRANTOR

CODY FARMS, INC., a Texas corporation

By: 
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 14th day of July, 2015, by Robert L. Fletcher, the President of Cody Farms, Inc., a Texas corporation, for and on behalf of the corporation.


Notary Public

My Commission Expires:

August 28, 2017

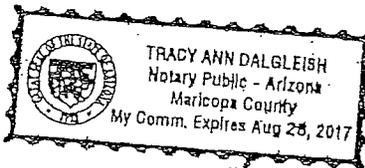
Grantor and Grantee have executed this instrument as of July 14, 2015.

GRANTEE

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By: [Signature]
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 14th day of July, 2015, by Robert L. Fletcher, President of New River Utility Company, an Arizona corporation, for and on behalf of the company.

[Signature]
Notary Public

My Commission Expires:

August 28, 2017

20150507790

Exhibit A

Description of Grantor's Property

(See attached.)

20150507790

DESCRIPTION OF NORTH PARCEL (CODY FARMS)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (HEREINAFTER REFERRED TO AS THE PROPERTY) LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

20150507790

Exhibit B

Description of Easement Area

(See attached.)

DESCRIPTION OF 15' WIDE PIPELINE EASEMENT OVER CODY FARMS PROPERTY

THE NORTH 15 FEET OF THE WEST 153 FEET OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (SAID SE 1/4 SE 1/4 NE 1/4 NW 1/4 HEREINAFTER REFERRED TO AS THE PROPERTY) AND THE WEST 15 FEET OF THAT PORTION OF SAID PROPERTY LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY, FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

Mier  *Wier*

EXPIRES 12-31-16

REVISED 7/14/15

JOB NO. 7-7-15

MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0337—MIKEWIER@COX.NET

20150507790

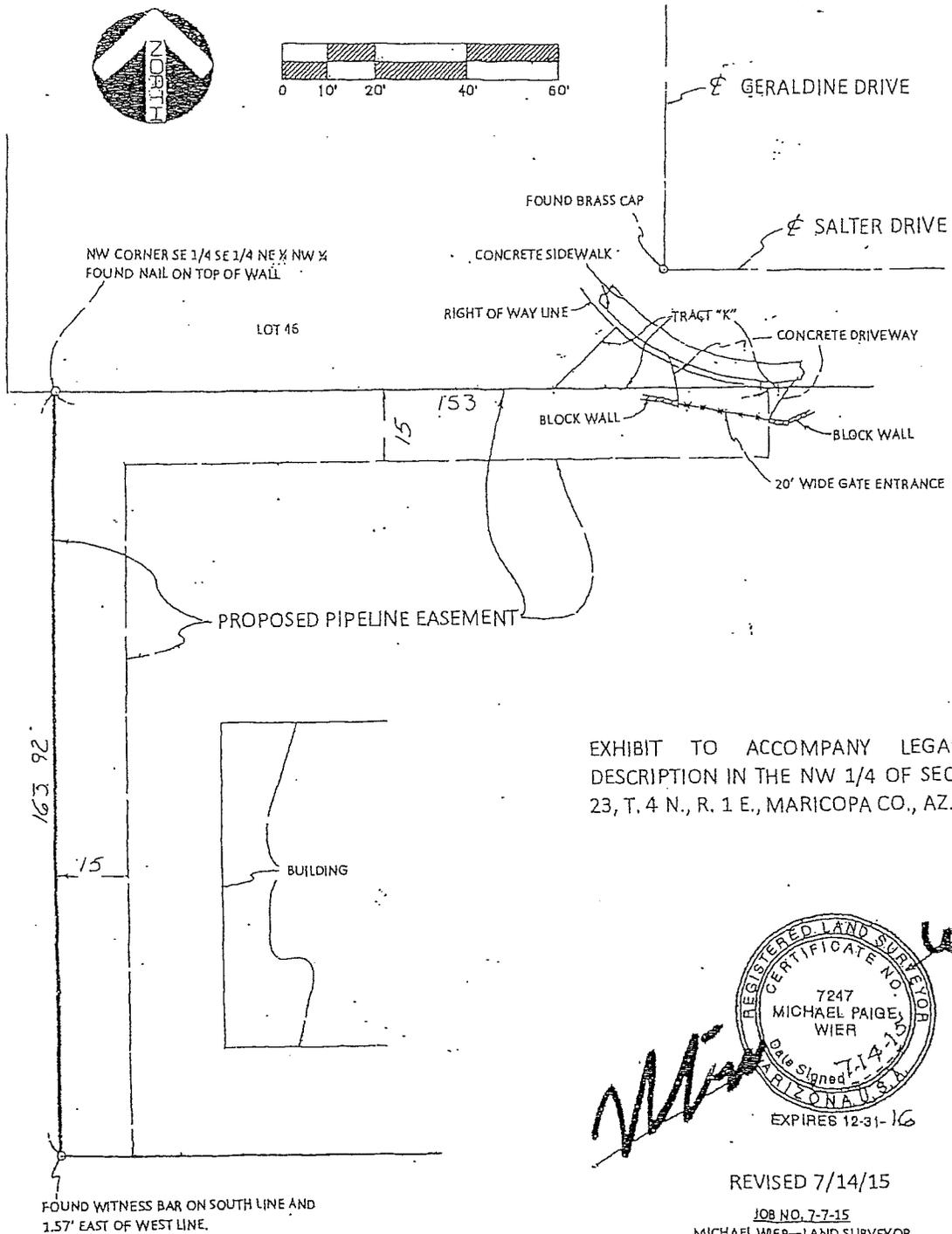
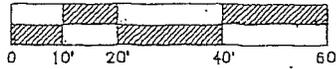


EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION IN THE NW 1/4 OF SEC. 23, T. 4 N., R. 1 E., MARICOPA CO., AZ.

Michael Wier

Wier



EXPIRES 12-31-16

REVISED 7/14/15

JOB NO. 7-7-15
 MICHAEL WIER—LAND SURVEYOR
 1538 E. FRIESS DRIVE, PHOENIX, AZ 85022
 TEL: 602-789-0337—MIKEWIER@COX.NET

20150507790

Exhibit C

Description of Grantee's Property

(See attached.)

20150507790

DESCRIPTION OF SOUTH PARCEL (NEW RIVER UTILITY)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (HEREINAFTER REFERRED TO AS THE PROPERTY) LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

EXHIBIT F-4
Well No. 5
BLM Easement

When recorded mail to:

Name: New River Utility

Address: 7839 W Deer Valley

Peoria, Ariz

City/State/Zip: 85382

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-1481009 12/16/04 15:25
1 OF 1

RE1720

this area reserved for county recorder

CAPTION HEADING:

DO NOT REMOVE

This is part of the official document.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER AZA-32650

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

By this instrument, the holder:

New River Utility Incorporated
7839 West Deer Valley Road
Peoria, Arizona 85382

receives a right to construct, operate, maintain, and terminate an existing 8" waterline, on the public lands described as follows:

T. 4 N., R. 1 E., G&SR Meridian, Arizona,
sec 23, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$.

- b. The right-of-way granted herein is 20 feet wide, 1168.31 feet long, and contains 0.54 acre more or less.
- c. This instrument shall terminate 30 years from its effective date unless prior thereto, it is relinquished, abandoned, terminated or modified pursuant to the terms and conditions of this instrument or any applicable federal law or regulation.
- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued pursuant to the authority of paragraph (1)(a) for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibits A and B, dated July 30, 2004, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

New River Utility Inc

[Signature]
(Signature of Holder)

[Signature]
(Signature of Authorized Officer)

Pres - R. L. Fletcher
(Title)

Asst. Field Manager, [Signature]
(Title)

7-30-04
(Date)

8/3/04
(Effective Date of Grant)

EXHIBIT B
RIGHT-OF-WAY STIPULATIONS

1. All applicable regulations in accordance with 43 CFR 2800.
2. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder or any person working on the holder's behalf, on public or federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine the appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of the evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.
3. The holder shall perform all activities associated with the right-of-way within the authorized limits of the right-of-way. No activities associated with this right-of-way (construction, operation, maintenance, and/or termination) shall occur outside of the designated right-of-way boundary without written approval from the Bureau of Land Management Authorized Officer.

EXHIBIT G

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

ASSIGNMENT OF EASEMENT

THIS ASSIGNMENT OF AN EASEMENT (the "Assignment") is made this ___ day of _____ 2015, by and between New River Utility Company, an Arizona corporation and public service company ("GRANTOR"), and the City of Peoria, Arizona, an Arizona municipal corporation (the "GRANTEE").

RECITALS

Whereas, the Grantor and the Grantee entered into that certain Asset Purchase Agreement dated _____ and recorded in the Maricopa County Recorder's Office on the ___ day of _____ 2015, as document number _____ (the "Asset Purchase Agreement");

Whereas, prior to the parties entering into the Asset Purchase Agreement, Grantor acquired a certain Easement (Maricopa County Recorder's office document No. _____) on or across specific tract of land granting to Assignor the right-of-way upon and across (over and under, as appropriate) the real property, as described in the attached Exhibit A and made a part hereof for all purposes;

Whereas, as part of the underlying Asset Purchase Agreement between the Grantor and Grantee, the Grantor now desires to assign the Easement to Grantee, and Grantee will accept the assignment;

ASSIGNMENT AND AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby assigns to Grantee, its successors in interest and assigns, all of its right, title, and interest in and of the Easement described in the attached Exhibit A. Grantee accepts the Assignment of the Easement and agrees to perform and fulfill all of the terms, covenants, conditions, and obligations of the Assignment.

This Assignment shall be binding on and inure to the benefit of the parties, their successors-in-interest, and assigns.

IN WITNESS WHEREOF, Grantor has executed and Assigned this Easement as of the day and year first written above.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service
company

By: _____
Name: Bill Mattingly
Title: President

GRANTEE ACCEPTANCE AND APPROVAL:

IN WITNESS WHEREOF, Grantee has caused its name to be executed by its duly authorized representatives as of the day and year first written above.

CITY:

CITY OF PEORIA, an Arizona municipal
corporation

By: _____

Carl Swenson, City Manager

ATTEST:

By: _____
Rhonda Geriminsky, City Clerk

APPROVED AS TO FORM:

By: _____
Steve Kemp, City Attorney

[Notarizations on following page]

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2015, by Bill Mattingly, the President of New River Utility Company, an Arizona corporation and public service company.

(Seal and Expiration Date)

Notary Public

EXHIBIT H

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

ASSIGNMENT OF INTEREST IN WATER RIGHTS

NEW RIVER UTILITY COMPANY., an Arizona Corporation and public service company, (hereinafter "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby Assigns and Transfers to THE CITY PEORIA, an Arizona municipal corporation (hereinafter "ASSIGNEE"), all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit A and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit A and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings; (2) all certificates, registrations, claims, affidavits, and notices for the water supplies and uses associated with the real property and leasehold estates described in Exhibit A; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service

company

By: _____
Name: _____
Title: _____

GRANTEE ACCEPTANCE AND APPROVAL:

IN WITNESS WHEREOF, Grantee has caused its name to be executed by its duly authorized representatives as of the day and year first written above.

CITY:

CITY OF PEORIA, an Arizona municipal corporation

By: _____
Carl Swenson, City Manager

ATTEST:

By: _____
Rhonda Geriminsky, City Clerk

APPROVED AS TO FORM:

By: _____
Stephen M. Kemp, City Attorney

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2015, by _____, the _____ of New River Utility Company, an Arizona
corporation and public service company.

(Seal and Expiration Date)

Notary Public

EXHIBIT A

RESOLUTION OF THE BOARD OF DIRECTORS OF NEW
RIVER UTILITY COMPANY FOR THE SALE OF ALL
CORPORATE ASSETS TO THE CITY OF PEORIA

WHEREAS, there has been presented to and discussed at this meeting a proposed Asset Purchase Agreement by which all or substantially all of the property and assets of this corporation are to be sold, conveyed, and transferred to the City of Peoria, a municipal corporation organized under the laws of Arizona, for the sum of Ten Dollars (\$10.00) and other good and valuable consideration as described in the proposed Asset Purchase Agreement; and

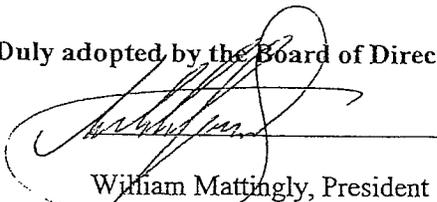
WHEREAS, the board of directors of this corporation deems it to be for the best interests of this corporation that all or substantially all the property and assets of this corporation be sold, conveyed, and transferred to the City of Peoria as stated in the proposed Asset Purchase Agreement, a true copy of which is to be inserted in the minute book of this corporation immediately following the minutes of this meeting;

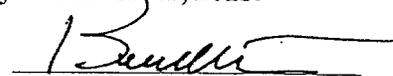
NOW, THEREFORE, IT IS RESOLVED, that this corporation sell, convey, assign, set over, transfer, and deliver to The City of Peoria all or substantially all of the business, property, and assets of this corporation pursuant to the terms and provisions of, and for the consideration provided in, the Asset Purchase Agreement that has been presented to and discussed at this meeting.

FURTHER RESOLVED, that the officers of this corporation be, and they now are, authorized, empowered, and directed to take such steps as they may deem necessary or proper to obtain the approval of the principal terms of the transaction and the nature and amount of the consideration by the vote or written consent of the stockholders entitled to exercise a majority of the voting power of the corporation.

FURTHER RESOLVED, that the president and secretary of this corporation be, and they now are, authorized, empowered, and directed to execute and deliver, on behalf of this corporation, the Asset Purchase Agreement for the sale of all or substantially all the property and assets of this corporation and, on behalf of this corporation, to execute and deliver, on consummation of the sale, all such deeds, bills of sale, assignments, and other instruments of transfer, and do all other things, on behalf of this corporation, convenient or necessary to carry out the contract of sale and to execute any and all documents, on behalf of this corporation, to that end.

Duly adopted by the Board of Directors on the 5th day of November, 2015.


William Mattingly, President


Brent Mattingly, Treasurer


Michael D. Weber, Secretary



City of Peoria

CITY CLERK'S OFFICE

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7340
F 623.773.7304
cityclerk2@peoriaaz.gov

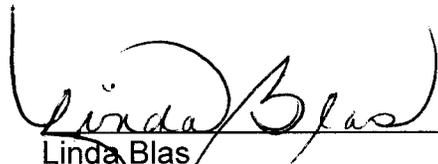
CERTIFICATE OF RECORDING OFFICER

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

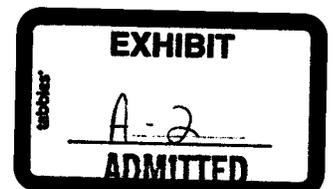
I, the undersigned, Linda Blas, being the duly appointed, qualified and acting City Clerk of Peoria, Maricopa County, Arizona, do hereby certify that the attached Stock Purchase Agreement, is a true and exact copy of the original document on file and of record in the Office of the City Clerk.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the seal of said City of Peoria this 25th day of April, 2016.





Linda Blas
Acting City Clerk



STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is executed and delivered on October 22, 2015, between the City of Peoria, Arizona, an Arizona municipal corporation ("Buyer"), and Robert L. Fletcher and Mary Karen Fletcher, as Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002 ("Seller").

WHEREAS, Seller owns all of the issued and outstanding shares of capital stock of New River Utility Company, an Arizona corporation (the "Company");

WHEREAS, the Company is engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (the "Business"); and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all of the issued and outstanding shares of capital stock of the Company (the "Shares"), all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, received to the full satisfaction of each of them, the parties agree as follows:

ARTICLE 1

SALE AND TRANSFER; PURCHASE PRICE; CLOSING

1.1 Delivery of Shares. On the terms and subject to the conditions set forth in this Agreement, Seller shall, on the Closing Date (as defined below), transfer, assign and deliver to Buyer certificates representing the Shares, free and clear of any liens, security interests, encumbrances, adverse claims, and pledges whatsoever (collectively, "Encumbrances").

1.2 Company Assets. Buyer and Seller agree that except for the Excluded Assets (defined below), all assets of the Company used in connection with the Business and necessary for the operation of the Business after the Closing in the same manner as operated immediately prior to the Closing (the "Company Assets") shall be included in the transaction contemplated by this Agreement. The Company Assets include all well permits and well sites used by the Company to withdraw water and serve the customers located within its service area pursuant to applicable law. If after the Closing, any Company Assets are discovered to not be owned by the Company, the Seller shall take any and all actions necessary to transfer such assets to the Company.

1.3 Excluded Assets. The parties agree that certain assets of the Company shall remain the property of Seller or its affiliates and, notwithstanding the structuring of this transaction as a stock purchase, shall not be sold to Buyer as part of the Company as of the Closing (the "Excluded Assets"). Such Excluded Assets are as follows: (a) all motor vehicles; (b) all office furniture; (c) all cash and cash equivalents; and (d) all cell phones. Buyer

acknowledges and agrees that the Company may take, and Seller may cause the Company to take, any and all actions necessary to transfer such Excluded Assets to Seller or its affiliates at or before the Closing (as defined below). Buyer further agrees to cause the Company to take any and all actions necessary after the Closing to transfer such Excluded Assets to Seller or its affiliates.

1.4 Purchase Price.

(a) Purchase Price. Subject to the conditions set forth in this Agreement, at the Closing Buyer shall pay to Seller for the Shares the sum of \$10,000,000 (the "Purchase Price").

(b) Payment of Purchase Price. The Purchase Price shall be paid to Seller at the Closing by wire transfer of immediately available funds.

1.5 Time and Place of Closing. Unless otherwise agreed to by the parties, this transaction shall be closed concurrently with the execution of this Agreement (the "Closing"). The Closing shall take place at the offices of Buyer, 8401 W. Monroe Street, Peoria, AZ 85345, or at such other place as the parties may agree. The date on which the Closing occurs shall be referred to as the "Closing Date."

1.6 Closing Deliveries by Seller. At the Closing, Seller shall deliver to Buyer, all duly executed:

(a) a certificate(s) representing the Shares, duly endorsed or accompanied by appropriate stock powers;

(b) evidence of the release of any Encumbrances on the Shares;

(c) resignations, effective as of the Closing Date, of all officers and directors of the Company;

(d) a certificate of good standing with respect to the Company issued by the Arizona Corporation Commission;

(e) resolutions of the board of directors of the Company authorizing the execution, delivery, and performance of this Agreement and the transactions contemplated hereby;

(f) a current balance sheet of the Company showing that all of the Company's customer deposits have been refunded and that except for any current Liabilities that have arisen in the ordinary course of business, the Company has no Liabilities on its balance sheet;

(g) a schedule of all the outstanding accounts receivable of the Company along with an aging schedule; and

(h) such other separate documents or instruments of sale, assignment, or transfer required by Buyer to consummate the transactions contemplated by this Agreement (the "Transactions").

1.7 Closing Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller, all duly executed (where applicable):

(a) the Purchase Price payable to Seller by wire transfer of immediately available funds;

(b) a certified copy of resolutions of the City Council (or delegation of the City Council) of Buyer authorizing the execution and delivery of this Agreement and the consummation of the Transactions by Buyer; and

(c) such other separate instruments of sale, assignment, or transfer reasonably required by Seller to consummate the Transactions.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as otherwise disclosed in the Disclosure Schedules to this Agreement, Seller makes the representations and warranties set forth in this Article 2 to Buyer. Whenever a representation or warranty herein is qualified as having been made "to the best of Seller's knowledge," such phrase shall mean the knowledge of Robert L. Fletcher, without inquiry.

2.1 Organization; Authority; Capitalization.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona and is duly authorized, qualified and licensed under all laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as presently conducted except for where failure to be so authorized, qualified or licensed would not have a material adverse affect on its business. Copies of the Company's Articles of Incorporation and Bylaws, each as amended, are set forth on Schedule 2.1(a).

(b) Seller has the full legal right, power and authority to enter into this Agreement and to consummate the Transactions. On or before the Closing, all action of Seller necessary to approve the Transactions shall have been taken.

(c) The authorized capitalization of the Company consists of 100,000 shares of common stock, of which 100 Shares are issued and outstanding. All of the Shares are validly issued, fully paid and non-assessable and owned, beneficially and of record, by Seller. Except for liens on the Shares that will be released before or concurrently with the Closing, there are no outstanding rights, warrants, options or agreements with respect to any class of capital stock of the Company, including agreements granting to any person rights to acquire any capital stock or agreements with respect to the voting thereof. Except for the Shares, there are no other outstanding equity securities or other interests of the Company. The Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its equity securities or any interests therein or to pay any dividend or make any distribution in respect thereof. The Company has not agreed to register any securities under the Securities Act of 1933, as amended (the "Act"), or under any state securities law. The Company has no subsidiaries and the Company does not control, directly or indirectly, or have any direct or indirect equity participation in, any other person or entity.

2.2 Binding Effect. This Agreement is the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

2.3 Consents and Approvals; No Violation.

(a) Except as set forth on Schedule 2.3(a), no filing or registration with, and no permit, authorization, consent or approval of, any party, including any federal, state or local court or regulatory agency, or other governmental authority or private arbitral authority (collectively, a "Governmental Authority"), is necessary for the consummation by Seller of the Transactions; provided, however, that Seller makes no representations or warranties as to the effect of the Transactions on any Permits (as defined below) and that Buyer shall be responsible for obtaining all required governmental consents to or approvals of the Transactions.

(b) Except as set forth on Schedule 2.3(b), the execution, delivery and performance of this Agreement, the consummation of the Transactions and the fulfillment of the terms hereof will not: (i) conflict with or result in a breach or violation of the Articles of Incorporation or Bylaws of the Company or the trust agreement of Seller; (ii) conflict with, or result in a material breach under, any document, agreement or other instrument to which the Company is a party, or result in the creation or imposition of any Encumbrance on any properties of the Company; or (iii) violate any law, regulation, judgment, order, injunction or decree of any applicable Governmental Authority applicable to the Company ("Applicable Laws"), except in the case of clauses (ii) and (iii) for breaches, violations, defaults, or Encumbrances as would not result in a material adverse effect on the Company. Buyer acknowledges and agrees, however, that the Transactions will result in the revocation of the Company's status as an S corporation.

2.4 Litigation. Except as set forth on Schedule 2.4, there is no claim, litigation, action, suit or proceeding, formal arbitration, informal arbitration or mediation, administrative, judicial or otherwise (collectively, "Proceedings"), pending or, to the best of Seller's knowledge, threatened against the Company, or against Seller and relating to the Company, before any Governmental Authority that could reasonably be expected to have a material adverse effect on the Company or that would prevent, delay or make illegal the Transactions.

2.5 Taxes. Except as set forth on Schedule 2.5, (a) the Company has filed, or will file, in a timely manner all requisite federal, state, local and other tax returns due for all fiscal periods ended on or before the date hereof and as of the Closing shall have filed in a timely manner all such returns due for all periods ended on or before the Closing Date; (b) no federal, state, local or other tax returns or reports filed by the Company (whether filed prior to, on or after the date hereof) with respect to the Company will result in any taxes, assessments, fees or other governmental charges upon the Company or the Buyer; (c) all federal, state and local taxes due and payable by the Company have been paid; (d) there are no agreements to extend the statutory period for the assessment of any taxes, examinations in progress or claims against the Company for federal, state, local and other taxes (including penalties and interest) for any period or periods prior to and including the date hereof (and as of the Closing Date) and no notice of any claim, whether pending or threatened, for taxes has been received; and (e) there are no liens for taxes on any assets of the Company, except for liens relating to current real property taxes and personal property taxes that are not yet due and payable.

2.6 Personal Property and Other Assets; Water Rights.

(a) Except for the Excluded Assets, each piece of equipment used or for use in the Business and owned by the Company (the "Equipment") is being retained by the Company and transferred to Buyer through its acquisition of the Shares in its "as is" condition.

(b) At the Closing, the Company shall have good and marketable title to its assets (other than the Excluded Assets), free and clear of all debts and Encumbrances. The Company does not lease any of its assets used in the operation of the Business. Schedule 2.6 sets forth a complete and accurate list of all the tangible personal property assets (including Equipment) owned by the Company.

(c) The well sites, buildings, machinery, equipment, and other tangible assets the Company owns, which are necessary for the conduct of the Business as presently conducted, are sufficient to carry on the Business after the Closing. The Company does not own any Type 1 or Type 2 groundwater rights.

(d) The Company has all rights necessary to extract and deliver water to its customers pursuant to applicable law, and the Company has no reason to believe that any such rights will be lost, revoked or compromised or will not be satisfied, except as would not reasonably be expected to have a material adverse effect on the Company and its Business. The Company intends that title to all such rights shall remain vested with the Company upon the Closing.

2.7 Contracts. Seller has made available to Buyer true and correct copies of all of the Company's material written leases, contracts and agreements (the "Contracts"). A list of the Contracts is set forth on Schedule 2.7. To the best of Seller's knowledge, except as set forth on Schedule 2.7: (a) all of the Contracts are in full force and effect; (b) all rent and other payments by Seller or the Company under the Contracts are current and there are no existing defaults by Seller or the Company under the Contracts; and (c) no termination, condition or other event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default or a basis for force majeure or other claim of excusable delay or non-performance under the Contracts. The Company has no active or outstanding line extension agreements.

2.8 Environmental Matters. To the best of Seller's knowledge, except as set forth on Schedule 2.8, as of the date of this Agreement, neither Seller nor the Company has received any written notice regarding the Company or its assets from any Governmental Authority or other third party alleging a violation of any Applicable Laws that relate to health, the environment, or a community's right to know ("Environmental Laws").

2.9 Permits. Set forth on Schedule 2.9 is a complete and accurate list of all permits, licenses, consents and approvals of every kind held by the Company, including permit applications, franchises, and certificates of convenience and necessity (the "Permits"). To the best of Seller's knowledge, except as set forth on Schedule 2.9, all of the Permits are valid, in good standing and in full force and effect. Notwithstanding the foregoing, however, Seller makes no representations or warranties as to the effect of the Transactions on any Permits.

2.10 Financial Information.

(a) True and complete copies of the 2013 and 2014 ACC filings (the "Financial Statements"), are included as Schedule 2.10(a). The Financial Statements were prepared in accordance with the books of account and other financial records of the Company. Buyer acknowledges and agrees that such Financial Statements have been prepared based on the ACC's regulatory requirements and may be different than financial statements prepared on the tax basis or on another accounting basis, and that such Financial Statements may not "fairly present" the financial condition and the results of operations and cash flows of the Company as of the applicable date or for the applicable periods.

