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ORIGINAL**

**C-8208
10/23/2012**

**AGREEMENT FOR FUTURE WASTEWATER AND RECYCLED WATER SERVICES
BETWEEN
GLOBAL WATER RESOURCES, INC., GLOBAL WATER - 303 UTILITIES COMPANY, INC.,
AND CITY OF GLENDALE**

This Agreement for Future Wastewater and Recycled Water Services ("Agreement") is entered into as of this 23rd day of October, 2012 between Global Water Resources, Inc, a Delaware corporation authorized to do business in Arizona, ("Global"), Global Water-303 Utilities Company, Inc., an Arizona corporation and a wholly-owned subsidiary of Global ("Utility"), and the City of Glendale, an Arizona municipal corporation ("City"). City, Global, and Utility shall collectively be referred to herein as the "Parties," and individually as a "Party."

RECITALS

- A. The City is an Arizona municipal corporation authorized to provide municipal services to residents and businesses within and without its corporate boundary.
- B. The City intends to facilitate and manage future growth in accordance with its obligation under the Growing Smarter Legislation and Growing Smarter Plus Legislation enacted by the Arizona State Legislature.
- C. The Utility will be an Arizona public service corporation defined in Article 15, Section 2, of the Arizona Constitution and, as such, will be regulated by the Arizona Corporation Commission ("ACC").
- D. Ultimately, the Utility will, consistent with the terms of this Agreement, apply for a Certificate of Convenience and Necessity ("CC&N") from the ACC to provide wastewater services and recycled water infrastructure services (collectively "Utility Services") in the area generally bordered by Peoria Avenue to the North, Cotton Lane to the west, Camelback Road to the south and 143rd Avenue to the east ("Subject Territory"), as more fully set forth in Exhibit 1, attached to and incorporated into this Agreement.
- E. The initial CC&N application by the Utility will include the properties illustrated as "Participating Properties – Initial CC&N Application" on Exhibit 2, attached to and incorporated into this Agreement.
- F. The City has the potential of experiencing rapid growth, and in order to facilitate and manage this potential future growth, the City wishes to work with Global and Utility to establish Utility Services within the Subject Territory.
- G. On March 9, 2010, the City and Global entered into a Memorandum of Understanding that addressed the City's support of Utility as the wastewater and recycled water provider for the Subject Territory.
- H. The City, Global, and Utility wish to enter into this Agreement to further define the rights and obligations among the Parties.

AGREEMENT

In consideration of the Recitals, which are confirmed as true and correct and incorporated by this reference, the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the Parties agree as follows:

1 Franchise Agreement

- 1.1 Utility will present the desired franchise (“Franchise”) to the City’s governing body and file it with City Clerk after entry of a final order granting an Initial CC&N by the Arizona Corporation Commission granting Utility a CC&N to provide Utility Services in an area within the Subject Territory.
- 1.2 If the City’s governing body deems the granting of the Franchise beneficial to the City, it will pass a resolution and thereafter submit the Franchise to the qualified electors as to whether or not the Franchise should be granted at the next regular election held in the City or at a special election called for the purpose of approving the Franchise. The City will not call a special election for the purpose of approving the Franchise without the consent of Global. The Franchise election will be called and conducted in accordance with applicable law
- 1.3 Global will be responsible for all costs incurred by the City as a result of holding an election for the purpose of approving the Franchise, which costs shall not be unreasonably incurred by the City. If other items or candidates are placed on the same ballot as the Franchise, the City will equitably apportion the election costs to Global
- 1.4 The City will invoice the estimated cost of the Franchise election (“Estimated Cost”) within 60 days after the filing of the Franchise with the Glendale City Clerk. Global will promptly pay the City the estimated cost within 30 days after receiving the invoice. The City will reconcile the actual election cost attributable to the Franchise (“Actual Cost”) within 60 days after the Franchise election. Global will promptly pay the City the difference between the Estimated Cost and the Actual Cost if the Actual Cost exceeds the Estimated Cost. The City will promptly refund Global the difference between the Actual Cost and the Estimated Cost if the Actual Cost is less than the Estimated Cost.
- 1.5 The Franchise filed by Utility, at a minimum, must contain the following provisions:
 - 1.5.1 The Franchise will be for a term of 25 years.
 - 1.5.2 Utility will pay the city a fee (the “Franchise Fee”) of 3% of Gross Revenue on a quarterly basis. “Gross Revenues” shall include base fees, consumptive fees, wastewater, and recycled water sales collected but shall not include non-recurring fees collected by Utility as they arise from hookup fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, or account handling fees.
 - 1.5.3 City will grant Utility a non-exclusive right and privilege to construct, maintain, and operate upon, over, along, across and under the present and future public rights-of-way (including but not limited to streets, alleys, rights of ways, highways and bridges) within the present and any future corporate limits of the City for the areas within the Subject Territory, Utility infrastructure, together with all necessary appurtenances, for the purpose of providing Utility Services within the Subject Territory.
- 1.6 Temporary License Agreement. The City and Utility will enter into a Temporary License Agreement. The Temporary License Agreement must contain, at a minimum, the following provisions.

