

**AMENDMENT NO. 2
TO THE SUBCONTRACT NO. 95-101 DATED DECEMBER 12, 1995 BETWEEN
THE MOHAVE COUNTY WATER AUTHORITY (the "Authority") AND LAKE
HAVASU CITY, ARIZONA (the "Subcontractor")**

This Amendment No. 2 to Subcontract No. 95-101 is entered into this ____ day of _____, 2015 between the Authority and Subcontractor.

RECITALS

WHEREAS, effective with Amendment No. 1 to contract No. 5-07-30-W0320 between the Authority and the United States, the Authority has acquired 3,500 acre-feet of Arizona fourth priority Colorado River water in excess of its "first eighteen thousand five hundred acre-feet of same"; and

WHEREAS, on December 8, 2009, Authority and Subcontractor entered into Amendment No. 1 to Subcontract No. 95-101 dated December 12, 1995, for 1,000 acre-feet of Arizona fourth priority Colorado River water; and

WHEREAS, on December 31, 2014, 500 acre-feet of the 3,500 acre-feet acquired pursuant to Amendment No. 1 to contract No. -5-07-30-W0320 became available for distribution to Authority members pursuant to Authority Operating Procedure No. 09-01 as amended June 11, 2013; and

WHEREAS, Authority desires to allocate 250 acre-feet of same to Subcontractor on certain terms and conditions; and

WHEREAS, Subcontractor desires to accept said 250 acre-feet on certain terms and conditions; and

WHEREAS, the parties herein seek to enter into this Amendment No. 2 to set forth these terms and conditions.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained here, and for other valuable consideration, the receipt and adequacy of which Authority and Subcontractor acknowledge, Authority and Subcontractor agree as follows:

1. Effective Date

1.1 This Amendment No. 2 shall be effective as of the date it has been executed by both Authority and Lake Havasu City in the spaces provided below for their signature.

2. Amount of Water to be Added to Subcontract

2.1 Effective with the date of this Amendment No. 2, Exhibit "D" to Subcontract No. 95-101 is amended to add an additional 250 acre-feet of Arizona fourth priority water for domestic use with a priority date of November 14, 1968. A copy of Revised Exhibit "D" is attached hereto.

3. Pricing

3.1 Subcontractor shall pay to Authority the amount of \$1,000 (One Thousand Dollars) per acre-foot as adjusted from December 31, 2010 (in 2015 - \$1,079.09 – One Thousand Seventy Nine Dollars and Nine Cents per acre-foot), with a down payment of \$67,443.12 (Sixty Seven Thousand Four Hundred Forty Three Dollars and Twelve Cents) to be paid to Authority no later than December 31, 2015. The base price of the full 250 acre-feet in 2015 dollars is \$269,772.50 (Two Hundred Sixty Nine Thousand Seven Hundred Seventy Two Dollars and Fifty Cents) as adjusted per Section 4.

4. Terms

Water Allocation:

4.1 If Subcontractor chooses to pay for the water over time, versus a one-time payment prior to December 31, 2015, then Subcontractor shall be responsible for all payments called for in the provisions regarding payment found in Section 16 of the original subcontract, modified as follows:

- a. The base price for this 250 acre-feet shall be \$1,000 (One Thousand Dollars) per acre-foot.
- b. The holding charge for this 1,000 acre-feet shall be calculated on and after December 31, 2015 and each December 31 thereafter until paid in full.
- c. Total payment in full must be received by Authority no later than December 31, 2024.

4.2 Firming:

- a. The Authority on March 17, 2010 entered into the "Amended Agreement to Firm Future Supplies" with the Arizona Water Banking Authority (AWBA). The Authority, pursuant to that Agreement, paid in full for the firming of the 250 acre-feet which is allocated pursuant to this Amendment No. 2. The amount paid by the Authority to AWBA for the prepayment to firm the 250 acre-feet was \$19,100.00 (Nineteen Thousand One Hundred Dollars).
- b. Subcontractor shall reimburse Authority for the firming cost of \$19,100.00 (Nineteen Thousand One Hundred Dollars). Said amount shall be paid in full to the Authority no later than December 31, 2024.

c. The Authority and Subcontractor shall enter into a "Subcontract No. 3 to Firm Future Supplies of Colorado River Water" setting forth the terms of firming the 250 acre-feet which is the subject of this Amendment No. 2. Such firming subcontract shall be executed and be effective the same day as this Amendment No. 2.

5. Quality of Mainstream Water

5.1 The United States and Authority do not warrant the quality of the Mainstream Water delivered to its Contractors or Subcontractors and is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of Mainstream Water.

