

CITY COUNCIL REPORT



Meeting Date: July 2, 2015
 General Plan Element: **Public Services & Facilities**
 General Plan Goal: **Ensure renewable, long-term water supplies**

ACTION

Authorize an Amendment to the Granite Reef Underground Storage Project Intergovernmental Agreement among the Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the municipal corporations of Scottsdale, Chandler, Gilbert, Mesa, Phoenix, and Tempe.

Adopt Resolution No. 10189 authorizing the Mayor to execute Contract No. 1992-123-COS-A1, Amendment No. 1 to the Granite Reef Underground Storage Project (GRUSP) Intergovernmental Agreement (IGA) among the Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the municipal corporations of Scottsdale, Chandler, Gilbert, Mesa, Phoenix, and Tempe.

BACKGROUND

In 1993, City Council approved Intergovernmental Agreement No. 920123 among the Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the municipal corporations of Scottsdale, Chandler, Gilbert, Mesa, Phoenix, and Tempe for the construction and operation of the GRUSP, a joint use water recharge facility. The City's initial share of the project's storage capacity was a 2.16% interest. Pursuant to an agreement entered into between the City and the City of Phoenix in 1999 (Agreement No. 1999-115-COS), the City purchased 1.125% of capacity from Phoenix, raising the City's total storage entitlement to 3.285%.

The GRUSP is located on land owned by the Salt River Pima Maricopa Indian Community (SRPMIC), which requires a Land Lease be entered into between SRPMIC and the Salt River Project on behalf of the GRUSP municipal participants. The initial Land Lease was executed in 1992 for a term of 20 years. On September 9, 2013, SRPMIC and SRP approved a renewed Land Lease which includes a term that runs through December 31, 2032.

The term of the IGA now must be amended to reflect the extended term of the renewed Land Lease through December 31, 2032, and through any renewals or extensions of the Land Lease. The GRUSP

participants also wish to amend the IGA to reflect the participants' current storage entitlements, including the City's increased capacity.

ANALYSIS & ASSESSMENT

Recent Staff Action

Staff acts in the capacity of the City's Authorized Representative (AR) with Salt River Project, and at the July 14, 2014 GRUSP AR committee meeting, the participants agreed the term of the IGA should be amended to reflect the length of the renewed Land Lease.

RESOURCE IMPACTS

Available funding

No City funding is required for this action.

Staffing, Workload Impact

No additional resources are required.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 10189 authorizing the Mayor to execute Contract No. 1992-123-COS-A1, Amendment No. 1 to the Granite Reef Underground Storage Project (GRUSP) Intergovernmental Agreement (IGA) among the Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the municipal corporations of Scottsdale, Chandler, Gilbert, Mesa, Phoenix, and Tempe.

RESPONSIBLE DEPARTMENT(S)

Water Resources Division

City Attorney's Office

STAFF CONTACTS (S)

Brian K. Biesemeyer, P.E.
Director, Water Resources Division
480-312-5683
bbiesemeyer@scottsdaleaz.gov

APPROVED BY



Brian K. Biesemeyer, P. E., Director
480-312-5683
bbiesemeyer@scottsdaleaz.gov

6-16-2015

Date

ATTACHMENTS

1. Resolution No. 10189
2. Amendment No. 1 to GRUSP IGA, including Exhibits B, C, and I

RESOLUTION NO. 10189

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE CONTRACT NO. 1992-123-COS-A1, AMENDMENT NO. 1 TO THE GRANITE REEF UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG THE SALT RIVER VALLEY WATER USERS' ASSOCIATION, THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND THE MUNICIPAL CORPORATIONS OF CHANDLER, GILBERT, MESA, PHOENIX, SCOTTSDALE, AND TEMPE, AND AUTHORIZING THE WATER RESOURCES DIRECTOR TO TAKE SUCH ACTIONS AS ARE NECESSARY TO CARRY OUT THE INTENT OF THIS RESOLUTION

WHEREAS, in 1993 the City approved Intergovernmental Agreement No. 920123 (IGA) among the Salt River Valley Water Users' Association, the Salt River Project Agricultural Improvement and Power District (SRP), and the municipal corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe for the Granite Reef Underground Storage Project (GRUSP); and

WHEREAS, the GRUSP IGA relates to an ongoing joint use water recharge facility located on Salt River Pima Maricopa Indian Community (SRPMIC) land; and

WHEREAS, SRP had entered into an initial land lease with SRPMIC to accommodate the site of the water recharge facility; and

WHEREAS, the term of the original SRP-SRPMIC land lease has expired and SRP and SRPMIC have entered into a new, twenty (20) year land lease to accommodate the GRUSP; and

WHEREAS, the terms of the IGA require the GRUSP participants to amend the term of the IGA to coincide with the term of the new SRP-SRPMIC land lease; and

WHEREAS, the GRUSP participants also wish for the IGA to reflect their current project storage entitlements;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona, as follows:

Section 1. The Mayor is hereby authorized and directed to execute, on behalf of the City, Contract No. 1992-123-COS-A1, Amendment No. 1 to Intergovernmental Agreement No. 920123 among the Salt River Valley Water Users' Association, the Salt River Project Agricultural Improvement and Power District, and the municipal corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe for the Granite Reef Underground Storage Project. Such Amendment No. 1 is attached to this resolution as Attachment 2.

Section 2. The City Council hereby authorizes the City's Water Resources Director or his designee to execute any other documents and take such other actions as are necessary to carry out the intent of this resolution.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 2nd day of July, 2015.

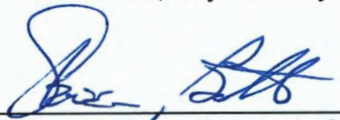
CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Carolyn Jagger
City Clerk

W.J. "Jim" Lane
Mayor

APPROVED AS TO FORM:
Bruce Washburn, City Attorney



By: Steven Bennett, Deputy City Attorney

AMENDMENT NO. 1

TO THE GRANITE REEF UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND THE MUNICIPAL CORPORATIONS OF CHANDLER, GILBERT, MESA, PHOENIX, SCOTTSDALE, AND TEMPE

This Amendment No. 1 ("Amendment"), dated this 2nd day of April, 2015, hereby amends the *Granite Reef Underground Storage Project Intergovernmental Agreement Among Salt River Valley Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe* ("IGA") dated February 26, 1993. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings set forth in the IGA.

RECITALS:

WHEREAS, the Granite Reef Underground Storage Project ("GRUSP") was authorized by this IGA and the parties have been operating this GRUSP for twenty years; and

WHEREAS, the IGA identified the term of the Agreement in Section 5.1 as "through the initial term of the land lease; and through any renewals or extensions of such land lease or any new land lease(s) recommended by the GRUSP Committee and for which this Agreement is amended to extend its term pursuant to Section 9.5.7"; and

WHEREAS, the renewed Land Lease for GRUSP has a twenty (20) year term, which has begun on September 9, 2013 and which will end on December 31, 2032 with an option to renew upon expiration, for a term not to exceed twenty (20) years; and

WHEREAS, the Participants agreed at the July 14, 2014 GRUSP Committee meeting that the term of the IGA should be amended according to the IGA.

WHEREAS, by letter dated October 16, 1996 Salt River Project confirmed the conveyance of 13.28% of the GRUSP entitlement to the City of Chandler, and the parties want to incorporate that instrument of conveyance as Exhibit I to the GRUSP IGA; and

WHEREAS, the parties also want to amend Exhibit C to reflect the changes in Chandler's GRUSP entitlement from 6.72% to 20.00%, and in SRP's GRUSP entitlement from 33.59% to 20.31% as a result of the SRP's conveyance to Chandler; and

WHEREAS, the parties also want to amend Exhibit C to reflect the changes in Scottsdale's GRUSP entitlement from 2.16% to 3.285%, and in Phoenix' GRUSP entitlement from 26.88% to 25.755% as a result of Phoenix' conveyance of 1.125% of the GRUSP entitlement to Scottsdale.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do hereby agree as follows:

AGREEMENT:

1. The term of the IGA is hereby amended to be in effect through the extended term of the Land Lease to December 31, 2032, and through any renewals or extensions of such land lease or any new land lease(s) recommended by the GRUSP Committee and for which this Agreement is amended to extend its term pursuant to Section 9.5.7.

2. Section 4.13 is hereby deleted in its entirety and replaced with a new Section 4.13 to read as follows:

“4.13 LAND LEASE:

The land lease for the GRUSP entered into between the Salt River Pima Maricopa Indian Community (SRPMIC) as Lessor and District as Lessee, attached hereto as Exhibit B, entitled: “BUSINESS LEASE B-245 BETWEEN THE SALT RIVER PIMA MARICOPA INDIAN COMMUNITY (“Lessor”) and THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT (“Lessee”) and dated November 20, 2013.”

3. Exhibit B is hereby deleted in its entirety and replaced by the attached “Exhibit B (Revised April 16, 2015).”

4. Exhibit C is hereby deleted in its entirety and replaced with the attached “Exhibit C” with footnote “RSS 1-12-05.”

5. The October 16, 1996 letter from Paul A. Cherrington, Salt River Project, to Karen Barfoot, Acting City Engineer, City of Chandler, Re: GRUSP Conveyance Agreement, attached hereto is incorporated hereby as Exhibit I to the GRUSP IGA.

6. Except as modified by this Amendment, all terms of this IGA shall remain in full force and effect.

7. This Amendment shall become effective upon execution by the Parties, and shall remain in effect throughout the term of the GRUSP IGA.

IN WITNESS WHEREOF, the parties have executed this *Amendment No. 1 to the Granite Reef Underground Storage Project Intergovernmental Agreement Among Salt River Valley Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe* as of the date first set forth above.

Attest and Countersign

SALT RIVER VALLEY WATER USERS' ASSOCIATION

Secretary

By

President

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE SALT RIVER VALLEY
WATER USERS' ASSOCIATION

Attest and Countersign

CITY OF CHANDLER

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF CHANDLER

City Attorney

Attest and Countersign

TOWN OF GILBERT

Town Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE TOWN OF GILBERT

Town Attorney

Attest and Countersign

CITY OF MESA

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF MESA

City Attorney

Attest and Countersign

CITY OF PHOENIX

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF PHOENIX

City Attorney

Attest and Countersign

CITY OF SCOTTSDALE

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF SCOTTSDALE



City Attorney

Attest and Countersign

CITY OF TEMPE

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF TEMPE

City Attorney

EXHIBIT B

BUSINESS LEASE B-245

BETWEEN

THE

SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY

("Lessor")

and

THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT

AND POWER DISTRICT

("Lessee")

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EXHIBITS

- "A" Water Report
- "B1" As-Built Site Plan
- "B2" Conceptual Site Plan
- "C" Legal Description/Survey of Leased Premises
- "D" Date of Approval by the Secretary
- "E" Construction Quality Standards
- "F" Paragraph 18.0 of the Salt River Pima-Maricopa Indian Water Rights Settlement Agreement of 1988

BUSINESS LEASE B-245

THIS BUSINESS LEASE B-245 (this "Lease") is dated as of the 20th day of November, 2013 and is by and between THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY, hereinafter referred to as "Lessor," and the Salt River Project Agricultural Improvement and Power District, an Arizona Agricultural Improvement and Power District established pursuant to Arizona Revised Statutes 48-2301 et. seq., hereinafter referred to as "Lessee" or "SRP", and is made under the provisions of the Act of November 2, 1966 (80 Stat. 1112, 1113) (25 U.S.C. §§ 416 to 416i), as the same may be amended or superseded from time to time, and as supplemented by Part 162—Leases and Permits, of the Code of Federal Regulations, Title 25 - Indians, as the same may be amended or superseded from time to time (and as the same may be waived by the Secretary for the benefit of SRPMIC), relative to business leases on Indian lands, all of which by reference are made a part hereof.

1. Definitions.

For the purpose of this Lease, the following terms shall have meanings set forth in this Article 1. Any citations in this Lease to provisions such as statutes, regulations and ordinances or other law, or sections, refer to such statutes, regulations and ordinances or other law, or sections, as the same may be amended, replaced, superseded or otherwise modified from time to time. Any direct references to names of SRPMIC positions or to SRPMIC entities such as departments, divisions, and enterprises, shall be inclusive of any such position or entity if renamed, reorganized, or succeeded.

A. Additional Rent: All sums other than Base Rent that this Lease requires Lessee to pay Lessor, whether or not expressly called Additional Rent, including without limitation Operational Rent.

B. Reserved

C. Approved Depository: As defined in Article 41G.

D. Reserved.

E. Archaeological Compliance: As defined in Article 50B.

F. Archaeological Resource: As defined in Article 50B.

G. Base Index: As defined in Article 5 (as adjusted and deemed amended from time to time).

H. Base Rent: As defined in Article 5.

I. Base Rent Adjustment Date: As defined in Article 5

J. CFR: The Code of Federal Regulations.

- K. CP: As defined in Article 50B.
- L. Casualty: Any damage or destruction of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, affecting any or all improvements to the Leased Premises, whether or not insured or insurable.
- M. Recharge Facility: The Granite Reef Underground Storage Project established pursuant to Arizona Revised Statutes Title 45, Chapter 3.1 and consisting of infiltration basins, a water delivery canal and water control structures.
- N. EPNR: As defined in Article 50B.
- O. Environmental Laws: As defined in Article 50B.
- P. Governmental Authority: Any federal or SRPMIC governmental or quasi-governmental entity, regardless of how constituted, having or claiming jurisdiction over the Leased Premises or any portion thereof, or over the design, planning, construction, use, operation, maintenance or occupancy of all or any portion of the Leased Premises.
- Q. Hazardous Materials Laws: As defined in Article 50C.
- R. Hazardous Materials: As defined in Article 50C.
- S. ILCA Applicable Percentage: As defined in 25 U.S.C. § 2218 (a section in the Indian Land Consolidation Act), as the same may be amended or superseded from time to time.
- T. Lease: This Business Lease B-245.
- U. Lease Term: As defined in Article 3.
- V. Lease Year: Each period of twelve (12) consecutive months, commencing on each January 1 and ending on the next succeeding December 31, except that the first Lease Year shall begin on the Term Commencement Date and shall end at midnight on the next succeeding December 31 which is at least twelve (12) months after the Term Commencement Date (*i.e.*, the first Lease Year may consist of more than twelve (12) months, and the final Lease Year may consist of less than twelve (12) months).
- W. Leased Premises or Premises: That certain real property consisting of approximately three hundred forty five (345) acres located east of the Gilbert Road alignment between the Indian School Road and Thomas Road alignments and being part of Sections 28, 29 and 30, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and all easements and rights-of-way appurtenant thereto. The legal description and total acreage of the Leased Premises is attached hereto as Exhibit "C". In addition, a survey of the Leased Premises is also attached as an additional part of Exhibit "C".
- X. Legal Requirements: All statutes, laws, rules, orders, regulations, policies, procedures, standards, taxes, ordinances and general police powers (including without

limitation judicial powers, judgments, decrees and injunctions) of SRPMIC and applicable federal governmental entities, whether now or hereafter enacted and enforced, including without limitation any of the same which may (i) require repairs, modifications or alterations in or to any portion of the Leased Premises, or (ii) in any way limit, restrict or impose conditions upon the use of the Leased Premises, and all covenants, agreements, restrictions and encumbrances contained in any instruments (including without limitation CC&Rs), either of record or known to Lessee (other than encumbrances created by Lessor after the date of this Lease without the consent of Lessee), at any time in force or effect pertaining to the Leased Premises or any portion thereof or interest therein.

Y. Lessee: Salt River Project Agricultural Improvement and Power District, a political subdivision of the State of Arizona.

Z. Lessor: Salt River Pima-Maricopa Indian Community.

AA. Public Liability Insurance: As defined in Article 13.

BB. MSDS: As defined in Article 50C(3).

CC. On-Site Infrastructure: As defined in Article 16B.

DD. Partial Taking: As defined in Article 22A.

EE. Person: An individual, corporation, limited liability company, partnership, joint venture, association, firm, joint stock company, trust, unincorporated association, governmental entity, agency or subdivision, or other legal person or entity.

FF. Price Index: The consumer price index compiled and published by the United States Department of Labor, Bureau of Labor Statistics, designated Consumer Price Index - U.S. City Average All Urban Consumers (CPI-U) 1982 to 1984 = 100, all items, for the month of December each year or, if said consumer price index ceases to be published and there is no successor index, a reasonably equivalent index published by an authoritative third party that SRPMIC reasonably designates. The Price Index for any date means the Price Index last published before the calendar month that includes such date.

GG. Prime Rate: The rate of interest regularly published in the Wall Street Journal under "Money Rates" as the "Prime Rate" and defined therein as the base rate on corporate loans posted by at least 75% of the nation's thirty (30) largest banks, or if such rate is no longer published, then a reasonably equivalent rate published by an authoritative third party that SRPMIC reasonably designates.

HH. Property Insurance: Insurance providing coverage for all improvements and fixtures now or hereafter located on the Leased Premises, against loss, damage, or destruction by fire and other hazards. At the time, such insurance shall include: coverage for explosion of steam and pressure boilers and similar apparatus located on the Leased Premises; an "increased cost of construction" endorsement; and an endorsement covering demolition and cost of debris removal.

II. Qualified Member Business: A business owned by an enrolled SRPMIC member, in which that enrolled SRPMIC member owns a majority interest of the company and has direct control of day-to-day management of that company; and such business must meet the minimum qualifications necessary to provide goods and/or services of any kind with respect to the construction and operation of buildings, grounds or equipment upon the Leased Premises.

JJ. Remedial Work: As defined in Article 50C(3).

KK. Removable Personal Property: All personal property, of every kind and nature, belonging to Lessee or anyone claiming through Lessee (excluding in all events, however, fixtures incorporated into the Leased Premises, including without limitation boilers, compactors, compressors, conduits, ducts, elevators, engines, equipment, window shades, escalators, fittings, heating, ventilating and air conditioning systems, machinery and pipes) that may be removed from the Leased Premises without material damage, or material adverse impact to the functionality of, to the Leased Premises or any building or other improvement located on the Leased Premises and without adversely affecting: (a) the structural integrity of the Leased Premises or any building or other improvement located on the Leased Premises; (b) any electrical, plumbing, mechanical, or other system in the Leased Premises or any building or other improvement located on the Leased Premises; (c) the present or future operation of any such system; or (d) the present or future provision of any utility service to the Leased Premises. Removable Personal Property includes items such as furniture, movable equipment, telephone, telecommunications and facsimile transmission equipment, point of sale equipment, televisions, radios, and computer systems and peripherals.

LL. Rent: Base Rent.

MM. Required Consent: Any governmental approval or other consent, license, grant, authorization or agreement from any Governmental Authority or any public or private provider of public utility services, the procurement or maintenance of which may reasonably be necessary, desirable or appropriate as a condition or prerequisite to the proper development, improvement, use, occupancy or operation of all or any portion of the Leased Premises in accordance with this Lease.

NN. Restoration: After a casualty or condemnation loss, the alteration, clearing, rebuilding, reconstruction, repair, replacement, restoration, and safeguarding of the damaged or remaining improvements, substantially consistent with their condition before the loss.

OO. Review Date: As defined in Article 5B.

PP. SRPMIC: The Salt River Pima-Maricopa Indian Community, a federally recognized Indian tribe with a self-governance compact pursuant to the Indian Self-Determination and Education Assistance Act, as amended.

QQ. SRPMIC Infrastructure: As defined in Article 16B.

RR. Secretary: The Secretary of the Interior, United States Department of the Interior or his or her authorized representative, including SRPMIC in exercise of its self-governance compact pursuant to the Indian Self-Determination and Education Assistance Act, as amended.

