



Meeting of the Board of Directors  
February 22, 2018  
Anthem Civic Building  
3701 W. Anthem Way  
Community Room

**6:30 p.m.**  
**ACC Board Special Board Meeting**

*The Board of Directors will be meeting in executive (closed) session starting at 5:15 p.m.  
pursuant to A.R.S. Section 33-1804 (A) (1).*

**ANNOTATED AGENDA**

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ESTABLISH QUORUM**
4. **ADOPT AGENDA**
5. **OLD BUSINESS**
  - A. Consider EPCOR Water Hauling Station Revised Site Plan, Architectural Design and Related Action Steps **Approved**
6. **ADJOURNMENT**

# anthem

## community council

### Memorandum

**To:** ACC Board of Directors  
**From:** Neal Shearer, Interim Community Executive Officer  
**Date:** February 16, 2018  
**Re:** EPCOR Water Hauling Station – Revised Site Plan, Design and Related Action Steps

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#### Recommendation

Staff recommends that the Board consider the following actions in order to move the EPCOR Water Hauling Station project forward in a timely manner:

- 1) Approve the revised site plan for the EPCOR Water Hauling Station as shown in the attached Site Plan and Architectural Design Memo packet dated February 15, 2018.
- 2) Approve the architectural design for the EPCOR Water Hauling Station with stipulations as noted in the attached Site Plan and Architectural Design Memo packet (see draft approval letter—last page).
- 3) Authorize staff to work with the appropriate parties (EPCOR, Pulte, Maricopa County, legal counsel) to finalize and execute any additional paperwork required to complete this project, including Pulte’s design approval, the legal description of the leased property to be included in the Site Lease as Exhibit A, and the amendment to the Equestrian Trail Dedication and Access Easement to accommodate the realignment of the Maricopa Trail, pursuant to County requirements.
- 4) Discuss and approve, modify or take no action on a draft amendment to the Site Lease for the EPCOR Water Hauling Station.

#### Background

The Special Board meeting on February 22, 2018 will be the seventh Board meeting convened by the Anthem Community Council (ACC) since October 2017, in an effort to work with EPCOR to support residents of New River and Desert Hills who rely on hauled water for their properties, and to expedite forward-movement on the project. This has been a complex project that has involved several process steps, and the time and input of many stakeholders, including

area residents, Maricopa County, the City of Phoenix, Arizona Corporation Commission, Pulte, EPCOR and the Anthem Community Council.

*Site Lease.* As a result of the extensive public input process, the ACC and EPCOR negotiated and executed a site lease on December 19, 2017, for EPCOR to use ACC property in order to build and operate a water hauling station to be accessed from Desert Hills Dr. Major terms and conditions of the attached site lease include:

- The agreement is for a twenty-year term, with two, two-year extensions upon mutual agreement of the parties.
- The use is restricted to provision of bulk water to customers who are hauling water.
- The facility must be fenced with controlled access.
- EPCOR must comply with all requirements of Maricopa County, the Arizona Corporation Commission, and any other applicable parties, including details associated with the realignment of the Maricopa Trail, as needed.
- Water haulers must not traverse Anthem roadways unless delivering to Anthem customers.
- The property may be accessed seven days per week, within the hours of 7 a.m. and 6 p.m.

*Site Plan.* Over the past several weeks, EPCOR's original proposed site plan parallel to Desert Hills Dr. has been revised multiple times due to a number of factors. County right-of-way requirements and the drainage culvert along Desert Hills Dr. caused EPCOR to shift the initial site plan further to the north and closer to Meridian Dr. Upon review of this new site plan in late January 2018, the ACC expressed serious concerns about the size and location of the site, and requested that EPCOR downsize the site to the extent possible given the turning requirements of the water hauling trucks, and reposition it to minimize the impact to neighboring homes. The ACC also requested that EPCOR present their "best and final" site plan to the Board and public at the February 22 Special Board meeting, and mail meeting notices and the revised site plan to property owners within 600 feet of the proposed site (EPCOR mailer attached).

*Architectural Design Review.* As is required of all commercial projects in Anthem, the proposed water hauling station must go through the ACC's design review process in order to ensure compliance with ACC design guidelines. The attached Site Plan and Architectural Design memo and material includes the site plan and architectural review details, and staff's review comments and recommended stipulations for the Board's consideration. This memo was also sent to the ACC's Commercial Design Review Advisory Committee and any comments will be shared with the Board at the February 22 meeting. The project design is in compliance with the ACC design guidelines, and the stipulations are intended to ensure additional attention to landscape screening, site design details and compliance with the stipulations.

*Additional Project Approvals.* (1) Pursuant to the site lease (Section 12), and as advised by ACC legal counsel, Pulte will need to review and approve the site design. The site plan/architectural design memo was sent to Pulte on February 16, 2018 with a request for expedited review and

comment. (2) In addition, the legal description for the portion of ACC land to be leased by EPCOR for the water hauling facility and water line extension to the facility will need to be approved by the ACC and EPCOR. (3) Because EPCOR's proposed site plan calls for the Maricopa Trail to be rerouted to the north of the water hauling station, the Equestrian Trail Dedication and Access Easement agreement will need to be amended, with EPCOR reimbursing the ACC for any costs related to the amendment. The ACC requested a letter from Maricopa County indicating their support for the proposed trail realignment north of the water hauling station, and a copy of this letter is attached as part of the Site Plan and Architectural Design memo. (4) EPCOR is responsible under the site lease to obtain, at EPCOR's expense, all licenses and permits or authorizations required from all government and/or regulatory entities.

*Site Lease Amendment.* To further limit the size of the water hauling station and preserve the general intent of this facility, a site lease amendment may be considered by the Board. Amendment language is still in draft form and undergoing further review and as such, it is not included as an attachment to this report. A copy of the executed Site Lease is attached.

EPCOR staff will be present at the Board meeting on February 22 to present the revised site plan and design, and to speak to the lease amendment and address questions. ACC staff will be present to address questions, as needed.

#### Attachments

- EPCOR's notice mailed to residents with fact sheet and proposed site plan;
- Site Plan and Architectural Design memo with the proposed site plan, architectural design details, draft approval stipulations and the County's trail letter; and
- Site Lease executed December 19, 2017.



