

**ARIZONA STATE LAND DEPARTMENT
1616 WEST ADAMS STREET
PHOENIX, ARIZONA 85007**

PUBLIC AUCTION SALE NO. 21-120484

Pursuant to A.R.S. Title 37, notice is hereby given that the State of Arizona, through its Arizona State Land Department (“ASLD”), will sell at Public Auction to the highest and best bidder at 11:00 a.m. on Thursday, April 30, 2020, at the east entrance to the Pinal County Administration No. 1, Building A, 31 North Pinal Street, Florence, Arizona, the authorization to remove groundwater using a well(s) situated on the State Lands described below for a term of 10 years from the date of sale situated in Pinal County to wit:

TOWNSHIP 10 SOUTH, RANGE 14 EAST, G&SRM, PINAL COUNTY, ARIZONA

PARCEL FROM WHICH WATER IS TO BE REMOVED: M&B IN SWSE, SECTION 29, CONTAINING 0.17 ACRES, MORE OR LESS.

BENEFICIARY: COUNTY BOND

The ASLD’s authorization to extract 10 acre-feet per year of groundwater from the land described above has been appraised at a total minimum bid of \$2,400.00. If the applicant extracts water in excess of 10 acre-feet per year, compensation for the water extracted shall be paid at a charge of \$215.00 per acre-foot or current appraised per acre-foot value, whichever is greater. The maximum amount of groundwater extracted shall not exceed the lesser of 10 acre-feet per year or if the parcel is within an Active Management Area (“AMA”) the maximum amount of groundwater extracted shall not exceed the total volume of the right(s) or authority(ies) to withdraw groundwater attached to the well(s) from which extraction will occur pursuant to Additional Condition (C) below. ASLD makes no representation or warranty regarding the availability or quantity of groundwater, or depth to groundwater, at the extraction site.

Additional requirements and conditions of this sale are available and may be viewed at the Arizona State Land Department, 1616 West Adams Street, Phoenix, Arizona.

The complete file associated with the described land is open to public inspection at the ASLD, 1616 West Adams Street, Phoenix, Arizona from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Water Rights Section of the Natural Resources Division of ASLD at (602) 542-2678. This auction notice is available on the ASLD’s website at www.azland.gov.

BIDDING INFORMATION:

(A) Prior to the date of auction, a prospective bidder shall perform his/her own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the groundwater, including, without limitation, ASLD File No. 21-120484, and files of all other public agencies regarding the groundwater.

(B) Prior to the start of bidding, a prospective bidder shall sign an affidavit agreeing that: they have undertaken due diligence in preparation for the auction; they are purchasing the groundwater solely upon the basis of their own due diligence and investigation, and not on the basis of any

representation, express or implied, written or oral, made by ASLD or its agents or employees, except as set forth in writing herein; their representative is authorized to bid and bind the bidder; and they are purchasing the groundwater AS IS.

(C) Prior to the start of bidding, a prospective bidder must show ASLD's representative a **Cashier's Check** made payable to "Arizona State Land Department" in the amount specified under Terms of Sale Paragraph (B) below. If the prospective bidder is not the applicant, the amount of Cashier's Check shall be \$9,672.00. If the prospective bidder is the applicant, the amount of Cashier's Check shall be \$2,472.00.

(D) A prospective bidder who has complied with Paragraphs (A) through (C) above shall be deemed a "Registered Bidder" and may bid at the auction. ASLD shall only consider bids by Registered Bidders.

(E) The bidding will begin at the appraised value. A bid for less than the appraised value or by a party who has not inspected the land and/or the associated files and records of ASLD will not be considered. Additional bidding must be made in minimum increments of \$100.00. Bidding will be conducted orally.

(F) The time of sale shall be deemed to be the time of declaration of the highest and best bid (the "Time of Sale"). A Registered Bidder whose bid is declared the highest and best bid shall be deemed the "Successful Bidder". The amount of the highest and best bid shall be deemed the "Sale Price".

(G) To comply with A.R.S. § 37-240(B), ASLD shall require that the Successful Bidder must be authorized to transact business in the State of Arizona no later than ten (10) business days after the date of the auction.

(H) Pursuant to A.R.S. § 37-241(C), in the event of forfeiture by the Successful Bidder, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (B) below.

(I) Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the ADA Coordinator, at (602) 542-2629. Requests should be made as early as possible to allow time to arrange the accommodation.