(b) Except as disclosed in the Schedule 2.10(b), there are no Liabilities of the Company other than Liabilities (i) reflected or reserved against on the balance sheet dated as of December 31, 2014, and (ii) Liabilities which have arisen after December 31, 2014 in the ordinary course of business. "Liabilities" means any and all debts, liabilities and obligations of the type that are required to be included in a balance sheet prepared in accordance with generally accepted accounting principles, but excludes non-contractual liabilities (such as contingent liabilities arising out of events that occurred before the Closing or arising under any Applicable Law (including any Environmental Law) other than Tax liabilities).

2.11 Absence of Changes. Since December 31, 2014, except as otherwise set forth in Schedule 2.11, the Company has not:

(a) transferred or encumbered any rights, Permits, real or personal property, in each case, used or necessary for the provision of utility service, except in the ordinary course of business.

(b) issued or sold any capital stock, or rights to purchase any such stock or any securities convertible into or exchangeable for such stock;

(c) suffered any damage, destruction or loss (insured or uninsured) materially and adversely affecting its ability to conduct its business or operations;

(d) merged or consolidated with or been acquired by any person, firm or corporation (or agreed to do so);

(e) agreed to any waiver or settlement of any lawsuit or dispute involving it or its properties;

(f) made or authorized any loan or advance to any person;

(g) incurred (or agreed to) any Liability, except current liabilities in the ordinary and usual course of business; or

(h) made (or agreed to) any purchase or lease of capital assets exceeding \$10,000.

2.12 No Guarantees. The Company has not guaranteed or become subject to a similar contingent obligation in respect of the obligations or liabilities of any other person or entity.

2.13 Customer Deposits. As of the Closing, the Company has refunded all of its customer deposits.

2.14 Accounts Receivable. The accounts receivable of the Company as of the Closing Date: (i) represent valid and binding obligations for services actually provided by the Company, enforceable in accordance with their terms, (ii) are not the subject of any action or legal proceeding, and (iii) have arisen in the ordinary course of business. There are no contests, claims, counterclaims, rights of set off or other defenses with respect to such accounts receivable.

2.15 No Other Representations. Seller is not making any representations or warranties, expressed or implied, of any nature whatsoever except as specifically set forth in this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer makes the representations and warranties set forth in this Article 3 to Seller.

3.1 Organization; Authority.

(a) Buyer is a municipal corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is duly authorized, qualified and licensed under all laws, regulations, ordinances and orders of public authorities to carry on its business in the place and the manner as presently conducted, except for where failure to be so authorized, qualified or licensed would not have a material adverse effect on it or its ability to consummate the Transactions.

(b) Buyer has the full legal right, power and authority to enter into this Agreement and to consummate the Transactions. On or before the Closing, all municipal action of Buyer necessary to approve the Transactions shall have been taken.

3.2 Binding Effect. This Agreement is the valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

3.3 Consents and Approvals; No Violation.

(a) No filing or registration with, and no permit, authorization, consent or approval of, any party, including any Governmental Authority, is necessary for the consummation by Buyer of the Transactions.

(b) The execution, delivery and performance of this Agreement, the consummation of the Transactions and the fulfillment of the terms hereof will not: (i) conflict with, or result in a breach or violation of the charter of Buyer; (ii) conflict with, or result in a material breach under, any document, agreement or other instrument to which Buyer is a party, or result in the creation or imposition of any encumbrance on any properties of Buyer; or (iii) violate any Applicable Laws; except in the case of clauses (ii) and (iii) for breaches, violations, defaults, liens, charges or encumbrances as do not and would not result in a material adverse effect on Buyer's ability to consummate the Transactions.

3.4 Litigation. There are no Proceedings, pending or, to the best of Buyer's knowledge, threatened against Buyer before any Governmental Authority that would prevent, delay or make illegal the Transactions.

3.5 Independent Investigation. Buyer has conducted its own independent investigation of the Company, its assets and the Business. Buyer acknowledges that it has had access to Seller's representatives and to any and all real estate, environmental, financial, operational and other documents and information that Buyer has requested or otherwise determined is necessary as part of Buyer's due diligence review of the Company, its assets and the Business, and that it has inspected the same and the Company's assets. Buyer has been provided all information and documentation it has requested and has received answers to all questions asked of Buyer and its representatives and personnel. Buyer acknowledges that, **EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE SCHEDULES HERETO, BUYER, THROUGH ITS ACQUISITION OF THE SHARES, IS ACQUIRING THE COMPANY AND ALL OF ITS ASSETS "AS IS, WHERE IS" AND "WITH ALL FAULTS" AND SELLER HAS NOT MADE, AND SELLER HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, RELATING TO THE COMPANY OR ITS ASSETS (INCLUDING ANY REPRESENTATIONS OR WARRANTIES AS TO ENVIRONMENTAL MATTERS OR ANY IMPLIED OR EXPRESSED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).**

3.6 Investment. Buyer is acquiring the Shares pursuant to this Agreement for its own account and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Act.

3.7 Buyer's Representations and Warranties. From the date of this Agreement until the Closing Date, except as provided for in or contemplated by this Agreement or except as consented to or approved by Seller in writing, Buyer covenants and agrees that it will not take any action that would make any representation and warranty of Buyer hereunder inaccurate in any material respect at or as of the Closing.

ARTICLE 4

REMEDIES

4.1 Survival; Exclusivity. The representations and warranties contained in this Agreement and the certificates and other documents delivered pursuant to this Agreement shall survive the Closing for 6 months; provided, however, the representations and warranties (and indemnification obligations related thereto) in Section 2.5 shall survive until six months following the expiration of the applicable statute of limitations and the representations and warranties in Section 2.8 shall survive for a period of one year. The covenants and agreements contained in this Agreement and the certificates and other documents delivered pursuant to this Agreement shall survive the Closing to the extent applicable. Such representations, warranties, covenants and agreements contained herein are exclusive, and the parties hereto confirm that they have not relied upon any other representations, warranties, covenants and agreements as an inducement to enter into this Agreement or otherwise.

4.2 Indemnification by Seller. Seller agrees to indemnify and hold harmless Buyer from any and all claims, damages, losses, liabilities, costs and expenses (including settlement costs and any legal, accounting or other expenses for investigating or defending any actions or threatened actions) (collectively, "Losses") reasonably incurred by Buyer in connection with any breach by Seller of any representation or warranty in this Agreement or any breach by Seller of any covenant, agreement or obligation contained in this Agreement or any document contemplated hereby; provided, however, that Seller shall not be liable for the breach of any representation or warranty in this Agreement if Buyer had knowledge before the Closing of facts that would make such representation or warranty untrue.

4.3 Indemnification by Buyer. Buyer agrees to indemnify and hold harmless Seller from any and all Losses reasonably incurred by Seller in connection with any breach by Buyer of any representation or warranty in this Agreement or any breach by Buyer of any covenant, agreement or obligation contained in this Agreement or any document contemplated hereby; provided, however, that Buyer shall not be liable for the breach of any representation or warranty in this Agreement if Seller had knowledge before the Closing of facts that would make such representation or warranty untrue.

4.4 Limitation on Liability. Notwithstanding the other provisions of this Article 4, the indemnification obligations of Buyer and Seller set forth in this Article 4 shall apply only after the aggregate amount of such obligations exceeds \$10,000, at which time the indemnification obligations shall be effective only as to those Losses in excess of such initial \$10,000. Further, the indemnification obligations of Buyer and Seller set forth in this Article 4 shall be limited to an aggregate amount not to exceed \$5,000,000.

4.5 Exclusivity. Indemnification pursuant to this Article 4, as limited by the provisions of this Article 4, shall be the exclusive remedy of the parties with respect to any breach by any party of any representation or warranty in this Agreement.

ARTICLE 5

GENERAL

5.1 Tax Returns. From and after the Closing, Buyer shall not amend any of the Company's federal or state income tax returns for any period ending on or before the Closing Date.

5.2 Further Assurances. Subject to the terms and conditions of this Agreement, at any time and from time to time following the Closing, at Buyer's request (and at the expense of the Buyer but without further consideration), Seller shall execute and deliver to Buyer such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Buyer may reasonably request in order to fully consummate the transactions contemplated by this Agreement and to assist Buyer with actions related to the cancellation of the Company's Certificate of Convenience and Necessity.

5.3 Assignment; Binding Effect; Amendment. This Agreement and the rights of the parties hereunder may not be assigned and shall be binding upon and shall inure to the benefit of the parties hereto and their successors. This Agreement, upon execution and delivery, constitutes

a valid and binding agreement of the parties hereto enforceable in accordance with its terms and may be modified or amended only by a written instrument executed by both of the parties hereto.

5.4 Entire Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement among the parties hereto relating to the subject matter of this Agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement supersedes, and cannot be varied, contradicted or supplemented by, evidence of any prior or contemporaneous discussions, correspondence, or oral or written agreements of any kind.

5.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

5.6 No Brokers. Seller represents and warrants to Buyer that Seller has had no dealings with any broker or agent so as to entitle such broker or agent to a commission or fee in connection with the transaction described herein. Buyer represents and warrants to Seller that Buyer has had no dealings with any broker or agent so as to entitle such broker or agent to a commission or fee in connection with the transaction described herein. If for any reason a commission or fee shall become due, the party dealing with such agent or broker shall pay such commission or fee, and agrees to indemnify and save harmless the other party from all claims for such commission or fee and from all attorneys' fees, litigation costs and other expenses relating to such claim.

5.7 Expenses of Transaction. Whether or not the transactions herein shall be consummated: (a) Buyer will pay the fees, expenses and disbursements of Buyer and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in the performance and compliance with all conditions to be performed by Buyer under this Agreement; and (b) Seller will pay the fees, expenses and disbursements of Seller and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in the performance and compliance with all conditions to be performed by Seller under this Agreement.

5.8 Notices. All notices or other communications required or permitted hereunder shall be in writing and may be given by depositing the same in United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier, or by delivering the same in person to such party.

If to Seller, addressed to it at:

7837 West Deer Valley Road
Peoria, Arizona 85382
Attn: Robert L. Fletcher

with a copy to:

Fennemore Craig, P.C.
2394 East Camelback Road
Suite 600
Phoenix, AZ 85016
Attn: Norman D. James, Esq.

If to Buyer, addressed to it at:

City of Peoria, Arizona
8401 W. Monroe Street, Room 300
Peoria, AZ 85345
Attn: City Manager

City of Peoria, Arizona
8401 W. Monroe Street, Room 280
Peoria, AZ 85345
Attn: Stephen M. Kemp, Esq., City Attorney

Notice shall be deemed given and effective the day personally delivered with delivery verification, the day after being sent by overnight courier, subject to signature verification, and three business days after the deposit in the U.S. Mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section.

5.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona, without giving effect to any choice or conflict of law provision or rule (whether of the State of Arizona or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Arizona.

5.10 Jurisdiction; Waiver of Jury Trial. The parties agree that any disputes arising out of or related in any way to this Agreement, including a breach of this Agreement, shall be filed exclusively in the state or federal courts in Maricopa County, Arizona. The parties consent and agree to the jurisdiction of the Arizona courts. Neither party will argue or contend that it is not subject to the jurisdiction of the Arizona courts or that venue in Maricopa County, Arizona, is improper.

5.11 Attorneys' Fees. Should any litigation be commenced under this Agreement, the successful party in such litigation shall be entitled to recover, in addition to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding. For purposes of this clause, the term "successful party" means the net winner of the dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other party. If a written settlement offer is rejected and the judgment or award finally obtained is equal to or more favorable to the offeror than an offer made in writing to settle, the offeror is deemed to be the successful party from the date of the offer forward.

5.12 No Waiver. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by the other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of or in any similar breach or default occurring later; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver. The rights and remedies of any party based upon, arising out of or otherwise in respect to any inaccuracy or breach of any representation, warranty, covenant, or agreement, or failure to fulfill any condition shall in no way be limited by the fact that the act, omission, occurrence or other stated facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant, or agreement as to which there is no inaccuracy or breach.

5.13 Captions. The headings of this Agreement are inserted for convenience only, and shall not constitute a part of this Agreement or be used to construe or interpret any provision hereof.

5.14 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

5.15 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "include" or "including" means include or including, without limitation.

5.16 Cancellation. This Agreement is subject to cancellation for conflict of interest without penalty or further obligation as provided by A.R.S. § 38-511.

5.17 Acknowledgement. The parties acknowledge and recognize that after the Closing, Buyer may sell and convey all assets of the Company to the City of Peoria, an Arizona municipal corporation authorized to provide water service.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

BUYER:

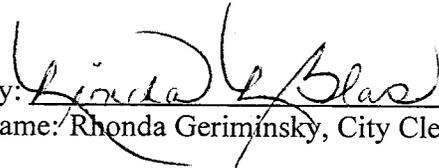
The City of Peoria, an Arizona municipal corporation

By: 
Name: Carl Swenson, City Manager

Approved as to form:

By: 
Name: Stephen M. Kemp, City Attorney

Attestation:

By: *for* 
Name: Rhonda Geriminsky, City Clerk



SELLER:

Robert L. Fletcher and Mary Karen Fletcher,
as Trustees of the Robert L. Fletcher and
Mary Karen Fletcher Family Trust, created
under trust instrument dated July 19, 2002

By: _____
Name: Robert L. Fletcher

By: _____
Name: Mary Karen Fletcher

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

BUYER:

The City of Peoria, an Arizona municipal corporation

By: _____
Name: Carl Swenson, City Manager

Approved as to form:

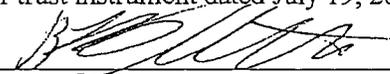
By: _____
Name: Stephen M. Kemp, City Attorney

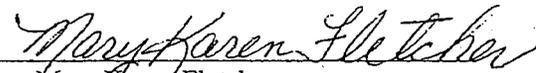
Attestation:

By: _____
Name: Rhonda Geriminsky, City Clerk

SELLER:

Robert L. Fletcher and Mary Karen Fletcher, as Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002

By: 
Name: Robert L. Fletcher

By: 
Name: Mary Karen Fletcher

LIST OF SCHEDULES

Schedule 2.1(a)	--	Articles of Incorporation and Bylaws
Schedule 2.3(a)	--	Consents
Schedule 2.3(b)	--	Conflicts
Schedule 2.4	--	Litigation
Schedule 2.5	--	Taxes
Schedule 2.6	--	Tangible Personal Property and Equipment
Schedule 2.7	--	Contracts
Schedule 2.8	--	Environmental Matters
Schedule 2.9	--	Permits
Schedule 2.10(a)	--	Financial Statements
Schedule 2.10(b)	--	Liabilities
Schedule 2.11	--	Changes

SCHEDULE 2.1(a)
Articles of Incorporation and Bylaws

1. Articles of Incorporation, dated February 20, 1959, as amended by Amendment to Articles of Incorporation, dated May 1, 1962, as amended by Articles of Amendment to Articles of Incorporation, dated December 5, 1979, as amended by Articles of Amendment to the Articles of Incorporation, dated January 20, 2003.

2. New River Utility Company Amended and Restated Bylaws, dated January 1, 2003.

SCHEDULE 2.3(a)
Consents

None.

SCHEDULE 2.3(b)
Conflicts

None.

SCHEDULE 2.4
Litigation

None.

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

SCHEDULE 2.7
Contracts

1. Agreement, dated March 13, 1990, between the City of Glendale and New River Utility Company.
2. Emergency Interconnect Agreement between the City of Peoria and New River Utility Company dated August 23, 2011.
3. Assignment of Rights and Assumption of Obligations of the Central Arizona Project Municipal and Industrial Water Service Subcontract dated July 12, 2007 between New River Utility Company and the Central Arizona Water Conservation District.

C 2615

COPY

AGREEMENT

THIS AGREEMENT is entered into this 13th day of March, 1990, between the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (hereinafter "City"), and NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (hereinafter "New River").

WHEREAS, New River is the holder of a Certificate of Convenience and Necessity, issued by the Arizona Corporation Commission, which grants New River the exclusive right to provide public utility service, and, specifically, the provision of potable water for drinking water, household, commercial and industrial purposes, within certain geographical areas of Maricopa County, Arizona (hereinafter the "certificated area");

WHEREAS, a portion of the certificated area of New River lies within the incorporated limits of the City (hereinafter the "Glendale certificated area"), which portion is located within Section 35, Township 4 North, Range 1 East, G&SRB&M (hereinafter "Section 35") and is shown on the map attached hereto as Exhibit "A";

WHEREAS, New River has a water delivery subcontract with the United States Department of Interior and the Central Arizona Water Conservation District ("CAWCD") for a supply of Central Arizona Project Municipal and Industrial water (hereinafter the "CAP Subcontract") in the total amount of 2,359 acre-feet per year, but does not currently have the facilities with

which to take delivery of, treat and deliver its CAP water to customers within its certificated area;

WHEREAS, the City owns and operates a municipal water delivery system within the City and wishes to provide water service to the public throughout Section 35, including the Glendale certificated area and the City holds the powers of eminent domain to acquire New River's Glendale certificated area, the related portion of New River's rights under its CAP Subcontract, any water rights held by New River within the Glendale certificated area, and the related portion of its franchise, for such purposes;

WHEREAS, New River has no installed water system or facilities in Section 35 or in the immediate vicinity of Section 35;

WHEREAS, on March 7, 1989, the City Council of the City adopted an ordinance authorizing the acquisition of the Glendale certificated area, and all tangible and intangible utility property and water rights related thereto, which ordinance is attached hereto as Exhibit "B";

WHEREAS, the parties are in agreement on the terms of transfer of a portion of the tangible and intangible properties of New River to the City, as they are located within or associated with the Glendale certificated area in lieu of a condemnation action which would be brought by the City in the absence of this Agreement having been reached with New River;

WHEREAS, the City has an operating water treatment plant, turnout facilities and distribution works for the City's CAP water, with future plans to either increase the capacity of the City's existing CAP water treatment plant or to build another such plant, and related facilities; and

WHEREAS, New River desires to contract with the City, pursuant to which contract the City would take delivery of, treat and deliver New River's CAP water which is available to New River under its CAP Subcontract, at the City's cost of treatment, as hereinafter described, and with participation by New River in the capital costs of treatment facilities to be expanded or constructed, owned and operated by the City, a portion of which treatment facilities would be used to treat New River's CAP water as mentioned above, and the City is willing to provide such service to New River so long as the capital costs of such treatment facilities associated with the treatment of New River's CAP water are borne by New River and so long as New River pays the City's costs, as hereinafter described, of treating New River's CAP water;

NOW, THEREFORE, IT IS AGREED as follows:

I. DELETION OF GLENDALE CERTIFICATED AREA, TRANSFER OF UTILITY PLANT AND PROPERTY AND RELATED MATTERS.

A. Contemporaneously with the execution of this Agreement by both parties hereto, New River shall execute the assignment attached hereto as Exhibit "C", and shall, within sixty days of the date of the execution of this Agreement and Exhibit "C", file with the Arizona Corporation Commission ("the

Commission") an application seeking the approval of the assignment attached hereto as Exhibit "C", and seeking the Commission's approval of all other aspects of this Agreement and the Exhibits hereto which require its approval.

B. Contemporaneously with the execution of this Agreement by both parties hereto, New River shall execute an assignment, in the form of Exhibit "D" hereto, assigning to the City all of New River's rights to 100 acre-feet of the water available to New River under its CAP Subcontract, and an assignment, quit-claim deed, and bill of sale, in the form of Exhibit "E" hereto, transferring to the City all of New River's right, title and interest in any water rights and tangible and intangible utility property within the Glendale certificated area, except for New River's Maricopa County franchise within the right-of-way of 83rd Avenue, on the western border of the Glendale certificated area. The assignment evidenced by Exhibit "D" shall not be effective until it has been approved by the United States ("the U.S."), the CAWCD, and, if necessary, the Commission, and New River shall make application to CAWCD, the U.S., and the Commission for all required approvals within sixty days of the execution of this Agreement. The assignment, quit-claim deed, and bill of sale evidenced by Exhibit "E" shall not be effective until this Agreement and Exhibit "E" have been approved by the Commission.

C. New River represents to the City that, as of the date first written above, there are no charges, liens, or encum-

branches against the Glendale certificated area or against any of the property to be assigned or transferred hereunder. New River represents to the City that it has not provided water service in Section 35 and that it has no facilities or properties in that portion of Section 35 outside the Glendale certificated area. New River covenants that it will do no act between the date first written above and the date Exhibits "C", "D" and "E" are in effect which would cause a charge, lien, or encumbrance to be placed upon the property described in Exhibits "C", "D" or "E". New River represents, further, that it is in good standing with the Commission, that it has filed with the Commission all reports required to be filed by New River, that there are no proceedings pending before the Commission for the revocation of New River's certificate of convenience and necessity, and that it has executed a subcontract for M&I water service from the CAP, which subcontract has been validated by a decree of the Superior Court which is final and from which no appeals can now be taken.

D. New River shall execute such additional documents as may be necessary to effect the assignments and transfers described in Article I.B. hereof and shall prosecute the application described in Article I.A. hereof diligently and at its own expense. New River shall make all reasonable efforts in obtaining the approval of the CAWCD and the U.S. of the assignment evidenced by Exhibit "D" hereto. The City shall cooperate with New River in prosecuting the application and in effecting the assignment and transfer described in Article I.B. hereof.

New River shall support any application made by the City for a franchise from Maricopa County within the right-of-way of 83rd Avenue, on the western border of the Glendale certificated area, provided, however, that New River shall not be required to support, and may oppose, any such application if the granting of the application would have the effect of revoking the franchise to such area currently held by New River.

E. From and after the date Exhibits "C", "D" and "E" are effective and the Commission has approved this Agreement and all Exhibits hereto requiring its approval, New River acknowledges the right of the City to be the sole provider of public water service within the Glendale certificated area and within Section 35.

II. TREATMENT AND DELIVERY OF CAP WATER.

A. Definitions. For purposes of this Article II, New River's CAP water entitlement means that amount of water to which New River is entitled under its CAP Subcontract, less the amount of its CAP water allocation to be transferred to the City under Article I.B. hereof and with respect to which New River has given the notice or notices provided for in paragraph B.5.a. of this Article II (hereinafter "New River's CAP entitlement" or "allocation").

B. Capital Charges and Related Matters

1. New River agrees to pay to the City a Capital Charge to be utilized by the City to fund the construction of such additional CAP water treatment plant capacity as is neces-

sary for the City to treat New River's CAP allocation. Such additional capacity may be included in the capacity of a new CAP water treatment plant or in an expansion of the City's existing CAP water treatment plant, whichever option the City, in its discretion, elects. The Capital Charge to be paid by New River to the City shall be that amount of money which is equal to the City's costs in arranging to treat New River's CAP allocation under whichever of the following options the City elects:

a. In the event the City elects to build a new CAP water treatment plant in order to treat New River's CAP allocation, New River shall pay a Capital Charge which is in the proportion that the capacity required to treat its CAP entitlement bears to the total capacity of the new CAP water treatment plant. The Capital Charge shall be determined by adding all of the capital costs of the new plant and multiplying the sum thereby obtained by the ratio of the new plant's capacity attributable to the treatment of New River's CAP allocation to the total treatment capacity of the new plant. For purposes of this paragraph, the term "capital costs" shall mean land costs, engineering, design, and technical studies costs, contract amounts for the construction of the new plant, overhead charges, including legal services and project administration by the City (provided that overhead charges shall in no event exceed 15% of the contract amount for the construction of the new plant), and all other costs reasonably incurred by the City in connection with the construction of the new plant. "Capital costs" may also

include costs for rights-of-way, if any, associated with the construction of the new CAP water treatment plant, but shall not include the costs described in Paragraph II.B.1.c. of this Article II.

b. In the event the City elects to expand the City's existing CAP water treatment plant in order to treat New River's CAP allocation, New River shall pay a Capital Charge which is equal to the capital costs of constructing the treatment capacity to be used for the treatment of New River's CAP allocation in the expanded portion of the existing CAP water treatment plant, plus a share of the land costs, design and engineering costs, and other infrastructure costs previously incurred by the City in anticipation of a future expansion of the plant, if any, which share shall be in the proportion that the capacity included in the expansion to be used to treat New River's CAP allocation bears to the total capacity of the plant after the expansion has been concluded. For purposes of this paragraph, the term "capital costs" shall mean the engineering, design, and technical studies costs, contract amounts for the construction of the additional capacity required for the treatment of New River's CAP allocation, overhead charges, including legal services and project administration by the City (provided that overhead charges shall in no event exceed 15% of such contract amount), and all other costs reasonably incurred by the City in connection with the expansion of the plant in order to treat New River's CAP allocation. "Capital costs" may also include costs for rights-

of-way, if any, associated with the construction of the expansion of the existing CAP water treatment plant, but shall not include the costs described in Paragraph II.B.1.c. of this Article II.

c. The cost of any transmission facilities, including rights-of-way, from the City's treatment plant used to treat New River's CAP allocation to the Delivery Point, as defined in paragraph II.B.4. of this Article II, shall not be included in any way in determining the amount of the Capital Charge to be paid by New River to the City.

d. The Capital Charge under paragraphs B.1.a. and B.1.b. of this Article II may include a reasonable amount for contingencies, not to exceed ten percent (10%) of the total Capital Charge payable by New River, exclusive of the amount for contingencies, which amount shall be held at interest in a contingency fund ("Contingency Fund") and which amount, plus all interest earnings thereon, shall be refunded to New River to the extent such amount is not expended in the construction of the new plant or in the expansion of the existing plant, as the case may be. No expenditure shall be made from the Contingency Fund by the City without giving New River written notice of such expenditure at least 14 working days prior to the making of such expenditure. New River shall have the right to protest the making of such expenditure, and the City, after receipt of such a protest, shall have the right to make such expenditure or to refrain from making such expenditure; provided, however, that New River shall have the right to recover the amount of the

expenditure taken from the Contingency Fund, plus interest, in an action in which New River demonstrates that the expenditure was not appropriately charged to or made from the Contingency Fund. No expenditure shall be made from the Contingency Fund unless the City also makes an expenditure for the same contingency, and any expenditure from the Contingency Fund shall be in the same proportion to the total contingency expenditure that New River's capacity in the new or expanded treatment plant bears to the total capacity of the new or expanded treatment plant. In the event New River's capacity is equal to 100% of the capacity of the new or expanded treatment plant, the City shall not be required to make an expenditure for the contingency. For purposes of this Agreement, the Contingency Fund may be used to cover extra costs of construction attributable to reasonable unanticipated conditions or circumstances which are necessary in order to complete construction of the new or expanded plant, provided such extra costs are not a result of the City's negligence.

2. The City shall provide to New River, in the notice required by paragraph II.B.5. of this Article II, a detailed itemization of the Capital Charge to be paid by New River, showing all components of such Capital Charge and how all components were calculated and determined. The City shall also provide, if requested by New River, all underlying documentation, calculations and other information necessary to show clearly the bases for each component of the Capital Charge. If New River

disputes all or any part of the City's calculation of the Capital Charge, the parties agree to negotiate in good faith to attempt to arrive at a mutually acceptable calculation. If a mutually acceptable calculation cannot be reached, each party shall have available all legal and equitable recourse allowed by law; provided, however, that the City shall have no obligation to enter into contracts or cause the project to be constructed until such dispute is resolved and the Capital Charge is paid by New River.