# AN IMPORTANT WATER PROJECT IN YOUR AREA

## Learn More about How We're Working to Help the Desert Hills and New River Communities

Anthem  
Community Council  
Special Board Meeting

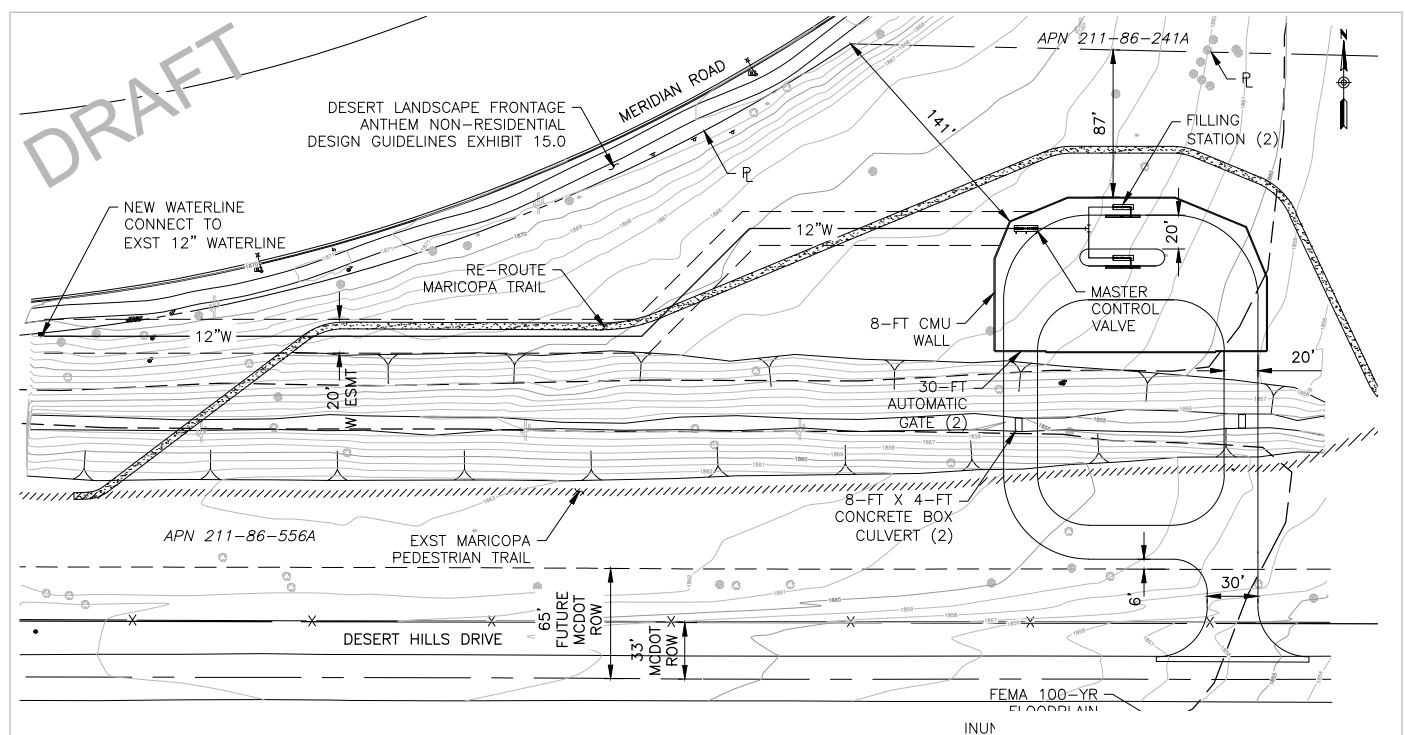
February 22, 2018  
6:30 pm

Residents in New River and Desert Hills communities have faced declining water supplies in recent years. The wells these communities rely on are no longer able to provide an adequate supply of water and in some cases, no longer provide water at all. To supplement the declining water supply, residents have relied on water delivered by private water haulers, currently supplied from a municipal fire hydrant. Desert Hills and New River residents have been notified that this source of water will no longer be available to them.

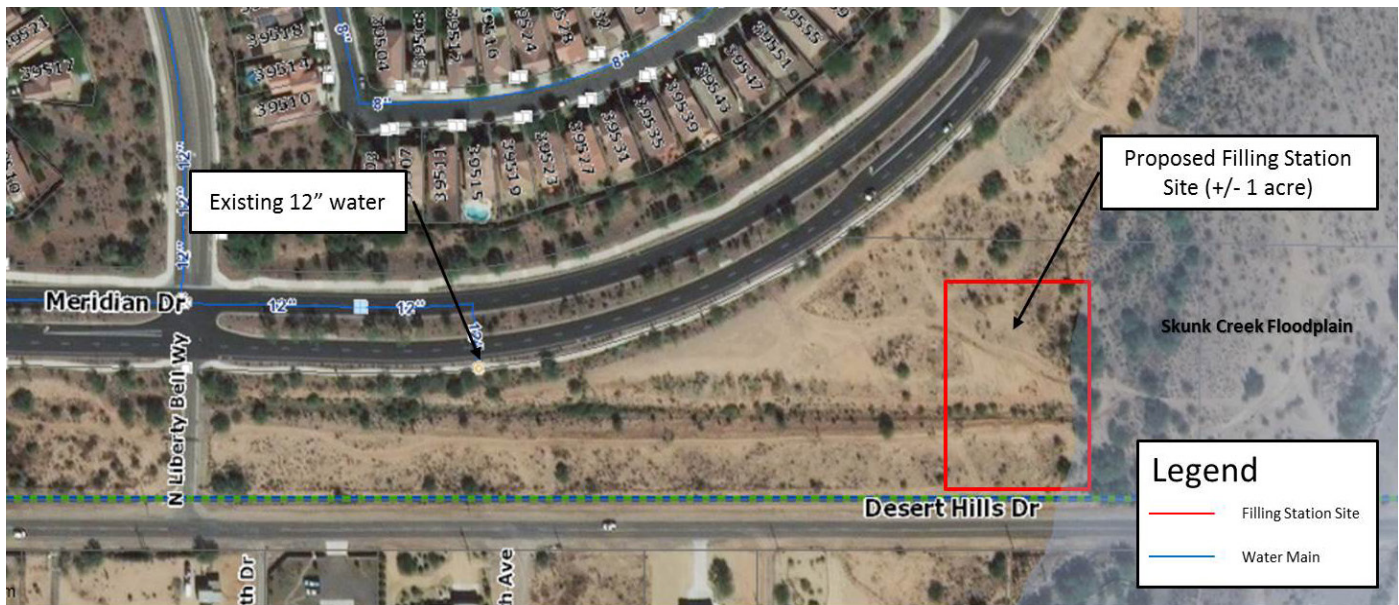
As Anthem's water provider, EPCOR has been asked and has agreed, to explore options to help these neighboring communities by providing a safe and reliable source of water. The best and quickest way to do that is by building a water station accessible to state-licensed water hauling providers and local residents who have established accounts with EPCOR.

### What is a water station?

A water station is a location where water haulers can purchase potable water that meets all Federal and State drinking water standards. Trucks would enter and exit the facility from Desert Hills Drive.



