

CAP/SRP INTERCONNECTION FACILITY LEASE AND WATER TRANSPORTATION AGREEMENT

AMONG

CITY OF GOODYEAR,

SALT RIVER VALLEY WATER USERS' ASSOCIATION,

AND

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

FEBRUARY 2017

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1. PARTIES:

This CAP/SRP Interconnection Facility Lease and Water Transportation Agreement ("Agreement"), entered into as of this ____ day of _____, 2017, is by and among the City of Goodyear, an Arizona municipality ("Goodyear"), the Salt River Valley Water Users' Association, an Arizona corporation ("Association"), and the Salt River Project Agricultural Improvement and Power District, a political subdivision of the State of Arizona ("District"). The Association and District are referred to collectively as "SRP". Goodyear and SRP are referred to individually as "Party" and collectively as "Parties."

2. RECITALS:

This Agreement is made with regard to the following:

- 2.1 Shareholders of Association are owners of land within the Salt River Reservoir District, having valid appropriative rights to waters of the Salt and Verde Rivers. Association is responsible for delivery to said lands of waters developed, controlled or stored by it for the benefit of such lands. Association is the agent of the District, in the operation of the water delivery system of the Salt River Project, a federal reclamation project, pursuant to an agreement dated March 22, 1937, as amended by agreements dated February 28, 1944, and September 12, 1949, and is also the agent of the United States in the operation of said federal reclamation project pursuant to contract dated September 6, 1917. Association, in distributing water developed by Salt River Project works and facilities, is governed by the decree in Hurley v. Abbott, filed March 1, 1910, and all supplemental decrees thereto, all commonly referred to as the "Kent Decree"; the Articles of Incorporation and By-laws and rules and regulations of Association; contracts now in effect and hereafter executed between the Association, the District and the US; rules and regulations promulgated by the Secretary of the Interior, pursuant to the provisions of an Act of Congress, approved June 17, 1902 (32 stat. 388), and acts amendatory thereof and supplementary hereto, all of which are commonly known and referred to as Federal Reclamation Law; and by applicable laws of the State of Arizona.

- 2.2 Goodyear is a municipal corporation that serves water to customers within its service area. Goodyear holds water resource assets including contracts/leases for Central Arizona Project ("CAP") water. Goodyear currently does not have physical access to the CAP canal to facilitate direct delivery of those CAP water supplies.
- 2.3 Association operates and maintains the water delivery system ("Association Water Delivery System") on behalf of and for the primary benefit of its shareholders who hold rights to water developed by SRP, and to whom Association is obligated to deliver such water.
- 2.4 Association owns capacity in the Central Arizona Project/Salt River Project Interconnection Facility ("CSIF"), which connects the CAP Canal with the Association Water Delivery System for the delivery of water from the CAP Canal operated by the Central Arizona Water Conservation District. The Association operates the CSIF on behalf of the owners of the CSIF pursuant to the CAP/SRP Interconnection Intergovernmental Agreement dated July 26, 1989 ("CSIF IGA").
- 2.5 Goodyear desires SRP to divert water at the CSIF and deliver water to various points on the Association Water Delivery System and has the authority to enter into this Agreement for such purpose.
- 2.6 SRP does not, as a rule, make the Association Water Delivery System available to all water users potentially served by it. However, as an accommodation to Goodyear, SRP will transport Goodyear Water for Goodyear as an incident to its primary function; provided that the transportation of such water shall not disrupt or interfere with the operation of the Association Water Delivery System on behalf of Association shareholders and pursuant to existing decrees and existing contracts; and provided further that this Agreement will not affect the responsibilities of SRP with respect to waters developed, controlled or stored by SRP and delivered to Association shareholders and others holding rights under existing decrees and existing contracts.

3. AGREEMENT:

In consideration of the promises and mutual covenants and agreements herein set forth, the Parties agree as follows:

4. DEFINITIONS:

As used in this Agreement the following terms, when capitalized, have the meanings indicated:

- 4.1 Annual Administrative Fee: Annual fee Goodyear pays to SRP in accordance with Subparagraph 13.3 for the administration and water accounting related to Goodyear's

lease of the CSIF and the water transportation services provided under this Agreement.