- 1.6.1 The Temporary License Agreement will run from the time this Agreement takes effect until the earlier of (1) the time the Franchise described above takes effect; (2) two Franchise elections have been conducted; or (3) until January 1, 2017. Thereafter, in the event a successful Franchise election has not occurred, the Parties shall negotiate in good faith to revise the Franchise for submission to the voters and/or enter into a new agreement regarding the Utility's operation in the City.
- 1.6.2 Pursuant to the Temporary License Agreement, Utility will pay the City a fee (the "License Fee") of 3% of Gross Revenues on a quarterly basis. "Gross Revenues" shall include base fees, consumptive fees, wastewater, and recycled water sales collected but shall not include non-recurring fees collected by Utility as they arise from hookup fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, or account handling fees. This License Fee shall terminate when the Franchise takes affect or when the Temporary License Agreement expires; and in no circumstance shall Utility be obligated to pay both the Franchise Fee and the License Fee nor shall the Utility operate without payment of either a Franchise or License Fee to the City.
- 1.6.3 City will grant Utility a non-exclusive right and privilege to construct, maintain, and operate upon, over, along, across and under the present and future public rights-of-way (including but not limited to streets, alleys, rights of ways, highways and bridges) within the present and any future corporate limits of the City for the areas within the Subject Territory, Utility infrastructure, together with all necessary appurtenances, for the purpose of providing Utility Services within the Subject Territory

2. MAG 208 Amendment

- 2.1 The City will sponsor, with the support of Global and Utility, an amendment to the MAG 208 Plan for purposes of recognizing the wastewater treatment plant to be constructed by Utility to serve the area set forth in Exhibit 3, attached to and incorporated into this Agreement ("Initial 208 Amendment"). The City, Global, and Utility agree the Initial 208 Amendment must include an area not less than 3,200 acres, and may include the area located between the participating properties within the Subject, which are necessary to allow for a reasonable, contiguous and well-planned service area to be agreed upon by the City and Global. The Parties acknowledge and agree that the area to be included within the Initial 208 Amendment is in the City's sole discretion.
- 2.2 At a later time, the City will sponsor, with the support of Global and Utility, another amendment to the MAG 208 Plan for the purpose of recognizing the wastewater treatment plant to be constructed by Global to serve the portion of the Subject Territory not included in the Initial 208 Amendment ("Subsequent 208 Amendment"). The City's sponsorship of the Subsequent 208 Amendment, which will cover all the remaining properties within the original Subject Territory, is contingent on all of the following: (1) Utility having commenced providing Utility Service within the area covered by the Initial 208 Amendment; (2) Utility receiving requests for service from landowners owning an aggregate of at least 50% of the acreage located within the Subject Territory but not included within the area covered by the Initial 208 Amendment; and (3) Utility is not in violation of any rules, regulations or orders of the Arizona Corporation Commission, the Maricopa County Environmental Services Department, or the terms of this Agreement. The Parties may otherwise agree in writing to move forward with the Subsequent 208 Amendment prior to all such contingencies being

satisfied

- 2.3 The Utility may also provide service to properties outside of the Initial 208 Amendment area, prior to approval of the Subsequent 208 Amendment, if such service is permitted by local, state and federal law and the property is either (1) within the corporate boundary of the City or (2) is subject to a recorded pre-annexation development agreement with the City.
- 2.4 All costs associated with processing the Initial 208 Amendment and Subsequent 208 Amendment will be borne by Global, Utility or a third party mutually agreed to by the Parties.

