

AGREEMENT

THIS AGREEMENT is made and entered into this 1st Day of January 2008, by and between RURAL/METRO CORPORATION, and Arizona corporation (hereinafter referred to as "Rural/Metro") and Tanque Verde Valley Fire District, a political subdivision of the State of Arizona located in Pima County (hereinafter referred as "Fire District").

RECITALS

- A. Rural/Metro is in the business of furnishing fire protection, fire suppression, first aid, and rescue services in certain areas of the State of Arizona.
- B. Fire District is a special taxing district organized under Title 48 of the Arizona Revised Statutes. Fire District is authorized under A.R.S. Section 48-805(B)(7) to enter into an agreement to procure the services of a private fire protection company.
- C. Fire District desires to obtain the benefit of Rural/Metro's knowledge, equipment and services for fire protection, fire suppression, first aid, and rescue services within the Fire District's boundaries.
- D. Rural/Metro desires to provide such services to Fire District.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms will be defined as follows:
 - (a) Response Time. The time that begins when Pima County Communications notifies the fire station of an emergency call and ends when units arrive at the scene location provided to Rural/Metro by the calling party
 - (b) Service Area. The area of Pima County, Arizona designated as the Fire District as described in Exhibit A attached hereto and by this reference incorporated herein, as revised during the term of this agreement to include any new geographical areas annexed and made a part of the Fire District.
2. Services. During the term of this agreement, Rural/Metro agrees to supply the Fire District with fire prevention and fire protection services, emergency medical services, rescue services, community information and education services (the "Services"). Unless mutually agreed upon in writing, the Services to be provided by Rural/Metro include only: (i) responding to fire emergencies; (ii) providing fire prevention services when necessary to help prevent a known and imminent fire risk; (iii) fire cause determination and investigations; (iv) enforcement of regulations such as the applicable local fire codes; (v) search and rescue; (vi) water rescue; (vii) extrication; (viii) paramedic emergency medical first response; (ix) communications and dispatch services, (x) certain non-emergency services including, but not limited to venomous snake removal that Rural/Metro offers to its subscription membership in Pima County, and (xi) community information and educational services provided at Rural/Metro's discretion based in part on available resources (i.e. child car seat placement testing, Community Emergency Response Training, pool safety, homeowner association

meetings, etc.). The Services also include the following at additional cost to the recipient of the Services: (x) assisting the responsible building official, department, or agency with the review of building plans; (y) responding to hazardous material incidents, and (z) CPR classes, fire extinguisher training, and first aid training. Further, Rural/Metro may charge third parties for providing certain Services as provided in Section 6 below.

3. Term; Termination.

- (a) Term. The term of this agreement shall commence and be in effect on the first day of January and continue for a period of five (5) years. This agreement shall automatically renew for additional five (5) year periods if no notice of termination is given by either party at least one (1) year prior to expiration of the then current term.
- (b) Termination. Either party may terminate this Agreement by providing written notice to the other in accordance with this Agreement in the event the other party materially breaches or violates this Agreement and fails to cure such breach within ten (10) days of receiving written notice from the non-breaching party.

4. Consideration. As consideration for the Services to be provided by Rural/Metro pursuant to the provisions of this Agreement, for the period between January 1, 2008 and June 30, 2008 Fire District shall pay to Rural/Metro the sum of Seventy-Eight Thousand Two Hundred Sixty Seven and 26/100 dollars (\$78,267.26) payable in two (2) quarterly installments of Thirty Nine Thousand One Hundred Thirty Three and 63/100 dollars (\$39,133.63) on January 1st and April 1st. For the period of July 1, 2008 to June 30, 2009 the Fire District shall pay to Rural/Metro the sum of One Hundred Sixty Four Thousand Three Hundred Sixty One and 24/100 dollars (\$164,361.24) (the "**Annual Contract Amount**") payable in four (4) quarterly installments of Forty One Thousand Ninety and 31/100 dollars (\$41,090.31) each payment due within ten (10) days of July 1, October 1, January 1, and April 1 of each year. If payment is received later than thirty (30) days after the due date provided herein, a one and one-half percent (1-1/2%) per month penalty may be imposed by Rural/Metro.

5. Annual Evaluation of Annual Contract Amount. Commencing in 2009 the Annual Contract Amount shall be increased on July 1 of each year during the term of the contract to an amount equal to ninety percent (90%) of the full published Rural/Metro subscription rate based on the square footage of all developed residential and commercial sites, including new developments, annexations, or other changes to the overall square footage, as of July 1. Commencing in 2011 the Annual Contract Amount shall be increased on July 1 of each year during the term of the contract to an amount equal to the full published Rural/Metro subscription rate based on the square footage of all developed residential and commercial sites, including new developments, annexations, or other changes to the overall square footage, as of July 1.

