
PREAMBLE

1. THIS SUPPLEMENTAL AGREEMENT, made as of the 1st day of July, 1987, pursuant to the Reclamation Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto including, but not limited to, the Contributed Funds Act of March 4, 1921 (41 Stat. 1404), the Colorado River Basin Project Act of September 30, 1968 (82 Stat. 885), the Reclamation Safety of Dams Act of 1978, (92 Stat. 2471, as amended by 98 Stat. 1481), the Hoover Power Plant Act of August 17, 1984 (98 Stat. 1333), collectively known as Federal Reclamation law, among THE UNITED STATES OF AMERICA, acting through the Secretary of the Interior; THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT; THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY (hereinafter, the "FLOOD CONTROL DISTRICT"); THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND SALT RIVER VALLEY WATER USERS' ASSOCIATION (hereinafter, collectively the "SALT RIVER PROJECT"); THE ARIZONA CITIES OF CHANDLER, GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE; THE STATE OF ARIZONA; AND THE CITY OF TUCSON, each represented by its respective duly authorized representatives;

WITNESSETH, THAT:

2. WHEREAS, the United States, through the Bureau of Reclamation, is constructing the Central Arizona Project pursuant
to the Colorado River Basin Project Act of September 30, 1968, and
the December 15, 1972, Repayment Contract between the United States
and the Central Arizona Water Conservation District for Delivery of
Water and Repayment of Costs of the Central Arizona Project; and

WHEREAS, the United States, the Central Arizona Water
Conservation District, the Flood Control District, the Salt River
Project, the Arizona Cities of Chandler, Glendale, Mesa, Phoenix,
Scottsdale, and Tempe, the State of Arizona, and the City of Tucson
executed an Agreement on April 15, 1986 ("Plan Six Agreement"), for
the funding of facilities of Plan Six of the Central Arizona
Project and for other purposes; and

WHEREAS, the Arizona Congressional Delegation has
withdrawn its support for Cliff Dam as part of an overall agreement
regarding the continuance of other features of Plan Six; and

WHEREAS, the Cities and the Salt River Project have been
and the Flood Control District may be contributing funds under the
Plan Six Agreement toward pre-construction and construction work on
Cliff Dam and Modified Roosevelt Dam in expectation of new water
storage and yield, safety of dams benefits and flood control
benefits from those Plan Six features; and

WHEREAS, in accordance with Article 18.a of the Plan Six
Agreement, the United States and the Non-Federal Parties to the
Plan Six Agreement have determined that a significant change has
occurred or will occur such as to justify the renegotiation of the
Plan Six Agreement; and

WHEREAS, Section 7.A of Chapter 21, Laws 1986, Arizona
Session Laws, Thirty-Seventh Legislature, Second Regular Session,
provides for such renegotiation of the Plan Six Agreement and
expressly approves the provisions of Article 18.a of the Plan Six Agreement; and

WHEREAS, the parties wish to provide that the contributions toward the costs of securing the water supplies and the safety of dams benefits associated with Cliff Dam will be applied toward the costs of securing alternatives comparable to the quantity, quality, reliability and cost of those water supplies and safety of dams benefits which were expected to be provided by Cliff Dam; and

WHEREAS, Section 7.1 and Section 27 of Chapter 21, Laws 1986, Arizona Session Laws, authorize each of the Non-Federal Parties to the Plan Six Agreement to approve, authorize, execute and perform an agreement between itself and the Arizona State Treasurer regarding the Treasurer's receiving, holding, investing in conjunction with public monies and disbursing contributions made pursuant to the Plan Six Agreement, and authorize the State Treasurer to receive, hold, invest in conjunction with public monies and disburse any and all contributions made pursuant to the Plan Six Agreement; and

WHEREAS, the United States and the Non-Federal Parties to the Plan 6 Agreement wish to supplement the Plan Six Agreement in accordance with Article 18.a thereof to provide for development of alternatives to the water supplies, safety of dams benefits and flood control benefits that would have been provided by Cliff Dam, to clarify the applicability of the Plan Six Agreement to those alternatives, and to establish an alternative set of instructions for the contribution of funds by the Cities and the Salt River Project for Cliff Dam and withdrawal of such funds by the United
States for such purposes;

