

INTERGOVERNMENTAL COOPERATIVE AGREEMENT FOR UTILITIES SYSTEMS MANAGEMENT, OPERATION, AND MAINTENANCE

THIS AGREEMENT is entered into between COLORADO CITY, ARIZONA (hereafter referred to as "Colorado City"), and HILDALE, UTAH, (hereafter referred to as "Hildale"), both of which are referred to individually as a "City" and collectively as "the Cities."

WITNESSETH

WHEREAS, pursuant to the provisions of Title 9, Chapter 5, Articles 2 and 3, Arizona Revised Statutes, as amended, and other applicable provisions of Arizona law (collectively, the "Arizona Act") Colorado City is authorized to engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from Colorado City, including facilities for utility services; and

WHEREAS, pursuant to the provisions of Title 10, Chapter 8 and Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of Utah law (collectively, the "Utah Act"), Hildale is authorized to acquire, construct, maintain and operate facilities within or without its corporate limits for utilities, and to issue its bonds to finance the costs thereof; and

WHEREAS, pursuant to the provisions of Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended (The "Arizona Joint Exercise of Powers Act"), Colorado City is authorized to enter into contracts and agreements for joint and cooperative action, services and the joint exercise of powers with, among others, any political subdivision of a state; and

WHEREAS, pursuant to the provisions of Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Utah Interlocal Co-operation Act"), Hildale is authorized to enter into contracts and agreements for joint and cooperative action, services and the joint exercise of powers with, among others, any political subdivision of a state; and

WHEREAS, the Cities desire to construct, purchase, acquire own, manage, operate, maintain, finance and bill for utilities to provide water, sewer and gas services to the inhabitants of the Cities; and

WHEREAS, the water system, sewer system, and gas system constitute separate systems in Hildale and in Colorado City for the purposes of acquisition, ownership and financing thereof, although such systems are operated and managed as a single system that serves both Cities; and

WHEREAS, the sewer system for both Cities is owned by Hildale, for the purposes of system management and billing, Colorado City will adopt regulations governing the sewer system in Colorado City; and

WHEREAS, the water systems, sewer systems and gas systems in both Cities shall hereafter collectively be referred to as the "Utility System"; and

WHEREAS, it is necessary for the good government of Colorado City and Hildale to jointly administer and operate the Utility System, to arrange storage, treatment and distribution resources and for the management of resources, and for the billing of retail utility service, the same to be governed by the Utility Board with the expression of certain legislative policies that shall guide the Board and utility staff.

Now, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

AGREEMENT

Section 1. FINDINGS AND DETERMINATIONS.

The parties to this Agreement hereby find, determine and declare that the joint, coordinated and cooperative management, operation and maintenance of the Utility System pursuant to the terms and provisions of this Agreement:

1. Is necessary for the regular and businesslike operation of the Utility System consistent with prudent utility practices;
2. Will enable each of the Cities to make the most efficient use of its powers with respect to the management, operation and maintenance of its portion of the Utility System to meet the existing and future needs of the residents of and businesses in that City's community; and
3. Will provide the benefits of economies of scale and reliable utility service to foster further economic development in the Cities, and will promote the general welfare of each community.

Section 2. TERM.

- A. This Agreement shall become effective upon approval by the Cities and continuing for an initial term for a period of thirty (30) years. This Agreement shall supersede previous utility service management, operation and maintenance IGA's between Hildale City and Colorado City. Upon expiration of the initial term, this Agreement can be modified, extended, or terminated by written agreement of the parties.
- B. Either party may terminate this agreement with or without cause, only after providing a one-year written notice of intent to terminate to the other party. Upon mutual written concurrence by both parties, this Agreement may be terminated at any time.

Section 3. UTILITY BOARD ESTABLISHED.

- A. A joint board is hereby established ("Utility Board" or "Board") which shall administer the Utility System and the undertakings of the Cities set forth in this Agreement. The cooperative and coordinated management, operation and maintenance of the Utility System shall be vested in the Utility Board on behalf of the Cities, but deferring, to the extent legally required, to the Cities as the legally constituted owners and operators of the Utility System. All action of the Utility Board is subject to the scope of power of the Cities, separately determined for each City under the laws applicable to that City.
- B. In furtherance of the foregoing, each of the Cities hereby agrees that, to the extent permitted by law, that City's governing body ("Governing Body") will take no action with respect to that City's portion of the Utility System without the consideration of the recommendation of the Utility Board with respect thereto.
- C. The Utility Board shall be responsible for the regular, efficient and businesslike management, operation and maintenance of the Utility System consistent with prudent utility practice. To the fullest extent permitted by law, each of the Cities hereby delegates to the Utility Board such of the powers of the City as shall be necessary for the Utility Board to discharge and perform its duties and responsibilities as set forth herein.
- D. Without limiting the generality of the foregoing, the Utility Board shall have the following powers, duties and responsibilities on behalf of the Cities:
 - 1. The management of the day-to-day operation and maintenance of the Utility System;

