



When recorded, please return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

DATE/TIME: 05/13/2021 1632
FEE: \$15.00
PAGES: 10
FEE NUMBER: 2021-060279

**AGREEMENT AND NOTICE OF MUNICIPAL PROVIDER
REPORTING REQUIREMENTS FOR
COYOTE CROSSING (ML# 001-15-1438)
REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA
GROUNDWATER REPLENISHMENT DISTRICT**

This Agreement and Notice of Municipal Provider Reporting Requirements for Coyote Crossing Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 30th day of April, 2021, among the CENTRAL ARIZONA WATER CONSERVATION DISTRICT, a political subdivision of the State of Arizona, SIG-AZ, LLC, an Arizona limited liability company, and Arizona Water Company, an Arizona corporation.

RECITALS

- A. Owner is the owner of the Property, legally described in Exhibit A attached and incorporated into this Agreement.
- B. Owner has applied to the Department for a certificate of assured water supply for the Property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9. Owner and the Municipal Provider have executed a notice of intent to serve agreement, as required by the Department, whereby the Municipal Provider has agreed to provide water to the Property.
- C. As permitted by Arizona Revised Statutes § 45-576.01(B), Owner desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of CAWCD.
- D. To qualify the Property as Member Land and to permit the delivery of Excess Groundwater to the Property as Member Land, the Groundwater Replenishment Statute requires the Property to be subject to the Declaration.
- E. To qualify the Property as Member Land, the Groundwater Replenishment Statute also requires the Municipal Provider to record this Agreement and comply with certain annual reporting requirements in accordance with Arizona Revised Statutes § 48-3774(C).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 "Agreement" means this Agreement and Notice of Municipal Provider Reporting Requirements for Coyote Crossing Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.2 "Annual Groundwater Allowance" means the annual allotment of allowable groundwater use that continues in perpetuity as calculated by the Director in accordance with the Assured and Adequate Water Supply Rules adopted by the Department for the Active Management Area identified in Paragraph 1.7 of this Agreement, pursuant to Arizona Revised Statutes § 45-576(H). For the purposes of this Agreement, if the groundwater allowance determined by the Director is a lump sum rather than a perpetual volume, then the Annual Groundwater Allowance shall equal zero.

1.3 "CAWCD" means the Central Arizona Water Conservation District, a political subdivision of the State of Arizona, and any successor political subdivision.

1.4 "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Coyote Crossing Regarding Membership in the Central Arizona Groundwater Replenishment District recorded by Owner, as declarant, against the Property.

1.5 "Department" means the Arizona Department of Water Resources, an agency of the State of Arizona, and any successor agency.

1.6 "Director" means the director of the Department.

1.7 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property by the Municipal Provider in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Phoenix Active Management Area pursuant to Arizona Revised Statutes § 45-576(H), subject to the provisions of Paragraph 2.4 herein.

1.8 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.9 "Groundwater Replenishment Statute" means Arizona Revised Statutes, Title 48, Chapter 22.

1.10 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(10).

1.11 "Municipal Provider" means Arizona Water Company, an Arizona corporation, and its successors and assigns.

1.12 "Owner" means SIG-AZ, LLC, an Arizona limited liability company, and its successors and assigns.

1.13 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number. The current tax parcel number for each Parcel is as shown in Exhibit B attached and incorporated into this Agreement.

1.14 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered by the Municipal Provider to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered by the Municipal Provider to the Property during that year.

1.15 "Property" means the real property described in Recital A.

1.16 "Report(s)" means the report(s) required to be prepared by the Municipal Provider in accordance with Arizona Revised Statutes § 48-3775(A) and this Agreement.

ARTICLE 2 REPORTING REQUIREMENTS

2.1 Annual Reports. In accordance with Arizona Revised Statutes § 48-3775(A), on or before March 31 of each year after the recordation of this Agreement, the Municipal Provider shall file a Report with CAVCD and with the Director that contains the following information for the preceding calendar year, which is the reporting year:

2.1.1 The amount of Groundwater delivered by the Municipal Provider to each Parcel, identified by the applicable tax parcel number, and the basis for the calculation of the amount of Groundwater delivered.

2.1.2 The amount of Groundwater delivered by the Municipal Provider to the Property, and the basis for the calculation of the amount of Groundwater delivered.

2.1.3 The amount of Excess Groundwater delivered by the Municipal Provider to the Property, and the basis for the calculation of the amount of Excess Groundwater delivered.

2.1.4 The Parcel Replenishment Obligation of each Parcel, identified by the applicable tax parcel number.

2.1.5 Such other information as CAWCD may reasonably require.

2.2 Records. In accordance with Arizona Revised Statutes § 48-3775(F), the Municipal Provider shall maintain current and accurate records of the information required to be included in the Reports.

2.3 Form of Reports. In accordance with Arizona Revised Statutes § 48-3777, CAWCD shall determine the form of the Reports to be submitted by the Municipal Provider in order to carry out the purposes of the Groundwater Replenishment Statute.