3. a. The City agrees, within a reasonable time after the Notification Date referred to below, and payment by New River of the Capital Charge, to cause to be constructed the new CAP water treatment plant or an expansion to the City's existing CAP water treatment plant (the "Project") in sufficient capacity and designed so as to permit the City to take delivery of New River's CAP allocation from the works of the CAP, treat such water and deliver it to New River, through a metered connection at the Delivery Point. The determination of the timing of construction of the Project will be made by the City, exercising good-faith discretion and in consideration, among other factors, of the plans the City may then have to expand its existing CAP water treatment plant or build another such plant, the timing of such plans and the economies which can be realized by combining such plans with the Project to be funded by New River.

b. Upon completion and operational acceptance of the Project by the City (the "Completion Date"), the

City shall take delivery of, treat and deliver to the Delivery Point New River's CAP entitlement under the pertinent provisions of New River's CAP Contract and all applicable rules, regulations and operational orders of the U.S., CAWCD and DWR, for which New River shall pay the Water Delivery Charge provided for in paragraph C. of this Article II, in addition to the Capital Charge.

c. The Project shall be constructed under City control as a public works contract.

d. The Project shall be owned absolutely by the City and New River shall have no interest therein. New River's rights under this Agreement are in the nature of a contractual right for the treatment and delivery of New River's CAP allocation.

4. The Delivery Point shall be in or on the west side of the intersection of 75th Avenue and Deer Valley Road, Glendale, Arizona, at which point the City shall, at New River's expense, install a meter. New River shall have the right to observe the installation and calibration of the meter, and the right upon reasonable notice to inspect the meter and to request and observe any recalibration thereof. The City shall keep accurate records of all water deliveries through the meter, which records New River may inspect during business hours. The meter shall be installed at New River's request, and shall be installed not less than thirty days prior to the delivery of water through the Delivery Point, provided New River shall first have made such changes to its system, including the addition of a storage tank,

if necessary, as the City may reasonably require for the efficient operation of the City's own system up to the Delivery Point.

5. a. The Notification Date shall be that date on which New River delivers to the City written notification of its readiness to proceed with the Project, make payment of the Capital Charge and accept delivery of its CAP entitlement. In selecting the Notification Date, New River shall give due consideration to the time needed to acquire land and rights-of-way (if necessary), to design and engineer the Project, to complete the public bidding and other requirements for public works projects, and construct the Project, and to any plans or desire the City may have to include in the overall Project additional capacity beyond that needed for treatment and delivery of New River's CAP entitlement. To the greatest extent possible, New River shall consult with the City on the choice of the Notification Date and provide the City notice of New River's plans and needs in this respect, in advance of the Notification Date.

b. New River shall include in the notice provided for in this paragraph B.5 a statement of the number of acre-feet of its CAP water which it desires the City to treat and deliver, which number of acre-feet may be less than the total number of acre-feet remaining after the assignment described in paragraph B. of Article I of this Agreement becomes effective; provided, however, that New River may give the notice provided in paragraph B.5.a. of this Article II only once unless otherwise

agreed between New River and the City. Within six months of its receipt of New River's notice, the City shall estimate the Capital Charge which New River must pay in order to be entitled to the treatment of its CAP allocation hereunder and shall, within such period, in writing, notify New River of the estimated amount of the Capital Charge. The period within which the City must give the notice herein required shall be extended for six months if the City determines in good faith that it will be unable to commence the expansion of the existing treatment plant or the construction of the new plant by a date six months after its receipt of New River's notice pursuant to paragraph B.5.a. of this Article II. The estimate to be included in the City's notice shall include supporting calculations, documentation and information sufficient to permit New River to ascertain how the estimated Capital Charge was determined.

c. Within six months of its receipt of the notice from the City, New River shall advance to the City the amount specified in the notice; provided, however, that such six month period shall be extended by the amount of time required to resolve any dispute as to the amount of the estimate and by the amount of time required to obtain any Commission approval necessary either to finance or to advance the amount specified in the notice, or both; and, provided, further, that during the period of any such extension, the City shall have no obligation to proceed with the construction of the plant expansion or a new plant.

d. In the event the amount advanced by New River pursuant to the City's notice is insufficient to pay the Capital Charge actually incurred by the City, New River shall pay the difference to the City prior to being entitled to the delivery of treated water through the Delivery Point. In the event the amount advanced by New River is greater than the amount of the Capital Charge paid by the City, the City shall refund the difference to New River within sixty days of the Completion Date.

e. Nothing in this paragraph or in this Agreement shall be construed as requiring or obligating New River to give the notices described in this paragraph, which New River is free to elect not to give, or to make the payments described herein, without first having obtained all approvals the Commission may require; provided, however, that if New River shall not have given the notification provided in this Paragraph on or before December 31, 2010, New River shall have no further rights or obligations under this Agreement.

C. Water Treatment and Delivery.

1. Provided New River shall first have complied with the applicable requirements of paragraph B. of this Article II, and conditioned upon New River's payment to the City of the Delivery Charge herein provided for, the City, during the period commencing on the Completion Date and extending to the end of the term of New River's CAP subcontract, shall treat New River's CAP allocation and shall deliver treated CAP water to the Delivery Point. The right to treatment and delivery of its

CAP allocation herein provided for shall be renewable by New River for the period of time covered by any renewal or extension of New River's CAP subcontract upon such terms and conditions as the City and New River may agree.

2. The Water Delivery Charge to be paid by New River to the City shall be calculated by the City to cover, as nearly as can be computed, the actual or reasonably estimated cost to the City of taking delivery of, treating, and delivering to New River at the Delivery Point New River's CAP entitlement. The Water Delivery Charge will include, but not necessarily be limited to the following: a proportionate share (based upon the proportion of the capacity for which New River has paid a capital charge to the total capacity of the treatment plant) of all direct operating expenses, costs for plant maintenance, routine repair and equipment replacement, power charges, and a reasonable amount for plant overhead and administration by the City. The City will modify the Water Delivery Charge from time to time as significant changes in the cost components of the Water Delivery Charge occur. At the request of New River (and in no event more frequently than twice per year), the City will review the Water Delivery Charge calculations to determine in good faith whether significant changes have occurred in the cost components to justify a modification of the Water Deliver Charge. The City shall provide New River with information showing the manner in which the Water Delivery Charge was calculated, all of the components of the Charge and the bases of such components. In no

event shall the Water Delivery charge include costs associated with transmission facilities from the treatment plant to the Delivery Point.

3. New River will be billed by the City on a monthly basis for the current Water Delivery Charge, which shall be due and payable upon presentation. All Water Delivery Charges which remain unpaid for more than thirty (30) days after presentation to New River, shall bear interest at the rate of one percent (1%) per month, until paid. Fractions of a month shall be considered to constitute a full month for purpose of computing interest. If two or more billings of Water Delivery Charges remain unpaid in excess of thirty (30) days each, at the City's option the City may stop taking delivery of, treating and delivering water to New River under this Agreement until such billings and any applicable interest is paid in full; or the City may thereafter require New River to maintain an advance deposit of not less than two months' nor more than six months' average Water Delivery Charges, calculated on the basis of the current per acre-foot Water Delivery Charge multiplied by the total amount of capacity for which New River has paid a Capital Charge to the City; or both. New River agrees to pay to the City, in addition to interest as provided above, reasonable attorneys' fees and costs or expenses incurred for collection of any Water Delivery Charges which remain unpaid for thirty (30) days or more from presentation to New River, regardless of whether suit is filed.

4. If any improvements, upgrades, repairs, or modifications ("extraordinary work"), beyond those which may already be covered by the calculation of the Water Delivery Charge, are required to be made to the plant, including all pipes and other facilities used by the City to take delivery of New River's CAP entitlement, whether by reason of functional or physical depletion, obsolescence or wear, government regulation or change in applicable laws, requirements of good engineering and/or operational practices, or other cause (except for the negligence of the City or its employees), New River agrees to pay to the City its proportionate share of the cost of such extraordinary work, including all cost components of the type included in calculation of the Capital Charge as incurred by the City for the extraordinary work, whether performed by City employees or independent contractors. Payment shall be made by New River to the City for New River's share of the cost of such extraordinary work within thirty (30) days of receipt of written notice thereof by the City. The interest, attorneys' fees and collections costs and expenses provisions pertaining to unpaid Water Delivery Charges shall apply to New River's share of the cost of such extraordinary work. In addition, the City may require New River to pay in advance an estimate of New River's share of the cost of the extraordinary work, with any excess amount paid to be refunded to New River and any deficiency to be billed and collected by the City under the above provisions for payment of the cost of extraordinary work. New River's share of the cost of extra-

ordinary work shall be calculated in the proportion that the capacity used for providing water deliveries to New River under this Agreement bears to the total capacity of the affected plant or other facility.

5. The City shall take all reasonable steps to treat the water delivered to New River to potable quality in accordance with the public drinking water standards in effect for the City's delivery of water to its own customers. The City shall have no responsibility or liability to treat or deliver water to New River of a quality in excess of such standards or for adverse water quality impacts from causes or factors beyond the ability of the City to reasonably control. The City shall supply periodic chemical analysis reports of the quality of the water supplied to New River under this Agreement. The City bears no responsibility for water quality beyond the Delivery Point:

6. The City shall have no responsibility or liability for any interruption or failure to deliver water to New River resulting from causes or factors beyond the ability of the City to reasonably control and New River shall defend, save, hold harmless and indemnify the City for all claims, damages and expenses which may arise therefrom, regardless by whom made.

III. GENERAL PROVISIONS.

A. New River shall, at or prior to the execution of this Agreement on its behalf, have taken all steps necessary to authorize its officers to execute the Agreement and hereby warrants and represents that such steps have been taken and that

this Agreement is binding upon it as a lawful contract of New River, subject to such approval hereof by the Commission as may be required by law.

B. The City shall, at or prior to the execution of this Agreement on its behalf, have taken all steps necessary to authorize its officers to execute the Agreement and hereby warrants and represents that such steps have been taken and that this Agreement is binding upon it as a lawful contract of the City, subject to the condition that the Commission approve New River's execution of this Agreement, if necessary.

C. No officer, official or agent of the City or New River has the power to amend, modify or alter this Agreement or waive any of its provisions or conditions or to bind the City or New River by making any promise or representation not contained herein, except as may be expressly authorized by the Glendale City Council or New River's Board of Directors by appropriate written instrument.

D. The City shall have no obligation to spend public funds under this Agreement, except as may, in the discretion of the Glendale City Council, be appropriated according to law.

E. This Agreement is subject to all applicable provisions of law and regulations, including the Charter and Code of the City of Glendale, as may be amended from time to time hereafter.

F. This Agreement shall not be assigned or transferred by either party without the advance written consent of the

other party, which consent shall not be unreasonably withheld but shall be binding upon the parties' successors in the event such consent is obtained.

G. This Agreement contains all of the promises made and terms and conditions of the agreement between the parties and supersedes all prior negotiations, representations or agreements, either oral or written.

H. Time is of the essence in the performance of all obligations under this Agreement.

I. The interpretation and enforcement of this Agreement shall be governed by the law of the State of Arizona.

J. No waiver of any provision of or a default under this Agreement shall affect the right of either party thereafter to enforce said provision or to exercise any right or remedy in the event of any other default, whether or not of the same or similar nature.

K. The City shall be absolved from liability for any act, omission, or circumstance occasioned by any cause whatsoever not within the control of the City and which the City could not, by reasonable diligence, have avoided. Such acts, omissions, or circumstances, however, shall not relieve the City of liability in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch and to give notice and full particulars of the same in writing to New River as soon as possible after the occurrence of the cause relied on. The requirement that any

force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes, labor controversies or other disputes by acceding to the demands of the opposing party or parties, or any otherwise unreasonable action by the City.

L. No non-party to this Agreement shall be deemed to be nor is intended to be a third-party beneficiary of this Agreement or any part hereof.

M. It is the intention of the parties that the provisions of this Agreement are severable and if any provision shall be declared invalid by the valid judgment or decree of any court of competent jurisdiction, such invalidity shall not affect the remaining provisions.

N. This Agreement shall inure to the benefit of and be binding upon the parties and their permitted successors, representatives, heirs and assigns.

O. This Agreement may be executed in any number of counterparts and in that event, each signed copy shall be an original, but all such counterparts shall constitute one and the same Agreement.

P. This Agreement is the product of negotiation between the parties, with both parties represented by legal counsel and shall not be interpreted for or against the party drafting the Agreement, but shall be interpreted according to the fair meaning of its terms.

Q. Any notice, report, or demand required or permitted by any provision of this Agreement shall be served and

deemed to be sufficiently given for all purposes, effective as of the first attempted delivery thereof, by certified mail, postage and charges prepaid, as follows:

(1) If to the City, to:

CITY MANAGER
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

With copies to:

CITY ATTORNEY
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

DEPUTY CITY MANAGER-PUBLIC WORKS
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

or to any other address or addresses as may be designated in writing from time to time by the City.

(2) If to New River, to:

NEW RIVER UTILITY COMPANY
c/o R. Les Fletcher, II^{RUF}
2601 North 32nd Avenue
Phoenix, Arizona 85009

With copy to:

RYLEY, CARLOCK & APPLEWHITE
2600 The Arizona Bank Building
101 North First Avenue
Phoenix, Arizona 85003
Attention: Michael J. Brophy

or to any other address or addresses as may be designated in writing from time to time by New River.

R. In the event it is necessary for any one of the parties hereto to bring any action to enforce any of the terms

and covenants of this Agreement, it is agreed that the prevailing party shall be entitled to recover against the other party its reasonable attorneys' fees and costs incurred.

S. Articles I and III of this Agreement shall be effective on the date this Agreement has been executed by both parties hereto. Article II of this Agreement shall be effective on the date the Commission approves this Agreement and Exhibits "C" and "D" hereto or determines its approval is not necessary.

EXECUTED as of the date first written above.

CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona

By Martin Vanacore
Name: _____
Title: CITY MANAGER

ATTEST:

Juergens Behre
City Clerk

APPROVED AS TO FORM:

Peter V. Huff
City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED AND SWORN to before me this 2nd day
of February, 1990, by Robert L. Fletcher,
President of NEW RIVER UTILITY COMPANY, an Arizona
corporation and public service corporation, on behalf of said
corporation and public service corporation.

James L. Peterson
Notary Public

My Commission Expires:

My Commission Expires Jan. 13, 1991

[EXHIBIT "A"]

MAP OF NEW RIVER UTILITY COMPANY'S
CERTIFICATED AREA
LYING WITHIN THE INCORPORATED LIMITES OF THE
CITY OF GLENDALE

Section 35, Township 4 North, Range 1 East,
G&SRB&M

{Attached}

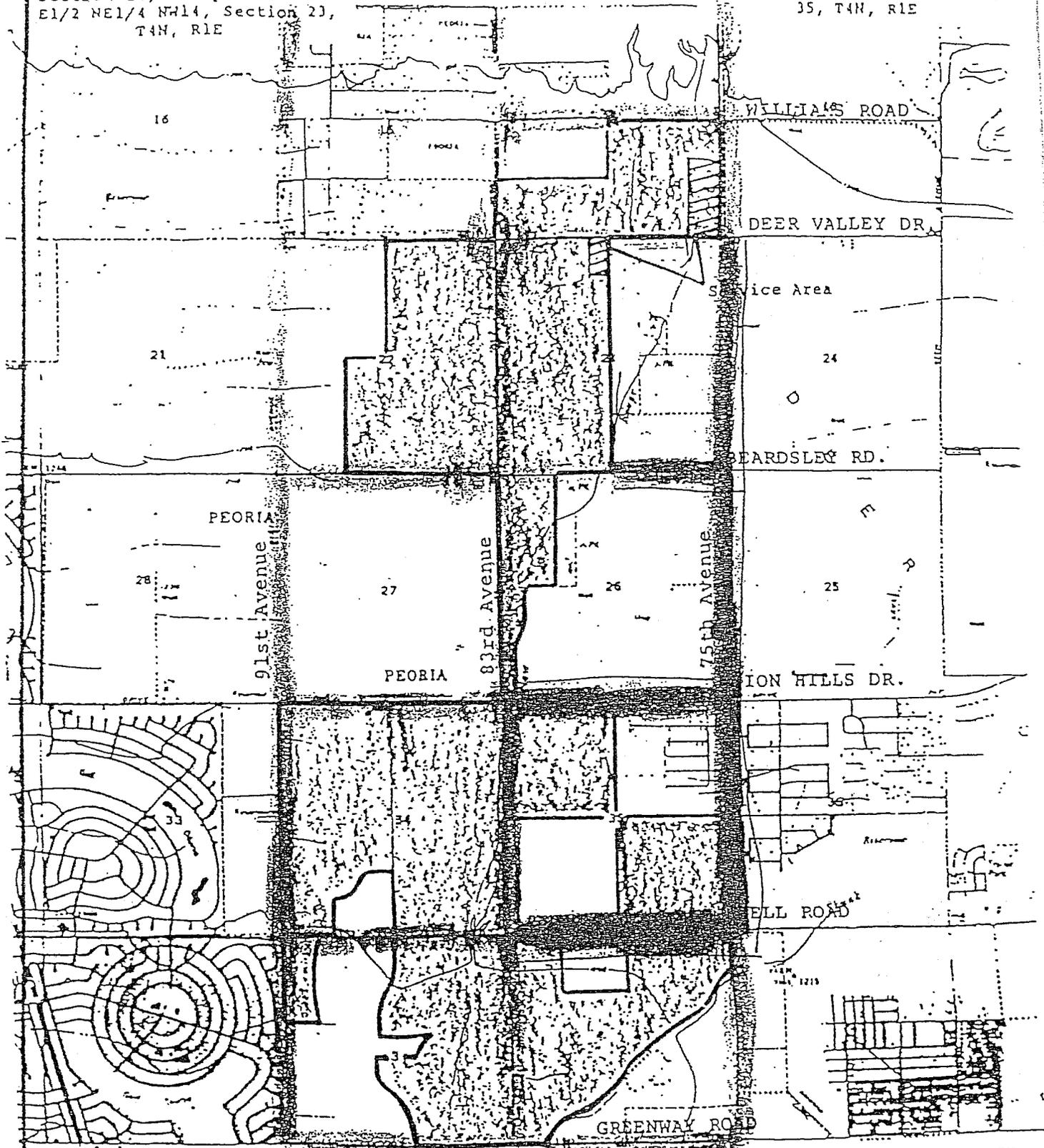
Service Area

SERVICE AREA MAP

CC&N

Portions of E1/2 SE1/4,
Section 14, and portion of
E1/2 NE1/4 NW1/4, Section 23,
T4N, R1E

Portions of
Sections 2 and 3, T3N, R1E
Sections 14, 22, 23, 26, 34,
35, T4N, R1E



*Shaded-outlined area is the approximate certificated area of the water company.

GLENDALE

PEORIA

COUNTY

[EXHIBIT "B"]

ORDINANCE OF THE CITY OF GLENDALE

{Attached}

RDINANCE NO. 1592 NEW SER...3

AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, DECLARING A PUBLIC NEED AND NECESSITY AND AUTHORIZING AND DIRECTING THE CITY MANAGER AND CITY ATTORNEY TO ACQUIRE ALL OF THE RIGHTS, TITLE AND INTEREST IN THE REAL AND PERSONAL PROPERTY, SYSTEM, PLANT, CERTIFICATES OF CONVENIENCE AND NECESSITY, FRANCHISES, RIGHTS AND OTHER PROPERTY OF NEW RIVER UTILITY COMPANY WITHIN A CERTAIN DESCRIBED AREA OF MARICOPA COUNTY, ARIZONA, FOR THE REASON THAT SAID PROPERTY MUST BE ACQUIRED BY THE CITY IN ORDER FOR THE CITY TO ADEQUATELY SERVE AND SUPPLY WATER AND AS A MATTER OF PUBLIC NEED AND NECESSITY; AND DECLARING AN EMERGENCY.

WHEREAS, the Council of the City of Glendale has determined that it is a matter of public need and necessity to acquire all of the rights, title and interest in all the real property, personal property, system, plant, certificates of convenience and necessity, franchises, rights and other property of NEW RIVER UTILITY COMPANY, an Arizona corporation, within that certain described area of Maricopa County, State of Arizona, as listed in the attached Exhibit A, including all rights that said NEW RIVER UTILITY COMPANY may have to construct, operate and maintain a public water system within the area described in the attached Exhibit A, in order for the City to adequately serve and supply water to customers within and/or without its corporate boundaries and to extend and expand the City's water supply system; and

WHEREAS, the Council of the City of Glendale declares that upon such acquisition, the City intends to utilize such property to furnish water to customers within and/or without its corporate boundaries, which use the Council hereby declares to be a public use.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That it is deemed necessary and essential as a matter of public necessity and public welfare that the City of Glendale acquire, by gift, purchase or by condemnation, through the power of eminent domain, all of the rights, title and interest in all of the physical properties and assets presently owned or used by NEW RIVER UTILITY COMPANY and comprised in its water supply and distribution system, whether within or without the corporate limits of the City of Glendale, within the area described in attached Exhibit A which is incorporated herein by this reference.

SECTION 2. That the City Manager and the City Attorney are hereby authorized and directed to acquire, by gift, purchase or by condemnation, through the power of eminent domain, all of the rights, title and interest in all the real property, if any; personal property,

if any; system, if any; wells, if any; plant, if any; equipment, if any; certificates of convenience and necessity, if any; franchises, if any; rights and other property, if any; of NEW RIVER UTILITY COMPANY, an Arizona corporation, within that certain described area of Maricopa County, State of Arizona, as described in the attached Exhibit A, including any right said NEW RIVER UTILITY COMPANY may have to construct, operate and maintain a public water system within the area described in the attached Exhibit A, and to do all things necessary to acquire title to and possession of said property under the power of eminent domain for the City of Glendale.

SECTION 3. That the duly authorized disbursing officers of the City of Glendale be, and they are hereby authorized and directed to pay all sums necessary to acquire the above-described plant and property as well as all recording, escrow closing costs and other costs necessary for the acquisition of said plant and property.

SECTION 4. Whereas the immediate operation of the provisions of this Ordinance is necessary for the preservation of the public peace, health, and safety of the City of Glendale, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor and Council of the City of Glendale, and it is hereby exempt from the referendum provisions of the Constitution and the laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this 7th day of March, 1939.

GEORGE R. RENNER
M A Y O R

ATTEST:

LAVERGNE BEHM
City Clerk

(SEAL)

APPROVED AS TO FORM:

PETER VAN HAREN
City Attorney

REVIEWED BY: ---

MARTIN VANACOUR
City Manager

EXHIBIT "A"

The Northwest Quarter and the
Southeast Quarter of Section
35, Township 4 North, Range 1
East, G&SRB&M, Maricopa County,
Arizona.

[Exhibit "C"]

ASSIGNMENT

NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (hereinafter "New River"), for valuable consideration, the receipt of which New River acknowledges, hereby assigns to the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (hereinafter "City"), without warranty other than as set forth in Article I.C. of the Agreement to which this Exhibit "C" is attached, and except as therein provided, "as is", all of its right, title and interest in and to that portion of the Certificate of Convenience and Necessity which has been issued by the Arizona Corporation Commission ("Commission") to New River, which is located within Section 35, Township 4 North, Range 1 East, Gila and Salt River Base and Meridian, and which is shown on the map attached hereto as Exhibit "A", which Exhibit "A" is hereby made a part hereof.

This Assignment shall not be effective until the Agreement to which this Assignment is attached as Exhibit "C" has been approved by the Commission, to the extent that such Agreement requires the Commission's approval, and this Assignment has been approved by the Commission.

[EXHIBIT "D"]

ASSIGNMENT OF RIGHTS UNDER CAP CONTRACT

{Form to be Attached}

ASSIGNMENT OF RIGHTS
AND ASSUMPTION OF OBLIGATIONS OF
CENTRAL ARIZONA PROJECT
MUNICIPAL AND INDUSTRIAL WATER SERVICE SUBCONTRACT

THIS AGREEMENT is made and entered into this 13th day of March, 1990, by and between THE NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (the "Seller"), and THE CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (the "Buyer").

R E C I T A L S

WHEREAS, the Seller is the owner of a certificate of convenience and necessity issued by the Arizona Corporation Commission ("the Commission") to provide water utility service in certain portions of Maricopa County ("the certificated area"); and

WHEREAS, a portion of the Seller's certificated area lies within the incorporated limits of the Buyer (hereinafter the "Glendale certificated area"), which portion is located within Section 35, Township 4 North, Range 1 East, G&SRB&M, and is shown on the map attached hereto as Exhibit "A"; and

WHEREAS, on or about March 29, 1985, the Seller, the United States of America, acting through the Secretary of the Interior, and the Central Arizona Water Conservation District ("CAWCD"), entered into a subcontract for the delivery of water from the Central Arizona Project in the amount of 2,359 acre-feet per

year, entitled "Subcontract Among the United States, the Central Arizona Water Conservation District, and the New River Utility Company Providing for Water Service, Central Arizona Project, Subcontract No. 5-07-30-W0082 (the "Subcontract"); and

WHEREAS, on or about March 13, 1990, the Buyer has entered into a contract with the Seller to acquire all of the assets of or related to the Glendale certificated area through a negotiated sale pursuant to a written agreement (the "Sale Agreement") which was entered into under threat of eminent domain and in lieu thereof; and

WHEREAS, the Sale Agreement provides that it is the intention of the Buyer and the Seller that the Seller's right in and to 100 acre-feet of Central Arizona Project Water under the Subcontract be transferred to the Buyer; and

WHEREAS, Article 6.7 of the Subcontract provides that the provisions of the Subcontract shall apply to and bind the successors and assigns of the parties to the Subcontract, but that no assignment of any portion of the Subcontract will be valid until approved by the United States; and

WHEREAS, application is being made to the Commission for approval of the sale of the assets of the Seller within the Glendale certificated area; and

WHEREAS, in accordance with the terms and conditions of the Sale Agreement, the assets of or related to the Glendale certificated area will be transferred to the Buyer and the Certificate of Convenience and Necessity related to the Glendale

certificated area previously held by the Seller will be terminated; and

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. The Seller hereby assigns, transfers, and conveys to the Buyer all of its rights, title, interest and obligations under the Subcontract in and to 100 acre-feet of Central Arizona Project Water and retains all other of its rights and obligations under the Subcontract.

2. The Buyer has read the Subcontract, knows the contents and requirements thereof, and accepts the assignment of 100 acre-feet of Central Arizona Project Water under the Subcontract and agrees to be bound by all terms and conditions of the Subcontract pertaining to the 100 acre-feet of Central Arizona Project water hereby assigned.

