

**LEASE AGREEMENT FOR CENTRAL ARIZONA PROJECT WATER
BETWEEN
CENTRAL ARIZONA WATER CONSERVATION DISTRICT
AND
THE GILA RIVER INDIAN COMMUNITY**

1.0 PREAMBLE

This agreement providing for the lease of Central Arizona Project water, defined as Leased Water in Subparagraph 4.1, ("Lease Agreement"), is made as of the 31st day of January, 2019, between the Gila River Indian Community, a federally recognized Indian tribe, (hereinafter "Community") and the Central Arizona Water Conservation District, ("CAWCD") a multi-county water conservation district and municipal corporation duly formed in accordance with the laws of the State of Arizona (hereinafter "Lessee"). The Community and Lessee hereinafter are sometimes referred to individually as "Party" and collectively as "Parties".

2.0 RECITALS

2.1 Under the Arizona Water Settlements Act, Public Law 108-451 (118 Stat. 3478) (the "Act") and the Amended Central Arizona Project Water Delivery Contract between the Community and the United States dated May 15, 2006, (the "Amended Contract"), the Community is entitled to receive up to 311,800 acre-feet per year of water from the Central Arizona Project (the "Community CAP Water").

2.2 The Community is entitled to lease Community CAP Water to Lessee in accordance with the terms set forth in this Lease Agreement.

2.3 Leases of Community CAP Water require approval of the Secretary of the Interior in accordance with Sections 204(b)(2) and 205(a)(2) of the Act.

2.4 The Community acknowledges that the consideration it receives under this Lease Agreement represents fair market value.

2.5 In 1993, the Arizona legislature created a groundwater replenishment authority to be operated by CAWCD throughout its three-county service area, referred to as the Central Arizona Groundwater Replenishment District (CAGRDR).

2.6 Contract No. 14-06-W-245, Amendment No. 1, Supplement No. 1, dated August 14, 2007, between the United States and CAWCD, created a framework for CAWCD to accept, hold, and put to use CAP municipal and industrial priority water entitlements assigned to it for the purpose of fulfilling its CAGRDR function.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Lease Agreement, it is agreed as follows:

3.0 DEFINITIONS

3.1 “Act” has the meaning set forth in the Recitals.

3.2 “Amended Contract” has the meaning set forth in the Recitals.

3.3 “CAP” or “Central Arizona Project” shall mean the Reclamation project authorized and constructed by the United States in accordance with Title III of the Colorado River Basin Project Act (43 U.S.C. §§1521 *et seq.*).

3.4 “CAP Contractor” shall mean a person or entity that has entered into a long-term contract (as that term is used in the CAP Repayment Stipulation, which is defined in the Settlement Agreement in subparagraph 2.35) with the United States for delivery of water through the CAP System.

3.5 “CAP Fixed OM&R Charge” shall mean Fixed OM&R Charge (as that term is defined in the CAP Repayment Stipulation) for the Leased Water.

3.6 “CAP Pumping Energy Charge” shall mean Pumping Energy Charge (as that term is defined in the CAP Repayment Stipulation) for the Leased Water.

3.7 “CAP Repayment Contract” shall mean the contract dated December 1, 1988 (Contract No. 14-06-W-245, Amendment No. 1) between the United States and the Central Arizona Water Conservation District for Delivery of Water and Repayment of Costs of the Central Arizona Project. The term “CAP Repayment Contract” includes all amendments to and revisions of that contract. This is the same contract referred to in the Act as Contract No. 14-0906-09W-09245, Amendment No. 1.

3.8 “CAP Repayment Stipulation” shall mean the Revised Stipulation Regarding a Stay of Litigation, Resolution of Issues During the Stay and for Ultimate Judgment Upon the Satisfaction of Conditions, filed in *Central Arizona Water Conservation District v. United States, et al.*, No. CIV 95-625-TUC-WDB (EHC), No. CIV 95-1720-PHX-EHC (Consolidated Action), United States District Court for the District of Arizona, and the Order dated November 21, 2007, entered therein. This is the same case referred to in the Arizona Water Settlements Act, Public Law 108-451, as No. CIV 95-09625-09TUC-09WDB (EHC), No. CIV 95-091720-09PHX-09EHC (Consolidated Action).

3.9 “CAP Subcontractor” shall mean a person or entity that has entered into a long-term subcontract (as that term is used in the CAP Repayment Stipulation, which is defined in the Settlement Agreement in subparagraph 2.35) with the United States and the Central Arizona Water Conservation District for the delivery of water through the CAP System.

3.10 “CAP Service Area” shall mean the area included within the Central Arizona Water Conservation District, consisting of Maricopa, Pinal, and Pima Counties, as well as any other counties, or portions thereof, that may hereafter become part of the Central Arizona Water Conservation District.

3.11 "CAP System" shall mean (A) the Mark Wilmer Pumping Plant, (B) the Hayden-Rhodes Aqueduct, (C) the Fannin-McFarland Aqueduct, (D) the Tucson Aqueduct, (E) the pumping plants and appurtenant works of the Central Arizona Project system that are described in (A) through (D), and (F) any extensions of, additions to, or replacements for the features described in (A) through (E).