3. Arizona Corporation Commission; Certificate of Convenience and Necessity

- 3.1 Utility will not file an application to the ACC for the establishment or expansion of its CC&N within the Subject Territory except as provided in this Agreement.
- 3.2 The Parties agree that the Utility may apply to the ACC for the establishment or expansion of its CC&N for Utility Services within the Subject Territory if the property to be included in the CC&N application is either: (1) within the corporate boundary of the City or (2) is subject to a recorded pre-annexation development agreement with the City, which agreement sets forth the terms, conditions, restrictions, and requirements for the annexation of the property, for the construction and installation of public/private infrastructure improvements (including wastewater services and recycled water services), and other matters related to the annexation and development of the property.
- 3.3 The Parties agree that the Utility may also provide service to a parcel contiguous to its CC&N area if such parcel 1) is permitted to be served by the Utility in accordance with ACC rules and regulations and (2) could be included in Utility's CC&N application under paragraph 3.2. The Parties acknowledge and agree that the requirement to either be annexed or subject to a recorded pre-annexation development agreement is a limitation on the parcels that could be included in a CC&N application or served as a parcel contiguous to an existing CC&N.
- 3.4 Except as set forth in paragraphs 3.2 and 3.3, the Utility will not apply to the Arizona Corporation Commission to establish or expand its CC&N or extend Utility Services to a parcel outside of its CC&N area but contiguous to its CC&N service area without obtaining prior written consent from the City

4. General Conditions

- 4.1 This Agreement, and all rights and obligations hereunder, shall be governed by and construed in accordance with the laws of the State of Arizona. Venue of any litigation hereunder shall be in a court of competent jurisdiction sitting in Maricopa County, Arizona. The Parties understand and acknowledge that utility rates and charges, and other terms and conditions applicable to the provision of Utility Services may be modified from time-to-time by order of the ACC.
- 4.2 This Agreement and the exhibits and attachments thereto contain all the agreements of the parties with regard to this Agreement and cannot be enlarged, modified or changed in any respect except by written agreement between the Parties.

- 4.3 The unenforceability, invalidity or illegality of any provisions of this Agreement shall not render the other provisions unenforceable, invalid or illegal, but the Parties shall negotiate as to the effect of said unenforceability, invalidity or illegality on the rights and obligations of the Parties.
- 4.4 The Parties will each use their best efforts to fully cooperate with one another to obtain any required permits or other approvals that may be necessary to perform under, or take advantage of, the terms and conditions of this Agreement. The Parties agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation or litigation. Notwithstanding the previous sentence, the parties are not precluded from utilizing mediation or litigation to resolve disputes.
- 4.5 The captions, titles and headings in this Agreement are merely for the convenience of the Parties and shall neither limit nor amplify the provisions of the Agreement itself.
- 4.6 Notices relevant to this Agreement to be given by a Party to another shall be in writing. All Parties agree that any such notice shall be effective when personally delivered or deposited, postage paid, in the U.S. Mail addressed by certified mail, return receipt request, to the address stated below:

Global Water Resources, Inc.
Attn: Cindy Liles
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Global Water – 303 Utilities Company, Inc.
Attn: Cindy Liles
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

City of Glendale
Attn: City Manager
5850 West Glendale Avenue
Glendale, Arizona 85301

With a copy to.
City of Glendale
Attn: City Attorney
5850 West Glendale Avenue
Glendale, Arizona 85301

Each Party shall advise all other Parties in writing of any change in the address to which notice is to be provided hereunder.

- 4.7 This Agreement is for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third party. Nothing herein shall be construed to confer standing upon any third party who did not otherwise have such standing.

- 4.8 Global guarantees it shall continue to have sufficient access to financial resources to perform its obligations and the obligations of the Utility under the terms of this Agreement and will perform such obligations in the event Utility is unable or unwilling to so perform. Neither Global nor Utility may assign this Agreement, in whole or in part, or any right or obligation hereunder, without the prior written consent of the City. Further, Global agrees that if all or substantially all of the assets of the Utility are sold or otherwise transferred to a new owner, the obligations of Global and the Utility under the terms of this Agreement shall also be transferred and assigned to the new owner.
- 4.9 The Parties are independent of each other and this Agreement creates no employee-employer relationship or a principal-agent relationship.
- 4.10 Global and Utility certify under A.R.S. §§ 35-391 *et seq.* and 35-393 *et seq.* that they do not have, and during the term of this Agreement will not have, “scrutinized” business operations, as defined in the preceding statutory sections, in the countries of Sudan or Iran.
- 4.11 Immigration Law Compliance
- A. Global and Utility, and on behalf of any subcontractor, warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.
 - B. Any breach of warranty under subsection (A) above is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement.
 - C. City retains the legal right to inspect the papers of Global and Utility or subcontractor employee who performs work under this Agreement to ensure that Global and Utility or any subcontractor is compliant with the warranty under subsection (A) above.
 - D. City may conduct random inspections, and upon request of the City, Global and Utility shall provide copies of papers and records demonstrating continued compliance with the warranty under subsection (A) above. Global and Utility agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this Section 4.11.
 - E. Global and Utility agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon itself and expressly accrue those obligations directly to the benefit of the City. Global and Utility also agrees to require any subcontractor to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the City.
 - F. Global and Utility’s warranty and obligations under this Section 4.11 to the City is continuing throughout the term of this Agreement or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.
 - G. The “E-Verify Program” above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