- 4.2 Association Canals: The part of the Association Water Delivery System comprised of the main water delivery canals including gates and measuring devices. Association Canals include the Arizona Canal, South Canal, Tempe Canal, Grand Canal, Western Canal, Consolidated Canal, and the Eastern Canal.
- 4.3 Association Laterals: The part of the Association Water Delivery System which branches from the Association Canals to deliver irrigation water to Association shareholders including gates and measuring devices.
- 4.4 Association Water Delivery System: The system of infrastructure operated and maintained by the Association to deliver water to its shareholders including Association Canals, Association Laterals, drain ditches, gates and measuring devices.
- 4.5 Authorized Representative(s): Those representatives of the Parties appointed to administer the provisions of this Agreement under Paragraph 7.
- 4.6 CAP: The Central Arizona Project.
- 4.7 CSIF: The CAP/SRP Interconnection Facility located adjacent to the Granite Reef Diversion Dam which connects the CAP Canal with the Association Water Delivery System and the Salt River Bed.
- 4.8 CSIF IGA: The CAP/SRP Interconnection Intergovernmental Agreement dated July 26, 1989, as subsequently amended or supplemented.
- 4.9 CSIF Lease Fee: The annual fee Goodyear pays to SRP in accordance with Subparagraph 13.1 to lease SRP's capacity in the CSIF.
- 4.10 Evacuated Water: Water released from the Association Water Delivery System:
 - 4.10.1 As a result of excess storm runoff and under emergency conditions; and
 - 4.10.2 In the event of the discovery of contaminated water in the Association Water Delivery System.
- 4.11 Goodyear Water: Water to which Goodyear has a legal right including under its CAP contracts/leases that SRP diverts for Goodyear through the CSIF or from Granite Reef Dam and transports through the Association Water Delivery System under this Agreement.
- 4.12 Lost and Unaccounted Water Percentage: The percentage of total system losses for the Association Water Delivery System as reported annually to ADWR under the

applicable management plan adopted by the director of ADWR under A.R.S. § 45-561 *et seq.*

- 4.13 Operating Agency: The entity authorized by the Bureau of Reclamation to operate, maintain, and replace the CAP water delivery system (currently the Central Arizona Water Conservation District).
- 4.14 Point(s) Of Delivery: The points designated in Exhibit 4.14, hereto, at which Goodyear Water is diverted from the Association Water Delivery System for delivery to Goodyear. The Parties acknowledge that the location of the initial Points of Delivery may not be known on the Effective Date and shall be added upon mutual written agreement by the Authorized Representatives after the Effective Date. Thereafter, Points of Delivery may be added or deleted upon mutual written agreement of the Authorized Representatives. SRP shall revise Exhibit 4.14 accordingly when such Points of Delivery are initially determined and when subsequently added or subtracted.
- 4.15 Point(s) Of Receipt: The points designated in Exhibit 4.15, hereto, where Goodyear Water is diverted into the Association Water Delivery System. Points of Receipt may be added or deleted upon mutual agreement of the Authorized Representatives. SRP shall revise Exhibit 4.15 accordingly if such Points of Receipt are added or subtracted.
- 4.16 Water Transportation Fee: Fee Goodyear pays to SRP in accordance with Subparagraph 13.2 for the diversion of Goodyear Water through the CSIF and transportation through the Association Water Delivery System from the Points of Receipt to the Points of Delivery.
- 4.17 Transportation Losses: The quantity of water lost through seepage, evaporation or other causes while being transported through the Association Water Delivery System, including the Association Canals and Association Laterals from the Points of Receipt to the Points of Delivery as provided in Subparagraphs 9.2 and 9.3. Transportation Losses shall not include Evacuated Water.
- 4.18 Water Accounting: The general determination of the quantity of Goodyear Water accepted and transported by SRP hereunder.

5. SCOPE OF SERVICE:

This Agreement is limited to the use of the CSIF and the transportation of Goodyear Water in the Association Water Delivery System from the Points of Receipt to the Points of Delivery.

6. EFFECTIVE DATE AND TERM:

- 6.1 This Agreement shall become effective upon execution by the Parties (“Effective Date”) and shall terminate on December 31, 2066 unless the Parties extend the term under Subparagraph 6.2 or the Agreement is terminated under Subparagraph 6.3.
- 6.2 The Parties may, by mutual written agreement, extend the term of this Agreement for an additional fifty (50) years to December 31, 2116. Unless previously terminated under Subparagraph 6.3, the Parties shall meet and confer on whether to extend the term of this Agreement under this Subparagraph 6.2 and shall execute such mutual written agreement prior to August 1, 2066.
- 6.3 This Agreement shall terminate upon the earlier of the following:
 - 6.3.1 Goodyear may terminate this Agreement with ninety (90) days written notice to SRP;
 - 6.3.2 SRP may terminate this Agreement as provided under Subparagraph 14.4.

