

## MEMORANDUM OF COOPERATION

This Memorandum of Cooperation ("Memorandum") is entered into this \_\_\_ day of \_\_\_\_\_, 2021, by and between Arizona Water Company, an Arizona corporation ("Arizona Water"); the City of Casa Grande, an Arizona municipal corporation (the "City"); and Copper Mountain Ranch Community Facilities District, an Arizona community facilities district created by the City pursuant to Arizona Revised Statutes Title 48, Chapter 4, Article 6 (the "CFD"). Each of Arizona Water, the City, and the CFD are referred to individually as a "Party" and collectively as the "Parties."

### RECITALS

A. The Copper Mountain Ranch Development includes approximately 5,500 acres of undeveloped real property located within the City boundaries and northwest of downtown Casa Grande in Pinal County, Arizona (the "Real Property").

B. The owners and developers with land holdings within the Copper Mountain Ranch Development plan to subdivide the Real Property and construct residential and commercial improvements on the Real Property. The Real Property and the current and future improvements are referred to in this Memorandum as the Development.

C. Arizona Water is a public service corporation subject to the jurisdiction of the Arizona Corporation Commission (the "Commission"). Arizona Water's Pinal Valley water system provides public utility water service in the vicinity of Casa Grande, Arizona, pursuant to one or more Certificates of Convenience and Necessity ("CCN") the Commission issued to Arizona Water. Portions of the Development lie within Arizona Water's CCN.

D. The Development is also located within the boundaries of the CFD.

E. ANCCC, LLC, one of the owners of real property within the Development, has applied for a Certificate of Assured Water Supply ("CAWS") from the Arizona Department of Water Resources ("ADWR"). ADWR has not yet issued a CAWS to ANCCC.

F. In 2002, the CFD purchased the assets of the Anderson Brothers Water Company and the Mohawk Water Company (together "Anderson-Mohawk") as a water ranch to provide water supply for Copper Mountain Ranch. The CFD applied to the Arizona Corporation Commission to approve the sale of assets of Anderson-Mohawk as well as to delete the Anderson-Mohawk CCNs and obtained such approvals.<sup>1</sup> In August of 2003, the CFD applied for and secured a Designation of Assured Water Supply for 4,113 acre-feet (the "Designation"), based on groundwater physically available in the vicinity of Anderson-Mohawk, which by the Designation's terms is an assured water supply for future subdivisions in the Development. On the same day the Designation was secured, the Anderson-Mohawk water system was transferred to the City by emergency declaration, and through this transfer, the City also secured the Designation.

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<sup>1</sup> See ACC Docket Numbers W-0224A-01-0802 and W-02558A-01-0803 and ACC Decision Number 64361.

G. The Parties wish to cooperate to use the City's Designation to allow property owners and developers within the Copper Mountain Ranch development to record subdivision plats within the Development and to ultimately provide water to the Development from the Anderson-Mohawk service area, ADWR Service Area Right Number 56-001356.0001. The Parties also wish to work cooperatively to find ways to fund, design, permit, and construct water infrastructure facilities to provide public utility water service to the Development from Arizona Water's Pinal Valley water system for an interim period of time until water infrastructure is constructed or otherwise available on a permanent basis that will deliver water to the development from the Anderson-Mohawk water system.

H. The Parties acknowledge that designing, permitting, and constructing water infrastructure necessary to provide water to the Development from the Anderson-Mohawk service area may be cost-prohibitive for the initial phases of the Development. The Parties acknowledge that a more cost-effective solution to provide water to the Development is for Arizona Water to extend water infrastructure from its Pinal Valley water system to the Development for an interim period of time.

I. The Parties have identified various agreements they anticipate they will need to prepare and have the various governing bodies formally consider and approve, as well as other actions they will need to take in order to accomplish the purposes set forth in this Memorandum.

