

HOLD FOR PICK UP:

**SALT RIVER PROJECT**

Land Department/PAB400

P. O. Box 52025

Phoenix, Arizona 85072-2025



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
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**INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE TOWN OF GILBERT  
AND THE  
SALT RIVER PROJECT**

This Intergovernmental Agreement is entered into this 25<sup>th</sup> day of April, 2000 by and between the town of Gilbert, Arizona, a municipal corporation of the State of Arizona ("Town") and the Salt River Project Agricultural Improvement and Power District, a political subdivision of the State of Arizona ("SRP").

**RECITALS**

1. SRP is authorized by law to generate and distribute electric power and provides such electric power to customers in Town in SRP's exercise of its governmental capacity.
2. SRP has notified Town that in order to meet projected demands in the Town and surrounding areas it is necessary to expand the Santan Generating Plant ("Plant"), an existing electric generating facility in Town, by adding 825 MW of additional generating capacity.
3. SRP has initiated and participated in the Santan Community Working Group, which includes representatives of the Town and the community, to address issues raised by the Plant expansion. The Santan Community Working Group has recommended measures to improve the Plant property and the surrounding area.
4. The Parties desire to implement the recommendations of the Santan Community Working Group and to institute cooperative action in conjunction with the expansion of the Plant through the actions set forth in this Intergovernmental Agreement.
5. Town is authorized to enter into this Intergovernmental Agreement pursuant to A.R.S. § 9-240 and SRP is authorized to enter into this Intergovernmental Agreement pursuant to A.R.S. § 48-2337.

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. SRP OBLIGATIONS: Contingent upon SRP receiving the necessary approvals for expansion of the Plant, SRP shall, at its cost, cause the following to be performed:

1.1 Improvements to Warner Road and Val Vista Road: SRP shall, at its cost, improve or pay the cost of improving the portion of Warner Road and Val Vista Road adjacent to the Plant property boundary. Improvements shall include, but not be limited to, (i) improving the south half of Warner Road and the east half of Val Vista Road, including the construction of sidewalks, a median and street lighting facilities, and (ii) installation of landscaping on the north side of Warner Road. All such improvements shall comply with Town standards and the Town

shall maintain all landscaping improvements not located on Plant property. As part of such improvements, SRP shall pay the cost of relocating the existing 69 kV line and other electrical facilities as relocation may be required by the construction of the improvements.

1.2 Screening of the Plant: SRP shall provide screening on the north and west sides of the Plant property. Such screening shall be compatible with the design and landscaping of Warner Road and shall be approved by Town. Screening on the north side will be evaluated as part of the Warner Road improvements described in Paragraph 1.1 and as may be determined by the Santan Community Working Group on or before December 31, 2000. Screening on the west side will include evaluating the use of berms, vegetation, architectural treatment and/or walls. SRP will remove the northern fuel tanks (which is necessary to construct the Plant improvements) and will paint the remaining tank.

1.3 Trail Extension: SRP shall design and construct or pay the cost of construction on the east edge of the Plant property a horseback/hiking trail, crossing lights, and trail heads at both the north and south end of the trail. At the south end, a bridge over the canal into Crossroads Park shall be constructed. SRP will delineate property boundaries and dedicate the property to the Town, retaining appropriate property rights for necessary transmission lines and transmission line access. The Town will be responsible for ongoing maintenance.

1.4 Rerouting of Canal at Ray Road: SRP shall reroute the SRP Eastern Canal at Ray Road to eliminate the portion parallel to Ray Road. The Town agrees to grant any necessary easements over its property to facilitate the rerouting. The canal relocation is subject to the paramount rights and appropriate approvals of the United States, and shall acknowledge the prior rights of the United States and SRP.

1.5 Training Tower Removal: SRP will remove the lattice tower transmission training tower presently on the Plant property.

1.6 Revegetation Along New RS 18 Line: For a distance of one mile going north from Plant property boundaries, SRP will restore any vegetation damaged or destroyed along the RS 18 line as a result of the construction of the line. Vegetation which dies within six months of the work will be presumed to have resulted from the construction of the line and will be replaced at SRP's cost.

1.7 Dust Control Along Canals: SRP shall be responsible for meeting applicable PM-10 standards along SRP canal banks. The Parties acknowledge that Town has no jurisdiction to enforce such standards.

1.8 Offsite Tree Planting: SRP shall develop an offsite tree planting program in the local impact area (without maintenance) pursuant to mitigation concepts developed and accepted by the Santan Community Working Group on or before December 31, 2000.

2. TOWN OBLIGATIONS: Town agrees to do the following:

2.1 Acceptance of Dedications and Improvements: Upon completion in accordance with Town standards, Town shall accept the dedication and improvements described in Paragraphs 1.1 and 1.3.

2.2 Cooperation with SRP: Town agrees to work cooperatively with SRP in order that the agreements of SRP contained in Paragraph 1 will not be unreasonably delayed.

2.3 Regulatory Testimony: The Town recognizes SRP and the Santan Community Working Group have identified measures over which the Town has jurisdiction and which will serve to mitigate impacts the Plant expansion will have on the community. The Town recognizes it has a role in implementing these recommended measures and it therefore agrees it will provide supportive testimony regarding the public process which led to this Intergovernmental Agreement and the agreements contained herein.