7. APPOINTMENT AND DUTIES OF AUTHORIZED REPRESENTATIVES:

- 7.1 Within thirty (30) days after execution of this Agreement, each Party shall designate in writing to the other Party, an Authorized Representative and an alternate to administer this Agreement on behalf of the designating Party. Written notice of a change of an Authorized Representative or alternate shall be provided within thirty (30) days of such change. The alternate shall act only in the absence of the Authorized Representative. Neither the Authorized Representatives nor the alternates shall have authority to amend, modify or supplement this Agreement. Agreements of the Authorized Representatives pursuant to this Agreement shall be in writing and signed by them.
- 7.2 In addition to any other responsibilities assigned to the Authorized Representatives in this Agreement, the Authorized Representatives, by mutual written agreement:
 - 7.2.1 May locate, add, or delete Points of Delivery as authorized under Subparagraph 4.14 and Points of Receipt under Subparagraph 4.15;
 - 7.2.2 May adjust the CSIF capacity leased by Goodyear as authorized under Subparagraph 8.2;
 - 7.2.3 May choose a replacement Index as authorized under Subparagraph 13.4;

- 7.2.4 May revise (1) the debit/credit limit for the water exchange account and (2) the start date for the twelve (12) month accounting period for the exchange account as authorized under Subparagraph 12.3;
- 7.2.5 May choose a replacement source for the prime rate of interest as authorized under Subparagraph 14.2;
- 7.2.6 Shall perform the responsibilities related to flow measurement as authorized under Subparagraphs 17.1 and 17.2;
- 7.2.7 May request the installation of water quality monitoring equipment and authorize the location, design, and installation of water quality monitoring equipment on the Association Water Delivery System as authorized under Subparagraph 18.3.
- 7.2.7 May perform the responsibilities related to the capacity in the Association Laterals as authorized under Subparagraph 19.3;
- 7.2.8 Shall perform the responsibilities regarding audit procedures as authorized in Subparagraph 24.2; and
- 7.2.9 Shall perform the responsibilities regarding dispute resolution as authorized under Subparagraph 25.1

8. LEASE OF CSIF CAPACITY TO DIVERT GOODYEAR WATER INTO THE ASSOCIATION WATER DELIVERY SYSTEM:

- 8.1 SRP shall lease a portion of its capacity in the CSIF to Goodyear for the diversion of Goodyear Water from the Point of Receipt to the Association Water Delivery System as provided in this Agreement.
- 8.2 The portion of SRP's capacity in the CSIF that it leases to Goodyear under Subparagraph 8.1 shall not exceed (1) a volume of twenty-five thousand (25,000) acre feet per year, and (2) a flow rate of sixty (60) cubic feet per second. On or before September 1 of the calendar year twenty-five (25) years after the Effective Date, and each twenty-five (25) years thereafter during the term of this Agreement under Paragraph 6.0, the Authorized Representatives shall meet and confer to determine whether to adjust the flow rate in the CSIF leased to Goodyear under this Subparagraph 8.2 to conform to actual flow rate used by Goodyear.
- 8.3 SRP shall schedule and divert Goodyear Water from the CSIF as requested by Goodyear in accordance with the CSIF IGA and the CSIF operating procedures.

9. TRANSPORTATION OF GOODYEAR WATER THROUGH ASSOCIATION WATER DELIVERY SYSTEM; TRANSPORTATION LOSSES:

- 9.1 SRP shall transport Goodyear Water from the Points of Receipt through the Association Water Delivery System to the Points of Delivery as provided in this Agreement.
- 9.2 Except as provided in Paragraph 10, SRP shall use its best efforts to ensure an uninterrupted water delivery schedule to Goodyear during the term of this Agreement.
- 9.3 Goodyear Water transported under this Agreement through Association Canals and Association Laterals shall be subject to transportation losses computed as the distance transported through the total system of Association Canals and Association Laterals at a rate of 0.07% per acre-foot per mile (through March 31, 2017). Such rate shall be adjusted annually in April based on the three year average Lost and Unaccounted Water Percentage during the preceding three (3) calendar years. Such adjusted rate shall become effective in April and shall remain in effect until next adjusted.

10. PRIORITY OF SERVICE:

- 10.1 SRP shall divert Goodyear Water through the CSIF under Paragraph 8 and transport Goodyear Water through the Association Water Delivery System under Paragraph 9 only to the extent that such diversion and transportation does not impair nor prejudice the diversion, transportation, and delivery of water (1) to Association shareholders, (2) pursuant to existing decrees and existing contracts between SRP and any third party, or (3) pursuant to Indian water rights settlements (as provided in the settlements).
- 10.2 SRP shall divert and transport Goodyear Water, as among all contractors for such service from SRP, according to the capacity of the Association Water Delivery System as determined by SRP; provided, however, that SRP shall prioritize the diversion, transportation, and delivery of Goodyear Water over future water transportation and delivery contracts between SRP and other third parties.
- 10.3 SRP shall have the sole discretion in determining whether a curtailment or stoppage of water flows to or from the CSIF and through the Association Water Delivery System, as described in Subparagraphs 10.1 and 10.2, is made necessary by circumstances existing at any time; and shall assume no liability to Goodyear for such curtailment or stoppage.
- 10.4 SRP shall retain sole responsibility and authority for decisions relating to the operating and maintenance practices of the CSIF and the Association Water Delivery System,

including maintenance scheduling and the selection of periods when maintenance will be done.

- 10.5 Whenever practicable, SRP shall inform Goodyear ninety (90) days in advance of any matter that may substantially affect Goodyear's ability to use SRP's capacity in the CSIF and and/or transport Goodyear Water through the Association Water Delivery System under this Agreement including any actions to be taken by SRP related thereto.

11. NOTICE OF WATER DELIVERIES:

- 11.1 On or before September 1 of each year, or if September 1 falls on a non-business day then the next business day thereafter, subject to Goodyear's annual budget appropriations, Goodyear shall notify SRP of its proposed monthly water delivery schedule for the following calendar year itemized by the proposed Points of Delivery.
- 11.2 On or before September 22 of each year, or if September 22 falls on a non-business day then the next business day thereafter, SRP shall notify Goodyear of its preferred monthly water delivery schedule for the following calendar year, which may include revisions to Goodyear's proposed monthly water delivery schedule. Goodyear and SRP may consult and agree to revise the monthly water delivery schedule as necessary.
- 11.3 On or before October 1 of each year, Goodyear shall notify the Operating Agency of Goodyear's monthly water delivery schedule for the following calendar year as determined under Subparagraph 11.2. In the event the Operating Agency cannot deliver Goodyear Water to SRP according to Goodyear's monthly water delivery schedule, Goodyear shall notify SRP and the Parties shall work together with the Operating Agency to develop a schedule that is acceptable to Goodyear, SRP, and the Operating Agency.

12. WATER ACCOUNTING AND REPORTING:

- 12.1 SRP shall provide Water Accounting of Goodyear Water received for Goodyear at the Points of Receipt and transported to the Points of Delivery. Such Water Accounting shall be retained by SRP for at least three (3) years and be made available for Goodyear's inspection upon written request.
- 12.2 SRP shall prepare a monthly Water Accounting report and provide a copy of such report to Goodyear. SRP shall prepare the report based on the Water Accounting provided under Subparagraph 12.1. Such Water Accounting report may be combined with other future SRP reports to Goodyear and shall include Goodyear Water

delivered to each Point of Delivery, Transportation Losses, and Evacuated Water during that month.

- 12.3 In the event Goodyear diverts a quantity of water from the Points of Delivery that deviates from the quantity of Goodyear Water SRP diverts from the Points of Receipt after subtracting transportation losses under Subparagraphs 9.2 and 9.3, SRP shall account for and report such deviation in a water exchange account. The balance in such exchange account shall not exceed five hundred (500) acre feet either as a debit or credit at any time during a twelve month time period beginning on June 1 and ending May 31, unless revised by mutual written agreement of the Authorized Representatives.

13. FEES AND CHARGES:

- 13.1 Beginning in the year in which Goodyear orders Goodyear Water for delivery to SRP under this Agreement, Goodyear shall pay annually to SRP a CSIF Lease Fee of thirteen dollars and no cents (\$13.00) per acre-foot or fractional acre-foot (2017 fee) for the discharge of Goodyear Water through the CSIF to the Association Water Delivery System. Goodyear shall pay to SRP the CSIF Lease Fee based on the quantity of the capacity provided under Subparagraph 8.2 regardless of the capacity of the CSIF actually used by Goodyear in any calendar year.
- 13.2 Beginning in the year in which Goodyear orders Goodyear Water for delivery to SRP under this Agreement, Goodyear shall pay to SRP a Water Transportation Fee of fifty-nine dollars and zero cents (\$59.00) per acre-foot or fractional acre-foot (2017 fee) for the diversion of Goodyear Water through the CSIF and transportation through the Association Water Delivery System from the Points of Receipt to the Points of Delivery.
- 13.3 Beginning in the year in which Goodyear orders Goodyear Water for delivery to SRP under this Agreement, Goodyear shall pay to SRP an Annual Administrative Fee of two thousand, five hundred and twenty-five dollars and no cents (\$2,525.00) (2017 fee) for the administration and water accounting related to Goodyear's lease of capacity in the CSIF and water transportation services provided under this Agreement. The Annual Administrative Fee shall cover the first Point of Delivery and the First Point of Receipt listed on Exhibits 4.14 and 4.15, respectively. For each additional Point of Receipt or Point of Delivery added under Subparagraphs 4.14 and 4.15, the Annual Administrative Fee shall be increased by seven hundred and eighty-six dollars and no cents (\$786.00) (2017 fee). The Annual Administrative Fee shall be prorated for partial years of service resulting from permanent termination of service under

Paragraph 6. Association shall consider the CSIF and Granite Reef Dam as one Point of Receipt for purposes of this Subparagraph 13.3.

- 13.4 Beginning January 1, 2018, and at each January 1 thereafter, the fees identified in Subparagraphs 13.1, 13.2, and 13.3 shall be adjusted by the percent change (calculated to the nearest one-hundredth percent) in the Department of Commerce's Price Index for the Gross Domestic Product ("Index") measured from third quarter to third quarter. For purposes of the initial annual adjustment, the Index shall be calculated using the third quarter of 2016 as the base. If the Index is no longer in use, the Authorized Representatives shall agree on a replacement index.
- 13.5 Beginning on January 1, 2022 and then every five (5) years thereafter, the CSIF Lease Fee, Water Transportation Fee, and Administrative Fee described in Subparagraphs 13.1, 13.2 and 13.3 shall be subject to revision based on an analysis of the costs incurred to SRP to operate, maintain, and replace the infrastructure associated with such fees. SRP shall meet and confer with Goodyear to explain any proposed increases to the CSIF Lease Fee, Water Transportation Fee, and the Administrative Fee prior to revising such fees.
- 13.6 If, as a result of the services provided to Goodyear pursuant to this Agreement, SRP becomes liable for any tax, tariff, duty, toll, fee, impost, charge or other exaction, or any increase thereof, SRP shall bill Goodyear under Paragraph 14 and Goodyear shall pay SRP the amount for which SRP is liable.
- 13.7 A table listing the fees and charges described in this Paragraph 13.0 is presented in Exhibit 13.7.

14. BILLING AND PAYMENT:

- 14.1 Bills for services provided to Goodyear shall be submitted by SRP to Goodyear on or before the twenty-fifth (25th) day of each month (or if such day is not a business day, on the next succeeding business day) immediately following the month during which Goodyear has incurred charges for such services. Such bills may include adjustments or corrections to bills previously submitted by SRP to Goodyear.
- 14.2 Payment by Goodyear to SRP shall be made in good funds on or before the thirtieth (30th) day following the date on which the bill was postmarked or if such day is not a business day, on the next succeeding business day. Bills which are not paid by this date shall be delinquent and thereafter accrue an interest charge at the prime rate of interest as established by the Bank of America on the last business day of the month following the month for which the bill was submitted, plus 2% per annum, prorated by days of the unpaid principal, computed daily until payment is received. If Bank of

America no longer establishes the prime rate of interest, the Authorized Representatives shall agree on a replacement source. Any payment received shall first be applied to any interest charges owed, and then to any bills owed for service rendered.

- 14.3 In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, Goodyear shall be refunded any overpayment plus interest, accrued at the rate set forth in Subparagraph 14.2, prorated by days from the date payment was credited to Goodyear to the date the refund check is mailed.
- 14.4 In the event any delinquent amount is not paid by Goodyear within thirty (30) days after receipt by Goodyear of written notice by SRP to Goodyear of the delinquency and the remedies available to SRP under this Agreement if the delinquent amount is not paid, SRP shall have the right, without liability of any kind, to refuse to divert or transport Goodyear Water so long as the said amount remains unpaid and SRP may terminate this Agreement in accordance with Subparagraph 6.3. Nothing herein shall limit the rights of SRP to use any other available legal remedy to effect collection of said amounts.

15. INTERRUPTIONS OR CURTAILMENTS IN DELIVERY:

- 15.1 Diversion and transportation of Goodyear Water under Paragraphs 8, 9, and 15 shall be in accordance with Goodyear's requests as set forth in Paragraph 11, and shall be subject to:
 - 15.1.1 Interruptions and curtailments in the capability of SRP to transport Goodyear Water due to emergencies, canal dry up, operational constraints and necessary maintenance and repairs of the Association Water Delivery System, all as determined solely by SRP.
 - 15.1.2 Interruptions, evacuations and curtailments because of excessive storm runoff entering the Association Water Delivery System, as determined solely by SRP, or because SRP determines that significant degradation of water quality in the Association Water Delivery System likely to result in substantial liability is occurring or may occur as a result of introduction of Goodyear Water, contamination or contaminated water in the Association Water Delivery System.
 - 15.1.3 No obligation on the part of SRP to replace any portion of Goodyear Water evacuated from the Association Water Delivery System.

15.1.4 Availability of Goodyear Water at the Points of Receipt, as determined by Association.

15.2 SRP shall provide Goodyear as much notice as reasonably practicable of any pending curtailment under Subparagraph 15.1 and provide Goodyear the maximum flexibility reasonably attainable to adjust or change the water orders under Paragraph 11.

16. DISTRIBUTION:

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

17. FLOW MEASUREMENT:

17.1 Goodyear shall, at its sole expense and with the approval of the Authorized Representatives, construct, install and maintain in accordance with manufacturers' specifications for the specific application, a flow measurement system and communications interface at each Point of Delivery compatible with SRP's telemetry requirements. The Authorized Representatives may waive or reduce the requirements of this Subparagraph 17.1 for any Point of Delivery for which they deem the requirements are already met or exceeded with respect to measurement of the quantity of water to be taken at that Point of Delivery.

17.2 Unless otherwise agreed to by the Authorized Representatives, Goodyear shall maintain the accuracy of the flow measurement systems (flow measurement device and detection device) as close to zero error as practical, but in no event shall error exceed plus or minus two percent (2%) of actual flow. Goodyear shall prepare and regularly implement testing and recalibration procedures for the flow measurement systems, which procedures must be approved by the Authorized Representatives. At least once every six months, unless otherwise agreed by the Authorized Representatives, Goodyear shall recalibrate its flow-measuring system as close to zero error as practical, but in no event shall error exceed plus or minus two percent (2%) of actual flow. Goodyear shall notify SRP of when such recalibration is planned so that SRP may observe the procedure. SRP may at reasonable times, at its sole expense and after reasonable notice to Goodyear, test or have tested the flow-measuring system to determine its accuracy. SRP may discontinue service to Goodyear hereunder during any period of noncompliance with this Subparagraph 17.2 unless Goodyear agrees to accept SRP's Water Accounting and billing under Paragraphs 12 and 14.

- 17.3 In the event that Water Accounting records or any routine or special test of the flow measurement system discloses an annual volume, or a flow measurement error, that exceeds the limits provided in Subparagraph 17.2, all bills and water accounting affected by such limits having been exceeded may be adjusted by SRP based on the best available data as determined by SRP. However, adjustments arising from other than annual volume limits shall not encompass more than the elapsed time since the last preceding test.
- 17.4 Goodyear bears responsibility and cost for any flow-measurement system and communications interface required for all future Points of Delivery, unless otherwise agreed to by the Parties.

18. WATER QUALITY:

- 18.1 SRP neither guarantees nor warrants the quality of water diverted through the CSIF or transported through the Association Water Delivery System to Goodyear pursuant to this Agreement, and Goodyear assumes all responsibility for purifying or otherwise treating Goodyear Water received at Goodyear's Points of Delivery to meet applicable water quality standards established by federal, state or local laws or regulations. Nothing in this Agreement shall be construed so as to require that SRP receive or transport water from any source when such receipt or transportation is likely to result in a violation of then existing federal, state or local laws or regulations regarding water quality.
- 18.2 Except as provided in Paragraph 10, SRP shall not knowingly make operational or infrastructure changes to the Association Water Delivery System that would negatively impact water quality to Goodyear.
- 18.3 The Goodyear Authorized Representative may request the installation of water quality monitoring equipment at appropriate locations along the Association Water Delivery System. The Authorized Representatives, by mutual written agreement, shall agree on the location and design of such water quality monitoring equipment. SRP shall install the water monitoring equipment and Goodyear shall reimburse SRP for all costs incurred by SRP associated with the design, acquisition, and installation of the water quality monitoring equipment under this Subparagraph. Goodyear shall provide SRP with water quality monitoring data from the equipment installed under this Subparagraph as determined by the SRP Authorized Representative.
- 18.4 Goodyear shall indemnify SRP against all losses to third parties resulting from water quality degradation due to commingling of Goodyear Water in the Association Water Delivery System, and shall defend Association against all claims for such losses.

- 18.5 SRP shall cooperate fully with Goodyear in the defense of all claims of third parties for losses under this Paragraph 18 and shall provide Goodyear with all information, expert witnesses and records necessary for Goodyear to defend against such claims.

19. FUTURE FACILITIES:

- 19.1 Goodyear shall bear the responsibility and cost for the design and construction of any facility required to connect the Goodyear water distribution system to the Association Water Delivery System to affect service under this Agreement. The Parties agree that the design and construction of any such connection shall be subject to SRP review and approval, and, once completed, inspection of such connection to ensure compatibility with the operation and maintenance of the Association Water Delivery System. Goodyear shall reimburse SRP for all costs incurred by SRP associated with the review, approval, and, once completed, inspection of such connection.
- 19.2 Goodyear shall bear the responsibility and cost for the design and construction of any facility required at a future Point of Receipt or Point of Delivery to effect service under this Agreement. The Parties agree that the design and construction of any such facility shall be subject to SRP review and approval, and, once completed, inspection of such facility to ensure compatibility with the operation and maintenance of the Association Water Delivery System. Goodyear shall reimburse SRP for all costs incurred by SRP associated with the review, approval, and, once completed, inspection of such facility.
- 19.3 SRP estimates that on the Effective Date the capacity of the Association Laterals allows SRP to transport eight (8.0) million gallons per day of Goodyear Water to the Delivery Points. At any time during the term of this Agreement, in the event Goodyear requires more capacity than eight (8.0) million gallons per day in the Association Laterals, the Authorized Representatives shall meet and confer on whether to upgrade the necessary Association Laterals. In the event the Authorized Representatives agree to upgrade the Association Laterals under this Subparagraph 19.3, (1) SRP shall bear the responsibility for design, construction, and inspection of such upgrade, and (2) Goodyear shall bear all costs for the design, construction, and inspection of such upgrade and shall reimburse SRP for all costs incurred by SRP associated with the design, construction, and inspection of such upgrade.