3.12 "CAWCD" or "Central Arizona Water Conservation District" shall mean the political subdivision of the State that is the contractor under the CAP Repayment Contract.

3.13 "Community CAP Water" has the meaning set forth in the Recitals.

3.14 "Community Phoenix AMA USFs" means underground storage facilities permitted under Arizona Revised Statutes Title 45, Chapter 3.1, Article 2 for a Managed Underground Storage Facility Permit, located within the Reservation and within the Phoenix Active Management Area.

3.15 "Force Majeure Events" means any one or more of the following which prohibits or materially interferes with, delays or alters the performance of the applicable duty under this Lease Agreement: strikes or lockouts; shortages of material (excluding those caused by lack of funds) or labor; acts of the public enemy; confiscation or seizure by any government or public authority; injunction, restraining order or other court order or decree; blockades; insurrections; riots; civil disturbances; epidemics; acts of nature; fires; explosions; nuclear reaction or radiation; radioactive contamination; any other similar cause (excluding those caused by a Party's lack of funds); and any other event not within the reasonable control of the applicable Party.

3.16 "Gila River Indian Community" or "Community" shall mean the governmental entity composed of members of the Pima Tribe and the Maricopa Tribe, which is organized under Section 16 of the Act of June 18, 1934 (25 U.S.C. § 476).

3.17 "Lease" when used as a noun, singular word, and capitalized shall mean the provisions of this Lease Agreement that apply only to, or are required to interpret or enforce, the Lease Agreement.

3.18 "Leased Water" has the meaning set forth in Subparagraph 4.1.

3.19 "Lessee" which is CAWCD, is defined in the Preamble.

3.20 "Lessee's CAP Supplemental Contract" shall mean Contract No. 14-06-W-245, Amendment No. 1, Supplement No. 1, dated August 14, 2007, between the United States and CAWCD.

3.21 "NIA Priority Water" shall mean Community CAP Water having an NIA delivery priority under the CAP Repayment Contract.

3.22 "OM&R" shall mean the care, operation, maintenance, and replacement of the CAP System, or any part thereof.

3.23 “OM&R Costs” shall mean the sum of the CAP Fixed OM&R Charge and the CAP Pumping Energy Charge.

3.24 “Operating Agency” shall mean the entity or entities authorized to assume OM&R responsibility of all or any part of the Transferred Works and approved for that purpose by the Secretary or his designee acting in his behalf. CAWCD is the Operating Agency at the time of execution of this Lease Agreement.

3.25 “Paragraph” shall mean a paragraph and its subparts, and “Subparagraph” shall mean just the particular subparagraph which is referenced and any of the subparts of only that particular subparagraph, of this Lease Agreement.

3.26 “Party” or “Parties” has the meaning set forth in the Preamble, which is the CAWCD and the Community. The United States is not a party to this Lease Agreement.

3.27 “Per Acre Foot Price” shall mean \$150, beginning in 2020, and escalated annually each year thereafter by three percent (3%) or the Consumer Price Index for All Urban Consumers (CPI-U), whichever is higher.

3.28 “Reservation” shall mean land located within the exterior boundaries of the Gila River Indian Reservation created under sections 3 and 4 of the Act of February 28, 1859 (11 Stat. 401, Chapter LXVI), and Executive Orders of August 31, 1876, June 14, 1879, May 5, 1882, November 15, 1883, July 31, 1911, June 2, 1913, August 27, 1914, and July 19, 1915. The term “Reservation” includes those lands located in Sections 16 and 36, Township 4 South, Range 4 East, Gila and Salt River Base and Meridian.

3.29 “Return Flow” shall mean all agricultural, municipal and industrial (M&I), and miscellaneous waste water, seepage, and ground water which originates or results from water contracted for from the Central Arizona Project, but shall not include any water delivered through the project works for ground water recharge purposes.

3.30 “Secretary” shall mean the Secretary of the United States Department of the Interior or the Secretary’s authorized representative or designee for purposes of the approval of this Lease Agreement as required by the Amended Contract and the Act.

3.31 “Settlement Agreement” shall mean that agreement entered into as of December 21, 2005, by and among the Community, the United States, and other parties settling specified water rights claims raised by the parties in that certain action pending in the Superior Court of the State of Arizona in and for the County of Maricopa styled *In Re the General Adjudication of All Rights To Use Water In The Gila River System and Source, W-1 (Salt), W-2 (Verde), W-3 (Upper Gila), W-4 (San Pedro) (Consolidated)*.

3.32 “Transferred Works” shall mean such facilities of the CAP System or of other construction stages as to which OM&R responsibility is transferred from the United States to the Operating Agency.

3.33 “United States” shall mean the United States of America acting (i) as trustee on behalf of the Community; (ii) as owner of the Central Arizona Project; and (iii) in no other capacity.

4.0 LEASE OF WATER

4.1 Subject of Lease. The Community leases to the Lessee eighteen thousand one hundred eighty-five (18,185) acre-feet per year of NIA Priority Water (the “Leased Water”) subject to the terms and conditions of the Amended Contract except as agreed to herein. The Lessee shall not be subject to amendments to the Amended Contract subsequent to the execution of this Lease Agreement that adversely affect this Lease Agreement unless the Lessee agrees to such amended terms in writing.

