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Yavapai County, Arizona
Patsy Jenney-Colon, Recorder
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CITY OF PRESCOTT
RECORDING FEE 16.50
SURCHARGE 0.00
POSTAGE 0.00

CITY OF PRESCOTT
INTEROFFICE MAIL

$92
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AGREEMENT NO. 2004-255

INTERGOVERNMENTAL AGREEMENT FOR THE SALE OF WATER AND COST PARTICIPATION

This Intergovernmental Agreement for the Sale of Water and Cost Participation (the "Agreement") is dated as of this 7th day of December, 2004, by and between the City of Prescott ("Prescott") and the Town of Prescott Valley ("Prescott Valley"), both of which are municipal corporations organized and existing under the laws of the State of Arizona.

RECITALS

A. WHEREAS, pursuant to A.R.S. §45-555(E), Prescott is authorized to withdraw and transport up to 14,000 acre-feet of water per year from the Big Chino Groundwater Subbasin, a portion of which Prescott may make available to users in the Prescott Active Management Area (the "Prescott AMA");

B. WHEREAS, Prescott desires to acquire fee title to certain real property located in Yavapai County, Arizona, which property is included within what is commonly known as the JWK Ranch, for the purpose of developing a source of water from the Big Chino Groundwater Subbasin;

C. WHEREAS, the JWK Ranch property that Prescott desires to acquire includes approximately 4,500 acres of ranch property, of which approximately 1,500 acres are irrigated agricultural land;

D. WHEREAS, once the acquisition of the property is complete, Prescott, in cooperation with Prescott Valley, shall oversee the development of the water resources located thereon, including, but not limited to, the drilling of water wells and the construction of a transmission pipeline to transport water from the Property into the Prescott AMA;

E. WHEREAS, Prescott Valley desires to take delivery of a portion of the Project Water as defined hereinafter;

F. WHEREAS, pursuant to A.R.S. §11-952(A), Prescott and Prescott Valley are authorized to enter into this Agreement for the purposes set forth herein;

G. WHEREAS, it is the express intent and expectation of the parties that Prescott is entering into this Agreement to increase the volume of water by 4,717 acre-feet per year that is legally and physically available as an assured water supply;

H. WHEREAS, it is the express intent and expectation of the parties that Prescott Valley is entering into this Agreement to obtain 4,000 acre-feet per year of Project Water that is

legally and physically available to Prescott Valley for purposes of (i) designating Prescott Valley as an assured water provider, or (ii) issuing a certificate or certificates of assured water supply to any developer obtaining a will-serve letter from Prescott Valley or from a special purpose district acting in cooperation with Prescott Valley;

I. WHEREAS, at some future date, Prescott and Prescott Valley may elect to provide water to the Town of Chino Valley, an Arizona municipality ("Chino Valley") upon terms that are mutually acceptable to all parties; and

J. WHEREAS, the assurances given herein by Prescott and Prescott Valley to each other have been provided pursuant to and as contemplated by Arizona statutes, are bargained for and given in consideration of the undertaking of the obligations of the parties as set forth herein, and are intended to be and have been relied upon by the parties.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, the parties hereto state, confirm and agree as follows:

AGREEMENT

1. RECITALS. Each of the Recitals set forth above are hereby incorporated into and made a part of this Agreement and the parties acknowledge the accuracy and correctness of said Recitals.

2. DEFINITIONS. The following terms shall have the following meanings:

2.1 "Additional Water" shall mean irrigation water rights appurtenant to the agricultural land on the property, including the right to pump additional water from the Ranch Well Field.

2.2 "ADWR" shall mean the Arizona Department of Water Resources.

2.3 "Daily Delivery Amount" shall mean the maximum amount of water Prescott Valley may take delivery of through the Pipeline on any particular day, measured in millions of gallons per day, subject to adjustment upon the occurrence of the events described in Section 9 herein.

2.4 "Fiscal Year" shall mean each one-year period commencing on July 1st and ending on June 30th.

2.5 "Force Majeure" shall have the meaning set forth in Section 16.5 herein.

2.6 "Interconnection Line" shall mean water pipeline(s) or water main(s), jointly used by the parties and designated as such on the Construction Plans and Specifications as defined in Section 3.1, that connects the Pipeline to the Service Area of Prescott and the Secondary Line of Prescott Valley, and any and all valves, booster stations and other water service infrastructure associated with the same. The Interconnection Line is part of the Project.

2.7 "Managerial Service Fee" shall mean Prescott's actual internal costs and expenses (including costs attributed to work performed by Prescott's employees) incurred in conjunction with Prescott's oversight responsibilities for (a) the acquisition of the Property (the "Acquisition Costs"), (b) the construction of the Pipeline (the "Construction Costs"), and (c) the operation and maintenance of the Pipeline (the "Operation and Maintenance Costs"), in an amount to be determined as follows: forty-five and nine-tenths percent (45.9%) of those salaries and fringe benefits paid to Prescott's employees based upon the hours spent on the Project, actual out-of-pocket expenses incurred by Prescott for the Project, and the fair rental value of the percentage of office space utilized by Prescott's employees based upon the percentage of time spent on the Project. Prescott shall maintain itemized documentation for the first twelve (12) months after the approval of this Agreement by the parties, and Prescott Valley shall monthly reimburse Prescott according to the foregoing formula within the "Payment Period", being five (5) business days after the next regular Town Council meeting after receipt of an itemized billing (or, if the billing is not received by the Thursday prior to said regular meeting, then after the following regular Town Council meeting). Thereafter, the parties may mutually agree that the first twelve (12) months is representative of Prescott's costs, in which event Prescott will continue to be reimbursed according to the foregoing formula; or, in the event of no agreement between the parties, Prescott will continue to maintain itemized documentation and Prescott Valley will continue to reimburse Prescott on a monthly basis.

2.8 "Party" shall mean either Prescott or Prescott Valley. Collectively, Prescott and Prescott Valley are referred to as the "parties."

2.9 "Party's Water Availability" shall mean the following:

(a) as to Prescott, Prescott's Water Availability; and

(b) as to Prescott Valley, Prescott Valley's Water Availability.

2.10 "Permits and Approvals" shall mean all permits and/or approvals required by any governmental agency with jurisdiction over the Project.

2.11 "Pipeline" means the water transmission system extending from the Ranch Well Field to Prescott's Chino Valley water production facility and any and all valves, booster stations, wells, reservoirs, and other water delivery or water service infrastructure associated directly with the Pipeline or appurtenant thereto.

2.12 "Point of Delivery" shall mean the point on the Pipeline or on an Interconnection Line where Project Water is delivered to a Party. The parties anticipate that there may be more than one Point of Delivery, and each anticipates that the Project Water delivered to a Point of Delivery will be metered.

2.13 "Potable Water" means water that is of a quality that, pursuant to state and federal regulations, is suitable for human consumption.

2.14 "Prescott's Water Availability" shall mean fifty-four and one-tenth percent (54.1%) of all Project Water available per year.

2.15 "Prescott Valley's Water Availability" shall mean forty-five and nine-tenths percent (45.9%) of all Project Water available per year.

2.16 "Professional Service Fees" shall mean the actual fees and associated costs of any party not an employee of Prescott who performs professional services on behalf of Prescott in conjunction with (a) the acquisition of the Property, the design, construction and testing of the Pipeline, and/or the maintenance and operation of the Pipeline, including, but not limited to, fees for legal counsel, engineers, appraisers, contractors and hydrologists, and (b) any other actual fees incurred by Prescott that arise out of Prescott's withdrawal of water from the Ranch Well Field, including, but not limited to, permitting, any litigation fees and expenses, and any other expenses related to any mitigation efforts.

2.17 "Project" shall mean the acquisition of the Property, the development of the Ranch Well Field, including, but not limited to, the design, planning, drilling, equipping and repairing of wells and the Pipeline and an Interconnection Line; the design, planning, construction and repair of water storage facilities, water treatment facilities and booster stations; the design, planning, construction and repair of all other related facilities as deemed reasonably necessary by Prescott to deliver Potable Water from the Ranch Well Field to Prescott and Prescott Valley; and all necessary environmental and other applicable permitting, and the costs associated with such permitting. The extent, location and configuration of the Project are generally set forth in the attached Exhibit "B".

2.18 "Project Water" shall mean water designated by Prescott as being available for delivery from the Project for municipal and industrial uses.

2.19 "Project Water Availability" shall mean a minimum of 8,717 acre feet of water per year as determined by ADWR to be legally and physically available to Prescott from the Property, subject to any additions made pursuant to Sections 8 and 9 of this Agreement.

2.20 "Property" shall mean that portion of the JWK Ranch located in Yavapai County, Arizona, described as certain real property consisting of approximately 4,500 acres of land, including, but not limited to, approximately 1,500 acres of irrigated land, as more generally described on the attached Exhibit "A".

2.21 "Ranch Well Field" shall mean the portion of the Property upon which wells are or shall be drilled to pump water for delivery from the Project.

2.22 "Service Area" shall have the same meaning as set forth in A.R.S. §45-402. A Party's Service Area shall include the Service Area of a community facilities or other district formed by that Party.

2.23 "Secondary Line" shall mean one or more water lines or water mains constructed, operated and maintained by either Party that interconnects with the Pipeline or an

Interconnection Line to a Party's Service Area, and any and all valves, booster stations and related water delivery facilities. A Secondary Line shall not be deemed to be part of the Project unless the parties hereto agree otherwise. The parties anticipate that the point where a Secondary Line interconnects with the Pipeline or an Interconnection Line will also be that Party's Point of Delivery.

2.24 "Share" shall mean as to Prescott Valley, forty-five and nine-tenths percent (45.9%), and as to Prescott, fifty-four and one-tenth percent (54.1%) of the amount of the Project Water Availability, unless the context requires otherwise.

2.25 "Year" or "year" shall mean a calendar year, that period of time from January 1st through December 31st. Any reference to the term "year" as set forth in this Agreement that is not specified as a "Fiscal Year" shall refer to a calendar year.

3. TERM OF AGREEMENT; CANCELLATION OF AGREEMENT.

3.1 Term of Agreement. This Agreement shall be valid for a period of 200 years.

3.2 Cancellation of the Agreement. Any Party hereto may cancel this Agreement, pursuant to A.R.S. §38-511, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of such Party is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. In the foregoing event, the Party seeking to cancel this Agreement may elect to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on its behalf from any other party to the Agreement arising as a result of this Agreement.

4. DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF THE PROJECT.

4.1 Design of the Project. Prescott shall use all reasonable efforts to cause to be prepared in a timely manner, subject to any delays caused by Force Majeure, (a) a preliminary set of plans, specifications and working drawings for the construction of the Pipeline and an Interconnection Line (the "Preliminary Construction Plans"); (b) the estimated "Daily Delivery Amount" that will be available for Prescott Valley to take delivery of through the Pipeline and an Interconnection Line; (c) the Project construction schedule ("Construction Schedule"); and (d) the "Preliminary Construction Cost Estimate". Upon receipt of notice from Prescott that the Preliminary Construction Plans, Preliminary Construction Cost Estimate, estimated Daily Delivery Amount and Construction Schedule are ready for review, Prescott Valley shall have forty-five (45) days to review and provide written comments on the same (the "Preliminary Comment Period"). Prescott shall, in good faith, consider the comments presented by Prescott Valley. Once the Preliminary Comment Period has passed, Prescott shall cause the Preliminary Construction Plans, Preliminary Construction Cost Estimate, estimated Daily Delivery Amount

and Construction Schedule for the Pipeline to become finalized (collectively the "Construction Plans and Specifications").