2. The retention of Utility System managers ("Managers") and personnel with such duties and responsibilities as shall be prescribed by the Utility Board as shall be necessary for the operation and maintenance of the Utility System;
3. The preparation of such annual operating budgets and long-term capital budgets as shall be necessary for the operation, maintenance, renewal and replacement of the Utility System and the recommendation of such budgets to each of the Cities as provided herein.
4. The development of, and the recommendation to, the Cities of such schedules of utility rates and charges as the Utility Board shall deem necessary or appropriate to ensure the financial stability of the Utility System in compliance with the respective obligations of the Cities;
5. The development and adoption of, and the recommendation to, the Cities of such utility service regulations as shall be necessary in connection with the prudent operation of the Utility System;
6. The development and adoption of, and the recommendation to, the Cities of such billing and collection procedures and the maintenance of such books records and accounts are provided for herein;
7. Such other powers, duties and responsibilities as are necessary or incidental to the accomplishment of the foregoing or as may be established by resolution adopted by each of the Cities; and
8. The planning, study and development of such projects as shall be necessary or desirable for the continued growth and development of the Utility System and the Cities.

Section 4. UTILITY BOARD MEMBERS.

- A. The Board shall consist of nine (9) individuals ("Members"), four (4) Members to be appointed by the Mayor of Hildale with the approval of the Hildale City Council, four (4) Members to be appointed by the Mayor of Colorado City with the approval of the Colorado City Town Council; and one Member to be appointed by the joint designation of both cities.
- B. The Members of the Board shall be residents of the community (either Colorado City or Hildale.) It is the intent of this Agreement that the Utility Board shall, whenever possible, consist of Members from different fields of expertise within the Cities.
- C. Each Member of the Board shall be entitled to one vote.

- D. Other than the initial members of the Board, the Directors of the Board shall serve for terms of three (3) years. All subsequent appointments to the Board shall be for three-year terms commencing on January 1 and ending on December 31. Directors may temporarily continue to serve at the end of their term until an appointment to fill the position is made by the respective city council.
- E. Vacancies of appointed Members occurring otherwise than through expiration of term shall be filled for the remainder of the unexpired term by appointment of the Mayor of the City which the exiting Member represented, with the approval of that City's municipal Governing body.
- F. Notwithstanding the length of terms described above, Members shall serve at the pleasure of the respective City's Governing body and may be removed at any time with or without cause. The unexcused failure of a Member to attend any Board meeting in a period of six (6) consecutive months shall automatically cause the office of that Member to be vacant.
- G. The Board Members may serve with compensation as determined by the Cities. The Members of the Board shall be entitled to reimbursement for actual expenses authorized in writing and incurred in the performance of duties, upon presentation of proper receipts and vouchers.
- H. The Board shall elect from among its Members a Chairman and a Vice-Chairman. The terms of the Chairman and Vice-Chairman shall be for one calendar year.
- I. The Board may adopt such rules and by-laws as it may deem necessary for the proper conduct of its business. The Board shall keep a public record of its proceedings per Section 19 of this Agreement.
- J. The Board shall meet at such times and places as it shall determine and shall also meet at the call of its Chairman. The Board shall meet not less than once every two months. The meetings of the Board shall be open to the public and shall be conducted in compliance with the open meeting laws of the State in which the meeting is conducted. The Board may prescribe rules of conduct and procedure for its meetings.
- K. Meetings of the Board may be held through electronic communication to the extent allowed by law. A Board Member participating in a meeting through such means shall be considered present for purposes of a quorum and voting.

- L. A quorum shall consist of five (5) Members. A vote of a majority of Members in attendance shall be required to take any action in a meeting duly convened with a quorum.

Section 5. UTILITY SYSTEM EMPLOYEES.