SS. Security: Cash in the amount of not less than one year's rental plus an additional amount deemed adequate to insure Lessee's compliance with Lease terms and/or (as required by Lessor and SRPMIC) a Guaranty in the form as may be required by SRPMIC, duly executed and acknowledged by an individual or entity approved by SRPMIC (which approval shall not be unreasonably withheld if Lessee and such proposed guarantor demonstrate to SRPMIC's reasonable satisfaction that the proposed guarantor has a net worth, determined in accordance with generally accepted accounting principles consistently applied, of at least \$25 million, but which approval may otherwise be withheld in SRPMIC's sole and absolute discretion) and with blanks and notary blocks appropriately completed to SRPMIC's reasonable satisfaction.

TT. Term Commencement Date: As defined in Article 3.

UU. Total Taking: As defined in Article 22A.

VV. Treasurer: As defined in Article 10A.

WW. Unavoidable Delay: As defined in Article 35.

XX. Waiver of Subrogation: As defined in Article 41D.

2. Demise of Leased Premises.

For and in consideration of the rents and agreements hereinafter set forth, Lessor hereby leases the Leased Premises to Lessee, and Lessee hereby leases and accepts the Leased Premises from Lessor.

3. Lease Term and Termination.

A. The term of this Lease shall be approximately twenty (20) years (the "Lease Term") beginning the earlier of either the date this Lease is approved by the Secretary or September 9, 2013 (the "Term Commencement Date"), and ending on December 31, 2032. If said approval is not granted in writing by the Secretary within ninety (90) days after final approval of this Lease by the SRPMIC Council, then this Lease may be canceled by either party by a writing addressed and delivered to the other party. Upon receipt of the Secretary's written approval of this Lease, a copy thereof showing the date of approval by the Secretary shall be attached to this Lease as Exhibit "D."

B. Lessee shall have the option to renew this Lease ("Renewal Term") upon expiration of this Lease Term provided the Renewal Term does not exceed twenty (20) years. Notice of the exercise of the option to renew shall be delivered in writing to Lessor and Secretary no later than twelve (12) months prior to the expiration of this Lease Term. Should the proposed Renewal Term exceed twenty (20) years based on any subsequent underground

water storage facility permit issued by the Arizona Department of Water Resources to the Lessee, Lessor agrees to reasonably consider such a proposed Renewal Term and any proposed Renewal shall be subject to negotiation and acceptance by SRPMIC for length of the proposed Renewal Term and Rents. All other terms and conditions of this Lease shall remain the same during the Renewal Term, but in no event shall the total of the initial term and renewal term of this Lease exceed sixty-five (65) years.

C. Lessee may terminate this lease at the end of any Lease Year with not less than one hundred eighty (180) days prior written notice to the Lessor and Secretary. Such notice shall be issued at least 180 days before the end of the lease year and after the Article 5 Rent payment for that lease year has been issued. If this Article 3C termination is invoked by the Lessee, any prepaid Rents shall not be refundable. No early termination shall be effective until such time as a performance bond acceptable by SRPMIC is issued by the Lessee, as required pursuant to Article 32(h) herein.

D. Within one hundred and twenty (120) days of the approval of this Lease or earlier, Lessee shall deliver to Lessor As-Builts for the Leased Premises showing all improvements made to the Leased Premises since the Secretary's Approval Date (March 9, 1993) of prior Business Lease B-244 LTRO Docket No. 615-024093 as renewed by SRP's letter dated February 7, 2002. Such As-Builts shall be affixed to this Lease as Exhibit "B1".

4. Permitted Uses.

The purpose of this Lease is to allow for non-residential development of the Leased Premises consistent with the intent expressed in Paragraph 18.0 of the Salt River Pima-Maricopa Indian Water Rights Settlement Agreement of 1988, attached as Exhibit "F", providing for the cooperation between Lessor and Lessee in developing facilities for the recharge and/or underground storage and recovery of water, and to provide Lessee the ability to operate such facilities for its benefit and, as operating agent, for the benefit of the municipal corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale and Tempe and such other entities. The development and use of the Leased Premises will be consistent with, and a continuation of, the use under Business Lease B-244 LTRO Docket No. 615-024093 as renewed by SRP's letter dated February 7, 2002 and as provided in this Lease and/or otherwise approved by SRPMIC, the permitted uses described in the immediately following sentence, and with the zoning ordinances and other Legal Requirements of SRPMIC. The permitted use is only for the purpose of a Recharge Facility, as allowed by the zoning code for the zone applicable to the Leased Premises and as amended by any variances, special or conditional uses, or other similar conditions placed on the development by SRPMIC through SRPMIC's zoning, development or planning processes. Lessee shall develop all of the structures on the Leased Premises. If Lessee uses the Leased Premises for any use inconsistent with the provisions of this Article 4 without the prior written permission of Lessor and SRPMIC, such misuse shall constitute a default and a breach of this Lease. Lessee agrees not to use or cause to be used any part of the Leased Premises for any unlawful conduct or purpose. Lessee further covenants and agrees that it will not commit or permit on the Leased Premises any act that causes waste or a nuisance or which creates a hazard to health of persons or to property, wherever such persons or property may be. Any use of the

Leased Premises not expressly contemplated by the definition of Buildings or the As-Built attached hereto as Exhibit "B" (including uses reasonably ancillary to such expressly contemplated uses), must be approved in advance in writing by SRPMIC.

5. Rent.

Unless otherwise expressly provided herein or unless otherwise specified by SRPMIC in writing, all monies payable under this Lease as Rent or otherwise shall be paid without notice, demand, offset, defense, claim, counterclaim, reduction, or deduction of any kind whatsoever, in lawful money of the United States of America and shall be payable to **Finance Department, Salt River Pima-Maricopa Indian Community, 10005 E. Osborn Road, Scottsdale, Arizona 85256**, which shall receive all payments for and on behalf of Lessor, each of whom hereby acknowledge that such payment shall constitute payment in fact and each of whom hereby irrevocably, for the Lease Term, designates SRPMIC as its agent and attorney-in-fact for the receipt of such payments. SRPMIC shall be responsible for the distribution of such payments to the Lessor. Lessor agrees that no enforcement action or default against Lessee shall be made by or on behalf of Lessor in the event SRPMIC fails to pay any sum due to Lessor herein, where such sums have been tendered by Lessee to SRPMIC in accordance with the provisions of this Article 5.

A. Base Rent. Lessee shall pay to Lessor the following sums during the Lease Term, as the same shall be adjusted in accordance with Article 5B, as "Base Rent":

Initial Term, from Term Commencement Date through December 31, 2032. Base rents shall be at the appraised value of \$258,500.00 annually (\$749.43 per acre), paid by Lessee as follows:

Base Rent for the entire first Lease Year shall be paid in advance within ten (10) days of the Term Commencement Date; and commencing in the second Lease Year, and continuing thereafter, Base Rent shall be paid annually, in advance on January 2, of each lease year without notice or demand and without any reduction, abatement, counterclaim or set-off. Base Rents payable in any year subject to adjustment by the Price Index pursuant to Article 5 B shall be payable thirty (30) business days after the Price Index is released and/or published by the appropriate agency responsible for that Price Index. If the first Lease Year is longer than twelve (12) months, then Base Rent for the first Lease Year shall be equal to the amount indicated above multiplied by (i) one (1), plus (ii) the result of dividing a fraction, the numerator of which is the number of days from the Term Commencement Date through and including the next following December 31, and the denominator of which is 365. If the Lease Term terminates on a day other than the last day of the month, Base Rent for the last Lease Year shall be prorated to the date of termination on a per diem basis. The total acreage of the Leased Premises shown on Exhibit "C" attached hereto shall be binding upon the parties for the purpose of calculating Base Rent.

B. Base Rent Adjustments.

Base Rent for the then commencing Lease Year shall be reviewed and adjusted at the beginning of the fifth (5th) Lease Year and at the beginning of every fifth (5th) Lease Year thereafter (each such date, a "Review Date") during the Lease Term based on positive changes in the Price Index. The "Base Index" for the adjustment shall be: (a) for the first Review Date, the Price Index for

December of the calendar year preceeding the year in which the Term Commencement Date occurs; and (b) for Review Dates after the first 5 year Review Date, the Price Index for the most recent Review Date. On each Review Date, Base Rent (as previously adjusted and deemed amended pursuant to Article 5B) shall be increased by any positive percentage change reflected in the Price Index when compared to the applicable Base Index. The formula for adjustment shall be:

$$\text{Adjusted Base Rent} = \frac{\$ \text{Base Rent (as adjusted/amended)} \times \text{Price Index for Review Date}}{\text{Base Index}}$$

Should the Price Index be modified so that the Base Index and Price Index for the then current Review Date are based on different base periods, the Base Index shall be adjusted to conform to the new base period of the modified Price Index and the adjustment formula will remain the same. In no event shall Base Rent decrease from one Lease Year to the next by application of the foregoing formula. The minimum Base Rent Adjustment, regardless of the Review Date Price Index change, shall be a five percent (5%) increase over the Base Rent payable immediately prior to the then current Review Date. In no event shall an adjustment in Base Rent pursuant to this Article 5B exceed twenty percent (20%) over the Base Rent payable immediately prior to the then current Review Date.

C. Renewal Term Base Rents Adjustments. Base Rents in the Renewal Term will adjust according to Article 5 B and the Price Index adjustments shall continue uninterrupted as calculated from the original Term Commencement Date.

D. Percentage Rent. NO PERCENTAGE RENTS

E. Development Subleases. NO DEVELOPMENT SUBLEASES

F. Timely Payment. Except as otherwise expressly provided in this Article 5, all Rent shall be due and payable in advance without notice or demand on January 2nd and shall be deemed delinquent if not paid on or before ten calendar days after due. Delinquent Rent shall bear interest at the Prime Rate plus five (5) percentage points from the date due until paid in full with interest, but this provision shall not be construed to relieve Lessee from its obligation to make timely Rent payments, nor of the operation of the provisions of this Lease relating to default. On each Base Rent payment date, Lessee shall pay to the Treasurer of SRPMIC as an administrative fee an amount equal to three (3%) percent of Base Rent then payable.

6. Improvements and Completion of Development.

All buildings and improvements developed on the Leased Premises shall be constructed in accordance with the quality standards and provisions set forth on Exhibit "E" attached hereto.

7. Title to Recharge Facility and Improvements.

Lessee's improvements located in, on or at the Leased Premises or otherwise constituting part of the Leased Premises shall during the Lease Term be owned by, and belong to, Lessee. All benefits and burdens of ownership of the foregoing, including title, depreciation, tax credits and all other tax items, shall be and remain in Lessee during the Lease Term. Notwithstanding

the foregoing, upon expiration or earlier termination of the Lease Term all such improvements shall either, at Lessor's election, become Lessor's property or shall be removed by Lessee, all in accordance with Article 32.

8. Construction, Maintenance, Repair, Alteration.

A. Improvements Generally. All improvements placed on the Leased Premises shall be constructed in a good and workmanlike manner and in compliance with all Legal Requirements at the sole cost and expense of Lessee.

B. Alterations or Additions. Lessee shall have the right at any time during the Lease Term to make alterations or additions to improvements (other than SRPMIC Infrastructure) on the Leased Premises so long as the general character and nature of said improvements remains consistent with the plan of development contemplated hereby; provided (without limiting Lessee's obligation to comply with all Legal Requirements), plans and specifications for all work that adds, modifies or deletes structural components or life safety systems shall be submitted, at Lessee's expense, to SRPMIC for review and approval; and provided further, before Lessee commences any alterations or additions the estimated cost of which exceeds Two Hundred and Fifty Thousand and No/100 Dollars (\$250,000), Lessee shall provide Lessor and SRPMIC such assurances of completion (including security, bonds, and creditworthy guaranties of completion) as SRPMIC may reasonably require. The requirements under this Article 8 exclude the regular and customary maintenance and repair activities of the Recharge Facility.

C. Construction. Any construction commenced by Lessee on the Leased Premises during the Lease Term shall be completed with reasonable diligence and within a reasonable time. Lessee shall pay for all such construction when and as required by the parties that perform such construction. All improvements that Lessee constructs on the Leased Premises shall become part of the Leased Premises. To the extent that Lessee obtains plans and specifications or surveys (including working plans and specifications and "as-built" plans and specifications and surveys) for any construction, Lessee shall promptly give SRPMIC a copy. Lessee shall cause its agreements with professionals to permit these deliveries, which are for Lessor information only except to the extent, if any, this Lease otherwise expressly states.

D. Removal or Demolition. Except as set forth in Article 41 below, removal or demolition of any improvements, or alterations or additions to any improvements not permitted by the foregoing provisions of this Article 8, shall not be made without the prior written consent of Lessor and SRPMIC, which consent and approval shall not be unreasonably withheld or delayed. Lessee shall prepare and submit to Lessor and SRPMIC its plans for removal or demolition of improvements, or alterations or additions not permitted by the foregoing provisions of this Article 8. Unless earlier approved, or rejected in writing, such plans shall be deemed approved by Lessor and SRPMIC (any such deemed approval by SRPMIC relating only to SRPMIC's capacity as administrator of this Lease, and not to SRPMIC's regulatory capacity) thirty (30) days following submission.

E. Maintenance and Repair. Lessee shall at all times during the Lease Term and at Lessee's sole cost and expense, keep and maintain the Leased Premises and all improvements thereon in good condition and repair, reasonable wear and tear and casualty damage (governed by other provisions of this Lease) excepted, without deferred maintenance, and in compliance with all Legal Requirements. Without limiting the generality of the foregoing, Lessee's obligation to maintain the Leased Premises includes an obligation to make all repairs that the Leased Premises may require from time to time during the Lease Term, whether structural or nonstructural, foreseen or unforeseen, capital or operating.

9. Liens.

Without limiting the generality of other provisions of this Lease, except for Approved Encumbrances created strictly in accordance with this Lease and SRPMIC and applicable federal law, no real property interest within the jurisdictional boundaries of the Salt River Pima-Maricopa Indian Community (as defined in Article I of the Constitution of SRPMIC, sometimes referred to in this Lease as land within the sovereign and jurisdictional boundaries of the Salt River Pima-Maricopa Indian Community), including without limitation the Leased Premises, may be liened under any federal or state law, including but not limited to mechanics' and materialmen's liens, equitable liens, deeds of trust or mortgages. Nothing contained in this Lease is or shall be construed as (1) a waiver of immunity of trust or restricted property from mechanics' or materialmen's or other liens, or (2) an obligation of the Secretary or Lessor to post non-responsibility notices while the Leased Premises are in a trust or restricted status.

10. Rental Bond; Security.

A. Security. Subject to Article 11 hereof, upon Lessee's execution of this Lease, in lieu of the surety bond required by, and (together with other provisions of this Lease which assure performance by Lessee of Lessee's obligations under and related to this Lease) in satisfaction otherwise of the requirements of, 25 CFR § 162.434 Lessee shall deposit with the SRPMIC Treasurer (the "Treasurer") the Security as security for the payment of Rent and Lessee's performance and observance of this Lease. Execution of this Lease by Lessee shall be incomplete and invalid for all purposes, and neither Lessor nor the Secretary shall have any obligation to Lessee hereunder or otherwise, unless and until the Security is paid to the Treasurer. Lessor may deduct from the Security an amount equal to: (a) any Rent that Lessee fails to pay; (b) all sums that Lessor expends as the result of a Lessee default; and (c) an amount equal to costs of recovering possession, and any and all other damages legally recoverable by Lessor, together with out-of-pocket costs and expenses incurred by Lessor, resulting from a Lessee default. At the expiration of this Lease, if Lessee is not in default or otherwise liable to Lessor, the unapplied balance of the Security shall be returned to Lessee. Lessee shall have no right to apply any portion of the Security against any of Lessee's obligations to pay any Rent hereunder. If at any time Lessor applies part or all of the Security, Lessee shall pay to the Treasurer the amount so applied, thereby increasing the amount of the Security, so that the Treasurer shall have on hand the full original Security at all times.

B. Alternate Security. With Lessor's approval, which shall not be withheld, delayed or conditioned if the form and substance of the proffered replacement security is reasonably equivalent to the Security, and provided that no uncured Lessee default exists,

Lessee may replace the Security with (or deposit in lieu of the Security) a surety bond or an irrevocable commercial standby letter of credit for the amount of the Security, provided that: (a) the form and substance of such bond or letter of credit, as applicable, are reasonably satisfactory to Lessor; (b) such bond or letter of credit is payable upon Lessor's presentation of the original of such bond or letter of credit together with a sight draft to the issuer, accompanied by Lessor's signed statement that Lessor is entitled to draw on such bond or letter of credit; (c) the issuer has a credit rating of AA or higher; and (d) the issuer maintains an office or branch in Maricopa County, Arizona. In addition to the foregoing, any such letter of credit shall provide for its: (i) continuance for at least one year from issuance; and (ii) to the extent reasonably obtainable by Lessee at no additional cost, automatic extension for additional periods of one year from initial expiry date and each subsequent expiry date, unless the issuer gives Lessor notice of its intention not to renew such letter of credit not less than 60 days before such expiry date. Corporate surety bonds shall be in continuous form.

11. Rental Bond Security Waiver.

Upon execution of this Lease, Lessor and the Secretary agree to waive the Article 10 Rental Bond Security requirement, but reserve the right to reinstate such requirement and Lessee agrees to comply with said requirement by posting the appropriate Rental Bond within ten (10) business days after written notice thereof by Lessor to Lessee.

12. Performance Bond.

Before beginning construction or undertaking any material renovations of any Recharge Facility or other improvements on the Leased Premises, Lessee agrees to provide either (a) a payment and performance bond covering faithful performance of all contracts for construction and payment of obligations arising thereunder as security to guarantee completion of such Recharge Facility and other improvements or renovations and payment in full of claims of all persons for work performed on, or materials furnished for, such construction or renovations, in form and substance, and issued by an issuer, reasonably acceptable to Lessor, or (b) such other security therefor as may be reasonably acceptable to Lessor. Upon request by the Lessee, the Performance Bond requirement may be waived by the Lessor and Secretary. Should a waiver of the Performance Bond requirement be granted, Lessor and Secretary may later reinstate such requirement, and Lessee shall comply with said requirement.

13. Public Liability Insurance.

At all times during the Lease Term, and during any remediation period pursuant to Article 32, Lessee shall carry at least the following insurance or provide through a self-insured program:

1. Comprehensive general liability insurance coverage including premises, operations, products, completed operations, and contractual liability coverage in the amount no less than \$1,000,000 per occurrence, \$1,000,000 personal injury and advertising injury; \$2,000,000 products and completed operations aggregate and \$2,000,000 general aggregate.

2. Automobile liability insurance for all motor vehicles operated by or for Lessee, including owned, hired, and non-owned autos, with minimum combined single limit for bodily injury and property damage of \$1,000,000 for each occurrence.
3. Workers compensation insurance as required by the laws of the State of Arizona with minimum employer's liability and occupational disease limits of \$500,000 to cover all employees.
4. Umbrella policy with limits of not less than \$2,000,000 per occurrence, to extend over the comprehensive general liability, automobile liability, employers liability and occupational disease, and professional liability (if applicable).

All policies shall be written to protect Lessee, Lessor, SRPMIC and the Secretary by naming Lessor, SRPMIC and the Secretary as additional insureds, and shall also be endorsed as primary coverage with respect to any other insurance which may be carried by Lessor unless provide by self-insurance. Liability insurance policies shall contain contractual liability coverage for Lessee's indemnity obligations under this Lease, to the extent covered by customary contractual liability insurance coverage. Lessee's failure to obtain such contractual liability coverage shall not relieve Lessee from any indemnity obligation under this Lease. Lessee hereby waives any and all rights of recovery from Lessor, or Lessor's affiliates, their respective directors, officers, employees and agents, for any loss or damage (including consequential loss) resulting from any of the perils insured against by Lessee's insurers except for gross and wilful misconduct on behalf of SRPMIC. Lessee shall have its insurers endorse to its policies a waiver of subrogation unless provided by self-insurance. Unless otherwise required by the Secretary, the evidence of insurance shall be in the form of an insurance certificate showing the required coverage and containing the undertaking of the insurer to give notice to the Secretary, Lessor and SRPMIC, as certificate holders, at least 30 days (ten days in case of non-payment of premium) before a cancellation of any of the listed insurance policies or a letter of self-insurance.