4.2 Oversizing. In the event that Prescott desires to oversize the Pipeline to convey non-Project Water, then Prescott shall be responsible for paying the incremental increase in the costs of construction, as determined by computing the cost of the oversized Pipeline and then subtracting from it the cost of the Pipeline as designed to deliver the Project Water Availability. The parties further acknowledge that either Party may require the oversizing of certain components of the Project, including, but not limited, to the Pipeline and an Interconnection Line, treatment facilities, storage facilities, etc., and that under such circumstances the Party requesting the oversizing shall be responsible for paying the incremental increase in cost, as determined in accordance with this Section 4. Under such circumstances, the incremental cost increase will be determined on a component-by-component basis.

4.3 Construction of Pipeline. Prescott shall use all reasonable efforts to cause the Pipeline and an Interconnection Line to be constructed both in a timely manner and in substantial conformance with the Construction Plans and Specifications and Construction Schedule. Once commenced, Prescott shall diligently pursue construction of the Project to completion. Prescott shall consult with Prescott Valley at regular intervals during the construction of the Pipeline and an Interconnection Line, and at all times shall consider in good faith, any good faith comments presented by Prescott Valley.

4.4 Commencement and Completion of Construction of Pipeline and an Interconnection Line. Construction of the Pipeline and an Interconnection Line shall be deemed to "commence" on the date Prescott has fully executed an agreement with an entity to serve as a contractor for the construction of any part of the Pipeline and an Interconnection Line. Once the construction of the Pipeline and an Interconnection Line has commenced, Prescott shall consult with Prescott Valley when it receives any proposed changes or revisions to the Construction Plans and Specifications (which, as set forth above, includes the Construction Schedule), and shall consider in good faith any comments presented by Prescott Valley regarding the same. Prescott shall diligently proceed to complete the Pipeline and an Interconnection Line according to the Construction Schedule, subject to delays caused by Force Majeure. The Pipeline and an Interconnection Line will be deemed "complete" once the Pipeline and an Interconnection Line have been fully tested and are operational for the purposes for which they are intended and the Arizona Department of Environmental Quality has determined that the Pipeline and an Interconnection Line are in conformance with the requirements for the issuance of a general permit pursuant to Title 49 of the Arizona Revised Statutes and Title 18 of the Arizona Administrative Code.

4.5 Operation and Maintenance of the Project. Prescott shall operate and maintain the Project according to good and customary municipal practices and in accordance with all applicable laws and permits, including, but not limited to, reconstruction, alteration, repair and replacement of any and all components and any additional construction related thereto. Prescott Valley agrees that all operation and maintenance decisions concerning the Pipeline and the Property shall be entirely at Prescott's discretion, subject to Prescott's obligations under this Agreement. Prescott may consider outsourcing the operation and maintenance of the Project.

4.6 Multiple Points of Delivery. The parties acknowledge that the exact scope and configuration of the Project has not yet been determined, and that each Party may take delivery of Project Water at one or more Points of Delivery. In the event that there are multiple Points of Delivery, the parties agree to work together to develop a mutually acceptable process for determining the volumes of water delivered to each Party.

4.7 Replacing or Oversizing Interconnection Lines. The parties acknowledge that the existing 36", 18" and 12" Interconnection Lines running south from Prescott's Chino Valley Water Production Facility have sufficient capacity for the transmission of Project Water and for the transmission of Prescott's existing committed demand. In the event Prescott determines in good faith that it requires capacity in one (1) or more of the foregoing Interconnection Lines solely for its own purposes and is required to construct an additional line (or replace or oversize one (1) or more of the foregoing Interconnection Lines) to convey Project Water, then and in that event Prescott Valley shall reimburse Prescott for its proportionate share in the costs of said construction, replacement or oversizing, in accordance with Section 11. 2 herein; provided, however:

(a) Prescott will not require reimbursement from Prescott Valley for construction and/or oversizing and/or replacement pursuant to this Section 4.7 any earlier than twelve and one-half (12 ½) years after the approval of this Agreement by the Prescott and Prescott Valley Councils;

(b) Prescott will give Prescott Valley a minimum of twelve (12) months prior notice of its intent to construct, replace and/or oversize the foregoing Interconnection Line[s] pursuant to this Section 4.7;

(c) In the event Prescott determines it is necessary to construct, replace and/or oversize pursuant to this Section 4.7, then and in that event Prescott Valley shall have the option to construct its own Secondary Line and relinquish use of that current Interconnection Line[s] which Prescott desires to replace and/or oversize; and

(d) Once Prescott's capacity is increased pursuant to this Section 4.7 to include all of Prescott Valley's Share, Prescott Valley shall have no further obligation to reimburse Prescott under this Section 4.7.

5. DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF SECONDARY LINES.

5.1 Design and Construction of a Secondary Line. A Party (the "Constructing Party") may, at its sole expense, design and construct one or more Secondary Lines including the purchase of a water meter at the point of connection. Not less than forty-five (45) days prior to finalization of the design and construction of any Secondary Line, the Constructing Party shall consult with the other Party (the "Non-Constructing Party") about the proposed design and construction of the Secondary Line. If, prior to finalization of the design of the Secondary Line, the Non-Constructing Party determines that (a) it will be beneficial for the Non-Constructing

Party to utilize the Constructing Party's Secondary Line for the delivery of water to the Non-Constructing Party's customers, and (b) that the Secondary Line must be oversized to meet Non-Constructing Party's requirements, the Non-Constructing Party shall have the right to require the Constructing Party to increase the size of the Secondary Line. The Non-Constructing Party shall be solely responsible for all costs associated with the oversizing of the Secondary Line.

5.2 Operation and Maintenance Costs of Secondary Lines. Except as set forth herein, the Constructing Party shall be solely responsible for the operation and maintenance costs associated with the Secondary Line. In the event the Non-Constructing Party takes delivery of water through the Constructing Party's Secondary Line, the Non-Constructing Party shall pay to the Constructing Party a portion of the costs incurred by the Constructing Party for the operation and maintenance of the Secondary Line, which amounts shall be determined by applying the same formula used in Sections 11.3 and 11.4.

6. SECURING LEGAL ACCESS.

In the event any Party determines that it lacks sufficient legal access for the construction of the Project or any phase thereof, or the construction or location of the Pipeline or an Interconnection Line, the other Party shall fully cooperate with that Party's efforts to secure any rights-of-way, easements or other interests in land deemed necessary by such Party, including supporting that Party's exercise of condemnation rights. In addition, any Party with an interest in a right-of-way shall, to the extent the same is not prohibited by a contractual agreement or by law, grant an easement on, over, under or through that right-of-way to any other Party requesting such a right in connection with the construction of the Pipeline or an Interconnection Line or any Secondary Line, at no cost to the requesting Party.

7. WATER SUPPLY, QUALITY, CONSERVATION AND RECHARGE.

7.1 Delivery Obligations of Prescott. Promptly following completion of construction of the Pipeline and an Interconnection Line, Prescott will deliver water to Prescott Valley at the Point of Delivery in such amount as requested by Prescott Valley up to the Daily Delivery Amount. Water delivered through the Point of Delivery that will be delivered to Prescott, as measured at the Prescott Water Meter, shall not be included in the calculation of Prescott Valley's Daily Delivery Amount or Prescott Valley's Share.

7.2 Storage Obligations. Prescott and Prescott Valley acknowledge that there will be occasions when the Pipeline will need to be closed down for repairs and maintenance, including scheduled maintenance and emergency situations, and that each party to this Agreement will provide for adequate storage to provide for continued delivery of water during those periods of time.

7.3 Quality.

(a) Prescott hereby covenants that it will use all reasonable efforts to assure that all water supplied to the Point of Delivery through the Pipeline will meet or exceed the minimum quality standards established by the Arizona Department of Health Services, the

Arizona Department of Environmental Quality and the United States Environmental Protection Agency. Subject to Section 11.5, costs incurred in meeting Prescott's obligations under this Section 7, including but not limited to additional treatment, construction, reconstruction, alteration, repair and replacement of components, operation, maintenance, overhead and loan amortization, shall be borne by Prescott and Prescott Valley as part of the Operation and Maintenance Costs as calculated pursuant to Section 11 herein.

(b) In the event that Prescott Valley elects to have a Point of Delivery prior to the point where Project Water is treated at Prescott's Chino Valley Water Production Facility, then the provisions of Section 7.3(a) herein shall not apply.

7.4 Prescott AMA Management Goals. To the extent practical to do so, the parties agree that any unused water of a Party's Water Availability ("Unused Water") may be used by the other Party to meet the management goals set forth in the applicable management plan for the Prescott AMA, including those in Sections 7.5, 7.6 and 7.7 herein. Either Party may deliver a written request to the other Party for the delivery of the other Party's Unused Water provided that the use of Unused Water by either Party shall not create any permanent entitlement to the continued use of such water. The Party that receives Unused Water shall be responsible for paying the Energy Costs as defined in Section 11.4 attributable to the withdrawal and delivery of Unused Water to that Party, and an additional charge for operation and maintenance as may be agreed upon by the parties.

7.5 Conservation. The parties agree to explore, discuss and, where appropriate, implement reasonable water conservation measures relating to the use of water in their respective communities.

7.6 Water Recharge. Prescott and Prescott Valley agree to explore, discuss and, where appropriate, cooperate with regard to water recharge programs and facilities within the Prescott AMA, including, but not limited to, amending state law to provide for the formation of a groundwater replenishment or water augmentation authority or similar entity. Any such recharge facility may be used to attain the safe-yield goals of the Prescott AMA, as discussed immediately below or, if necessary, for mitigation of the effects of the withdrawal and transportation of Project water from the Big Chino Subbasin, as discussed in Section 7.8 herein.

7.7 Safe-Yield. The parties to this Agreement are committed to meeting their respective conservation requirements as set forth in management plans for the Prescott Active Management Area. Prescott and Prescott Valley agree to explore, discuss and, where appropriate, cooperate with regard to efforts by the State of Arizona to meet the safe-yield goals of the Prescott AMA as defined under A.R.S. §45-562 ("Safe-Yield Efforts"). The parties may determine to take steps to assist with Safe-Yield Efforts within the Prescott AMA, including the areas of their respective communities. As part of any Safe-Yield Efforts, if recharge of Project Water is deemed appropriate, Prescott may apply the Additional Water, as defined in Section 9.1, to those efforts on behalf of the parties; provided that the Daily Delivery Amount and Project Water Availability of the parties is not reduced thereby. The costs of any such Safe-Yield Efforts shall be agreed upon by the parties. In the event that the parties determine that water or effluent credits should be committed to address safe-yield issues within the Prescott AMA, the

parties shall contribute a proportionate amount of water or effluent credits based upon the benefits to each Party.

7.8 Mitigation and Monitoring. The parties shall cooperate with regard to the resolution of environmental or mitigation issues, if any, that may arise hereunder by virtue of the withdrawal and transportation of Project Water from the Big Chino Subbasin. The parties may determine to take steps to assist with monitoring of water levels, mitigation or habitat conservation efforts, if any, that may arise by virtue of the withdrawal and transportation of Project Water from the Big Chino Groundwater Subbasin (collectively, "Mitigation or Monitoring"). The parties acknowledge that if Mitigation or Monitoring is required, Prescott may apply the Additional Water, as defined in Section 9.1, or other water to those efforts on behalf of the parties. The costs associated with any Mitigation or Monitoring shall be based upon each Party's Share.