Proposed site plan



### Where would the proposed station be located?

The station would be located on the north side of Desert Hills Drive, approximately 500 feet east of 17th Avenue, north of the fence between the Anthem and Desert Hills communities.

### Will trucks be driving through Anthem?

No, the water station would be accessible to private water haulers from an entrance on Desert Hills Drive only; water-hauling trucks will not be able to access the station from Meridian Drive. Anthem streets may be used *only* if water haulers are servicing their own Anthem customers (e.g. for pool filling).

### What about the Maricopa Trail and the Pedestrian Path connecting Anthem and Desert Hills?

The Maricopa Trail is an important part of Maricopa County's public trail system and for Anthem and the surrounding communities. EPCOR will work closely with Maricopa County to ensure that the trail and the pedestrian path continue to be fully accessible.

### What will the station's operating hours be? What about noise and dust?

The water station will be fenced to screen it from view, with gates at the paved driveway entrance and exit. The station will be accessible seven days a week, but during daytime hours only. Any site lighting will be appropriate to the low-profile of the structure and Maricopa County and Anthem Community building requirements.

### How long will it take to build the water station?

Pending the required approvals from the Anthem Community Council and Maricopa County, design and construction is anticipated to take from 2 to 3 months.

### What's Next?

On November 15, 2017, the Anthem Community Council approved EPCOR's request to lease approximately one acre of land. **On February 22, 2018 the Anthem Community Council will consider and possibly vote on EPCOR's proposed site plan and architectural design.**

As a regulated utility, EPCOR's proposal to provide water to water hauling providers is subject to review and approval by the Arizona Corporation Commission. EPCOR's application was approved by the Arizona Corporation Commission on November 17, 2017. You can view a copy of the decision on the Arizona Corporation Commission's website – [www.azcc.gov](http://www.azcc.gov) – by searching for Docket #WS-01303A-17-0326 using the eDocket search function.

### Questions? Comments?

Attend the Anthem Community Council Board of Directors meeting at the Civic Building, February 22 at 6:30 pm, or send comments to [planning@anthemcouncil.com](mailto:planning@anthemcouncil.com).

You can also contact EPCOR by email at [mywater@epcor.com](mailto:mywater@epcor.com).

# anthem

## community council

### Memorandum

**To:** ACC Board of Directors  
**From:** Tony Smith, Business Services Specialist  
**C:** Neal Shearer, Interim Community Executive Officer  
Doug Greenstein, Community Finance & Administration Officer  
**Date:** February 15, 2018  
**Re:** *Request from EPCOR to Consider Site Plan and Architectural Design for EPCOR's Water Hauling Station*

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#### Background

The *EPCOR Water Hauling Station* will be situated completely on 0.88 acres of ACC property located on W. Desert Hills Drive, APN 211-86-556A. The site orientation avoids the Skunk Creek floodplain with the exception of one driveway which will be constructed within the inundation limits of the creek. The proposed project will include a maximum of two water-filling stations which will be located within a fenced 8' -0" integral color masonry enclosure (+/- 240' x 160'), secured by 30' -0" weathered-steel rolling gates. The filling station facility will be accessed from Desert Hills Dr. south of the site resulting in the re-routing of the Maricopa Trail around the north side of the enclosure. Mature landscaping will be used to visually soften the enclosure minimizing its impact to Anthem and Desert Hills residences.

The project has been reviewed by staff and is compliant with the ACC design guidelines. The Board packet has been sent to CDRAC for their *information only*.

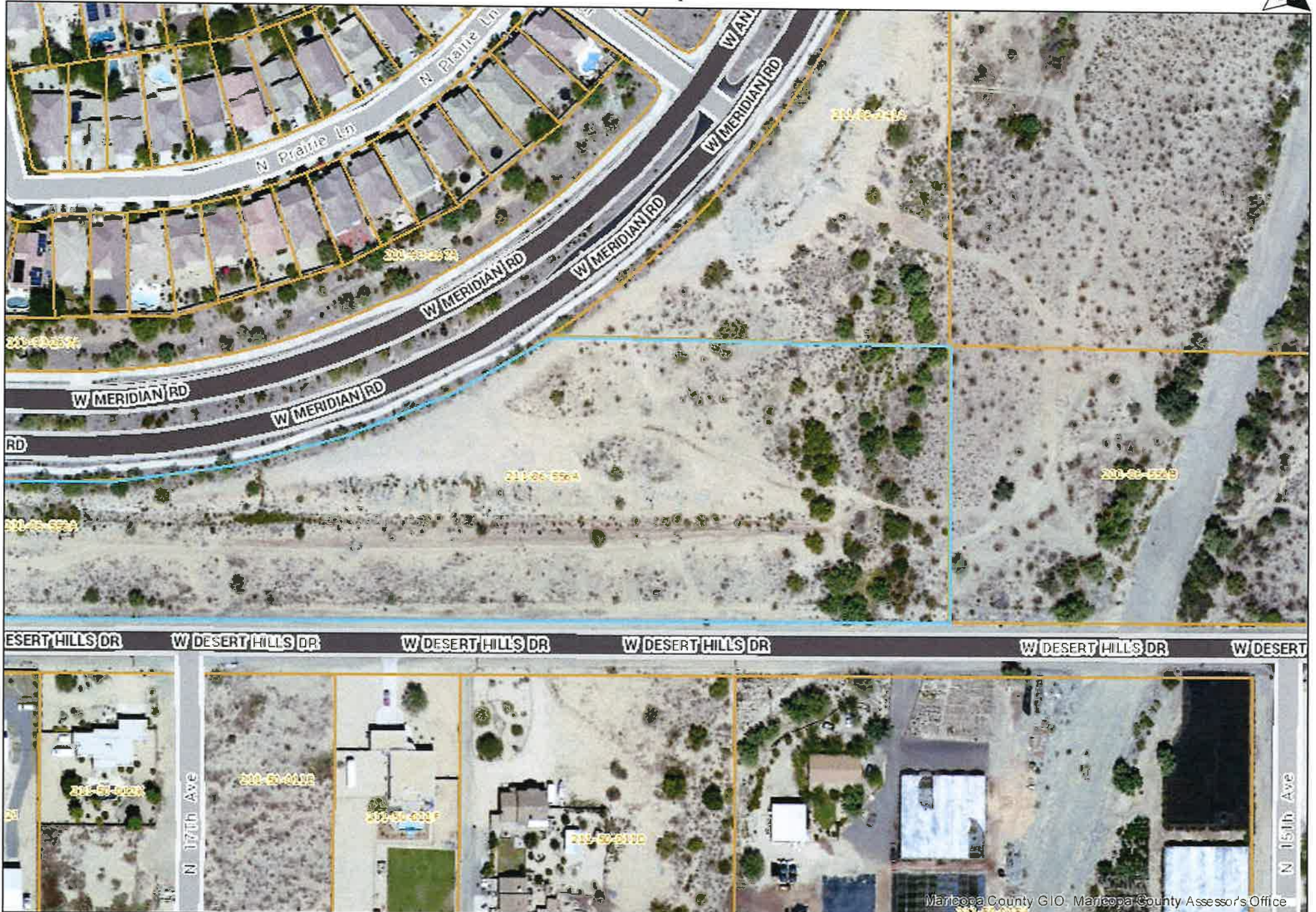
Pulte must approve the design review submittal prior to construction.