Any self-insurance as referenced in this Article 13 shall be subject to approval and acceptance by Lessor and must be submitted on or before execution of this Lease and prior to any Renewal Period. Proof of insurance or proof of self-insurance shall be submitted to Lessor either with the Rent due under Article 5, or within five (5) days of the anniversary of such insurance, or within five (5) days of any change in such insurance. Lessee shall immediately notify SRPMIC in writing of any incident, occurrence, injury, or situation in connection with the Leased Premises, which may give rise to any claim or loss in excess of \$100,000 under any of the aforementioned insurance coverage.

So long as SRP is the tenant under this Lease, SRP may provide coverage against risks through a self-insurance program, which may utilize insurance carriers non-admitted in the State of Arizona, where such self-insurance program is in compliance with applicable laws and approved by the State of Arizona (the "Risk Management Program") in lieu of procuring the insurance policies described in this Article 13 and Article 41 herein and coverage of such risks under the SRP's Risk Management Program shall be deemed in full compliance with all insurance requirements hereunder. SRP shall have the right to self-insure public liability and property losses in lieu of procuring Public Liability and Property Insurance policies described in Article 13 and Article 41 herein in which case SRP shall bear all such public liability and property losses such that SRPMIC shall have equivalent protection to that which would have been afforded by a commercial property insurance policy. SRP shall document proof of insurance for such self-insurance, including the approval of such self insurance by the State of Arizona where

applicable, in the same manner otherwise required by this Article 13 and Article 41 herein. To the extent that SRP's Risk Management Program does not provide additional insured status for SRPMIC and the Secretary, SRP hereby covenants and agrees that it will defend, indemnify, and hold harmless SRPMIC and the Secretary against claims and liabilities to the same extent that the SRPMIC and the Secretary would have been protected as additional insureds under commercial insurance policies of the type and with the coverages specified above in this Article 13 and Article 41 herein.

14. Sublease, Assignment, Transfer.

Lessee shall not sublease, assign or transfer all or any part of its interest in this Lease. Any purported sublease, assignment or other transfer shall be void and shall constitute a breach of this Lease.

15. Reporting Requirements.

Prior to the end of each month, Lessee will provide to SRPMIC Community Water Resources Manager ("Manager"), or to Manager's designee, monthly reports ("Water Report" per Exhibit "A") documenting the previous month's recharge quantities, and monitoring well groundwater levels in relation to the lowest Salt River Landfill cell elevation. Lessee will also submit to SRPMIC Community Water Resources Manager, or to Manager's designee, a formal letter requesting approval to recharge a given amount of water in the following month ("Recharge Request"). SRPMIC will reasonably approve such Recharge Requests and provide written approval of the Recharge Request within 10 business days of receipt. SRPMIC denial of any such Recharge Request will only occur under extraordinary circumstances.

The Water Report shall consist of the following elements:

1. Water inflows to GRUSP for 20__ (current year)
2. Projected and actual GRUSP recharge for January through December 20__ (current year)
3. Water level data for (the month prior date of report).
4. Groundwater withdrawal for (the month prior date of report).
5. Weather/Runoff Summary
6. Request for recharge at GRUSP for (the month following date of report).

Requirements of the Water Report are subject to change with reasonable notice to Lessee from Lessor.

16. Agreements for Utility Facilities.

A. Reservation of Rights. Without limiting the generality of other provisions of this Lease, Lessee hereby acknowledges and agrees that Lessor reserves the right under Chapter 17, Section 17-5.1(b) of the SRPMIC Code of Ordinances to be the provider, either through its own resources or by contract with other governmental or private entities, of all utility services furnished to the Leased Premises, including without limitation gas, water, electric, telecommunications, telephone, television, cable, fiber optics, solid waste disposal and

sewer facilities. As of the date hereof, the local access provider for telephone voice, data services and other telecommunications facilities within the boundaries of SRPMIC is Saddleback Communications (Contact: Operations Manager for information at 480-850-7000). Saddleback is the exclusive provider of local telephone services (including assignment and porting of telephone numbers) and transport services within SRPMIC. Microwave bypass is not permitted. The delivery of water to the Recharge Facility is exempt from provisions of this Article 16.

B. Facilities to be installed by Lessee. Lessee shall construct and install within the Leased Premises at Lessee's sole cost and expense all on-site utility (including without limitation storm and sanitary sewer, water, electric, gas, fiber optics, telephone and television), transportation (including without limitation driveways and parking facilities) and other infrastructure required to serve, and solely serving, the Recharge Facility ("On-Site Infrastructure"). In addition, Lessee shall construct and install, both within and outside the Leased Premises, certain utility, transportation and other infrastructure required to extend existing utility mains and public streets ("SRPMIC Infrastructure") to serve the Leased Premises (by connection to the On-Site Infrastructure) and other property. Design, capacity and construction of all such On-Site Infrastructure and SRPMIC Infrastructure shall be in accordance with all Legal Requirements, the other terms and conditions of this Lease. During the Lease Term, Lessee shall be responsible, at Lessee's sole cost and expense, for the construction, maintenance, operation, repair, replacement and any other cost or expense related to SRPMIC Infrastructure and On-Site Infrastructure; provided, however, that SRPMIC shall be entitled, at SRPMIC's election, at any time during the Lease Term or upon expiration of the Lease Term or earlier termination of this Lease to have any or all SRPMIC Infrastructure, together with rights-of-way therefor, dedicated to SRPMIC, in which event SRPMIC shall thereafter be responsible for the construction, maintenance, operation, repair, and replacement of SRPMIC Infrastructure in accordance with applicable Legal Requirements. Lessor, and SRPMIC and the Secretary by their approval of this Lease, but subject to SRPMIC's rights with respect to SRPMIC Infrastructure and On-Site Infrastructure as provided herein, and by applicable Legal Requirements, hereby and thereby grant to Lessee the right to install and operate On-Site Infrastructure and SRPMIC Infrastructure located within the Leased Premises, including without limitation sewer, water, electric, gas, fiber optics, telephone and television, as provided in this Article 16B.

17. Rights-of-Way for Roadway and Utility Facilities.

Lessee hereby consents to the granting and dedication of rights-of-way and easements (and related surveying) over, under, across, within, between and among the various allotments that collectively are the Leased Premises, for On-Site Infrastructure, SRPMIC Infrastructure and as necessary (as reasonably determined by SRPMIC) to provide access or utilities to property outside the Leased Premises or to any portion of the Leased Premises upon or after expiration or earlier termination of the Lease Term. Any right-of-way dedication or easement granted pursuant to this Article 17 shall be permanent in nature unless otherwise agreed to by SRPMIC in its sole and absolute discretion in the case of right-of-way dedications for SRPMIC Infrastructure or to provide access or utilities to property outside the Leased Premises or to any portion of the Leased Premises upon or after expiration or earlier termination of the Lease Term, or unless otherwise agreed to by the SRPMIC, who is benefited by the easement in the case of

easements for On-Site Infrastructure; provided, that easements for On-Site Infrastructure granted pursuant to this Article 17 shall terminate upon expiration of the Lease Term or earlier termination of this Lease, if Lessor elects (pursuant to Article 32) to require Lessee to restore the Leased Premises. During the Lease Term, Lessor and Lessee shall have the right by mutual agreement, to relocate any right-of-way within the Leased Premises. While it is intended that consents, grants and dedications provided for by this Article 17 shall be self operative, Lessee, Lessor has executed or agrees to execute, acknowledge and deliver to SRPMIC and/or Lessee such instruments or documents reasonably necessary to effectuate the provisions of this Article 17. Such rights-of-way and easements granted pursuant to this Article 17 are subject to the approval of the Secretary in accordance with the approved general development plan and pursuant to the Act of February 5, 1948 (62 Stat. 17) (25 U.S.C. §§ 323-28), and any amendments thereto, as supplemented by regulations of the Secretary applicable thereto. Such grants of rights-of-way and easements in accordance with the approved general development plan are also approved by the SRPMIC Council by its approval of this Lease.

18. Encumbrance.

Lessee shall not encumber Lessee's interest in this Lease or the leasehold which is created thereby.

19. Liens, Taxes, Assessments, Utility Charges.

A. Taxing Authority. Without limiting the generality of other provisions of this Lease, Lessee, for itself and its successors and assigns (including without limitation Sublessees) acknowledges, understands and agrees that: (i) Lessor is a taxing authority and may now and in the future impose and assess taxes on Lessee, any Sublessee, their property, and their businesses; (ii) taxing authority is an essential attribute of Lessor's sovereignty; and (iii) Lessor makes no representations whatsoever as to any tax advantages that may be gained by entering into this Lease, although such advantages may exist from time to time. Lessee shall make its own independent investigation and inquiry as to any and all tax matters of material concern to Lessee in entering into this Lease and review and understand the relevant provisions of applicable law. Any excise, transaction, sales or privilege tax (except income tax) now or hereafter levied or imposed upon Lessor on account of, attributed to or measured by rent or other charges payable by Lessee under this Lease shall be paid by Lessee to Lessor along with said rent and other charges otherwise payable by Lessee.

B. Claims and Taxes. Lessee shall pay, when and as the same become due and payable, all taxes, assessments, licenses, fees and other like charges levied or accruing during the Lease Term upon or against the Leased Premises, all interests therein and property thereon, for which either Lessee may become liable. Upon written request, Lessee shall furnish to Lessor written evidence, duly certified, that any and all taxes required to be paid by Lessee have been paid, satisfied or otherwise discharged. Lessee shall have the right to contest any claim, tax or assessment against the Leased Premises or any interests therein and property thereon by posting bonds to prevent enforcement of any lien resulting therefrom. Lessee agrees to indemnify, protect and hold harmless Lessor and the Leased Premises and all interests therein and improvements thereon from any and all claims, taxes, assessments and like charges and from any lien therefor or sale or other proceedings to enforce payment thereof,

and all costs in connection therewith. SRPMIC shall promptly execute and deliver for filing any appropriate documents with reference to the State real estate tax exemption of the Leased Premises when so requested by Lessee.

C. Utility Charges. Lessee shall pay all charges for water, sewer, gas, electricity, telephone and other utility services supplied to the Leased Premises as the same shall become due.

D. Liens Claimed for Work Performed. Without limiting other provisions of this Lease (including without limitation Article 9), Lessee shall not permit any lien related to any work performed, materials furnished, or obligations incurred by Lessee to be claimed, asserted or enforced against the Leased Premises, or any part thereof.

20. Lessor's Paying Claims.

Lessor shall have the right to pay any lien or charge payable by Lessee under this Lease, or settle any action therefor, if Lessee, after written notice from Lessor, fails to pay or post bonds against enforcement. All costs and other expenses incurred by Lessor in so doing shall be paid to Lessor by Lessee upon demand, with interest from the date of payment until repaid at the rate of interest five (5) percentage points greater than the Prime Rate. Failure to make such repayment on written demand shall constitute a breach of this Lease.

21. Claim or Assessment of State Taxes; Other Tax Matters.

A. Lessee shall forthwith notify the **Office of the Treasurer, Salt River Pima-Maricopa Indian Community, 10005 E. Osborn Road, Scottsdale, Arizona 85256**, and the **Office of General Counsel, Salt River Pima-Maricopa Indian Community, 10005 E. Osborn Road, Scottsdale, Arizona 85256**, of any claim or assessment of taxes against the Leased Premises by the State of Arizona or any of its political subdivisions or municipalities, and will forthwith send to the Office of the Treasurer of SRPMIC and the Office of General Counsel of SRPMIC copies of all notices or other documents received by it in connection with any such claim or assessment of taxes.

B. Lessee will make no payment of taxes or assessments referred to in Article 21A without prior written approval of Lessor, unless such payment is made under protest that there is no right to assess or claim such taxes.

C. Lessee will cooperate in any action undertaken by Lessor in regard to any claim or assessment of such taxes and will further cooperate with SRPMIC and Lessor in any litigation resulting from a payment under protest as set out in Article 21B above. Such cooperation, however, shall not require or subject Lessee to any additional cost or expense except those provided for under this Lease, and any such litigation shall be undertaken by and the expenses thereof shall be borne exclusively by Lessor. In addition, Lessee shall not be obligated to be a party initiating such action or litigation brought by or Lessor without its written consent thereto.

D. Lessee is responsible for collecting and remitting to Lessor all taxes imposed on it under applicable SRPMIC ordinances. Lessee acknowledges, understands and agrees that taxes owed to SRPMIC shall not be adjusted or abated if Lessee mistakenly pays taxes to another jurisdiction.

E. For purposes of Subparagraphs 21A, 21B and 21C, "taxes" shall mean taxes; including transaction privilege, ad valorem, leasehold, possessory interest, excise or other taxes sought to be assessed or collected by the State of Arizona or any of its political subdivisions.

F. Nothing contained in this Lease shall be deemed to constitute a waiver of applicable laws providing tax immunity to trust or restricted Indian property or any interest therein or income therefrom.

22. Eminent Domain.

A. Definition of Terms. The term "Total Taking" means the taking by a Governmental Authority of the entire Leased Premises in fee under the power of eminent domain or a voluntary transfer in lieu thereof, or the taking by a Governmental Authority of less than the entire Leased Premises in fee under the power of eminent domain or a voluntary transfer in lieu thereof that renders the portion of the Leased Premises remaining not economically viable. The term "Partial Taking" means any other taking by a Governmental Authority of less than the entire Leased Premises in fee under the power of eminent domain (or a voluntary transfer in lieu thereof) that does not render the portion of the Leased Premises remaining not economically viable.

B. Total Taking. In case of a Total Taking, the leasehold estate of Lessee and its liability for payment of Rent of every kind whatsoever (except then accrued but unpaid Rent) shall cease and terminate as of the date possession of the Leased Premises shall be so taken.

C. Partial Taking. In case of a Partial Taking, this Lease shall terminate as to the portion of the Leased Premises so taken as of the date on which possession of said portion is taken, but this Lease shall continue in full force and effect as to the remainder of the Leased Premises. Thereafter, each ensuing installment of Base Rent shall be abated in the ratio that the value of the Leased Premises taken as unimproved real property being put to its highest and best use bears to the total value of the Leased Premises as unimproved real property being put to its highest and best use prior to such taking.

D. Refund of Advance Rentals. There shall be no refund of Base Rent paid in advance because of either a Total or Partial Taking of the Leased Premises. However, in the event of an overpayment of Base Rent due to a Partial Taking (determined with reference to the abatement of Base Rent in Article 22C above), any such overpayment shall be credited toward future payments of Base Rent as the same become due.

E. Allocation of Awards. In the event of a Partial Taking, any condemnation award shall be used first for any necessary Restoration of the remaining portion of the Leased

Premises and shall, if requested by Lessor or Lessee, be paid to an Approved Depository pending expenditure, and disbursed in accordance with the procedures set forth in Article 41. Any remainder after any necessary Restoration shall be disbursed as follows: In the event of either a Partial or Total Taking of the Leased Premises, Lessor shall be entitled to that portion of the entire award made with respect to the then discounted present value of the Base Rent and Additional Rent payable under this Lease for the remainder of the Lease Term, and the then discounted present value of the residual value of the Leased Premises to the Lessor upon termination of this Lease. Lessee shall be entitled to that portion of the entire award made with respect to the taking of the improvements erected on the Leased Premises by Lessee and with respect to Lessee's leasehold interest in the Leased Premises (which interest shall be the total value of the Leased Premises minus Lessor's interest in the Leased Premises as set forth above). All compensation and damages awarded for the taking of the Leased Premises or the improvements or any portion thereof shall, except as otherwise herein provided, and except as to such compensation as may be deemed "relocation benefits," belong to and be the sole property of Lessor.

F. Taking for a Term. In case the Leased Premises or any portion thereof are taken for a term of years, then Lessee shall remain bound by all of the terms and provisions of this Lease and shall be entitled to the entire award made in connection with such taking, except such part, if any, as is allocable to a period beyond the Lease Term.

G. Voluntary Conveyance. A voluntary conveyance by Lessor to a Governmental Authority under a threat of a taking under the power of eminent domain, in lieu of formal proceedings, shall be deemed to be a taking within the meaning of this Article 22.

23. Confidentiality

Lessor, Lessee and the Secretary mutually agree to hold confidential the information supplied by Lessor or Lessee pursuant to the terms of this Lease or other documents or information reasonably deemed by Lessor or Lessee to contain or constitute trade secret or proprietary information, and designated as such in writing.

24. Default

Time is of the essence of this Lease. Lessor may act pursuant to 25 CFR 162.465 and other provisions or as amended, (1) Should Lessee default in any payment of Rent or fail to post any bond, or maintain insurance, permits or licenses, as required by the terms of this Lease, and if such default shall continue uncured for the period of ten (10) business days after written notice thereof by Lessor to Lessee (provided in no event shall Lessor be required to give this notice more than two times in any Lease Year, and upon any third or subsequent such default in any Lease Year, Lessee shall have no right to notice and a cure period); or (2) should Lessee breach any other covenant of this Lease, and if the breach of such other covenant shall continue uncured for a period of twenty (20) business days after written notice thereof by SRPMIC to Lessee (or if such breach of such other covenant cannot be cured with due diligence within twenty (20) business days, if Lessee shall not (x) within ten (10) business days from Lessor's notice advise Lessor of Lessee's intention to take all necessary steps to cure such default, y) duly commence such cure within such period, and then diligently prosecute such cure to completion, and (z)

complete such cure within a reasonable time under the circumstances (not to exceed, in any event, 45 days)): then the Lessor may, without limiting other remedies available (including without limitation an action(s) for damages or injunctive relief), in Lessor's discretion either:

1. Proceed by any available means to enforce collection or to enforce any other provision of this Lease; or
2. Re-enter the Leased Premises and remove all persons and property therefrom, excluding Sublessees that are not in default of their Approved Subleases beyond any applicable cure period and property belonging to such Sublessees, without being liable for damages or guilty of trespass, and

(a) Collect the income from the Leased Premises and otherwise operate (including through a property manager) or re-let the Leased Premises, without terminating this Lease, but without prejudice to the right to terminate this Lease at any time thereafter, and without invalidating any right of Lessor or any obligation of Lessee hereunder. The terms and conditions of any such operation or re-letting shall be at the discretion of Lessor, who shall have the right to act as they reasonably deem advisable. If a sufficient sum is not thus realized to pay Lessor all amounts due hereunder from time to time thereafter, Lessee shall pay to Lessor monthly, when due, any deficiency, and Lessor may take collection action thereafter from time to time (including without limitation, monthly) in its discretion to recover monthly deficiencies that arise; or

Any action taken or suffered by Lessee as a debtor under any insolvency or bankruptcy act shall constitute a breach of this Lease. In such event, Lessor shall have the options set forth above in this Article 24.