4.2 Term of Lease. The term of this Lease shall begin on the January 1, 2020, at 12:00 a.m. Mountain Standard Time (MST) and end on December 31, 2044, at 11:59 p.m. MST.

4.3 Lessee’s Consideration During Term of Lease. In consideration for the Leased Water during the term of the Lease, on or before January 31 of each year, beginning in 2020, the Lessee shall pay to the Community the product of the Per Acre-Foot Price and the quantity of Leased Water in acre-feet scheduled to be delivered that year under this Lease. In the event a lesser quantity of Leased Water is delivered to Lessee than was originally scheduled in that year due to a reduction of NIA Priority Water supply, the payment shall be adjusted as provided in Subparagraph 4.6.3.

4.4 OM&R Costs. The Lessee shall pay to the Operating Agency all OM&R Costs for the delivery of the Leased Water in accordance with Lessee’s CAP Supplemental Contract. Lessee shall indemnify the Community for, from and against any liability or responsibility to pay OM&R Costs charged or assessed by the Operating Agency with respect to the Leased Water during the term of this Lease. The Lessee's obligation to pay such OM&R Costs shall not begin earlier than the date that the Lessee is entitled to receive the Leased Water under this Lease, but in no event unless and until the Leased Water is scheduled for delivery by the Lessee. Prior to January 1, 2020, the Community may use the Leased Water in accordance with the Amended Contract.

4.5 Other Charges or Payments. Pursuant to section 205(e) of the Act, neither the Community nor the Lessee shall be obligated to pay water service capital charges, or any other charges, payments, or fees for the Leased Water other than as provided in Subparagraphs 4.3, 4.4, and 6.1.3 of this Lease Agreement.

4.6 Delivery of Water. The United States or the Operating Agency shall deliver the Community's Leased Water to the Lessee as further provided herein. Neither the United States nor the Operating Agency shall be obligated to make such deliveries if, in the judgment of the Operating Agency or the Secretary, delivery or schedule of deliveries to the Lessee would limit deliveries of CAP water to other CAP Contractors, CAP Subcontractors, or Excess CAP Water Contractors to a degree greater than would direct deliveries of such Leased Water to the Reservation; Provided, however, that Excess CAP

Water Contracts that are first entered into after the date on which this Lease Agreement has been executed shall not limit such delivery. For purposes of the proceeding sentence, an Excess CAP Water Contract for delivery of water within a given reach of the CAP System shall be considered as "first entered into" if the Excess CAP Water Contractor did not hold an Excess CAP Water Contract for the delivery of water within the same reach of the CAP System in any prior year. The United States or the Operating Agency shall deliver the Leased Water to the Lessee in accordance with water delivery schedules provided by the Lessee to the United States and the Operating Agency, and the Operating Agency shall inform the Community of the amount of Leased Water delivered in the previous year. The water ordering procedures contained in the Lessee's CAP Supplemental Contract shall apply to the Lessee's ordering of water under this Lease Agreement, subject to the provisions of this Lease. In no event shall the United States or the Operating Agency be required to deliver to the Lessee under this Lease Agreement, in any one month, a total amount of Leased Water greater than eleven percent (11%) of the Lessee's maximum annual entitlement under this Lease Agreement. Notwithstanding the foregoing, the United States or the Operating Agency may deliver a greater percentage in any month if such increased delivery is compatible with the overall delivery of CAP water to other CAP Contractors, CAP Subcontractors, and Excess CAP Water Contractors as determined by the United States and the Operating Agency, if the Lessee agrees to accept such increased deliveries. These provisions are in addition to the provisions contained in Paragraph 5 of this Lease Agreement.

4.6.1 Community Phoenix AMA USFs Preference. When there is available capacity in Community Phoenix AMA USFs, Lessee shall deliver all or a portion of its Leased Water to Community Phoenix AMA USFs before delivering the Leased Water to any other location. All long-term storage credits created by the delivery of Leased Water to Community Phoenix AMA USFs shall be owned by Lessee, and the Community shall cooperate with Lessee in any necessary permitting requirements to have these long-term storage credits credited to the Lessee's long-term storage account. Lessee shall pay the Community five dollars (\$5) per acre-foot of Leased Water delivered to Community Phoenix AMA USFs for the operation and maintenance costs. Lessee may deliver all or a portion of the Leased Water elsewhere in the event Community Phoenix AMA USFs do not have sufficient capacity in a given year.

4.6.1.1 The Community's Olberg Dam USF is located on the border of the Phoenix and Pinal AMAs. This is a newly permitted facility that, as of the date of execution of this Lease, does not have a full calendar year history of operation at full capacity. By September 25, 2019, and by September 25 of each year of the Term (except for the last year of the Term), Lessee and Community shall consult together to develop and agree on a written schedule for the delivery of Leased Water to Olberg Dam USF or any other Community USF to ensure that Lessee will receive Phoenix AMA long-term storage credits for Leased Water delivered to Community Phoenix AMA USFs.

4.6.1.2 In the event that ADWR determines that a portion of the Leased Water stored at the Olberg Dam USF or any other Community Phoenix AMA USF, results in the creation of long-term storage credits in the Pinal AMA, the Community will transfer an equal number of Phoenix AMA credits to Lessee, in exchange for the Pinal AMA long-term storage credits created from storage in that year.