8. DELIVERY OF WATER TO CHINO VALLEY.

Prescott and Prescott Valley hereby agree that upon written request by Chino Valley, and if Project Water remains legally and physically available, both Prescott and Prescott Valley may, in their sole discretions, negotiate an agreement (the "Chino Valley Agreement") under which Project Water or other water made available through the recharge of effluent generated from Project Water may be made available to Chino Valley for municipal and industrial purposes. The terms and conditions of any such agreement with Chino Valley are subject to the following conditions and limitations:

(a) The terms and conditions of the Chino Valley Agreement must be acceptable to both the councils of Prescott and Prescott Valley;

(b) At the time that the Chino Valley Agreement is executed by Chino Valley, Chino Valley will reimburse Prescott and Prescott Valley for its proportionate share of the costs and expenses (including, but not limited to, Acquisition Costs, Managerial Service Fees and Professional Service fees) arising out of the Project, plus interest thereon; and

(c) The Chino Valley Town Council must approve the Chino Valley Agreement and, if requested by either Prescott or Prescott Valley, provide financial guarantees of its ability to meet all future financial obligations set forth thereunder.

9. ADJUSTMENTS TO WATER AVAILABILITY.

9.1 Retired Irrigated Lands. The parties acknowledge that a portion of the Property includes irrigated agricultural land. The parties also acknowledge Prescott's intent, at some time in the future, to retire the irrigation water rights appurtenant to the agricultural land (including the right to pump Additional Water from the Ranch Well Field). The cost of retiring the irrigated agricultural land shall be included in the Operation and Maintenance Costs paid by the parties pursuant to Section 11 herein.

9.2 Application of the Additional Water. Prescott may determine that the Additional Water, or any portion thereof, is to be added to the amount of Project Water Availability that is available for municipal and industrial use. If Prescott determines that Additional Water is available for municipal and industrial use, including that resulting from the retirement of the agricultural lands, then Prescott Valley shall be entitled to forty-five and nine-tenths percent (45.9%) and Prescott shall be entitled to fifty-four and one-tenth percent (54.1%) of the amount of the additional Project Water Availability.

10. MANAGEMENT OF THE PROPERTY AND PIPELINE.

10.1 Executive Committee for the Project.

(a) Executive Committee. The parties shall form an advisory executive committee (the "Executive Committee") for the purpose of providing a formalized means of communication between Prescott and Prescott Valley. The Executive Committee shall consist of five (5) persons (or his or her designee) holding the following positions:

(i) Participating on Behalf of Prescott: The City Manager, the Mayor, and one (1) member of the Prescott City Council appointed by the Mayor of Prescott; and

(ii) Participating on Behalf of Prescott Valley: The Town Manager and either the Mayor or, at the discretion of the Mayor, a member of the Prescott Valley Town Council, appointed by the Mayor of Prescott Valley.

10.2 Meeting of the Executive Committee; Quorum.

(a) Any two (2) members of the Executive Committee may call a meeting of the Executive Committee to discuss any issue related to the management or operation of the Project.

(b) Meetings of the Executive Committee shall be held upon no less than seventy-two (72) hours prior written notice to all members.

10.3 Annual Meetings. From and after the completion of the Project, parties shall meet on an annual basis (or more frequently if circumstances so warrant) to review all operation and maintenance activities for the Project. Each Party shall have the opportunity to provide oral and written comment regarding the operational and maintenance activities for the Project.

10.4 Alternates. In the event a member of the Executive Committee is unable to participate in a meeting of the Executive Committee, the Mayor or Town Manager, as applicable, may appoint an alternate to attend the meeting; provided, however, that the chosen alternate must be a member of the City Council or Town Council, as applicable.

11. PAYMENT TERMS.

11.1 Acquisition Costs.

(a) Calculation of Payment. Prescott Valley shall pay to Prescott a portion of the Acquisition Costs incurred by Prescott, in an amount equal to the total Acquisition Costs multiplied by Prescott Valley's Share. As used herein, the term "Acquisition Costs" shall mean all costs incurred by Prescott related to the acquisition of the Property, including but not limited to the Managerial Service Fee and Professional Service Fees, as those costs began to accrue on or after January 1, 2003 and are continuing to accrue. Collectively, any sums due to Prescott pursuant to this Section 11.1(a) shall be referred to as "Prescott Valley's Acquisition Cost Share".

(b) Payment Schedule. Prescott Valley shall pay Prescott Valley's Acquisition Cost Share to Prescott on or before the close of escrow.

(c) (i) Post-Acquisition Costs. Following acquisition of the Property, but before commencement of construction as set forth in Section 4.4, the parties acknowledge that Prescott will continue to incur maintenance costs, the Managerial Service Fee, Professional Service Fees, and additional costs and expenses ("Post-Acquisition Costs") related to acquisition of the Property and the planning and designing of the Project. Prescott Valley agrees to pay its Share of such Post-Acquisition costs within the Payment Period.

(ii) In the event that Prescott Valley's share of the foregoing costs and fees exceeds the sum of Two million dollars ($2,000,000.00), then and in that event Prescott Valley shall not have to make payment to Prescott for any amount in excess of Two million dollars ($2,000,000) until July 1, 2006, at which time Prescott Valley shall reimburse Prescott for forty-five and nine-tenths percent (45.9%) of said post-acquisition costs which were incurred and paid by Prescott and not reimbursed by Prescott Valley, together with interest at the rate of twelve percent (12%) per annum from the date said costs were incurred.

(iii) From and after July 1, 2006, Prescott Valley shall reimburse Prescott for forty-five and nine-tenths percent (45.9%) of any and all post-acquisition costs incurred by Prescott within the Payment Period.

(iv) Notwithstanding the foregoing, in the event that Prescott incurs any Professional Service Fees or other costs as a result of litigation with respect to the acquisition, development, design or construction of the Project, Prescott Valley shall reimburse Prescott for forty-five and nine-tenths percent (45.9%) of those costs as they are incurred, said costs to be paid by Prescott Valley within the Payment Period.

11.2 Construction Costs.

(a) Calculation of Payment. Prescott Valley shall pay to Prescott a portion of the Construction Costs incurred by Prescott, in an amount equal to the total Construction Costs multiplied by Prescott Valley's Share. As used herein, the term "Construction Costs" shall mean all costs including, but not limited to, the Managerial Service Fee and Professional Service Fees incurred by Prescott for (1) the preparation of the preliminary and finalized Construction Plans and Specifications as set forth in Section 4.1; (2) completing the construction of the Pipeline and

an Interconnection Line and all associated appurtenances and infrastructure thereto, including, but not limited to, the cost of (i) purchasing all necessary building materials, equipment and tools, (ii) obtaining any necessary easements, rights-of-way, whether as fee title or leasehold interests, or other interest in real property necessary for Prescott to locate, construct and access the Pipeline and an Interconnection Line (including the cost of completing any condemnation proceedings), and (iii) purchasing, constructing and/or installing all booster stations, pumps and water storage facilities; and (3) for obtaining any governmental permits, environmental clearances and regulatory approvals. Collectively, any sums due to Prescott pursuant to this Section 11.2(a) shall be referred to as "Prescott Valley's Construction Cost Share".

(b) Payment Schedule. Prescott Valley shall reimburse Prescott for forty-five and nine-tenths percent (45.9%) of any and all Construction Costs incurred by Prescott within the Payment Period.

11.3 Operation and Maintenance Costs.

(a) Calculation of Estimated Operation and Maintenance Costs. Prescott shall prepare and deliver to Prescott Valley no later than March 1st of each year, an annual budget estimating the amount of Operation and Maintenance Costs for the next Fiscal Year, which shall include, but may not be limited to, estimated costs (1) for the maintenance and operation of the Pipeline and Interconnection Line (excluding the monthly Energy Costs), all pumps, booster stations, water storage facilities and the wells, (2) of water treatment and water treatment facilities, (3) arising from Prescott's participation in the Gila River Stream Adjudication as to the Project only, (4) of acquiring and maintaining all environmental clearances and permits, and (5) any other related or anticipated costs (collectively the "Estimated O & M Costs").

(b) Payment of Estimated O & M Costs. Prescott Valley shall pay to Prescott, in advance, an amount equal to the Estimated O & M Costs, multiplied by Prescott Valley's Share (collectively the "Prescott Valley's Estimated O & M Cost Share"). For each Fiscal Year during the term of this Agreement, Prescott Valley shall pay to Prescott on the fifteenth (15th) day of July (for the time period of July 1st to December 31st) and again on the fifteenth (15th) day of January (for the time period from January 1st to June 30th), an amount equal to fifty percent (50%) of Prescott Valley's Estimated O & M Cost Share. If the delivery of Project Water under this Agreement commences or terminates in any month other than the months of July or January, the Estimated O & M Costs shall be pro-rated for that six (6) month period.

(c) Calculation of Actual O & M Costs and Prescott Valley's Share of Actual O & M Costs. No later than August 31st of each year, Prescott shall prepare an accounting of the total amount of actual Operation and Maintenance Costs incurred by Prescott for the previous Fiscal Year (the "Actual O & M Costs"). The total amount of Actual O & M Costs due and payable by Prescott Valley to Prescott for any particular Fiscal Year ("Prescott Valley's Actual O & M Cost Share") shall be calculated as follows:

(i) Prescott shall first total all Actual O & M Costs incurred for the Project during the previous Fiscal Year, including (but not limited to) the Managerial Service

Fee and Professional Service Fees associated with Acquisition, Design, Construction, Operation & Maintenance of the Project.

(ii) From the total determined under paragraph (i), Prescott shall subtract out the following to obtain the Total Adjusted Annual Cost:

(1) Any rents, income or proceeds generated through the leasing or operation of the Project (as opposed to proceeds generated from the sale of all or a portion of the Project or Project assets). As used herein, such rents, income or proceeds shall not include those generated by the parties through the importation and sale of Project Water, including water charges, hook-up fees, late charges and similar revenue generated through a municipal water provider's sale of water;

(2) The approximate additional operation and maintenance cost incurred by Prescott to wheel its non-Project Water through the Pipeline or an Interconnection Line; and

(3) Forty-five and nine-tenths percent (45.9%) of the necessary Professional Fees incurred by Prescott Valley associated with the Project.

(iii) Prescott Valley's Actual O & M Cost Share shall be forty-five and nine-tenths percent (45.9%) of the Total Annual Adjusted Cost set forth in paragraph (ii).

(d) Reconciliation of Payments. No later than August 31st of each year, Prescott shall deliver to Prescott Valley the accounting of the Actual O & M Costs, together with a written notice stating that (1) the amount of Prescott Valley's Actual O & M Costs exceeded the Prescott Valley's Estimated O & M Costs previously paid to Prescott, together with a written notice of all additional sums then due, (2) Prescott Valley's Estimated O & M Costs paid to Prescott exceed the amount of Prescott Valley's Actual O & M Costs for the previous Fiscal Year and that any overpaid amounts will be credited against any future sums due from Prescott Valley for Operation and Maintenance Costs, or (3) all amounts due from Prescott Valley have been paid and no payment adjustments are necessary for that particular Fiscal Year. Any additional sums due to Prescott pursuant to this Section 11.3(d) shall be paid by Prescott Valley within the Payment Period.

(e) Emergency Adjustments. In the event Prescott, in its sole discretion, determines during the course of a particular Fiscal Year that the Estimated O & M Costs for that particular Fiscal Year differ significantly from the Actual O & M Costs that have accrued during the same Fiscal Year, Prescott may recalculate the Estimated O & M Costs for that particular Fiscal Year, as well as the Prescott Valley's Estimated O & M Cost Share. Prescott shall deliver to Prescott Valley written notice of the recalculated Estimated O & M Costs and the Prescott Valley's Estimated O & M Cost Share and, in the event additional sums are due, Prescott Valley shall pay those additional sums within sixty (60) days after receipt of the written demand for payment.