2.4 Formula for Calculating the Minimum Quantity of Excess Groundwater. The Municipal Provider shall report a minimum volume of Excess Groundwater delivered by the Municipal Provider to the Property each year during the term of this Agreement. The formula for calculating this minimum volume is as follows:

$$[\text{Total GW} - (\text{Annual GWA} + (\text{Total Extinguishment Credits pledged in the next 100 years}/100))] * 2/3$$

Where: Total GW = Groundwater delivered by the Municipal Provider to the Property during the preceding year, which is the Reporting Year

Annual GWA = The volume of Annual Groundwater Allowance awarded to the Property as calculated by the Director in accordance with the Assured and Adequate Water Supply Rules adopted by the Department for the Active Management Area provided in Paragraph 1.7, pursuant to Arizona Revised Statutes § 45-576(H)

2.5 Multi-Parcel Reporting Agreement. If the Municipal Provider delivers water to multiple Parcels that are served water through a single meter, the Municipal Provider and the Owner(s) of those Parcels shall enter into an agreement that specifies how the total volume of Groundwater delivered to the Parcels will be accounted for against each Parcel for purposes of this Agreement and reported to CAWCD. The Municipal Provider shall provide CAWCD with a copy of any agreement entered into pursuant to this Section 2.5 of the Agreement, or amendment to such agreement, within 30 days of the Municipal Provider and the Owner(s) of the affected Parcels executing any such agreement or amendment to such agreement.

**ARTICLE 3
ENFORCEMENT POWERS**

3.1 Penalty for Failure to Report. If the Municipal Provider fails to timely file a Report as required by CAWCD, CAWCD may assess a penalty in accordance with Arizona Revised Statutes § 48-3775(G).

3.2 Inspections, Investigations and Audits. The CAWCD has the rights provided under Arizona Revised Statutes § 48-3783 with respect to inspections, investigations and audits.

**ARTICLE 4
GENERAL PROVISIONS**

4.1 Binding Effect. The provisions of this Agreement inure to the benefit of and bind the respective successors and assigns of the parties hereto, provided that no assignment or transfer of this Agreement, or any part or interest herein by the Municipal Provider is valid until approved by CAWCD, which approval may be withheld solely on the basis of CAWCD's determination that assignment would cause the Municipal Provider, Owner, or CAWCD to be out of compliance with the Groundwater Replenishment Statute or unable to meet its obligations under this Agreement or under the Groundwater Replenishment Statute. The Municipal Provider and Owner agree and covenant to CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Agreement and the Groundwater Replenishment Statute.

4.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties and no understandings or obligations not expressly set forth in this Agreement are binding upon the parties.

4.3 Amendments. This Agreement may be modified, amended or revoked only (i) by the express written agreement of the parties hereto; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 4.5.

4.4 Interpretation. This Agreement is governed by and must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

4.5 Rules, Regulations and Successor Statutes. All references in this Agreement to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

4.6 Severability. Any determination by any court of competent jurisdiction that any provision of this Agreement is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Agreement.

4.7 Captions. All captions, titles or headings in this Agreement are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Agreement.

4.8 Notices. Except as otherwise required by law, any notice given in connection with this Agreement must be in writing and must be given by personal delivery, overnight delivery, facsimile, or United States certified or registered mail. Any such notice must be addressed to the appropriate party at the following address (or at any other address as a party may hereafter designate by written notice given as required by this paragraph):

CAWCD:

For delivery use: Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, Arizona 85024
Attn: Manager, Groundwater Replenishment District

For U.S. Mail use: Central Arizona Water Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater Replenishment District

Municipal
Provider: Arizona Water Company
3805 N Black Canyon Highway
Phoenix, Arizona 85015

Owner: SIG-AZ, LLC
4365 East Pecos Road, #141
Gilbert, Arizona 85295

Notice is deemed to have been given on the date on which notice is personally delivered, delivered to an overnight delivery service, transmitted by facsimile, or mailed. Notice is deemed to have been received on the date on which the notice is actually received or delivery is refused.

4.9 Consent to Recording. Owner hereby consents to the recording of this Agreement against the Property.

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

CAWCD:

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: *T Cooke*
Theodore C. Cooke, D.B.A.
Its: General Manager

STATE OF ARIZONA)
County of MARICOPA) ss.

The foregoing instrument was acknowledged before me this 30th day of April, 2021, by Theodore C. Cooke, D.B.A., the General Manager of Central Arizona Water Conservation District.



Gina Skappa
Notary Public

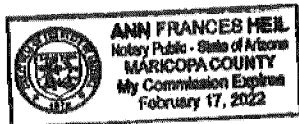
MUNICIPAL PROVIDER:

ARIZONA WATER COMPANY, an Arizona corporation

By: *Frederick K. Schneider*
Frederick K. Schneider
Its: President

STATE OF Arizona)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this 10th day of April, 2021, by Frederick K. Schneider, the President of Arizona Water Company.



Ann Frances Heil
Notary Public

OWNER:

SIG-AZ, LLC, an Arizona limited liability company

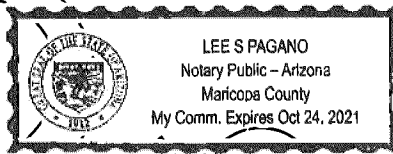
By: [Signature]
Brad Young

Its: Manager

By: [Signature]
Bryan Gremillion

Its: Manager

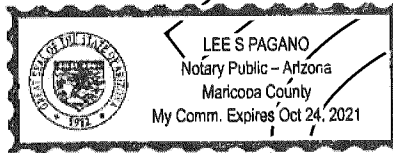
STATE OF Arizona)
County of Maricopa) ss.



The foregoing instrument was acknowledged before me this 7th day of April, 2021, by Brad Young, the Manager of SIG-AZ, LLC.

[Signature]
Notary Public

STATE OF Arizona)
County of Maricopa) ss.



The foregoing instrument was acknowledged before me this 7th day of April, 2021, by Bryan Gremillion, the Manager of SIG-AZ, LLC.

[Signature]
Notary Public

EXHIBIT A

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 1 NORTH, RANGE 8 EAST OF GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

Monterey

EXHIBIT B

Tax Parcel Numbers

Tax Assessor
Parcel Number
100-31-001A

Tax Year
2020

County
Pinal

AMA
Phoenix