3. This instrument shall not be effective until all required approvals have been secured from the Commission, the United States, and the CAWCD.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

SELLER:

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public
service corporation

By


Name: ROBERT L. FLETCHER
Title: Pres.

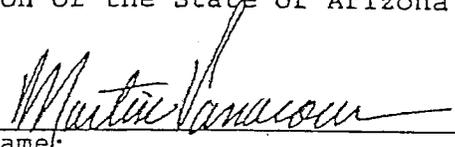
ATTEST:


Corporate Secretary

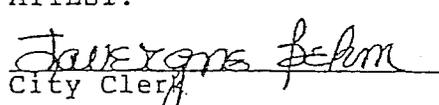
BUYER:

CITY OF GLENDALE, a municipal
corporation and political sub-
division of the State of Arizona

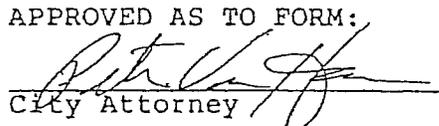
By


Name: _____
Title: CITY MANAGER

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

APPROVAL

The undersigned, pursuant to Article 6.7 of the Subcontract, on behalf of the United States of America, acting through the Secretary of Interior, and the Central Arizona Water Conservation District hereby approves the foregoing Agreement in accordance with its terms.

Legal Review and Approval: THE UNITED STATES OF AMERICA

By _____
Field Solicitor
Phoenix, Arizona

By _____
Regional Director
Lower Colorado Region
Bureau of Reclamation

CENTRAL ARIZONA WATER CONSERVATION
DISTRICT

By _____
President

ATTEST:

Secretary

[EXHIBIT "E"]

ASSIGNMENT, QUIT-CLAIM DEED, AND
BILL OF SALE

NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation, for valuable consideration the receipt of which New River acknowledges, hereby assigns, without warranty other than as set forth in Article I.C. of the Agreement to which this Exhibit "E" is attached, and, except as provided in the Agreement, quit-claims and sells "as is" all of its right, title and interest in and to any water rights and any tangible and intangible utility property within Section 35, Township 4 North, Range 1 East, Gila and Salt River Base Meridian, to the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona.

This Assignment, Quit-Claim Deed, and Bill of Sale shall not be effective until the Agreement to which this instrument is attached as Exhibit "E" has been approved by the Arizona Corporation Commission (the "Commission"), to the extent that such Agreement requires the Commission's approval, and this Assignment, Quit-Claim Deed, and Bill of Sale has been approved by the Commission.

DATED this 20th day of March, 1990.

NEW RIVER UTILITY COMPANY, an Arizona corporation and public service company

By

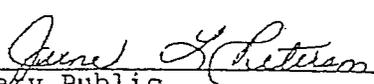

Name: ROBERT L. FLETCHER

Title: Pres.

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO before me this 2nd day of February, 1990, by Robert L. Fletcher, President of NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation, on behalf of said corporation and public service corporation.

My Commission Expires:


Notary Public

My Commission Expires Jan. 13, 1991

**AGREEMENT BETWEEN THE CITY OF PEORIA
AND NEW RIVER UTILITY COMPANY FOR
A TEMPORARY WATER SERVICE CONNECTION**

THIS AGREEMENT is made this 23rd day of August 2011, between the City of Peoria, a municipal corporation of the State of Arizona ("Peoria"), and New River Utility Company, an Arizona corporation ("Company"), for the purposes and considerations set forth hereinafter.

RECITALS:

A. Company is a public service corporation engaged in furnishing water utility services pursuant to authority granted by the Arizona Corporation Commission. Company's certificated service area is located within Peoria.

B. Company may at times need to shut down one of its existing wells for maintenance or replacement. While the well is shut down, certain Company customers could receive low water pressure.

C. In order to assist in the Company's efforts to provide adequate water pressure during the well shut down, Peoria has agreed to allow Company to connect to Peoria's water system on a temporary basis and at Company's cost.

D. As part of this Agreement, the parties also agree that Company will provide relevant customer information to Peoria for Peoria's wastewater billing purposes.

E. Subject to the conditions set forth in this Agreement, Peoria is willing to provide a temporary water connection to its facilities to Company and Company is willing to pay for such connection. The water connection provided by Peoria to Company shall be limited in scope and duration as further provided in this Agreement.

NOW, THEREFORE, in consideration of the respective rights, privileges and obligations of the parties hereinafter set forth, it is agreed as follows:

AGREEMENTS:

1. Agreement to Furnish Water Connection.

Peoria agrees to provide a water connection to Company's system at a location designated in Appendix "A" ("Connection Point"). The parties may agree in writing to amend Appendix "A" without amending this entire Agreement. Peoria makes no representations or warranties regarding the quality of the water delivered to Company other than the representation that the quality of water delivered to Company at the Connection Point will be of the same general quality of water that Peoria transports and distributes to customers within its municipal water system.

2. Payment for Water Service.

Company agrees to pay Peoria for all water delivered to Company at the Connection Point. The amount paid by Company shall be based on Peoria's rate schedule in effect at the time of water delivery. For the purpose of determining the applicable rate, Company shall be classified as a commercial rate customer. Peoria will waive any base meter charges for any billing period, when no water has been used.

3. Limitation on Service.

The water deliveries provided by Peoria to Company hereunder shall be strictly limited to customers of the Company situated within the Company's Water Service Area. Company shall not extend service to other customers or otherwise utilize water delivered by Peoria to Company hereunder for the purpose of providing water utility service to locations outside of the Company's Water Service Area.

4. Construction of Connection.

Company shall be responsible for and pay all costs associated with the construction of the physical connection to Peoria's water distribution system. The connection shall be made at the Connection Point. In connection with constructing the connection to the Connection Point, Company shall install necessary valves and fittings to allow the connection to be securely closed if necessary. Forty-eight (48) hours prior to connection construction, Company shall notify, in writing, any Peoria customers whose water supply will be interrupted. Peoria will provide a list of customers that will be affected.

5. Engineering Review: Inspection of Construction.

Prior to the commencement of construction of the connection to Peoria's water distribution main, Company shall submit engineering plans and specifications for the connection to Peoria for review and approval. Peoria's representative shall have the right to inspect the construction and installation of said facilities and shall approve said facilities prior to the commencement of water deliveries to Company hereunder.

The Company shall also ensure it receives all regulatory required approvals from Maricopa County and the State of Arizona before water deliveries are made. This includes Approval to Construct and Approval of Construction if required.

6. Company's Distribution System.

Peoria's obligations to Company under this Agreement shall terminate at the Point of Delivery. Company shall be responsible for the construction, operation and maintenance of all water distribution mains and related facilities and improvements necessary to transport and deliver water from the Point of Delivery to customers within the Company's Water Service Area. Peoria shall have no right, title or interest in such water distribution mains and related facilities and improvements.

7. Water Consumption Information.

Company agrees to provide to Peoria water consumption information for Company's customers that are receiving Peoria wastewater service (listed by account holder name and billing address), for Peoria's use in billing for wastewater services. In order for Company to provide this service, Peoria will submit to Company a map or legal description of its wastewater service area and Company will provide consumption data for all of its customers within Peoria's wastewater service area to Peoria. Peoria agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and collections and is not authorized to disclose such information to any other party except as may be required by law. Such information will be provided by Company to Peoria on a monthly basis, as requested by Peoria. Such information will be provided to Peoria within 30 days of the end of the month. The format of the data shall be as mutually agreed to between Peoria and Company. If the Company fails to provide the water usage information as outlined above, Peoria, in its sole discretion, may elect to terminate this Agreement with a 60 day written notice.

8. Term of Agreement.

The Agreement shall be effective on the date on which it has been approved and executed by both parties, as reflected on the signature page below. The Agreement shall thereafter have a term of five years. At the end of the five (5) year period the Agreement will automatically renew on an annual basis unless either Peoria or the Company provides to the other party a notice of intent to terminate this Agreement. The notice shall be in writing and be provided in accordance with Section 9 to the non-noticing party at least six (6) months before the effective date of such termination.

9. Notices.

All notices, claims, requests and demands hereunder shall be in writing and served in person or via certified (return receipt requested) mail, postage prepaid, addressed as follows:

If to Peoria: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345
Attn: Public Works – Utilities Director

If to Company: New River Utility Company
7939 West Deer Valley Road
Peoria, Arizona 85382
Attn: Robert L. Fletcher, President

10. Conflict of Interest.

This Agreement is subject to cancellation by Peoria pursuant to the provisions of Section 38-511, Arizona Revised Statutes, which provides, in general, that a contract may be canceled within three years after its execution if any person significantly involved in initiating, negotiating, securing, drafting or creating a contract on behalf of Peoria becomes an employee or agent of, or consultant to, the other party to the contract.

11. Indemnification

Each party shall indemnify and agrees to pay, defend and hold harmless the other party from any liability, obligation, action, suit, judgment, fine, award, loss, claim, demand or expense (including reasonable attorneys' fees) arising from any act or omission of the indemnifying party relating to this Agreement.

12. Entire Agreement.

This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. Any amendment or modification of this Agreement shall be in writing and shall be effective when executed by a duly authorized representative of both parties hereto.

13. Waiver.

The failure of a party at any time to require performance by the other party of any term, condition or provision herein shall not affect the parties' subsequent rights and obligations under such provision. Waiver by either party of a breach of any term, condition herein shall not constitute a waiver of any subsequent breach of such provision or a waiver of such provision itself.

14. Successors and Assigns.

This Agreement shall be binding upon and inure to benefit of the successors and assigns of the parties. However, neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

15. Counterparts.

This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers and agents on the day and year first written above.

CITY OF PEORIA,
an Arizona municipal corporation

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By *Carl Swenson*
Carl Swenson, City Manager

By *Robert L. Fletcher*
Robert L. Fletcher, President

Date: 8/25/11, 2011

Date: 11-30-11, 2011

ATTEST:

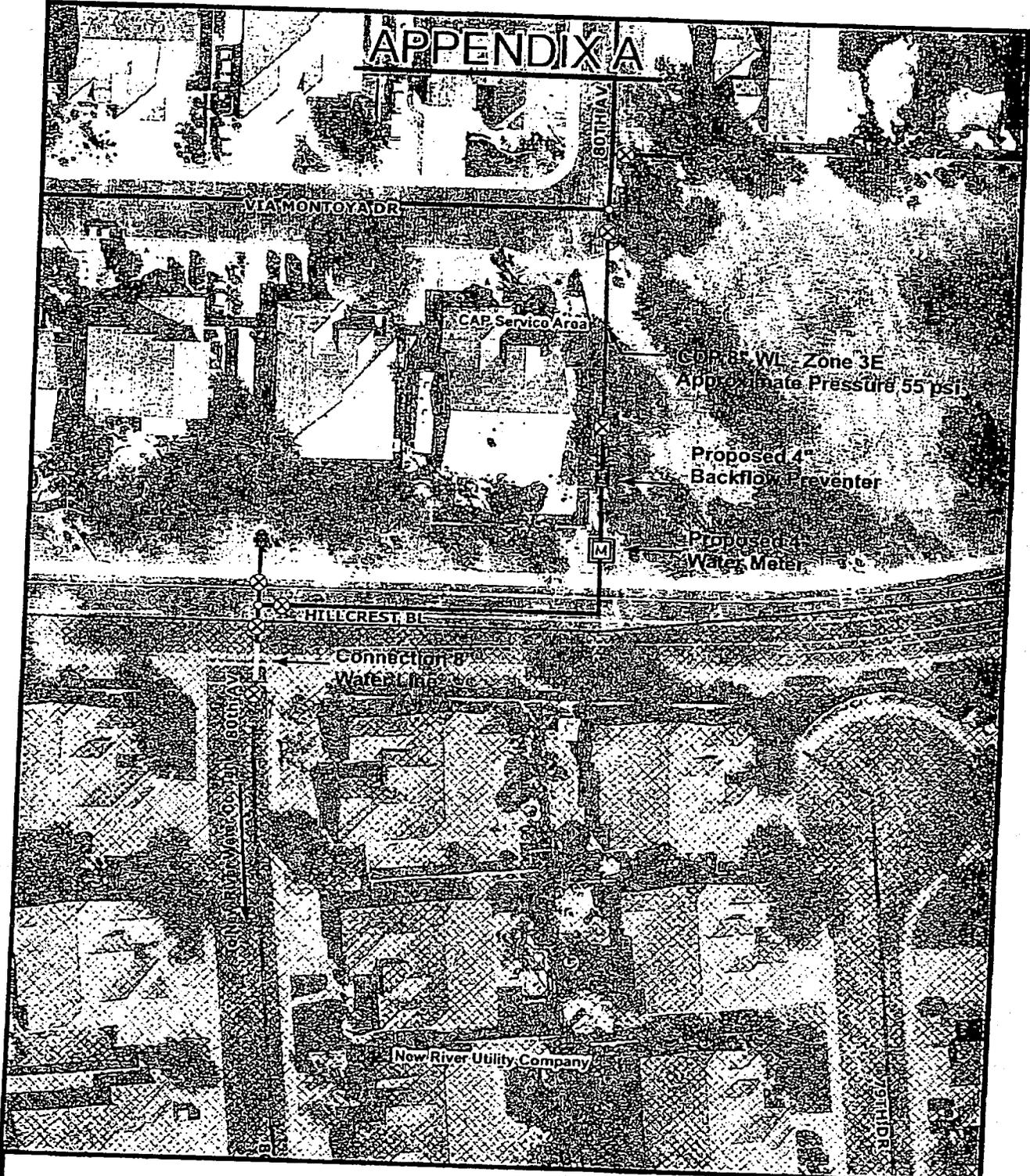
Wanda Nelson
Wanda Nelson, City Clerk



APPROVED AS TO FORM:

Stephen M. Kemp
Stephen M. Kemp, City Attorney

APPENDIX A



Connection to New River Water Company



City of Peoria

Legend

WATER SYSTEMS SYSTEM OWNER

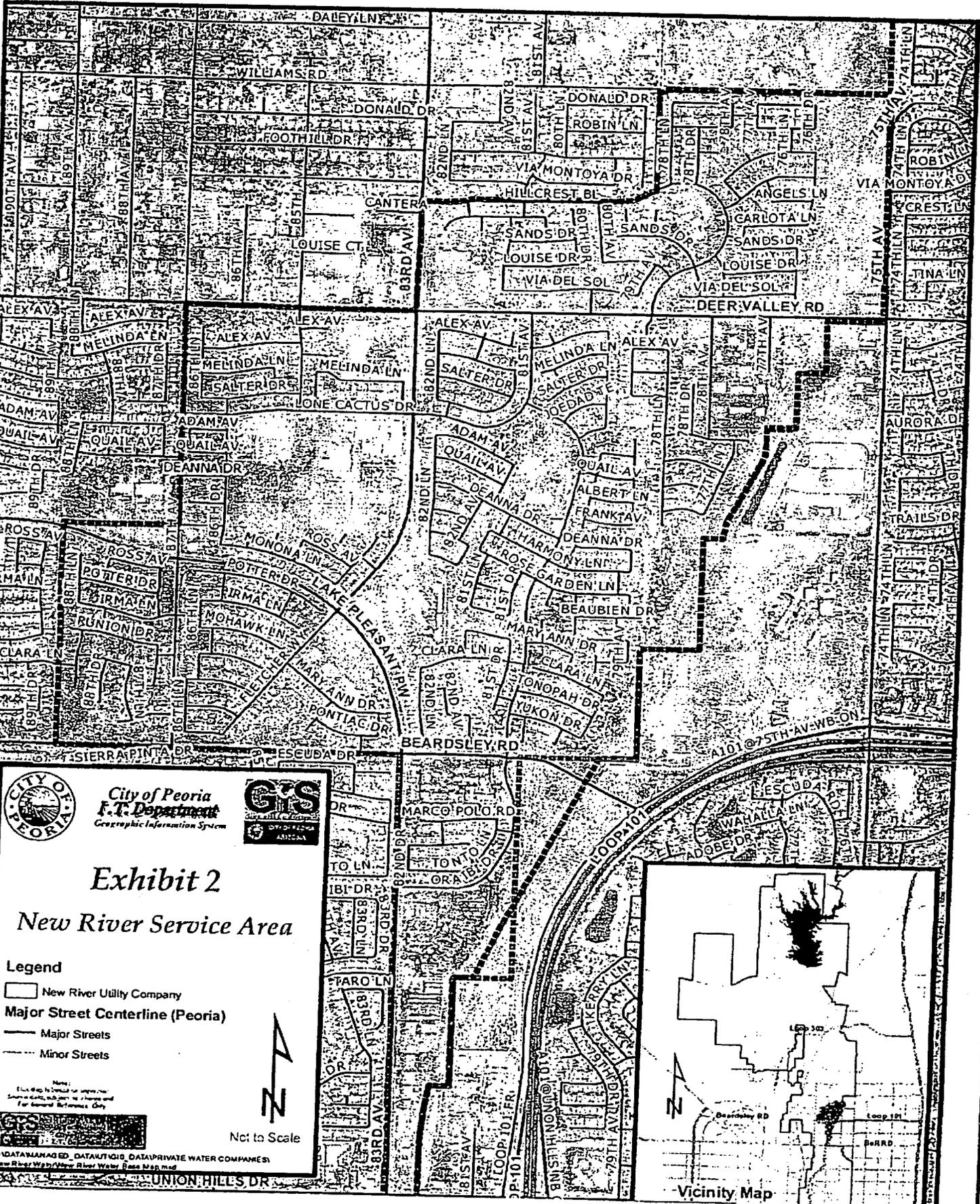
-  City of Peoria
-  New River Water Company
-  New River Utility Company



Not to Scale



Notes:
1. This map is for informational purposes only.
2. The City of Peoria is not responsible for any errors or omissions.
3. For further information, contact the City of Peoria.




City of Peoria
F.T. Department
 Geographic Information System


GIS
 Geographic Information System

Exhibit 2

New River Service Area

Legend

-  New River Utility Company
-  Major Street Centerline (Peoria)
-  Major Streets
-  Minor Streets

Note:
 This map is based on aerial photography
 and is not intended to be used as a legal document
 for boundary purposes.


 Not to Scale

© DATA MANAGED, DATA/NOI, DATA/PRIVATE WATER COMPANIES
 New River Map/Peoria River Water, Base Map.mxd

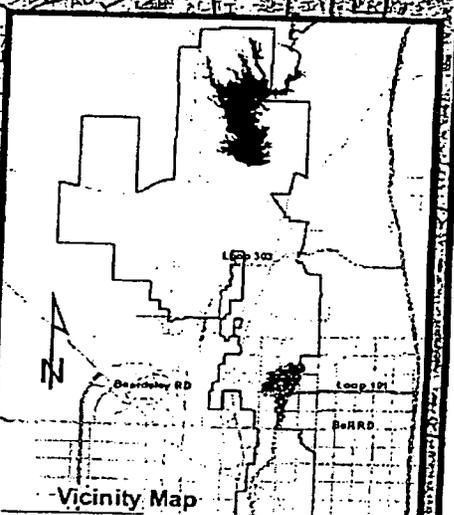


EXHIBIT 3

New River Utility Company Fact Sheet

AGREEMENT BETWEEN THE CITY OF PEORIA AND THE NEW RIVER UTILITY COMPANY FOR A TEMPORARY WATER SERVICE CONNECTION

1. Service Area:

- The New River Utility Company provides water services only and does not provide wastewater services. The Service Area is located in the Northern portion of the City, extending from Union Hills Drive and 83rd Avenue on the south to 75th Avenue and Williams Road on the North, with an eastern boundary of the New River and a western boundary that moves between 83rd Avenue to 88th Lane, (see Exhibit 2 of this Council Communication). The City of Peoria provides wastewater service for this entire area.
- The New River Utility Company Service Area is wholly contained within the City limits. It does not serve unincorporated areas of Maricopa County

2. Number of Customers:

In its 2010 Annual Report to the Arizona Corporation Commission, the New River Utility Company indicated that it has 2,841 metered water service connections. The City of Peoria provides wastewater service has the following shared customers with New River Utility Company:

- 2,602 residential customers
- 44 commercial customers
- 9 schools

3. The City of Peoria is the wastewater Provider in the New River Utility Company Service Area.

- The City sets wastewater rates based on the winter water consumption of its customers.

4. System Standards:

- Since 1994, all development within City of Peoria served by the New River Utility Company is required to meet city standards for system construction and for fire flow capacity.

- All system infrastructure is required to meet the requirements of the Maricopa County Environmental Services Division which reviews and permits new construction.

5. Protection or Safeguards for Peoria Water Customers:

- The City of Peoria Water System will be protected by a certified back flow prevention device at the connection site to ensure any water quality issues in the New River Utility Company service area do not impact the City of Peoria Water System.
- The City of Peoria would provide water quality of the same as it delivers to its own customers
- Makes no representation regarding water pressure.
- The City's responsibilities end at the point of connection.
- New River Water Company is responsible for the operation and distribution of water within their system

6. New River Utility Company is responsible to:

- Obtain all regulatory required approvals from Maricopa County and the State of Arizona before water deliveries are made.
- Pay all costs associated with the construction of the physical connection to Peoria's water distribution system
- Pay for water delivered as a commercial rate customer.
- Provide water consumption information to Peoria for Peoria's wastewater billing purposes.

ASSIGNMENT OF RIGHTS AND
ASSUMPTION OF OBLIGATIONS OF THE
CENTRAL ARIZONA PROJECT MUNICIPAL AND INDUSTRIAL
WATER SERVICE SUBCONTRACT

THIS AGREEMENT is made and entered into this 12th day of July,
2007, by and between New River Utility Company ("New River") and the Central Arizona
Water Conservation District ("CAWCD").

RECITALS

- A. On or about October 17, 1984, New River, the United States of America (the "United States"), acting through the Secretary of the Interior, and the CAWCD executed a subcontract for the annual delivery of 2,359 acre-feet of Central Arizona Project ("CAP") municipal and industrial ("M&I") water, entitled "Subcontract Among the United States, the Central Arizona Water Conservation District, and New River Utility Company, Providing for Water Service, Central Arizona Project," Subcontract No. 5-07-30-W0082 (the "Subcontract").
- B. Amendment No. 1 to the Subcontract was entered into on September 27, 1993, reducing the Subcontract entitlement amount to 1,885 acre-feet.

AGREEMENT

1. New River hereby assigns, transfers, and conveys to CAWCD all of New River's annual entitlement to CAP M&I water under the Subcontract.
2. CAWCD agrees to enter into a Supplemental Contract between the United States and CAWCD for Delivery of CAP Water for use in fulfilling the responsibilities of the Central Arizona Groundwater Replenishment District (the "Supplemental Contract").

3. This Agreement shall not become effective unless and until all the following conditions have occurred.

- a. This Agreement has been executed by the parties.
- b. CAWCD and the United States have executed the Supplemental Contract.
- c. This Agreement and related documents have been submitted to the Arizona Department of Water Resources for review as provided in A.R.S. § 45-107D.
- d. CAWCD and the United States have approved this Agreement as evidenced by the signatures of their respective representatives on the attached approval.
- e. CAWCD has paid New River the amounts due under the CAWCD Policy Regarding the Relinquishment and Transfer of CAP M&I Subcontract Allocations.

4. Upon this Agreement becoming effective, all of New River's obligations under the Subcontract are deemed satisfied and the Subcontract shall be terminated and shall be of no further force or effect.

5. To the extent that another entity relieves CAWCD, acting in its capacity as the Central Arizona Groundwater Replenishment District, of its current and future replenishment obligation for Member Lands or Member Service Areas located within the New River service area, as shown on Exhibit A hereto, CAWCD will transfer to that entity an equal amount of entitlement to CAP M&I water, up to 1,885 acre-feet.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

NEW RIVER UTILITY COMPANY

By: 

Title: President

CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

By: 
President

Attest: 
Secretary

APPROVAL

The undersigned, pursuant to Article 6.7 of the Subcontract, on behalf of the United States of America, acting through the Secretary of Interior, and the Central Arizona Water Conservation District hereby approve the foregoing Assignment in accordance with its terms.

Legal Review and Approval

THE UNITED STATES OF AMERICA

By: Katherine Ott Verberg
Field Solicitor
Phoenix, Arizona

By: Susan Walkowich
Acting Regional Director
Lower Colorado Region
Bureau of Reclamation

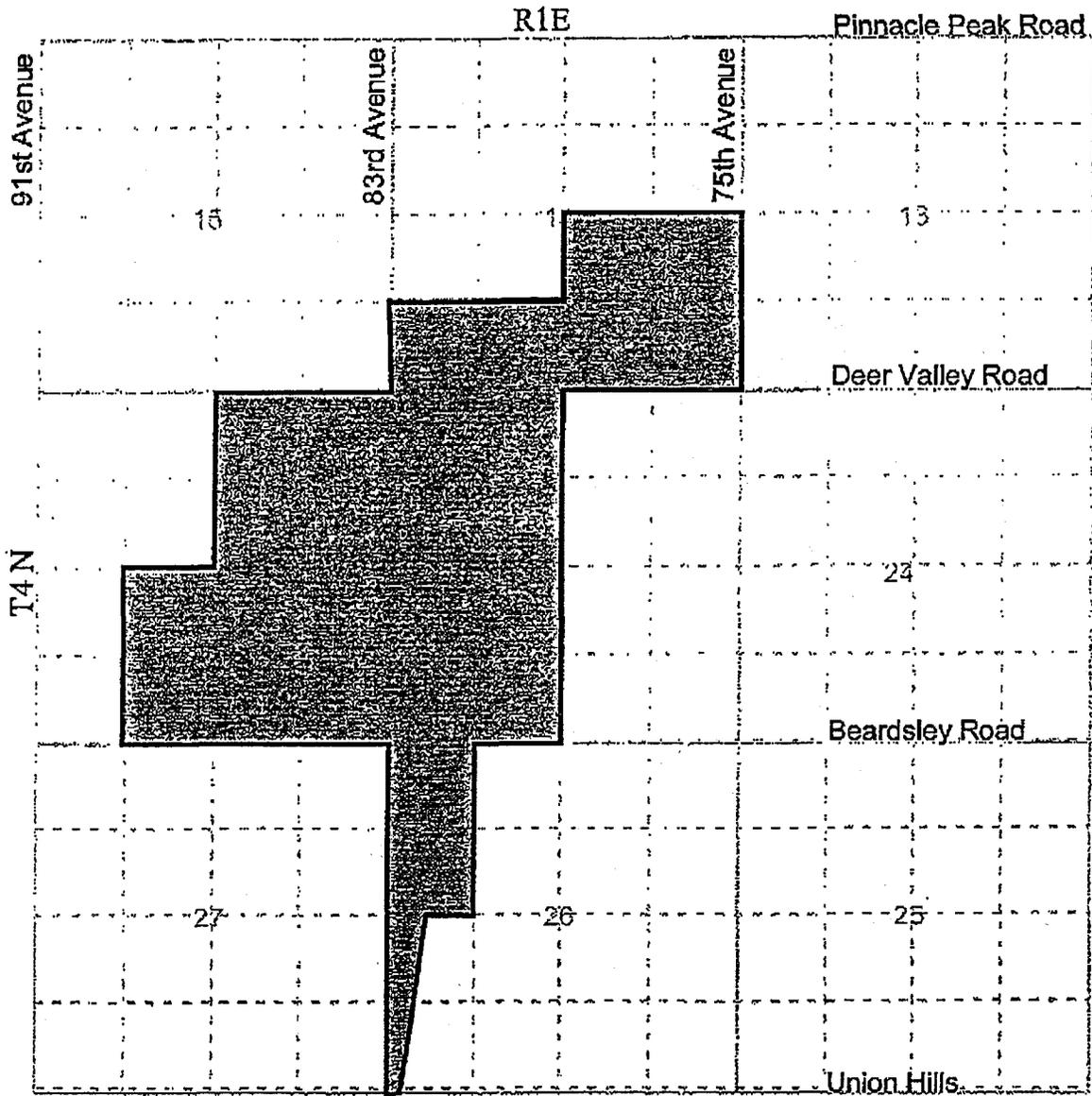
CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

Attest: [Signature]
Secretary

By: [Signature]
President

:sw\javelina\users\sswilson\My Documents\agreement\assignnewriver-grd.wpd

New River Utility Company



SCHEDULE 2.8
Environmental Matters

None.