4.6.2 Pro-rata Reduction of NIA Priority Water Supply. If the Community does not receive full delivery of its NIA Priority Water allocation, the quantity of water to be delivered hereunder may be curtailed if, and only for the same period and in the same percentage amount, that deliveries of the Community's unfirmed NIA Priority Water are curtailed at the same time.

4.6.3 Payment Adjustment During Curtailment of NIA Priority Water Supply. In the event Lessee has made a payment to the Community that exceeds the annual consideration provided for in Subparagraph 4.3 due to the quantity of water to be delivered hereunder being curtailed due to shortage, at the end of the year the overpayment occurred the Lessee shall provide written notice informing the Community of the overpayment and whether the Lessee desires to have the overpayment (a) rebated to the Lessee or (b) applied to the annual consideration to be paid the following year. In the event the Lessee desires a rebate, the Community shall rebate the overpayment within thirty (30) days. In the event the Lessee desires to apply the overpayment to the following year's consideration, the following year's consideration shall be reduced by an amount equal to the prior year's overpayment.

4.7 Use of Leased Water Outside Reservation. The Lessee may use or deliver Leased Water for use outside the boundaries of the Reservation and within the CAP Service Area or may deliver Community CAP water to the storage facilities listed in **Exhibit A**; Provided, however, that any such use or delivery shall be consistent with the geographic limitations of subsection 205(a)(2)(A) of the Act.

4.8 Conditions Relating to Delivery and Use. The Lessee shall have the right to use Leased Water for any purpose that is consistent with Arizona law and not expressly prohibited by this Lease Agreement to fulfill its groundwater replenishment responsibilities, including exchanges of the Leased Water for other types of water, and Groundwater Recharge as that term is defined in the CAP Repayment Contract. Except to the extent that this Lease Agreement conflicts with the terms of the Lessee's CAP Supplemental Contract, deliveries of Leased Water to the Lessee and its use by the Lessee shall be subject to any conditions relating to delivery and use in the Lessee's CAP Supplemental Contract, if any, or if none then in the Amended Contract. The Lessee expressly approves and agrees to all the terms presently set out in the CAP Repayment Contract, or as such terms may be hereafter amended, and agrees to be bound by the actions to be taken and the determinations to be made under that CAP Repayment Contract, to the extent not inconsistent with the express provisions of this Lease Agreement. This provision is in addition to the provisions contained in Paragraph 5 of this Lease Agreement.

4.9 Quality of Water. The operation and maintenance of Transferred Works shall be performed in such manner as is practicable to maintain the quality of water made available through such facilities at the highest level reasonably attainable as determined by the Secretary. Neither the United States, the Community, nor the Operating Agency warrants the quality of water and are under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water. The Lessee waives its right to make a claim against the United States, the Operating Agency, the Community, other lessee(s), or CAP Subcontractor(s) because of changes in water quality caused by the commingling of Leased Water with other water.

4.10 Points of Delivery. The Leased Water to be delivered to the Lessee pursuant to the provisions of this Lease Agreement shall be delivered at such turnouts on the CAP System as are agreed upon by the Secretary, the Operating Agency, and the Lessee. This provision is in addition to the provisions contained in Paragraph 5 of this Lease Agreement.

4.11 Community's Covenants. The Community agrees:

(a) To observe and perform all obligations imposed on the Community by the Amended Contract which are not assumed by the Lessee so that the Lessee's rights and duties are not in any way impaired;

(b) Not to execute any other lease of the Community's CAP Water that would impair the Lessee's rights and duties hereunder;

(c) Not to alter or modify the terms of the Amended Contract in such a way as to impair the Lessee's rights hereunder or exercise any right or action permitted by the Amended Contract so as to interfere with or change the rights and obligations of the Lessee hereunder;

(d) Not to terminate or cancel the Amended Contract or transfer, convey or permit a transfer or conveyance of such contract so as to cause a termination of, interference with, or modification of the rights and obligations of the Community under it; and

(e) To submit this Lease Agreement to the Department of the Interior for its review and approval promptly upon its execution by both Parties.

4.12 Assignment of Interest in Leased Water. The Lessee may not transfer, assign, sublease or otherwise designate or authorize for the use of others all or any part of the Leased Water without the written approval of the Community and the Secretary. Provided, however, approval is hereby granted by the Secretary and the Community for the Lessee, if the Lessee has paid the consideration specified in this Lease Agreement, to assign all or any part of the Lessee's interest in Leased Water under this Lease Agreement to its successor.

4.13 Allocation and Repayment of CAP Costs. Pursuant to Section 204(d) of the Act, for the purposes of determining the allocation and repayment of costs of any stages

of the CAP constructed after December 10, 2004, the costs associated with the delivery of Leased Water shall be non-reimbursable and shall be excluded from the repayment obligation of Operating Agency. Pursuant to Section 205(a)(7) of the Act, the costs associated with the construction of the CAP System allocable to the Community shall be non-reimbursable and shall be excluded from the repayment obligation of the Community. Pursuant to Section 205(a)(8) of the Act, no CAP water service capital charges shall be due or payable for the Leased Water.