- A. The Board may recommend to the Cities to employ all personnel required for the prudent management, operation and maintenance of the Utility System as such positions are delegated by the Board.
- B. All utility personnel will serve under the direction of and at the pleasure of the Utility Board. The duties and responsibilities of such personnel shall be approved by the Board.
- C. As per A.R.S. § 23-1022, any employee working within the jurisdictional boundary of the other party pursuant to this IGA, will be provided worker's compensation benefits by the primary employer only. Personnel will operate across jurisdictional boundaries of the parties either for Hildale City in Utah or for Colorado City in Arizona.

Section 6. REAL ESTATE AND CONTRACTS.

- A. When the Board determines it to be necessary or desirable for the proper and economical operation of the Utility System, the Board may negotiate and recommend for approval contracts on behalf of the Cities to:
 - 1. Construct distribution or collection systems, pipe lines, transmission lines, and other property, and for the operation and maintenance of the same;
 - 2. Sell its products to any purchaser;
 - 3. Purchase real estate and franchises;
 - 4. Purchase such equipment and materials as are necessary for the proper operation of the Utility System, subject to the purchase order system in effect; and
 - 5. Lease property which may be necessary.
- B. Such contracts shall be subject to authorization and ratification by each of the Cities and shall be executed by the appropriate officials of each of the Cities.

Section 7. SYSTEM RATES AND REGULATIONS.

- A. The Utility Board shall have responsibility for development of proposed rate schedules for the Utility System and the recommendation of the same to the Cities for approval.
- B. Rates for utilities provided by the Utility System to the consumers shall be sufficient to cover all costs, including without limitation the costs of acquisition, operation and maintenance of the Utility System, liabilities, insurance, payment of all contractual obligations, establishment and funding of necessary reserves, sufficient cash availability for operations, and capital requirements for system upgrades, improvements, extensions and enlargements, to the extent directed by either Governing Body, payment of any general obligation indebtedness of either City relating to the Utility System, with due consideration being accorded to the terms, covenants and conditions contained in any contract of the Cities relating to the Utility System.
- C. When the Utility Board's review of its budget or reporting process reflects the possible necessity of a rate adjustment, the Board may retain the services of such consulting engineers and financial advisors as the Board shall deem necessary to review and make recommendations with respect to any rate adjustment.
- D. Upon receipt of such recommendations, the Board may elect to hold a public hearing before recommending any rate adjustment to the Cities. Notice of such hearing shall be given to afford an opportunity for interested citizens to appear and discuss matters relative to the rates to be established. Each Governing Board may elect to hold public hearings in lieu of or in addition to public hearings before the Utility Board.
- E. At the conclusion of any public hearing or Board action recommending rate adjustments, the Board shall submit to the Cities a report of its review, and the basis upon which the proposed rate adjustment is predicated, accompanied by a written recommendation for approval and adoption of the rates, fees and charges by resolution of the Cities.

Section 8. UTILITY SERVICE REGULATIONS.

- A. The Utility Board shall develop and recommend to the Cities for adoption, utility service regulations as shall:
 - 1. Provide quality, consistent service according to capacity of the Utility System;

2. Minimize the risk of personal injury or property damage or harm to customers, employees or third parties in operations of the Utility System and in the customers' installation and use;
 3. Enforce sound business policy;
 4. Ensure the prompt collection of all billings owed for services provided by:
 - i. Providing a clear, understandable billing policy and the timely and accurate billings of charges for services, and
 - ii. Minimizing the amount of accounts receivable and minimizing exposure for losses due to uncollectible accounts.
 5. Minimize or avoid losses;
 6. Provide requirements for prospective new customers according to the capacity of the system, while maintaining the flexibility and ability to serve existing customers;
 7. Allocate the burden of capital expenditures to ensure that capital investment is recovered by:
 - i. Minimizing the cost of line extensions and capital expenditures to the Cities; and
 - ii. Placing the cost of line extensions, source development or treatment for commercial, industrial or prospective uses on the new customer or a developer or subdivider of property ("Developer/Subdivider"), where the cost of such extensions or improvements exceeds a nominal amount, so as to protect existing customers from paying costs for a Developer/Subdivider;
 - iii. Recommending to the Cities the adoption of impact fees for new customers to offset defined impacts to the system.
 8. Provide a method for the fair resolution and disputes between the Utility System and its respective customers; and
 9. Promote the orderly and efficient management, operation and maintenance of the Utility System.
- B. In the event the Board determines that it is necessary or desirable to amend the utility service regulations then in force, the Board shall submit to the Cities its recommendation of amendment in the form of proposed utility service regulations, and the basis upon which the changes are predicated, accompanied by a written request for approval and adoption of the utility regulations by resolution of the Cities.