6. Regulatory Changes. The parties will negotiate in good faith to modify this Agreement in the event any law, regulation, or government policy is passed or adopted adversely affecting Rural/Metro's operations, rates, services and/or obligations.

7. Hazardous Materials; Water Rescue; Fire Prevention Services. Fire District agrees to allow Rural/Metro to bill the responsible party for any costs and/or expenses of any nature incurred by Rural/Metro in responding to: (i) handling and disposing of "hazardous materials" which shall include but are not limited to dangerous goods, hazardous materials as

defined under CERCLA, and similar products, substances and/or waste; (ii) any situation the occurrence of which, by statute or otherwise, provides Rural/Metro with the right to collect its costs from the party; and (iii) fire prevention plan reviews and other similar fire prevention services. Fire District is not obligated to pay for any of the foregoing amounts not collected by Rural/Metro.

8. ALS and BLS Ambulance Transportation. Rural/Metro will provide Advanced Life Support ("ALS") and Basic Life Support ("BLS") emergency medical response and ambulance transportation to residents within the Fire District. Rural/Metro will bill Medicare, third party payers, or patients for ambulance transportation services (including but not limited to emergency response services) including any co-payments or deductibles, its full general public rates and charges for services. Fire District is not obligated to pay for any of the foregoing amounts not collected by Rural/Metro.

9. Performance of Services. Rural/Metro will make commercially reasonable efforts to provide Services to Fire District's Service Area in accordance with industry standards for similarly situated providers of fire suppression and prevention services. Fire District understands that in the event Rural/Metro is called upon to provide Services, that dealing with fire is inherently risky, extremely dangerous, and unpredictable. Rural/Metro's ability to suppress the spread of fire is dependant upon multiple factors nearly all of which are outside of Rural/Metro's reasonable control. Fire District agrees to provide Rural/Metro with unrestrained access to the Service Area.

10. Disclaimer of Warranty. **OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT, RURAL/METRO DOES NOT AND HEREBY EXPRESSLY DISCLAIMS, ANY WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE SUCCESS OR FAILURE OF ITS SERVICES, OR THAT ITS SERVICES WILL MINIMIZE OR PREVENT ANY DAMAGE OR LOSS TO PROPERTY OR PERSON,**

11. Compliance with Applicable Laws, Rules, and Regulations. Both parties agree to conduct its activities and perform its obligations under this Agreement in full compliance with all applicable federal, state and local laws, rules, ordinances, and regulations. In addition, if Fire District obtains any Protected Health Information, as defined under HIPAA through any Services provided by Rural/Metro under this Memorandum, Fire District will comply with the provisions set forth in Appendix C.

12. Equipment and Services. Rural/Metro will provide the equipment and personnel set forth on Appendix B to provide the Services. The parties acknowledge and agree that based on historical data and the current population, demographics, geographic nature, and accessibility of the Service Area, the equipment and personnel provided by Rural/Metro are adequate to provide the Services. If at any time Rural/Metro or Fire District determines that the equipment and personnel are inadequate, the parties will negotiate in good faith the acquisition of the additional equipment and personnel and the corresponding increase in the Annual Contract Amount. Fire District from time to time may purchase or lease equipment with Fire District funds or by grant funds to be used by Rural/Metro for the good of the Fire District and surrounding areas. Any equipment purchased by Fire District will remain the property of the Fire District. Rural/Metro agrees to provide preventative maintenance and insurance for any equipment bought by Fire District to be used by Rural/Metro.

- (a) Facilities. Rural/Metro will be responsible for obtaining facilities from which it will operate and provide the Services. Fire District may, at its sole discretion and expense, provide building facilities within which to house the personnel and equipment of Rural/Metro within the Service Area. The annual contract amount will be adjusted by an amount that is mutually agreed upon by both Fire District and Rural/Metro.
- (b) Dispatch Communications. Rural/Metro will provide adequate dispatch and communications equipment and monitoring personnel.

13. Mutual Aid Agreements. Fire District may negotiate with other government agencies or their representatives for the purpose of entering into mutual aid agreements. Rural/Metro agrees to honor all mutual aid agreements entered into by Fire District during the term of this Agreement with Rural/Metro's consent, which consent shall not be unreasonably withheld. Rural/Metro will assist in any negotiations if requested by Fire District. Rural/Metro shall be provided with copies of any existing intergovernmental assistance agreements entered into by Fire District prior to execution of this Agreement and shall notify Rural/Metro within seventy-two (72) hours of Fire District entering into any mutual aid agreements.