3. SRP EXERCISE OF ITS GOVERNMENTAL POWERS.

The parties acknowledge that the Town does not have zoning jurisdiction over SRP in SRP's exercise of its governmental functions.

4. PARTIES TO NEGOTIATE FURTHER AGREEMENTS:

4.1 Cooling Water: Town and SRP explore the possibility of SRP purchasing from Town a supply of cooling water for the Plant. Any such agreements for the purchase of cooling water may include, but not be limited to, the following water supplies:

4.1.1 Surface water available in Town's domestic water service account.

4.1.2 CAP water allocated to or leased by Town.

4.1.3 Recharge credits earned by Town in SRP's Groundwater Savings Facility.

4.1.4 Reclaimed water owned by Town.

4.2 Discharges of Cooling Water: Town and SRP will explore the possibility of an agreement for the use of Town's facilities for the discharge of cooling water from the Plant.

4.3 Natural Gas Supply: Town agrees to cooperate to the extent of its governmental powers to facilitate the SRP access to its natural gas supply.

5. GENERAL PROVISIONS:

5.1 Notices: Any notice, consent or other communication ("Notice") required or permitted under this Agreement shall be in writing and either delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service addressed as follows:

If to Town of Gilbert:

Town Manager  
Town of Gilbert  
1025 South Gilbert Road  
Gilbert, Arizona 85296  
(480) 503-6862 (telephone)  
(480) 497-4943 (facsimile)

with a copy to:

Gilbert Town Attorneys  
c/o Martinez & Curtis, P.C.  
2712 North 7<sup>th</sup> Street  
Phoenix, Arizona 85006-1090  
(602) 248-0372 (telephone)  
(602) 274-2381 (facsimile)

If to SRP:

Terrill A. Lonon  
Corporate Secretary  
Salt River Project  
Post Office Box 52025  
Phoenix, Arizona 85072-2025  
(602) 236-5005 (telephone)  
(602) 236-2188 (facsimile)

with a copy to:

Corporate Counsel  
Salt River Project  
Post Office Box 52025  
Phoenix, Arizona 85072-2025  
(602) 236-2249 (telephone)  
(602) 236-2188 (facsimile)

Notice shall be deemed received at the time it is personally served, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service, or, if mailed, five days after the Notice is deposited in the United States mail as above provided. Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either party may change its mailing address or the person to receive Notice by notifying the other party as provided in this paragraph. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement or

duplicate notice is not intended to change the effective date of the Notice sent by facsimile transmission.

5.2 Governing Law: This Contract shall be governed by the laws of the State of Arizona.

5.3 Duration: This Agreement shall remain in effect until the actions contemplated or required herein are completed by the parties.

5.4 Conflict of Interest: This Agreement may be terminated pursuant to the provisions of A.R.S. Section 38-511.

5.5 Successors and Assigns: This Agreement shall not be assignable, except at the written consent of the parties hereto; and it shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

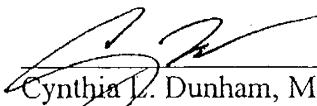
5.6 Additional participants in the Plant: SRP may include other participants in the operation, ownership and /or financing of the Plant expansion; provided however, that the addition of other participants shall not reduce or modify the obligations set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this document to be executed the date and year first herein above written.

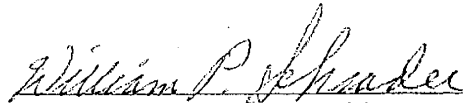
TOWN OF GILBERT,  
A municipal corporation

SALT RIVER PROJECT  
AGRICULTURAL IMPROVEMENT  
AND POWER DISTRICT,  
a political subdivision

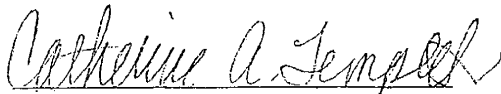
By:

  
Cynthia L. Dunham, Mayor

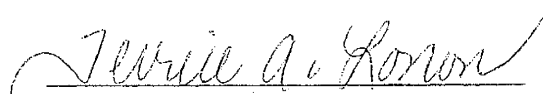
By:

  
William P. Schrader, President

ATTEST:

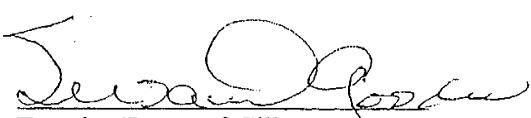
  
Ms. Cathy Templeton, Town Clerk

ATTEST AND COUNTERSIGN:

  
Terrill A. Lonon, Corporate Secretary

ATTORNEY DETERMINATION

In accordance with the requirements of ARS Section 11-952(D), each of the undersigned attorneys acknowledge that: (1) they have reviewed the above Agreement on behalf of their respective clients; and, (2) as to their respective clients only, each attorney has determined that this Agreement is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

  
For the Town of Gilbert

  
For the Salt River Project Agricultural  
Improvement District

Date April 25, 2000

Date May 9, 2000