#### Attachments

- Aerial map
- Property information
- Maricopa Trail letter
- Concept plans
- Approval Letter (draft)



211-86-556A



## 211-86-556A Land Parcel

This is a land parcel located at 1715 W MERIDIAN DR PHOENIX 85086, and the current owner is ANTHEM COMMUNITY COUNCIL INC. Its current year full cash value is \$500.

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### Property Information

#### 1715 W MERIDIAN DR PHOENIX 85086

MCR #	
Description:	ANTHEM UNIT 53 MCR 649-20 TH POR TR E LY WLY OF FOL DESC LN COM SW COR SEC 19 TH E 2206.64F TO POB TH N 1189.56F TO POE P/F 02-0629027
Lat/Long	<u>33.84337611   -112.09728150</u>
Lot Size	483,626 sq ft.
Zoning	RU-43
Lot #	
High School District	DEER VALLEY UNIFIED #97
Elementary School District	DEER VALLEY UNIFIED SCHOOL DISTRICT
Local Jurisdiction	NO CITY/TOWN
S/T/R	19 6N 3E
Market Area/Neighborhood	08/007
Subdivision ( Parcels)	

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### Owner Information

#### ANTHEM COMMUNITY COUNCIL INC

Mailing Address	7740 N 16TH ST STE 300, PHOENIX, AZ 85020
Deed Number	<u>050733019</u>
Last Deed Date	06/01/2005
Sale Date	n/a
Sale Price	n/a

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## Maricopa County

Parks & Recreation Department

41835 N Castle Hot Springs Rd  
Morristown, AZ 85342-9887  
Phone: (602) 506-2930  
Fax: (602) 372-8596

February 12, 2018

Mr. Eric French PE, MBA  
Engineering Manager, Project Delivery  
EPCOR  
2355 W. Pinnacle Peak Road Suite 300  
Phoenix, AZ 85027

Re: Relocation of Maricopa Trail at 15<sup>th</sup> Ave and Desert Hills Blvd

Dear Mr. French

This letter is to confirm Maricopa County Parks and Recreation Department (MCPRD) e-mail conversations with EPCOR regarding the Maricopa Trail and the Desert Hills water filling station under design for the north side of Desert Hills Blvd in Maricopa County. The concern with the preliminary plan was the filling station driveway crossing the trail. The potential conflict of a busy water filling station and our trail users was a concern for the County. The Maricopa Trail Manager and our management team felt it was in the best interest of the County to have the trail relocated to the rear (north) of the filling station facility, thereby eliminating the potential encounter of trail users and water trucks using the facility. Maricopa County and EPCOR agree the proposed trail location is acceptable as situated behind the filling station away from the driveway.

Maricopa County and MCPRD appreciates all the hard work and patience that went in to creating this project. We believe the relocation of the trail meets the needs of both Maricopa County and the Parks and Recreation Department and also provides a safer trail alternative for the general public. We are willing to meet and review any additional plans as needed in the coming weeks.

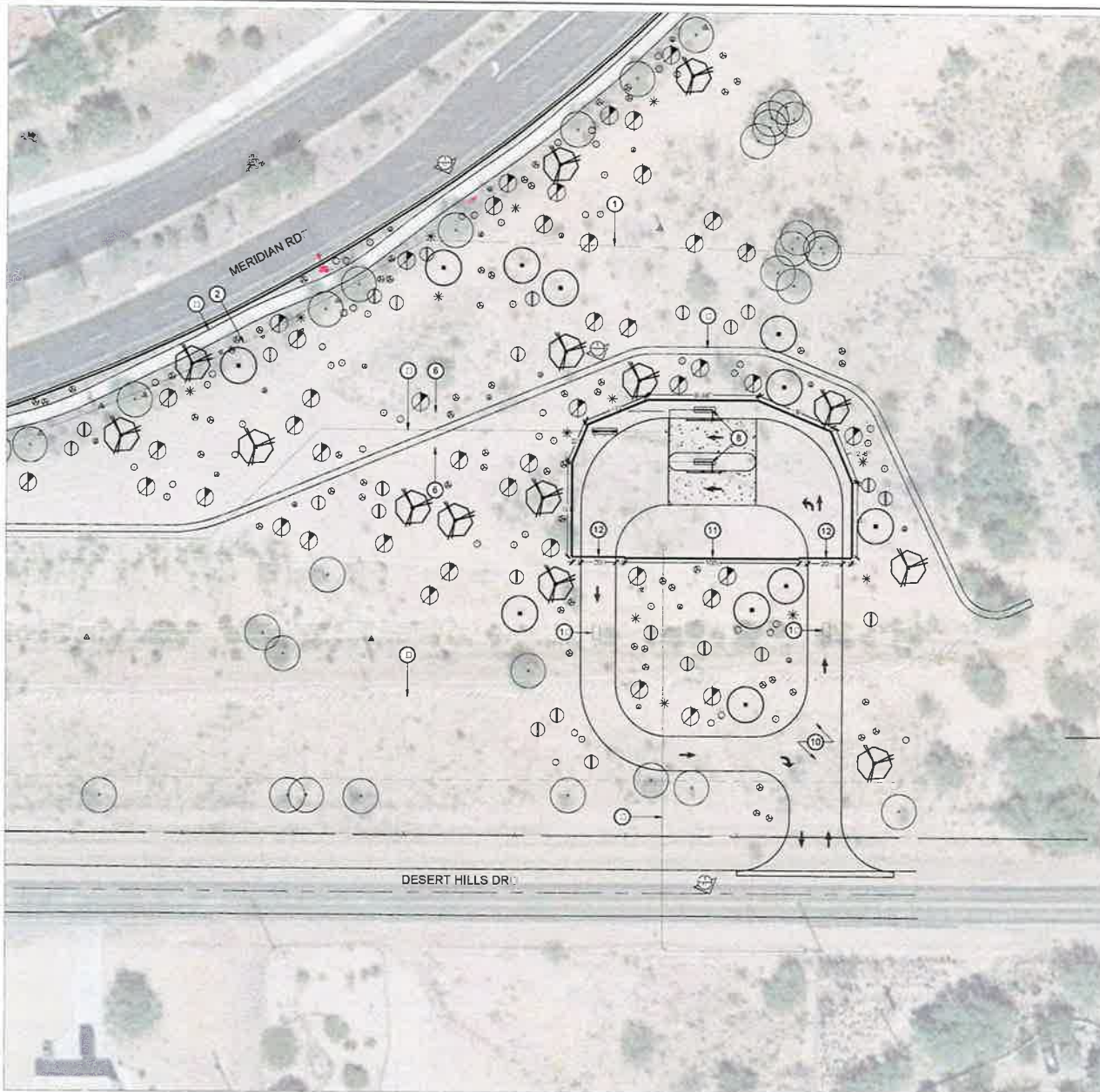
Please let us know if you require any additional information to complete the project.