11.4 Energy Costs.

(a) Calculation of Payment. Prescott Valley shall pay to Prescott a portion of the total energy costs incurred by Prescott each month for the operation of the Pipeline and all associated appurtenances including, but not limited to, the operation of the pumps at the Ranch Well Field, any booster stations and water storage facilities (collectively, the "Energy Costs"), in an amount equal to the Energy Costs accrued by Prescott each month, multiplied by the total number of acre-feet, or portion thereof, of Project Water delivered to Prescott Valley in the particular month, and then divided by the total number of acre-feet of water, or portion thereof, delivered through the Pipeline to Prescott and Prescott Valley during the same period of time (as calculated, "Prescott Valley's Energy Cost Share").

(b) Payment Schedule. Prescott Valley shall pay to Prescott, Prescott Valley's Energy Cost Share within the Payment Period.

11.5 Treatment and Delivery of Prescott's non-Project Water. Notwithstanding any other provision of this Agreement, in no event shall Prescott Valley be required to pay for either the capital costs, Operation & Maintenance Costs, Energy Costs, the Managerial Service Fee, Professional Service Fees, or any related or other costs associated with the treatment and delivery of Prescott's non-Project Water through the Pipeline and an Interconnection Line.

12. OWNERSHIP AND TRANSFER OF THE PROJECT.

12.1 Prescott Sole Owner. Prescott shall be the sole owner of the Project and any and all plans, specifications, drawings or other engineering and planning work related to the Pipeline and an Interconnection Line. The distribution of water delivered from the Project to Prescott Valley or any transferees of Prescott Valley, and the payment of any sums by Prescott Valley or transferees of Prescott Valley, shall not be construed as granting to Prescott Valley any ownership interest in the Project but rather only permission to connect Prescott Valley's Secondary Line into the Pipeline and an Interconnection Line and to receive Prescott Valley's Share of water as set forth herein. Notwithstanding the foregoing, in consideration of Prescott Valley paying its share of the acquisition and construction costs of the Project, Prescott Valley shall own capacity in the Project in an amount equal to forty-five and nine-tenths percent (45.9%).

12.2 Transfer of Ownership. Except as set forth herein, upon mutual agreement of the parties, Prescott shall have the right and authority to transfer the Project, Pipeline or Interconnection Line to a groundwater replenishment or water augmentation authority, or similar entity, free and clear of any and all liens, encumbrances and claims by or through Prescott Valley.

12.3 Sale of the Property. Notwithstanding anything herein to the contrary, in the event Prescott determines that it no longer needs or desires to own all or a portion of the Project (which includes all or a portion of the Property), Prescott shall give written notice to Prescott Valley of Prescott's intent to convey or otherwise transfer the same prior to conveying or transferring it to any third party, including a groundwater replenishment or water augmentation authority or similar entity. If requested to do so by Prescott Valley within thirty (30) days

following its receipt of the notice, Prescott shall prepare a written plan (the "Plan") outlining the proposed disposition of the Project or significant portion thereof, and alternatives to such disposition. The net proceeds from such disposition shall be distributed to the parties according to each Party's Share.

12.4 Limitation of Rights. Prescott Valley shall have no rights or privileges whatsoever with regard to the design, construction, testing, maintenance or operation of the Pipeline or Interconnection Line or in or to the plans and specifications therefore, except as set forth in this Agreement.

12.5 Representation of Good Faith. Neither Party shall not take any action, or fail to act in a way, that will or may materially and detrimentally affect the right and ability of the other Party to receive its full entitlement of Project Water under this Agreement, nor shall a Party take any action, or fail to act in a way that the cost of Project Water to the other Party is materially increased.

13. RECORDKEEPING; CONTACT INFORMATION.

13.1 Books and Records. Prescott shall keep and maintain adequate records pertaining to the Acquisition Costs, the Construction Costs, the Operation and Maintenance Costs, the Energy Costs, the Managerial Service Fees and the Professional Service Fees, and all disbursements of funds to pay such costs. Prescott Valley shall be entitled to reasonable access to such records and may audit such records at its own cost and expense.

13.2 Annual Reports. No later than January 31st of each year, Prescott shall provide to Prescott Valley a report that states the volume of water delivered to Prescott Valley during the previous year.

13.3 Cooperation in Completing Reports. Each Party shall provide to each other Party information and data relating to its taking delivery of and use of water pursuant to this Agreement, which such information may be used in the preparation and completion of any annual or other reports required to be filed by any applicable regulatory agency.

13.4 Contact Information. Prescott and Prescott Valley shall each maintain a contact list containing the names, addresses, phone numbers, e-mail addresses and any other pertinent information deemed necessary, of those persons who will be responsible for the administrative issues that may arise. All parties hereto are responsible for updating the information pertaining to itself on a regular basis. Upon receiving updated information, Prescott shall distribute to all parties on the list a new contact list.

14. DISCLAIMER OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

14.1 No Warranty. Prescott disclaims any covenant, representation or warranty, express or implied, as to the condition or performance of the Pipeline and Interconnection Line or that the Pipeline and Interconnection Line will have a total delivery capacity equal to the

Project Water Availability or will be suitable for the purposes for which they were constructed. The parties are relying solely on the expertise of the design engineer and the construction contractor and subcontractors in the planning, design and installation of the Pipeline and Interconnection Line. Prescott is not a general contractor or an insurer or guarantor of the planning, design or installation of the Pipeline and Interconnection Line and is not liable or responsible if the Pipeline and Interconnection Line have a capacity of less than the Project Water Availability or are not suitable for the purposes for which they were constructed.

14.2 Third-Party Beneficiary. Prescott Valley shall be a third-party beneficiary with respect to those written guarantees, warranties and representations made or otherwise provided to Prescott within any contract or agreement by and between Prescott and any engineer, contractor or architect retained for the purpose of designing or constructing the Pipeline and an Interconnection Line and any appurtenant facilities or infrastructure.

14.3 Compliance with all Legal Requirements. The parties agree to comply with all requirements of the appropriate state and federal agencies that regulate the use of Project Water for human consumption. Each Party shall be solely responsible for its own compliance with all laws, regulations and other requirements governing the use of water, including Project Water, for human consumption once Project Water is delivered to that Party at its Point of Delivery.

14.4 Indemnification. The parties mutually agree to indemnify, defend and hold harmless the other parties and their respective officers, directors, shareholders, employees and agents, for, from and against any and all costs (including, without limitation, attorneys' fees) losses, judgments, fines, penalties, assessments, charges or claims of any sort by third parties, including any governmental agencies, arising from, caused by or related, directly or indirectly, to such Party's negligent acts or omissions in construction of the Pipeline and an Interconnection Line or Secondary Line or Lines, as is relevant, or such Party's use of Project Water from the Pipeline and an Interconnection Line or Secondary Line or Lines, as is relevant, or such Party's performance of its obligations under this Agreement.

15. MEDIATION.

15.1 Upon mutual agreement of the parties, any controversy, dispute or claim between or among the parties including, but not limited to, those arising out of or relating to this Agreement or any related agreements or instruments, including any claim based on or arising from an alleged tort, shall be subject to non-binding mediation.

15.2 Any such mediation shall be conducted in Prescott, Arizona, or such other city as the parties shall mutually agree, and shall be conducted by and under the auspices of the Mediation Center of Yavapai County, unless the parties mutually agree to a different mediator. The mediation proceedings are confidential and no stenographic, visual or audio record shall be made. All conduct, statements, promises, offers, views, documents, records, papers and opinions, whether oral or written, made or delivered in the course of the mediation proceedings by any of the parties to the dispute, their agents, employees or representatives, and by the mediator (who will be the joint agent of the parties for the purpose of the mediation proceedings), are confidential and shall be kept confidential by all parties to the dispute and the

mediator. Such conduct, statements, promises, offers, views, documents, records, papers and opinions shall not be discoverable or admissible for any purposes, and shall not be disclosed to anyone not a party to the disputes; provided, however, that (a) the fact that the parties have reached a settlement of their dispute may be disclosed to anyone, (b) by agreement of the parties, the settlement agreement may be enforced by any court having jurisdiction, and (c) these provisions are subject to any requirements of Arizona's Public Records and Open Meetings laws.

15.3 Reservations of Rights. Nothing in this Agreement shall be deemed to (a) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (b) limit the right of either Party to obtain from a court provisional or ancillary remedies such as, but not limited to, injunctive relief. The parties may attempt to obtain such provisional or ancillary remedies before, during, or after the pendency of any mediation proceeding conducted pursuant to this Agreement.

16. DEFAULT AND REMEDIES.

16.1 Default. The parties agree that in the event of a failure by a Party to perform any obligation of that Party under this Agreement (an "Event of Default"), the Party in default or breach shall have sixty (60) days following delivery of written notice of default to cure such default or breach and, if a non-monetary default or breach cannot be reasonably cured within such sixty (60) day period, such reasonable time thereafter to cure the non-monetary default or breach, provided that the defaulting Party is diligently pursuing the cure of the non-monetary default or breach. In no event shall the cure period exceed sixty (60) days, except as otherwise agreed to in writing.

16.2 Remedy Upon Default by Prescott Valley. If Prescott Valley has not cured its default or breach of this Agreement within the time period set forth in Section 16.1 herein, (a) all amounts then due and payable shall accrue interest at twelve percent (12%) simple interest per annum until all outstanding amounts due are paid in full, and (b) Prescott shall have the right to pursue any other rights available to Prescott at law or in equity.

16.3 Remedy Upon Default by Prescott. If Prescott has not cured its default or breach of this Agreement within the time period set forth in Section 16.1 herein, Prescott Valley's sole remedies shall be to (a) waive such breach and proceed with performance in accordance with the terms and conditions of this Agreement, or (b) file in a court of law an action for specific performance. Each Party to this Agreement hereby waives its right to claim or file any complaint or demand seeking consequential damages, lost profits or punitive damages from the other Party.

16.4 Remedy Upon Inability to Obtain Permits and Approvals. In the event Prescott Valley is unable to obtain any necessary Permits and Approvals to utilize Project Water as contemplated by this Agreement for assured supply purposes on or before the award of contract for the construction of the Pipeline, Prescott will return to Prescott Valley any and all monies paid to Prescott by Prescott Valley pursuant to this Agreement within one hundred twenty (120) days of written notice by Prescott Valley to Prescott and, in that event, this Agreement shall have no further force and effect. Prescott shall give written notice to Prescott Valley at least thirty

(30) days prior to the award of the foregoing contract, and Prescott Valley shall give written notice to Prescott of its intent to exercise this remedy at least one (1) day prior to the award of bid; provided, however, that notwithstanding the foregoing, in the event that Prescott cannot utilize project water for its Assured Water Supply in the amounts contemplated by this Agreement or in the amount of 8,717 acre feet as allowed pursuant to the letter from ADWR dated August 21, 2003, Prescott has the option of terminating this Agreement and liquidating the property in accordance with Section 12.3 herein, and (except as set forth in Section 12.3 herein) neither party shall have any claim for reimbursement from the other for any costs or expenses incurred pursuant to this Agreement. This Section 16.4 shall be of no further force and effect upon award of a bid for the construction of the Pipeline by Prescott.