4.12. Conflicts. This Agreement is subject to cancellation for conflicts of interest under the provisions of A.R.S. § 38-511.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

GLOBAL WATER RESOURCES, INC., a
Delaware corporation authorized to do business in
Arizona

By: 
Ed Borrromeo
Its: Vice President

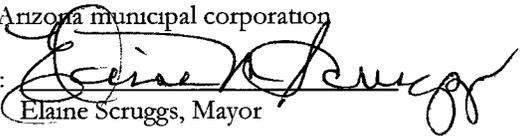
Date: _____

**GLOBAL WATER - 303 UTILITIES
COMPANY, INC.,** an Arizona Corporation

By: 
Ed Borrromeo
Its: Vice President

Date: _____

CITY OF GLENDALE,
an Arizona municipal corporation

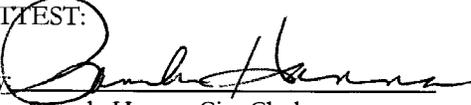
BY: 
Elaine Scruggs, Mayor

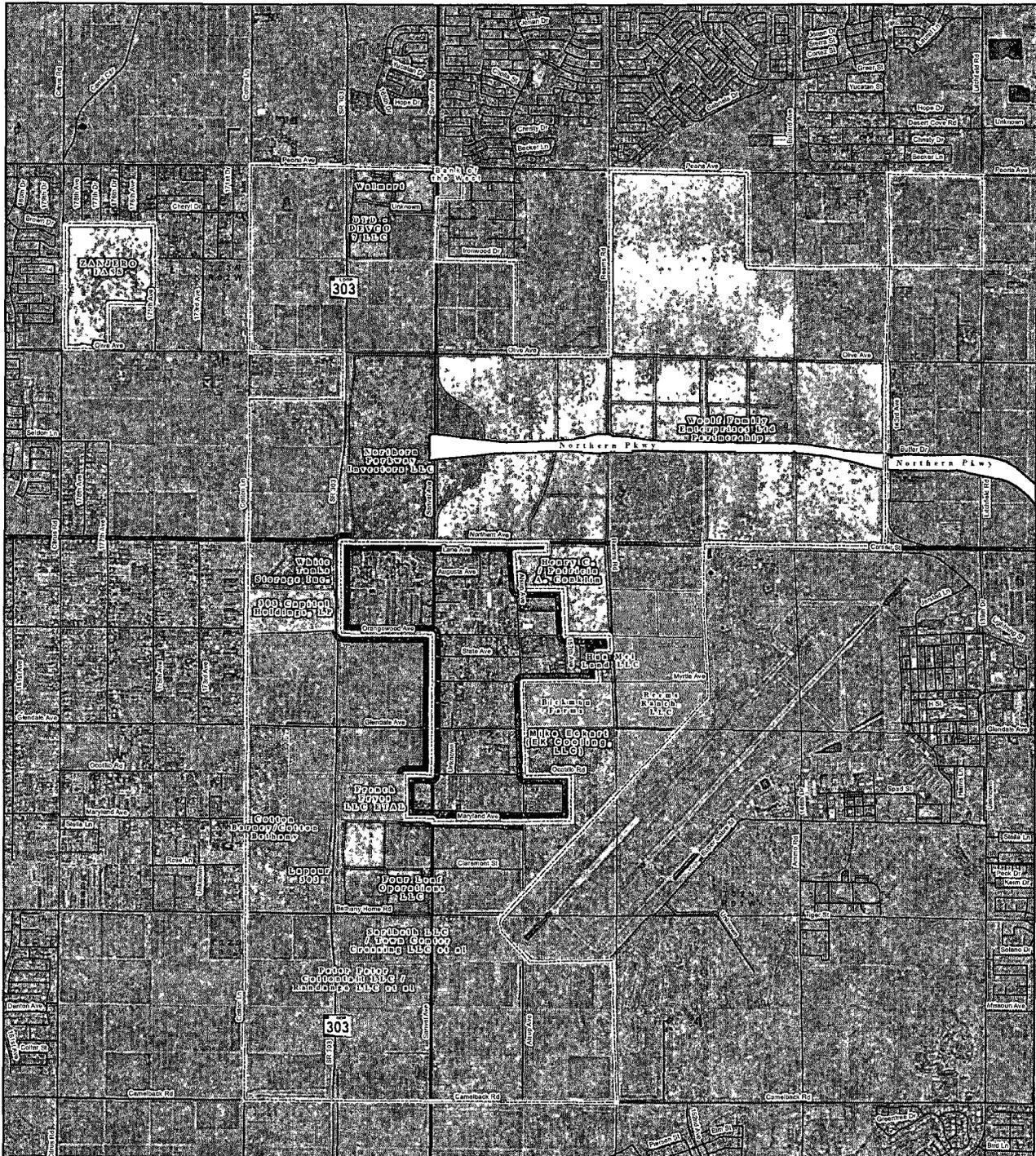
Date: 10-30-12

APPROVED AS TO FORM:


Craig D. Tindall, City Attorney

ATTEST:

By: 
Pamela Hanna, City Clerk



Subject Territory - 7,048 acres: The area in which the Utility may establish service for properties that meet the requirements of the Agreement

Participating Properties/Initial CC&N Application – 3,569 Acres The properties identified below and by corresponding color on the map may be included in the initial application by the Utility to the ACC for a CC&N in accordance with the terms of the Agreement

303 Capital Holdings, LP, (69 ac)	Mike Eckart (EK Cooling, LLC) (157 ac)
Bank of the West (11 ac)	Northern Parkway Investors LLC (361 ac)
Bickman Farms (71 ac)	Peter Peter Cottontail LLC / Randango LLC et al (39 ac)
Cotton Barney/Cotton Bethany, (160 ac)	Reems Ranch, LLC (249 ac)
DTD - DEVCO 7 LLC (83 ac)	Sanbeth LLC / Town Center Crossing LLC et al (40 ac)
Four Leaf Operations LLC (109 ac)	Walmart (21 ac)
French Fries LLC ETAL (57 ac)	White Tanks Storage Inc (32 ac)
Henry C / Patricia A Conklin (104 ac)	Woolf Family Enterprises Ltd Partnership (1,818 ac)
Hua Mei Land LLC (8 ac)	ZANIERO PASS (168 ac)
Lapour 303, (12 ac)	

*Parcel Size (in acres)