14. Service Levels. Rural/Metro agrees to maintain sufficient equipment so that the response times to a fire, medical emergency or accident within the boundaries of the Fire District shall be no greater than eight (8) minutes in eighty percent (80%) of the time for emergency responses in each twelve (12) month contract period (July 1 to June 30). Rural/Metro will provide monthly call activity reports and written explanations to response times. If at any time Rural/Metro is unable to maintain a eight (8) minute response time eighty percent (80%) of the time for emergency responses due to call volume, the parties may negotiate in good faith the acquisition of the additional equipment and personnel and the corresponding increase in the Annual Contract Amount to meet the response time goal. Rural/Metro shall allow the Fire District to hold monthly and special meetings at Rural/Metro Pima County Administration, on an as available basis, at no charge to the Fire District. Rural/Metro shall provide any and all reports as may be reasonably requested by the Fire District, including but not limited to monthly reports reflecting all call data within the Service Area, the number of calls and type of response, and such other related information as the Fire District may reasonably request. Rural/Metro shall notify the Chairman of the Fire District or, in the event the Chairman is unavailable, his or her designee of any call, report, response or other activity within the Service Area which could be considered a major incident or event, or to any other incident or matter which is of sufficient importance to suggest notification of the Chairman of the Fire District is indicated.

Circumstances Affecting Service Level. The following factors, which are beyond the control of Rural/Metro, will be considered in determining whether Rural/Metro has met the service level criteria set forth above, to the extent that any of the following circumstances adversely affects Rural/Metro's ability to meet the service level criteria:

- Road conditions (closures, construction, traffic, accidents);
- Access (distance from accessible road, height of building, gated, blocked);
- Weather;
- Providing Services contemporaneously within the Service Area or under Mutual Assistance arrangements;

The foregoing list is illustrative and not meant to be exhaustive.

15. Indemnification.

- (a) By Fire District. Fire District shall indemnify, defend and hold harmless the Rural/Metro, its directors, officers, departments, employees and agents from, for and against any and all suits, actions, legal or administrative proceedings, claims, demands or damages of any kind or nature which are attributed to any act or omission of Rural/Metro, its agents, employees, or anyone acting under its direction, control, or on its behalf, in connection with the Services to be provided hereunder, unless such act or omission was grossly negligent or willful.
- (b) By Rural/Metro. Except for any indemnifiable claim or loss provided for in Section 13(a) above by Fire District to Rural/Metro, Rural/Metro shall, to the extent permitted by Arizona law, indemnify, defend and hold harmless the Fire District, its directors, officers, departments, employees and agents from, for and against any and all suits, actions, legal or administrative proceedings, claims, demands or damages of any kind or nature which are attributed to any negligent act or omission of Rural/Metro, its agents, employees, or anyone acting under its direction, control, or on its behalf, in connection with the Services to be provided hereunder.

16. Rural/Metro shall maintain the insurance coverage set forth in Appendix D.

17. Non-Solicitation of Rural/Metro Employees.

Non-Solicitation Covenants. During the term of this Agreement and for a period of twelve (12) months thereafter, unless Rural/Metro grants specific permission to the Fire District, the Fire District will not directly or indirectly recruit or solicit any employee of Rural/Metro or induce or attempt to induce any employee of Rural/Metro to terminate his or her employment with, or otherwise cease his or her relationship with, Rural/Metro. District expressly acknowledges and agrees that it has received adequate and sufficient consideration for the covenants set forth in this Section.

Damages. The Fire District agrees that if it violates the covenants of this Section, the damages to Rural/Metro would be material, but that the amount of such damages would be uncertain and not readily ascertainable. Accordingly, the Fire District agrees that, if it breaches any of the covenants of this Section, Rural/Metro will be entitled to receive immediately following written demand therefore, and the Fire District will make a cash payment as and for liquidated damages in an amount equal to the wages or salary paid by Rural/Metro to the applicable solicited employee during the twelve (12) months prior to the solicitation (annualized if the employee has been an employee for less than twelve (12) months prior to the solicitation). This payment is not and shall not be construed as a penalty or forfeiture. In addition to the amount set forth herein, Rural/Metro may recover prejudgment interest on the payment amount at the rate of ten percent (10%) per annum until paid.

18. Miscellaneous Provisions.


- (a) Governing Law. This Agreement shall be subject to and governed according to the laws of the State of Arizona, without regard to its choice of laws, or conflict of laws principles.