5.0 CONFORMITY WITH SETTLEMENT AGREEMENT

The parties intend that this Lease Agreement shall be construed in a manner that is consistent with the requirements of paragraph 21 of the Settlement Agreement. In the event of any irreconcilable conflict between the stated provisions of this Lease Agreement and the requirements of paragraph 21 of the Settlement Agreement, the requirements of paragraph 21 of the Settlement Agreement shall prevail. The remaining Subparagraphs of this Paragraph are hereby added in conformance with paragraph 21 of the Settlement Agreement. In addition to the provisions contained in Subparagraphs 4.6, 4.8, and 4.10 of this Lease Agreement, delivery and use of water under this Lease Agreement is conditioned on the following, and the Lessee hereby agrees to the following:

5.1 Conditions Relating to Delivery and Use.

(a) All uses of Project Water and Return Flow shall be consistent with Arizona water law unless such law is inconsistent with the Congressional directives applicable to the Central Arizona Project.

(b) The system or systems through which water for Agricultural, M&I (including underground storage), and Miscellaneous purposes is conveyed after delivery to the Lessee shall consist of pipelines, canals, distribution systems, or other conduits provided and maintained with linings adequate in the Secretary's judgment to prevent excessive conveyance losses.

5.2 Points of Delivery—Measurement and Responsibility for Distribution of Water.

(a) All water delivered from the CAP System shall be measured with equipment furnished and installed by the United States and operated and maintained by the United States or the Operating Agency. Upon the request of the Lessee, the Community, or the Operating Agency, the accuracy of such measurements shall be investigated by the United States or the Operating Agency, Community, and Lessee, and any errors which may be mutually determined to have occurred therein shall be adjusted; provided, that in the event the parties cannot agree on the required adjustment, the United States' determination shall be conclusive.

(b) Neither the United States, the Community, nor the Operating Agency shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water beyond the delivery point(s) agreed to pursuant to Subparagraph 4.10. The Lessee shall hold the United States, the Community, and the Operating Agency

harmless on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the Lessee's control, carriage, handling, use, disposal, or distribution of such water beyond said delivery point(s).

5.3 Temporary Reductions. In addition to the right of the United States under Subarticle 8.3(a)(iv) of the Repayment Contract temporarily to discontinue or reduce the amount of water to be delivered, the United States or the Operating Agency may, after consultation with the Lessee, temporarily discontinue or reduce the quantity of water to be furnished to the Lessee as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the furnishing of water to the Lessee, but so far as feasible the United States or the Operating Agency shall coordinate any such discontinuance or reduction with the Lessee and shall give the Lessee due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given. Neither the United States, its officers, agents, and employees, nor the Operating Agency, its officers, agents, and employees, shall be liable for damages when, for any reason whatsoever, any such temporary discontinuance or reduction in delivery of water occurs. If any such discontinuance or temporary reduction results in deliveries to the Lessee of less water than what has been paid for, the Lessee shall be entitled to be reimbursed for the appropriate proportion of such payment.

5.4 Books, Records, and Reports. The Lessee shall establish and maintain accounts and other books and records pertaining to its financial transactions, land use and crop census, water supply, water use, changes of Project works, and to other matters as the Secretary may require. Reports thereon shall be furnished to the Secretary in such form and on such date or dates as he may require. Subject to applicable Federal laws and regulations, each party shall have the right during office hours to examine and make copies of each other's books and records relating to matters covered by this Lease Agreement.

6.0 EVENTS OF DEFAULT

6.1 Failure to Fulfill Obligations. Any failure by either Party to fulfill its obligations under this Lease and not cure them within the time set forth in Subparagraph 6.1.1 shall constitute a default of the Defaulting Party's obligations under this Lease Agreement.

6.1.1 Notice of Default and Cure Period. In the event of one of the Parties' default, as defined in Subparagraph 6.1, the Non-Defaulting Party shall provide written notice ("Notice of Default") to the Defaulting Party specifying the default and demanding that the default be cured within ninety (90) days of the notice. The Non-Defaulting Party shall simultaneously provide a copy of the Notice of Default to the United States. Notice shall be given in the manner and to the officers specified in Subparagraph 8.4. The Notice of Default shall specifically describe the default and how the Defaulting Party can cure the default. In the event the default is Lessee's failure to make payment as required under Subparagraph 4.3 or the Community's failure to rebate funds as required under Subparagraph 4.6.3,

the amount shall be the sum of all payments due the Non-Defaulting Party that should have been paid, but were not paid ("Default Amount"). The purpose of this Subparagraph is to put the Defaulting Party on notice as to the time and cause of default. De minimis mistakes in the Notice of Default shall not invalidate the effectiveness of the Notice of Default.

6.1.2 Defaulting Party's Failure to Cure. Except for a Defaulting Party's failure to make payment addressed in Subparagraph 6.1.3, if the Defaulting Party fails to cure its default within the time-period set forth in Subparagraph 6.1.1, the Non-Defaulting Party may enforce this Lease by the remedy of specific performance of any Lease provisions.