SCHEDULE 2.9

Permits

1. Letter from Internal Revenue Service to New River Utilities regarding taxpayer identification number 86-0377211.
2. Privilege Tax License, Account Number 12572, issued by the City of Peoria, issued to New River Utility Co., Inc.
3. Permit to Operate, Permit No. 07051, issued by Maricopa County Environmental Services Department, issued to New River Utility Co. Inc.
4. Arizona Department of Water Resources, ADWR # 91-000200.0000 and ADEQ # AZ0407051 issued to New River Utility Company.
5. State of Arizona Transaction Privilege License No. 07557626-L.
6. Opinion and Order, Decision No. 65134, date of hearing June 6, 2003, In the Matter of the Application of New River Utility Company for a Rate Increase; Letter, dated August 30, 2002, from Fennemore Craig, P.C. to the Utilities Division of the Arizona Corporation Commission regarding Decision No. 65143.
7. Large Municipal Provider Service Area Withdrawal Right, Right No. 56-002254.0000, issued to New River Utility Company.
8. Certificate of Grandfathered Groundwater Rights, Certificate No. 58-101897.0002, dated April 10, 1985 issued by the County of Maricopa, State of Arizona Department of Water Resources. Irrigation Right was classified as non-exempt, small right on July 7, 1994. Irrigation Right is less than 10 acres, but not exempt from administrative requirements. Per aerial photographs, the land appears to be developed.
9. Registration of Existing Exempt Well, Registration No. 55-616943, filed June 2, 1982. Record owner is New River Utility Co.
10. Registration of Existing Non-Exempt Well, Registration No. 55-616944, filed June 2, 1982. Record owner is New River Utility Co.
11. Registration of Existing Non-Exempt Well, Registration No. 55-616947, filed June 2, 1982. Record owner is New River Utility Company.
12. Registration of Existing Non-Exempt Well, Registration No. 55-616945, filed June 2, 1982. Record owner is New River Utility Co.
13. Registration of Existing Non-Exempt Well, Registration No. 55-616946, filed June 2, 1982. Record owner is New River Utility Co.

14. Registration of Existing Non-Exempt Well, Registration No. 55-616948, filed June 2, 1982. Record owner is New River Utility Company.
15. Registration of Existing Non-Exempt Well, Registration No. 55-805437-L, filed June 20, 1989. Record owner is New River Utility Company.
16. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29634, filed January 6, 1987. Record owner is New River Utility Company.
17. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29635, filed January 6, 1987. Record owner is New River Utility Company.
18. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.
19. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.
20. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.
21. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.
22. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29638, filed January 6, 1987. Record owner is New River Utility Company.
23. The following documents relating to the status of New River Utility Company's Certificate of Convenience and Necessity:
 - (a) Map provided by Lori Miller of the Arizona Corporation Commission's engineering department (new map received June 10, 2015);
 - (b) Arizona Corporation Commission Decision No. 33131 dated May 24, 1961;
 - (c) Arizona Corporation Commission Decision No. 33230 dated July 3, 1961;
 - (d) Arizona Corporation Commission Decision No. 33354 dated August 15, 1961;
 - (e) Arizona Corporation Commission Decision No. 54309 dated January 3, 1985;
 - (f) Arizona Corporation Commission Decision No. 54753 dated October 25, 1985;

- (g) Arizona Corporation Commission Decision No. 54849 dated January 14, 1986;
- (h) Arizona Corporation Commission Decision No. 56858 dated April 4, 1990;
- (i) Arizona Corporation Commission Decision No. 57514 dated August 14, 1991;
- (j) Arizona Corporation Commission Decision No. 58029 dated October 7, 1992;
- (k) Arizona Corporation Commission Decision No. 67164 dated August 10, 2004;
- (l) Arizona Corporation Commission Decision No. 67440 dated December 3, 2004; and
- (m) Arizona Corporation Commission Decision No. 69576 dated May 21, 2007.

- (n) Arizona Corporation Commission Decision No. 74294 dated January 29, 2014, as amended by Arizona Corporation Commission Decision No. 74367 dated February 26, 2014.

SCHEDULE 2.10(a)
Financial Statements

1. Annual Report for the year ending December 31, 2013, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.
2. Annual Report for the year ending December 31, 2014, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01737A

New River Utility Company, Inc.
7939 W. Deer Valley Rd.
Peoria, AZ 85382

RECEIVED

MAR 05 2014

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2013
-----------	-----------	-------------

FOR COMMISSION USE

ANN 04	13
---------------	-----------

3-5-14

COMPANY INFORMATION

Company Name (Business Name) New River Utility Company Inc

Mailing Address 7939 W. Deer Valley Rd.
(Street)
Peoria Arizona 85382
(City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address —

Local Office Mailing Address 7939 W. Deer Valley Rd.
(Street)
Peoria Arizona 85382
(City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address —

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Bob Fletcher President
(Name) (Title)

7939 W. Deer Valley Rd Peoria Arizona 85382
(Street) (City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address —

On Site Manager: Bob Fletcher
(Name)

7939 W. Deer Valley Rd. Peoria Arizona 85382
(Street) (City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address —

Statutory Agent: R. L. Fletcher
 (Name)

7939 W. Deer Valley Rd Peoria Arizona 85382
 (Street) (City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Norm James
 (Name)

3003 N. Central Ave Phoenix Arizona 85012
 (Street) (City) (State) (Zip)

602-916-5346 602-916-5546 —
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address —

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S) C Corporation (C) (Other than Association/Co-op)

Partnership (P) Subchapter S Corporation (Z)

Bankruptcy (B) Association/Co-op (A)

Receivership (R) Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

APACHE COCHISE COCONINO

GILA GRAHAM GREENLEE

LA PAZ MARICOPA MOHAVE

NAVAJO PIMA PINAL

SANTA CRUZ YAVAPAI YUMA

STATEWIDE

COMPANY NAME

New River Utility Company Inc

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181		75181
304	Structures and Improvements	142030	24184	117846
307	Wells and Springs	103545	103545	—
311	Pumping Equipment	1824433	1086287	788146
320	Water Treatment Equipment	416172	201021	215151
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26279	22995	3644
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	697770	430137
330.2	Pressure Tanks	18086	9161	8925
331	Transmission and Distribution Mains	1338550	749773	588777
333	Services	236325	159373	76952
334	Meters and Meter Installations	159917	74105	85812
335	Hydrants	193193	106676	86517
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	5406	26166
340	Office Furniture and Equipment	14519	7826	6693
340.1	Computers & Software	18615	12271	6344
341	Transportation Equipment	63200	11123	52077
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5749484	3181116	2568368

This amount goes on the Balance Sheet Acct. No. 108

Glenn

COMPANY NAME

New River Utility Company Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181		
304	Structures and Improvements	142080	2.81	3985
307	Wells and Springs	103545	—	—
311	Pumping Equipment	1824433	5.94	101001
320	Water Treatment Equipment	416172	13.39	55227
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26239	33.33	8746
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087967	4.11	44740
330.2	Pressure Tanks	18086	4.0	724
331	Transmission and Distribution Mats	1338550	3.93	52642
333	Services	236325	3.99	9422
334	Meters and Meter Installations	159917	3.93	6283
335	Hydrants	193193	4.0	7728
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	6.0	1894
340	Office Furniture and Equipment	14519	2.0	291
340.1	Computers & Softwares	18615	2.48	462
341	Transportation Equipment	63200	16.78	10607
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5749484		304252

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

Glenn

COMPANY NAME

Utility
*New River Company Inc***BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 60629	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	75079	64737
146	Notes/Receivables from Associated Companies	1166704	1173467
151	Plant Material and Supplies		
162	Prepayments		2061
174	Miscellaneous Current and Accrued Assets		1827
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1296422	\$ 1242092
	FIXED ASSETS		
101	Utility Plant in Service	\$ 5538214	\$ 5749484
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	2935522	3181116
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2602692	\$ 2968368
	TOTAL ASSETS	\$ 3899114	\$ 3810460

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

Glenn

COMPANY NAME *New River Utility Company Inc*

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 19764	\$ 21043
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		110000
235	Customer Deposits	25800	23408
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	9367	
	TOTAL CURRENT LIABILITIES	\$ 50931	\$ 154453
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	4163618	4163618
215	Retained Earnings	(219135)	(50771)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 3848583	\$ 3156007
	TOTAL LIABILITIES AND CAPITAL	\$ 3899114	\$ 3810460

Glenn

7

COMPANY NAME *New River Utility Company Inc*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1243297	\$ 1153041
460	Unmetered Water Revenue		
474	Other Water Revenues	24799	34429
	TOTAL REVENUES	\$ 1267095	\$ 1187470
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 129190	\$ 134168
610	Purchased Water		
615	Purchased Power	143943	157863
618	Chemicals	1901	2127
620	Repairs and Maintenance	150718	150031
621	Office Supplies and Expense	8252	78051
630	Outside Services	235938	172119
635	Water Testing	61957	67976
641	Rents	20000	54000
650	Transportation Expenses	17399	20383
657	Insurance - General Liability	7993	10531
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	18502	1294
403	Depreciation Expense	258227	304252
408	Taxes Other Than Income	2526	27689
408.11	Property Taxes	70398	58423
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1216583	\$ 1238907
	OPERATING INCOME/(LOSS)	\$ 51112	\$ (51437)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2457	\$ 2162
421	Non-Utility Income	1148	1206
426	Miscellaneous Non-Utility Expenses	662	
427	Interest Expense		61
	TOTAL OTHER INCOME/(EXPENSE)	\$ 2943	\$ 3907
	NET INCOME/(LOSS)	\$ 54055	\$ (47530)

Glenn

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$ None	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
#1 55-805437	200	960	1268	20	8	1980
#2 55-616944	150	400	1262	20-16	6	1952
#3 55-616945	300	1100	1650	16	8	1958
#4 55-616946	150	400	1300	16	6	1983
#6 55-616948	300	1100	1730	16	8	1983

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
City of Peoria	400	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	447	
25	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000	3	1000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	41,136
8	PVC	119,371
10	PVC	10,949
12	PVC	11,667
16"	DIP	52
12	DIP	16,629
10	DIP	29
8	DIP	11,981
6	DIP	2525

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	2199
3/4	3
1	544
1 1/2	11
2	113
Comp. 3	4
Turbo 3	
Comp. 4	3
Turbo 4	
Comp. 6	4
Turbo 6	
Total	2881

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

3 - Chlorine Gas Stations
 4 - Arsenic Treatment Filters

STRUCTURES:

1400 Ft Block wall
 240 Ft Chem tank

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: New River Utility Company Inc
 Name of System: New River Utility ADEQ Public Water System Number: 07051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2013

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2,881	33,875,700	34,875,000	
FEBRUARY	2,881	31,073,300	32,073,000	
MARCH	2,881	29,109,078	30,109,000	873,000
APRIL	2,881	41,313,622	42,313,000	2,131,000
MAY	2,881	45,594,600	46,594,000	1,931,000
JUNE	2,881	63,844,400	64,844,000	61,000
JULY	2,881	63,996,920	64,996,000	
AUGUST	2,881	71,446,660	72,446,000	
SEPTEMBER	2,881	54,148,900	55,148,000	
OCTOBER	2,881	54,019,900	55,019,000	
NOVEMBER	2,881	49,515,900	50,515,000	
DECEMBER	2,881	33,126,100	34,012,000	
TOTALS →		571,065,080	582,891,000	4,996,000

What is the level of arsenic for each well on your system? 6-8 mg/l
 (more than one well, please list each separately.)

Does your system have fire hydrants, what is the fire flow requirement? 600 GPM for 1 hrs

Does your system have chlorination treatment, does this treatment system chlorinate continuously?
 Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 () Yes () No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Tracy

COMPANY NAME: *New River Utility Company Inc*
 Name of System: *New River Utility* ADEQ Public Water System Number: *07051*

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	3	0
FEBRUARY	0	4	0
MARCH	0	5	0
APRIL	0	4	0
MAY	0	9	0
JUNE	0	10	0
JULY	0	13	0
AUGUST	0	7	0
SEPTEMBER	0	9	0
OCTOBER	0	26	0
NOVEMBER	0	13	0
DECEMBER	0	6	0
TOTALS →	0	109	0

OTHER (description):

Tracy
13

COMPANY NAME New River Utility Company Inc YEAR ENDING 12/31/2013

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2013 was: \$ 58,422.68

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

NRU does not get copies of checks from the bank

Bank statement shows checks cleared by the bank

Code 4082 - Property Tax

NEW RIVER UTILITY COMPANY

8363

Maricopa County Treasurer			Original Amt.	Balance Due	9/9/2013 Discount	Payment	
9/9/2013	Bill	200-17-827 5	23.78	23.78		23.78	
9/9/2013	Bill	200-17-828 2	23.76	23.76		23.76	
9/9/2013	Bill	200-18-001P 2	10.40	10.40		10.40	
9/9/2013	Bill	200-18-001Q 1	2,705.56	2,705.56		2,705.56	
9/9/2013	Bill	200-18-001R 1	16.80	16.80		16.80	
9/9/2013	Bill	200-18-660A 2	74.90	74.90		74.90	
9/9/2013	Bill	200-18-670 0	35.96	35.96		35.96	
9/9/2013	Bill	200-18-671 7	229.84	229.84		229.84	
9/9/2013	Bill	200-16-006D 3	185.74	185.74		185.74	
9/9/2013	Bill	200-16-006E 2	92.86	92.86		92.86	
9/9/2013	Bill	200-16-010G 3	10.40	10.40		10.40	
9/9/2013	Bill	618-21-152 3	6,383.30	6,383.30		6,383.30	
9/9/2013	Bill	618-21-156 2	48,629.38	48,629.38		48,629.38	
						Check Amount	58,422.68

1310 Well Fargo Chec

58,422.68

Checks paid	Number	Amount	Date	Number	Amount	Date
				8363-4082	58,422.68	09/12
2380	53.79	09/09	8350	11,586.10	09/17	
2384	26.89	09/16	8351	17.85	09/06	
2388	71.72	09/30	8352	5.07	09/10	
6920	3,880.48	09/19	8353	7,608.36	09/10	
6922	1,000.00	09/17	8354	171.09	09/09	
6924	4,040.00	09/17	8355	3,762.31	09/12	
8337	7.55	09/03	8356	11,073.28	09/12	
8338	14.98	09/09	8357	64.07	09/09	
8341	127.28	09/05	8358	84.07	09/09	
8344	700.00	09/03	8359	1,711.70	09/11	
8346	402.70	09/05	8360	4,719.18	09/13	
8347	402.87	09/09	8361	8359	107.74	09/11
8349	13,610.82	09/17	8362	8360	3.09	09/16
				8361	42.57	09/18
				8362	8374	3,000.00
					8374	2,775.00
					8386	09/27

\$137,970.53 Total checks paid

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 05 2014

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa, President</u>	AZ CORP COMM Director - Utilities
NAME (OWNER OR OFFICIAL) TITLE	<u>RL Fletcher</u>	
COMPANY NAME	<u>New River Utility Company Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

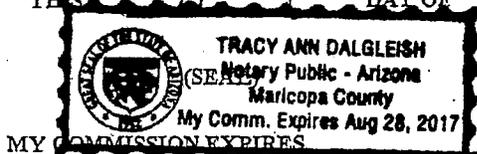
I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

RL Fletcher Pres.
SIGNATURE OF OWNER OR OFFICIAL
623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 17th DAY OF

COUNTY NAME	<u>MARICOPA</u>	
MONTH	<u>JANUARY</u>	<u>2014</u>



Tracy Ann Dalglish
SIGNATURE OF NOTARY PUBLIC
August 28, 2017

COMPANY NAME New River Utility Company Inc. YEAR ENDING 12/31/2013

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported None
Estimated or Actual Federal Tax Liability None

State Taxable Income Reported None
Estimated or Actual State Tax Liability None

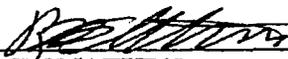
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

1-20-14
DATE

RL Fletcher
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAR 05 2014

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE <u>B L Fletcher Pres</u>
COMPANY NAME <u>New River Utility Company Inc</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2013 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1,284,849.91

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 119,039.64
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

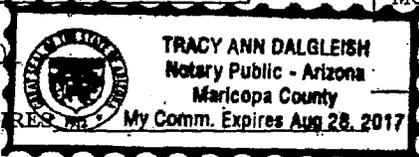
THIS

17th

DAY OF

COUNTY NAME <u>Maricopa</u>	
MONTH <u>JANUARY</u>	.20 <u>14</u>

(SEAL)



SIGNATURE OF NOTARY PUBLIC

Tracy Ann Dalgleish

MY COMMISSION EXPIRES

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAR 05 2014

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Maricopa</u>	
NAME (OWNER OR OFFICIAL) <u>R. G. Fletcher</u>	TITLE <u>President</u>
COMPANY NAME <u>New River Utility Company Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2013 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>1,284,849.91</u>

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 119,039.64
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Signature]
SIGNATURE OF OWNER OR OFFICIAL
623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

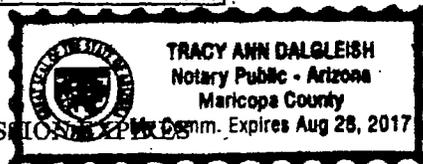
THIS

17th

DAY OF

NOTARY PUBLIC NAME <u>Tracy Ann Dalglish</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>JANUARY</u>	YEAR <u>2014</u>

(SEAL)



MY COMMISSION EXPIRES

[Signature]
SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01737A

New River Utility Company, Inc.
7939 W. Deer Valley Rd.
Peoria, AZ 85382

RECEIVED

FEB 25 2015

ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT

Water

FOR YEAR ENDING

12	31	2014
----	----	------

FOR COMMISSION USE

ANN 04	14
--------	----

3-3-15

COMPANY INFORMATION

Company Name (Business Name) <u>New River Utility Co Inc</u>		
Mailing Address <u>7939 W. Deer Valley Rd</u>		
<u>Peoria</u> (City)	<u>Ariz.</u> (State)	<u>85382</u> (Zip)
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		
Local Office Mailing Address <u>7939 W. Deer Valley Rd</u>		
<u>Peoria</u> (City)	<u>Ariz.</u> (State)	<u>85382</u> (Zip)
<u>623-561-1848</u> Local Customer Service Phone No. (Include Area Code)	<u>—</u> (1-800 or other long distance Customer Service Phone No.)	
Email Address <u>—</u>	Website address <u>—</u>	

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:		
<input checked="" type="checkbox"/> Management Contact: <u>Bob Fletcher</u> <u>President</u>		
<u>7939 W. Deer Valley Rd</u> (Street)	<u>Peoria</u> (City)	<u>Ariz.</u> <u>85382</u> (State) (Zip)
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		
On Site Manager: <u>Bob Fletcher</u>		
<u>7939 W. Deer Valley Rd</u> (Street)	<u>Peoria</u> (City)	<u>Ariz.</u> <u>85382</u> (State) (Zip)
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		

Statutory Agent: RL Fletcher
(Name)

7939 W. Deer Valley Rd Peoria AZ 85382
(Street) (City) (State) (Zip)

623-561-1648 623-561-5831 602-859-3496
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Norm James
(Name)

3003 N. Central Ave Phx. AZ 85012
(Street) (City) (State) (Zip)

602-916-5346 602-916-5546 —
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address T

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input checked="" type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME New River Utility Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181		75181
304	Structures and Improvements	142030	28269	113761
307	Wells and Springs	173088	104833	68255
311	Pumping Equipment	1824433	1114189	710244
320	Water Treatment Equipment	416172	260474	155698
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26279	26279	-
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	702510	385397
330.2	Pressure Tanks	18086	9884	8202
331	Transmission and Distribution Mains	1338550	802415	536135
333	Services	236325	168795	67530
334	Meters and Meter Installations	191620	83905	107715
335	Hydrants	193193	114404	78789
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	7467	24105
340	Office Furniture and Equipment	14519	8291	6228
340.1	Computers & Software	18615	13646	4969
341	Transportation Equipment	90849	23501	67348
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5878379	3468822	2409557

This amount goes on the Balance Sheet Acct. No. 108

6/16/15

COMPANY NAME New River Utility Co Inc

WATER UTILITY CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181	-	-
304	Structures and Improvements	142030	2.88	4084
307	Wells and Springs	173,088	.74	1288
311	Pumping Equipment	1824433	4.27	77902
320	Water Treatment Equipment	416172	14.29	59453
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26279	13.89	3644
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	4.11	44740
330.2	Pressure Tanks	18086	4.0	723
331	Transmission and Distribution Mains	1338550	3.93	52642
333	Services	236325	3.99	9422
334	Meters and Meter Installations	191620	5.11	9799
335	Hydrants	193193	4.0	7728
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31972	6.53	2061
340	Office Furniture and Equipment	14919	3.21	466
340.1	Computers & Software	18619	7.39	1376
341	Transportation Equipment	90849	18.4	16712
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	SUBTOTAL			
	LESS CIAC Amortization			
	TOTALS *	5878379	4.97	292040

*This amount goes on the Comparative Statement of Income and Expense Acct. No. 403

Glenn
5

COMPANY NAME New River Utility Co Inc

WATER UTILITY BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$	\$ 116783
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	64737	92142
146	Notes/Receivables from Associated Companies	1173467	
151	Plant Material and Supplies		
162	Prepayments	2061	6246
174	Miscellaneous Current and Accrued Assets	1827	1866
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1242092	\$ 217037
FIXED ASSETS			
101	Utility Plant in Service	\$ 5749484	\$ 5878379
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	3181116	3468822
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2968368	\$ 2409557
	TOTAL ASSETS	\$ 3910460	\$ 2626944

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

Glenn
6

COMPANY NAME New River Utility Co Inc

WATER UTILITY BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT LIABILITIES			
231	Accounts Payable	\$ 21049	\$ 11211
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	110 000	
235	Customer Deposits	23408	17705
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		12108
	TOTAL CURRENT LIABILITIES	\$ 154453	\$ 41024
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	4162618	4162618
215	Retained Earnings	(507711)	(1578148)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 3636007	\$ 2585570
	TOTAL LIABILITIES AND CAPITAL	\$ 3810460	\$ 2626594

Glenn

COMPANY NAME New River Utility Co Inc**WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1153041	\$ 1482802
460	Unmetered Water Revenue		
474	Other Water Revenues	34429	46283
	TOTAL REVENUES	\$ 1187470	\$ 1529085
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 134168	\$ 141973
610	Purchased Water		89884
615	Purchased Power	157863	173966
618	Chemicals	2127	3015
620	Repairs and Maintenance	150021	85963
621	Office Supplies and Expense	78051	61447
630	Outside Services	172119	52451
635	Water Testing	67976	69755
641	Rents	54000	54000
650	Transportation Expenses	20383	20168
657	Insurance - General Liability	10521	7563
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1294	
403	Depreciation Expense	304232	292040
408	Taxes Other Than Income	27689	27669
408.11	Property Taxes	98423	57291
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1238907	\$ 1132781
	OPERATING INCOME/(LOSS)	\$ (51437)	\$ 396304
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2762	\$
421	Non-Utility Income	1206	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	61	206
	TOTAL OTHER INCOME/(EXPENSE)	\$ 3907	\$ (206)
	NET INCOME/(LOSS)	\$ (47530)	\$ 396098

Glenn

8

COMPANY NAME	New River Utility Co. Inc		
Name of System:	New River Utility Co. Inc	ADEQ Public Water System Number:	07051

WATER UTILITY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
1 55-805437	200	900	1268	20"	8"	1980
2 55-616944	150	400	1262	20-16"	6	1952
3 55-616945	300	1100	1650	16"	8"	1958
4 55-616946	150	400	1300	16"	6	1983
5 55-616948	300	1100	1730	16	8	1983

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
City of Peoria	100	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	447	
25	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000	3	1000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	New River Utility	
Name of System:	New River Utility	ADEQ Public Water System Number: 07051

WATER UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	41,136
8	PVC	119,371
10	PVC	10,949
12	PVC	11,667
16"	DIP	52
12"	DIP	16,629
10	DIP	29
8"	DIP	11,981
6"	DIP	2525

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	2199
3/4	3
1	544
1 1/2	11
2	113
Comp. 3	4
Turbo 3	
Comp. 4	3
Turbo 4	
Comp. 6	4
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

3 - Chlorine Gas Stations

4 - Arsenic Treatment Filters

STRUCTURES:

1400 Ft Blockwall

240 Ft Chain Link

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: New River Utility Co
 Name of System: New River Utility ADEQ Public Water System Number: 07051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2,881	35,440,700		
FEBRUARY	2,881	28,983,300		
MARCH	2,881	36,870,805		
APRIL	2,881	48,268,100		
MAY	2,881	43,443,700		
JUNE	2,881	61,940,000		
JULY	2,882	68,765,000		
AUGUST	2,882	58,550,934		
SEPTEMBER	2,882	50,103,000		
OCTOBER	2,882	42,486,000		
NOVEMBER	2,882	43,256,000		
DECEMBER	2,882	39,765,000		
TOTALS →		571,065,080		

What is the level of arsenic for each well on your system? _____ mg/l
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

TDC 4

COMPANY NAME: New River Utility Co
 Name of System: New River WPA ADEQ Public Water System Number: 07051