16.5 Force Majeure. No Party shall be liable to any other Party for failure, default or delay in performing any of its obligations hereunder, other than for the payment of money obligations specified herein, in case such failure, default or delay is caused by strikes or other labor problems; forces and nature; unavoidable accident; fire; acts of the public enemy; interference by civil authorities; passage of laws; orders of the court; adoption of rules or ordinances; acts, failures to act, decisions or orders or regulations of any governmental or military body or agency, office or commission; the failure of a governmental agency or a private entity to issue a Permit and Approval or the issuance of a Permit and Approval subject to conditions causing a material delay in construction of the Pipeline or an Interconnection Line or the withdrawal of water from the Ranch Well Field; or any other cause, whether or not of similar nature, not within the control of the Party affected and which, by the exercise of due diligence, such Party is unable to prevent or mitigate the outcome ("Force Majeure Matters"); provided, however, that the Party's failure, default or delay in performance shall be excused only for so long as such cause or event is present. Should any such Force Majeure Matter occur, the parties agree to proceed with diligence to do what is reasonable and necessary with respect to the Force Majeure Matter so that each Party may perform its obligations under this Agreement.

17. MISCELLANEOUS PROVISIONS.

17.1 Survival. The provisions of this Agreement which release any Party from liability or which extend indemnity or "hold harmless" terms from one Party to another are expressly intended by the parties to survive any termination or cancellation of this Agreement.

17.2 Third-Party Beneficiaries. Except as specifically provided in Section 14.2 herein, the parties intend that there be no third-party beneficiaries to this Agreement.

17.3 Notices and Filings. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally or sent by certified United States mail, postage prepaid, return receipt requested, to:

Prescott: City of Prescott
201 South Cortez
Prescott, Arizona 86303
Attn: City Manager

With a copy to: City of Prescott
P.O. Box 2059
Prescott, Arizona 86302
Attn: Public Works Director

Prescott Valley: Town of Prescott Valley
7501 East Civic Circle
Prescott Valley, Arizona 86314
Attn: Town Manager

With a copy to: Town of Prescott Valley
7501 East Civic Circle
Prescott Valley, Arizona 86314
Attn: Public Works Director

or to such other addresses as either Party may from time to time designate in writing and deliver in a like manner. Notices, filings, consents, approvals and communication given by mail shall be deemed delivered upon the earlier of actual delivery or twenty-four (24) hours following deposit in the U.S. mail, postage prepaid, and addressed as set forth above.

17.4 Amendments. Except as set forth herein, this Agreement may not be amended modified or terminated in any manner other than by an agreement in writing signed by the parties.

17.5 Construction. This Agreement shall be construed in accordance with the laws of the State of Arizona.

17.6 Headings. Headings or captions of Sections of this Agreement are for the convenience of the parties and shall not be deemed or interpreted to modify or amend substantive provisions of this Agreement.

17.7 Entire Agreement. This Agreement embodies the entire agreement of the parties in relation to the subject matter hereof. There are no representations, promises, warranties, understandings or agreements express or implied, oral or otherwise, in relation thereto, except those expressly referred to or set forth herein, and this Agreement shall supersede all previous communications, representations, or agreements regarding the subject matter hereof, either verbal or written, between the parties.

17.8 No Waiver. Any waiver of any of the terms of this Agreement shall not be construed as a waiver of any other terms of this Agreement and no waiver shall be effective unless made in writing. The failure of any Party to exercise any right with respect to any default shall not be deemed or construed to constitute a waiver of, or to preclude any Party from exercising any right with respect to such default at a later date.

17.9 Authorization to Sign. The parties hereby represent and agree that the persons whose signatures appear below have full authority on behalf of each of the parties to execute this Agreement.

17.10 Partial Validity. If any clause, sentence, term, or other portion of this Agreement shall become illegal, null, or void for any reasons or shall be held by any court of competent jurisdiction to be so, the remaining portions of this Agreement shall remain in full force and effect, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular clause, sentence, term, or portion held to be illegal, null or void.

17.11 Attorneys' Fees. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court. The parties further expressly covenant and agree that in the event of litigation arising from this Agreement, neither Party shall be entitled to an award of attorneys fees, either pursuant to the Agreement, pursuant to A.R.S. §12-341.01(A) and (B), or pursuant to any other state or federal statute.

17.12 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their respective legal representatives, successors, and assigns: provided, however, that no transfer or assignment that waives or releases Prescott Valley from its financial obligations as set forth in this Agreement shall be valid or binding unless Prescott provides prior written consent to the transfer or assignment.

17.13 Time of Essence. Time is of the essence to every provision hereof.

17.14 Exhibits. Exhibits "A" and "B" attached hereto are incorporated herein by this reference.

17.15 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. The signature pages from one (1) or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all parties may be physically attached to a single document.

[SIGNATURE PAGES FOLLOW]

"PRESCOTT"

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this 7th day of DEC., 2004.

ROWLE P. SIMMONS, Mayor

PURSUANT TO A.R.S. §11-952(D), THE FOREGOING AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY FOR THE CITY OF PRESCOTT, WHO HAS DETERMINED THAT THE AGREEMENT IS IN PROPER FORM AND IS WITHIN THE POWERS AND AUTHORITY GRANTED UNDER THE LAWS OF THIS STATE TO THE CITY OF PRESCOTT.

ATTEST:

MARIE L. WATSON, City Clerk

JOHN R. MOFFITT, City Attorney

SEAL

"PRESCOTT VALLEY"
PASSED, APPROVED AND ADOPTED by the Mayor and Common Council of the Town of Prescott Valley this 2 day of December 2004.

HARVEY C. SKOOG, Mayor

PURSUANT TO A.R.S. §11-952(D), THE FOREGOING AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY FOR THE TOWN OF PRESCOTT VALLEY, WHO HAS DETERMINED THAT THE AGREEMENT IS IN PROPER FORM AND IS WITHIN THE POWERS AND AUTHORITY GRANTED UNDER THE LAWS OF THIS STATE TO THE TOWN OF PRESCOTT VALLEY.

SEAL

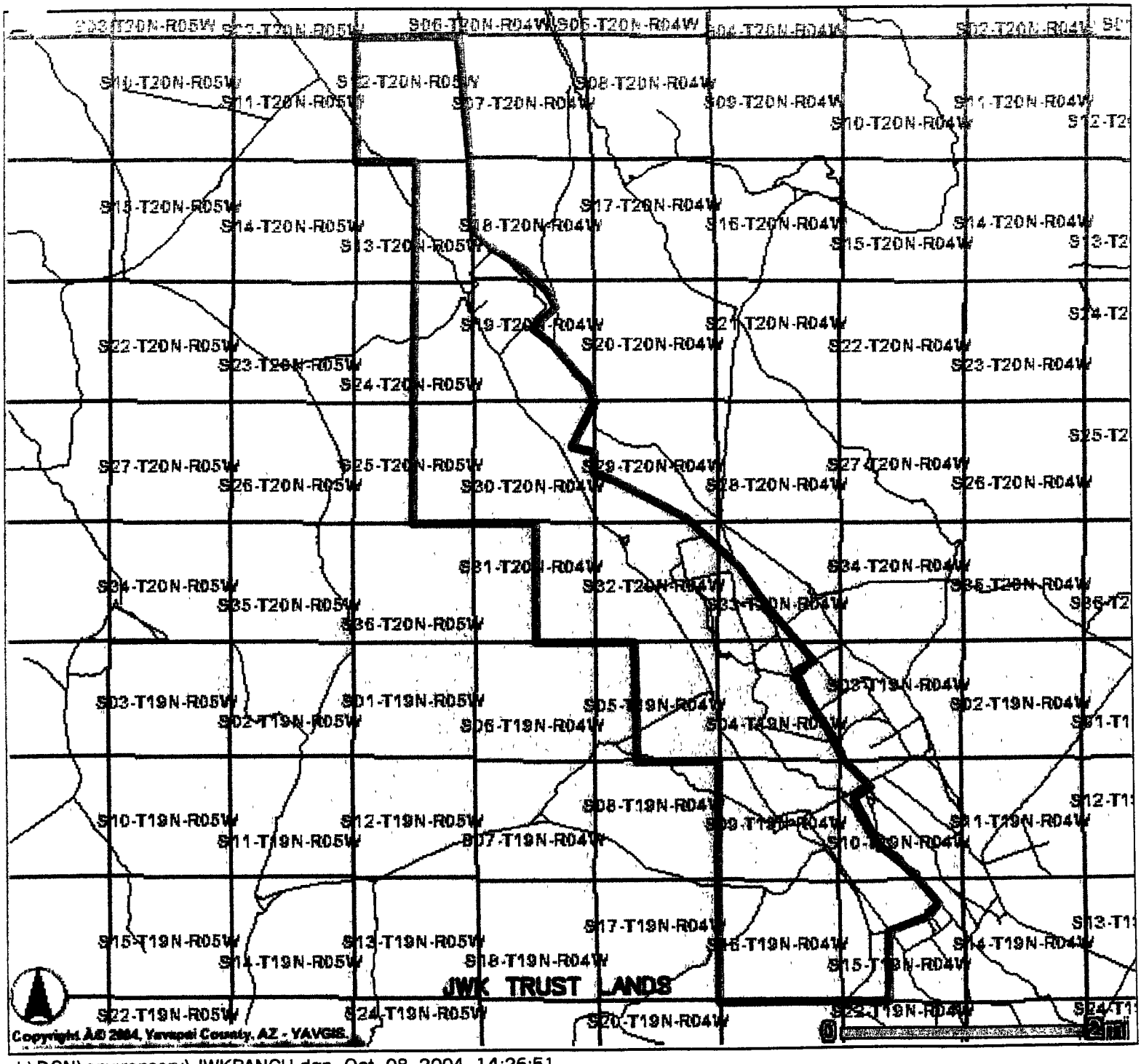
ATTEST:

DIANE RUSSELL, Town Clerk

IVAN LEGLER, Town Attorney

EXHIBIT "A"