5.2 Mainstream Water shall be delivered without treatment of any kind and without any warranty whatsoever by the United States nor Authority as to the quality or fitness of Mainstream Water.

6. Quality of Return Flow Water

6.1 Subcontractor shall assume full responsibility for the quality of Return Flow Water stemming from Mainstream Water diverted pursuant to this Subcontract and shall comply with all applicable Federal and State of Arizona water quality laws, regulations, codes and standards.

6.2 Subcontractor shall obtain all required discharge permits from appropriate Federal and State of Arizona agencies and shall operate and maintain suitable water treatment and discharge facilities to achieve full compliance with such permits.

6.3 Subcontractor shall provide the Contracting Officer and the Authority copies of all issued permits and all water quality tests and reports required by the permitting agencies, if requested by the Contracting Officer and the Authority.

6.4 Failure of Subcontractor to comply with discharge permit conditions may result in the termination of this contract.

7. Notices

7.1 The address for notices to Authority and Subcontractor are as follows:

The Authority:
Chairperson
Mohave County Water Authority
c/o Law Offices of Maureen Rose George, P.C.
2000 McCulloch Boulevard N., Suite B
Lake Havasu City, AZ 86403

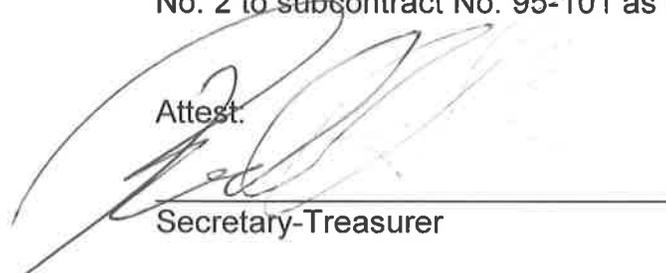
Lake Havasu City:
City Attorney
Lake Havasu City
2330 McCulloch Blvd.
Lake Havasu City, AZ 86403

8. Original Subcontract

8.1 All provisions of the original subcontract No. 95-101 and Amendment No. 1 to same shall remain in full force and effect unless specifically modified herein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to subcontract No. 95-101 as of the date set forth below:

Attest:



Secretary-Treasurer

The Mohave County Water Authority,
an Arizona municipal corporation

By: 

Chairperson

Date: _____

Attest:

City Clerk

Lake Havasu City,
an Arizona municipal corporation

By: _____
Mayor

Date: _____

**Amendment No. 2 to Exhibit D
Subcontract No. 95-101
Lake Havasu City, Arizona**

_____, 2015

MAINSTREAM WATER ENTITLEMENTS OF THE SUBCONTRACTOR

1. This Amendment No. 2 to Exhibit D, made this ____ day, of _____, 2015 shall become effective on the date of its execution and shall remain in effect until superseded by another Exhibit D; Provided that this Exhibit D or any superseding Exhibit D shall terminate by the expiration of the Subcontract.

2. The Subcontractor has the following entitlements to the use of Mainstream Water for beneficial Domestic Use within the Subcontractor's Contract Service Area. The following chart lists the type of water use of the Subcontractor Entitlement, priority date of the Subcontractor Entitlement, the annual water diversion or Consumptive Use amount, and relevant comments concerning the Subcontractor Entitlement.

SUBCONTRACTOR ENTITLEMENTS

Type of Water Use	Priority Date	Annual Mainstream Diversion	Comments
Domestic Use	Fourth Priority, November 14, 1968	7,250 acre-feet	Entitlement to Mohave County Water Authority
Domestic Use	Fourth Priority, November 14, 1968	14,500 acre-feet	Entitlement to Lake Havasu Irrigation and Drainage District
Domestic Use	Fourth Priority, September 29, 1983	131 acre-feet	Additional Entitlement for Anasazi Pueblo, Inc.
Domestic Use	Fourth Priority, September 29, 1983	170 acre-feet	Additional Entitlement for Horizon Six Improvement District
Domestic Use	Fourth Priority, October 21, 1987	30 acre-feet	Additional Entitlement For Sunset Mobile Home Park
Domestic Use	Fourth Priority, January 31, 1983	2,139 acre-feet	Cibola – Entitlement to Mohave County Water Authority

Domestic Use	Fourth Priority, October 4, 1995	4,349 acre-feet	Additional Entitlement recommended by ADWR in letter dated February 28, 1990
Domestic Use	Fifth Priority, October 4, 1995		Unused Arizona Entitlement, when the Contracting Officer determines it is available
Domestic Use	Sixth Priority, October 4, 1995		Surplus Apportionment Water, when the Contracting Officer determines it is available