Sincerely,

A handwritten signature in blue ink, appearing to read "R.J. Cardin", written over a light blue horizontal line.

R.J. Cardin  
Parks and Recreation Director





#### KEYNOTES

- ① PROPERTY LINE
- ② RIGHT-OF-WAY
- ③ EXISTING MARICOPA TRAIL
- ④ EXISTING WALK
- ⑤ UNDERGROUND UTILITY (SEE CIVIL)
- ⑥ UNDERGROUND UTILITY EASEMENT (SEE CIVIL)
- ⑦ OVERHEAD UTILITY (SEE CIVIL)
- ⑧ FILLING STATION (SEE CIVIL)
- ⑨ RE-ROUTED MARICOPA TRAIL
- ⑩ DRIVE LANE
- ⑪ CONCRETE SCREEN WALL
- ⑫ ROLLING GATE
- ⑬ CULVERT (SEE CIVIL)

#### PLANT LEGEND

BOTANICAL NAME SYM. (COMMON NAME)	SIZE
<b>EXISTING</b>	
EXISTING TREE TO REMAIN	VARIES
EXISTING CACTI TO REMAIN	VARIES
<b>TREES</b>	
CERCIDILUM MICROPHYLLUM FOOTHILL PALM VERGE	2" BOX MULTI
PROSOPIS VELUTINA MESQUITE	2" BOX MULTI
<b>SHRUBS</b>	
DODONEA VISCOSA HOP BUSH	1" GAL
ENCELIA FARINOSA BRITTLE BUSH	1" GAL
ERICAMERIA LARICIFOLIA TURPENTINE BUSH	1" GAL
LARREA TRIDENTATA CREOSOTE	1" GAL
<b>ACCENTS</b>	
FEROCACTUS WISLIZENI FISHHOOK BARREL CACTUS	1" GAL
FOULQUIERIA SPENDENS OCOTILLO	2" BOX

#### TOPDRESS

- DECOMPOSED GRANITE - 2" MIN. DEPTH  
 EXPRESS NATURAL 3/4" - 1 1/2" SIZE,  
 COLOR: PAINTED DESERT  
 TO MATCH EXISTING.  
 SOURCE: GRANITE EXPRESS  
 ALL DISTURBED AREAS UNLESS  
 OTHERWISE NOTED

AS BUILT DATE

**Dibble**  
Engineering

SMITHGROUP JIR  
455 NORTH THIRD STREET  
SUITE 200  
PHOENIX, AZ 85004

DIBBLE PROJECT NO: 1117110

REVISION BY DATE

**EPCOR** EPCOR WATER  
ARIZONA, INC

DESERT HILLS FILLING STATION

LANDSCAPE + SCREENING PLAN



DATE: 1/18 DATE: 1/18 DATE: 1/18  
 HORIZONTAL  
 VERTICAL  
 DRAWING SHEET  
 A1 9



① VIEW NORTH FROM DESERT HILLS DR



② VIEW SOUTH FROM RE-ROUTED MARICOPA TRAIL






1 VIEW SOUTH FROM MERIDIAN RD

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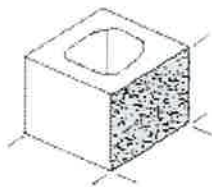


AS BUILT DATE		SMITHGROUP JR 455 NORTH THIRD STREET SUITE 250 PHOENIX, AZ 85004																									
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## HARDSCAPE MATERIALS



1. WALL TEXTURE CHARACTER REFERENCE PHOTO



2. CONCRETE MASONRY  
MODEL: SPLIT FACE, SP1S, 8" x 8" x 8"  
SOURCE: SUPERLITE BLOCK  
COLOR: AUTUMN



3. CONCRETE MASONRY COLOR: AUTUMN



4. ROLLING GATE  
COLOR/ FINISH: WEATHERED STEEL

## LANDSCAPE MATERIALS



5. PROSOPIS VELUTINA  
MESQUITE



6. CERCIDIUM MICROPHYLLUM  
FOOTHILL PALO VERDE



7. FOUQUIERIA SPLENDENS  
OCOTILLO



8. DODONEA VISCOSA  
HOP BUSH



9. ENCELIA FARINOSA  
BRITTLE BUSH



10. ERICAMERIA LARICIFOLIA  
TURPENTINE BUSH



11. LARREA TRIDENTATA  
CREOSOTE



12. FEROCACTUS WISLIZENI  
FISHHOOK BARREL CACTUS

## TOPDRESS MATERIAL



13. EXISTING D.G. REFERENCE PHOTO



14. DECOMPOSED GRANITE (D.G.)  
MODEL: GRANITE EXPRESS  
COLOR: PAINTED DESERT  
SIZE: EXPRESS NATURAL

AS BUILT DATE

**Dibble**  
Engineering

**SMITHGROUP JR**  
405 NORTH THIRD STREET  
SUITE 200  
PHOENIX, AZ 85004

DIBBLE PROJECT NO: 1117110

REVISION BY DATE

**EPCOR**

**EPCOR WATER**  
ARIZONA, INC

DESERT HILLS FILLING STATION

WALL MATERIALS

DATE	BY	DATE	DATE	DRAWING	SHEET
DATE: 7/18/18	DATE: 7/18/18	DATE: 7/18/18	DATE: 7/18/18	A2.1	12

## Draft

February 22, 2018

Andy Brown  
EPCOR Water Arizona, Inc.  
2355 W. Pinnacle Peak Road, Suite 300  
Phoenix, Arizona 85027  
ABrown2@epcor.com

**Re: Application for Anthem Design Review for Building Construction**

**Owner:** EPCOR Water Arizona, Inc.  
**Business:** EPCOR Water Hauling Station  
**Location:** Desert Hills Drive  
Anthem, Arizona 85086

Dear Andy,

Based on compliance with the Anthem Design Guidelines, ACC Conditions of Approval and "Drawing #5, 9, 10, 11, 12, dated 2-14-18" (see attached), you have Anthem Design Review approval to proceed with the project.