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein, it is agreed by the parties hereto as follows:

DEFINITIONS

3. Specific terms used herein shall have the same meaning as defined in Article 3 of the Plan Six Agreement.

CITIES CONTRIBUTIONS

4. (a) In accordance with the instructions set forth in Exhibit B of the Plan Six Agreement and the trust agreements with the Arizona State Treasurer, except as modified herein, a special escrow account will be maintained with the Arizona State Treasurer. All existing and future contributions by the Cities for Cliff Dam, plus all existing and future accrued interest on such contributions, as set forth in Exhibit A to the Plan Six Agreement, will be maintained in the special escrow account and shall be subject to the provisions of this Supplemental Agreement.

(b) Notwithstanding any other provisions of the Plan Six Agreement and the trust agreements with the Arizona State Treasurer, the United States shall withdraw contributions or accrued interest from the special escrow account only upon a determination by the Secretary, with the approval of the Cities, that a source of water reasonably comparable to that which was expected to be provided by Cliff Dam will be secured for and available to the Cities by December 31, 1997. Upon such determination and approval, the United States shall have the right to
withdraw part or all of the funds on deposit in the special escrow account to finance the acquisition and development of such alternative water supplies, according to a schedule agreed upon by the United States and the Cities.

(c) In the event that the funds on deposit in the special escrow account are in excess of amounts required to meet the Cities' contributions for the approved alternative water supplies, such excess funds shall be returned to the Cities as soon as practicable.

(d) If by the date of enactment of the Energy and Water Development Appropriations Act for Fiscal Year 1988, or by March 30, 1988, whichever first occurs, adequate authorization and appropriations, as determined by the Cities, are not provided to the Secretary of the Interior for identifying and securing the benefits associated with and to have been provided by Cliff Dam for which the Cities have made contributions, those contributions will be subject to disbursement to the Cities including interest earned in the special escrow account at the Cities' option and at their sole direction. If such election is not made by the Cities within 30 days of enactment of the Energy and Water Development Appropriations Act for Fiscal Year 1988, or by March 30, 1988, whichever first occurs, the Cities agree to continue making contributions in accordance with the provisions of this Supplemental Agreement.

(e) If on or before December 15, 1988, a determination has not been made by the Secretary with the approval of the Cities that a source of water reasonably comparable to that which was expected to be provided by Cliff Dam will be secured for and
available to the Cities by December 31, 1997, then the Cities shall have the right to demand by January 14, 1989, that all funds in the special escrow account be returned to them. Upon receipt of such demand in writing, the Secretary will instruct the Arizona State Treasurer to return such funds to the Cities as soon as practicable.

(f) In the event that the Plan Six Agreement is terminated in accordance with the provisions thereof, the remaining portion of the monies in the special escrow account then held by the Arizona State Treasurer shall be returned to the Cities in accordance with Article 7 of Exhibit B to the Plan Six Agreement.

(g) With regard to deposits by the Cities to the special escrow account maintained pursuant to this Supplemental Agreement, the prepayment crediting provisions of Article 13.a. and the prepayment crediting and liquidated damages provisions of Article 7.b. of the Plan Six Agreement, to the extent that such provisions apply to Cliff Dam, shall be suspended. The suspended prepayment crediting provisions of Article 13.a. and the suspended prepayment crediting and liquidated damages provisions of Article 7.b. of the Plan Six Agreement shall be modified to apply to any identified and approved alternative. The Cities and the Secretary, at such time as an alternative water supply is identified and prior to approval by the Cities, shall agree upon a schedule of contributions and withdrawals which will modify the schedule in Exhibit A to the Plan Six Agreement which will describe how the Cities' contributions and accrued interest will be applied by the United States against the cost of acquiring such water supply and the dates for implementing the alternative. At the same time, the
Cities, the Secretary and CAWCD shall also agree upon how the prepayment crediting and liquidated damages provisions of Articles 13.a. and 7.b. of the Plan Six Agreement, formerly applicable to Cliff Dam, shall be modified to apply to any such alternative.