- (b) Binding Effect. This Agreement shall be binding upon and shall insure the benefits of the parties hereto, their respective successors, assigns or other legal representatives.
- (c) Assignment. Neither party may assign its rights or obligations under this Agreement to a third party without the advance written consent of the other party, and any attempted assignment without such consent shall be null and void. Notwithstanding the above, Rural/Metro may assign or subcontract this Agreement, or any or all of the Services required by this Agreement, to any of its subsidiaries or affiliates. This Agreement shall be binding upon and for the sole benefit of the parties hereto and their respective successors and permitted assigns.
- (d) Legal Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, or on account of any breach or default hereof, the prevailing party shall be entitled to receive from the other party, reasonable attorneys' fees, costs, and expenses.
- (e) Severability. If any portion of portions of this Agreement shall be for any reason invalid or unenforceable, the remaining portion(s) shall be valid and enforceable and carried into effect unless to do so would clearly violate the present legal and valid intention of the parties hereto.
- (f) Notices. Any notice required or permitted to be given pursuant to any provisions of this Agreement shall be given in writing, and either delivered in person, by electronic transmission, deposited in the United States mail, postage pre-paid, registered or certified mail, return receipt requested, properly addressed, or by a nationally recognized overnight courier service, to the following addresses:
- Rural/Metro Corporation
9221 E. Via de Ventura
Scottsdale, Arizona 85258
Attn: General Counsel
- Tanque Verde Valley Fire District
11651 E Lenher Schwerin Trail
Tucson, Arizona 85749
- (g) Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any previous agreement or understanding, whether oral or otherwise. No modification of this Agreement shall be valid unless in writing and signed by each of the parties hereto.
- (h) Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.
- (i) Arbitration. To the extent applicable, disputes arising from this agreement shall be subject to arbitration pursuant to A.R.S. Section 12-1518.

- (j) Time Bar to Legal Action. The parties specifically agree that any legal action or claim of any kind arising under this Agreement must be filed within one (1) year from the date of the event from which the action arises and is known by the party filing the action, or it shall be forever barred. The parties expressly waive any statutory provision providing a statute of limitations greater than one (1) year.
- (k) Ownership of Records & Confidential Information. In addition to Protected Health Information, during the course of performing this Agreement, each party may from time to time receive confidential information about the other including but not limited to information about the party's customers, patients, practices, procedures, strategies, organization, financial and other related information. Neither party shall use or disclose any such confidential information for any purpose other than the limited purpose of performing its obligations under this Agreement, without the prior express written permission of the supplying party. All documents and records prepared, maintained, handled or otherwise related to Rural/Metro's performance of Services hereunder are and shall be the property of Rural/Metro. Rural/Metro's copyrighted materials and procedures shall be and remain the sole property of Rural/Metro. If a party is served with a subpoena or other legal process concerning confidential information of the other party, that party shall immediately (not more than 48 hours after the receipt) notify the supplying party and shall cooperate with it in any lawful effort to contest the legal validity of such process the supplying party may wish to pursue. Notwithstanding the foregoing, the term confidential information shall not include information which: (i) is required by law to be disclosed; (ii) is or becomes generally available to the public other than as a result of a disclosure by the receiving party, any of its directors, officers, employees, representatives or agents (collectively, "Representatives"); (iii) is or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its Representatives, which source is not prohibited from disclosing such information by a legal, contractual, fiduciary or other obligation to the disclosing party; or (iv) is known to receiving party prior to its disclosure to receiving party.

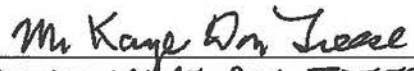
Rural/Metro Corporation

By:
Title

 5/16/07
CHRISTOPHER WENDSTROM
FIRE CHIEF

Tanque Verde Valley Fire District

By:
Title


MR. KAYE DON TREESE
GOVERNING BOARD CHAIRMAN

APPENDIX A

Legal Description of Fire District

The parcel of land being described as the Tanque Verde Valley Fire District is bounded by Tanque Verde Road on the South, Soldier Trail on the East, Prospect Land on the North and Melpomene Way on the West.

This parcel of land being described for the Tanque Verde Valley Fire District is located in Sections 30, 31, and 36 of Pima County and is recorded as:

Bel Air Ranch Estates:	Book 19	Page 68	Lot 1 thru 37
	Book 19	Page 76	Lot 38 thru 71
	Book 20	Page 57	Lot 72 thru 126
	Book 20	Page 97	Lot 127 thru 163
	Book 21	Page 10	Lot 202 thru 218
	Book 21	Page 22	Lot 164 thru 201
	Book 21	Page 82	Lot 219 thru 283
	Book 22	Page 57	Lot 284 thru 375
	Book 24	Page 33	Lot 376 thru 439
Pantano Ranch Estates	Book 22	Page 22	Lot 1 thru 35
Tara Subdivision	Book 42	Page 56	Lot 1 thru 4
Parcel #11457078S	Docket 10521	Page 178	1 Lot

A total of 479 parcels are included in the Tanque Verde Valley Fire District.

APPENDIX B

Personnel and Equipment

Station 72 – 2741 North Houghton Road

Engine 72 – 3 Personnel

Rescue 72 – 2 Personnel

Tender 72 – 0 Personnel

Brush 72 – 0 Personnel