



GLOBAL WATER RESOURCES (“GLOBAL WATER”)

DESIGN STANDARD

CONVEYANCE OF FACILITIES

BACKGROUND

Global Water owns and currently operates certain utility companies within the State of Arizona. Global Water will, at times, facilitate the conveyance of water and sewer facilities (“Facilities”) to further its operation of its utility companies. This Design Standard details the requirements for conveying Facilities. The Design Standard and guidelines discussed hereafter will be applicable to all personnel and representatives of Global Water, its subsidiaries and related companies.

GENERAL

Global Water, in its normal course, will initiate the conveyance of Facilities from developers to its utility companies and therefore has designated the Development Services Department (“Development Services”) to handle the review and execution of these transactions. No other department will execute or cause to be executed a document conveying Facilities unless so authorized by Development Services or a duly authorized officer of Global Water.

CONVEYANCE OF FACILITIES

The following process will be utilized by Development Services when finalizing any conveyance of Facilities.

1. Inspections – Global Water’s Inspector is responsible for determining whether developer-constructed facilities meet Global Water’s standards. For this reason, Development Services will not proceed to convey Facilities until such time as it has received notification from the Global Water Inspector that the Facilities in question have been fully inspected and approved. Such notification will include the following information:
 - 1.1 A copy of the Letter of Provisional Completion
 - 1.2 An electronic copy of the final as-builts (reviewed for accuracy by a member of the Global Water Inspector.)
 - 1.3 A copy of the Approval of Construction



1.4 Engineer's sealed utility easement in written format and a drawn exhibit.

2. Developer Submittal Package

Upon receipt of notification that a development has completed inspection of its Facilities, a representative of Development Services will contact the developer to provide a full list of information required to be submitted by Developer. This submittal should include the following information.

2.1 **Contract:** A copy of the contract for construction of the Facilities, to include an itemized breakout of the contract value.

2.2 **Change Orders:** All change orders made to the contract in the course of constructing the Facilities, backup to include reasons for the change order and itemization of those costs.

2.3 **Invoices/Checks:** All invoices related to construction of the Facilities with copies of checks (including full check detail) showing specific payments of the invoiced items.

2.4 **Lien Waivers:** All lien waivers obtained in the course of construction, including any and all Unconditional Waivers on Final Payment or other such final waiver demonstrating that the Facilities are clear from any current or future liens.

2.5 **Coversheet:** Developer coversheet to include the final costs of the Facilities with a listing of check numbers, check amounts and invoice numbers which thereby provide a summary of the final cost and how it was invoiced and paid.

3. Review of Bill of Sale submittal:

Upon receipt of a formally submitted Bill of Sale package from a developer, Development Services will promptly initiate a review of those items as follows:

3.1 Development Services will promptly review the submittal for completeness of all items listed in Section 2. If items are missing or incomplete, notification will be sent to the developer to acquire those missing materials.



- 3.2 Once a complete submittal has been received, Development Services will reconcile the data in the following method.
- (a) The submitted backup will be organized in a manner which ties the Facilities to each Line Extension Agreement (LXA) affected by the conveyance of those Facilities.
 - (b) The itemized value of each contract and any change orders will be inputted into Development Services standard spreadsheet form.
 - (c) Each invoice/check will then be reviewed and inputted against the corresponding contract or change order line items.
 - (d) Each contract or change order line item will be balanced against each invoice/check line item with any discrepancies noted.
 - (e) Developer will be notified if there are discrepancies or missing information and given the opportunity to cure with further backup. If the missing information cannot be provided or the discrepancy cannot be cured, those items will be discredited against the value claimed.
 - (f) Each contract or change order line item will then be reviewed to determine whether those constructed Facilities are refundable. *Global Water may only provide credit for those items that are directly related to the provision of water or sewer service and only for the original installation of those items.*
 - 1) **Note on Commercial Developments** – Engineer review of commercial Facilities to be conveyed is ***required*** prior to conveyance. Engineering will provide in writing those facilities that it has determined are private and those that the company will be operating.
 - 2) **Note on Residential Developments** – Engineer consultation is ***required*** when unique contract or change order line items are presented by the developer for acceptance. Engineering will provide written approval or disapproval of any such line items.
- 3.3 When all items have been reviewed, Development Services will submit to the developer the following items.



- (a) Spreadsheet(s) detailing Global Water’s approved refundable costs.
 - (b) A Bill of Sale prepared for each LXA affected by the conveyance. *Current ownership information and signature blocks will be verified with the developer.*
- 3.4 While awaiting execution of the Bill of Sale. Development Services will take the following steps towards finalizing the conveyance:
- (a) The corresponding LXA files will be brought current with Bill of Sale of backup.
 - 1) Copy of the backup will be included in the file, if overly voluminous, an electronic copy will be made and attached to the inside cover of the file.
 - 2) An electronic copy will be saved in Development Service’s shared folder as backup.
 - (b) Development Services will prepare a copy of the Bill of Sale backup and submit to Accounting for preparation for booking.
 - (c) If the Bill of Sale is completed and executed more than one year after the date of the Approval of Construction or Wastewater Discharge Authorization or Letter of Provisional Acceptance, the value of the infrastructure will be depreciated for period of time it has been in-service prior to transfer.
- 3.5 Once the Bill(s) of Sale has been returned fully executed, it will be added to the corresponding updated LXA files and presented for execution.
- 3.6 Upon return of the executed Bill(s) of Sale to Development Services, the following steps will be taken to finalize the conveyance:
- (a) Copy of the Bill(s) of Sale will be immediately given to Accounting to finalize booking.
 - (b) Copy of the Bill(s) of Sale will be transmitted to the developer.
 - (c) A copy of Accounting’s booking spreadsheet will be obtained and put into the corresponding LXA file.



- (d) Original Bill(s) of Sale will be placed in the corresponding LXA file with checklist updated to include all information related to the conveyance.
- (e) Current department tracking spreadsheets will be updated with all information related to the conveyance.