Without limiting the foregoing or any other remedy available at law or otherwise to Lessor, any such remedy may be pursued regardless of the initiation and pendency of an arbitration or other legal proceeding pursuant to Article 37, except only in the event Lessor is expressly ordered by the arbitrator(s) or court with jurisdiction pursuant to Article 37 (but not otherwise) to cease or forbear from the exercise of such remedies pending further proceedings under Article 37. Without limiting Article 37 or Lessee's waiver of any appeal right under 25 CFR Part 2 (or otherwise, except only as expressly provided in Article 37) set forth in Article 37, Lessee shall not have any right to appeal under 25 CFR Part 2 from, arising out of or relating to exercise of any Lessor remedy provided for in this Lease. Lessor may change the locks and other security devices providing admittance to the Leased Premises. No failure by Lessor to insist upon strict performance of any covenant, agreement, term, or condition of this Lease or to exercise any right or remedy upon a Lessee default, and no acceptance of full or partial Rent or receipt of the income from or proceeds of re-letting the Leased Premises during continuance of any such default, shall waive any such default or such covenant, agreement, term, or condition. No covenant, agreement, term, or condition of this Lease to be performed or complied with by Lessee, and no Lessee default, shall be modified or waived except by a written instrument executed by Lessor, and no approval, consent, election, direction or other discretionary action of Lessor under or pursuant to this Lease shall be effective except by a written instrument executed by. No waiver of any Lessee default shall modify this Lease; rather, each and every covenant,

agreement, term, and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent Lessee default of such covenant, agreement, term or condition of this Lease. No re-entry by Lessor shall absolve or discharge Lessee from liability under this Lease. No receipt of money by Lessor from Lessee or Sublessees or from re-letting after termination of this Lease, or after the giving of any notice of termination of this Lease, shall reinstate, continue, or extend this Lease or affect any notice theretofore given to Lessee, or waive any right of Lessor. After service of notice to terminate this Lease or the commencement of arbitration or other proceedings, or after final order or judgment for possession, Lessor may demand, receive, and collect any moneys due or thereafter falling due from Lessee and Sublessees without in any manner affecting such notice, proceeding, order, suit or judgment. Lessor may recover from Lessee all damages Lessor incurs by reason of Lessee's default, including reasonable costs of recovering possession, reletting or operating the Leased Premises, and reimbursement of Lessor's reasonable costs and expenses incurred in connection with or as a direct or indirect result of Lessee's default, including without limitation attorneys' fees and other legal costs and bank fees for dishonored checks. Such damages may include, at Lessor's election, either (a) the present value, calculated at the then current target federal funds rate promulgated by the Federal Open Market Committee (or if such rate is no longer available, then a reasonably equivalent rate published by an authoritative third party that SRPMIC reasonably designates), of the excess of the total Base Rent under this Lease over the fair market rental value of the Leased Premises for the balance of the Lease Term; or (b) the Rent payable to Lessor provided for in this Lease, when and as due and payable under this Lease. Lessor may recover such damages at any time after Lessee's default, including after expiration of the Lease Term. In no event shall Lessee be entitled to any surplus resulting from reletting or Lessor's receipt of net income of the Leased Premises. Notwithstanding any law to the contrary, Lessor need not commence separate actions to enforce Lessee's obligations for each month's Rent not paid, or each month's accrual of damages for Lessee's default, but may bring and prosecute a single combined action for all such Rent and damages. Upon any termination of this Lease, to the extent that Lessor or any third party holds any casualty or condemnation proceeds (and/or deposits by Lessee) to be applied to Restoration, they shall be applied solely as Lessor directs, including as a payment toward any sums then payable to Lessor. Lessor shall be entitled to injunctive relief enjoining Lessee from continuing any default or from committing any threatened default. Lessee specifically and expressly acknowledges that damages would not constitute an adequate remedy for any nonmonetary Lessee default. Upon any default by Lessee hereunder, Lessor shall have all of the rights described in Article 10 with respect to the Security.

25. Attorney's Fees.

If an action shall be brought to enforce performance of any of the covenants and conditions of this Lease pursuant to the arbitration provisions set forth in Article 37 below (or in Tribal Court or in United States District Court if and to the extent expressly permitted by Article 37), the losing party shall pay such reasonable attorney's fees of the prevailing party as may be determined and fixed by the arbitration panel (or such court) as a part of the costs in any such action.

26. Holding Over.

Holding over by the Lessee after the termination or expiration of this Lease shall not constitute a renewal or extension of this Lease or give the Lessee any rights in or to the Leased Premises. Lessee agrees to remove all Removable Personal Property prior to the termination or expiration of this Lease; provided, however, that if this Lease is terminated prior to the expiration date, Lessee shall have thirty (30) days after the termination date to remove all Removable Personal Property. Should Lessee fail to remove any Removable Personal Property within the specified time, Lessor shall have the right to remove it and dispose of it or have it stored, all at the Lessee's expense. If for any reason Lessee remains in the Leased Premises after expiration or earlier termination of the Lease Term, then Lessor will suffer injury that is substantial, difficult, or impossible to measure accurately. Therefore, if Lessee remains in the Leased Premises after expiration or earlier termination of the Lease Term, for any reason or no reason, then in addition to any other rights or remedies of Lessor, Lessee shall pay to Lessor, as liquidated damages and not as a penalty, for each month (prorated daily for partial months) during which Lessee holds over after expiration or earlier termination of the Lease Term, a sum equal to: 120% (for the first month or partial month of holding over), 133% (for the second month or partial month of holding over), and 150% (for each subsequent month or partial month of holding over) times the monthly Rent, including Additional Rent, payable under this Lease during the Lease Year preceding expiration or earlier termination of the Lease Term. The Lessor's receipt and acceptance of any compensation owed to the Lessor during any remediation period, or after termination or expiration of the Lease shall not be construed or deemed to be a waiver or cure as to any violation or breach of the Lease.

27. No Partnership.

Nothing in this Lease shall be construed as creating a partnership between the parties hereto.

28. SRPMIC as Lease Administrator.

Both the Lessor and the Lessee acknowledge (i) that the SRPMIC is a federally recognized Indian tribe that exercises governmental authority over the Leased Premises, and (ii) that the SRPMIC has signed a self-governance compact under which the SRPMIC exercises administrative authority over the parties and this Lease (unless and until that authority is retroceded to or rescinded and taken back by the Secretary). No action or inaction of the SRPMIC taken under the authority of the SRPMIC's self governance compact shall limit, bind or restrict the SRPMIC in any way in exercising its governmental (including without limitation its regulatory) authority over the Lessee or the Lease Premises.

29. Lessee's Obligations to the United States and SRPMIC.

While the Leased Premises are held in trust by the United States or subject to a restriction against alienation imposed by the United States, all of the Lessee's obligations under this Lease, and the obligations of Lessee's sureties, are to the United States and the Secretary as well as to Lessor.

30. Payments and Notices.

Except as otherwise expressly provided in this Lease, all notices, payments and demands shall be sent to the parties at the address set forth in this Article 30 or to such addresses as the parties may hereafter designate in writing:

For Lessor: Director, Community Development Department
Salt River Pima-Maricopa Indian Community
10005 East Osborn Road
Scottsdale, AZ 85256

with a copy to:

Office of the General Counsel
Salt River Pima-Maricopa Indian Community
10005 East Osborn Road
Scottsdale, AZ 85256

Payments to
the Community: Salt River Pima-Maricopa Indian Community
Finance Department
10005 East Osborn Road
Scottsdale, AZ 85256

For Lessee: Corporate Secretary
Salt River Project Agricultural Improvement and Power District
Mail Station PAB 215
P.O. Box 52025
Phoenix, Arizona 85072-2025

with a copy to:
Associate General Manager and Chief Resources Executive
Mail Station PAB 232
P.O. Box 52025
Phoenix, Arizona 85072-2025

For Secretary: Superintendent, Salt River Agency
Bureau of Indian Affairs
10000 East McDowell
Scottsdale, AZ 85256

Notice, demands and payments shall be (i) delivered by Federal Express or other overnight (one-night) courier service, in which case they shall be deemed delivered on the date of delivery (or when delivery has been attempted twice, as evidenced by the written report of the courier service), (ii) delivered in person or by messenger, in which case they shall be deemed delivered on the date of delivery (or when delivery has been attempted twice, as evidenced by the written

report of the messenger service), or (iii) sent by certified or registered mail, return receipt requested, in which case they shall be deemed delivered seventy-two (72) hours after deposit in the mail or on the date actually received, whichever occurs first. Any party may change its address by notice in compliance with this Article 30. Notice of such a change shall be effective upon delivery as aforesaid. Any party giving a notice may request the recipient to acknowledge receipt of such notice. The recipient shall promptly comply with any such request, but failure to do so shall not limit the effectiveness of any notice. Any attorney may give any notice on behalf of its client.

31. Inspection.

The Secretary and Lessor, and their respective authorized representatives, shall have the right, at any reasonable times during the Lease Term, to enter upon the Leased Premises, or any part thereof, to: (a) ascertain whether Lessee is complying with this Lease; (b) cure Lessee's defaults; (c) inspect the Leased Premises and any construction; (d) perform such tests, borings, and other analyses as Lessor or the Secretary determines may be necessary or appropriate relating to (non)compliance with any Legal Requirement or Environmental Law; or (e) for other reasonable purposes. In entering the Leased Premises, the Secretary, and Lessor, and their respective designees, shall not unreasonably interfere with operations on the Leased Premises; provided, that in an emergency (as reasonably determined by Lessor), including without limitation if Lessor Infrastructure shall be damaged, destroyed or in need of immediate repair, Lessor may, at any time, after reasonable (under the circumstances) attempts to notify Lessee and agree upon necessary action, or without notice if Lessee cannot immediately be reached, enter the Leased Premises and, at Lessee's cost and expense, take any and all action reasonably deemed necessary by SRPMIC.

32. Delivery of Leased Premises.

Upon expiration of the Lease Term or earlier termination of this Lease:

(a) all improvements, fixtures and other property, except Removable Personal Property, shall automatically without further action become Lessor's property (Lessee shall, however, if requested by Lessor execute any instrument or document reasonably required by Lessor to evidence vesting of title to such property in Lessor.);

(b) at Lessor's election, Lessee shall (i) deliver to Lessor possession of the Leased Premises in good condition and repair, reasonable wear and tear and casualty damage (governed by other provisions of this Lease) excepted, without deferred maintenance, and in compliance with all Legal Requirements, or (ii) remove, at Lessee's sole cost and expense, all improvements within the Leased Premises and restore the Leased Premises to substantially the same condition as existed on the Secretary's Approval Date (March 9, 1993) of prior Business Lease B-244 LTRO Docket No. 615-024093 as renewed by SRP's letter dated February 7, 2002.

(c) Lessee shall surrender any right, title, or interest in and to the Leased Premises and deliver such evidence and confirmation thereof as Lessor reasonably requires;

(d) Lessee shall deliver the Leased Premises free and clear of all encumbrances, except (1) encumbrances that existed immediately prior to the Secretary's Approval Date (March 9, 1993) of prior Business Lease B-244 LTRO Docket No. 615-024093 as renewed by SRP's letter dated February 7, 2002., (2) encumbrances expressly consented to in writing by Lessor and SRPMIC and, by the express terms of any such consent, permitted to remain in effect following expiration of the Lease Term or earlier termination of this Lease, and (3) liens that Lessor or any of their agents caused;

(e) Lessee shall assign to Lessor, without recourse, and give Lessor copies or originals of, all assignable licenses, permits, contracts, warranties, and guarantees then in effect for the Leased Premises;

(f) the parties shall cooperate to achieve an orderly transition of operations from Lessee to Lessor without interruption, including delivery of such books and records (or copies thereof) as Lessor reasonably requires; and

(g) Lessee shall assign to Lessor, and Lessor shall reimburse Lessee for, all utility and other service provider deposits for the Leased Premises. Notwithstanding anything to the contrary in this Article 32, provided that Lessee is not then in default of an obligation under this Lease, Lessee may remove any Removable Personal Property, but Lessee must do so, if at all, before expiration of the Lease Term or earlier termination of this Lease. Lessee shall repair any damage resulting from or incident to such removal. Removable Personal Property not removed before expiration of the Lease Term or earlier termination of this Lease shall be deemed abandoned and may be dealt with in Lessor's discretion, at Lessee's expense.

(h) If requested by Lessor not sooner than the earlier of (a) three (3) years prior to the scheduled expiration of the Lease Term, or (b) upon the occurrence of a Lessee default under this Lease during or after the ten (10th) Lease Year which is not cured within any applicable cure period, or (c) upon Lessee's exercise of the within Article 3C "early termination", or (d) upon Lessee's failure to timely exercise or decision not to exercise the Renewal Term under the within Article 3A, Lessee shall within thirty (30) days of receipt of Notice from Lessor provide either (1) a payment and performance bond covering faithful performance of Lessee's obligation under clause (b)(ii) of this Article 32 to restore the Leased Premises to substantially the same condition as existed on the Secretary's Approval Date (March 9, 1993) of prior Business Lease B-244 LTRO Docket No. 615-024093 as renewed by SRP's letter dated February 7, 2002, to guarantee such restoration and payment in full of claims of all persons for work performed in connection with such restoration, in form and substance, and issued by an issuer, reasonably acceptable to Lessor, or (2) such other security therefor as may be reasonably acceptable to Lessor.

33. Lease Binding.

This Lease and the covenants, conditions and restrictions hereof shall extend to and be binding upon the successors, heirs, assigns, executors, and administrators of the parties hereto.

34. Interest of Member of Congress.

No member of, or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom, but this provision shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

35. Force Majeure.

Whenever under this Lease a time is stated within which or by which original construction, repairs or reconstruction of improvements shall be completed, and if during such period a general or sympathetic strike or lockout (but only to the extent such actions affect similar premises at that time and do not result from an act or omission of Lessee), war or rebellion, or some other event occurs or fails to occur beyond Lessee's power to control, despite Lessee's diligent efforts, or if Lessee is unable, despite Lessee's diligent efforts, to obtain any Required Consent, the period of delay so caused ("Unavoidable Delay") shall be added to the period allowed herein for the completion of such work. Unavoidable Delay shall exclude delay caused by Lessee's financial condition, illiquidity, or insolvency, or failure to pay money owed or claimed owed. If Lessee claims Unavoidable Delay it shall notify Lessor and SRPMIC: (a) within 30 days after Lessee knows of any such Unavoidable Delay; and (b) within 10 days after such Unavoidable Delay ceases to exist. To be effective, any such notice must describe the Unavoidable Delay in reasonable detail.

36. Laws and Ordinances of SRPMIC; Sovereign Immunity.

A. The Leased Premises are located within the sovereign and jurisdictional boundaries of the Salt River Pima-Maricopa Indian Community, and are subject to the statutes, laws, rules, orders, regulations, policies, procedures, standards, taxes, ordinances and general police powers (including without limitation judicial powers) of SRPMIC. Lessee shall comply with all statutes, laws, rules, orders, regulations, policies, procedures, standards, taxes and ordinances of SRPMIC currently in place or hereafter from time to time adopted by SRPMIC, all as the same may be adopted, amended, modified, replaced or superseded from time to time. Without limiting the generality of the foregoing, Lessee acknowledges and agrees that:

- i. All persons occupying and/or doing business at the Leased Premises are required to obtain a SRPMIC Business License and Tax Permit pursuant to Chapter 15, Section 15-21 and other provisions of SRPMIC's Code of Ordinances;
- ii. All persons occupying and/or doing business at the Leased Premises must use SRPMIC's solid waste disposal provider pursuant to SRPMIC's Code of Ordinances;
- iii. SRPMIC has exclusive development, zoning and building permit authority over the Leased Premises;

- iv. Construction and development of the Leased Premises and any maintenance, repairs and/or alterations thereto are subject to all applicable SRPMIC legal requirements and requirements imposed by this Lease; and
- v. All construction plans, permits and applications for permits must be submitted to and obtained from SRPMIC.

B. Lessee, for itself and its employees, agents, sublessees and other successors and assigns, and their respective employees, agents, subsublessees and other successors and assigns, agrees to abide by all Legal Requirements of SRPMIC now in force and effect, or those that may be hereafter in force and effect, and recognizes that the Salt River Pima Maricopa Indian Community has reserved to itself all of its governmental authority, and its right to exercise its dominion and control over the transactions and activities on the land subject to this Lease.

C. Lessee acknowledges that SRPMIC is a federally recognized Indian tribe, and is generally immune from legal action. Nothing in this Lease (including without limitation any citation to Arizona or other state law), or in any related agreement, consent, exhibit, document or undertaking, and no action by SRPMIC in furtherance of its regulatory authority over Lessee and the Leased Premises: (i) shall limit, qualify, diminish, waive, impair or otherwise adversely affect the sovereignty, adjudicatory and regulatory jurisdiction, or sovereign immunity of the Salt River Pima-Maricopa Indian Community, or any of its entities, enterprises, affiliates or subdivisions, or the jurisdiction exercised by the Salt River Pima-Maricopa Indian Community Courts, except only if, as and to the extent expressly agreed to in writing by SRPMIC; (ii) is or shall be construed as consent or agreement by Lessor or SRPMIC to the jurisdiction of any federal, state or municipal court, except only if, as and to the extent expressly agreed to in writing by SRPMIC; or (iii) shall be construed as or result in an application of any state statutory or regulatory law or common law or police power (including without limitation judicial power) to (A) Lessor or SRPMIC, or (B) any right, title, interest, power, consent, authority, obligation or liability of Lessor or SRPMIC, or (iii) the immunity or sovereignty of SRPMIC, except only if, as and to the extent expressly agreed to in writing by SRPMIC.

37. Arbitration.

A. Any controversy or claim between Lessor and Lessee arising out of or relating to this Lease, or the breach thereof, except (i) claims for money damages in a sum of less than Twenty-five Thousand and No/100 Dollars (\$25,000.00), (ii) actions for *mandamus*, an injunction or an order for specific performance, and (iii) claims that a lien exists or ought to exist on Lessor's interest in the Leased Premises, shall be settled by arbitration administered by the American Arbitration Association (or such other private service as may be mutually agreed to by Lessor and Lessee) in accordance with the Commercial Arbitration Rules of the American Arbitration Association (or such other rules as may be adopted, or as such rules may be modified, by agreement between Lessor and Lessee), except as such rules may contemplate state court jurisdiction, and judgment on the award rendered by the arbitrator(s) may be entered in United States District Court for the District of Arizona. The place of arbitration shall be within, or within fifty (50) miles of, the jurisdictional boundaries of the Salt River Pima-

Maricopa Indian Community. The United States Arbitration Act (Title 9 United States Code) shall govern the interpretation, enforcement, and proceedings pursuant to this arbitration clause. Reference is made to 25 U.S.C. § 416a.(c), the terms of which are incorporated herein by this reference. Except as the parties may agree otherwise, any such binding arbitration shall be conducted, upon the request of either Lessor or Lessee, before three (3) arbitrators designated by the American Arbitration Association. Any arbitrators designated to act under this Lease shall make their award in strict conformity with said rules and this Lease; and shall have no power to depart from or change any of the provisions thereof except as provided herein or as the parties may expressly agree otherwise in writing.

B. Jurisdiction of any controversy or claim between Lessor and Lessee arising out of or relating to this Lease, or the breach thereof, involving (i) claims for money damages in a sum of less than Twenty-five Thousand and No/100 Dollars (\$25,000.00), or (ii) actions for *mandamus*, an injunction or an order for specific performance, shall lie exclusively in SRPMIC Court. Claims that a lien exists or ought to exist on Lessor's, any Allotted Landowner's or the United States' interest in the Leased Premises are barred, Lessee, for itself and all Persons now or hereafter claiming rights or interests in or related to the Leased Premises through Lessee, acknowledging again that no real property within the sovereign and jurisdictional boundaries of SRPMIC, including without limitation the Leased Premises, may be liened, including but not limited to mechanics' and materialmen's liens, equitable liens, deeds of trust or mortgages.

C. Lessee, for itself and any person claiming through Lessee, including without limitation Sublessees and Approved Encumbrancers, hereby irrevocably waives any right of appeal under 25 CFR Part 2 (Appeals From Administrative Actions) or any other federal regulation or statute, from, arising out of or relating to any determination, decision, action, inaction or other matter arising out of or relating to this Lease or the Leased Premises, and any such appeal shall be barred. Arbitration or other action expressly provided for in this Article 37 shall be the sole, exclusive and final means of resolving any controversy, claim or other matter arising out of or relating to this Lease.