*ACC Conditions of Approval:*

- A. EPCOR shall limit water filling stations/outlets to a *maximum* of two (2).
- B. EPCOR shall provide irrigation and maintenance for all required landscaping through the duration of lease. EPCOR shall be responsible for any failed landscaping over the duration of the lease.
- C. EPCOR shall provide minimum of 36" box Palo Verde and Mesquite trees in the tree locations shown on the attached landscape plan.
- D. EPCOR shall provide minimum of 5 gallon shrubs in the locations shown on the attached landscape plan.
- E. EPCOR shall provide the ACC with the 90% design/permit documents which shall be inclusive of all conditions stated herein.

*If the project does not commence within six (6) months of the approval date or is not completed within two (2) years, the approval will expire. Resubmittal for design review is required and may be subject to a design review fee.*

Please note that Anthem approval is limited to compliance with Anthem Community Council's governing documents only and does not imply or ensure that the proposed work has been reviewed for or is in compliance with City of Phoenix, Maricopa County, Arizona or Federal Law, or any other applicable code, ordinance, or requirement, or that it has received Landlord or Property Owner approval.

## SITE LEASE WITH OPTION

THIS SITE LEASE WITH OPTION ("Agreement") is entered into this 19<sup>th</sup> day of December 2017 ("Effective Date") by and between ANTHEM COMMUNITY COUNCIL, INC., an Arizona non-profit corporation ("ACC") and EPCOR WATER ARIZONA INC., an Arizona corporation, having an office at 2355 W. Pinnacle Peak Rd., Suite 300, Phoenix, Arizona 85027 ("EPCOR").

### 1. OPTION TO LEASE.

(a) In consideration of the payment of ten Dollars (\$10.00) ("Option Fee") by EPCOR to ACC, ACC hereby grants to EPCOR an option to lease the use of a portion of the real property located within APN 211-86-556A and more particularly described in the attached Exhibit A ("Property")<sup>1</sup>, on the terms and conditions set forth herein ("Option"). The Option shall be for an initial term of twelve (12) months, commencing on the Effective Date ("Option Period"). The Option Period may be extended by EPCOR for an additional twelve (12) months upon written notice to ACC and payment of the sum of ten Dollars (\$10.00) ("Additional Option Fee") at any time prior to the end of the Option Period.

(b) During the Option Period and any extension thereof, and during the term of this Agreement, ACC agrees to cooperate with EPCOR's efforts to obtain, at EPCOR's expense, all licenses and permits or authorizations required for EPCOR's use of the Property from all applicable government and/or regulatory entities (including, without limitation, zoning and land use authorities, and any relocation of the equestrian trail) ("Governmental Approvals"), and ACC agrees to cooperate with and to allow EPCOR, at no cost to ACC, to obtain a title report, zoning approvals and variances, and land-use permits, and ACC expressly grants to EPCOR a right of access to the Property to perform surveys, soil testing, and other engineering procedures or environmental investigations on the Property that are necessary to determine that EPCOR's use of the Property will be compatible with EPCOR's engineering specifications, system design, operations and Governmental Approvals. During the Option Period and any extension thereof, EPCOR may exercise the Option by providing written notice to ACC.

(c) If EPCOR exercises the Option, then, subject to the following terms and conditions, ACC hereby leases to EPCOR the use of the Property for sole purpose of the placement and use of EPCOR's Water Hauling Facility (as defined below).

(d) Notwithstanding anything herein to the contrary, either party may terminate this Agreement, with or without cause, within fourteen (14) calendar days following execution of this Agreement by both parties. Furthermore, EPCOR shall not exercise its Option above or otherwise proceed with enforcing the terms of this Agreement during this time period.

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<sup>1</sup> The parties shall supplement this Agreement with a legal description to be included as Exhibit A. EPCOR shall not exercise the Option until the parties have mutually agreed in writing upon the legal description of the Property to be included as Exhibit A into this Agreement.

2. TERM.

(a) The initial term of the Agreement shall be twenty (20) years commencing on the date of the exercise of the Option ("Commencement Date"), and terminating at midnight on the last day of the initial term ("Initial Term").

(b) Upon the written mutual agreement of the Parties at least sixty (60) days' prior to the expiration of the Initial Term or any Renewal Term, this Agreement shall be renewable for two (2) separate, additional two (2) year terms (each, a "Renewal Term"), in each case on the same terms and conditions as set forth herein. If EPCOR remains in possession of the Property at the expiration of the Initial Term or any Renewal Term without a written agreement executed by ACC and EPCOR, such tenancy shall be deemed a month-to-month tenancy under the same terms and conditions of this Agreement.

3. PERMITTED USE. EPCOR may only use the Property for purposes relating to its provision of bulk water to its customers who are hauling water. EPCOR shall have the right, at its expense, to install, erect and maintain on the Property improvements, personal property, and facilities necessary for the purposes of providing the water for hauling (collectively, "Water Hauling Facility"). EPCOR must submit any plans or specifications for the installation of the Water Hauling Facility or any other improvements on the Property in writing through the ACC's design review process prior to commencement of any modifications to the Property and shall not commence with the proposed installation without first having received written approval from the ACC. EPCOR shall cause all construction to occur free of mechanics liens and in compliance with all applicable laws and ordinances. EPCOR, at its expense, may use any and all reasonable means of restricting access to the Water Hauling Facility, including, without limitation, the construction of a fence. The Property must be secured 24/7 with controlled access. Furthermore, prior to engaging in the activities addressed in this Agreement, EPCOR shall obtain any and all necessary permits and licenses from Maricopa County, the Arizona Corporation Commission, and any other governmental entity.

4. RENT. Commencing on the first day of the month following the date that EPCOR commences construction ("Rent Commencement Date"), EPCOR will pay the ACC a monthly rental payment of five hundred and No/100 Dollars (\$500.00) ("Rent"), at the address set forth in Section 11, on or before the fifth (5<sup>th</sup>) day of each calendar month in advance. In partial months occurring after the Rent Commencement Date, Rent will be prorated. The initial Rent payment will be forwarded by EPCOR to ACC within thirty (30) days after the Rent Commencement Date. In the event any costs or expenses are incurred by ACC related to the Property or this Agreement, including legal fees incurred by the ACC in preparing this Agreement or any modifications to this Agreement, EPCOR agrees to fully reimburse the ACC for such costs and expenses.