## MEMORANDUM

Therefore, in consideration of the mutual agreements, covenants, promises, representations, and understandings contained in this Memorandum, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree to utilize this Memorandum to establish parameters and a framework as follows.

### 1. COOPERATION AMONG THE PARTIES.

**A. Agreements.** The Parties anticipate they will need to prepare and formally consider various interim and long-term operational, maintenance, infrastructure, supply, wheeling, and funding agreements, either separately or in combination, to allow developers to record subdivision plats within the Development and for Arizona Water and the City to provide water to the Development and to fund, design, permit, and construct water infrastructure facilities necessary for public utility water service to the Development.

**B. Good Faith Cooperation.** The Parties will cooperate in good faith to diligently identify, negotiate, prepare, and consider the various agreements and such other agreements the Parties may hereafter identify (each an "Agreement" and together the "Agreements") as necessary or helpful to allow developers to record subdivision plats within the Development and for Arizona Water and the City to provide water to the Development and to fund, design, permit, and construct water infrastructure facilities necessary for public utility water service to the Development.

**C. Process.**

- i. The Parties will prepare term sheets that set forth the essential terms of each respective Agreement before preparing such Agreements. The Parties to the Agreements described by each term sheet will sign each such term sheet before the Parties begin to prepare each respective Agreement. The Parties will prepare each Agreement in general compliance with its respective term sheet. Notwithstanding the foregoing, all term sheets will be considered non-binding as all Agreements must be considered and approved by the governing bodies of each of the Parties.
- ii. The Parties will meet and confer at least monthly to coordinate their joint efforts to negotiate, prepare, and formally consider the Agreements, including prioritizing the order in which they will negotiate, prepare, and sign the term sheets and the Agreements.
- iii. In the event the Parties do not reach a satisfactory result or formal approval by the governing bodies for any Agreement necessary to obtain the required consent from the Arizona Department of Water Resources to allow for land owners and developers within the Development to subdivide their properties with the appropriate assured water certificates following the execution of this Memorandum, the Parties may terminate this Memorandum, without penalty or further obligations.

## 2. MISCELLANEOUS PROVISIONS.

**A. Written Amendment.** Any amendment, revision, modification, termination, or rescission of this Memorandum must be in writing and signed by all Parties.

**B. No Third Party Beneficiaries.** This Memorandum will be binding upon and inure to the benefit of the Parties and their respective successors and assigns only. There are no third party beneficiaries to this Memorandum.

**C. Counterpart Signing.** This Memorandum may be signed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

**D. Applicable Law.** This Memorandum will be construed and enforced in accordance with the laws of the State of Arizona, without giving effect to its conflicts of laws provisions.

**E. Notice.** Any notice, written request, or communication given pursuant to the provisions of this Memorandum or regarding the subjects of this Memorandum must be in writing and sent by email or certified United States mail and will be deemed to be delivered on the date of emailing or if mailed by overnight mail, and on the third day after mailing by certified mail, and must be addressed as follows:

If to the City:

The City of Casa Grande  
Address

Address  
Attention: \*\*\*\*

If to Arizona Water: Arizona Water Company  
3805 North Black Canyon Highway  
Phoenix, Arizona 85015  
Attention: President

If to the CFD: Copper Mountain Ranch Community Facilities District  
Address  
Address  
Attention: \*\*\*\*

or to such other addresses as each Party may, from time to time, specify by notice to the other.

**G. Jurisdiction and Venue.** Jurisdiction and venue of all actions and claims over which the Arizona Corporation Commission does not have jurisdiction will lie in Pinal County, Arizona.

**H. Cancellation of Contracts.** This Memorandum is subject to the provisions of A.R.S. §38-511.

IN WITNESS WHEREOF, each of the Parties has caused this Memorandum to be executed by their respective duly authorized officers as of the date first written above.

ARIZONA WATER COMPANY, an Arizona corporation

CITY OF CASA GRANDE, an Arizona municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

COPPER MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT, an Arizona community facilities district

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_