

**PURCHASE AND SALE AGREEMENT
FOR
LONG TERM STORAGE CREDITS
BETWEEN CAWCD AND
THE CITY OF GOODYEAR**

This Purchase and Sale Agreement is made this 4th day of MARCH 2010, between 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 the City of Goodyear ("Seller"), an Arizona municipal corporation.

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 or CAGR. CAGR 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 Seller pursuant to Arizona Revised Statutes Title 45, Chapter 3.1, for the benefit of CAGR member lands and member service areas.

C. Seller has authority and is willing to sell and transfer certain Long-Term Storage Credits in the amount, at the delivery time and for the price specified below, pursuant to the Goodyear City Charter, Art. VIII Section 3.

D. On November 19, 2009 the Seller received authorization from the Arizona Department of Water Resources to assign up to 90,000 acre feet of Long-Term Storage Credits from the Seller's Long-Term Storage Account, pursuant to Arizona Revised Statutes § 45-854.01.

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:

- 1.1 "ADWR" means the Arizona Department of Water Resources.
- 1.2 "Agreement" means this Purchase and Sale Agreement.
- 1.3 "CAWCD" means the Central Arizona Water Conservation District.
- 1.4 "CAGR's Long-Term Storage Account" means the account established pursuant to Arizona Revised Statutes § 45-859.01 in CAGR's name, account No. 70-441120.0001 for the Phoenix Active Management Area.
- 1.5 "Long-Term Storage Credit" is as defined in Arizona Revised Statutes § 45-802.01(11).
- 1.6 "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.
- 1.7 "Seller" means the City of Goodyear.
- 1.8 "Seller's Long-Term Storage Account" means the account established pursuant to Arizona Revised Statutes § 45-852.01 in Seller's name, account No. 70-441144.

ARTICLE 2 PURCHASE OF LONG-TERM STORAGE CREDITS

2.1 Sale and Purchase. In consideration of the promises and undertakings contained herein, the adequacy of which is agreed by both CAWCD and Seller to be sufficient, Seller agrees to sell, transfer and assign and CAWCD agrees to purchase, accept and pay for 34,000 acre-feet of Long-Term Storage Credits in accordance with the terms of this Agreement.

2.2 Type of Water. Seller covenants that all of the Long-Term Storage Credits to be sold pursuant to this Agreement were accrued through storage of water from the source identified in Article 2.3 of this Agreement. 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.

2.3.1 The Long-Term Storage Credits to be sold by Seller are from Seller's Long-Term Storage Account.

2.3.2 The Long-Term Storage Credits to be sold by Seller were stored at the Maricopa Water District Groundwater Savings facility pursuant to ADWR Facility

Permit No. 72-558246, such facility being located in the Phoenix Active Management Area.

2.3.3 The Long-Term Storage Credits to be sold by Seller were stored pursuant to ADWR Water Storage Permit No. 73-558246.06.

2.3.4 The source of water used to generate the Long-Term Storage Credits to be sold by Seller is Central Arizona Project water.

2.4 Volume of Long-Term Storage Credits and Year of Accrual. The volume of Long-Term Storage Credits to be transferred pursuant to the Agreement is 34,000 acre-feet, which have been credited to Seller's Long-Term Storage Account. These Long-Term Storage Credits were earned in calendar years 2000 – 2006.

2.5 Purchase Price. The purchase price for the Long-Term Storage Credits to be transferred pursuant to this Agreement will be \$ 4,352,000 00. The per acre-foot price for Long-Term Storage Credits to be transferred pursuant to this Agreement will be \$128.00. ($\$128.00 \times 34,000 \text{ acre-feet} = \$ 4,352,000.00$).

ARTICLE 3 TIME AND MANNER OF TRANSFER

3.1 Long-Term Storage Credit Transfer Form. To evidence the transfer of Long-Term Storage Credits, CAWCD and Seller shall complete, sign and deliver the Long-Term Storage Credit Transfer Form no later than March 18, 2010. A copy of the Long-Term Storage Credit Transfer Form is attached as Exhibit A to this Agreement. After Seller has executed and delivered the Long-Term Storage Credit Transfer Form to CAWCD, CAWCD shall promptly deliver the fully executed Long-Term Storage Credit Transfer Form to ADWR.

3.2 Additional Actions and Documentation. 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, PAYMENT and TERMINATION

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 City of Goodyear or CAWCD in writing that it has received and accepted the Long-Term Storage Credit Transfer Form or as otherwise reflected in ADWR's records ("ADWR Acceptance"). CAWCD and Seller shall cooperate with ADWR to facilitate completion of such transfer by ADWR.

4.2 Payment and Termination. CAWCD shall pay the amount specified in Article 2.5 above no later than twenty (20) business days after ADWR Acceptance. In the event that ADWR Acceptance has not occurred within sixty (60) days after submission of the Long-Term Storage Credit Transfer Form, either CAWCD or Seller may terminate this Agreement by giving ten (10) days' written notice to the other party. In the event that the Long-Term Storage Credits are transferred out of Seller's account by ADWR, but CAWCD is unable to obtain approval, for any reason, of a transfer of the credits into CAGR's Long-Term Storage Account, CAWCD shall cooperate with and assist the Seller in efforts to obtain approval of a transfer of the Long-Term Storage Credits back into Seller's Long-Term Storage Account.

**ARTICLE 5
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, 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 2.5 above. Seller shall refund such amount within 20 (twenty) business days after either CAWCD or Seller receives any notice of rejection or invalidation from ADWR. CAWCD shall transfer and assign back to Seller the number of credits affected by any such rejection or invalidation. Seller's obligation to refund any payments under this Article 5 shall expire thirty (30) days after ADWR has issued a non-appealable final agency decision approving the transfer and assignment of the Long-Term Storage Credits into CAGR's Long-Term Storage Account.

**ARTICLE 6
CAWCD BOARD APPROVAL**

This Agreement is subject to and expressly conditioned upon approval by the CAWCD Board. Such Board approval shall be completed no later than March 11, 2010.

**ARTICLE 7
MISCELLANEOUS PROVISIONS**

7.1 Interpretation, Waiver of Jury Trial. 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. The parties agree to waive all rights to a jury trial.

7.2 Time of the Essence. Time is of the essence in the performance of this Agreement.

7.3 Seller's Warranty of Title. Seller warrants that it has good and marketable title to the Long-Term Storage Credits that are the subject of this Agreement and agrees to convey marketable title to such Long-Term Storage Credits free and clear of all liens and encumbrances. Seller shall warrant and defend title against all persons whomsoever.

7.4 Specific Performance. The parties agree that if a party fails to perform its obligations under this Agreement, other remedies will not be sufficient and the parties agree that, in addition to other available remedies, the remedy of specific performance shall be available to the aggrieved party.

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

7.6 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.

7.7 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.

7.8 Survival After Termination. The provisions of Articles 7.1, 7.2, 7.3, and 7.4 shall survive the completion or termination of this Agreement.

7.9 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.

7.10 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.

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

CAWCD:

**CENTRAL ARIZONA WATER CONSERVATION
DISTRICT**

By: *[Signature]*

Its: President

ATTEST: *[Signature]*
Secretary

SELLER:

Approved as to Form

CITY OF GOODYEAR



BY: *[Signature]*
John K. Fischbach

ITS: City Manager

DATE: 1/27/10

ATTEST:

[Signature]
Lynn Mulhall, Goodyear City Clerk

APPROVED AS TO FORM:

[Signature]
Roric Massey, Goodyear City Attorney