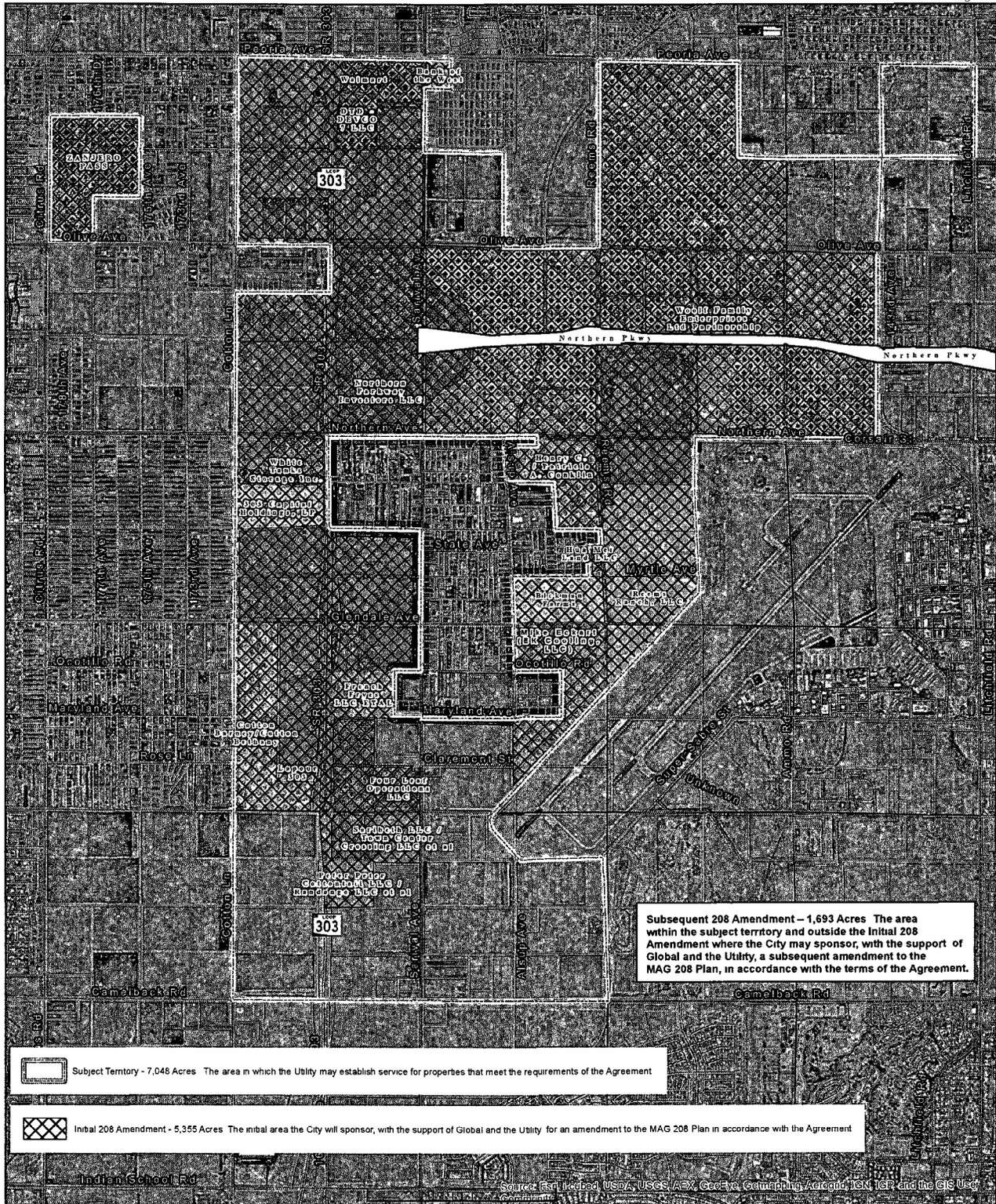
DISCLAIMER

GLOBAL WATER
GEOGRAPHIC INFORMATION SYSTEM MAP AND DATA

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October 1, 2012 © Asset Management GIS/Industry/Power/Service/Loop 303/Phase 1/Property Owners Exhibit 1 City of



Subsequent 208 Amendment – 1,693 Acres The area within the subject territory and outside the Initial 208 Amendment where the City may sponsor, with the support of Global and the Utility, a subsequent amendment to the MAG 208 Plan, in accordance with the terms of the Agreement.

Subject Territory - 7,048 Acres The area in which the Utility may establish service for properties that meet the requirements of the Agreement

Initial 208 Amendment - 5,355 Acres The initial area the City will sponsor, with the support of Global and the Utility for an amendment to the MAG 208 Plan in accordance with the Agreement

Participating Properties/Initial CC&N Application – 3,569 Acres The properties identified below and by corresponding color on the map may be included in the initial application by the Utility to the ACC for a CC&N in accordance with the terms of the Agreement

303 Capital Holdings LP (69 ac)	Mike Eckart (EK Cooling LLC) (157 ac)
Bank of the West (11 ac)	Northern Parkway Investors LLC (361 ac)
Bickman Farms (71 ac)	Peter Peter Cottontail LLC / Randango LLC et al (39 ac)
Cotton Barney/Cotton Bethany (160 ac)	Reems Ranch LLC (249 ac)
DTD - DEVCO 7 LLC (83 ac)	Sanbeth LLC / Town Center Crossing LLC et al (40 ac)
Four Leaf Operations LLC (109 ac)	Walmart (21 ac)
French Fries LLC ETAL (57 ac)	White Tanks Storage Inc (32 ac)
Henry C / Patricia A Conklin (104 ac)	Woolf Family Enterprises Ltd Partnership (1 818 ac)
Hua Mei Land LLC (8 ac)	ZANJERO PASS (168 ac)
Lapour 303 (12 ac)	

*Parcel Size (in acres)

Created: 12/12/2012 10:00 AM; Source: Esri/ArcGIS Desktop; Data: USGS, Aerial, Google Earth, etc.

DISCLAIMER

GLOBAL WATER
GEOGRAPHIC INFORMATION SYSTEM MAP AND DATA

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