38. Employment and Procurement Preference.

Without limiting other provisions of this Lease, Lessee acknowledges, understands and agrees that Chapter 17, Section 17-5.1(a) of SRPMIC's Code of Ordinances requires that Lessee comply with the Indian employment and procurement preference provisions of this Article 38. Generally (and without limiting said provisions), the following provisions impose requirements relating to (i) hiring, promotion and training of qualified members of SRPMIC and qualified members of other federally recognized Indian tribes, and (ii) buying materials, goods and services from business enterprises owned by or which are divisions of SRPMIC, and (iii) buying materials, goods and services from Certified Community - Member owned Businesses. Lessee shall make its own independent investigation and inquiry as to any and all such employment and procurement preference matters and Lessee's compliance therewith in connection with its construction of, and intended business operations to be conducted at, the Leased Premises, as well as all other performance required by Lessee under this Lease.

A. Employment Preference. Qualified members of SRPMIC and qualified members of other federally recognized Indian Tribes shall receive preferences in hiring and in all other aspects of employment, including without limitation promotions, in connection with construction and operation of the improvements to be developed, and the businesses to be located, on the Leased Premises as contemplated by this Lease.

(1) Lessee shall notify the SRPMIC Jobs and Underfill Coordinator of the Human Resources Department of all job openings for which the position is permanently based or located within the Leased Premises. All required qualifications for such job openings shall also be reported to SRPMIC.

(2) Lessee shall not employ or promote any person who is not a member of SRPMIC without giving the Community Jobs and Underfill Coordinator of the Human Resources Department of SRPMIC three (3) business days' prior written notice, together with the required qualifications for any open position, so that a qualified member of SRPMIC may be referred for employment or promotion.

(3) The purpose and intent of the employment preference provisions of this Article 38 are that if there are two (2) or more persons substantially equally qualified for a job opening, and one of such persons is a member of SRPMIC, or a member of another federally recognized Indian tribe, the qualified person who is a member of the SRPMIC, or a member of another federally recognized Indian tribe, shall be selected. If no such qualified member of SRPMIC or another federally recognized Indian tribe, has applied for the job opening, any other qualified person may be selected for employment. It is not the intent and purpose of this Article 38 to establish quotas. Further, Lessee shall not be required to discharge existing employees in order to create job openings, it being the purpose and intent hereof that the employment preference provisions of this Article 38 apply only with respect to job openings and newly created positions.

(4) Lessee shall report on a quarterly basis the following employment information to the Community Jobs and Underfill Coordinator of the Human Resources Department of SRPMIC no later than January 15, April 15, July 15, and October 15 of each year in separate categories: a) the initials of the employees that are designated a SRPMIC member, or a member of a federally recognized Indian tribe, b) employee title or position, c) the total number of individuals that are employed by the organization (on the Leased Premises) segregated into each pay grade, and d) the number of promotions/demotions, job reclassifications, terminations, merit increases and the number of denied merit increases that occurred at the organization (on the Leased Premises) for the past quarter. Lessee shall provide additional information, such as employee name and general wage information upon official written request of the SRPMIC.

(5) In the event it is determined by the Director of the Human Resources Department of SRPMIC that Lessee has committed a violation of a provision of this Article 38(A)(1) or (2), such a violation shall not be considered a breach or default of this Lease unless it has been determined in a procedure under Article 37 hereof that the violation is part of a pattern or practice of such violations; rather, in such event, a fine, in an amount not to exceed Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per occurrence, may be imposed upon Lessee, which fine shall be paid to SRPMIC to support job training.

B. Procurement Preference. SRPMIC shall semi-annually notify Lessee, in writing, of Certified Community - Member owned Businesses offering goods and/or services, including without limitation the providing of services of any kind with respect to the construction and operations of buildings, grounds or equipment upon the Leased Premises. It shall thereafter be the policy of Lessee in connection with the improvements to be developed on the Leased Premises that prior to contracting with any business enterprise which is not a Certified Community - Member owned Businesses for services with respect to the construction and operation of the Leased Premises, including without limitation the buildings, grounds or equipment, Lessee shall give to the **Community Development Department Director, Salt River Pima-Maricopa Indian Community, 10005 E. Osborn Road, Scottsdale, Arizona 85256** the same notice of contracting opportunity and required qualifications as is given by Lessee in the ordinary course of business.

(1) The purpose and intent of this subsection is to provide that if there are two (2) or more substantially equally qualified bidders or contractors offering goods or services, and one of such businesses is a Certified Community - Member owned Businesses, then the Certified Community - Member owned Businesses shall be selected. If no such Certified Community - Member owned Businesses has responded, any other qualified business may be selected for the providing of the good or service. It is not the intent and purpose of this Article 38 to establish quotas.

(2) Lessee shall report the following procurement information to the Community Development Department on January 1 and July 15 of each year designating the following: 1) the number of contracts awarded for goods and services, 2) the number of Certified Community - Member owned Businesses who bid on projects, including what category of goods or services these bids occurred in, and 3) the number of Certified Community - Member owned Businesses awarded a contract by the Lessee.

(3) In the event it is determined by the Director of the Community Development Department that the Lessee has committed a violation of a provision of this Article 38B, such a violation shall not be considered a breach or default of this Lease unless it has been determined in a procedure under Article 37 hereof that the violation is part of a pattern or practice of such violations; rather, in such event, a fine, in an amount not to exceed Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per occurrence, may be imposed upon Lessee, which fine shall be paid to SRPMIC to support job training and enterprise.

C. SRPMIC Suppliers. Lessee agrees to specify and purchase, and require its contractors, subcontractors and material suppliers to specify and purchase, from Salt River Sand & Rock Company, Phoenix Cement Company, or other business enterprises owned by or which are divisions of SRPMIC as designated in writing by SRPMIC ("SRPMIC Suppliers") (1) sand and gravel, (2) cement, (3) asphaltic paving materials, (4) fly ash, (5) concrete, and (6) landfill services, and such other goods and services which can be supplied by SRPMIC Suppliers as designated in writing by SRPMIC (referred to below in this Article 38C as the "product" and/or "services") in connection with the improvements to be developed on the Leased Premises to the extent and on the condition that quantity, quality, specifications, cost and availability of the product available from SRPMIC Suppliers are equivalent to or better than those which are required by Lessee and available from other suppliers. The contracts

under which the product or services are purchased from SRPMIC Suppliers shall provide equivalent or better terms and conditions, including but not limited to bonds, penalties, and enforceability, as would be available in a contract for the purchase of equivalent product or services from other suppliers. In the event a SRPMIC Supplier fails to comply in all material respects with the terms and conditions of a contract for the sale of product or services entered into pursuant to this Article 38C and is so notified in writing by Lessee or by Lessee's contractor or subcontractor specifying the lack of compliance, and fails to promptly thereafter cure said failure to comply, Lessee's contractor's or subcontractor's obligation to purchase product or services from said SRPMIC Supplier under said contract shall cease. Any dispute arising under this Article 38C shall be subject to binding arbitration under the provisions of Article 37. No single violation of this Article 38C shall be considered a breach or default of this Lease but shall be subject to a fine on a finding of liability by an arbitrator under the provisions of Article 37 hereof in an amount equal to ten percent (10%) of the contract price but in no event more than Fifty Thousand and No/100 Dollars (\$50,000.00) per contract, to be paid by Lessee to SRPMIC to support job training.

D. Acknowledgement. Lessee acknowledges that one of the basic factors motivating Lessor to enter into, and SRPMIC's and the Secretary's consent to, this Lease, is the substantial and persistent unemployment and underemployment that exists within SRPMIC, and the expectation that Lessee's development of the Leased Premises will provide more than a temporary alleviation of such unemployment and underemployment. Lessee makes the covenants set forth in this Article 38 for itself, and for its contractors (and their subcontractors and material suppliers), agents, and Sublessees and other successors and assigns.

39. Validity.

This Lease and any amendments to this Lease shall not be valid or binding upon either Lessor or Lessee until approved by the Secretary.

40. Indemnification.

Lessee shall indemnify and hold harmless Lessor and the United States, and their respective members, officers, agents and employees, from and against any and all loss, damage or injury of any kind whatsoever to person or property of Lessee or any other person whomsoever, caused by Lessee's use of the Leased Premises or by any defect in any structure or other improvement erected thereon, or arising from injury, accident, fire or other casualty on the Leased Premises.. Lessee hereby waives any and all claims against Lessor and the United States arising from the condition of the Leased Premises and agrees to hold Lessor and the United States free and harmless from any liability whatsoever for any loss, damage or injury arising from Lessee's use of the Leased Premises, together with all costs and expenses in connection therewith. Lessee expressly acknowledges, understands and agrees that the provisions of this Article 40 shall survive the expiration of the Lease Term or earlier termination of this Lease. For purposes of this Article 40, "Lessee" shall mean and include Lessee, and their respective employees, representatives, agents, contractors, invitees and all persons holding under Lessee, and the respective managers, directors, officers and members of each of the foregoing; and the term "Lessor" shall mean and include the past, present and future members, employees,

representatives, and agents of the SRPMIC and /or owners of the Leased Premises and their respective beneficiaries, trustees, employees, agents, successors and assigns.

41. Property Insurance; Restoration.

A. Lessee shall, at its sole expense, during the Lease Term, maintain Property Insurance (or its then reasonably available equivalent). Without limiting other provisions of this Lease (including without limitation Article 13), all insurance policies this Lease requires shall be issued by carriers that: (a) have a financial strength and size rating and category of "A XII" or better based on the latest edition of Best's Insurance Reports—Property/Casualty Edition (or its equivalent if such publication ceases to be published) according to AM Best (b) are lawfully doing business in the State of Arizona. Lessee may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Leased Premises, which amount(s) shall equal or exceed the amount(s) required by this Lease and shall not be reduced for claims made for other properties, and (ii) such policy otherwise complies with this Lease.

B. All insurance policies this Lease requires shall contain (by endorsement or otherwise) the following provisions (in addition to any provisions required elsewhere in this Lease, including without limitation in Article 13):

(1) Property Insurance policies shall name Lessee as loss payee as its interest may appear. Notwithstanding anything to the contrary, all Property Insurance proceeds shall be paid and applied as this Lease provides.

(2) All policies shall be written as primary policies not contributing to or in excess of any coverage that Lessor may carry unless provided by self-insurance.

(3) The insurance carrier shall give Lessor prior notice of cancellation or nonrenewal consistent with the requirements of Article 13 unless provided by self-insurance.

C. On the Term Commencement Date, and no later than 20 days after any liability insurance required by Article 13 ("Liability Insurance") or Property Insurance expires or is cancelled, Lessee shall deliver to Lessor and the Secretary certificates of insurance or letter of self-insurance evidencing Lessee's maintenance of all Liability Insurance and Property Insurance this Lease requires.

D. Each policy of Property Insurance shall contain a provision, or endorsement, by which the carrier agrees to waive rights of recovery by way of subrogation against either party to this Lease for any loss such policy covers (a "Waiver of Subrogation"), if not already in the policy. To the extent, and only to the extent, that Property Insurance includes a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for damage to any person or the Leased Premises that are caused by or result from risks insured against under such insurance policies.

E. If either party becomes aware of any Casualty or any actual, threatened, or contemplated condemnation, then such party shall promptly notify the other.

F. If any Casualty occurs, then: (a) no Rent shall abate; (b) this Lease shall not terminate or be impaired; and (c) Lessee shall undertake Restoration with reasonable promptness regardless of cost.

G. Lessee shall have the sole right and authority to adjust any insurance claim.

H. "Self-insurance" as referenced in this Article 41 is subject to the terms and conditions for self-insurance as contained in the within Article 13. Proof of insurance for this Article 41 shall be documented by Lessee to the SRPMIC as required in the within Article 13.

42. Reserved

43. Plans and Designs

Attached hereto as Exhibit "B1" is a copy of the As-Built Site Plan. Lessor and Lessee acknowledge that additional development of the Leased Premises may be desired or necessary. In such an event, a copy of the Conceptual Site Plan for additional development of the Leased Premises will be attached as Exhibit "B2". Lessor and the Lessee acknowledge that the Conceptual Site Plan is tentative and a final site plan will be submitted to Lessor for their approval prior to any construction on the Leased Premises. Following approval by Lessor of the final site plan and before any comprehensive plans for building improvements are submitted to Lessor, Lessee shall submit to Lessor for approval total site grading, drainage, utility, roadway, signage and any other required plans. Before beginning any construction whatsoever on the Leased Premises, Lessee shall submit to Lessor comprehensive plans for the improvements then proposed, which may be submitted in phases. Lessor does not, however, assume any responsibility whatsoever for the detailed design of any structure of structures, or for any violation of any applicable Legal Requirements. No material change will be made in plans or buildings after original approval without the further approval of Lessor. Lessee shall be responsible for securing all necessary building, use and other permits.

44. Title Insurance.

A. Title Insurance. At Lessee's option, prior to or contemporaneous with the Term Commencement Date, Lessee may obtain, at its expense, a leasehold policy of title insurance, assuring the conveyance of a valid leasehold interest in the Leased Premises to Lessee, and insuring Lessee's interest in the Leased Premises in a sum deemed necessary by Lessee. Any and all Lessee due diligence, including without limitation any Lessee inquiry into the status of title to the Leased Premises, the availability of utilities, applicable Legal Requirements, or any other matter, shall occur prior to the Term Commencement Date.

B. Condition of Leased Premises. Lessee acknowledges and agrees that (i) it has had an opportunity to inspect the Leased Premises and investigate all matters relevant to Lessee's proposed development on the Leased Premises, (ii) except as expressly set forth

herein or in the Development Agreement, neither Lessor nor SRPMIC has made any representations regarding the condition of the Leased Premises or Lessee's proposed development on the Leased Premises, and Lessee is entering into this Lease in reliance solely and exclusively upon its own independent investigations, (iii) Lessee accepts the Leased Premises "as is," with all faults and defects, whether latent or patent, or known or unknown, and (iv) in no event shall Lessee, except as may be expressly provided in this Lease, have the unilateral right to terminate this Lease after the Term Commencement Date. Without limiting other provisions of this Lease, Lessee, for itself and all Sublessees, Approved Encumbrancers, and other successors and assigns of Lessee, and all of their officers, directors, shareholders, members or other owners, employees, agents and contractors, hereby fully and irrevocably releases and discharges Lessor, all Spokespersons, and SRPMIC, and their employees, agents, officers, directors, members and attorneys, from any and all claims, known or unknown, foreseeable or unforeseeable, past, present or future, arising from or in any way related to the condition of the Leased Premises.

45. Quiet Enjoyment.

Lessor warrants to Lessee as follows:

A. That Lessor is the owner of equitable title to the Leased Premises, with fee title held in trust by the United States;

B. Lessor has good right to lease the Leased Premises to Lessee for the purposes expressly permitted hereunder and for the Lease Term, subject to the approval of the Secretary; and

C. That if Lessee punctually and otherwise strictly in accordance with the terms and conditions of this Lease performs the obligations herein contained to be performed by Lessee, and so long as this Lease has not been terminated, Lessee shall have and enjoy, during the Lease Term, subject to the terms of this Lease, the quiet and undisturbed use, possession and enjoyment of the Leased Premises without molestation, hindrance, or disturbance by or from Lessor or anyone claiming by or through Lessor or having title to the Leased Premises paramount to Lessor. Lessor shall not grant to any other party the privilege or right to use the Leased Premises or any other property in proximity thereto, controlled by Lessor, for purposes that cause or result in interference with Lessee's right to use the Leased Premises in accordance with this Lease. Such "property in proximity thereto" shall be deemed to be property up to three hundred (300) feet from the exterior of the lease boundaries, excluding adjacent i) public rights of way, ii) public easements, iii) approved cross access easements, and iv) any SRPMIC approved infrastructure existing prior to the execution date of this Lease. Lessor shall indemnify Lessee and hold harmless from any and all claims, demands, costs and liabilities directly or indirectly resulting from or caused by any third party claiming any title to or right of possession of the Leased Premises or any right to receive any portion of the rent to be paid by Lessee hereunder.

46. Severability.

If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable (except those which would substantially alter Lessee's obligations to develop the Leased Premises or pay Rent in accordance with this Lease), the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

47. Multiple Counterparts.

This Lease may be executed in any number of counterparts, and when so executed, all such counterparts shall constitute a single instrument binding upon all parties hereto notwithstanding the fact that all parties are not signatory to the original or to the same counterpart. The parties hereto agree that the signature pages from one or more counterparts may be removed from such counterparts and such signature pages may be attached to a single instrument so that the signature of all parties may be physically attached to a single counterpart of this Lease.

48. Companies Bonding and Insuring.

All corporate surety bonds provided by Lessee in accordance with the provisions of this Lease shall be furnished by companies holding Certificates of Authority from the Secretary of the Treasury as acceptable sureties of federal bonds.

49. Estoppel Certificates.

Lessor and Lessee shall, within thirty (30) days after receipt of a written request therefor from the other, the other's surety, or an Approved Encumbrancer, and at no cost or expense to the party requesting the same, execute, have acknowledged and deliver to the requesting party a statement in writing certifying, if true and correct (and if not true and correct, so stating and specifying in reasonable detail the reason the statement is not true and correct): (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, identifying such modifications and certifying that this Lease, as modified, is in full force and effect); (b) the dates to which rentals hereunder have been paid; (c) that the party delivering the statement is not in default under any term, covenant or provision of this Lease, and that the other party (to the delivering party's knowledge) is not in default under any term, covenant or provision of this Lease (or, if a party is in default, specifying each such default); (d) the notice address of the delivering party; and (e) such other statements reasonably requested in the request (and customarily requested in similar requests) as may be true and correct. Lessor and Lessee acknowledge that any such statement so delivered may be relied upon by any third party dealing with Lessor, Lessee, SRPMIC or the Secretary, this Lease or the Leased Premises.

50. Environmental and Cultural Protection Requirements.

Lessee shall strictly comply with all SRPMIC and applicable federal Environmental Laws. Lessee is responsible for any costs incurred in effecting such compliance with Environmental Laws regarding this Lease, and for securing all necessary permits for any activity approved under the terms of this Lease. Environmental mitigation measures required by any Governmental Authority having regulatory jurisdiction over the Leased Premises shall be strictly adhered to by Lessee.

A. Cultural Resources. Lessee acknowledges the particular relevance and applicability of federal and SRPMIC laws pertaining to the protection and preservation of historic and archaeological resources on Indian lands, which are widespread within the boundaries of SRPMIC. Such laws include, without limitation, the National Historic Preservation Act of 1966, the Archaeological Resources Protection Act of 1979, the Native American Graves Protection and Repatriation Act of 1991, and SRPMIC's Antiquities Ordinance of 1986, SRO 102-86 (Chapter 19, Section 19-1 through 19-10 of the SRPMIC Code of Ordinances). Lessee agrees to strictly comply with such laws in connection with its development and use of the Leased Premises and otherwise, and further agrees to notify CP immediately upon the discovery or reasonable suspicion of the presence of archaeological resources within the Leased Premises.

Lessee further acknowledges and accepts sole financial responsibility for all survey, testing, and/or data recovery necessary to ensure compliance with the aforementioned legislation, which must be accomplished as a condition precedent to approval of this Lease by SRPMIC. Any subcontractor hired by Lessee must secure appropriate permits from the CP Staff Archaeologist prior to conducting work.

B. Definitions.

(1) "Archaeological Compliance" means adhering to the appropriate level of survey, testing, and/or data recovery set forth under the implementing regulations of the National Historic Preservation Act of 1966, as amended (36 CFR § 800).

(2) "Archaeological Resource" means any material remains of past human life or activities which are of archaeological interest and shall include, but not be limited to: pottery, basketry, bottles, weapons, weapon projectiles, stone tools, structures or portions of structures, pit houses, canals, rock paintings, rock carvings, intaglios, graves, human skeletal remains, or any portion or piece of any of the foregoing items.

(3) "CP" means SRPMIC's division(s) responsible from time to time for cultural resources.