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	12	0
FEBRUARY	0	16	0
MARCH	0	24	0
APRIL	0	25	0
MAY	0	37	0
JUNE	0	33	0
JULY	0	25	0
AUGUST	0	30	0
SEPTEMBER	0	11	0
OCTOBER	0	12	0
NOVEMBER	0	21	0
DECEMBER	0	36	0
TOTALS →	0	282	0

OTHER (description):

COMPANY NAME New River Utility Co YEAR ENDING 12/31/2014

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2014 was: \$ 57,291.24

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

NRU does not get copies of cancelled cancelled checks. The bank statement shows the Property Tax check cleared the bank

Maricopa County Treasurer			Original Amt.	Balance Due	9/19/2014 Discount	Payment
Date	Type	Reference				
9/19/2014	Bill	200-18-001Q	2,549.10	2,549.10		2,549.10
9/19/2014	Bill	200-18-001R	16.34	16.34		16.34
9/19/2014	Bill	200-16-006D	206.48	206.48		206.48
9/19/2014	Bill	200-16-006E	112.24	112.24		112.24
9/19/2014	Bill	200-16-010G	10.22	10.22		10.22
9/19/2014	Bill	618-21-152	6,117.00	6,117.00		6,117.00
9/19/2014	Bill	618-21-156	47,856.68	47,856.68		47,856.68
9/19/2014	Bill	200-18-660A	76.20	76.20		76.20
9/19/2014	Bill	200-18-670	37.24	37.24		37.24
9/19/2014	Bill	200-18-671	258.08	258.08		258.08
9/19/2014	Bill	200-17-827	25.84	25.84		25.84
9/19/2014	Bill	200-17-828	25.82	25.82		25.82
					Check Amount	57,291.24

Checks paid

Number	Amount	Date	Number	Amount	Date	Number	Amount	Date
8550	18.64	09/30	8866	28.27	09/10	8886	177.20	09/30
8829*	33.23	09/02	8867	27.68	09/10	8887	107.74	09/22
8831*	28.78	09/05	8868	5,630.80	09/10	8888	813.58	09/24
8841*	796.16	09/02	8870*	24.50	09/18	8889	200.00	09/22
8844*	2.41	09/02	8871	1,468.50	09/12	8890	57,291.24	09/26
8849*	82.05	09/02	8872	61.58	09/25	8891	10.92	09/29
8852*	1,658.28	09/02	8873	12.84	09/17	8893*	15.03	09/29
8854*	1,866.00	09/02	8874	11,966.87	09/18	8898*	5.55	09/29
8855	271.62	09/02	8875	14.06	09/22	8900*	85.00	09/25
8857*	4.19	09/02	8876	6,009.68	09/23	8901	45.00	09/30
8858	11.47	09/08	8879*	29.79	09/22	8905*	40.00	09/29
8859	492.00	09/09	8880	14.06	09/23	8907*	6,123.26	09/29
8860	420.12	09/05	8881	37.74	09/19	8908	65.00	09/24
8861	25.91	09/12	8882	1,000.00	09/16	8909	109.06	09/25
8862	95.00	09/08	8883	44.38	09/24	8910	3,000.00	09/26
8863	18,913.66	09/11	8884	1,717.45	09/22	8913*	1,098.90	09/26
8865*	5.97	09/22	8885	193.02	09/22			

Total checks paid

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

FEB 25 2015

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>ALPletcher</u>
COMPANY NAME	<u>New River Utility Co Inc</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

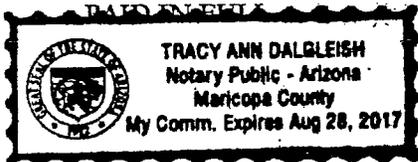
MONTH	DAY	YEAR
12	31	2014

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



[Signature]
SIGNATURE OF OWNER OR OFFICIAL
623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20th DAY OF

COUNTY NAME	<u>MARICOPA</u>	
MONTH	<u>February</u>	<u>.2015</u>

(SEAL)

[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

FEB 25 2015

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<i>Maricopa</i>
NAME (OWNER OR OFFICIAL) TITLE	<i>RLF Fletcher Pres</i>
COMPANY NAME	<i>New River Utility Corp</i>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

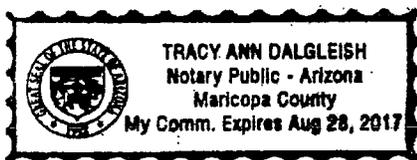
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2014 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>1,836,895.17</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 149,715.17 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

[Signature]

SIGNATURE OF OWNER OR OFFICIAL
623-561-2848

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20th DAY OF

COUNTY NAME	
<i>Maricopa</i>	
MONTH	20 <u>15</u>
<i>February</i>	

(SEAL)

[Signature]

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES August 28, 2017

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

FEB 25 2015

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Maricopa</i>	
NAME (OWNER OR OFFICIAL) <i>R L Fletcher</i>	TITLE <i>Pres</i>
COMPANY NAME <i>New River Utility Co</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

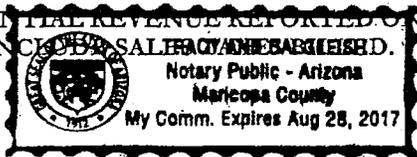
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2014 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>1,836,895.17</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 149,715.17 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.



[Signature]
SIGNATURE OF OWNER OR OFFICIAL

623 561 2848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20th DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME <i>Tracy Ann Dalglish</i>	
COUNTY NAME <i>MARICOPA</i>	
MONTH <i>February</i>	20 <i>15</i>

[Signature]
SIGNATURE OF NOTARY PUBLIC

SCHEDULE 2.10(b)
Liabilities

None.

SCHEDULE 2.11
Changes

1. The Company installed a new pump for Well #2 in January, 2015.
2. The Company installed new arsenic media in the Company's arsenic filters.

DISCLOSURE SCHEDULES TO STOCK PURCHASE AGREEMENT

These are the Disclosure Schedules of Robert L. Fletcher and Mary Karen Fletcher, as Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002 (“Seller”), to the Stock Purchase Agreement between the City of Peoria, Arizona, an Arizona municipal corporation (“Buyer”) and Seller dated as of October 21, 2015 (the “Purchase Agreement”).

Unless the context otherwise requires, capitalized terms not defined herein have the meanings specified in the Purchase Agreement. Unless otherwise indicated herein, all section references are to Sections of the Purchase Agreement; provided, however, that references herein to a particular Section or Sections of the Purchase Agreement are not intended to limit, and shall not be construed as limiting, the disclosures contained herein that are applicable to another Section or Sections for the same purposes. Each matter referred to in any section of these Disclosure Schedules shall be deemed to have been disclosed for the same purposes in all other sections of these Disclosure Schedules. All descriptions of documents contained herein are qualified in their entirety by reference to the documents so described, true and complete copies of which Seller has delivered to Buyer and its representatives.

The disclosures in these Disclosure Schedules are made in response to the representations and warranties of Seller and certain covenants in the Purchase Agreement, and no disclosure made herein shall be deemed to modify in any respect any standard of materiality or knowledge set forth in the applicable representation, warranty, covenant or other provision contained in the Purchase Agreement.

Index of Disclosure Schedules

A.	Schedule 2.1(a)	Articles of Incorporation and Bylaws
B.	Schedule 2.3(a)	Consents
C.	Schedule 2.3(b)	Conflicts
D.	Schedule 2.4	Litigation
E.	Schedule 2.5	Taxes
F.	Schedule 2.6	Tangible Personal Property and Equipment
G.	Schedule 2.7	Contracts
H.	Schedule 2.8	Environmental Matters
I.	Schedule 2.9	Permits
J.	Schedule 2.10(a)	Financial Statements
K.	Schedule 2.10(b)	Liabilities
L.	Schedule 2.11	Changes

SCHEDULE 2.1(a)
Articles of Incorporation and Bylaws

1. Articles of Incorporation, dated February 20, 1959, as amended by Amendment to Articles of Incorporation, dated May 1, 1962, as amended by Articles of Amendment to Articles of Incorporation, dated December 5, 1979, as amended by Articles of Amendment to the Articles of Incorporation, dated January 20, 2003.

2. New River Utility Company Amended and Restated Bylaws, dated January 1, 2003.

SCHEDULE 2.3(a)
Consents

None.

SCHEDULE 2.3(b)
Conflicts

None.

SCHEDULE 2.4
Litigation

None.

SCHEDULE 2.5
Taxes

None.

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations

Four arsenic treatment filters

All the water mains shown in the 2014 Annual Report of New River Utility Company

All of the customer water meters shown in the 2014 Annual Report of New River Utility Company

1,400 feet of cinder block wall

240 feet of chain link fence

Golf Carts

1999 EZGO

1991 Club Car

Other

Digital check scanner TS240

Panasonic dot matrix printer

Super scripts laser printer

OKI Microline 420 9 pin printer

Brother laser printer

NEC Superscript 1260 printer

Charrette five drawer filing cabinet with blueprints for New River Utility franchise

Twenty pieces Sensus, Upper Housing Touch Pad Disc

New River Utility Company operating manual

Wire and adapters for office equipment

Two drawer file cabinets

Back-up disk with billing history

Meter repair tool box with cable cutter and crimpers

20 meter locks

Well log books and pump information manuals

SCHEDULE 2.7
Contracts

1. Agreement, dated March 13, 1990, between the City of Glendale and New River Utility Company.
2. Emergency Interconnect Agreement between the City of Peoria and New River Utility Company dated August 23, 2001.
3. Assignment of Rights and Assumption of Obligations of the Central Arizona Project Municipal and Industrial Water Service Subcontract dated July 12, 2007 between New River Utility Company and the Central Arizona Water Conservation District.

SCHEDULE 2.8
Environmental Matters

None.

SCHEDULE 2.9
Permits

1. Letter from Internal Revenue Service to New River Utilities regarding taxpayer identification number 86-0377211.
2. Privilege Tax License, Account Number 12572, issued by the City of Peoria, issued to New River Utility Co., Inc.
3. Permit to Operate, Permit No. 07051, issued by Maricopa County Environmental Services Department, issued to New River Utility Co. Inc.
4. Arizona Department of Water Resources, ADWR # 91-000200.0000 and ADEQ # AZ0407051 issued to New River Utility Company.
5. State of Arizona Transaction Privilege License No. 07557626-L.
6. Opinion and Order, Decision No. 65134, date of hearing June 6, 2003, In the Matter of the Application of New River Utility Company for a Rate Increase; Letter, dated August 30, 2002, from Fennemore Craig, P.C. to the Utilities Division of the Arizona Corporation Commission regarding Decision No. 65143.
7. Large Municipal Provider Service Area Withdrawal Right, Right No. 56-002254.0000, issued to New River Utility Company.
8. Certificate of Grandfathered Groundwater Rights, Certificate No. 58-101897.0002, dated April 10, 1985 issued by the County of Maricopa, State of Arizona Department of Water Resources. Irrigation Right was classified as non-exempt, small right on July 7, 1994. Irrigation Right is less than 10 acres, but not exempt from administrative requirements. Per aerial photographs, the land appears to be developed.
9. Registration of Existing Exempt Well, Registration No. 55-616943, filed June 2, 1982. Record owner is New River Utility Co.
10. Registration of Existing Non-Exempt Well, Registration No. 55-616944, filed June 2, 1982. Record owner is New River Utility Co.
11. Registration of Existing Non-Exempt Well, Registration No. 55-616947, filed June 2, 1982. Record owner is New River Utility Company.
12. Registration of Existing Non-Exempt Well, Registration No. 55-616945, filed June 2, 1982. Record owner is New River Utility Co.
13. Registration of Existing Non-Exempt Well, Registration No. 55-616946, filed June 2, 1982. Record owner is New River Utility Co.

14. Registration of Existing Non-Exempt Well, Registration No. 55-616948, filed June 2, 1982. Record owner is New River Utility Company.

15. Registration of Existing Non-Exempt Well, Registration No. 55-805437-L, filed June 20, 1989. Record owner is New River Utility Company.

16. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29634, filed January 6, 1987. Record owner is New River Utility Company.

17. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29635, filed January 6, 1987. Record owner is New River Utility Company.

18. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.

19. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.

20. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.

21. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.

22. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29638, filed January 6, 1987. Record owner is New River Utility Company.

23. The following documents relating to the status of New River Utility Company's Certificate of Convenience and Necessity:

(a) Map provided by Lori Miller of the Arizona Corporation Commission's engineering department (new map received June 10, 2015);

(b) Arizona Corporation Commission Decision No. 33131 dated May 24, 1961;

(c) Arizona Corporation Commission Decision No. 33230 dated July 3, 1961;

(d) Arizona Corporation Commission Decision No. 33354 dated August 15, 1961;

(e) Arizona Corporation Commission Decision No. 54309 dated January 3, 1985;

(f) Arizona Corporation Commission Decision No. 54753 dated October 25, 1985;

- (g) Arizona Corporation Commission Decision No. 54849 dated January 14, 1986;
- (h) Arizona Corporation Commission Decision No. 56858 dated April 4, 1990;
- (i) Arizona Corporation Commission Decision No. 57514 dated August 14, 1991;
- (j) Arizona Corporation Commission Decision No. 58029 dated October 7, 1992;
- (k) Arizona Corporation Commission Decision No. 67164 dated August 10, 2004;
- (l) Arizona Corporation Commission Decision No. 67440 dated December 3, 2004; and
- (m) Arizona Corporation Commission Decision No. 69576 dated May 21, 2007.
- (n) Arizona Corporation Commission Decision No. 74294 dated January 29, 2014, as amended by Arizona Corporation Commission Decision No. 74367 dated February 26, 2014.

SCHEDULE 2.10(a)
Financial Statements

1. Annual Report for the year ending December 31, 2013, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.
2. Annual Report for the year ending December 31, 2014, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.

SCHEDULE 2.10(b)
Liabilities

None.

SCHEDULE 2.11
Changes

1. The Company installed a new pump for Well #2 in January, 2015.
2. The Company installed new arsenic media in the Company's arsenic filters.



City of Peoria

CITY CLERK'S OFFICE

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7340
F 623.773.7304
cityclerk2@peoriaaz.gov

CERTIFICATE OF RECORDING OFFICER

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

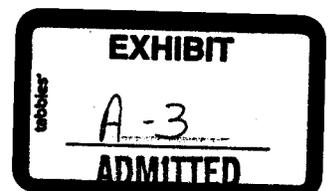
I, the undersigned, Linda Blas, being the duly appointed, qualified and acting City Clerk of Peoria, Maricopa County, Arizona, do hereby certify that the attached Asset Purchase Agreement, is a true and exact copy of the original document on file and of record in the Office of the City Clerk.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the seal of said City of Peoria this 25th day of April, 2016.





Linda Blas
Acting City Clerk



ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement"), is entered into as of this ^{5th} day of ~~November~~, 2015 ("Effective Date"), by and between NEW RIVER UTILITY COMPANY, an Arizona corporation and public service company (hereinafter "Seller"), and THE CITY OF PEORIA, ARIZONA, an Arizona Municipal Corporation (hereinafter "Buyer").

RECITALS

A. Seller is a public service company engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (the "Business"); and

B. Seller is the legal and beneficial owner of certain assets defined in Section 1 herein, and as described in the respective Exhibits attached to this Agreement, and desires to sell the Assets upon the terms and conditions set forth in this Agreement.

C. Buyer is an Arizona municipal corporation authorized to provide water service pursuant to A.R.S. § 9-511 and desires to purchase the Seller's Assets which include the water system and associated real property upon the terms and conditions set forth herein.

D. Buyer is an Arizona Charter City and is authorized by Article XII, Section 2 of its adopted City Charter to own and operate any public utility and to purchase any existing utility properties used or useful to public service. Further that such City Charter was approved by the qualified electors of the City on March 15, 1983. On May 7, 2005 City submitted to the qualified electors of the City, Bond Question No. 1 which provided and authorized the City to acquire water rights, lands, and interests in lands and facilities by purchase and whereas the Mayor and Council adopted Resolution 05-72 on May 24, 2005 finding that a majority of the qualified electors of the City voting in the Special Election held on May 7, 2005 approved such authority to acquire in accordance with the provisions of Arizona Revised Statutes, Section 9-514.

AGREEMENT

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

1. Conveyance of Assets. Subject to the terms, conditions and limitations set forth in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey, and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller the Assets described in this section, and as set forth in the respective Exhibits attached hereto, inclusive of all tanks, surface

water treatment equipment, pump stations, wells, water rights, water distribution systems, all real and personal property assets, inventory and equipment currently used to conduct the operation by NEW RIVER UTILITY COMPANY of its business, including without limitation, the following:

- 1.1 Deposits and Payments. The Assets include any funds held as of Closing for which a refund is not then due. All payments received by Seller after Closing shall be assigned to Buyer and shall belong to Buyer and be transmitted to Buyer in a timely manner.
- 1.2 Equipment, Inventory and Records. Seller shall provide on or before the Closing a Bill of Sale conveying all of Seller's right, title and interest in and to the Assets described in **Exhibit A**, including all Equipment, Inventory and Records, in the form attached hereto as **Exhibit B**. Buyer and Seller agree to execute and deliver such other instruments of conveyance and transfer as may be reasonably requested or necessary to convey and transfer to, and vest the Assets in Buyer.
- 1.3 Contract Rights. Buyer shall assume all Contract Rights associated with conduct of the Business. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Licenses, Certificates, Warranties and Guarantees that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the Assignment and Assumption of Contract Rights. The Assignment and Assumption of Contract Rights shall be substantially in the form of **Exhibit C** hereto.
- 1.4 Real Property. The Real Property described in **Exhibit D** shall be conveyed at Closing by the execution and delivery by Seller of the Special Warranty Deed, in the form attached hereto as **Exhibit E**. The easements described in **Exhibit F** shall be conveyed by the Seller by an Assignment of Easements which shall be substantially in the form of **Exhibit G** hereto. The Seller's water rights associated with the respective Real Property shall be conveyed by the Seller by way of an Assignment of Water Rights which shall be substantially in the form attached hereto as **Exhibit H**. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances.
- 1.5 Limitations. The purchase of the Assets, as set forth herein, shall not constitute a purchase of Seller as a corporate entity by Buyer nor render Buyer a successor-in-interest to Seller as to Seller's corporate identity and status. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may be incurred by the Buyer at any time subsequent to their transfer hereunder unless otherwise specifically set forth herein.
- 1.6 Sale Free of Liens. The Assets sold, conveyed, transferred, assigned and delivered by Seller to Buyer, as herein provided, are and shall be as of the Closing, free and clear of all Liens, other than Permitted Liens. Such acquired Assets shall be conveyed by appropriate deeds, bills of sale, endorsements, security interests, leases, pledges, assignments and other instruments of transfer and conveyance described herein.

1.7 Assumption of Liabilities. Subject to the terms and conditions set forth in this Agreement, Buyer shall assume and agree to pay, perform and discharge when due any and all liabilities and obligations of the Seller arising out of or relating to the System or the acquired Assets on or after the Closing.

2. Purchase Price. Buyer agrees to pay Seller as the Purchase Price for Seller's interests in the Assets the sum of Ten Dollars (\$10.00) and other good and valuable consideration (the "Purchase Price"), payable in lawful money of the United States of America.

3. Regulatory and Master Water System Approvals and Conditions to Closing.

Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Seller obtaining such approval of the ACC as may be necessary to complete the sale of the Assets to Buyer and cancellation of Seller's Certificate of Convenience and Necessity (the "Regulatory Approvals"); (ii) Seller's execution and delivery of the Transfer Instruments; (iii) Seller's and Buyer's payment of amounts required to be paid under this Agreement on or before Closing; and (iv) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of Closing. Buyer shall cooperate in all reasonable respects with Seller's effort to obtain the Regulatory Approvals. If (i) the Regulatory Approvals have not been obtained by December 31, 2015, the parties may agree to extend the date of Closing according to the provisions of Section 5.3 of this Agreement, or, alternatively, this Agreement shall terminate.

4. Representations and Warranties

4.1 Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as follows:

4.1.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.

4.1.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.

4.1.3 Sole Owner. After Closing, Buyer will be the sole owner of the water system. No other person or legal entity has any ownership interest in the water system.

4.1.4 Arizona Corporation Commission. To Seller's knowledge, New River Utility Company is in good standing with the ACC and has filed all reports and other filings required by state statutes or ACC regulations. Seller has not been notified by the ACC of any pending or contemplated investigation or other administrative action against or concerning New River Utility Company. Seller agrees to cooperate with the Buyer and with the ACC in obtaining the Regulatory Approvals.

- 4.1.5 Taxes. To Seller's knowledge, all income tax, property tax and other tax obligations of New River Utility Company are current. Seller has not been notified by any taxing authority of any pending or contemplated investigations or other administrative action against or concerning New River Utility Company.
- 4.1.6 Liabilities. To the best of Seller's knowledge, there are no liens, judgments, pending or threatened lawsuits, claims, administrative proceedings or other actions against, or that concern or affect Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.
- 4.1.7 Liens. There are no liens, encumbrances, judgments, security interests, monetary obligations or other matters affecting New River Utility Company, the Assets or its operations that have not been disclosed to Buyer and will be outstanding at the time of Closing, if any, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.
- 4.1.8 Proceedings. To the best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.
- 4.1.9 No Breach. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in any breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.
- 4.1.10 No Bankruptcy. Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition or suffered the filing of any involuntary petition by Seller's creditors, (iii) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (v) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.
- 4.1.11 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or

occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.

- 4.1.12 Permits. To the best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.
- 4.1.13 Condemnation. To the best of Seller's knowledge, there are no pending or threatened condemnations or eminent domain proceedings to which would affect the Business or Assets.
- 4.1.14 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to receipt of the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets contemplated herein and to observe and perform all of its covenants and obligations hereunder. The persons executing this Agreement and any other document required here by have full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.
- 4.1.15 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive Closing.
- 4.1.16 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.
- 4.1.17 Hazardous Materials. Seller has not dumped, buried or released or otherwise disposed of any hazardous materials or environmental pollutants on the Real Property. Seller knows of no dumping, burial, release or other disposal of hazardous materials or other environmental pollutants on the Real Property. Seller is not aware of any environmental problems that may affect the well sites, quality of water or service or delivery of water to Seller's customers.
- 4.1.18 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report filed by Seller with the Utilities Division of the ACC.
- 4.1.19 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit Buyer to operate the Business in its usual and customary manner, and all Improvements located within the Real Property are to be conveyed to Buyer pursuant hereto.

- 4.1.20 Preservation of Assets. Seller agrees to maintain the Assets in their current condition, ordinary wear excepted, to the date of Closing.
- 4.1.21 Joint Representation. Seller is an Arizona Corporation with professional staff and management. Seller has requested that the Office of the City Attorney of the City of Peoria, Arizona represent it in proceedings before the Arizona Corporation Commission, while also representing Buyer in such proceedings. Seller acknowledges that it has the right to separate legal representation and that in the event of a conflict of interest in a litigation matter that the Office of the City Attorney will not be able to represent Seller. Seller by execution of this Agreement is giving its consent to the joint representation by the Office of the City Attorney in accordance with the Arizona Rules of Professional Conduct, Rule 1.7.
- 4.1.22 Accuracy of Representations and Warranties. None of the foregoing representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except for any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

- 4.2 Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as follows:
- 4.2.1 Authority. Buyer has been duly formed and presently exists as a Municipal Corporation under the laws of the state of Arizona, and the entering into of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by all proper and necessary official actions, and do not violate any applicable governmental statute, rule, regulation, ordinance, contract or other restriction. All actions required by law for this Agreement to be a valid and binding obligation of Buyer have been taken or will have been taken as of Closing. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind Buyer in and to the obligations imposed on it by this Agreement.
- 4.2.2 Continuing Service of Customers. Buyer agrees to provide a continuous adequate and reliable municipal water supply to all individuals and entities served by New River Utility Company, subject to all applicable laws, rules and regulations as well as the payment of all applicable fees by such individuals and entities. Any excess water capacity not needed to satisfy the foregoing service commitment may be used anywhere in Buyer's municipal water system for any lawful

purpose.

- 4.2.3 Inspection. Buyer has inspected the facility and has determined that all of the Assets are installed in a manner that will allow them to function properly and the installation is compliant with all applicable local, state and federal laws, rules and regulations.
- 4.2.4 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive Closing.
- 4.2.5 Joint Representation. Buyer is an Arizona Municipal Corporation with professional staff and management. Buyer has requested that the Office of the City Attorney of the City of Peoria, Arizona represent it in proceedings before the Arizona Corporation Commission, while also representing Seller in such proceedings. Buyer acknowledges that it has the right to separate legal representation and that in the event of a conflict of interest in a litigation matter that the Office of the City Attorney will not be able to represent Buyer. Buyer by execution of this Agreement is giving its consent to the joint representation by the Office of the City Attorney in accordance with the Arizona Rules of Professional Conduct, Rule 1.7.
- 4.2.6 Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except with respect to any breach of such warranties and representations for which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

- 5. Closing. The Closing of this sale shall take place when all of the Conditions Precedent to Closing have been fully satisfied as set forth in Section 3 herein.
 - 5.1 Closing Date. The Closing shall take place at the City of Peoria City Attorney's Office, at 8401 W. Monroe Street, Peoria, AZ 85345, on _____, 2015 (the "Closing Date").
 - 5.2 Closing Documents.
 - 5.2.1 Deliveries by Seller. At the Closing, Seller shall have delivered to the Buyer the following agreements, documents and other items:
 - a. The Warranty Deeds conveying to the Buyer all of Seller's rights, title and interest in and to the Real Property;
 - b. The Bill of Sale transferring all of the acquired Assets comprising of

personal property;

- c. A duly executed counterpart to an Assignment and Assumption Agreement and Consent for each contract, and obligations and benefits thereof, that the Seller is assigning and the Buyer is assuming;
- d. The Assignment of Water Rights and well registrations.
- e. The Assignment of Easements for the easement interests owned by the Seller;
- f. Copies or originals of all Files and Records, materials, documents and records in possession of Seller relating to the Real Property or Assigned Contracts;
- g. Any other documents or instruments required by this Agreement, including Regulatory Approvals.

5.2.2 Deliveries by Buyer. At Closing, Buyer shall deliver to Seller the following:

- a. A duly executed counterpart to an Assignment and Assumption Agreement and Consent for each contract, and obligations and benefits thereof, that the Seller is assigning and the Buyer is assuming;
- b. All related agreements, duly executed by Buyer;
- c. Any other instruments necessary to or reasonably required by Seller to effectuate the transaction contemplated herein.

5.3 Notwithstanding the foregoing, Seller and Buyer may agree to mutually extend the Closing date until such later time by executing a written instrument setting a new date for Closing.