5. INTERFERENCE.

(a) EPCOR shall not use the Property in any way which negatively impacts ACC's rights in the Property (subject to EPCOR's rights under this Agreement, including without limitation, non-interference). EPCOR warrants that its use of the Property will not negatively impact the water rates paid by the residents of Anthem, Arizona. EPCOR further warrants that it shall instruct its customers using the Water Hauling Facility that, as a condition to their continued ability to use the Water Hauling Facility, they are not permitted to drive their water hauling vehicles through any portion of the Anthem community, including the public streets located therein, unless such access is necessary for servicing their own customers located within the Anthem community. EPCOR shall ensure that all of the agreements it enters into with its customers for use of the Water Hauling Facility will (i) be terminable by EPCOR for

any or no reason at any time, and (ii) specifically include the foregoing prohibition on traveling within the Anthem community. If EPCOR becomes aware of or is informed that any EPCOR water hauling customer has violated the prohibition on driving within the Anthem community, EPCOR will promptly provide that customer with notice of its noncompliance and, if EPCOR becomes aware of or is informed that the water hauling customer has violated the prohibition a second time, EPCOR will promptly terminate that customer's agreement to use the Water Hauling Facility. Furthermore, EPCOR shall not use any portion of the Maricopa Trail located near the Property and shall ensure that no EPCOR customer uses the Maricopa Trail for water hauling purposes or any related purposes. If the location of the Water Hauling Facility necessitates the realignment or adjustment of the Maricopa Trail in any way, EPCOR shall be responsible for coordinating the realignment/adjustment with Maricopa County, and shall reimburse ACC for all of its costs and expenses related to any realignment/adjustment, including but not limited to the costs associated with relocating the trail and revising the agreement between ACC and Maricopa County.

(b) Water delivered through the Water Hauling Facility shall not include any water acquired from Del Webb pursuant to that certain The Villages at Desert Hills Water/Wastewater Infrastructure Agreement between Del Webb Corporation and Citizens Utilities Company dated September 29, 1997, as subsequently amended, or long term storage credits derived therefrom.

(c) All water sold by EPCOR through the Water Hauling Facility shall be derived from EPCOR recharge credits or any other legal water supply owned by EPCOR.

6. APPROVALS; UTILITIES; MAINTENANCE; ACCESS.

(a) EPCOR shall, at EPCOR's expense, keep and maintain the Water Hauling Facility now or hereafter located on the Property in commercially reasonable condition and repair during the term of this Agreement. EPCOR agrees to perform any reasonable maintenance required by the ACC immediately upon receipt of written notice requesting the same.

(c) EPCOR shall have the right to install utilities, at EPCOR's expense, and to improve the present utilities on the Property (including, but not limited to, the installation of emergency power generators) reasonably necessary to provide service to the Water Hauling Facility.

(d) As partial consideration for Rent paid under this Agreement, ACC hereby grants EPCOR an easement in, under and across the Property for ingress, egress, utilities and access (including access for the purposes described in Section 1) to the Water Hauling Facility adequate to install and maintain utilities, which include, but are not limited to, the installation of power and water service at all times during the Initial Term of this Agreement or any Renewal Term (collectively, "Easement"). The Easement provided hereunder shall have the same term as this Agreement.

(e) EPCOR, its employees, agents, subcontractors, water haulers, and other customers approved by EPCOR shall only have pedestrian and vehicular access to the Property between the hours of 7 a.m. and 6 p.m. each day during the Term of this Agreement for the installation, maintenance and operation of the Water Hauling Facility and any utilities serving the Property; provided, however, that EPCOR and its contractors may access the Property at any time to address any condition on the Property that EPCOR determines requires immediate attention. ACC grants to EPCOR an easement for such access and ACC agrees to provide any instruments necessary for such access at no additional cost to EPCOR. Upon EPCOR's request, ACC will execute a separate recordable easement evidencing this right. If any public utility is unable to use the access or easement provided to EPCOR then the ACC

agrees to grant additional access or an easement either to EPCOR or to the public utility, for the benefit of EPCOR, at EPCOR's sole cost and expense.

7. TERMINATION. Except as otherwise provided herein, this Agreement may be terminated, without any penalty or further liability as follows:

(a) by ACC upon thirty (30) days written notice if EPCOR fails to cure a default for payment of amounts due under this Agreement within that thirty (30) day period;

(b) by either party upon thirty (30) days written notice if the other party commits a non-monetary default and fails to cure or commence a cure of such default within that thirty (30)-day period and diligently pursues such cure, or such longer period as may be reasonably required to diligently complete a cure commenced within that thirty (30)-day period; or

(c) by EPCOR upon thirty (30) days written notice to ACC for any reason.

8. TAXES. EPCOR shall pay all real and personal property taxes assessed on, or any portion of such taxes directly attributable to, the Property or the Water Hauling Facility.

9. INSURANCE. EPCOR shall provide General and Environment Liability Insurance as well as Environmental Impairment Insurance each in an aggregate amount of One Million and No/100 Dollars (\$1,000,000.00) and shall name ACC as an additional insured to such policies. EPCOR may satisfy this requirement by obtaining the appropriate endorsement to any master policy of liability insurance EPCOR may maintain. The coverage afforded by EPCOR's general and environmental liability insurance as well as the environmental impairment insurance shall apply to ACC as an additional insured, but only with respect to ACC's liability arising out of its interest in the Property.

10. INDEMNIFICATION.

(a) EPCOR hereby agrees to indemnify, defend and hold ACC and its agents, contractors, employees, officers, and directors, harmless from and against any and all claims, damages, losses and expenses, including but not limited to attorneys' fees and disbursements, directly arising out of any claim, action or other proceeding (including without limitation any proceeding by any of EPCOR's employees, agents or contractors) to the extent based upon (a) EPCOR's breach of this Agreement, (b) the conduct or actions of EPCOR within or outside the scope of this Agreement, or (c) any negligent act or omission or willful misconduct of EPCOR.

(b) ACC hereby agrees to indemnify, defend and hold EPCOR and its agents, contractors, employees, officers, and directors, harmless from and against any and all claims, damages, losses and expenses, including but not limited to attorneys' fees and disbursements, directly arising out of any claim, action or other proceeding (including without limitation any proceeding by any of ACC's employees, agents or contractors) to the extent based upon (a) ACC's breach of this Agreement, (b) the conduct or actions of ACC within or outside the scope of this Agreement, or (c) any negligent act or omission or willful misconduct of ACC.

11. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, or sent by for next-business-day delivery by a nationally recognized overnight carrier to the following addresses:

If to EPCOR, to:

EPCOR WATER ARIZONA INC.  
2355 W. Pinnacle Peak Rd.,  
Suite 300  
Phoenix, Arizona 85027

If to ACC, to:

ANTHEM COMMUNITY COUNCIL  
3701 W. Anthem Way, Ste. #201  
Anthem, AZ 85086

12. QUIET ENJOYMENT, TITLE AND AUTHORITY. ACC covenants and warrants to EPCOR that, except for the required consent of Del Webb Corporation, (i) ACC has full right, power and authority to execute this Agreement; (ii) it has good and unencumbered title to the Property free and clear of any liens or mortgages, except those disclosed to EPCOR and which will not interfere with EPCOR's rights to or use of the Property; and (iii) execution and performance of this Agreement will not violate any laws, ordinances, covenants, or the provisions of any mortgage, lease, or other agreement binding on ACC. ACC covenants that at all times during the term of this Agreement, EPCOR's quiet enjoyment of the Property or any part thereof shall not be disturbed as long as EPCOR is not in default beyond any applicable grace or cure period.