(4) "EPNR" means SRPMIC's division(s) responsible from time to time for environmental protection and management of natural resources.

(5) "Environmental Laws" means any SRPMIC or applicable federal environmental statute, common law duty, regulation, policy, procedure, standard or ordinance now in effect or that may be promulgated in the future, as such statutes, regulations, standards

and ordinances may be amended from time to time, that deal with the regulation or protection or pollution of the environment, including the ambient air, groundwater, surface water, and land use, including sub-strata land, and including but not limited to the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Clean Water Act, 33 U.S.C. § 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the National Environmental Policy Act ("NEPA"); the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"); and any amendments to or replacements of the foregoing.

C. Hazardous Materials.

(1) Definitions.

(a) "Hazardous Materials Laws" means: all laws, ordinances, rules, decrees, orders, standards, procedures, policies or regulations of any federal or SRPMIC governmental authority relating to hazardous substances, hazardous materials, hazardous waste, or toxic substances, including but not limited to Environmental Laws, and any amendments to the foregoing.

(b) "Hazardous Materials" means: substances that, because of their quantity, concentration, or physical, chemical, or infectious characteristics, may cause or significantly contribute to an increase in mortality or an increase in serious, irreversible, or incapacitating illness. These include, without limitation: (1) hazardous materials, hazardous wastes, and hazardous substances as those or similar terms are defined under any Environmental Laws; (2) petroleum and petroleum products, including crude oil and any fractions thereof; (3) natural gas, synthetic gas, and any mixture thereof; (4) asbestos and/or any material which contains any hydrated mineral silicate, including but not limited to chrysolite, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or non-friable; (5) PCBs or PCB-containing materials or fluids; (6) radon; (7) explosives; (8) radioactive materials; (9) toxic substances; (10) poly-chlorinated biphenyls and similar materials; and (11) any other substance or material with respect to which any federal, state, local or SRPMIC Environmental Laws or governmental agency requires environmental investigation, monitoring, regulation or remediation.

(c) Any reference in this Lease to a specific statute, common law duty, regulation, policy, procedure, standard or ordinance includes any amendment thereto or any successor statute, common law duty, regulation, policy, procedure, standard or ordinance.

(2) Use. Lessee shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on the Leased Premises, except: (i) such Hazardous Materials as are (a) used in the construction, repair or maintenance of the Leased Premises, (b) used in normal commercial or retail applications, or (c) sold as retail consumer products; (ii) such use or other activity as is in strict compliance with the provisions of this Article 50; and

(iii) if Lessee gives prior notification of such use to EPNR, which may require periodic reporting by Lessee of such use.

(3) Compliance with Laws. Lessee's use of and other activities involving Hazardous Materials on the Leased Premises shall be in strict compliance with all Hazardous Materials Laws and Environmental Laws. Lessee shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Lessee's use of Hazardous Materials on the Leased Premises under such Hazardous Materials Laws and shall comply with all terms and conditions thereof. Upon request, Lessee shall deliver to SRPMIC copies of, or allow SRPMIC to inspect, all such permits, licenses and approvals. Lessee, at Lessee's sole costs and expense, shall perform any monitoring, investigation, clean-up, removal and other remedial work (collectively, "Remedial Work") required as a result of any release or discharge of Hazardous Materials on the Leased Premises or any violation of Hazardous Materials Laws by Lessee, any Sublessee, or any of their agents, employees or contractors. Lessee shall bear all costs and expenses incurred in connection with or for any required monitoring, investigation, clean-up, removal or other remedial work (including without limitation mitigation and remediation), using only qualified licensed contractors acting strictly in accordance with then current best management practices approved by EPNR for the contaminant involved. All Material Safety Data Sheets ("MSDS") must be kept upon the Leased Premises and made available for inspection upon demand by SRPMIC. Lessee will promptly supply MSDS to EPNR upon the receipt of the MSDS sheets from the supplier.

(4) Compliance with Insurance Requirements. Lessee shall comply with the requirements of its insurers regarding the use of Hazardous Materials at the Leased Premises and with such insurers' recommendations based upon prudent industry practices regarding management of Hazardous Materials.

(5) Notice; Reporting. Lessee shall notify EPNR immediately (or no later than 9 a.m. the next business day if the incident occurs on a weekend or holiday) by fax ((480) 362-7584) and telephone (EPNR Manager: (480) 362-7625 or (480) 362-7609) confirmed by written notice to **Salt River Pima-Maricopa Indian Community, ATTN: EPNR, 10005 E. Osborn Road, Scottsdale, Arizona 85256** within two (2) days after any of the following: (a) a release or discharge by Lessee or any other Person of any Hazardous Materials at or near the Leased Premises, and in the event of such release or discharge **in addition to the foregoing fax, telephonic and written notices, Lessee shall immediately call 911 (or its successor) and identify the incident as occurring on the Salt River Pima-Maricopa Indian Community;** (b) Lessee's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any violation by Lessee or any other Person of Hazardous Materials Laws impacting or potentially impacting the Leased Premises or any other land within the sovereign and jurisdictional boundaries of SRPMIC; (c) Lessee's receipt of any notice of violation by any other Person of any Hazardous Materials Law impacting or potentially impacting the Leased Premises or any other land within the sovereign and jurisdictional boundaries of SRPMIC, or Lessee's receipt of any notice of violation by Lessee of any Hazardous Materials Law; (d) Lessee's receipt of notice of any claims made by any third party against Lessee or any other Person relating to any loss or injury resulting from the generation, release, storage or disposal at the Leased Premises by Lessee or any other Person of Hazardous Materials; or (e) delivery to the

Leased Premises of Hazardous Materials from any source, to the extent the same is required to be reported pursuant to the manifest requirements of 40 CFR § 261.

(6) Termination; Expiration. Upon the termination or expiration of this Lease, Lessee shall remove from the Leased Premises any equipment, improvements or storage facilities installed by Lessee and utilized by Lessee in connection with any Hazardous Materials and shall clean up, detoxify, repair, remediate, and otherwise restore the Leased Premises to a condition such that Hazardous Materials generated, released, stored or disposed of by Lessee on the Leased Premises, if any, are not present in concentrations requiring Remedial Work under Hazardous Materials Laws. Without limiting any other requirement of this Lease, Lessee, at Lessee's sole cost and expense, shall strictly comply with all SRPMIC and applicable federal regulations in connection with any work referred to in the immediately preceding sentence, using only qualified licensed contractors acting strictly in accordance with then current best management practices approved by EPNR for the contaminant involved.

D. Water Pollution Prevention.

(1) Requirements. Lessee shall comply with all Phase II stormwater requirements, including without limitation obtaining National Pollutant Discharge Elimination System ("NPDES") permits. Lessee shall submit a Notice of Intent, in form and substance satisfactory, to United States Environmental Protection Agency ("USEPA") and the EPNR Water Quality Program, describing to the satisfaction of the regulatory authorities Lessee's proposed control measures. Once construction of the project is complete, Lessee shall submit a Notice of Termination to the USEPA and to the EPNR Water Quality Program. The EPNR Water Quality Program is charged with performing inspections on construction sites as needed to ensure Lessee's compliance with best management practices approved by EPNR.

(2) Discharge or Spillage. Lessee's approved activities shall be performed by methods that are designed to preclude or prevent the discharge or accidental spillage of pollutants, as defined by the Clean Water Act (33 U.S.C. § 1362(6)), into flowing or dry watercourses, lakes, ponds, wetlands, or any other waters, or underground water sources within the Leased Premises. Lessee shall not deposit or stockpile excavated, construction or industrial materials or debris within fifty (50) feet of any watercourses within the Leased Premises.

(3) Stormwater Runoff. Lessee agrees to design and operate its business or approved activity in such a way that stormwater runoff is contained and controlled as required by SRPMIC. Lessee shall operate consistently with current and approved best management practices approved by EPNR on site. Lessee shall comply with all applicable Environmental Laws pertaining to runoff, including but not limited to all applicable provisions pertaining to industrial stormwater runoff in 33 U.S.C. § 1342(p). Lessee shall submit to EPNR for review and approval Lessee's stormwater pollution prevention plan, together with all permits, designs, and approvals required by applicable laws or regulations.

E. Solid Waste Disposal; Storage of Industrial Liquids.

(1) Solid Waste. It shall be Lessee's responsibility to arrange for disposal of all solid waste (as defined by 42 U.S.C. § 6903(27)) generated by Lessee or generated within the Leased Premises in a manner consistent with SRPMIC and applicable federal Environmental Laws, including but not limited to 42 U.S.C. § 6901 et seq. and applicable CFR provisions. Open dumping, burial, or stockpiling of solid waste within the Leased Premises is strictly prohibited. Lessee shall contain organic solid waste subject to decomposition so as to prevent access by birds, animals or other disease vectors, and shall arrange for haulage of all solid waste no less than once per week to the Salt River Commercial Landfill or its successor. Lessee shall not suffer or permit any waste generated off of the Leased Premises to enter, or be stored or disposed of on, the Leased Premises.

(2) Storage of Industrial Liquids. In the event SRPMIC and any Governmental Authority with jurisdiction all give explicit written approval for Lessee to store regulated substances in above ground or underground storage tanks, Lessee shall comply strictly with all applicable (including without limitation SRPMIC) Environmental and Hazardous Materials Laws and all implementing regulations thereto. Any proposed construction of such storage tanks by Lessee within the Leased Premises shall be disclosed to Lessor and EPNR prior to the execution of this Lease. Lessee shall provide to EPNR tank design, construction plans, emergency control designs, and other documents and information required by EPNR, prior to construction or installation of any above ground or underground storage tanks. In addition to the foregoing, no storage tank shall be located within fifty (50) feet of any waterway, dry or flowing, and all such storage tanks shall be placed within separate secondary protective, impermeable containment whose performance equals or exceeds such liner as required by 40 CFR § 258.40. Lessee shall submit to EPNR all underground storage tank spill mitigation plans and pollution prevention measures, as well as compliance review.

F. Indemnification.

(1). Lessee shall protect, indemnify, defend and hold harmless SRPMIC and the Secretary for, from and against any and all losses, claims, costs, fees, expenses, suits, damages, attorneys fees, judgments, actions, investigation costs, remediation costs, consulting fees, proceedings and liabilities in any way arising out of or from or in connection with:

(a) any breach by Lessee of any provisions of this Article 50;
or

(b) the use, generation, storage, release, disposal or transportation of Hazardous Materials by Lessee, any Sublessee or either of their agents, contractors, employees, or licensees; or

(c) release, or disposal of any Hazardous Material at or from the Leased Premises; or

(d) the operation or violation of any Environmental Law at the Leased Premises; or

(e) any environmental claim in connection with the use of the Leased Premises.

(2) The indemnification and waiver shall be binding upon the successors and assigns of Lessee and inure to the benefit of the SRPMIC and the Secretary and their directors, officers, employees and agents, and successors and assigns.

G. Entry and Inspection. SRPMIC, the Secretary and their agents, employees and contractors, shall have the right, but not the obligation, to enter the Leased Premises at any time, to inspect the Leased Premises and Lessee's compliance with the terms and conditions of this Article 50. The foregoing notwithstanding, SRPMIC, the Secretary and their agents, employees and contractors shall have the right without prior notice to Lessee to inspect the areas of the Leased Premises that are open to the public at any time the areas are open to the public. Any such entry shall be conducted in a manner that minimizes disruption of Lessee's business on the Leased Premises.

H. Survival of This Section. Lessee agrees that the obligations of Lessee, and of its successors and assigns, under this Article 50 shall survive the expiration of the Lease term or earlier termination of this Lease.

51. Short Form of Lease.

Upon the request of Lessee or Lessor, the parties shall enter into a Short Form of Lease which shall contain only such language as is necessary to meet the requirements for recording at the appropriate recording offices and such other language as the parties agree to include therein.

52. Security Personnel.

Lessee and may employ unarmed security personnel to patrol their respective leasehold premises within the Leased Premises as may be required by their business operations. In the event that Lessee require, by virtue of their general policy and business circumstances, that their security personnel be armed, they may request the proper authority from SRPMIC for permission to maintain armed security personnel. The decision of the applicable SRPMIC authority in response to such a request shall be final and any permission may be conditioned on requirements of training and licensing.

53. Governing Law.

This Lease shall be construed in accordance with SRPMIC and applicable federal law, and, to the extent not in conflict therewith, in accordance with Arizona common law; provided, however, that the foregoing shall in no event subject Lessor to the jurisdiction of any state or federal courts and in no way supersedes or diminishes the agreements set forth in Article 36 above or elsewhere in this Lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date and year first above written.

LESSEE: _____

PRESIDENT

Date: _____

9/24/13

(Printed Name)

(Signed Name)

LESSOR: _____

Martin Harvier

Martin Harvier - Vice President

Reviewed by Salt River Legal Services Dept.

STATE OF ARIZONA)
) ss
County of Maricopa)

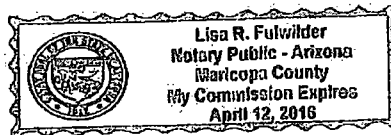
Approved as to Form
Maria Delgado
Office of the General Counsel

On this 20th day of November, 2013, before me personally appeared Martin Harvier, who acknowledged himself to be the Vice President of Salt River Pima Maricopa Indian Community, and that he, as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained, on behalf thereof.

Lisa R. Fulwider
Notary Public

My Commission Expires:

April 12, 2016



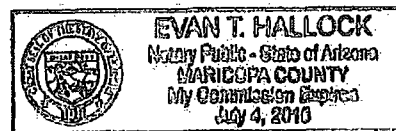
STATE OF ARIZONA)
) ss
County of Maricopa)

On this 24th day of September, 2013, before me personally appeared David Rousseau, to me known to be the person who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

E. T. Hallock
Notary Public


My Commission Expires:

July 4, 2016



UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Indian Affairs
Salt River Field Office
10000 East McDowell Road
Scottsdale, AZ 85256

THE WITHIN BUSINESS LEASE B-245 BETWEEN THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY ("Lessor") and THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ("Lessee") is hereby approved in accordance with the Lease and pursuant to authority delegated to the Assistant Secretary - Indian Affairs by 209 DM 8, to the Director of BIA by 230 DM 1, to the Western Regional Director by 3 IAM 4, and to the Superintendent by historic Phoenix Area Re-Delegation Documents in 10 BIAM.

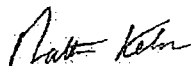

Superintendent, Salt River Field Office
Bureau of Indian Affairs
Department of the Interior

DEC 06 2013

Date of Approval

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 6 day of December, 2013, by George Patton, the authorized representative of the Secretary of the Interior, United States Department of the Interior, for and on behalf thereof.


Notary Public

My Commission Expires:

November 8, 2017

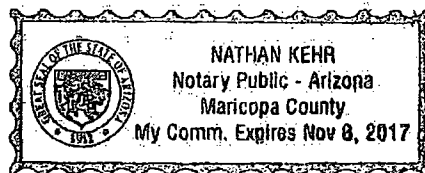


EXHIBIT "E"

CONSTRUCTION QUALITY STANDARDS

The construction undertaken under this Lease shall conform to the building codes and vision statement requirements of SRPMIC.

The construction standards will be consistent with the quality as built by the Lessee within the Lease premises under prior Business Lease B-244 LTRO Docket No. 615-024093.

EXHIBIT "F"

Paragraph 18.0 of the Salt River Pima-Maricopa Indian Water Rights Settlement Agreement of 1988

18.0 RECHARGE ARRANGEMENTS

SRP, the Cities, and the SRPMIC will cooperate in studying the location of potential sites for water related underground storage and recovery facilities or recharge facilities on SRP, City, State of Arizona, Federal and SRPMIC lands. The SRPMIC will provide reasonable access to the SRPMIC Reservation for the purpose of conducting such a study to the extent that such a study does not unreasonably interfere with SRPMIC land use and does not unreasonably damage SRPMIC land. If the study determines that a potential site on the SRPMIC Reservation is appropriate for recharge use, and such use will not unreasonably interfere with SRPMIC land use and the facilities are operated as comprehensive projects among the parties, the parties identified in this Paragraph 18.0 will negotiate in good faith for the use of necessary land for the location, construction and operation of such a facility.



**SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY
EXCEPTION CHECKLIST FOR BIA CATEGORICAL EXCLUSIONS**

PROJECT: Economic Development Division

DATE: 05/24/12

Nature of Action: Lease for Granite Reef Underground Storage Project, (SRP) on the Salt River Pima-Maricopa Indian Community Lands. The property is located on tribal land which is Gilbert Rd, between Indian School (alignment) and Thomas Rd (alignment), in Sections 28, 29 & 30, Township 2 North, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa, County, Arizona, containing 344.931 acres more or less.

516 DM 10.5 M(3)

Exclusion Category and number: 516 DM10 - 10.5M(3)

Evaluation of Exceptions to use of Categorical Exclusion:

- | | | |
|-----|---|--|
| 1. | This Action would have significant adverse effects on public health or safety. | NO <input checked="" type="checkbox"/> YES _____ |
| 2. | This action would have an adverse effect on unique geographical features such as wetlands, wild or scenic rivers, refugees, floodplains, rivers placed on the nationwide river inventory, or prime or unique farmlands. | NO <input checked="" type="checkbox"/> YES _____ |
| 3. | This action will have highly controversial environmental effects. | NO <input checked="" type="checkbox"/> YES _____ |
| 4. | This action will have highly uncertain environmental effects or involve unique or unknown environmental risks. | NO <input checked="" type="checkbox"/> YES _____ |
| 5. | This action will establish a precedent for future actions. | NO <input checked="" type="checkbox"/> YES _____ |
| 6. | This action is related to other actions with the individually insignificant but cumulatively significant environmental effects. | NO <input checked="" type="checkbox"/> YES _____ |
| 7. | This action will affect properties listed or eligible for listing in the National Register of Historic Places. | NO <input checked="" type="checkbox"/> YES _____ |
| 8. | This action will affect a species listed, or proposed to be listed as endangered or threatened. | NO <input checked="" type="checkbox"/> YES _____ |
| 9. | This action threatens to violate Federal, State, Local or Tribal law or requirements imposed for the protection of the natural or human environment. | NO <input checked="" type="checkbox"/> YES _____ |
| 10. | This action will have a disproportionately high and adverse effect on low income or minority populations. | NO <input checked="" type="checkbox"/> YES _____ |

11. This action will limit access to and ceremonial use of Indian sacred Sites on federal lands by Indian religious practitioners, or significantly Adversely affect the physical integrity of such sacred sites.

NO ☒ YES ☐

12. This action will contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area, or may promote the introduction growth or expansion of the range of such species.

NO ☒ YES ☐

A "YES" to any of the above exceptions will require that an EA be prepared.