Section 9. OPERATION AND MAINTENANCE OF UTILITY SYSTEM.

- A. The cost of management, operation and maintenance of the Utility System will be borne on a proportionate basis, determined annually, based upon the relative proportionate amounts of retail usage by each City.

- B. The Board shall ensure that the Utility System shall be maintained, operated and improved so as to provide safe, reliable and efficient service. Such maintenance, operation and improvement shall include, but shall not be limited to, the following:
1. Developing resources and facilities in accordance with Section 8(A)(7) above;
 2. Extending lines and installing meters to provide service to new customers in accordance with Section 8(A)(7) above;
 3. Regularly inspect and test customers' meters;
 4. Regularly inspect all lines, meters, and other components of the Utility System;
 5. Repair or replace, as appropriate, malfunctioning or outdated meters;
 6. Repairing or replacing, as necessary, damaged, displaced or destroyed Utility System components;
 7. Provide planning, engineering and supervisory services in connection with such regular upgrades of Utility System components as shall be necessary in accordance with prudent utility practice;
 8. Provide all such other services as are normally required for the operation and maintenance of a utility system of similar size and complexity in accordance with prudent utility practice;
 9. Seek funding when possible for source or treatment development and maximizing government loan and grant opportunities on behalf of the Utility System; however, any funding opportunities do not relieve a Developer/Subdivider from their responsibilities;
 10. Adhere to water quality regulation testing so that only one State will conduct water quality tests of the Utility System.
- C. The Board shall establish guidelines for the periodic maintenance of the Utility System. The maintenance shall be in accordance with the standards established by applicable codes, governmental regulations, and consistent with the advice given by consulting engineers, attorneys and insurers or risk management agencies.
- D. The Board shall establish guidelines for records of:
1. The maintenance of the Utility System;
 2. The addition or removal of equipment from the Utility System;
 3. The operations of the Utility System, including events of significance that occur in connection with the Utility System.

- E. The records shall be maintained in order that information regarding the Utility System is obtainable on both a date of transaction and type of transaction basis. In connection therewith, an inventory of large dollar components shall be maintained in compliance with the generally accepted public utility inventory and account procedures.
- F. Maps of the Utility System shall also be maintained showing the location of the physical components of the system both within and without the respective City limits.
- G. The Board shall plan improvements in accordance with the standards established by applicable governmental regulations applicable to the location of such improvements, and shall also plan and/or coordinate extensions and expansions of the Utility System in conjunction with the other utilities in the area, and specifically those operated by the Cities.
- H. A plan shall be prepared and kept current by the Board which shall outline the anticipated capital improvements and expenditures over the next five succeeding years.
- I. Proposals from Developers/Subdividers shall be coordinated with the Utility Board, Cities and utility staff.

Section 10. UTILITY SYSTEM BILLINGS.

- A. The Board shall be responsible for setting procedures and guidelines for billing and collection of customer accounts. Utility personnel shall read all customer Utility meters not less frequently than monthly and shall prepare and render monthly bills to each customer of the Utility System. Such billings shall be prepared in such a manner as to clearly indicate whether the party billed is a customer in the City of Hildale or a customer in the Town of Colorado City.
- B. Such billings may provide that the customer shall remit payment to Hildale City as a servicer. Immediately upon receipt of any payments, the Board shall cause the amount received to be deposited in the respective Utility System operation fund, to the credit of the respective City of the customer.

Section 11. UTILITY SYSTEM OPERATING FUNDS.

- A. There is hereby established under the supervision of the Utility Board three (3) special funds, separate and distinct from all other funds and accounts of the Cities (but still

maintained as the property of the Cities), to be known as the "Gas Systems Operation Fund", the "Water Systems Operation Fund" and the "Sewer System Operation Fund".

- B. The operation funds shall account for all revenues, receipts and income of the Utility System and all expenditures for costs of operation and maintenance, purchased gas, energy, water or transmission service, renewals, replacements, capital improvements, additions to the Utility Systems, Cities' Utility System employee salaries and benefits, insurance, and all other costs properly allocable to the operation of the Utility System.
- C. All revenues, receipts and income from the operation of the Utility System shall be immediately deposited into the respective operation fund. All costs of operation shall be paid out of the respective operation fund when the same shall be due and payable.
- D. The Utility Board shall maintain such books and records, and may establish such separate accounts and sub-accounts with the operation funds, as shall be necessary to separately account for the revenues, costs of operation and resulting net revenues that are attributable to each respective Utility System.
- E. The operation funds shall be maintained with a recognized bank or financial institution and shall be secured in accordance with the provisions of the laws of the State of Utah Governing the deposit of public funds to the extent permitted regarding funds derived from Colorado City customers.