(h) In the event the Cities exercise their right to demand the return of funds in the special escrow account, the Secretary shall have no further obligation to the Cities to provide alternative water supplies, the prepayment crediting provisions of Article 13.a. and the prepayment crediting and liquidated damages provisions of Article 7.b. of the Plan Six Agreement, to the extent that they relate to the Cities' contributions for Cliff Dam, shall be waived, the Cities shall have no further obligation to make contributions for Cliff Dam or alternatives thereto, and any rights created in any party to the Plan Six Agreement due to such non-payment of contributions shall not be exercised.

(i) The obligation of the Cities under this Supplemental Agreement shall be contingent upon their obtaining such additional legislative authority as may be necessary or appropriate to enable them to carry out the terms of this Supplemental Agreement.

SAFETY OF DAMS

5. (a) In accordance with the instructions set forth in Exhibit B to the Plan Six Agreement and the trust agreements with the Arizona State Treasurer, except as modified herein, a special escrow account will be established and maintained with the Arizona State Treasurer. All existing and future contributions by the Salt River Project for Cliff Dam, plus all existing and future accrued
interest on such contributions, as set forth in Exhibit A to the Plan Six Agreement, will be maintained in the special escrow account and shall be subject to the provisions of this Supplemental Agreement.

(b) Notwithstanding any other provisions of the Plan Six Agreement and the trust agreement with the Arizona State Treasurer, the United States shall withdraw contributions or accrued interest from the special escrow account for safety of dams activities on the Verde River only upon a determination by the Secretary, in consultation with the Salt River Project, that alternatives to provide safety of dams benefits acceptable to the Salt River Project can be constructed by December 31, 1997. Upon such determination, the United States shall have the right to withdraw funds on deposit in the special escrow account to finance the development of such alternatives according to a schedule to be agreed upon between the United States and the Salt River Project.

(c) In the event that the funds on deposit in the special escrow account are in excess of amounts required to meet the Salt River Project's obligations for the safety of dams alternatives on the Verde River, such excess funds shall be returned to the Salt River Project as soon as practicable. Nothing in this Supplemental Agreement shall affect the procedures for allocating costs to safety of dams.

(d) In the event that the Secretary has not identified safety of dams alternatives for the Verde River acceptable to the Salt River Project by December 15, 1988, the Salt River Project shall have the right to demand by January 14, 1989, that all funds in the special escrow account for Verde River safety of dams...
activities be returned to it. Upon receipt of such demand in writing, the Secretary will instruct the Arizona State Treasurer to return such funds to the Salt River Project as soon as practicable.

(e) Unless by December 15, 1992: 1) the Secretary has transmitted a Safety of Dams Program Modification Report pursuant to the Reclamation Safety of Dams Act of 1978 (92 Stat. 2471, as amended by 98 Stat. 1481) identifying a safety of dams alternative for the Verde River acceptable to the Salt River Project; 2) sixty days have transpired since such submittal; and 3) Congress has taken no action to invalidate such report, the Salt River Project shall have the right to demand by January 14, 1993, that all funds in the special escrow account deposited for Verde River safety of dams activities be returned to it. Upon receipt of such demand in writing, the Secretary will instruct the Arizona State Treasurer to return such funds to the Salt River Project as soon as practicable.

(f) In the event that the Plan Six Agreement is terminated in accordance with the provisions thereof, the remaining monies in the special escrow account then held by the Arizona State Treasurer shall be returned to the Salt River Project in accordance with Article 7 of Exhibit B to the Plan Six Agreement.

(g) With regard to deposits by the Salt River Project to the special escrow account maintained pursuant to this Supplemental Agreement, the crediting provisions of Article 13.a. of the Plan Six Agreement, to the extent that such provisions apply to Cliff Dam, shall be suspended. The suspended crediting provisions of Article 13.a. of the Plan Six Agreement shall be modified to apply to any acceptable alternative. The Salt River
Project and the Secretary, at such time as an alternative safety of
dams solution is identified, shall agree upon a schedule of
contributions and withdrawals which will modify the schedule in
Exhibit A to the Plan Six Agreement which will describe how the
Salt River Project's contributions and accrued interest will be
applied by the United States against the cost of such alternative
and the dates for implementing the alternative. At the same time,
the Salt River Project and the Secretary shall also agree upon how
the crediting provisions of Article 13.a. of the Plan Six
Agreement, formerly applicable to Cliff Dam, shall be modified to
apply to any such alternative.