NEPA Action --- CE ☒ EA ☐

Preparer's Name and Title

Angela Cruz

Date: 5-24-12

Angela Cruz, Environmental Specialist-NEPA

Archaeologist Concurrence with item 7:

Tom Wright

Date: 6-4-12

Tom Wright, Staff Archaeologist SRP-MIC

Concur:

George Patti

Superintendent

Date:

DEC 06 2013

Concur:

Deborah Delk

Agency Environmental Coordinator

Date:

11-27-2013

Maricopa County

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
Arizona cliffrose	<i>Purshia subintegra</i>	Endangered	Evergreen shrub of the rose family (Roseaceae). Bark pale gray and shreddy. Young twigs covered with dense hairs. Leaves have 1-5 lobes and edges curl downward (revolute). Flowers: 5 petals, white or yellow <0.5 inches long.	Graham, Maricopa, Mohave, Yavapai	< 4,000 ft	White limestone soils derived from tertiary lakebed deposits.	Occurs in central Arizona at Horseshoe Lake, in the Burro Creek drainage, and near Cottonwood in the Verde Valley.
California Least Tern	<i>Sterna antillarum browni</i>	Endangered	Smallest of the North American terns. Body length is 21-24 cm (8-9 inches) with a wingspan of 45-51 cm (18-20 inches). Has black crown and loreal stripe on head, snowy white forehead and underside, and gray upperparts. Outer two primaries black, yellow or orange bill with black tip, and orange legs. Males have a wider dark loreal stripe but sexes mostly distinguished by behavior.	Maricopa, Mohave, Pima	< 2,000 ft	Open, bare or sparsely vegetated sand, sandbars, gravel pits, or exposed flats along shorelines of inland rivers, lakes, reservoirs, or drainage systems.	Breeding occasionally documented in Arizona; migrants may occur more frequently. Feeds primarily on fish in shallow waters and secondarily on invertebrates. Nests in a simple scrape on sandy or gravelly soil.
Desert pupfish	<i>Cyprinodon macularius</i>	Endangered	Small (2 inches) smoothly rounded body shape with narrow vertical bars on the sides. Breeding males blue on head and sides with yellow on tail. Females and juveniles tan to olive colored back and silvery sides.	Cochise, Graham, Maricopa, Pima, Pinal, Santa Cruz, Yavapai	< 4,000 ft	Shallow springs, small streams, and marshes. Tolerates saline and warm water.	Two subspecies are recognized: Desert Pupfish (<i>C.m. macularius</i>) and Quitobaquito Pupfish (<i>C.m. eremus</i>). Critical habitat includes Quitobaquito Springs, Pima County, portions of San Felipe Creek, Carrizo Wash, and Fish Creek Wash, Imperial County, California.
Gila topminnow	<i>Poeciliopsis occidentalis occidentalis</i>	Endangered	Small (2 inches), guppy-like, live bearing, lacks dark spots on its fins. Breeding males are jet black with yellow fins.	Cochise, Gila, Graham, La Paz, Maricopa, Pima, Pinal, Santa Cruz, Yavapai	< 4,500 ft	Small streams, springs, and cienegas vegetated shallows.	Species historically also occurred in backwaters of large rivers but is currently isolated to small streams and springs.

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
Lesser long-nosed bat	<i>Leptonycteris curasoae yerbabuenae</i>	Endangered	Elongated muzzle, small leaf nose, and long tongue. Yellowish brown or gray above and cinnamon brown below. Tail minute and appears to be lacking. Easily disturbed.	Cochise, Gila, Graham, Greenlee, Maricopa, Pima, Pinal, Santa Cruz, Yuma	1,600-11,500 ft	Desert scrub habitat with agave and columnar cacti present as food plants.	Day roosts in caves and abandoned tunnels. Forages at night on nectar, pollen, and fruit of paniculate agaves and columnar cacti. This species is migratory and is present in Arizona usually from April to September and south of the border the remainder of the year.
Mexican spotted owl	<i>Strix occidentalis lucida</i>	Threatened	Medium sized with dark eyes and no ear tufts. Brownish and heavily spotted with white or beige.	Apache, Cochise, Coconino, Gila, Graham, Greenlee, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, Yavapai	4,100-9,000 ft	Nests in canyons and dense forests with multi-layered foliage structure.	Generally nest in older forests of mixed conifer or ponderosa pine/gambel oak type, in canyons, and use variety of habitats for foraging. Sites with cool microclimates appear to be of importance or are preferred. Critical habitat was finalized on August 31, 2004 (69 FR 53182) in Arizona in Apache, Cochise, Coconino, Gila, Graham, Greenlee, Maricopa, Navajo, Pima, Pinal, Santa Cruz, and Yavapai counties.
Razorback sucker	<i>Xyrauchen texanus</i>	Endangered	Large, up to 3 feet long and up to 6 lbs, high sharp-edged keel-like hump behind the head. Head flattened on top. Olive-brown above to yellowish below.	Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Pinal, Yavapai, Yuma	< 6,000 ft	Riverine and lacustrine areas, generally not in fast moving water and may use backwaters.	Big River fish also found in Horseshoe reservoir (Maricopa County). Critical habitat includes the 100-year floodplain of the river through the Grand Canyon from confluence with Paria River to Hoover Dam; Hoover Dam to Davis Dam; Parker Dam to Imperial Dam. Also Gila River from Arizona/New Mexico border to Coolidge Dam; and Salt River from Hwy 60/SR77 Bridge to Roosevelt Dam; Verde River from FS boundary to Horseshoe Lake (59 FR 13374).
Sonoran pronghorn	<i>Antilocapra americana sonoriensis</i>	Endangered	Upperparts tan; underparts, rump, and two bands across the neck are white. Male has two black cheek pouches. Hoofed with slightly curved black horns having a single prong. Smallest and palest of the pronghorn subspecies.	Maricopa, Pima, Yuma	2,000-4,000 ft	Broad intermountain alluvial valleys with creosote-bursage and palo verde-mixed cacti associations.	Typically, bajadas are used as tawning areas and sandy dune areas provide food seasonally. Cacti (jumping cholla) appears to make up substantial part of diet. This subspecies also occurs in Mexico.

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
Southwestern willow flycatcher	<i>Empidonax traillii extimus</i>	Endangered	Small passerine (about 6 inches) grayish-green back and wings, whitish throat, light olive-gray breast and pale yellowish belly. Two wingbars visible. Eye-ring faint or absent.	Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, Yavapai, Yuma	< 8,500 ft	Cottonwood/willow and tamarisk vegetation communities along rivers and streams.	Riparian-obligate bird that occupies migratory/breeding habitat from late April-Sept. Critical habitat was finalized on October 19, 2005 in Apache, Cochise, Gila, Graham, Greenlee, Maricopa, Mohave, Pima, Pinal, and Yavapai counties (70 FR 60886). Revised critical habitat was proposed August 15, 2011 (76 FR 50542) and includes river segments in counties currently designated plus those in La Paz, Santa Cruz, and Yuma counties. The 2005 critical habitat designation remains in effect until the current proposal is finalized. Training seminar/permits required for those conducting call playback surveys.
Woundfin	<i>Plagopterus argentissimus</i>	Endangered	Small (4 inches) silver minnow with fairly large fins and a sharp dorsal fin spine.	Maricopa, Mohave	< 4,500 ft	Inhabits shallow, warm, turbid, fast-flowing water. Tolerates high salinity.	Native population only in Virgin River. Designated critical habitat includes the Virgin River and its 100-year floodplain (65 FR 4140). Experimental non-essential populations (50 FR 30188) designated in portions of the Verde, Gila, San Francisco, and Hassayampa rivers and Tonto Creek. Species also occurs in Washington County, UT and Clark County, NV.
Yuma clapper rail	<i>Rallus longirostris yumanensis</i>	Endangered	Water bird with long legs and short tail. Long, slender decurved bill. Mottled brown or gray on its rump. Flanks and undersides are dark gray with narrow vertical stripes producing a barring effect.	Gila, La Paz, Maricopa, Mohave, Pinal, Yuma	< 4,500 ft	Fresh water and brackish marshes.	Species is associated with dense emergent riparian vegetation. Requires wet substrate (mudflat, sandbar) with dense herbaceous or woody vegetation for nesting and foraging. Channelization and marsh destruction are primary sources of habitat loss.

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
Desert tortoise, Sonoran population	<i>Gopherus agassizii</i>	Candidate	Large herbivorous reptile with domed shell and round stumpy hind legs. The carapace is a dull brown or grey color and the plastron is unhinged, often pale yellow in coloration. Sonoran desert tortoises generally have a flatter carapace than tortoises in the Mohave population. Active in spring and during the monsoon; dormant in winter and mid-summer months.	Cochise, Gila, Graham, La Paz, Maricopa, Mohave, Pima, Pinal, Santa Cruz, Yavapai, Yuma	< 7,800 ft	Primarily rocky (often steep) hillsides and bajadas of Mohave and Sonoran deserts but may encroach into desert grassland, juniper woodland, interior chaparral habitats, and even pine communities. Washes and valley bottoms may be used in dispersal.	Desert tortoises that occur east and south of the Colorado River in Arizona are referred to as the Sonoran population. Individuals are found throughout their historic range; but populations are becoming increasingly fragmented due to threats to their habitat in valley bottoms, which are used for dispersal and exchange of genetic material.
Roundtail chub	<i>Gila robusta</i>	Candidate	Member of the minnow family Cyprinidae and characterized by streamlined body shape. Color usually olive gray with silvery sides and a white belly. Breeding males develop red or orange coloration on the lower half of the cheeks and on the bases of paired fins. Individuals may reach 49.0 cm (19.3 in) but usually average 25-30 cm (9.8 - 11.8 in).	Apache, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pinal, Yavapai	1,000-7,500 ft	Cool to warm waters of rivers and streams, often occupy the deepest pools and eddies of large streams.	Historical range of roundtail chub included both the upper and lower Colorado River basins. A 2009 status review determined that the lower Colorado River basin roundtail chub population segment (Arizona and New Mexico) qualifies as a distinct vertebrate population segment (DPS). Populations in the Little Colorado, Bill Williams, and Gila River basins are considered candidate species.
Sprague's pipit	<i>Anthus spragueii</i>	Candidate	Small, sparrow-sized bird (10-15 cm in length), with buff and blackish streaking on the crown, nape, and underparts. Has a short bill with a blackish upper mandible, a buffy face with a large eye ring, white outer tail feathers and pale to yellowish legs.	Cochise, Maricopa, La Paz, Santa Cruz, Yuma	<5,000 ft	Strong preference to native grasslands with vegetation of intermediate height and lacking woody shrubs.	Rare in Arizona. Few individuals of this elusive species have been sighted during October through March. Native grass fields are rare in Arizona but cultivated, dry Bermuda grass, alfalfa fields mixed with patches of dry grass, or fallow fields appear to support the species during wintering. They will not use mowed or burned areas until the vegetation has had a chance to grow. There are no breeding records in Arizona.

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
Tucson shovel-nosed snake	<i>Chionactis occipitalis klauberi</i>	Candidate	Small snake (10-17 inches total length) in the family Colubridae, with a shovel-shaped snout and an inset lower jaw. Overall coloring mimics coral snakes, with pale yellow to cream-colored body, 21 or more black or brown saddle-like bands across the back, and orange-red saddle-like bands in between. The subspecies is distinguished from the other subspecies in that these secondary orange-red crossbands are suffused with dark pigment, making them appear brown or partly black, and the black and red crossbands do not encircle the entire body.	Maricopa, Pima, Pinal	785-1,662 ft	Sonoran Desertscrub; associated with soft, sandy soils having sparse gravel.	Found in creosote-mesquite floodplain environments, finds refuge under desert shrubs, active during crepuscular (dawn and dusk) and daylight hours.
Yellow-billed cuckoo	<i>Coccyzus americanus</i>	Candidate	Medium-sized bird with a slender, long-tailed profile, slightly down-curved bill that is blue-black with yellow on the lower half. Plumage is grayish-brown above and white below, with rufous primary flight feathers.	Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, Yavapai, Yuma	< 6,500 ft	Large blocks of riparian woodlands (cottonwood, willow, or tamarisk galleries).	Neotropical migrant that winters primarily in South America and breeds primarily in the U.S. (but also in southern Canada and northern Mexico). As a migrant it is rarely detected; can occur outside of riparian areas. Cuckoos are found nesting statewide, mostly below 5,000 feet in central, western, and southeastern Arizona. Concern for cuckoos are primarily focused upon alterations to its nesting and foraging habitat. Nesting cuckoos are associated with relatively dense, wooded, streamside riparian habitat, with varying combinations of Fremont cottonwood, willow, velvet ash, Arizona walnut, mesquite, and tamarisk. Some cuckoos have also been detected nesting in velvet mesquite, netleaf hackberry, Arizona sycamore, Arizona alder, and some exotic neighborhood shade trees.

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
American peregrine falcon	<i>Falco peregrinus anatum</i>	Delisted	A crow-sized falcon with slate blue-gray on the back and wings, and white on the underside; a black head with vertical "bandit's mask" pattern over the eyes; long pointed wings; and a long wailing call made during breeding. Very adept flyers and hunters, reaching diving speeds of 200 mph.	Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, Yavapai, Yuma.	3,500-9,000 ft	Areas with rocky, steep cliffs, primarily near water, where prey (primarily shorebirds, songbirds, and waterfowl) concentrations are high. Nests are found on ledges of cliffs, and sometimes on man-made structures such as office towers and bridge abutments.	Species recovered with over 1,650 breeding birds in the US and Canada.
Arizona agave	<i>Agave arizonica</i>	Delisted	Member of the agave family. Has rosettes of bright green leaves, 17-24cm long and 2-4cm wide, broadest in the middle. Flowers are small, pale yellow, and jar shaped.	Gila, Maricopa, Yavapai	3,600-5,800 ft	Occurs on open slopes in chaparral or juniper grasslands. Prefers shallow, cobbled, and gravelly soils on steep slopes.	Arizona agave is a hybrid produced by a crossing of two other common agave species (<i>A. chrysantha</i> x <i>A. toumeyana</i> ssp. <i>toumeyana</i>).
Bald eagle	<i>Haliaeetus leucocephalus</i>	Delisted	Large, adults have white head and tail. Height 28 to 38 inches; wingspan 66 to 96 inches. Juveniles and subadults are dark brown with varying degrees of white mottling on chest, wings, and head.	Apache, Coconino, Gila, Graham, La Paz, Maricopa, Mohave, Pinal, and Yavapai	Varies	Large trees or cliffs near water (reservoirs, rivers, and streams) with abundant prey.	Nationwide and throughout the State of Arizona, the bald eagle is currently not listed under the Endangered Species Act. On September 30, 2010, the U.S. District Court dissolved an injunction that led to the bald eagle in the Sonoran Desert Area of central Arizona being placed on the Endangered Species list in 2008. This determination is presently (January 2011) under judicial consideration. Bald eagles are protected under the Bald and Golden Eagle Protection Act (Eagle Act) and other Federal and state statutes. The word "disturb" under the Eagle Act was recently clarified, as well as the implementation of new regulations requiring permits to incidentally "take" eagles. Retrieve more information on management and life history at http://SWBEMC.org .

COMMON NAME	SCIENTIFIC NAME	STATUS	DESCRIPTION	COUNTY	ELEVATION	HABITAT	COMMENTS
California brown pelican	<i>Pelecanus occidentalis californicus</i>	Delisted	Large, dark gray-brown water bird with webbed feet, pouch underneath its long bill, and wingspan of 7 ft. Adults have a white head and neck, brownish black breast, and silver gray upper parts.	Gila, La Paz, Maricopa, Mohave, Pinal, Yuma	Varies	Coastal land and islands; species found occasionally around Arizona's lakes and rivers.	Considered an uncommon transient in Arizona. Most observations recorded along the Colorado River and in the Gila Valley. Individuals known to wander up from Mexico in summer and fall. No breeding has been documented in Arizona. Delisted on November 17, 2009 (74 FR 59444).

**SALT RIVER PIMA-MARICOPA
INDIAN COMMUNITY
10,005 E Osborn Road
Scottsdale, AZ 85256**

RESOLUTION NO.: SR-3205-2014

A RESOLUTION TO APPROVE BUSINESS LEASE B-245 BETWEEN THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY ("LESSOR") AND THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ("LESSEE") FOR THE LEASE AND DEVELOPMENT OF APPROXIMATELY 350.0 ACRES MORE OR LESS OF TRIBAL LAND LOCATED WITHIN THE EXTERIOR BOUNDARIES OF THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY.

WHEREAS, the Salt River Pima-Maricopa Indian Community ("SRPMIC" or "Community") Council has the authority under Article VII, Section 1(d)(2) and 1(d)(5) of the SRPMIC Constitution to "lease and otherwise grant to private persons and public bodies the right to use tribal lands" and to "provide for the proper use and development and prevent the misuse of the lands and other public property of the...Community"; and

WHEREAS, Sections 17-5 and 17-6 of the SRPMIC Code of Ordinances require that the Land Management Board ("LMB") and SRPMIC Council review, hold public hearings, and approve any contract, lease or other instrument affecting the use and disposition of lands within the SRPMIC; and

WHEREAS, Section 17-5(e) of the SRPMIC Code of Ordinances, and Resolution No. SR-2680-2008 authorize the SRPMIC Council to waive the formal LMB review, public hearing, and recommendation process if the SRPMIC Council determines that adequate public hearing and notice has occurred or will occur, and if the SRPMIC Council by resolution sets out the facts that it has found and the conclusions it has drawn which support such waiver; and

WHEREAS, the Community and the Salt River Project Agricultural Improvement and Power District ("SRP") have completed negotiations and have reached an agreement for the lease and development of approximately 350.0 acres more or less of Tribal land located within the exterior boundaries of the Community, and being part of Sections 28, 29 and 30, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona (the "Leased Premises"), with an additional setback of three hundred (300) feet from the exterior of the Leased Premises boundary, excluding adjacent i) public rights of way, ii) public easements, iii) approved cross access easements, and iv) any SRPMIC approved infrastructure existing prior to the execution date of this Lease; and

WHEREAS, SRP will use the Leased Premises for the recharge and/or underground storage and recovery of water for an initial lease term of approximately nineteen years

from September 9, 2013, through December 31, 2032, with an option to renew for an additional twenty (20) years or longer as may be negotiated between the Community and SRP, but in no event shall the total of the initial term and renewal term of this Lease exceed sixty-five (65) years.; and

WHEREAS, the Leased Premises was previously leased by SRP pursuant to Business Lease B-244 for the existing use known as the "Salt River Project Recharge" and/or the "Granite Reef Underground Storage Project (GRUSP)", and previous Business Lease B-244 was formally reviewed with public hearings held by the LMB in November 1992 and the SRPMIC Council in December 1992; and

WHEREAS, the parties to Business Lease B-245 remain the same as in the former Business Lease B-244, and the use and location of the Leased Premises remain substantially the same; and

WHEREAS, the SRPMIC Council has determined that adequate public notice has occurred when the former Business Lease B-244 was approved and that the GRUSP has been in continuous operation at the Leased Premises since 1993; and

WHEREAS, Business Lease B-245 contains a limited waiver of sovereign immunity under Article 37 for purposes of arbitration, which states: "[a]ny controversy or claim between Lessor and Lessee arising out of or relating to this Lease, or the breach thereof, except (i) claims for money damages in a sum of less than Twenty-five Thousand and No/100 Dollars (\$25,000.00), (ii) actions for mandamus, an injunction or an order for specific performance, and (iii) claims that a lien exists or ought to exist on Lessor's interest in the Leased Premises, shall be settled by arbitration administered by the American Arbitration Association (or such other private service as may be mutually agreed to by Lessor and Lessee) in accordance with the Commercial Arbitration Rules of the American Arbitration Association (or such other rules as may be adopted, or as such rules may be modified, by agreement between Lessor and Lessee), except as such rules may contemplate state court jurisdiction, and judgment on the award rendered by the arbitrator(s) may be entered in United States District Court for the District of Arizona. The place of arbitration shall be within, or within fifty (50) miles of, the jurisdictional boundaries of the Salt River Pima-Maricopa Indian Community. The United States Arbitration Act (Title 9 United States Code) shall govern the interpretation, enforcement, and proceedings pursuant to this arbitration clause. Reference is made to 25 U.S.C. § 416a.(c), the terms of which are incorporated herein by this reference. Except as the parties may agree otherwise, any such binding arbitration shall be conducted, upon the request of either Lessor or Lessee, before three (3) arbitrators designated by the American Arbitration Association. Any arbitrators designated to act under this Lease shall make their award in strict conformity with said rules and this Lease, and shall have no power to depart from or change any of the provisions thereof except as provided herein or as the parties may expressly agree otherwise in writing"; and

WHEREAS, in order to facilitate an expedited SRPMIC review process, the Community Development Department, and the Office of General Counsel recommend that the Community Council through this resolution waive LMB and SRPMIC Council review, public hearing and approval requirements as provided in Sections 17-5(d) and 17-6(d) of the SRPMIC Code of Ordinances and delegate to the President or the Vice-President approval authority over *future* substitute leases, assignments, ground subleases, subleases, development agreements, financial and security agreements, nondisturbance and attornment agreements, short form memoranda of sublease, space leases, encumbrance documents, or other required ancillary documents as may be submitted to the Community for signature under the authority of Lease B-245; and

WHEREAS, the SRPMIC Council has considered the recommendations of the Community Development Department, and the Office of General Counsel and determined that it is in the best interest of the Community to approve Business Lease B-245.

