

**INTERGOVERNMENTAL AGREEMENT
BETWEEN AND AMONG
THE CITY OF GLOBE, THE COUNTY OF GILA
AND
THE CANYON DOMESTIC WATER IMPROVEMENT DISTRICT**

This INTERGOVERNMENTAL AGREEMENT (“**Agreement**”) is entered into this 29th day of July, 2014 (“**Agreement Effective Date**”), by and among the City of Globe, a municipal corporation hereinafter referred to as “**City**,” the County of Gila (“**County**”) and the Canyon Domestic Water Improvement District , a political subdivision of the State of Arizona, hereinafter referred to as “**District**”.

RECITALS

WHEREAS, the City, the County and the District entered into an Intergovernmental Agreement, dated as of April, 16, 2002 (“**Prior IGA**”);

WHEREAS, the Prior IGA has accomplished its purpose of providing and maintain water service to the customers of the District; and

WHEREAS, the City, the County and the District now desire to terminate that Prior IGA and replace the Prior IGA with this Agreement in order to allow the District to more directly manage its affairs.

NOW THEREFORE, intending to be legally bound, the parties agree as follows:

AGREEMENTS

1. Prior IGA and Term.

- 1.1 The Prior IGA shall terminate as of June 12, 2014, (the “**IGA Termination Date**”).
- 1.2 The term of this Agreement shall commence on the Agreement Effective Date and continue for a thirty (30) year term which shall be extended for an additional thirty (30) year term unless either the City or the District elect to terminate the Agreement by giving the other parties notice of termination no later than ninety (90) days prior to the then scheduled termination date.

2. Parties to this Agreement.

- 2.1 The County is a party to this Agreement solely for the purpose of acknowledging the termination of the Prior IGA.
- 2.2 The City and the District are parties to this Agreement in order to implement a process whereby the District can more efficiently manage its affairs and serve the customers of the District.

3. Transition Period.

3.1 The period on and after the Agreement Effective Date and terminating on the IGA Termination Date shall be the **“Transition Period.”** The Transition Period will be for one hundred and eighty (180) days.

3.2 During the Transition Period the Prior IGA shall remain in effect, except:

3.2.1 The parties will develop a transition plan that transitions the following tasks and necessary information to the District:

- i. Administration of water bills
- ii. Meter reading
- iii. Calculation of bills
- iv. Send bills and receive payment of bills
- v. Collection of past due bills
- vi. Court documents related to delinquent accounts
- vii. Management of debt service payment
- viii. Set rates
- ix. Training on existing equipment
- x. Backflow program administration training
- xi. Financial documents transfer
- xii. District member records transfer
- xiii. Water quality or other testing records since 2011
- xiv. Provide any repair/maintenance/inspection records of District property
- xv. APS account transition and transfer of service
- xvi. Establish communication contact list

3.2.2 The parties shall develop a plan with the objective of achieving District financial independence such that the District shall have the resources

either with annual revenues or from debt to pay-off debt of the District existing as of the Agreement Effective Date and debt incurred by the District during the Transition Period.

3.2.3 The District shall commence contracting with third parties for the maintenance of the District's water system so that by the end of the Transition Period the District has third-party contracts to (i) maintain District facilities and equipment, (ii) monitor the District's water distribution system for leaks, (iii) monitor water level of District tanks, (iv) inspect all District tanks and (v) conduct such testing and reporting concerning the quality of the water within the District's distribution system as required by Federal and State law. The City will meet with the new third-party contractor prior to end of Transition Period and provide review and/or training as to current maintenance of District water system.

4. City Obligations.

- 4.1 Following the end of the Transition Period, the City shall provide water to the District pursuant to A.R.S. § 9-511.01. The District acknowledges that in the event of drought or other emergencies, the amount of water provided to the District may be reduced on a basis comparable to other water customers.
- 4.2 Water provided to the District by the City under this Agreement shall be provided at a water pressure not less than twenty (20) pounds per square inch. If the City becomes aware that the water pressure of water provided by the City to the District has fallen below the twenty (20) pounds per square inch, the City shall notify the District. Water shall be provided by the City to the District at a single point of service located at Ice House Canyon Road and Pinal View Drive (the "**City Point of Service**"). The City shall charge the District the Commercial Rate for Resale. The City, at its cost, shall install and maintain a meter and back flow assembly at the City Point of Service.