JWK Ranch



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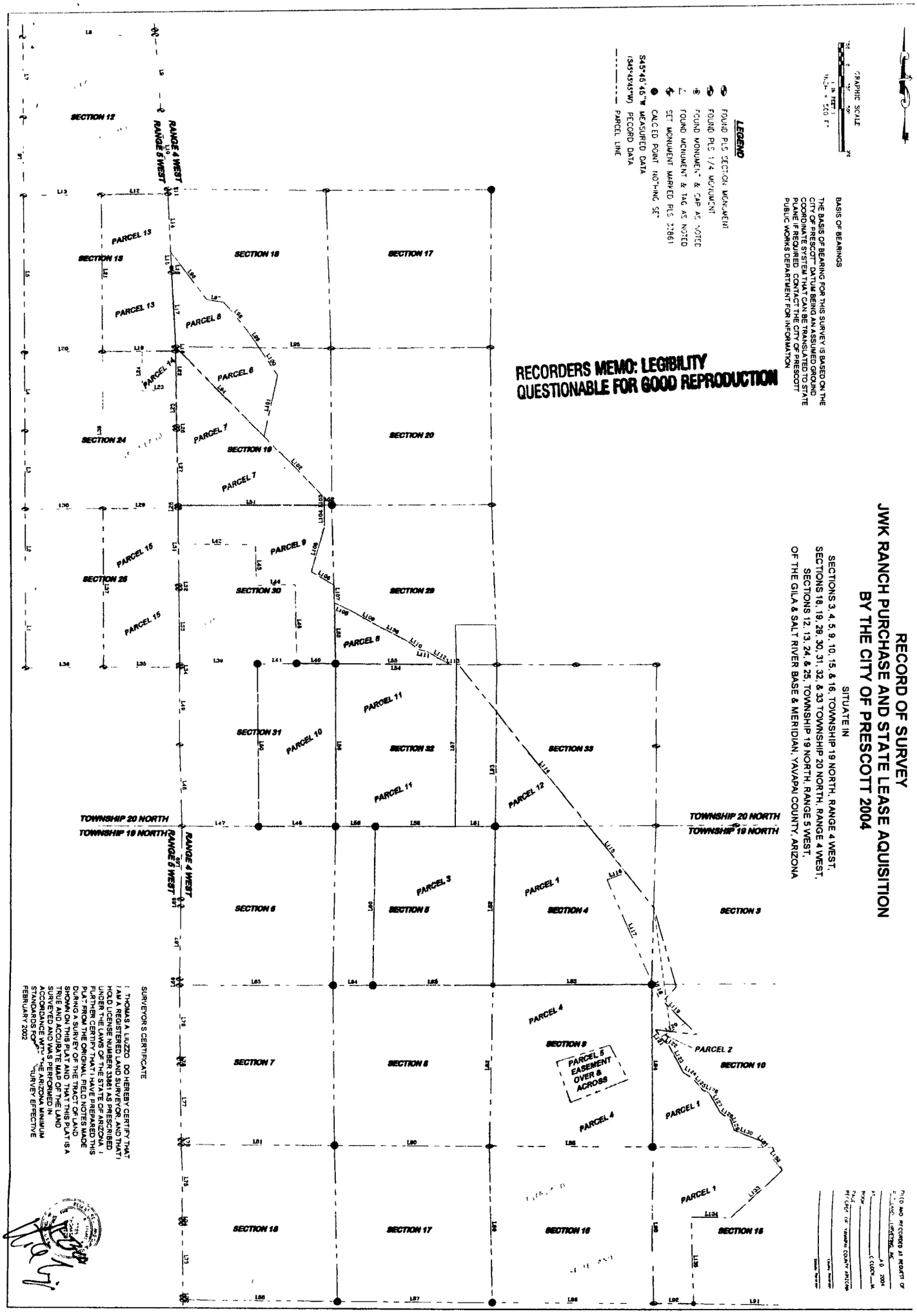
RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

RECORD OF SURVEY
JWK RANCH PURCHASE AND STATE LEASE AQUISITION
BY THE CITY OF PRESCOTT 2004

SITUATE IN
SECTIONS 3, 4, 5, 9, 10, 15, & 16, TOWNSHIP 19 NORTH, RANGE 4 WEST,
SECTIONS 18, 19, 29, 30, 31, 32, & 33 TOWNSHIP 20 NORTH, RANGE 4 WEST,
SECTIONS 12, 13, 24, & 25, TOWNSHIP 19 NORTH, RANGE 5 WEST,
OF THE GILA & SALT RIVER BASE & MERIDIAN, YAVAPAI COUNTY, ARIZONA



DRAWN	RST Land Surveying Inc 3720 N ROBERT ROAD STE 2 PRESCOTT VALLEY AZ 86314 TEL (928) 775 9890 FAX (928) 775 9891	RECORD OF SURVEY FOR LAND ACQUISITION PORTIONS OF TWP 19 AND 20 NORTH R4W T20N R5W, G&SRB&M YAVAPAI COUNTY, AZ JWK RANCH AND STATE LEASE LAND	WORK REQUESTED BY CITY OF PRESCOTT PUBLIC WORKS 433 NORTH VIRGINIA STREET PRESCOTT, ARIZONA 86302	REVISIONS
DATE 11-23-04				
SCALE 1"=1500				
SHEET				
OF THREE				

RECORD OF SURVEY
JWK RANCH PURCHASE AND STATE LEASE AQUISITION BY THE CITY OF PRESCOTT 2004

SITUATE IN
SECTIONS 3 4, 5, 9, 10, 15, & 16, TOWNSHIP 19 NORTH, RANGE 4 WEST
SECTIONS 18, 19, 29, 30, 31, 32, & 33 TOWNSHIP 20 NORTH, RANGE 4 WEST,
SECTIONS 12, 13, 24, & 25, TOWNSHIP 19 NORTH, RANGE 5 WEST,
OF THE GILA & SALT RIVER BASE & MERIDIAN, YAVAPAI COUNTY, ARIZONA

FILED AND RECORDED AT REQUEST OF
RST LAND SURVEYING, INC.
____ A D 2004
____ O CLOCK __ M
BOOK ____
PAGE ____
RECORDS OF YAVAPAI COUNTY ARIZONA
____ County Recorder
____ Deputy Recorder

JWK RANCH LEGAL DESCRIPTIONS

TOWNSHIP 19 NORTH RANGE 4 WEST

PARCEL 1 AND PARCEL 2

ALL THAT PORTION OF SECTION 3 SECTION 4 SECTION 10 AND SECTION 15 TOWNSHIP 19 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN YAVAPAI COUNTY ARIZONA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 15 BEING A 1/2" REBAR, SAID POINT BEING THE TRUE POINT OF BEGINNING

THENCE N 00°38'48"W, A DISTANCE OF 5,318 55 FEET

THENCE N 00°35'14"W, A DISTANCE OF 5,350 74 FEET

THENCE S 89°30'37"W A DISTANCE OF 5,276 91 FEET,

THENCE N 00°28'15"E A DISTANCE OF 5 214 48 FEET,

THENCE N 89°41'14"E, A DISTANCE OF 3,102 09 FEET

THENCE S 39°17'54"E A DISTANCE OF 1,980 05 FEET

THENCE S 70°25'26"W A DISTANCE OF 665 96 FEET,

THENCE S 24°24'50"E, A DISTANCE OF 3646 03 FEET

THENCE S 23°34'34"E, A DISTANCE OF 568 90 FEET,

THENCE S 45°24'19"E, A DISTANCE OF 1,251 03 FEET

THENCE S 60°38'13"W, A DISTANCE OF 935 93 FEET,

THENCE S 37°02'54"E, A DISTANCE OF 171 00 FEET

THENCE S 54°31'54"E A DISTANCE OF 180 00 FEET

THENCE S 29°22'54"E, A DISTANCE OF 1,055 80 FEET,

THENCE S 58°20'54"E, A DISTANCE OF 354 80 FEET,

THENCE S 41°43'54"E, A DISTANCE OF 517 90 FEET

THENCE S 63°58'54"E, A DISTANCE OF 206 10 FEET

THENCE S 30°35'10"E, A DISTANCE OF 744 41 FEET

THENCE S 55°50'39"E, A DISTANCE OF 424 89 FEET,

THENCE S 19°48'54"E, A DISTANCE OF 361.20 FEET,

THENCE S 68°26'54"E A DISTANCE OF 791 92 FEET

THENCE S 39°35'54"E, A DISTANCE OF 1,329.20 FEET,

THENCE S 45°23'51"W, A DISTANCE OF 2,297 34 FEET,

THENCE N 89°04'43"W, A DISTANCE OF 1,305 50 FEET,

THENCE S 00°48'43"E, A DISTANCE OF 2,982 00 FEET,

THENCE N 89°29'50"W, A DISTANCE OF 1,327 07 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 42,114 062 34 SQUARE FEET OR 966 81 ACRES, MORE OR LESS

PARCEL 3

GOVERNMENT LOTS 1, 2 AND 3 THE SOUTH HALF OF THE NORTHEAST QUARTER THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 5 TOWNSHIP 19 NORTH RANGE 4 WEST OF THE GILA & SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY ARIZONA

CONTAINING 20,861 755 20 SQUARE FEET OR 478 92 ACRES MORE OR LESS

PARCEL 4 & 5

ALL OF SECTION 9, TOWNSHIP 19 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY ARIZONA

CONTAINING 28,466 024 40 SQUARE FEET OR 653 49 ACRES MORE OR LESS

STATE LAND SECTION 16

ALL OF SECTION 16, TOWNSHIP 19 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN YAVAPAI COUNTY ARIZONA

CONTAINING 28,530,057 60 SQUARE FEET OR 654 96 ACRES MORE OR LESS

JWK RANCH LEGAL DESCRIPTIONS

TOWNSHIP 20 NORTH RANGE 4 WEST

PARCEL 6

ALL THAT PORTION OF SECTION 18, AND SECTION 19 TOWNSHIP 20 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN YAVAPAI COUNTY ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 18 BEING A U S G L O BRASS CAP SAID POINT BEING THE POINT OF BEGINNING

THENCE N 02°30'43"W, A DISTANCE OF 2,500 10 FEET,

THENCE N 02°23'22"W A DISTANCE OF 661 68 FEET,

THENCE S 37°14'33"E, A DISTANCE OF 1,990 00 FEET

THENCE S.82°14'33"E, A DISTANCE OF 565 00 FEET

THENCE S 39°14'33"E, A DISTANCE OF 1,220 00 FEET,

THENCE S 33°44'33"E, A DISTANCE OF 1,820 00 FEET,

THENCE S 12°45'27"W A DISTANCE OF 2,117 01 FEET,

THENCE N 44°12'30"W, A DISTANCE OF 4,219 65 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 9,462,929 71 SQUARE FEET OR 217 24 ACRES, MORE OR LESS

PARCEL 7

ALL THAT PORTION OF SECTION 19 TOWNSHIP 20 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 19 BEING A U S G L O BRASS CAP, SAID POINT BEING THE POINT OF BEGINNING,

THENCE N 01°02'14"W, A DISTANCE OF 2,559 33 FEET,

THENCE N 00°59'03"W, A DISTANCE OF 116 28 FEET,

THENCE N 00°15'41"W, A DISTANCE OF 2,527 55 FEET

THENCE N.00°33'12"W, A DISTANCE OF 143 19 FEET,

THENCE S 44°12'30"E, A DISTANCE OF 4,219 65 FEET,

THENCE S 44°27'34"E, A DISTANCE OF 2,868 65 FEET,

THENCE S 00°01'31"W, A DISTANCE OF 269 35 FEET,

THENCE S 89°51'47"W, A DISTANCE OF 4 883 09 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 13,739,216 51 SQUARE FEET OR 315 41 ACRES MORE OR LESS

PARCEL 8

ALL OF SECTION 29, TOWNSHIP 20 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN YAVAPAI COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 29 BEING CALCULATED BY METHODS OF DOUBLE PROPORTION, SAID POINT BEING THE TRUE POINT OF BEGINNING,

THENCE N 00°58'29"W A DISTANCE OF 2,031 10 FEET,

THENCE S 65°58 29"E A DISTANCE OF 535 00 FEET,

THENCE S 60°28'29"E A DISTANCE OF 1,225 00 FEET

THENCE S 61°58'29"E A DISTANCE OF 1 050 00 FEET

THENCE S 54°58'29"E, A DISTANCE OF 450 00 FEET,

THENCE S 79°58'29"E A DISTANCE OF 250 00 FEET

THENCE S 59°29'56"E, A DISTANCE OF 865 09 FEET

THENCE N 89°37'29"W A DISTANCE OF 3 807 04 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 3,923 096 57 SQUARE FEET OR 90 06 ACRES MORE OR LESS

JWK RANCH LEGAL DESCRIPTIONS

TOWNSHIP 20 NORTH RANGE 4 WEST (CONTINUED)

PARCEL 9

ALL THAT PORTION OF SECTION 30 TOWNSHIP 20 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN YAVAPAI COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT THE NORTHWEST CORNER OF SECTION 30 BEING A U S G L O BRASS CAP, SAID POINT BEING THE POINT OF BEGINNING