6.1.3 Defaulting Party's Non-Payment. For a period of ninety (90) days after receiving a Notice of Default for failure to make payment the Defaulting Party shall have the right to cure such default by tendering the Default Amount to the Non-Defaulting Party together with interest on the Default Amount accrued at the annual rate of ten percent (10%) calculated from the date that the missed payment became due ("Due Date"). If the Lessee fails to cure its default within the time-period set forth in this Subparagraph 6.1.3, the Lessee's right to the Leased Water shall be forfeited.

7.0 TERMINATION AND SURRENDER OF WATER

7.1 Voluntary Termination of this Lease Agreement. The Lessee may terminate this Lease Agreement at any time by submitting written notice to the Community of its decision to terminate at least one year prior to the time that it intends the Lease Agreement to be terminated. The Lessee shall simultaneously provide the United States a copy of any such notice of decision to terminate. Such notice is irrevocable except upon the Community's agreement that the Lessee may withdraw its notice. If the Lessee terminates this Lease Agreement, all sums paid by the Lessee to the Community under this Lease Agreement prior to the date of termination shall remain the property of the Community and shall be non-refundable to the Lessee.

7.2 Voluntary Surrender of a Portion of the Leased Water. The Lessee may elect at any time during the term of this Lease Agreement to surrender its interest in any portion of the Leased Water by providing written notice to the Community of its decision to surrender such interest at least one year prior to the time that it intends such surrender to be effective. If the Lessee surrenders its interest in all or any portion of the Leased Water, all sums paid by the Lessee to the Community for such water prior to the date of surrender shall remain the property of the Community and shall be non-refundable to the Lessee. All portions of the Lease Agreement shall remain in effect for all the portions of the Leased Water that are not surrendered.

7.3 Failure to Pay. In the event the Lessee fails to cure a default of non-payment as specified in Subparagraph 6.1.3, this Lease Agreement shall terminate without notice by or to any Party.

7.4 Failure to Receive Necessary Approvals. In the event the Parties fail to receive any Federal or state approvals that are necessary to effectuate this Lease Agreement by December 31, 2019, this Lease Agreement shall terminate without notice by or to any party and shall be null and void.

8.0 GENERAL PROVISIONS

8.1 Invalidity of Lease Agreement. If, as a result of any acts or omissions by a person or entity not a Party to this Lease Agreement, the Lessee's entitlement to Leased Water under this Lease Agreement is determined to be invalid by a final judgment entered over the opposition of the Lessee with the result that the Lease Agreement is deemed null and void, the Community shall refund any payments it has received from Lessee as consideration for any Leased Water not actually delivered.

8.2 Approval, Consent, and Ratification. Each Party to this Lease Agreement does by execution of the signature pages hereto, approve, endorse, consent to and ratify this Lease Agreement.

8.3 Counterparts. This Lease Agreement may be executed in multiple counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one agreement.

8.4 Notice. Any notice to be given or payment to be made under this Lease Agreement shall be properly given or made when received by all of the officers designated below, or when deposited in the United States mail, certified or registered, postage prepaid, addressed as follows to all of the officers designated below (or addressed to such other person and/or address as the entity to receive such notice shall have designated by written notice given as required by this Section 8.4):

(a) As to the United States:

The Secretary of the Interior
Department of the Interior
1849 C Street, N.W., Mailstop 4100-MIB
Washington, D.C. 20240

Regional Director
Western Region Office
Bureau of Indian Affairs
2600 N. Central Avenue, 4th floor
Phoenix, Arizona 85004

Regional Director
Bureau of Reclamation
Lower Colorado Region
P.O. Box 61470
Boulder City, Nevada 89006-1470

(b) As to the Community:

Governor
Gila River Indian Community
P.O. Box 97
Sacaton, Arizona 85247

With copies to:

Linus Everling
General Counsel
Gila River Indian Community
P.O. Box 97
Sacaton, Arizona 85247

Donald R. Pongrace
Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, NW
Washington, D.C. 20036

(c) As to the Lessee:

For delivery use:
Central Arizona Water Conservation District
c/o General Manager
23636 North 7th Street
Phoenix, Arizona 85024

For U.S. Mail use:
Central Arizona Water Conservation District
c/o General Manager
P.O. Box 43020
Phoenix, Arizona 85080-3020

8.5 Governing Law. This Lease Agreement shall be governed by Federal law and, if and to the extent applicable, laws of the State of Arizona. Disputes arising between the Parties with the respect to this Lease Agreement shall be resolved in accordance with **Exhibit B** (Dispute Resolution) attached hereto, which is incorporated here by this reference as if fully set forth and is acknowledged and agreed to by the Parties.

8.6 Waiver. No waiver of any breach of any of the terms or conditions of this Lease Agreement shall be construed as a waiver of any subsequent breach of the same or other terms or conditions of this Lease Agreement.

8.7 Severability. If any provision or clause of this Lease Agreement or application thereof to any person or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions, clauses or applications of this Lease Agreement which can be given effect without the invalid or unenforceable provision, clause or application, and to this end, the provisions and clauses of this Lease

Agreement are severable; provided, however, that no provision or clause shall be severed if the severance would deprive any Party of its material benefits under this Lease Agreement.

