

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

This Purchase and Sale Agreement is made this 6th day of June, 2022, (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 the Tohono O'odham Nation ("Nation"), a federally recognized Indian Tribe.

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

C. The Nation 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 (i) 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; or (ii) the long-term storage account established pursuant to Arizona

Revised Statutes § 45-859.01 for the Tucson Active Management Area, Account No. 70-411120.0001.

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. "Nation" means the Tohono O'odham Nation.
9. "Nation's Long-Term Storage Account(s)" means the Long-Term Storage accounts established pursuant to Arizona Revised Statutes § 45-852.01 in Nation's name, including Tucson AMA Account No. 70-084101.0000 and Phoenix AMA Account No. 70-441218.0000

ARTICLE 2

PURCHASE OF LONG-TERM STORAGE CREDITS

- 2.1 Sale and Purchase. Subject to the terms and conditions of this Agreement, the Nation agrees to sell, transfer and assign and CAWCD agrees to purchase, accept and pay for 20,000 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 the Nation were stored at the underground storage facility(s), under the ADWR Facility Permit and ADWR Water Storage Permit 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 \$6,000,000. The per-credit price for Long-Term Storage Credits to be transferred pursuant to this Agreement is \$300.

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 Nation 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 Nation 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 Nation'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 Nation's Long-Term Storage Account to CAGRD's Account(s) ("ADWR Acceptance"). CAWCD and the Nation shall cooperate with ADWR to facilitate completion of such transfer by ADWR.

4.2 Payment. CAWCD shall pay the Nation the full purchase price amount pursuant to Article 2.4 above, no later than 20 business days after ADWR Acceptance.

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 Nation 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 Nation shall refund such amount within 30 business days after either CAWCD or the Nation receives any notice of rejection or invalidation from ADWR. CAWCD shall transfer and assign back to the Nation the number of credits affected by any such rejection or invalidation. The Nation'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

TOHONO O'ODHAM NATION:

For U.S Mail use: Tohono O'odham Nation
P.O Box 837
Sells, Arizona 85634
Attn: Attorney General


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.

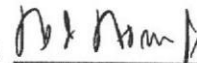
CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: 

Its: President

ATTEST: 
Secretary

TOHONO O'ODHAM NATION, a federally recognized Indian tribe.

By: 

Its: Chairman

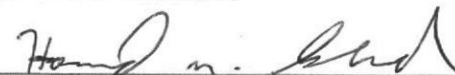
APPROVED AS TO FORM 

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
Pima Mine Road USF	71-577501	73-577501.0900	70-084101	4,000	CAP
Hieroglyphic Mountains USF	71-584466	73-584466.1300	70-441218	16,000	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

ARIZONA DEPARTMENT OF WATER RESOURCES
Water Planning & Permitting Division
1110 West Washington St., Suite 310
Phoenix, Arizona 85007
Telephone (602) 771-8599
Fax (602) 771-8689

LONG-TERM STORAGE CREDIT TRANSFER FORM
A.R.S. § 45-854.01

For Official Use Only

DATE RECEIVED: _____

The fee for a Long-Term Storage Credit Transfer is \$250.00 per water storage transfer. Only one transaction may be requested per form. Payment may be made by cash, check, or credit card. Checks should be made payable to the Arizona Department of Water Resources. Failure to enclose the fee will cause the form to be returned. Fees for a Long-Term Credit Transfer are authorized by A.A.C. R12-15-104.

[FOR ASSIGNOR]

Name of Assignor

Long-Term Storage Account No.

Contact Person/Telephone Number

Facility Permit Number (where source water was stored)

Mailing Address

Water Storage Permit Number (authority to store source water)

City/State/Zip

Email

Number of long-term storage credits (in acre-feet) transferred by type(s) of water and year credits were earned.

Type: _____ acre-feet _____ year earned _____

Type: _____ acre-feet _____ year earned _____

[FOR ASSIGNEE]

Name of Assignee

If the transfer includes long-term storage credits earned from the storage of Central Arizona Project (CAP) water in an Active Management Area (AMA), please state:

1. The date of Assignee's formation (if Assignee is a legal entity): _____

Contact Person/Telephone Number

2. The amount of groundwater withdrawn by Assignee in the AMA during the calendar year that the credits were earned:

Mailing Address

a. The groundwater right number(s) the Assignee withdrew the groundwater pursuant to:

City/State/Zip

Email

Long -Term Storage Account No. (if any)

Required Signature Block is on Page 2

Pursuant to A.R.S. § 45-854.01(C), the director of the Arizona Department of Water Resources may reject and invalidate any assignment of long-term storage credits in which the stored water would not have met the requirements for long-term storage credits as prescribed by A.R.S. § 45-852.01 if the assignee had stored the water.

The undersigned hereby certify, under penalty of perjury, that the information contained in this report is, to the best of their knowledge and belief, correct and complete and that they are authorized to sign on behalf of the party for whom their signature appears.

Authorized Signature for Assignor DATE

Title

Authorized Signature for Assignee DATE

Title

NOTICE

A.R.S. § 41-1030(B), (D), (E) and (F) provide as follows:

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

D. This section may be enforced in a private civil action and relief may be awarded against the state. The court may award reasonable attorney fees, damages and all fees associated with the license application to a party that prevails in an action against the state for a violation of this section.

E. A state employee may not intentionally or knowingly violate this section. A violation of this section is cause for disciplinary action or dismissal pursuant to the agency's adopted personnel policy.

F. This section does not abrogate the immunity provided by section 12-820.01 or 12-820.02.