THENCE N 89°51'47"E, A DISTANCE OF 4 883 09 FEET,

THENCE S 00°01'31"W, A DISTANCE OF 765 12 FEET

THENCE S 17°01'31"W, A DISTANCE OF 1,500 00 FEET,

THENCE S 59°16'24"E, A DISTANCE OF 865 07 FEET

THENCE S 01°31'10"E, A DISTANCE OF 610 01 FEET

THENCE S 00°58'29"E, A DISTANCE OF 2,031 10 FEET,

THENCE N 89°37'29"W, A DISTANCE OF 1,298 94 FEET,

THENCE N 00°57'52"W, A DISTANCE OF 2,638 17 FEET,

THENCE S.89°14'43"W, A DISTANCE OF 1,291 84 FEET,

THENCE N 00°44'58"W, A DISTANCE OF 1 340 31 FEET,

THENCE N 89°49'19"W, A DISTANCE OF 2,577 31 FEET

THENCE N 00°21'21"W, A DISTANCE OF 1,292 87 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 12,486,609.90 SQUARE FEET OR 286 53 ACRES, MORE OR LESS

PARCEL 10

THE WEST HALF OF SECTION 31 TOWNSHIP 20 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA

CONTAINING 13,937,467 60 SQUARE FEET OR 319 96 ACRES, MORE OR LESS

PARCEL 11

THE WEST HALF AND THE WEST HALF OF THE EAST HALF OF SECTION 32, TOWNSHIP 20 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY ARIZONA

CONTAINING 21 591,820 80 SQUARE FEET OR 495 68 ACRES, MORE OR LESS

PARCEL 12

ALL THAT PORTION OF SECTION 33 TOWNSHIP 20 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

COMMENCING AT THE NORTHWEST CORNER OF SECTION 33 BEING A U S G L O BRASS CAP, THENCE S 00°28'35"W, A DISTANCE OF 1,559 98 FEET TO THE TRUE POINT OF BEGINNING,

THENCE S 39°17'54"E, A DISTANCE OF 4 848 28 FEET

THENCE S 89°41'14"W A DISTANCE OF 3,102 09 FEET,

THENCE N 00°28'35"E, A DISTANCE OF 3 768 95 FEET TO THE TRUE POINT OF BEGINNING

CONTAINING 5 845 268 85 SQUARE FEET OR 134 19 ACRES MORE OR LESS

STATE LAND SECTION 30

THE SOUTH HALF OF THE NORTHWEST QUARTER THE WEST HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 30 TOWNSHIP 20 NORTH RANGE 4 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY ARIZONA

CONTAINING 13 764 524 40 SQUARE FEET OR 315 99 ACRES, MORE OR LESS

JWK RANCH LEGAL DESCRIPTIONS

TOWNSHIP 20 NORTH RANGE 5 WEST

STATE LAND SECTION 12

ALL OF IRREGULAR SECTION 12 TOWNSHIP 20 NORTH RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA

CONTAINING 24,812,647 20 SQUARE FEET OR 569 62 ACRES, MORE OR LESS

PARCEL 13

THE EAST HALF OF IRREGULAR SECTION 13, TOWNSHIP 20 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA

CONTAINING 12,426,796 80 SQUARE FEET OR 285 28 ACRES, MORE OR LESS

PARCEL 14

LOT 1 OF IRREGULAR SECTION 24, TOWNSHIP 20 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA

CONTAINING 1 499,770 80 SQUARE FEET OR 34 43 ACRES, MORE OR LESS

STATE LAND SECTION 24

LOT 2, LOT 3, AND LOT 4 AND THE WEST HALF OF THE EAST HALF OF IRREGULAR SECTION 24 TOWNSHIP 20 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA

CONTAINING 11 676,693 60 SQUARE FEET OR 268 06 ACRES, MORE OR LESS

PARCEL 15

THE EAST HALF OF IRREGULAR SECTION 25, TOWNSHIP 20 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY ARIZONA

CONTAINING 13 456,556 20 SQUARE FEET OR 308 92 ACRES, MORE OR LESS

SURVEYOR'S CERTIFICATE

I THOMAS A LIUZZO DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND THAT I HOLD LICENSE NUMBER 33861 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF ARIZONA, I FURTHER CERTIFY THAT I HAVE PREPARED THIS PLAT FROM THE ORIGINAL FIELD NOTES MADE DURING A SURVEY OF THE TRACT OF LAND SHOWN ON THIS PLAT AND THAT THIS PLAT IS A TRUE AND ACCURATE MAP OF THE LAND SURVEYED AND WAS PERFORMED IN ACCORDANCE WITH THE ARIZONA MINIMUM STANDARDS FOR LAND SURVEY EFFECTIVE FEBRUARY 2002

WORK REQUESTED BY
CITY OF PRESCOTT
PUBLIC WORKS
433 NORTH VIRGINIA STREET
PRESCOTT, ARIZONA 86302

RECORD OF SURVEY FOR LAND ACQUISITION
PORTIONS OF TWP 19 AND 20 NORTH R4W
T20N R5W, G&SRB&M YAVAPAI COUNTY, AZ

JWK RANCH AND STATE LEASE LAND

RST Land Surveying Inc
3720 N ROBERT ROAD STE 2
PRESCOTT VALLEY AZ 86314
TEL (928) 775-9890 FAX (928) 775-9891

DRAWN
DATE 11-23-04
SCALE 1" = 500
SHEET 2
OF THREE

BK 4214 PG 98 FEE#3798007

RECORD OF SURVEY
JWK RANCH PURCHASE AND STATE LEASE AQUISITION
BY THE CITY OF PRESCOTT 2004

SITUATE IN

SECTIONS 3, 4, 5, 9, 10, 15, & 16, TOWNSHIP 19 NORTH, RANGE 4 WEST,
SECTIONS 18, 19, 29, 30, 31, 32, & 33 TOWNSHIP 20 NORTH, RANGE 4 WEST,
SECTIONS 12, 13, 24, & 25, TOWNSHIP 19 NORTH, RANGE 5 WEST,
OF THE GILA & SALT RIVER BASE & MERIDIAN, YAVAPAI COUNTY, ARIZONA

FILED AND RECORDED AT REQUEST OF
ASTI LAND SURVEYING INC
AD 2004
AT O'CLOCK M
BK PG
PAGE
RECORDS OF YAVAPAI COUNTY ARIZONA
County Recorder
Deputy Recorder

LINE TABLE		
LINE	LENGTH	BEARING
L1	4653.72	N00°10'21"W
L2	2641.98	N00°11'27"W
L3	2641.49	N00°00'36"W
L4	2641.57	N00°02'01"W
L5	5291.34	N00°00'50"W
L6	2642.52	N00°00'54"E
L7	2647.21	N00°00'54"W
L8	4495.21	N89°39'16"E
L9	2425.43	S04°15'25"E
L10	2647.28	S04°14'03"E
L11	95.14	S04°15'02"E
L12	2640.88	S89°32'30"W
L13	2643.47	S89°28'27"W
L14	482.50	S02°23'22"E
L15	507.11	S02°23'22"E
L16	154.57	S02°23'22"E
L17	2500.10	S02°30'43"E
L18	143.19	S00°33'12"E
L19	2459.03	S89°31'11"W
L20	2644.25	S89°32'36"W
L21	5285.84	N00°01'19"W
L22	1323.80	S00°15'41"E
L23	1143.52	S89°50'09"W
L24	1317.67	N00°02'25"E
L25	1203.75	S00°15'41"W
L26	116.28	S00°59'03"E
L27	2559.33	S01°02'14"E
L28	93.00	S00°16'34"W
L29	2518.51	S89°39'31"W
L30	2641.89	S89°39'02"W
L31	2557.41	S00°21'21"E
L32	116.34	S00°51'18"E
L33	2541.19	S00°23'52"E
L34	99.56	S00°23'41"E
L35	2552.63	S89°59'49"W
L36	2643.82	S89°18'12"W
L37	5299.57	N00°02'34"W
L38	5290.01	N00°00'12"E
L39	2600.52	S89°19'31"W
L40	1298.94	N89°37'29"W
L41	1301.74	S89°19'28"W
L42	2577.31	S89°49'19"E
L43	1346.31	S00°44'58"E
L44	1291.84	N89°14'43"E
L45	2638.17	S00°57'52"E
L46	2560.12	S89°41'14"W
L47	2560.12	S89°41'14"W
L48	2731.15	N01°47'50"W
L49	2554.23	N00°10'29"W
L50	5400.58	S00°34'17"E
L51	4883.09	N89°51'47"E
L52	253.49	S88°54'44"E
L53	2031.10	N00°58'29"W
L54	4043.28	S89°37'29"E
L55	3807.04	S89°37'29"E
L56	5399.19	S00°08'31"E
L57	5344.94	S00°19'17"W
L58	2666.67	S89°41'14"W
L59	1333.33	S89°41'14"W
L60	5217.16	N00°29'30"E
L61	1333.33	N89°41'14"E
L62	5274.48	S00°28'15"W
L63	4001.94	S89°38'57"W
L64	1331.76	S89°38'57"W
L65	5117.29	S89°38'57"W
L66	198.03	N00°18'49"E
L67	2411.21	N00°28'33"E
L68	229.84	N00°06'37"E
L69	2382.23	N00°26'58"E
L70	98.70	N01°09'47"W
L71	2523.81	N01°11'52"W
L72	118.93	N01°44'32"W
L73	2511.50	N01°05'25"W
L74	138.66	N00°49'50"W
L75	2477.54	N01°04'53"W
L76	158.48	N00°52'39"W
L77	2462.01	N01°00'50"W
L78	78.20	N01°29'28"W
L79	2446.08	N00°56'48"W
L80	5185.77	N89°59'14"W
L81	5131.25	S89°59'26"W
L82	5098.81	N00°48'13"E

LINE TABLE		
LINE	LENGTH	BEARING
L83	5276.91	N89°36'37"E
L84	5250.74	S00°35'14"E
L85	5466.01	S89°58'08"W
L86	5350.75	N89°44'39"W
L87	5162.16	N89°53'02"W
L88	5139.35	N89°36'37"W
L89	5292.63	N01°14'56"W
L90	5318.55	S00°38'48"E
L91	4025.34	N89°05'34"W
L92	1327.07	N89°29'50"W
L93	3768.95	N00°28'35"E
L94	4219.65	S44°12'30"E
L95	2395.70	N89°21'18"W
L96	990.00	S37°14'33"E
L97	565.00	S82°14'33"E
L98	1220.00	S39°14'33"E
L99	703.35	S33°44'33"E
L100	1116.65	S33°44'33"E
L101	2117.01	S18°45'27"W
L102	2858.65	S44°27'34"E
L103	269.35	S00°01'31"W
L104	765.12	S00°01'31"W
L105	1500.00	S17°01'31"W
L106	865.07	S59°16'24"E
L107	610.01	S01°31'10"E
L108	535.00	S65°58'29"E
L109	1225.00	S60°28'29"E
L110	450.00	S54°58'29"E
L111	250.00	S79°58'29"E
L112	865.09	S59°29'56"E
L113	236.24	S89°37'29"E
L114	4848.28	S39°17'54"E
L115	980.05	S39°17'54"E
L116	665.96	S70°25'26"W
L117	3646.03	S24°24'50"E
L118	568.90	S23°34'34"E
L119	1251.03	S45°24'19"E
L120	935.93	S60°38'13"W
L121	171.00	S37°02'54"E
L122	180.00	S54°31'54"E
L123	1055.80	S29°22'54"E
L124	354.80	S58°20'54"E
L125	517.90	S41°43'54"E
L126	206.10	S63°58'54"E
L127	744.41	S00°35'10"E
L128	424.89	S55°50'39"E
L129	36.20	S19°48'54"E
L130	791.92	S68°25'54"E
L131	347.28	S39°35'54"E
L132	981.92	S39°35'54"E
L133	3297.34	S45°23'51"W
L134	1015.50	N89°04'43"W
L135	3982.00	S00°48'43"E
L136	1053.00	S61°58'25"E