(h) In the event the Salt River Project exercises
its right to demand the return of funds in the special escrow
account, the United States shall be relieved of any obligation
created in this Supplemental Agreement and the Plan Six Agreement
to provide safety of dams benefits on the Verde River, the Salt
River Project shall have no further obligation to make
contributions for Cliff Dam or alternatives thereto, and any rights
created in any party to the Plan Six Agreement due to such non-
payment of contributions shall not be exercised.

ALLOCATED COSTS

6. Nothing in this Supplemental Agreement shall be
construed to suggest that any of the costs associated with identi-
fying or providing alternative water supplies, flood control or
safety of dams benefits, in lieu of those to have been provided by
Cliff Dam, shall be included in or excluded from Central Arizona
Project costs repayable by the Central Arizona Water Conservation
District. Implementation of this Supplemental Agreement shall not be construed to cause the financial obligation of the United States for the construction of Plan Six to exceed that which was contemplated with construction of Plan Six with Cliff Dam.

**WAIVER OF RENEGOTIATION AND OTHER PROVISIONS**

7. The United States and the Flood Control District, with the concurrence of the other Non-Federal Parties, agree that the renegotiation, prepayment crediting, liquidated damages and other provisions of Articles 7.b, 13.a, and 18.b of the Plan Six Agreement, as they may pertain to Cliff Dam, shall be suspended with respect to the contributions the Flood Control District would have made toward the flood control benefits to have been provided by Cliff Dam. If and when acceptable alternative flood control measures are identified by the Secretary for the Verde River, the Flood Control District and the Secretary shall agree upon the manner in which the contributions of the Flood Control District toward such alternative shall be applied to such alternative, and the Flood Control District, the Secretary and CAWCD shall also agree upon how the prepayment crediting and liquidated damages provisions of Articles 13.a. and 7.b. shall be modified to apply to such alternative; provided, however, that the determination of the amount and scheduling of contributions by the Flood Control District toward such alternative shall be in accordance with the procedures prescribed by Sections B.2 and C.2. of Exhibit A to the Plan Six Agreement.
PLAN SIX AGREEMENT NOT OTHERWISE MODIFIED

8. The provisions of the Plan Six Agreement are hereby modified to conform to the provisions of this Supplemental Agreement. All provisions of the Plan Six Agreement not inconsistent with this Supplemental Agreement shall remain in full force and effect.
IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Agreement which shall be effective on the day and year first above written.

THE UNITED STATES OF AMERICA

By: [Signature] Commissioner of Reclamation

By: [Signature] Assistant Secretary of the Interior for Water and Science

THE STATE OF ARIZONA

Attest: [Signature] Secretary of State

By: [Signature] Governor

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

Attest: [Signature] Secretary

Approved as to form: [Signature] General Counsel

[Signature]
FLOOD CONTROL DISTRICT OF MARICOPA COUNTY

By: [Signature]  
Chairman, Board of Directors  
OCT 19 1987

SALT RIVER VALLEY WATER USERS' ASSOCIATION

By: [Signature]  
President

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

By: [Signature]  
President

Attest: [Signature]  
Clerk of the Board

Approved as to form: [Signature]  
General Counsel

Attest and Countersign: [Signature]  
Secretary

Approved as to form: [Signature]  

Attest and Countersign: [Signature]  
Secretary

Approved as to form: [Signature]  

14
CITY OF GLENDALE

Attest: 
Clerk

Approved as to form: 
City Attorney

CITY OF PHOENIX
Marvin A. Andrews,
City Manager

By: 
Environmental Services Manager

By: 
Mayor, City of Phoenix
Attest: Roy R. Pederson,  
City Clerk

By: Mayor

By: Deputy City Clerk

Approved as to form: Barbara R. Goldberg  
Ass't City Attorney

CITY OF TEMPE

By: Mayor

Attest: Helen Fowler  
Deputy Clerk

Approved as to form: City Attorney

CITY OF TUCSON

By: Mayor

Attest: Clerk

Approved as to form: Ass't City Attorney