13. ENVIRONMENTAL.

(a) ACC represents that it has no knowledge of any substance, chemical or waste on the Property that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation (collectively, "Hazardous Substance"). ACC and EPCOR shall not introduce or use any Hazardous Substance on the Property in violation of any applicable law. ACC shall be responsible for, and shall promptly conduct any investigation and remediation as required by any applicable environmental law, with respect to all spills or other releases of any Hazardous Substance not caused solely by EPCOR, that have occurred or which may occur on the Property.

(b) Each party agrees to defend, indemnify and hold harmless the other from and against any and all administrative and judicial actions and rulings, claims, causes of action, demands and liability (collectively, "Claims") including, but not limited to, damages, costs, expenses, assessments, penalties, fines, losses, judgments and reasonable attorney fees that the indemnitee may suffer or incur due to the existence or discovery of any Hazardous Substances on the Property or the migration of any Hazardous Substance to other properties or the release of any Hazardous Substance into the environment (collectively, "Actions"), that relate to or arise from the indemnitor's activities on the Property. The indemnifications in this section specifically include, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any governmental authority. This Section 13 shall survive the termination or expiration of this Agreement.

(c) If EPCOR becomes aware of any Hazardous Substance on the Property, or any environmental or industrial hygiene condition or matter relating to the Property that, in EPCOR's sole determination, renders the condition of the Property unsuitable for EPCOR's use, or if EPCOR believes that the leasing or continued leasing of the Property would expose EPCOR to undue risks of government

action, intervention or third-party liability, EPCOR will have the right, in addition to any other rights it may have at law or in equity, to terminate the Agreement upon notice to ACC.

14. ASSIGNMENT AND SUBLEASE.

(a) EPCOR may assign this Agreement and its rights granted herein, in whole or in part, only with prior written notice to and written approval of ACC. Upon such assignment, EPCOR shall be relieved of all liabilities and obligations hereunder and ACC shall look solely to the assignee for performance under this Agreement and all obligations hereunder.

15. SUCCESSORS AND ASSIGNS. This Agreement and the Easement granted herein shall run with the land, and shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives and assigns.

16. REMOVAL. All portions of the Water Hauling Facility brought onto the Property by EPCOR will remain EPCOR's personal property and, at EPCOR's option, may be removed by EPCOR at any time during the Term. ACC covenants and agrees that no part of the Water Hauling Facility constructed, erected or placed on the Property by EPCOR will become, or be considered as being affixed to or a part of, the Property, it being the specific intention of the ACC that all improvements of every kind and nature constructed, erected or placed by EPCOR on the Property will be and remain the property of the EPCOR and may be removed by EPCOR at any time during the Term.

17. REMOVAL AND RESTORATION UPON TERMINATION. Upon termination of this Agreement, EPCOR shall within 30 days remove all portions of the Water Hauling Facility brought onto the Property by EPCOR or by others, unless ACC consents in writing that some or all of the Water Hauling Facility may remain on the Property. The parties agree that upon termination of this Agreement, unless otherwise requested by the ACC, all underground water lines on the Property will remain on the Property, but will be capped at EPCOR's sole cost and expense. In addition, after termination, EPCOR shall within 30 days restore the Property and any other portion of the Property utilized by EPCOR for any purpose, including access, to its original state, normal wear and tear excepted.

18. MISCELLANEOUS.

(a) The substantially prevailing party in any legal action or proceeding (legal action or proceeding being defined for purposes of this Agreement as any action actually filed in a court of competent jurisdiction or any consensual proceeding before an arbitrator or arbitration panel) arising hereunder shall be entitled to its reasonable attorneys' fees and costs, including appeals, if any.

(b) Each party agrees to furnish to the other, within twenty (20) days after request, such truthful estoppel information about the Agreement as the other may reasonably request.

(c) This Agreement constitutes the entire agreement and understanding of the parties, and supersedes all offers, negotiations and other agreements. There are no representations or understandings of any kind not set forth herein. Any amendments to this Agreement must be in writing and executed by both parties.

(e) This Agreement shall be construed in accordance with the laws of the of Arizona, county of Maricopa.

(f) EPCOR may, at its option, record a Memorandum of Lease regarding this Agreement, in a form reasonably acceptable to ACC.

(g) If any term of this Agreement is found to be void or invalid, such finding shall not affect the remaining terms of this Agreement, which shall continue in full force and effect. The parties agree that if any provisions are deemed not enforceable, they shall be deemed modified to the extent necessary to make them enforceable. Any questions of particular interpretation shall not be interpreted against the draftsman, but rather in accordance with the fair meaning thereof.

(h) The persons who have executed this Agreement represent and warrant that they are duly authorized to execute this Agreement in their individual or representative capacity as indicated.

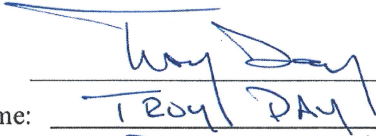
(i) This Agreement may be executed in any number of counterpart copies, each of which shall be deemed an original, but all of which together shall constitute a single instrument.

**SIGNATURES ON FOLLOWING PAGES**

**ACC:** ANTHEM COMMUNITY COUNCIL, INC.,  
an Arizona non-profit corporation

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EPCOR:** EPCOR WATER ARIZONA, INC.,  
an Arizona corporation

By:  \_\_\_\_\_  
Printed Name: TROY DAY  
Its: VICEPRESIDENT A2 OPERATIONS  
Date: 12/19/17


**ACC:** ANTHEM COMMUNITY COUNCIL, INC.,  
an Arizona non-profit corporation

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Roger Willis  
\_\_\_\_\_  
President, BOARD OF DIRECTORS  
\_\_\_\_\_  
12/19/17  
\_\_\_\_\_

**EPCOR:** EPCOR WATER ARIZONA, INC.,  
an Arizona corporation

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY**

To the Site Lease with Option dated 12/19/17, 2017, between  
ANTHEM COMMUNITY COUNCIL, INC. an Arizona non-profit corporation and EPCOR WATER  
ARIZONA, INC., an Arizona corporation, as EPCOR.

State: Arizona

County: Maricopa

The Property is legally described as follows: