

**PURCHASE AND SALE AGREEMENT
FOR
LONG TERM STORAGE CREDITS**

This Purchase and Sale Agreement is made this 3rd day of April, 2025, (the "Effective Date"), between and among the Central Arizona Water Conservation District ("CAWCD"), a multi-county water conservation district organized and existing under the laws of the State of Arizona, and Stone Applications LLC, a Delaware limited liability company ("Seller").

RECITALS

A. CAWCD operates the Central Arizona Project ("CAP"). CAWCD also provides replenishment services to member lands and member service areas under authorities provided in Title 48, Chapter 22, Article 4 of the Arizona Revised Statutes. These replenishment authorities are commonly referred to as the Central Arizona Groundwater Replenishment District ("CAGRDR"). CAGRDR is not a separate legal entity, but functions within and is operated by CAWCD.

B. CAWCD desires to purchase Long-Term Storage Credits developed by the Seller pursuant to Arizona Revised Statutes Title 45, Chapter 3.1, for the benefit of CAGRDR member lands and member service areas.

C. Seller is willing to sell and transfer certain Long-Term Storage Credits to CAWCD under the price, terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS**

As used in this Agreement, the following terms, when capitalized, shall mean:

1. "ADWR" means the Arizona Department of Water Resources.
2. "Agreement" means this Purchase and Sale Agreement for Long-Term Storage Credits.
3. "CAGRDR" means the Central Arizona Groundwater Replenishment District, the replenishment authority operated by CAWCD.
4. "CAGRDR's Account(s)" means the long-term storage account established pursuant to Arizona Revised Statutes § 45-859.01 for the Phoenix Active Management Area (Account No. 70-441120.0001).
5. "CAWCD" means the Central Arizona Water Conservation District.
6. "Long-Term Storage Credit" is as defined in Arizona Revised Statutes § 45-802.01(11).



7. "Long-Term Storage Credit Transfer Form" is a form, approved by ADWR, to effectuate the assignment of Long-Term Storage Credits, as defined in Arizona Revised Statutes § 45-854.01(B), and more specifically described in Article 3 below.
8. "Seller" means Stone Applications, LLC.
9. "Seller's Long-Term Storage Account" means the Long-Term Storage account established pursuant to Arizona Revised Statutes § 45-852.01 in Seller's name in the Phoenix AMA (Account No. 70-441258.0000).

ARTICLE 2 PURCHASE OF LONG-TERM STORAGE CREDITS

- 2.1 Sale and Purchase. Subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer and assign and CAWCD agrees to purchase, accept and pay for 2,000 acre-feet of Long-Term Storage Credits as set forth in Exhibit A.
- 2.2 Type of Water. It is the intent of the parties that all Long-Term Storage Credits purchased and sold under this Agreement shall retain the identity of the source of water used to generate such Long-Term Storage Credits.
- 2.3 Long-Term Storage Credits. The Long-Term Storage Credits to be sold by Seller were stored at the underground storage facility(s), under the ADWR Facility Permits and ADWR Water Storage Permits set forth in Exhibit A hereto.
- 2.4 Purchase Price. The purchase price for the Long-Term Storage Credits to be transferred pursuant to this Agreement is \$1,000,000 ("Purchase Price"). The per-credit price for Long-Term Storage Credits to be transferred pursuant to this Agreement is \$500.

ARTICLE 3 TIME AND MANNER OF TRANSFER

- 3.1 Long-Term Storage Credit Transfer Form. To evidence the transfer of Long-Term Storage Credits, the Seller shall complete, sign and deliver the Long-Term Storage Credit Transfer Form to CAWCD within 20 business days of full execution of this Agreement. A copy of the Long-Term Storage Credit Transfer Form is attached as Exhibit B to this Agreement. After the Seller has executed and delivered the Long-Term Storage Credit Transfer Form to CAWCD, CAWCD shall sign and deliver the fully executed Long-Term Storage Credit Transfer Form to ADWR within 20 business days.
- 3.2 Additional Actions and Documentation. CAWCD shall pay any administrative fees established by ADWR to effectuate the transfer of the Seller's Long-Term Storage Credits into CAGRD's Account(s). The parties shall cooperate to take such further actions and execute such further documents as may be determined by either party to be necessary or advisable in order to complete the transfer of the Long-Term Storage Credits contemplated by this Agreement.

ARTICLE 4



COMPLETION OF DELIVERY AND PAYMENT

4.1 Completion of Delivery. Delivery of the Long-Term Storage Credits to be transferred pursuant to this Agreement shall be deemed complete when ADWR notifies CAWCD in writing that ADWR has received and accepted the Long-Term Storage Credit Transfer Form and intends to transfer the Long-Term Storage Credits from the Seller's Long-Term Storage Account to CAGRD's Account(s) ("ADWR Acceptance"). CAWCD and the Seller shall cooperate with ADWR to facilitate completion of such transfer by ADWR.

4.2 Payment. CAWCD and Seller agree that the Purchase Price for the Long-Term Storage Credits to be transferred pursuant to this Agreement shall be paid to Seller's designee, Bonneville Environmental Foundation ("Seller's Designee"), by wire transfer in immediately available funds. CAWCD shall pay Seller's Designee the full purchase price amount pursuant to Article 2.4 above, no later than 20 business days after ADWR Acceptance. Seller shall provide CAWCD with the wire information necessary for CAWCD to pay the Purchase Price to Seller's Designee no later than 5 business days after the Effective Date.

ARTICLE 5 REJECTION OR INVALIDATION OF TRANSFER

5.1 Rejection or Invalidation of Transfer. If ADWR, pursuant to Arizona Revised Statutes § 45-854.01(C), rejects or invalidates any transfer or assignment of Long-Term Storage Credits made hereunder before CAWCD has paid for such Long-Term Storage Credits, CAWCD shall not be obligated to pay for the number of Long-Term Storage Credits affected by such rejection or invalidation. If such rejection or invalidation occurs after payment has been made by CAWCD, the Seller shall refund an amount equal to the number of Long-Term Storage Credits affected by such rejection or invalidation times the price per acre-foot for the affected Long-Term Storage Credits, as such price is established in Article 2.4 above. The Seller shall refund such amount within 20 business days after Seller receives notice from ADWR or CAWCD of such rejection or invalidation. CAWCD shall transfer and assign back to the Seller the number of credits affected by any such rejection or invalidation. The Seller's obligation to refund any payments under this Article 5 shall expire 30 calendar days after ADWR has issued a non-appealable final agency decision approving the transfer and assignment of the Long-Term Storage Credits into CAGRD's Account(s). The Parties' rights and obligations under this Article 5 shall remain in full force and effect, and shall survive termination of this Agreement for purposes of addressing a circumstance where ADWR rejects or invalidates any transfer of Long-Term Storage Credits made hereunder.

ARTICLE 6 EFFECTIVE DATE AND TERM

6.1 Effective Date and Term. This Agreement shall be effective as of the date it has been executed by both parties hereto, which date is set forth in the introductory paragraph of this Agreement (the "Effective Date"). This Agreement shall stay in effect until all provisions under the Agreement have been met unless terminated earlier in accordance with Article 7.



ARTICLE 7 DEFAULT AND REMEDIES

7.1 Default. The occurrence of any of the following events constitutes an event of default by a party to this Agreement:

7.1.1 The failure of either party to perform any term, covenant, or condition of this Agreement, if that failure continues for 30 days following the receipt of written notice from the other party.

7.1.2 (i) The filing by or against either party of a petition to have the party adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against a party, the same is dismissed within 60 days); (ii) the making by a party of any general assignment for the benefit of creditors; (iii) the appointment of a trustee or receiver to take possession of substantially all of the party's assets, when possession is not restored to the party within 60 days; or (iv) the attachment, execution, or other judicial seizure of substantially all of a party's assets, where such seizure is not discharged within 60 days.

7.2 Remedies. If an event of default occurs, the non-defaulting party may immediately terminate this Agreement by written notice to the defaulting party and/or may pursue any other rights available to it in law or equity. The obligation of the defaulting party to pay any amounts due but unpaid as of the date of termination under this provision shall survive such termination.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Interpretation. This Agreement is governed by and must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, without regard to its conflicts of laws provisions. Any action to resolve any dispute regarding this Agreement shall be taken in a state court of competent jurisdiction located in Maricopa County, Arizona.