Section 12. ALLOCATION OF REVENUES AND EXPENSES.

- A. All revenues, receipts and income derived from the operation of the sewer system portion of the Utility System shall be allocated to Hildale City as the owner of the system to the extent permitted by Arizona law for any portion of the sewer system located in Arizona.
- B. All revenues, receipts and income derived from the operation of the Gas and Water Systems shall be allocated between the Cities as follows:
 - 1. All revenues received from each of the Cities' customer billings shall be credited to that customer's City;
 - 2. Investment income shall be allocated between the Cities based upon the proportion that each City's balance in the Operation Fund bears to the total balance on deposit therein; and

3. All other revenues, receipts and income shall be allocated between the Cities based upon initial Utility System cost, total energy sales, number of customers, or such other method as shall be fair and reasonable to each of the Cities. All revenues, receipts and income shall be so allocated when received.
4. All costs and expenses incurred by the Utility Board in the performance of its duties and responsibilities hereunder shall be allocated on the basis of the proportion of annual terms sold to each City's Utility customers. The allocation of costs and expenses shall be made not less frequently than monthly.
5. Colorado City and Hildale each agree to pay, but solely out of the revenues derived from the operation of the Colorado City portion of the Utility System and the Hildale portion of the Utility System, respectively, and as an operation and maintenance expense of and a first charge on the revenues of such Utility System, all amounts charged to it by the Utility Board in respect to the costs and expenses incurred hereunder, including the payment of amounts required for the debt obligation of Twin City Water Authority for the repayment of the original Rural Utility Service Loan which loan is still secured by certain assets that have since become a portion of the Utility System.

Section 13. BUDGETS.

- A. On or before the first regularly scheduled meeting of each Governing Body in May of each year, the Board shall cause to be prepared for the coming year on forms provided by the respective State Auditors, and filed with the City Treasurer of Hildale and the Town Treasurer of Colorado City a tentative budget for the Utility System.
- B. As required by the Cities, the tentative budget shall set forth in tabular form, in aggregate for the Utility System and segregated for each City:
 1. Actual revenues and expenditures in the last completed fiscal year;
 2. Budget estimates for the current fiscal year;
 3. Actual revenues and expenditures for a period of six to nine months, as appropriate, of the current fiscal year;
 4. Estimated total revenue and expenditures for the current fiscal year;
 5. Estimates of revenues and expenditures for the budget year;
 6. An estimate of all capital projects which the Board believes should be undertaken within the next five succeeding years and the proposed method of payment for such projects;
 7. The latest available balance of capital accounts maintained by the Board;

8. A summary and review of rates, fees and charges for services rendered by the Board, with a summary of billings and actual receipts in each rate, fee or charge category for:
 - i. the current fiscal year, and
 - ii. the previous completed fiscal year;
 9. A summary of accounts receivable as of:
 - i. the end of the last month of operation for which such data is available including: losses and uncollectible accounts for the current fiscal year to date, and
 - ii. the end of the last completed fiscal year including losses and uncollectible accounts for the year;
 10. A budget message, which shall explain the budget, containing an outline of the proposed financial policies of the utility department of each City for the budget year, and shall describe in connection therewith the important features of the budgetary plan. It shall set forth a reason for material changes from the previous year and appropriation and revenue items.
- C. The tentative budget shall be reviewed, considered and adopted by each Governing Body in a regular meeting or special meeting called for the purpose, and it may be amended or revised in such manner as deemed advisable prior to public hearings thereon.

Section 14. ANNUAL REPORT.

- A. The Board, in addition to the reports and accounting it may otherwise be required by law to make, shall, as required by the Cities, not later than the last day of January in each year, furnish each City's Governing body, its annual report which shall include the following statements as of the end of the preceding fiscal year:
1. A balance sheet showing the financial condition of the Utility System prepared according to generally accepted public utility accounting principles;
 2. A statement of operations; and
 3. Any additional supporting statements or schedules deemed necessary and desirable by the City's Governing body to make a clear and informative presentation of the financial position of the Utility System.
- B. The reports shall be kept on file at the utility office and shall be open to public inspection. The funds and accounts of the Board shall be audited annually by a certified public accountant or by a firm of such accountants.