SURVEYOR'S NOTES

1) THIS SURVEY WAS PERFORMED BY MY ASSIGNS IN SEPTEMBER, OCTOBER AND NOVEMBER OF THE YEAR 2004 THE CREWS WERE COMPRISED OF MAX MELWING, TERRY WILSON RLS, SAM ROWLEY JACOB WILSON, AND KAREY ROWLEY LS THIS PLAT WAS PREPARED BY ME BASED ON THE INFORMATION OBTAINED IN THAT SURVEY I VISITED THE SITE IN SEPTEMBER, OCTOBER AND NOVEMBER 2004

2) ALL EASEMENTS MAY NOT BE SHOWN ON THIS DRAWING THIS DRAWING WAS PREPARED WITH THE BENEFIT OF THE TITLE REPORT PROVIDED BY THE OWNER AS DETAILED IN THESE NOTES IT WAS TO ESTABLISH THE LEGAL DESCRIPTIONS OF THE JWK RANCH PROPERTY TO BE SOLD TO THE CITY OF PRESCOTT A MAP WAS PROVIDED BY THE CITY OF PRESCOTT LEGAL DEPARTMENT DEPICTING THE OVERALL INTENT TO INCLUDE STATE LAND AS DETAILED HEREON

3) THE WORD CERTIFY AS SHOWN OR USED HEREON MEANS AN EXPRESSION OF PROFESSIONAL OPINION REGARDING THE FACTS OF THE SURVEY AND DOES NOT CONSTITUTE A WARRANTY OR GUARANTEE EXPRESSED OR IMPLIED

4) THE INTENT OF THIS SURVEY IS TO VERIFY THE BOUNDARIES OF THE REFERENCED PARCELS IN CONJUNCTION WITH THE LEGAL DESCRIPTION IN TITLE COMMITMENT #08009549 PROVIDED BY STEWART TITLE GUARANTY COMPANY

5) THE BOUNDARY WAS ESTABLISHED BY USING RECORD DOCUMENTS, FOUND MONUMENTATION AND ITEMS DETAILED IN THE TITLE REPORT AS AS NOTED HEREON NO MONUMENTS WERE SET AT THE TIME OF PUBLISHING OF THIS SURVEY AT THE REQUEST OF THE OWNERS THE PROPORTIONED POSITIONS ARE IN ACCORDANCE WITH THE INSTRUCTIONS FOR SURVEY OF PUBLIC LANDS OF THE UNITED STATES, 1973

6) THE AREAS AS SHOWN HEREON ARE BASED ON ANY COMBINATION OF FOUND MONUMENTATION, LINES AS ESTABLISHED WITHIN THE AFOREMENTIONED LEGAL DESCRIPTIONS, LINES OF OCCUPATION AND CALCULATED POINTS PER APPLICABLE MANUALS AND STATUTES

7) SOURCE DOCUMENTS USED IN ADDITION TO THE TITLE REPORT
BLM PLAT #3166 WITH APPLICABLE FIELD NOTES
BLM PLAT #3213 WITH APPLICABLE FIELD NOTES
BLM PLAT #3214 WITH APPLICABLE FIELD NOTES
BLM PLAT #3215 WITH APPLICABLE FIELD NOTES
BLM PLAT #3217 WITH APPLICABLE FIELD NOTES
BOOK 4 OF MAPS PAGE 40

JWL RANCH PARCELS

PARCEL	AREA
1 & 2	966 81 ACRES±
3	478 92 ACRES±
4	594 11 ACRES ±
5	59 38 ACRES ±
6	217 24 ACRES ±
7	315 41 ACRES ±
8	90 06 ACRES ±
9	286 53 ACRES ±
10	319 96 ACRES ±
11	495 68 ACRES ±
12	134 19 ACRES ±
13	285 28 ACRES ±
14	34 43 ACRES ±
15	308 92 ACRES ±
TOTAL	4486 92 ACRES ±

STATE LAND

SECTION	AREA
16 T19N R4W	654 96 ACRES ±
30 T20N R4W	315 99 ACRES ±
12 T20N R5W	569 62 ACRES ±
24 T20N R5W	268 06 ACRES ±
TOTAL	1808 63 ACRES±

RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

SURVEYOR S CERTIFICATE

I THOMAS A LIUZZO DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND THAT I HOLD LICENSE NUMBER 33661 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF ARIZONA I FURTHER CERTIFY THAT I HAVE PREPARED THIS PLAT FROM THE ORIGINAL FIELD NOTES MADE DURING A SURVEY OF THE TRACT OF LAND SHOWN ON THIS PLAT AND THAT THIS PLAT IS A TRUE AND ACCURATE MAP OF THE LAND SURVEYED AND WAS PERFORMED IN ACCORDANCE WITH THE ARIZONA MINIMUM STANDARDS FOR LAND SURVEY EFFECTIVE FEBRUARY 02

WORK REQUESTED BY
CITY OF PRESCOTT
PUBLIC WORKS
433 NORTH VIRGINIA STREET
PRESCOTT, ARIZONA 86302

RECORD OF SURVEY FOR LAND ACQUISITION
PORTIONS OF TWP 19 AND 20 NORTH R4W
T20N R5W, G&SRB&M YAVAPAI COUNTY, AZ

GENERAL NOTES & TABLES

ASTI Land Surveying Inc
7720 N ROBERT ROAD STE 2
PRESCOTT VALLEY AZ 86314
TEL (928) 775-9000 FAX (928) 775-9991

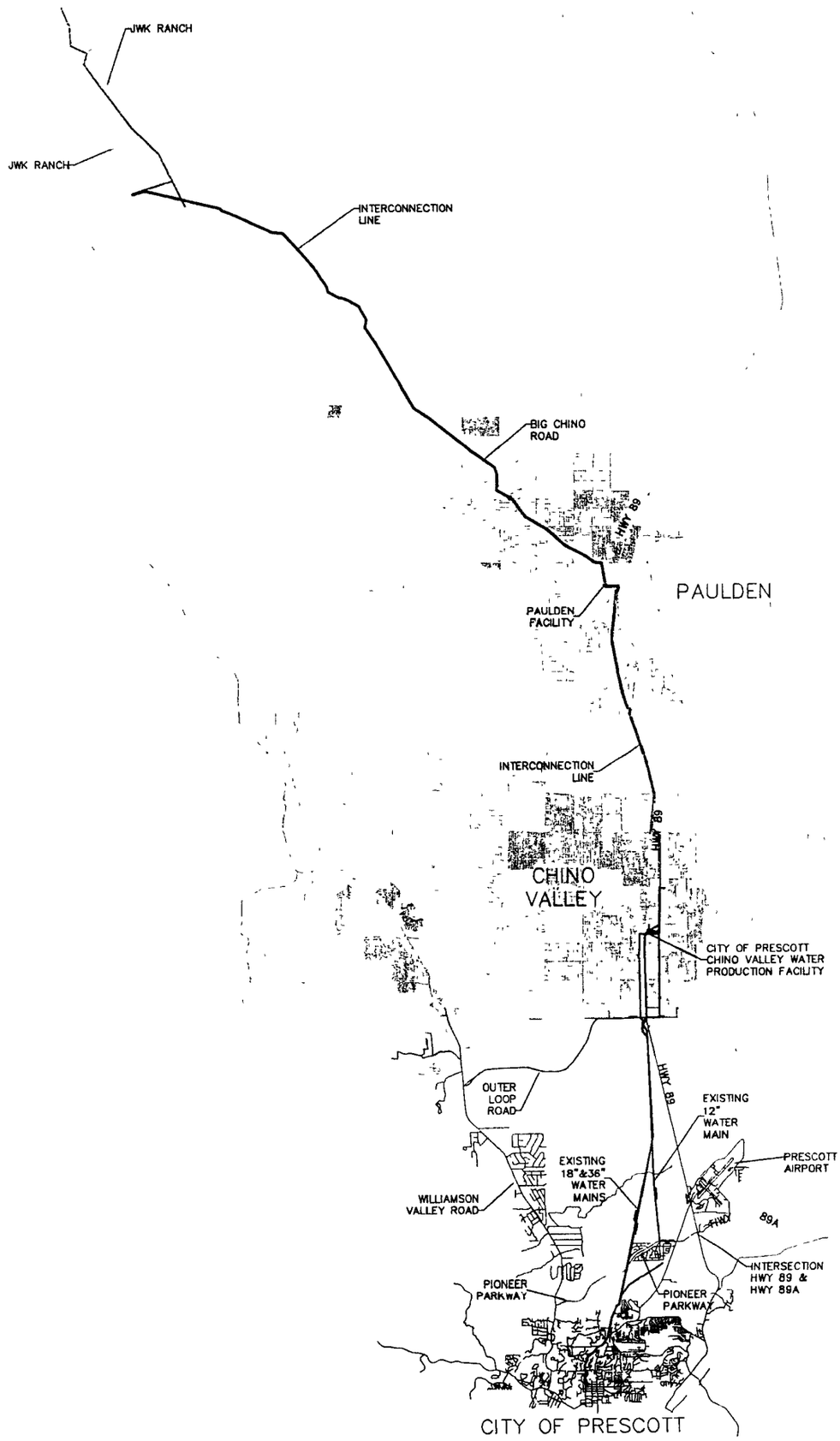
DRAWN
DATE 11-23-04
SCALE 1" = 1500'
SHEET 3 OF THREE

EXHIBIT "B"

Project Description

JWK RANCH PROJECT
EXHIBIT B

RECORDERS MEMO: LEGIBILITY QUESTIONABLE FOR GOOD REPRODUCTION



CIVITEC engineering inc.

RESOLUTION NO. 3643

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE CITY OF PRESCOTT TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE TOWN OF PRESCOTT VALLEY FOR THE SALE OF WATER AND COST PARTICIPATION WITH RESPECT TO THE ACQUISITION OF THE JWK RANCH AND CONSTRUCTION AND OPERATION OF A WATER TRANSMISSION LINE, AUTHORIZING THE MAYOR AND STAFF TO TAKE ANY AND ALL STEPS NECESSARY TO ACCOMPLISH THE ABOVE AND DECLARING AN EMERGENCY

WHEREAS, pursuant to A.R.S. §45-555(E), Prescott is authorized to withdraw and transport up to 14,000 acre-feet of water per year from the Big Chino Groundwater Subbasin, a portion of which Prescott may make available to users in the Prescott Active Management Area; and

WHEREAS, Prescott Valley desires to take delivery of a portion of the Project Water as defined hereinafter.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

Section 1. THAT the City of Prescott hereby approves the attached Intergovernmental Agreement with Prescott Valley for the sale of water and cost participation, attached hereto as Exhibit "A".

Section 2. THAT the Mayor and Staff are hereby authorized to execute the attached Intergovernmental Agreement and to take any and all steps deemed necessary to accomplish the above.

SECTION 3. THAT the immediate operation of the provisions of this Resolution is necessary for the immediate preservation of the public peace, health or safety, and that an EMERGENCY is hereby declared to exist; and THIS RESOLUTION SHALL BE IN FULL FORCE AND EFFECT FROM AND AFTER ITS PASSAGE, ADOPTION AND APPROVAL BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT

RESOLUTION NO. 3643

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this 7th day of DECEMBER, 2004.

ROWLE P. SIMMONS, Mayor

ATTEST:

MARIE L. WATSON
City Clerk

APPROVED AS TO FORM:

JOHN R. MOFFITT
City Attorney