TERMS OF SALE:

(A) Immediately following the Time of Sale, the Successful Bidder must sign an affidavit which states without limitation that he/she is the Successful Bidder and the amount of the Sale Price.

(B) Immediately following the Time of Sale, the Successful Bidder shall pay the following to ASLD by a cashier's check:

- 1) The first minimum annual royalty that is based upon the right to extract 10 acre-feet of groundwater per year, which is \$2,400.00;
- 2) A Selling and Administrative Fee of 3% of the minimum annual royalty, which is \$72.00;
- 3) Estimated Reimbursable Legal Advertising Costs of \$3,500.00; and
- 4) Reimbursable Appraisal Fee of \$3,700.00.

The total amount due at the Time of Sale is \$9,672.00 (less \$7,200.00 if the Successful Bidder is the applicant, for a total amount due of \$2,472.00).

- (C) Within 30 days after the auction date the Successful Bidder must pay:
- 1) The full balance of the amount bid for the right to extract 10 acre-feet of groundwater per year;
 - 2) A Selling and Administrative Fee of 3% of the purchase price, less the amount paid under (B)(2) above; and
 - 3) The actual Legal Advertising Costs, less the amount paid under (B)(3) above.
- (D) If the Successful Bidder fails to complete the payments as stated in the auction notice, together with the additional required fees within 30 days from the auction date, all amounts paid at the Time of Sale will be forfeited.

(E) On each anniversary date of the auction of the water agreement ("Water Agreement"), the Successful Bidder shall pay the minimum annual royalty payment for the ensuing year in the amount of \$2,400.00, or more as determined at the Time of Sale, adjusted as provided by paragraph (F) below, and a Selling and Administrative Fee, computed at 3% of the annual royalty payment for the ensuing year.

(F) Pursuant R12-5-2008 Natural Products-Groundwater and R12-5-2007.F, Reappraisals, the groundwater rate charged by the ASLD is subject to periodic reappraisal. When a reappraisal occurs, the ASLD shall give notice of any upward change in rate to the Successful Bidder, and the groundwater extraction charge shall be adjusted upward beginning in the contract year following the notice of adjustment. **IN ADDITION TO REAPPRAISAL, THE COMMISSIONER RESERVES THE RIGHT TO INSTITUTE A MIDTERM CPI ADJUSTMENT INCREASE SHOULD MARKET CONDITIONS JUSTIFY.**

(G) In the event no bids are received at the time of auction, no reimbursement will be paid to the applicant by the ASLD for the Legal Advertising Costs or Appraisal Fee.

ADDITIONAL CONDITION(S):

(A) The Successful Bidder agrees to execute the ASLD's Water Agreement, which shall be dated as of the auction date, within 30 days of receipt, and to perform all the terms, covenants, and conditions thereof.

(B) If the parcel from which water is to be removed is under a commercial lease at the Time of Sale, the lessee will surrender the lease, and the Successful Bidder must: (i) reimburse the lessee for improvements; (ii) obtain a leasehold interest in the parcel; and (iii) obtain any necessary right of way easements, prior to removal of water. If the parcel from which water is to be removed is not under a commercial lease at the Time of Sale, the above described land will be reclassified for commercial use and the Successful Bidder will be required to: (i) obtain a commercial lease; (ii) obtain any necessary right of way easements, and (iii) lease or purchase the well and any other improvements located on the leased land, before water may be extracted from the land.

(C) The Successful Bidder shall comply with all applicable state and federal laws including if water is to be withdrawn from a designated AMA authority to withdraw groundwater in the form of a Grandfathered Groundwater Right, Groundwater Withdrawal Permit or other permit, if

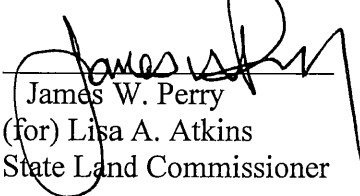
applicable, must be obtained from the Arizona Department of Water Resources, prior to use of the water.

(D) ASLD's minimum annual fee for removal of water from State land is \$2,400.00. The Successful Bidder shall pay the minimum annual fee of \$2,400.00 if either (i) the Sale Price at the Time of Sale is less than \$2,400.00; or (ii) the annual fee was reappraised pursuant to Terms of Sale (F) above is less than \$2,400.00.

GENERAL INFORMATION:

The ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

A protest to this sale must be filed within 30 days after the first day of publication of this announcement and in accordance with Article 4.1 of A.R.S. §37-301.


James W. Perry
(for) Lisa A. Atkins
State Land Commissioner



2/13/2020
Date