Section 15. LIABILITY AND INDEMNIFICATION.

- A. Each City shall assume full responsibility and liability for the maintenance and operation of its Utility System and each shall indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; provided that any liability which is incurred by the Utility Board or the Cities through the operation and maintenance of the Utility System pursuant to this Agreement and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of the Cities received by the Utility Board, and any payments made by the Utility Board to satisfy such liability shall become part of the operation and maintenance costs hereunder.
- B. The Cities each hereby find, determine and declare that the Utility Board, in carrying out and discharging its obligations and responsibilities under this Agreement, is performing and will perform governmental functions on behalf of the Cities. To that end, the Utility Board shall have the benefit of all privileges and immunities to which the Cities are entitled under the laws of the States of Utah and Arizona.
- C. No agreement or obligation contained in this Agreement shall be deemed to be the agreement or obligation of any elected or appointed official, officer, member, agent or employee of either of the Cities or the Utility Board in his or her individual capacity and none of such officials, officers, members, agents or employees shall be personally liable or subject to any personal liability by reason of their performance of or involvement with any of the agreements and obligations contained in this Agreement.
- D. To the extent permitted by law, each City shall indemnify and hold the other harmless for any loss, cost, damage or claim, including counsel fees and other litigation expenses, if any, arising out of a liability or duty which is the responsibility of the indemnifying party under law or under this Agreement.
- E. The payment obligations of the Cities under this Agreement are several and not joint, and shall constitute an obligation of each City payable as an operating expense of its Utility System solely from the revenues and other available funds of such City's portion of the Utility System. In no event shall any of the Cities' payment obligations hereunder

constitute a debt or indebtedness of either of the Cities within the meaning of any constitutional or statutory limitation or provision.

Section 16. INTERESTS OF THE PARTIES.

The Cities' respective ownership of the Utility Systems are and shall be maintained separate and distinct. The benefits and liabilities related to each system and operation thereof shall accrue to the respective owner of that portion of the Utility System.

Section 17. RELATIONSHIP TO AND COMPLIANCE WITH OTHER DOCUMENTS.

- A. It is recognized and agreed to by each of the Cities that in undertaking the acquisition and financing of the Utility System, each City must comply with all licenses, permits, approvals and regulations necessary for such acquisition and the operation of such Utility System.
- B. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.
- C. The parties shall work in good faith to implement and resolve details not specified in this Agreement.
- D. Insofar as possible, Utah law shall govern Utility System business management as it is integrated in the Hildale City offices located in the State of Utah.

Section 18. SEVERABILITY AND CONFLICTS OF INTEREST

- A. The provisions of this Agreement are severable. Should any part, term, or provision of this Agreement be held by the courts to be illegal or in conflict with any law of the States of Utah or Arizona, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.
- B. This agreement may be canceled pursuant to A.R.S. § 38 - 511 in the event of a conflict of interest as described therein. Any cancellation shall be made pursuant to such law while giving as much notice as reasonably possible.
- C. No delay, omission or failure to exercise any right of either party under this agreement shall be construed to be a waiver of any such right or as impairing any such right.

Section 19. GOVERNING LAW.

This Agreement is made in the States of Utah and Arizona, under the Constitution and laws of such States and is to be construed pursuant to such laws. Insofar as possible, Utah law shall govern utility business management as it is integrated in the Hildale City offices located in Utah; however, to the extent any records or documents are maintained by Colorado City, such records and documents shall be addressed under Arizona law. Hildale and Colorado City shall cooperate with one another to assist one another in satisfaction and compliance with Utah and Arizona law, respectively.

IN WITNESS WHEREOF, the parties hereby agree to carry out the terms of this Agreement.
DATED this _____ day of _____, 2014.

HILDALE CITY

COLORADO CITY

Philip Barlow, Mayor
Hildale City

Joseph Allred, Mayor
Colorado City

Attest:

Attest:

City Recorder

Town Clerk

This Agreement as executed is hereby approved as being in proper form and is compatible with and is within the powers and authority granted under the laws of the State of Utah.

Blake Hamilton
Hildale Attorney

This Agreement as executed is hereby approved as being in proper form and is compatible with and is within the powers and authority granted under the laws of the State of Arizona.

Jeffery Dollins
Mangum, Wall, Stoops & Warden, PLLC
Colorado City Attorney