5.4 Other.

5.4.1 Seller shall transfer its water utility operations to Buyer as of Closing; Buyer shall make its own utility deposit arrangements as to new customers acquired after Closing.

5.5 As set forth in Section 1.4 above, Seller shall assign all well registrations and all water rights claims subject to the Arizona Department of Water Resources which are associated with the Assets, if any. Assignment of water rights shall be facilitated by way of an Assignment of Water Rights. Seller agrees to cooperate in good faith, after Closing, in the execution of any additional documents necessary to accomplish the aforesaid assignment of such registrations and claims.

5.6 Seller shall provide to Buyer a full and complete list of Seller's customers with addresses and any other documentation needed to enable Buyer to continue to

operate the water system and provide ongoing adequate and reliable water service to Seller's customers.

5.7 This transaction shall be approved in writing by the ACC pursuant to A.R.S. 40-285(A) as previously set forth in Section 3 herein.

6. **Miscellaneous Provisions.**

6.1 **Indemnification.**

6.1.1 **By Buyer.** Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Seller relating to (i) the Assets or Business and arising from acts, occurrences or matters that occur from and after Closing, and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of Buyer.

6.1.2 **By Seller.** Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences, matters or the use and operation of the Assets occur place prior to Closing, or (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of the Seller.

6.2 **Default.** In the event that either Party hereto fails to perform their respective obligations set forth in this Amendment as and when required herein, the nondefaulting Party shall have all rights and remedies available at law or in equity to enforce the defaulting Party's obligations hereunder

6.3 **Customer Deposits.** Seller has collected no deposits from customers for the provision of Domestic Water Delivery. Buyer has collected and shall retain any deposits collected for wastewater, drainage and solid waste collection

6.4 **Notices.** Any and all notices, approvals, consents or other communications required or permitted by this Amendment shall be given by electronic mail or in the alternative by personal delivery and addressed to the Parties at the following addresses:

If to the City: City of Peoria
 City Manager's Office
 8401 West Monroe Street
 Peoria, Arizona 85345

With a copy to: City of Peoria
City Attorney's Office
8401 West Monroe Street
Peoria, Arizona 85345

If to Seller New River Utility Company
c/o Michael D. Weber, General Manager
P.O. Box 4038
Peoria, AZ 85380-4038

- 6.5 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs and personal representatives. Neither Buyer nor Seller shall assign this Agreement without the express prior written consent of the other party.
- 6.6 **Entire Agreement.** This Agreement and the Related Agreements represent the entire agreement among the Parties with respect to the subject matter hereof, thereof and supersede all prior or contemporaneous written or oral agreements or understandings of any kind among the Parties hereto and thereto with respect to the subject matter hereof and thereof. All Exhibits and Schedules hereto are expressly made a part of this Agreement as fully as though completely set forth herein.
- 6.7 **State Law.** The validity, construction, and effect of this Agreement shall be governed by the laws of the state of Arizona without regard to conflict of law principles.
- 6.8 **Severability.** If any one or more of the provisions of this Agreement shall be held invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement shall not be affected.
- 6.9 **Conflict of Interest.** Pursuant to A.R.S. Section 38-511, Buyer may cancel this Agreement within three (3) years after its execution, without penalty or further obligations, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of Buyer is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of the Agreement.
- 6.10 **Headings.** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.
- 6.11 **Modification.** This Agreement may not be changed orally, but only by an agreement in writing, signed by the parties.
- 6.12 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together

constitute the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

SELLER:

NEW RIVER UTILITY COMPANY, an Arizona Corporation

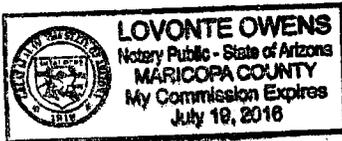
By: [Signature]
Name: William Mattingly
Its: Director and President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 5th day of November 2015, by William Mattingly, the Director and President of New River Utility Company, an Arizona corporation and public service company.

(Seal and Expiration Date)

[Signature: Lovonte Owens]
Notary Public



BUYER:

The City of Peoria

By: *Carl Swenson*
Name: Carl Swenson, City Manager

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 22 day of October 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)



Karen L Halstead
Notary Public

ATTEST:

By: *Linda L Blas*
for Name: Rhonda Geriminsky, City Clerk



APPROVED AS TO FORM:

By: *Stephen M Kemp*
Name: Stephen M. Kemp, City Attorney

LIST OF EXHIBITS

- Exhibit A: List of Assets (Personal Property)
- Exhibit B: Bill of Sale
- Exhibit C: Assignment and Assumption of Contract Rights
- Exhibit D: Legal Descriptions of Nine (9) Parcels of Real Property
- Exhibit E: Special Warranty Deed
- Exhibit F: List of Easements
 - Exhibit F-1: Well No. 2 Jomax Easement
 - Exhibit F-2: Well No. 2 Cody Farms Easement
 - Exhibit F-3: Well No. 4 Cody Farms Easement
 - Exhibit F-4: Well No. 5 BLM Easement
- Exhibit G: Assignment of Easement
- Exhibit H: Assignment of Water Rights

EXHIBIT A

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

EXHIBIT B

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That New River Utility Company, as seller (the "Seller"), for good and valuable consideration received by the Seller from the City of Peoria, Arizona (the "City"), receipt of which is hereby acknowledged, does by these presents, and to the extent not otherwise prohibited by applicable law with regard to any part thereof, sells, transfers and assigns to the City the property described in Exhibit A attached hereto and as described in the Stock Purchase Agreement dated October 21, 2015, by and between the Seller and the City.

Seller warrants that it is the owner of the above-described property, warrants good and marketable title to it, and warrants that the property is unencumbered as of the date of this contract.

EXECUTED this _____ day of _____, 2015.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service
company

By: _____
Name: Bill Mattingly
Title: President

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT (the "Assignment") is dated as of November ___, 2015 (the "Effective Date"), by and between New River Utility Company, an Arizona corporation ("Assignor") and City of Peoria, Arizona, an Arizona municipal corporation ("Assignee").

RECITALS

- A. Assignor and the City of Glendale, Arizona are parties to that certain Agreement, dated March 13, 1990, (the "Agreement"), as evidenced in *Exhibit "A"* attached hereto.
- B. Pursuant to the terms of that certain Stock Purchase Agreement, dated on or near the Effective Date (the "Stock Purchase Agreement"), by and between Assignor and Assignee, Assignor has agreed to sell to Assignee and Assignee has agreed to purchase all the Assignor's stock interest in New River Utility Company.
- C. Pursuant to the terms of that certain Asset Purchase Agreement, dated on or near the Effective Date (the "Asset Purchase Agreement"), by and between Assignor and Assignee, Assignor has agreed to sell to Assignee and Assignee has agreed to purchase all the Assignor's water utility system assets.
- D. In accordance with Article III, subsection F of the Agreement, Assignor now desires to assign to Assignee, and Assignee desires to acquire and assume from Assignor, all of Assignor's right, title and interest in and to, and duties and obligations under, the Agreement on the terms and conditions set forth herein and the City desires to consent to such assignment and assumption.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agreed as follows:

1. Assignment. Assignor hereby grants, conveys and assigns unto Assignee all of Assignor's right, title, and interest in and to, and duties and obligations under, the Agreement. Assignor shall indemnify, defend and hold Assignee harmless for, from and against any and all actions, suits, proceedings and claims, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), arising out of or relating to the Agreement, and which occurred or are alleged to have occurred prior to the Effective Date.
2. Assumption. Assignee hereby assumes all of Assignor's right, title, and interest in and to, and duties and obligations set forth in the Agreement and agrees to perform and observe all of Assignor's covenants, responsibilities, and conditions contained in the Agreement. Assignee further covenants and agrees to indemnify, defend and hold Assignor harmless for, from and against any and all actions, suits, proceedings and claims, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), arising out of or relating to the Agreement, and which occur or are alleged to have occurred after the Effective Date.
3. Representations, Warranties and Covenants of Assignor. Assignor represents and warrants that: (a) the contract rights being transferred and assigned hereunder are free and clear of all liens, encumbrances, and third-party interests or claims; and (b) subject to satisfaction of the conditions contained in Article III, subsection F of the Agreement,

Assignor has all lawful right and authority to undertake the actions contemplated by this Assignment. If Assignor or its affiliates receives from the City of Glendale or its affiliates any treated CAP water or other benefits under the Agreement to which the Assignee is entitled as a result of the assignment contemplated hereby, Assignor shall promptly (and in all events within 5 business days of Assignor's receipt thereof) transfer and/or convey such to Assignee or its designee.

4. Consent. In accordance with the terms of Article III, subsection F of the Agreement, City of Glendale, Arizona hereby consents to the assignment by Assignor of its rights and obligations under the Agreement and the assumption by Assignee of such rights and obligations and hereby releases Assignor from all further liability or obligation under the Agreement. Hereafter, all rights and obligations of Assignor under the Agreement shall be the responsibility of, and for the benefit of the Assignee for so long as this Assignment is not in breach.

5. Binding Effect. This Assignment shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns.

6. Choice of Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Arizona.

7. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

8. Final Approval. This Assignment is expressly subject to and shall not be or become effective or binding on any party until it is approved and fully executed by all signatories hereto, including all signatories of Assignee and Assignor.

9. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested; to the follow addresses:

If to the Assignee:

City of Peoria, Arizona
City Manager
8401 W. Monroe St.
Peoria, AZ 85345

With a copy to:

City of Peoria, Arizona
City Attorney's Office
8401 W. Monroe St.
Peoria, AZ 85345

If to the Assignor:

New River Utility Company

c/o City of Peoria
P.O. Box 4038
Peoria, Arizona 85380-4038
Attn: Bill Mattingly

Notice shall be deemed given and effective the day personally delivered with delivery verification, the day after being sent by overnight courier, subject to signature verification, and three business days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

[Remainder of page intentionally left blank]

ASSIGNOR:

NEW RIVER UTILITY COMPANY,
an Arizona Corporation

By: _____

Name: Bill Mattingly

Its: President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of November 2015, by Bill Mattingly, the President of New River Utility Company, an Arizona corporation and public service company.

(Seal and Expiration Date)

Notary Public

ASSIGNEE:

The City of Peoria

By: _____
Name: Carl Swenson, City Manager

Approved as to form:

By: _____
Name: Stephen M. Kemp, City
Attorney

Attestation:

By: _____
Name: Rhonda Geriminsky, City
Clerk

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona
municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

CONSENTING TO ASSIGNMENT:

The City of Glendale, Arizona

By: _____
Name: _____, City Manager

Approved as to form:

By: _____
Name: _____, City Attorney

Attestation:

By: _____
Name: _____, City Clerk

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2015, by _____, the City Manager for the City of Glendale, Arizona, an Arizona
municipal corporation, on behalf of the City of Glendale.

(Seal and Expiration Date)

Notary Public

EXHIBIT A
AGREEMENT

EXHIBIT D

LEGAL DESCRIPTION

WELL SITE No. 1

That portion of the Northwest quarter of Section 23, Township 4 North, Range 1 East of the Gila and Salt River Base & Meridian, Maricopa County, Arizona, described as follows:

Commencing at a point on the North line of said Section from which the North Quarter corner thereof bears North 89 degrees 34 minute 06 seconds East 318.02 feet; thence South 00 degrees 07 minutes 51 seconds West along the northerly projection of the East line of Tract "P", FLETCHER HEIGHTS PHASE 1A, according to Book 447 of Maps, page 31, Maricopa County Recorder's Office, a distance of 40.00 feet to the POINT OF BEGINNING; thence North 89 degrees 34 minutes 06 seconds East 49.77 feet; thence South 00 degrees 35 minutes 30 seconds West along the most easterly face of an existing block fence wall, 58.98 feet to the southeasterly corner of said wall; thence South 88 degrees 39 minutes West along the southerly edge of an existing chain link fence, 49.31 feet to a point on said East line of Tract "P", thence North 00 degrees 07 minutes 51 seconds East along said East line and its northerly projection thereof, 59.76 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION

WELL SITE No. 2

That part of the Southeast quarter of the Southeast quarter of the Northeast quarter of the Southeast quarter of Section 14, Township 4 North, Range 1 East, Gila and Salt River Base & Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point on the East line of said Southeast quarter from which a brass cap marking the centerline of Montoya Drive according to the plat of HILLCREST RANCH PARCEL "E", Book 361 of Maps, page 5 records of Maricopa County, bears South a distance of 68.03 feet; thence West 150.93 feet; thence North 66.58 feet; thence East 150.93 feet to a point on said East line; thence South along said East line, 66.58 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION

WELL SITE No. 3, RESERVOIRS 2 & 3, AND ARSENIC TREATMENT FACILITY

That portion of the Northwest quarter of the Northwest quarter of the Northwest quarter of the Southeast quarter of Section 22, Township 4 North, Range 1 East of the Gila and Salt River Base & Meridian, Maricopa County, Arizona (hereinafter referred to as the "Parcel"), described as follows:

BEGINNING at a point on the North line of said parcel from which the Northeast corner thereof bears East 92.91 feet; thence South 329.17 feet to a point on the South line of said Parcel from which the Southeast corner of said Parcel bears North 89 degrees 58 minutes 10 seconds East 96.87 feet; thence South 89 degrees 58 minutes 10 seconds West along said South line, 231.50 feet to the Southwest corner of said Parcel; thence North 00 degrees 39 minutes 49 seconds West along the West line of said Parcel, 329.31 feet to the Northwest corner of said Parcel and the Center of Section 22; thence East along the North line of said Parcel, 235.31 feet to the POINT OF BEGINNING.

LEGAL DESCRIPTION
WELL SITE No. 4 & RESERVOIR No. 1

That portion of the Southeast quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter of Section 23, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona (hereinafter referred to as the Property) lying North of the following described line:

Beginning at a point on the West line of the Property from which the Northwest corner thereof bears North 00 degrees 06 minutes 17 seconds East 163.92 feet and from which the Southwest corner thereof bears South 00 degrees 06 minutes 17 seconds West 165.54 Feet; thence North 89 degrees 51 minutes 34 seconds East along the Westerly projection of the centerline of an existing chain link fence and along said centerline, 332.32 feet to a point on the East line of the Property from which the Northeast corner thereof bears North 00 degrees 07 minutes 51 seconds East 164.96 Feet and from which the Southeast corner thereof bears South 00 degrees 07 minutes 51 seconds West 164.72 feet and to the POINT OF ENDING of the above described line.

LEGAL DESCRIPTION

WELL SITE No. 5 (TRACT II), TRACT P, and TRACT HH

The following described real property situated in Maricopa County, Arizona:

Tract P, Tract HH, and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps, Page 31, records of Maricopa County, Arizona.

LEGAL DESCRIPTION

WELL SITE No. 5 TRACT II, TRACT P, and (TRACT HH)

The following described real property situated in Maricopa County, Arizona:

Tract P, Tract HH, and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps, Page 31, records of Maricopa County, Arizona.

LEGAL DESCRIPTION

WELL SITE No. 5 TRACT II, (TRACT P), and TRACT HH

The following described real property situated in Maricopa County, Arizona:
Tract P, Tract HH, and Tract II of Fletcher Heights Phase 1A, according to Book 447 of Maps,
Page 31, records of Maricopa County, Arizona.

EXHIBIT A

(Well Site No. 6)

A tract of land being a part of the Southeast quarter of Section 22, Township 4, North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona being more particularly described as follows:

COMMENCING at the center said Section 22, thence South 00 degrees 07 minutes 32 seconds West along the West line of the Southeast Quarter of said Section 22, a distance of 1,388.12 feet to a point which bears North 00 degrees 07 minutes 32 seconds East, a distance of 1,246.34 feet from the South quarter corner of said Section 22;

thence, at a right angle, South 89 degrees 52 minutes 28 seconds East, a distance of 40.00 feet to a point on the Easterly right-of-way of 87th Avenue, said point being the TRUE POINT OF BEGINNING;

thence continue South 89 degrees 52 minutes 28 seconds East, a distance of 28.63 feet;

thence, North 32 degrees 21 minutes 23 seconds East a distance of 40.08 feet;

thence, North 00 degrees 07 minutes 32 seconds East, a distance of 21.22 feet;

thence, North 33 degrees 20 minutes 37 seconds West, a distance of 17.83 feet;

thence, North 89 degrees 52 minutes 28 seconds West, perpendicular to the

West line of the Southeast quarter of said Section 22; a distance 40.16 feet to the Easterly right-of-way of 87th Avenue;

thence, at a right angle South 00 degrees 07 minutes 32 seconds West along said Easterly right-of-way, and parallel to the West line of the Southeast quarter of said Section 22, a distance of 70.00 feet to the TRUE POINT OF BEGINNING.

Enccompassing 0.070 acres, more or less,

and

Tracts J and K, Fletcher Heights - Phase 3A, according to Book 587 of Maps, Page 35, records of Maricopa County, Arizona.

EXHIBIT "A"

A parcel of land located in the Northeast quarter of Section 22, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the Northeast corner of said Section 22;

thence South $00^{\circ} 23' 46''$ East along the East line of said Section 22, a distance of 1306.01 feet to the TRUE POINT OF BEGINNING;

thence South $89^{\circ} 36' 14''$ West, a distance of 90.00 feet;

thence South $00^{\circ} 23' 46''$ East, a distance of 30.00 feet;

thence North $89^{\circ} 36' 14''$ West, a distance of 90.00 feet to a point on the East line of said Section 22;

thence North $00^{\circ} 23' 46''$ West along said East line, a distance of 30.00 feet back to the TRUE POINT OF BEGINNING.

EXHIBIT E

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

SPECIAL WARRANTY DEED
(Well Site No. _____)

For valuable consideration, the receipt of which is hereby acknowledged, NEW RIVER UTILITY COMPANY, an Arizona corporation and public service company ("COMPANY") engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (GRANTOR), does hereby grant, bargain, sell and convey unto the CITY OF PEORIA, an Arizona municipal corporation ("GRANTEE"), all right, title, and interest in and to the following described real property and premises situated in Maricopa County, Arizona:

See Exhibit "A" attached hereto and incorporated herein (the "Property").

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining.

TO HAVE AND TO HOLD said described premises unto the said GRANTEE, their successors and assigns forever, free and clear and discharged of and from all grants, charges, assessments, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature and kind, and that at the time of execution and delivery of this deed GRANTOR is the rightful owner of the Property conveyed, in fee simple, and has good right, full power and lawful authority to convey the Property.

IN WITNESS WHEREOF, GRANTOR has caused this deed to be executed, and delivered this ____ day of _____, 2015.

EXEMPT FROM AFFIDAVIT AND FEES PURSUANT TO A.R.S. § 11-1134, A.3.

NEW RIVER UTILITY COMPANY, an
Arizona corporation

By _____
Name: Bill Mattingly
Title: President

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledgment. On this _____ day of _____, 2015, before me, a notary public, personally appeared: Bill Mattingly known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Public

EXHIBIT F
EASEMENTS

EXHIBIT F-1

Well No. 2

Jomax Easement

Well No 2

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20150472391 06/30/2015 04:18
ELECTRONIC RECORDING

5020355-12-1-1--
Hoyp

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

DRAINAGE PIPELINE EASEMENT

JOMAX HOLDINGS LLC, an Arizona limited liability company ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for an in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, twenty (20) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), but only to the extent that such Easement Area is within the Grantor's Property, for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a drainage pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

20150472391

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefitted estate.

(Signatures appear on the following pages.)

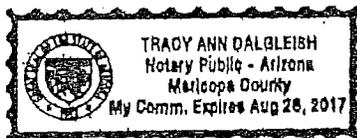
Grantor and Grantee have executed this instrument as of the Effective Date.

GRANTOR

JOMAX HOLDINGS LLC,
an Arizona limited liability company

By: C. Wm Nichols
C. William Nichols, Manager

State of Arizona)
) SS.
County of Maricopa)



The foregoing instrument was acknowledged before me this 28th day of June, 2015, by C. William Nichols, the Manager of Jomax Holdings LLC, an Arizona limited liability company, for and on behalf of the Grantor.

Tracy A Dalgleish
Notary Public

My Commission Expires:

Aug. 28, 2017

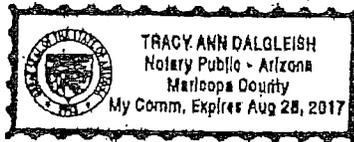
Grantor and Grantee have executed this instrument as of the Effective Date.

GRANTEE

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By: *[Signature]*
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 28th day of June, 2015, by Robert L. Fletcher, President of New River Utility Company, an Arizona corporation, for and on behalf of the company.

Tracy Ann Dalgleish
Notary Public

My Commission Expires:

Aug. 28, 2017

20150472391

Exhibit A

Description of Grantor's Property

(See attached.)

20150472391

20140109067

EXHIBIT "A"

A tract of land being part of the Southeast quarter of Section 14, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

Beginning at the Southeast corner of said Section 14, thence South 89 degrees 38 minutes 53 seconds West along the South line of the Southeast quarter of said Section 14, a distance of 406.23 feet;

Thence North 21 degrees 40 minutes 24 seconds West, a distance of 95.93 feet;

Thence North 24 degrees 38 minutes 12 seconds West, a distance of 176.43 feet;

Thence North 13 degrees 36 minutes 06 seconds West, a distance of 81.47 feet;

Thence North 01 degrees 07 minutes 09 seconds West, a distance of 139.58 feet;

Thence North 04 degrees 02 minutes 03 seconds East, a distance of 155.25 feet;

Thence North 05 degrees 31 minutes 04 seconds East, a distance of 452.17 feet;

Thence North 10 degrees 40 minutes 08 seconds East, a distance of 181.80 feet;

Thence North 13 degrees 56 minutes 23 seconds East, a distance of 155.70 feet;

Thence North 17 degrees 52 minutes 02 seconds East, a distance of 236.47 feet;

Thence North 22 degrees 54 minutes 01 seconds East, a distance of 248.74 feet;

Thence North 24 degrees 13 minutes 49 seconds East, a distance of 229.87 feet;

Thence North 20 degrees 39 minutes 22 seconds East, a distance of 221.43 feet;

Thence North 18 degrees 07 minutes 18 seconds East, a distance of 191.85 feet to a point on the East line of the Southeast quarter of said Section 14, which bears South 00 degrees 09 minutes 55 seconds East, a distance of 166.91 feet from the East quarter corner of said Section 14;

Thence South 00 degrees 09 minutes 55 seconds East along said East line, a distance of 2,483.70 feet to the Point of Beginning;

EXCEPT the Southeast quarter of the Southeast quarter of the Northeast quarter of the Southeast quarter of Section 14, Township 4 North, Range 1 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

AND EXCEPT commencing at the southeast corner of said Section 14;

Thence south 89 degrees 38 minutes 53 seconds west along the south line of Section 14, a distance of 94.82 feet;

20150472391

20140109067

Thence north 00 degrees 21 minutes 07 seconds west, a distance of 55 feet, to a point on a line that is 55 feet north of and parallel with the south line of said Section 14, said point also being the POINT OF BEGINNING;

Thence north 89 degrees 38 minutes 53 seconds west, along said parallel line, a distance of 275.63 feet;

Thence north 24 degrees 16 minutes 13 seconds west, a distance of 178.52 feet;

Thence north 39 degrees 09 minutes 38 seconds west, a distance of 81.92 feet;

Thence north 00 degrees 21 minutes 07 seconds west, a distance of 12.81 feet;

Thence north 89 degrees 38 minutes 53 seconds east, a distance of 440.20 feet to a point on a line that is 55 feet west of and parallel with the east line of said Section 14;

Thence south 00 degrees 09 minutes 08 seconds east along said parallel line, a distance of 199.81 feet;

Thence south 44 degrees 44 minutes 34 seconds west, a distance of 56.70 feet to the point of beginning.

20150472391

Exhibit B

Description of Easement Area

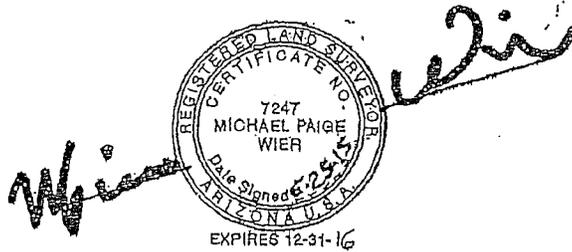
(See attached.)

20150472391

DESCRIPTION OF PROPOSED DRAINAGE PIPE EASEMENT

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

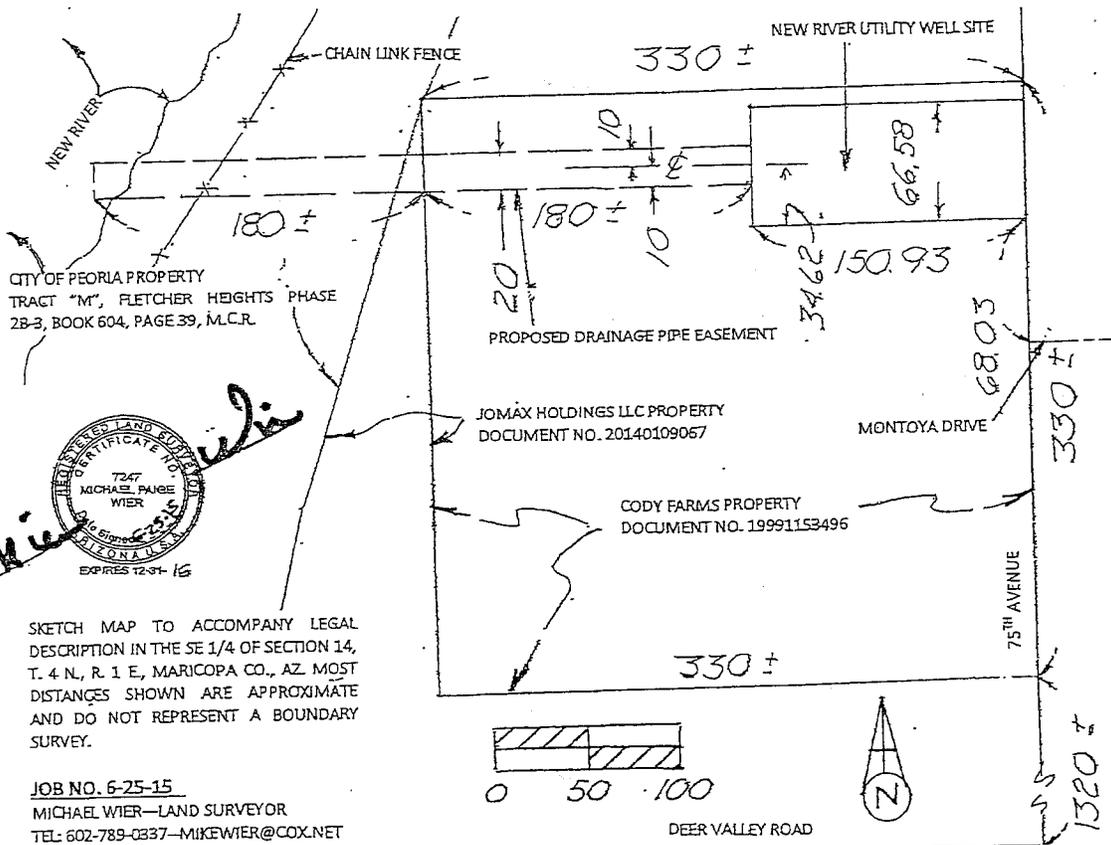
COMMENCING AT A POINT ON THE EAST LINE OF SAID SOUTHEAST QUARTER FROM WHICH A BRASS CAP MARKING THE CENTERLINE OF MONTOYA DRIVE ACCORDING TO THE PLAT OF HILLCREST RANCH PARCEL "E", BOOK 361 OF MAPS, PAGE 5, BEARS SOUTH (ASSUMED BEARING) A DISTANCE OF 68.03 FEET; THENCE WEST 150.93 FEET; THENCE NORTH 34.62 FEET TO THE POINT OF BEGINNING OF THE CENTERLINE OF THE HEREIN DESCRIBED 20 FOOT WIDE PIPELINE EASEMENT; THENCE WEST 360 FEET TO THE POINT OF ENDING.