8.8 Construction and Effect.

8.8.1 This Lease Agreement and each of its provisions are to be construed fairly and reasonably and not strictly for or against any Party.

8.8.2 The Paragraph and Subparagraph titles used in this Lease Agreement are for convenience only and shall not be considered in the construction of this Lease Agreement.

8.8.3 When used herein, the terms "include" or "including" shall mean without limitation by reason of the enumeration.

8.8.4 All grammatical usage herein shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

8.8.5 The term "person" shall include an individual, corporation, partnership, trust, estate, or any other duly formed entity as well as a natural person.

8.8.6 If the last day of any time period stated herein should fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday in the State of Arizona.

8.8.7 If a cross-reference within any provision cites a particular section or paragraph number of this Lease Agreement, it shall be a reference to the referred section or paragraph and its subparts.

8.8.8 Recitals, Exhibits. The Recitals set forth in Paragraph 2.0 of this Lease Agreement are incorporated herein by reference and form a part of this Lease Agreement. The Parties agree that all references to this Lease Agreement include all Exhibits designated in and attached to this Lease Agreement, such Exhibits being incorporated into and made an integral part of this Lease Agreement for all purposes.

8.9 Benefits of Lease Agreement. No member or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease Agreement or to any benefit that may arise therefrom. This shall not be construed to extend to this Lease Agreement if made with a corporation or company for its general benefit.

8.10 Third Party Beneficiaries. There shall be no third party beneficiaries of this Lease Agreement or any provision hereof.

8.11 Attorneys' Fees. In the event of litigation between the Parties to enforce this Lease Agreement, the prevailing Party in any such action shall be entitled to recover reasonable costs and expenses of suit, including, without limitation, court costs, attorneys' fees and discovery costs.

8.12 Subsequent Documents. Each of the Parties hereto shall promptly and expeditiously execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Lease Agreement.

8.13 Renegotiate. The parties to this Lease Agreement agree that the Community and the Lessee may, if desired by both the Community and the Lessee, renegotiate this Lease Agreement at any time during its term, as provided in Subparagraph 8.5 of the Settlement Agreement. Provided, however, that any such renegotiated Agreement shall not be effective unless and until approved by the Secretary.

8.14 Force Majeure. If either Party is delayed or prevented from the performance of any duty or obligation under this Lease Agreement by reason of a Force Majeure Event, then the performance of such duty or obligation shall be excused for the period of the delay, and the period for the performance by such Party of any such duty or obligation shall be extended for a period equivalent to the period of such delay. The Party subject to any Force Majeure Event shall provide written notice to the other Party as soon as reasonably practicable.

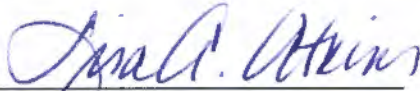
(Signatures follow)

IN WITNESS WHEREOF, these presents are hereby signed and agreed to by the Parties hereto.

LESSEE

**CENTRAL ARIZONA
WATER CONSERVATION DISTRICT**, a
multi-county conservation district and
municipal corporation duly formed in
accordance with the laws of the State of
Arizona


By: _____


Lisa A. Atkins
President

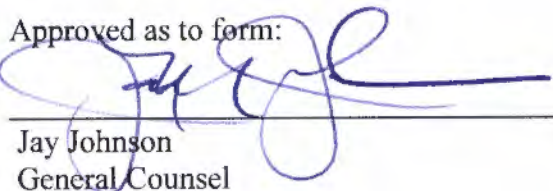
DATE: _____

20 May, 2019

Attest:


Sharon Megdal
Secretary

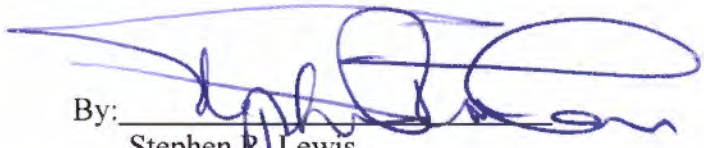
Approved as to form: _____


Jay Johnson
General Counsel

COMMUNITY

**GILA RIVER INDIAN
COMMUNITY**, a federally
recognized Indian tribe

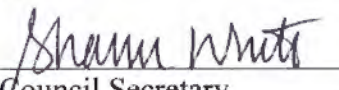
By: _____


Stephen R. Lewis
Governor

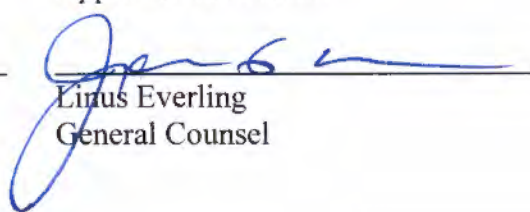
DATE: _____

5-20, 2019

Attest:


Sharon White
Council Secretary

Approved as to form: _____

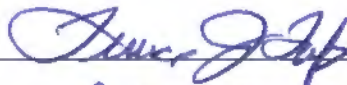

Linus Everling
General Counsel

(United States of America signatures follow)

Pursuant to Sections 204(b)(2) and 205(a)(2) of Public Law 108-451, the foregoing Lease Agreement for CAP Water between Central Arizona Water Conservation District and the Gila River Indian Community is hereby approved.