20. PERMITS:

Goodyear shall be responsible for obtaining any permits required to divert Goodyear Water through the CSIF and transport Goodyear Water through the Association Water Delivery System to the Points of Receipt, including any necessary water exchange permits; except that if any permits are required to divert Goodyear Water through Association-owned or operated facilities into the Association Water Delivery System, SRP and Goodyear shall be jointly

responsible for obtaining the permits. Denial of any necessary permit shall not result in liability of either Party to the other. SRP agrees to assist Goodyear with obtaining the required permits under this Paragraph 20.

21. UNCONTROLLABLE FORCES:

Neither Party shall be considered to be in default in the performance of any of its obligations hereunder (other than obligations of Goodyear to make payment for service hereunder) when a failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party unable to perform such obligation, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, labor or material shortage, sabotage, terrorism, or government priorities and restraint by court order or public authority, and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require either Party to settle any strike or labor dispute in which it is involved.

22. NOTICES:

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

Salt River Project

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

Reference: Goodyear-SRP CSIF Lease and Water Transportation Agreement

(With a copy to the SRP Authorized Representative as defined in Paragraph 7)

City of Goodyear

City of Goodyear
Attn: Public Works Director
With a copy to: City Attorney

190 N. Litchfield Rd.
Goodyear, AZ 85338

Reference: Goodyear-SRP CSIF Lease and Water Transportation Agreement

(With a copy to the Goodyear Authorized Representative as defined in Paragraph 7)

23. GENERAL LIABILITY:

Each Party shall assume liability for its own negligent or wrongful action or inaction and shall indemnify the other against all damages the non-negligent Party incurs as a result of the negligent Party's action or inaction.

24. AUDIT:

24.1 Upon reasonable written notice, either Party at its expense shall have the right, at all reasonable times, to review and audit the books, records and documents of the other Party directly pertaining to the billings and Water Accounting data required to administer this Agreement. Any such audit may be conducted by an employee of or independent accountant designated by the auditing Party. The Party being audited agrees to fully cooperate with any such audit. This right to audit shall extend for a period of three (3) years following the date of each payment under this Agreement. The Parties agree to retain all necessary records and documentation during this audit period. The foregoing shall not be construed to permit either Party to conduct a general audit of the other Party's records. Information obtained by either Party's representatives in examining the other Party's applicable records to verify such billings and Water Accounting data shall not be disclosed to third parties without prior written consent of the audited Party, or unless in response to compulsory judicial or regulatory process or state law and after giving the other Party written notice as much in advance as possible.

24.2 The audited Party's Authorized Representative shall be notified in writing of any exception taken as a result of an audit and shall respond to such notification within thirty (30) days. Upon resolution of any exception, 1) as to payment of any monies due, the owing Party shall directly remit the amount of any exception to the other Party within thirty (30) days, with interest calculated at the rate set forth in Subparagraph 14.2. Interest shall be computed from the date of the original billing to the date of payment by the Party owing as a result of the Audit, 2) as to any water

due, the Authorized Representatives shall arrange for the owing Party to return the amount owed as soon as practicable.

25. RESOLUTION OF DISPUTES; VENUE; CHOICE OF LAW:

- 25.1 Any dispute under this Agreement shall first be submitted to the Authorized Representatives for resolution. If the matter cannot be resolved by the Authorized Representatives, any Party may submit the matter to the SRP General Manager and the Goodyear City Manager. If the matter cannot be resolved by the SRP General Manager and the Goodyear City Manager, any Party may bring suit upon the matter, provided however, that it is expressly agreed that the venue shall only be in Maricopa County Superior Court or its successor court.
- 25.2 This Agreement shall be governed and construed in accordance with the laws of the State of Arizona and any applicable federal law.
- 25.3 In the event of any future dispute or action arising under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein, including expert witness fees.
- 25.4 Pending the resolution of a dispute, the Parties shall proceed, to the extent legally permissible, in a manner consistent with this Agreement, and shall make payments required in accordance with the applicable provisions of this Agreement. Amounts paid by a Party under Subparagraph 14.3 during the pendency of such dispute shall be subject to refund and adjustment upon a final resolution of any dispute involving an amount due. Upon such final resolution, the owed amounts shall be remitted in accordance with the remittance procedures/arrangements contained in Paragraph 14.

26. CONTRACT REOPENER:

- 26.1 Either Party may request that this Agreement be modified because of extraordinary circumstances that were not reasonably foreseeable by the Parties, were outside of the control of the Parties and have resulted in a substantial change in the benefits or obligations under the Agreement of the Party requesting modification.
- 26.2 This Paragraph 26 is intended to apply to events such as changes in legislative authority, enactment of new environmental requirements, destruction of canals, changes in water rights and changes in technology.
- 26.3 If a Party requests that this Agreement be modified pursuant to this Paragraph 26, the Parties agree to negotiate in good faith to reach a reasonable and equitable

modification of this Agreement. If the Parties cannot agree, the Party requesting the modification may seek a judicial determination in accordance with Paragraph 25.