NOW THEREFORE BE IT RESOLVED that the SRPMIC Council hereby approves Business Lease B-245, between the Salt River Pima-Maricopa Indian Community and the Salt River Project Agricultural Improvement and Power District for the lease and development of approximately 350.0 acres more or less of Tribal land located within the exterior boundaries of the Community, and being part of Sections 28, 29 and 30, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, with an additional setback of three hundred (300) feet from the exterior of the Leased Premises boundary, excluding adjacent i) public rights of way, ii) public easements, iii) approved cross access easements, and iv) any SRPMIC approved infrastructure existing prior to the execution date of this Lease.

BE IT FURTHER RESOLVED that in accordance with Section 17-5(e), the SRPMIC Council hereby waives the application of Section 17-5 and 17-6 of the SRPMIC Code of Ordinances and determines that through its findings and conclusions herein that adequate public hearing and notice has occurred as to the use of the Leased Premises.

BE IT FURTHER RESOLVED that the Community hereby agrees to a limited waiver of sovereign immunity for purposes of arbitration in accordance with Article 37 of Business Lease B-245.

BE IT FURTHER RESOLVED that pursuant to SRPMIC Chapter 17, Section 17-5(a) of the Code of Ordinances of the Community, the SRPMIC Council hereby waives the procedures of Section 17-5 for the following *future* documents and hereby authorizes the President or the Vice-President to execute on behalf of the Community any future substitute leases, assignments, ground subleases, subleases, development agreements, financial and security agreements, nondisturbance and attornment agreements, short form memoranda of sublease, space leases, encumbrance documents and other required ancillary documents as

may be submitted to the Community for signature under the authority of the Lease B-245.

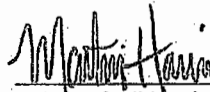
BE IT FURTHER RESOLVED that the Community Development Department and the Office of General Counsel shall fully carry out and implement its internal process for the legal and business review of each of the above mentioned documents prior to such documents being submitted to the President or Vice-President for execution.

BE IT FINALLY RESOLVED that the President or the Vice-President is hereby authorized and directed to take any such action as may be reasonable and necessary to and in aid of carrying out the purpose and intent of this Resolution.

C E R T I F I C A T I O N

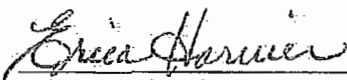
Pursuant to the authority contained in Article VII, Section 1(c)(7) and Section 1(d)(5) of the Constitution of the Salt River Pima-Maricopa Indian Community (as amended), ratified by the Tribe on February 28, 1990, and approved by the Secretary of the Interior on March 19, 1990, the foregoing resolution was adopted this 13th day of November 2013, in a duly called meeting of the Community Council in Salt River, Arizona, at which a quorum of 8 members was present, by a vote of 7 for; 1 opposed; 0 abstaining; and 1 excused.

SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY COUNCIL

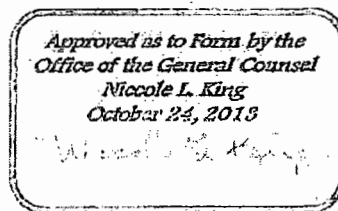


Martin Harvier, Vice President

ATTEST:



Erica Harvier, Secretary





Salt River Pima-Maricopa Indian Community

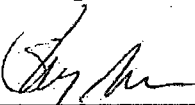
10,005 East Osborn Road, Scottsdale, Arizona 85256

CERTIFICATE OF COMPLIANCE

AUTHORITY: Memorandum of Understanding between the Salt River Pima-Maricopa Indian Community and the Bureau of Indian Affairs.
Signed: June 19, 1997

I, the Salt River Pima-Maricopa Indian Community ("SRPMIC") President, as authorized by the SRPMIC Council, hereby certify that Business Lease B-245 between the SRPMIC and the Salt River Project Agricultural Improvement and Power District has been approved by the SRPMIC Council, pursuant to Resolution Number SR-3205-2014.

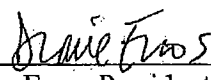
I further certify that Business Lease B-245 has been prepared and completed in accordance with the Memorandum of Understanding between the SRPMIC and the Bureau of Indian Affairs signed into effect June 19, 1997. The lease documents have been completed in compliance with the applicable provisions of the federal leasing statutes, 25 USC § 415 & 416; and the SRPMIC's Zoning Ordinance Number SRO 74-82, Development Ordinance Number SRO 25-74, Environmental Protection Ordinance Number SRO Number 180-95, and Antiquities Ordinance Number SRO 102-86.



Stacey Gubser
Director, Community Development Department

11/18/13

Date



Diane Enos, President
Salt River Pima-Maricopa Indian Community

11/20/13

Date

EXHIBIT "A"
WATER REPORT



P.O. Box 52025
Phoenix, AZ 85072-2025
(602) 236-5900
www.srpnet.com

April 23, 2013

Mike Byrd
Water Resources Division Manager
Salt River Pima-Maricopa Indian Community
10005 E. Osborn Rd.
Scottsdale, AZ 85256-9722

Reference: GRUSP Information Request

Dear Mike:

Enclosed please find the six items listed below as requested previously by SRPMIC.

1. Water inflows to GRUSP for 2013
2. Projected and actual GRUSP recharge for January 2013 through December 2013
3. Water level data for March 2013
4. Groundwater withdrawal for March 2013
5. Weather/Runoff Summary
6. Request for recharge at GRUSP for May 2013

If you have any questions please feel free to give me a call.

Sincerely,

Bob Pane
Manager, Groundwater Resources & Geohydrology

cc: Kyle Tilghman, SRP
Doug Toy-Chandler
Cliff Neal-Phoenix
Marcus Boykin SRPMIC

Mark Freebury, SRP
Kathy Rall-Gilbert
Beth Miller-Scottsdale

Dave Roberts, SRP
Kathryn Sorensen-Mesa
Eric Kamienski-Tempe

WATER INFLOWS TO GRUSP FOR 2013
(Data from SRP Water Contract Accounting)

<u>Month</u>	GRUSP Measurements		
	1 SRP Delivery Weir	2 Mesa Effluent	3 Total Delivery
Jan-2013	895.79	596.74	1,492.53
Feb-2013	550.53	699.59	1,250.12
Mar-2013	565.00	800.51	1,365.51
Total AF	2,011.32	2,096.84	4,108.16

ITEM 2

PROJECTED AND ACTUAL MONTHLY GRUSP RECHARGE
JANUARY THROUGH DECEMBER 2013
(in acre feet)

GRUSP Capacity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Projected Recharge (AF)	4000	4000	4000	4000									
Actual Recharge (AF)	1493	1250	1366										
Total Recharge To Date (AF)	1493	2743	4108										

ITEM 3

MONTHLY GROUNDWATER LEVELS OF GRUSP MONITOR WELLS MARCH 2013

Well Id.	Read Date	Result	Prior	Prior Date	Unit
29 9E5.5N	3/14/2013		178.23	12/20/2012	
30E5.9N	3/14/2013		149.30	12/20/2012	
33.1E7.3N	3/14/2013	191.30	184.15	12/20/2012	Feet
33.3E7.5N	3/14/2013	195.86	190.00	12/20/2012	Feet
A(1-6) 3ada	3/14/2013	289.84	288.48	12/20/2012	Feet
MESA NE-1	3/14/2013	117.71	118.25	2/14/2013	Feet
KASER CITRUS-R	3/14/2013	137.70		12/20/2012	Feet
MESA FF-2	3/14/2013		254.20	12/20/2012	
MESA FF-8	3/14/2013	180.22	178.28	12/20/2012	Feet
RCMWGR-1	3/14/2013	162.91	163.25	2/14/2013	Feet
RCMWGR-2	3/14/2013	119.45	119.80	2/14/2013	Feet
RCMWGR-3	3/14/2013	107.92	107.75	3/7/2013	Feet
RCMWGR-7	3/14/2013	113.94	113.65	2/14/2013	Feet
RWCD 1/4-1 7/8W	3/14/2013	180.10	177.60	12/20/2012	Feet
RWCD 3- 3/4W	3/14/2013	243.90	245.39	12/20/2012	Feet
SRPMICLF-1	3/14/2013	137.39	137.17	3/7/2013	Feet
SRPMICLF-3R	3/14/2013	151.41	151.20	2/14/2013	Feet
SRPMICLF-TC-3	3/14/2013	98.91	95.40	2/14/2013	Feet
SRPMICLF-TC-E	3/14/2013	142.96	139.88	2/14/2013	Feet

(This month's letter includes several wells not normally reported due to the sampling date falling on the Quarterly Monitoring Schedule sampling date).

ITEM 3

WELL ELEVATION *(FT)

RCMWGR-1 1302.7

RCMWGR-2 1276.3

RCMWGR-3 1265.1

RCMWGR-4 1265.5

RCMWGR-5 1266.9

RCMWGR-6 1260.1

RCMWGR-7 1256.4

SRLFMW-1 1281.0

SRLFMW-2 Abandoned

SRLFMW-3R 1292.8

SRLFMW-4 Abandoned

TCLFMW-3 1235.2

East Well 1276.6

West Well 1273.6

- Per 2011 Survey by SRP Survey Department. (Elevations – NAVD-88)

ITEM 4

GROUNDWATER WITHDRAWALS (AF)
MARCH 2013

CITY OF MESA WELLS

<u>WELL</u>	<u>WITHDRAWALS (AF)</u>
FF-2	76.73
FF-8	0.0

ITEM 4 GROUNDWATER WITHDRAWALS (AF)

MARCH 2013

GRUSP PUMPS MARCH 2013

PUMP#	3101	3104	3107	3110	3113	3116	3119	3122	3125	3201	3204	3207	3210	3213	3216	3219	4101	4104	TOTAL
COORD	33.36-7.5N	33.12-7.3N	32.86-7.2N	33.36-7.0N	31.86-6.5N	30.56-6.0N	30.02-6.5N	29.56-6.7N	29.06-6.5N	28.02-5N	27.36-5N	26.02-5.5N	25.02-6.0N	24.02-6.0N	23.56-5N	23.06-5.5N	22.06-5.5N	20.56-5.0N	TOTAL
1	0	0	0	18.1	2.13	7.28	17.01	18.54	1.59	0	0	0	0	0	0	0	9.26	12.59	86.51
2	0	0	0	9.33	8.34	5.3	8.82	9.65	10.02	0	0	0	0	0	0	0	17.7	12.59	81.75
3	0	0	0	18.1	17.4	0	10.15	8.27	2.15	0	0	0	0	0	0	0	17.7	9.22	82.99
4	0	0	0	18.1	17.4	0	7.11	0	12.4	6.19	5.88	0	0	0	0	0	4.74	9.79	81.41
5	0	0	0	18.1	8.45	8.78	8.36	18.41	12.4	3.61	3.33	0	0	0	0	0	16.82	11.62	105.88
6	0	0	0	18.1	16.59	4.34	0	18.54	12.4	15.68	0.17	0	0	0	0	0	17.7	12.59	116.11
7	0	0	0	18.1	17.4	3.58	1.39	18.54	8.71	10.52	0	0	0	0	0	0	17.7	12.59	108.53
8	0	0	0	12.57	7.06	0.89	4.48	10.59	0	0	0	0	0	0	0	0	8.61	6.95	51.15
9	0	0	0	5.1	4.76	2.08	2.26	0	1.37	0	0	0	0	0	0	0	0	0.68	16.25
10	0	0	0	10.44	9.96	4.8	14.11	10.39	0	0	0	0	0	0	0	0	0	0	48.8
11	0	0	0	11.7	5.28	2.09	3.6	3.93	7.51	0	0	0	0	0	0	0	12.22	1.5	47.89
12	0	0	0	18.1	17.4	9.52	17.01	9.03	8.85	0	0	0	0	0	0	0	17.7	0	85.61
13	0	0	0	18.1	17.4	9.52	17.01	0	7.09	0	0	0	0	0	0	0	17.7	0	86.82
14	0	0	0	18.1	4.67	9.52	17.01	0	0	0	0	0	0	0	0	0	17.7	0	87
15	0	0	0	18.1	11.49	9.52	17.01	0	0.53	0	0	0	0	0	0	0	17.7	0	74.35
16	0	0	0	18.1	17.4	9.52	17.01	0	12.4	0	0	0	0	0	0	0	4.72	11.65	90.8
17	0	0	0	18.1	17.4	9.52	17.01	2.86	12.4	0	0	0	0	0	0	0	0	9.67	86.98
18	0	0	0	18.1	17.4	9.52	17.01	18.43	10.03	0	0	0	0	0	0	0	1.57	12.59	102.65
19	0	0	0	2.25	15.05	9.52	11.59	9.41	0.24	0	0	0	0	0	0	0	0	12.59	60.65
20	0	0	0	11.23	10.48	3.15	4.95	2.14	10.48	0	0	0	0	0	0	0	6.26	12.59	81.26
21	0	0	0	18.1	17.4	0	6.55	12.8	8.58	0	0	0	0	0	0	0	17.7	12.59	93.7
22	0	0	0	15.32	17.4	6.37	0.21	0	0	0	0	0	0	0	0	0	17.7	12.59	69.59
23	0	0	0	18.1	17.4	8.18	0	0	5.61	0	0	0	0	0	0	0	15.5	12.59	77.39
24	0	0	0	13.76	17.4	0	11.48	8.18	1.57	6.05	5.56	0	0	0	0	0	17.7	0.45	80.11
25	0	0	0	18.1	17.4	5.81	17.01	13.77	9.86	16.81	15.47	0	0	5.56	6.31	0	17.7	2.27	146.06
26	0	0	0	18.1	17.4	0	17.01	18.54	0	16.81	15.47	0	0	13.88	16.88	0	17.7	12.59	164.46
27	0	0	0	18.1	17.4	9.02	17.01	18.54	0	16.81	15.47	0	0	13.88	16.88	0	17.7	12.59	167.48
28	0	0	0	2.44	17.4	2.78	17.01	18.54	2.68	16.81	15.47	0	0	13.88	16.88	0	17.7	12.59	164.24
29	0	0	0	18.1	17.4	7.24	17.01	18.54	12.4	15.64	15.47	0	0	13.88	16.88	0	17.7	12.59	182.93
30	0	0	0	17.03	7.51	4.58	17.01	18.54	12.4	0	15.47	0	0	13.88	16.88	0	17.7	12.59	153.65
31	0	0	0	0.39	0	0	17.01	18.54	1.1	0	15.47	0	0	13.88	16.88	0	17.7	12.59	113.64
TOTALS	0	0	0	458.46	405.57	155.53	350.19	298.7	182.71	124.93	123.03	0	0	89.43	107.47	0	398.3	265.24	2957.56

ITEM 5
WEATHER SUMMARY
MARCH 2013

1. Precipitation (inches)

	Month	Normal	% Normal	YTD	YTD Normal	% Normal	YTD Last Year
Watershed	March	2.35	66	5.33	6.55	81	1.91
Sky Harbor	0.85	1.07	79	2.55	2.67	95	0.25

2. Stream flow (acre-feet)

	March	% Median	YTD	% Median	YTD Last Year
Total	172,922	96	367,036	92	132,050
Salt	79,116	69	138,572	68	74,470
Tonto	35,732	232	67,406	176	5,158
Verde	58,074	98	161,058	111	52,048

3. Reservoirs (acre-feet)

	April 1st	% Capacity	% Median	Last Year	Difference Last Year
Total	1,447,378	63	84	1,536,120	-88,742
Salt	1,222,041	60	84	1,455,045	-233,004
Verde	225,337	78	96	81,075	144,262

4. Demand and Water Use (acre-feet)

	March	% Median	YTD	% Median	Last Year	Difference to last Year	YTD Last Year	YTD Diff to Last Year
Total	55,916	60	113,172	60	54,194	1,722	126,792	-13,620
Pumps	19,669	587	42,614	277	4,764	14,905	19,534	23,080
Salt	13,302	36	33,033	50	43,188	-29,886	53,825	-20,792
Verde	21,984	73	34,179	41	6,242	15,742	53,433	-19,254
GSF	0		0				0	
CAP	961		3,346				0	

** The above data are preliminary and subject to revision.

ITEM 6
REQUEST FOR RECHARGE AT GRUSP (LETTER) FOR
MAY 2013



P. O. Box 52025
Phoenix, AZ 85072-2025
(602) 236-5900
www.srpnet.com

April 23, 2013

Mike Byrd
Water Resources Division Manager
Salt River Pima-Maricopa Indian Community
10005 E. Osborn Rd.
Scottsdale, AZ 85256-9722

Re: GRUSP

Dear Mike:

This letter is to notify you that the GRUSP participants request a delivery of 4000 acre feet to recharge at the facility in May 2013; the same request as April 2013. The landfill water levels continue to be favorable, providing 40.7 feet of separation between water and the deepest refuse cell as of April 18, 2013.

SRP continues to carefully monitor weather conditions. As in the past, we plan to operate our water resources system, of which the GRUSP facility is a part, in a safe responsible manner to avoid adverse impacts.

If you have any questions please contact me at 602-236-2511.

Sincerely,

Bob Pace
Manager, Groundwater Resources & Geohydrology

cc: Doug Toy-Chandler
Cliff Neal-Phoenix
Marcus Boykin, SRPMIC
Kyle Tighman, SRP

Kathy Rall-Gilbert
Beth Miller-Scottsdale
Mark Freebury, SRP

Kathryn Sorensen-Mesa
Eric Kamienski-Tempe
Dave Roberts, SRP

EXHIBIT C

GRANITE REEF UNDERGROUND STORAGE PROJECT

STORAGE ENTITLEMENTS

<u>Participant</u>	<u>Storage Entitlement %</u>
Association (SRVWUA)	20.310%*
Chandler	20.000%*
Gilbert	3.440%
Mesa	24.860%
Phoenix	25.755%**
Scottsdale	3.285%**
Tempe	2.350%

* New entitlements shown pursuant to 1993 agreement between SRVWUA and Chandler.

** New entitlements shown pursuant to 1999 agreement between Phoenix and Scottsdale.

EXHIBIT I



SALT RIVER PROJECT

P.O. Box 52025

Mail Station PAB103

Phoenix, AZ 85072-2025

Phone: (602) 236-2460

Fax: (602) 236-5034

Internet: pacherri@srp.gov

Paul A. Cherrington
Water Engineering and Transmission

October 17, 1996

Ms. Karen Barfoot
Acting City Engineer
City of Chandler
200 East Commonwealth Avenue
Chandler, Arizona 85224

Re: **GRUSP Conveyance Agreement**

Dear Ms. Barfoot:

Pursuant to section 7.1 of the Agreement For Conveyance of GRUSP Storage Entitlement Between Salt River Valley Water Users' Association And City of Chandler (executed on August 25, 1993), this letter is to confirm the conveyance of 13.28% of GRUSP entitlement from SRP to Chandler, effective immediately. This changes Chandler's GRUSP entitlement from 6.72% to 20.00%, and changes SRP's GRUSP entitlement from 33.59% to 20.31%.

If you have any questions on this conveyance, please call me at the number above, or call Richard Siegel at 236-2277.

Sincerely,

A handwritten signature in cursive script that reads "Paul A. Cherrington".

Paul A. Cherrington

c: Ms. Dee Fuerst, City of Chandler
Mr. Kim Neill, City of Chandler
GRUSP Authorized Representatives

PAC/RSS/rss