THE UNITED STATES OF AMERICA

BUREAU OF RECLAMATION

By: 
Its: Regional Director
Date: May 20, 2019

THE UNITED STATES OF AMERICA

BUREAU OF INDIAN AFFAIRS


By: 
Its: Regional Director
Date: 6/4/19

Exhibit "A"

Facility Name	Water Storage Permit No.
Agua Fria Recharge Project (Constructed)	73-569776.0000
Agua Fria Recharge Project (Managed)	73-569775.0000
Hieroglyphic Mountain Recharge Project	73-584466.0000
Kai Farms	73-558092.0201
Lower Santa Cruz Recharge Project	73-561366.0000
Maricopa Water District	73-558246.0800
New-Magma Irrigation and Drainage District	73-534888.0101
Pima Mine Road Recharge Project	73-577501.0100
Queen Creek Irrigation and Drainage District	73-534550.0400
Superstition Mountain Recharge Project	73-207702.0001
Tonopah Desert Recharge Project	73-593305.0001
Tonopah Irrigation District	73-534439.0001

EXHIBIT "B"
[DISPUTE RESOLUTION]

The Parties agree that the following procedures shall govern the resolution of disputes arising under this Agreement.

1. **Amicable resolution.** The Parties shall attempt to resolve all claims, disputes, controversies, or other matters in question between the Parties arising out of, or relating to, this Agreement ("Dispute") promptly, equitably, and in a good faith manner.
2. **Submission to arbitration.** Either Party may submit any Dispute that cannot be resolved between the Parties to arbitration by written notice to the other Party.
3. **Notice of arbitration.** The notice of arbitration shall specify with particularity the nature of the Dispute, the particular provisions of this Agreement that are at issue, and the proposed relief sought by the Party seeking arbitration.
4. **Appointment of arbitrators.** The arbitration shall be conducted before a panel composed of three (3) arbitrators, each of whom shall be a person familiar, by profession or experience, with the issues in controversy. Within fourteen (14) days after delivery of a notice of arbitration, each Party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment, and deliver written notification of such appointment and acceptance to the other Party. If a Party fails to provide timely written notification of such appointment and acceptance to the other Party, the other Party may seek to have an arbitrator appointed for the other Party by the American Arbitration Association ("AAA") pursuant to AAA Rules and Procedures. Within fourteen (14) days of being appointed, the two (2) Party-appointed arbitrators shall jointly appoint the third (who shall be the chairperson), and shall obtain the acceptance of such appointment and deliver written notification of such appointment and acceptance to the Parties. If the two (2) arbitrators fail timely to provide such written notification to the Parties of the appointment and acceptance of the third arbitrator, then either Party may seek to have the third arbitrator appointed by the AAA pursuant to AAA rules and procedures.
5. **Disqualification of an arbitrator.** No person may serve as an arbitrator if, because of employment or other relationship with the Parties, the nature of the matter to be arbitrated, or otherwise, such person could not serve as a judge in such matter if such person were a judge.
6. **Time.** Time is of the essence in the resolution of Disputes pursuant to this Exhibit "B". All deadlines established herein shall be strictly enforced by the arbitrators and the Parties.
7. **Submission of evidence.** Each Party may submit evidence in writing to the arbitrators for their consideration within forty-five (45) calendar days after written notice of the arbitration request has been received by a Party.
8. **Arbitral hearing.** The arbitrators may, in their sole discretion, determine whether

a hearing would assist them in rendering a fair and equitable decision. In any event, such hearing, if held, must be held within sixty (60) calendar days after written notice of the arbitration request has been received by a Party.

9. **Conduct of arbitration.** The arbitrators shall comply with and follow to the extent possible the AAA Rules and Procedures with respect to impartiality and independence, and shall render an independent, impartial review of the claim(s) presented, and each arbitrator shall act independently and shall not be either Party's representative. The arbitrators' deliberations are confidential and shall not be disclosed to third parties. Each arbitrator shall be disqualified as a witness, consultant, or expert for either Party in any Dispute. No written communication shall be between the arbitrators and a Party without the other Party receiving a copy of such written communication, and no oral communications shall take place without the other Party being present.

10. **Arbitral award.** The arbitrators shall render a reasoned decision and award, by majority vote, no later than ninety (90) calendar days after written notice of the arbitration request has been received by a Party.

11. **Enforcement of arbitral award.** The arbitrators' decision will be final and binding on the Parties and will not be subject to appeal. The prevailing Party in such arbitration may seek enforcement of such award in any court of competent jurisdiction. Each Party agrees to submit to the jurisdiction of any such court solely for purposes of the enforcement of such arbitration decision and for no other purpose.

12. **Costs of arbitration.** The costs of the arbitration shall be shared equally by the Parties, but the Parties shall bear their own costs and attorneys' fees associated with their participation in the arbitration.

13. **Limited waiver of sovereign immunity.** Community hereby provides a strictly limited waiver of its sovereign immunity in any court of competent jurisdiction for the sole and exclusive purpose of enforcement of an arbitration award rendered pursuant to this Exhibit "B" and for no other purpose. The waiver of sovereign immunity provided by Community extends solely to CAWCD and to no other person or party.