8.2 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties and does not create, nor shall it be construed to create, rights in any third party unless expressly provided herein. No third party may enforce the terms and conditions of this Agreement.

8.3 Amendments. This Agreement may be modified, amended or revoked only by the express written agreement of the parties hereto.

8.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties and no understandings or obligations not expressly set forth in this Agreement are binding upon the parties.

8.5 Waiver. No delay in exercising any right or remedy shall constitute a waiver unless such right or remedy is waived in writing signed by the waiving party. A waiver by any party of any right or remedy hereunder shall not be construed as a waiver of any other right or remedy, whether pursuant to the same or a different term, condition or covenant.



8.6 Captions. All captions, titles, or headings in this Agreement are used for the purpose of reference and convenience only and do not limit, modify, or otherwise affect any of the provisions of this Agreement.

8.7 Rules, Regulations and Amendment or Successor Statutes. All references in this Agreement to the Arizona Revised Statutes include all rules and regulations promulgated by ADWR under such statutes and all amendment statutes and successor statutes, rules, and regulations to such statutes, rules, and regulations.

8.8 Conflicts of Interest. The parties to this Agreement are hereby notified of A.R.S. § 38-511.

8.9 Severability. The provisions of this Agreement are severable to the extent that if any provision is held unenforceable under applicable law, the remaining provisions of the Agreement shall remain in effect, if the intent of the Agreement can be accomplished.

8.10 Indemnification. Each party to this Agreement is independently responsible in the event of its own negligence. Neither party agrees to indemnify the other party.

8.11 Notices. Except as otherwise required by law, any notice given in connection with this Agreement must be in writing and must be given by personal delivery, overnight delivery, or United States certified or registered mail. Any such notice must be addressed to the appropriate party at the following address (or at any other address as a party may hereafter designate by written notice given as required by this paragraph):

CAWCD:

For delivery use: c/o General Manager
23636 N. 7th Street
Phoenix, AZ 85024

For U.S. Mail use: c/o General Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

STONE APPLICATIONS, LLC:

For delivery or U.S. Mail use:

Stone Applications LLC
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

With a copy to:

Fennemore Craig, P.C.
2394 E. Camelback Road, Suite 600
Phoenix, AZ 85016
Attn: Rhett Billingsley



Notice is deemed to have been given on the date on which notice is personally delivered, delivered to an overnight delivery service, or mailed. Notice is deemed to have been received on the date on which the notice is actually received or delivery is refused.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first set forth above.

(Signatures on Next Page)



CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: _____

Its: President

ATTEST: _____

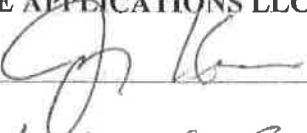
Secretary

(Signatures Continued on Next Page)



STONE APPLICATIONS LLC

By:

A handwritten signature in black ink, appearing to be 'G. H.', written over a horizontal line.

Its:

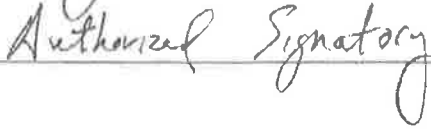
The words 'Authorized Signatory' written in a cursive, handwritten style in black ink, positioned over a horizontal line.

EXHIBIT A
to
Purchase and Sale Agreement for Long Term Storage Credits

LONG-TERM STORAGE CREDITS

Facility Name	ADWR Facility Permit No.	ADWR Water Storage Permit No.	ADWR Long-Term Storage Account No.	Credits (AF)	Water Source
Agua Fria Constructed USF	71-569776.0010	73-569776.2200	70-441258.0000	420.73	CAP
Aqua Fria Managed	71-569775.0009	73-569775.2200	70-441258.0000	1,334.61	CAP
Superstition Mountain USF	71-207702.0004	73-207702.1300	70-441258.0000	244.66	CAP





EXHIBIT B
to
Purchase and Sale Agreement for Long Term Storage Credits
ADWR LONG-TERM STORAGE CREDIT TRANSFER FORM A.R.S. §45-854.01