5. District Obligations.

- 5.1 The District shall bill and collect all water fees payable by District customers to the District.
- 5.2 The District shall reimburse the City for all amounts owed by the District to the City as of the Agreement Effective Date (the "**Prior Debt**"). Prior Debt does not include any amounts owed by District customers under the Prior IGA based on

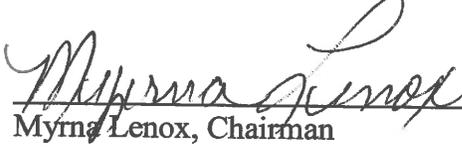
tap fees paid for access to water provided by the City and not based on water consumed by such customers at the time of the Agreement Effective Date.

- 5.3 Within ten (10) days following the end of the Transition Period, the parties shall mutually agree on the amount of Prior Debt, including (without limitation) amounts accrued by the District and owed to the City during the Transition Period.
 - 5.4 The District shall pay the City the amount of the Prior Debt as determined pursuant to Sections 5.3 and 5.4 in four equal quarterly payments (January 1, April 1, July 1, October 1) following the end of the Transition Period.
 - 5.5 All debt and other obligations under prior IGA remain with District.
 - 5.6 The City agrees to charge the District no interest on the Prior Debt or the Transition Period Debt.
6. Release. Except as forth in Section 5, the parties hereby release each other and each of their respective officers, directors, employees, officials and agents from any and all liability under the Prior IGA. The City acknowledges it waives any and all current or future ownership interest or claim to District property or the transfer of same which was provided under Prior IGA upon District's satisfaction of revenue bond indebtedness. The City shall provide the District written assignment or relinquishment of any rights-of-way and easements transferred by the District to the City under the Prior IGA. The parties shall execute an updated release of such liability as of the end of the Transition Period.
 7. Indemnity. To the extent permitted by law, each party (as "indemnitor") agrees to indemnify, defend and hold harmless each of the other parties (as "indemnitees") from and against any and all claims, losses, liability, costs, or expenses, including reasonable attorneys' fees (hereinafter collectively referred to as "Claims") arising out of bodily injury, including death, or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the indemnitee(s), are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees or volunteers.
 8. Arbitration. In the event that there is a dispute hereunder that the City and the District cannot resolve between themselves, the parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the parties agree to attempt to settle the dispute by nonbinding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration

Association. The matter in dispute shall be submitted to a mediator mutually selected by the parties. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the parties shall request the presiding judge of the Superior Court in and for the County of Gila, Arizona, to appoint an independent mediator. The cost of any such mediation shall be divided equally between the City and the disputing party(s). The results of the mediation shall be nonbinding on the parties, and either party shall be free to initiate litigation subsequent to the moratorium.

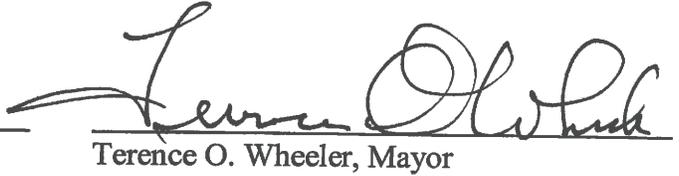
IN WITNESS WHEREOF, the parties agree to carry out the terms of this Agreement.

**CANYON DOMESTIC WATER
IMPROVEMENT DISTRICT:**



Myrna Lenox, Chairman

CITY OF GLOBE:

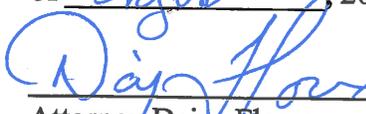


Terence O. Wheeler, Mayor

GILA COUNTY:

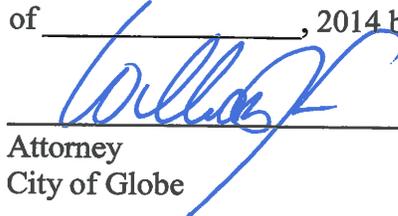
Michael A. Pastor, Chairman
Gila County Board of Supervisors

APPROVED AS TO FORM this 6th day
of August, 2014 by:



Attorney Daisy Flores
Canyon Domestic Water Improvement District

APPROVED AS TO FORM this _____ day
of _____, 2014 by:



Attorney
City of Globe

APPROVED AS TO FORM this _____ day
of _____, 2014 by:

Gila County Attorney