JOB NO. 6-25-15

MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0387—MIKEWIER@COX.NET

20150472391



CITY OF PEORIA PROPERTY
 TRACT "M", FLETCHER HEIGHTS PHASE
 2B-3, BOOK 604, PAGE 39, M.C.R.



SKETCH MAP TO ACCOMPANY LEGAL DESCRIPTION IN THE SE 1/4 OF SECTION 14, T. 4 N., R. 1 E., MARICOPA CO., AZ. MOST DISTANCES SHOWN ARE APPROXIMATE AND DO NOT REPRESENT A BOUNDARY SURVEY.

JOB NO. 6-25-15
 MICHAEL WIER—LAND SURVEYOR
 TEL: 602-789-0337—MIKEWIER@COX.NET

20150472391

Exhibit C

Description of Grantee's Property

(See attached.)

B4 057715

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1: SE-1/4 SE-1/4 NE-1/4 SE-1/4, section 14, Township 4 North, Range 1 East, Gila & Salt River Meridian (the "Parcel"), including, without limiting the generality of the conveyance, the following:

- (i) That certain well situated within the Parcel, which is more particularly described in file no. A(4-1) 14 and in the records of the Arizona Department of Water Resources and which has been assigned Registration No. 55-616944 by said Department (the "Well");
- (ii) The pump, casing and other personal property and fixtures used in connection with the operation ^{of} the Well; and
- (iii) Subject to the reservation to the Grantor set forth in the Warranty Deed to which this Exhibit "A" is attached, all present and future rights to withdraw and use groundwater from the Well, and all water rights appurtenant to or associated with the Parcel.

EXHIBIT F-2

Well No. 2

Cody Farms

Easement

Wall No. 2

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20150466180 06/29/2015 04:41
ELECTRONIC RECORDING

5019956-11-1-1--
Esquivela

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

DRAINAGE PIPELINE EASEMENT

CODY FARMS, INC., a Texas corporation ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for an in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, twenty (20) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), but only to the extent that such Easement Area is within the Grantor's Property, for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a drainage pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

20150466180

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefitted estate.

(Signatures appear on the following pages.)

20150466180

Exhibit A

Description of Grantor's Property

(See attached.)

20150466180

19991153496

19991153496

DESCRIPTIONS

EXHIBIT 1

That part of the Southeast quarter of Section 14, Township 4 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

SE 1/4 of the SE 1/4 of the NE 1/4 of the SE 1/4 of Section 14, T. 4 N., R. 1 E., G&SR B&M

Except the 10,049 square feet (0.2307 acre) described as follows:

Beginning at a point on the East line of said Southeast quarter from which a brass cap marking the centerline of Montoya Drive according to the plat of HILLCREST RANCH PARCEL "E", Book 361 of Maps, page 5 records, of Maricopa County, bears South a distance of 68.03 feet; thence West 150.93 feet; thence North 66.58 feet; thence East 150.93 feet to a point on said East line; thence South along said East line, 66.58 feet to the Point of Beginning.

20150466180

Exhibit B

Description of Easement Area

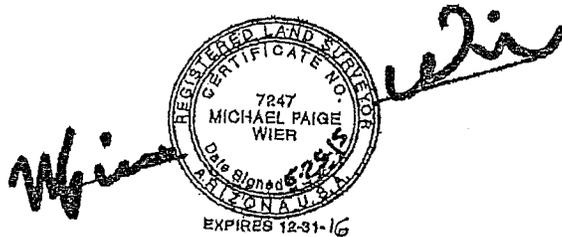
(See attached.)

20150466180

DESCRIPTION OF PROPOSED DRAINAGE PIPE EASEMENT

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

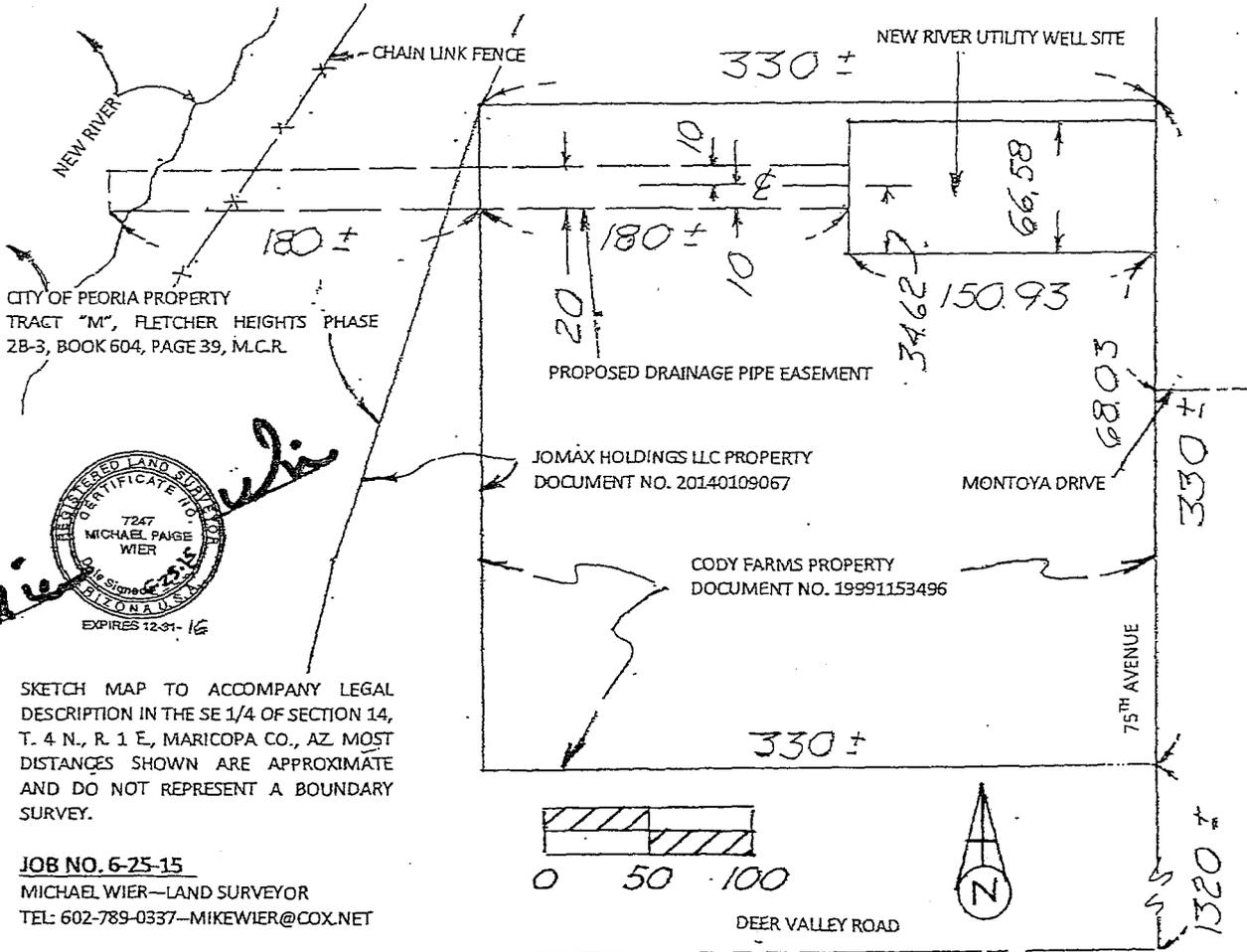
COMMENCING AT A POINT ON THE EAST LINE OF SAID SOUTHEAST QUARTER FROM WHICH A BRASS CAP MARKING THE CENTERLINE OF MONTOYA DRIVE ACCORDING TO THE PLAT OF HILLCREST RANCH PARCEL "E", BOOK 361 OF MAPS, PAGE 5, BEARS SOUTH (ASSUMED BEARING) A DISTANCE OF 68.03 FEET; THENCE WEST 150.93 FEET; THENCE NORTH 34.62 FEET TO THE POINT OF BEGINNING OF THE CENTERLINE OF THE HEREIN DESCRIBED 20 FOOT WIDE PIPELINE EASEMENT; THENCE WEST 360 FEET TO THE POINT OF ENDING.



JOB NO. 6-25-15

MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0337—MIKEWIER@COX.NET

Cody Farms Inc Grants easement to New
River Utility



CITY OF PEORIA PROPERTY
TRACT "M", FLETCHER HEIGHTS PHASE
28-3, BOOK 604, PAGE 39, M.C.R.

Michael Wier
 MICHAEL WIER
 LAND SURVEYOR
 LICENSE NO. 7247
 EXPIRES 12-31-16

SKETCH MAP TO ACCOMPANY LEGAL
DESCRIPTION IN THE SE 1/4 OF SECTION 14,
T. 4 N., R. 1 E., MARICOPA CO., AZ. MOST
DISTANCES SHOWN ARE APPROXIMATE
AND DO NOT REPRESENT A BOUNDARY
SURVEY.

JOB NO. 6-25-15
MICHAEL WIER—LAND SURVEYOR
TEL: 602-789-0337—MIKEWIER@COX.NET

20150466180

DEER VALLEY ROAD

20150466180

Exhibit C

Description of Grantee's Property

(See attached.)

84 557715

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1: SE-1/4 SE-1/4 NE-1/4 SE-1/4, Section 14, Township, 4 North, Range, 1 East, Gila & Salt River Meridian (the "Parcel"), including, without limiting the generality of the conveyance, the following:

- (i) That certain well situated within the Parcel, which is more particularly described in file no. A(4-1) 14 and in the records of the Arizona Department of Water Resources and which has been assigned Registration No. 55-616944 by said Department (the "Well");
- (ii) The pump, casing and other personal property and fixtures used in connection with the operation ^{of the Well} of the Well; and
- (iii) Subject to the reservation to the Grantor set forth in the Warranty Deed to which this Exhibit "A" is attached, all present and future rights to withdraw and use groundwater from the Well, and all water rights appurtenant to or associated with the Parcel.

EXHIBIT F-3

Well No. 4

Cody Farms

Easement

5034480-11-1-1--
morenoa

WHEN RECORDED, RETURN TO:

Jack N. Rudel, Esq.
c/o Jennings Strouss & Salmon, P.L.C.
One E. Washington Street, Ste. 1900
Phoenix, AZ 85004-2554

PIPELINE EASEMENT

CODY FARMS, INC., a Texas corporation ("Grantor"), is the owner of the real property located in Maricopa County and described on Exhibit A attached hereto and by this reference incorporated herein ("Grantor's Property").

Grantor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to NEW RIVER UTILITY COMPANY, INC., an Arizona corporation ("Grantee"), and to its successors and assigns, a permanent, non-exclusive easement, fifteen (15) feet in width, over, under and across that portion of Grantor's Property described in Exhibit B attached hereto and by this reference incorporated herein ("Easement Area"), for the benefit of certain real property legally described on Exhibit C attached hereto (the "Grantee's Property") for the purpose of permitting Grantee or its designee to therein construct, install, maintain, repair, replace, use and operate a pipeline or pipelines and related facilities ("Easement Facilities").

In so far as Grantee does not unreasonably interfere with Grantor's operations at Grantor's Property, Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Area for the purposes herein specified.

Grantor reserves the right to use the Easement Area for purposes that are not inconsistent with Grantee's easement rights herein conveyed, including, without limitation, using the Easement Area, including driveway and parking purposes and constructing improvements within the Easement Area such as paving, sidewalks, landscaping and curbing.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by the Grantee, or any of its agents, employees, contractors or assigns.

Upon completion of its installation the Easement Facilities, and any subsequent construction or maintenance activity conducted therein by the Grantee, the Grantee shall immediately repair, and restore all disturbed surface areas of Grantor's Property in a manner consistent with conditions existing prior to the disturbance, all to the reasonable satisfaction of the Grantor.

The covenants and agreements herein set forth and the easement herein granted shall be appurtenant to, and run with Grantor's Property as covenants with the land as the burdened estate, and shall extend and inure to the benefit of Grantee, its successors and assigns and shall be appurtenant to, and run with Grantee's Property as covenants running with the land as the benefitted estate.

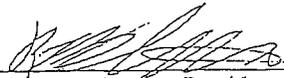
In the event that Grantee, its successors and assigns, including any subsequent owner of the Grantee's Property, ceases to use the Easement Area for the purposes herein specified for a period of sixty (60) consecutive days, then the easement rights granted to Grantee, its successors and assigns hereunder shall terminate and Grantee, its successors and assigns, including the then owner of the Grantee's Property, shall, upon written request of Grantor, or its successors and assigns, including the then owner of the Grantor's Property, promptly execute and deliver to the then owner of the Grantor's Property, an instrument in recordable form that evidences such termination.

(Signatures appear on the following pages.)

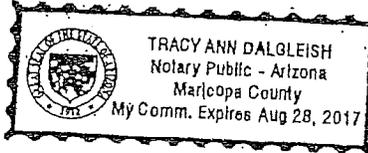
Grantor and Grantee have executed this instrument as of July 14, 2015.

GRANTOR

CODY FARMS, INC., a Texas corporation

By: 
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 14th day of July, 2015, by Robert L. Fletcher, the President of Cody Farms, Inc., a Texas corporation, for and on behalf of the corporation.


Notary Public

My Commission Expires:
August 28, 2017

Grantor and Grantee have executed this instrument as of July 14, 2015.

GRANTEE

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By: [Signature]
Robert L. Fletcher, President

State of Arizona)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 14 day of July, 2015, by Robert L. Fletcher, President of New River Utility Company, an Arizona corporation, for and on behalf of the company.

[Signature]
Notary Public

My Commission Expires:

August 28, 2017

20150507790

Exhibit A

Description of Grantor's Property

(See attached.)

20150507790

DESCRIPTION OF NORTH PARCEL (CODY FARMS)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (HEREINAFTER REFERRED TO AS THE PROPERTY) LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

20150507790

Exhibit B

Description of Easement Area

(See attached.)

DESCRIPTION OF 15' WIDE PIPELINE EASEMENT OVER CODY FARMS PROPERTY

THE NORTH 15 FEET OF THE WEST 153 FEET OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (SAID SE 1/4 SE 1/4 NE 1/4 NW 1/4 HEREINAFTER REFERRED TO AS THE PROPERTY) AND THE WEST 15 FEET OF THAT PORTION OF SAID PROPERTY LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

Mier  *Wier*

EXPIRES 12-31-16

REVISED 7/14/15

JOB NO. 7-7-15

MICHAEL WIER—LAND SURVEYOR

TEL: 602-789-0337—MIKEWIER@COX.NET

20150507790

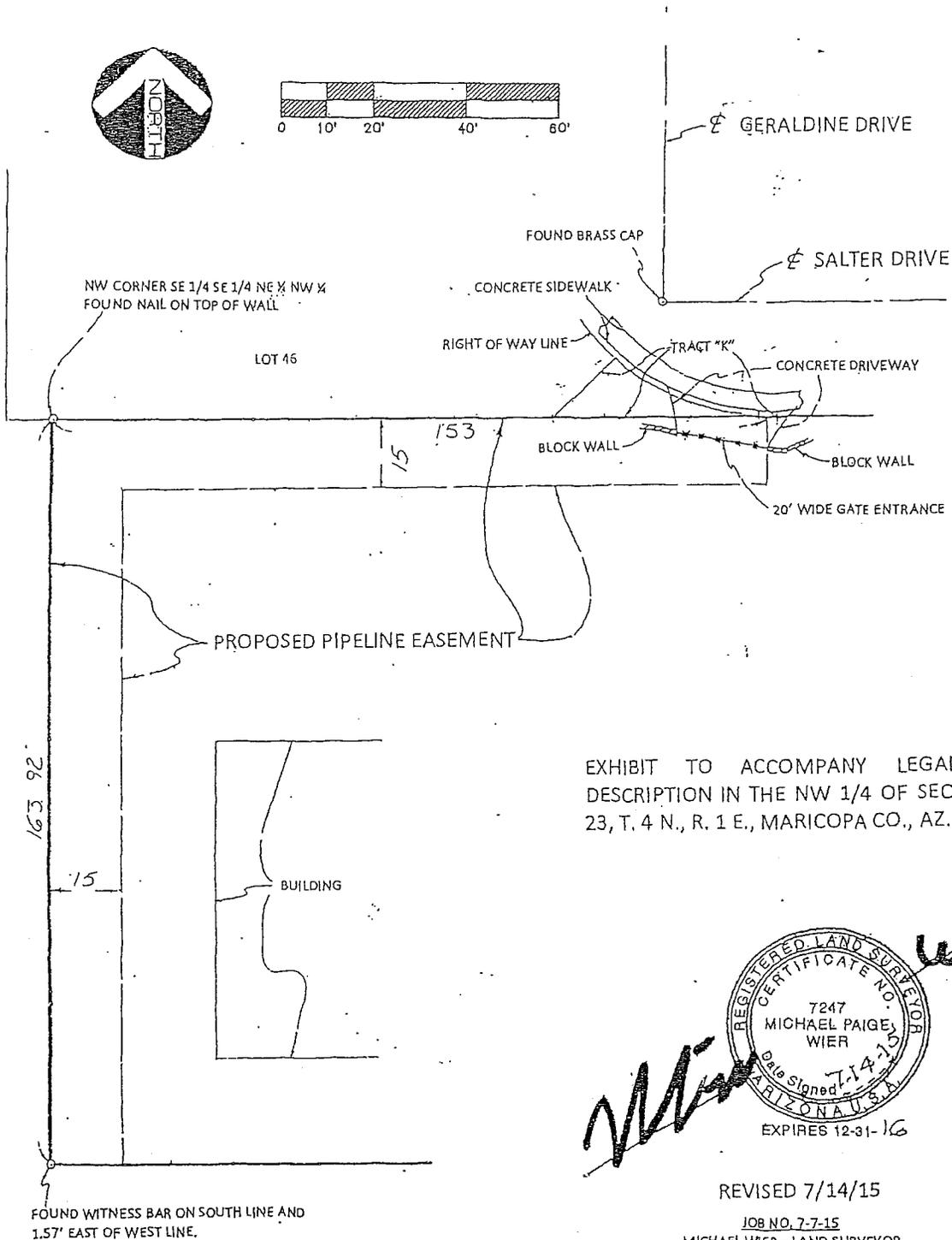
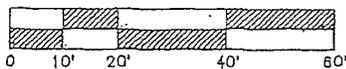


EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION IN THE NW 1/4 OF SEC. 23, T. 4 N., R. 1 E., MARICOPA CO., AZ.



REVISED 7/14/15

JOB NO. 7-7-15
 MICHAEL WIER—LAND SURVEYOR
 1538 E. FRIESS DRIVE, PHOENIX, AZ 85022
 TEL: 602-789-0337—MIKEWIER@COX.NET

20150507790

Exhibit C

Description of Grantee's Property

(See attached.)

20150507790

DESCRIPTION OF SOUTH PARCEL (NEW RIVER UTILITY)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA (HEREINAFTER REFERRED TO AS THE PROPERTY) LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF THE PROPERTY FROM WHICH THE NORTHWEST CORNER THEREOF BEARS NORTH 00 DEGREES 06 MINUTES 17 SECONDS EAST 163.92 FEET AND FROM WHICH THE SOUTHWEST CORNER THEREOF BEARS SOUTH 00 DEGREES 06 MINUTES 17 SECONDS WEST 165.54 FEET; THENCE NORTH 89 DEGREES 51 MINUTES 34 SECONDS EAST ALONG THE WESTERLY PROJECTION OF THE CENTERLINE OF AN EXISTING CHAIN LINK FENCE AND ALONG SAID CENTERLINE, 332.32 FEET TO A POINT ON THE EAST LINE OF THE PROPERTY FROM WHICH THE NORTHEAST CORNER THEREOF BEARS NORTH 00 DEGREES 07 MINUTES 51 SECONDS EAST 164.96 FEET AND FROM WHICH THE SOUTHEAST CORNER THEREOF BEARS SOUTH 00 DEGREES 07 MINUTES 51 SECONDS WEST 164.72 FEET, AND TO THE POINT OF ENDING OF THE ABOVE DESCRIBED LINE.

EXHIBIT F-4
Well No. 5
BLM Easement

When recorded mail to:

Name: New River Utility

Address: 7839 W. Deer Valley

Peoria, Ariz

City/State/Zip: 85382

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-1481009 12/16/04 15:25
1 OF 1

REITZD

this area reserved for county recorder

CAPTION HEADING:

DO NOT REMOVE

This is part of the official document.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER AZA-32650

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

By this instrument, the holder:

New River Utility Incorporated
7839 West Deer Valley Road
Peoria, Arizona 85382

receives a right to construct, operate, maintain, and terminate an existing 8" waterline, on the public lands described as follows:

T. 4 N., R. 1 E., G&SR Meridian, Arizona,
sec 23, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$.

- b. The right-of-way granted herein is 20 feet wide, 1168.31 feet long, and contains 0.54 acre more or less.
- c. This instrument shall terminate 30 years from its effective date unless prior thereto, it is relinquished, abandoned, terminated or modified pursuant to the terms and conditions of this instrument or any applicable federal law or regulation.
- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued pursuant to the authority of paragraph (1)(a) for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibits A and B, dated July 30, 2004, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

New River Utility Inc

[Signature]
(Signature of Holder)

[Signature]
(Signature of Authorized Officer)

Pres - R. L. Fletcher
(Title)

Asst. Field Manager, [Signature]
(Title)

7-30-04
(Date)

8/3/04
(Effective Date of Grant)

EXHIBIT B
RIGHT-OF-WAY STIPULATIONS

1. All applicable regulations in accordance with 43 CFR 2800.
2. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder or any person working on the holders behalf, on public or federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made the authorized officer to determine the appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of the evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.
3. The holder shall perform all activities associated with the right-of-way within in the authorized limits of the right-of-way. No activities associated with this right-of-way (construction, operation, maintenance, and/or termination shall occur outside of the designated right-of-way boundary without written approval from the Bureau of Land Management Authorized Officer.

EXHIBIT G

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

ASSIGNMENT OF EASEMENT

THIS ASSIGNMENT OF AN EASEMENT (the "Assignment") is made this ___ day of _____ 2015, by and between New River Utility Company, an Arizona corporation and public service company ("GRANTOR"), and the City of Peoria, Arizona, an Arizona municipal corporation (the "GRANTEE").

RECITALS

Whereas, the Grantor and the Grantee entered into that certain Asset Purchase Agreement dated _____ and recorded in the Maricopa County Recorder's Office on the ___ day of _____ 2015, as document number _____ (the "Asset Purchase Agreement");

Whereas, prior to the parties entering into the Asset Purchase Agreement, Grantor acquired a certain Easement (Maricopa County Recorder's office document No. _____) on or across specific tract of land granting to Assignor the right-of-way upon and across (over and under, as appropriate) the real property, as described in the attached Exhibit A and made a part hereof for all purposes;

Whereas, as part of the underlying Asset Purchase Agreement between the Grantor and Grantee, the Grantor now desires to assign the Easement to Grantee, and Grantee will accept the assignment;

ASSIGNMENT AND AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby assigns to Grantee, its successors in interest and assigns, all of its right, title, and interest in and of the Easement described in the attached Exhibit A. Grantee accepts the Assignment of the Easement and agrees to perform and fulfill all of the terms, covenants, conditions, and obligations of the Assignment.

This Assignment shall be binding on and inure to the benefit of the parties, their successors-in-interest, and assigns.

IN WITNESS WHEREOF, Grantor has executed and Assigned this Easement as of the day and year first written above.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service
company

By: _____
Name: Bill Mattingly
Title: President

GRANTEE ACCEPTANCE AND APPROVAL:

IN WITNESS WHEREOF, Grantee has caused its name to be executed by its duly authorized representatives as of the day and year first written above.

CITY:

CITY OF PEORIA, an Arizona municipal
corporation

By: _____
Carl Swenson, City Manager

ATTEST:

By: _____
Rhonda Geriminsky, City Clerk

APPROVED AS TO FORM:

By: _____
Steve Kemp, City Attorney

[Notarizations on following page]

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2015, by Bill Mattingly, the President of New River Utility Company, an Arizona corporation and public service company.

(Seal and Expiration Date)

Notary Public

EXHIBIT H

When Recorded Return to:

City of Peoria, Arizona
Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345

ASSIGNMENT OF INTEREST IN WATER RIGHTS

NEW RIVER UTILITY COMPANY., an Arizona Corporation and public service company, (hereinafter "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby Assigns and Transfers to THE CITY PEORIA, an Arizona municipal corporation (hereinafter "ASSIGNEE"), all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit A and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit A and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings; (2) all certificates, registrations, claims, affidavits, and notices for the water supplies and uses associated with the real property and leasehold estates described in Exhibit A; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public service

company

By: _____
Name: _____
Title: _____

GRANTEE ACCEPTANCE AND APPROVAL:

IN WITNESS WHEREOF, Grantee has caused its name to be executed by its duly authorized representatives as of the day and year first written above.

CITY:

CITY OF PEORIA, an Arizona municipal corporation

By: _____
Carl Swenson, City Manager

ATTEST:

By: _____
Rhonda Geriminsky, City Clerk

APPROVED AS TO FORM:

By: _____
Stephen M. Kemp, City Attorney

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ___ day of _____ 2015, by Carl Swenson, the City Manager for the City of Peoria, Arizona, an Arizona municipal corporation, on behalf of the City.

(Seal and Expiration Date)

Notary Public

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____
2015, by _____, the _____ of New River Utility Company, an Arizona
corporation and public service company.

(Seal and Expiration Date)

Notary Public

EXHIBIT A