26.4 The Party requesting the modification has the burden of showing that the event causing the request for modification meets the requirements of Subparagraphs 26.1 and 26.2 and that the modification requested is reasonable and equitable to both Parties.

26.5 This Paragraph 26 does not preclude the Parties from modifying this Agreement by mutual consent for reasons that do not meet the requirements of Subparagraphs 26.1 and 26.2.

27. RECLAMATION REFORM ACT:

In no event shall SRP's performance of obligations established herein subject Association or its shareholders to provisions of the Reclamation Reform Act of 1982 ("RRA"), 43 U.S.C. 390bb (1), as amended, and regulations attendant thereto, to which Association would not otherwise have been subjected. Further, in the event a change of legislation, future federal agency determination or other administrative or judicial action subjects or purports to subject Association to the RRA as a result of Association's performance of obligations established herein, Association shall be relieved of any further obligations hereunder, and this Agreement shall be voidable at Association's discretion.

28. HEADINGS:

Title and paragraph headings herein are for reference only and are not part of this Agreement.

29. NO THIRD PARTY BENEFICIARIES:

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

30. NO PARTNERSHIP AND NO JOINT VENTURE:

Nothing contained in this Agreement shall be construed as creating a partnership or joint venture between the Parties hereto.

31. WAIVER:

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

32. ENTIRE AGREEMENT; MODIFICATION; COUNTERPARTS:

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

33. TERMINATION OF NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT:

The Parties to this Agreement previously entered a Nondisclosure and Confidentiality Agreement on or about May 5, 2016 (the "NDA") for the protection of certain confidential and proprietary information during the negotiation of this Agreement. The Parties mutually acknowledge that the NDA is no longer needed in relation to this project and is hereby terminated under Paragraph 8 of the NDA effective on the Effective Date of this Agreement. The Parties acknowledge that under Subparagraph 9 of the NDA that certain obligations to confidential information as defined in the NDA shall survive and continue beyond the termination of the NDA.

[signatures on the following pages]

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

SALT RIVER VALLEY WATER USERS' ASSOCIATION

By: _____

Name: David C. Roberts

Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Patrick B. Sigl

Title: Senior Attorney

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

By: _____

Name: David C. Roberts

Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Patrick B. Sigl

Title: Senior Attorney

CITY OF GOODYEAR

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

Name: _____

Title: _____

**CAP/SRP INTERCONNECTION FACILITY
AND
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF GOODYEAR**

EXHIBIT 4.14

POINTS OF DELIVERY FOR GOODYEAR

Location Name

SRP Coordinates

1.

Date: _____, 2017

**CAP/SRP INTERCONNECTION FACILITY
AND
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF GOODYEAR**

EXHIBIT 4.15

POINTS OF RECEIPT FOR GOODYEAR

1. Where the CSIF discharges Goodyear Water into the Association Water Delivery System.
2. The Granite Reef Diversion Dam as such facility is used to divert Goodyear Water into the Association Water Delivery System.

Points of Receipt 1 and 2 shall be considered as one Point of Receipt for purposes of Subparagraph 13.3.

Date: _____, 2017

**CAP/SRP INTERCONNECTION FACILITY
AND
WATER TRANSPORTATION AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
CITY OF GOODYEAR**

Exhibit 13.7

PARAGRAPH 13 FEE AND CHARGE TABLE

Fee or Charge	Paragraph	Description
CSIF Lease Fee	13.1	CSIF Lease Fee of thirteen dollars and zero cents (\$13.00) per acre foot for the lease of capacity in the CSIF for the diversion of Goodyear Water through the CSIF as provided in this Agreement and described in Subparagraph 13.1 and subject to adjustment and revision as described in Subparagraphs 13.4 and 13.5.
Water Transportation Fee	13.2	Water Transportation Fee of fifty-nine dollars and zero cents (\$59.00) per acre-foot or fractional acre-foot (2017 fee) for the transportation of Goodyear Water through the Association Water Delivery System from the Points of Receipt to the Points of Delivery provided in this Agreement as described in Subparagraph 13.2 and subject to adjustment and revision as described in Subparagraphs 13.4 and 13.5.
Annual Administrative Fee	13.3	Annual Administrative Fee of two thousand, five hundred and twenty-five dollars and no cents (\$2,525.00) (2017 fee) for the administration and water accounting related to Goodyear's lease of capacity in the CSIF and water transportation services provided under this Agreement as described in Subparagraph 13.3 and subject to adjustment and revision as described in Subparagraphs 13.4 and 13.5. For each additional Point of Receipt or Point of Delivery added under Subparagraphs 4.14 and 4.15, the Annual Administrative Fee shall be increased by seven hundred and eighty-six dollars and no cents (\$786.00) (2017 fee).
Other	13.6	Tax, tariff, duty, toll, fee, impost, charge or other exaction, or

		any increase thereof as described in Subparagraph 13.6.
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