

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REGARDING AD VALOREM TAX FOR WATER STORAGE

(June 10, 2021)

WHEREAS, House Bill 2494 adopted by the Arizona Legislature in 1996 (Chapter 308, Laws of Arizona 1996, Forty-second Legislature, Second Regular Session) established the Arizona Water Bank and amended A.R.S. § 48-3715.02 relating to the tax levy for water storage; and

WHEREAS, A.R.S. § 48-3715.02, subsection B, provides that the Central Arizona Water Conservation District ("CAWCD" or "the District") acting through its Board of Directors (the "Board"), shall fix the amount to be raised by direct taxation pursuant to its provisions, which amount shall not exceed four cents per one hundred dollars of assessed valuation (the "Water Storage Tax"); and

WHEREAS, the Board by separate action has fixed the tax rate pursuant to A.R.S. §48-3715.02, subsection B, for the 2021/2022 tax year at four cents per one hundred dollars of assessed valuation; and

WHEREAS, A.R.S. § 48-3715.03 further provides that the Board shall annually determine by resolution whether any or all of the Water Storage Tax shall be applied to the repayment of the construction costs of the Central Arizona Project (the "Project") or to the annual operation, maintenance, and replacement costs of the Project; and

WHEREAS, A.R.S. § 48-3715.03 further provides that those monies specified in the resolution for repayment of the construction costs or payment of the annual operation, maintenance, and replacement costs of the Project shall be deposited, pursuant to A.R.S. §§35-146 and 35-147, in the District fund established pursuant to A.R.S. § 48-3712, subsection A, paragraph

5; and

WHEREAS, A.R.S. § 48-3715.03 further provides that any Water Storage Tax receipts that are not deposited in the District fund shall be deposited, pursuant to A.R.S. §§ 35-146 and 35-147, in the Arizona Water Banking Fund established pursuant to A.R.S. § 45-2425; and

WHEREAS, in accordance with the Intergovernmental Agreement Among Arizona Department of Water Resources, Arizona Water Banking Authority (“AWBA”) and CAWCD dated January 3, 2019, the AWBA notified the District on March 24, 2021 that the estimated revenues it is seeking from the Water Storage Tax for the purchase of LTSCs for CAP M&I firming, accounted for by County, during calendar year 2022 are \$4,000,000 for a target amount of 18,341 AF in the Phoenix AMA and \$3,000,000 for a target amount of 13,623 AF in the Tucson AMA for a total amount of \$7,000,000; and

WHEREAS, the AWBA requests that the Water Storage Tax revenues be made available by the Board for AWBA's use to purchase these LTSCs at such time when the AWBA enters into an agreement for the purchase of LTSCs utilizing Water Storage Tax revenues and the agreements have been approved by the AWBA Commission; and

WHEREAS, the Board desires to authorize \$4,000,000 of the Water Storage Tax revenues collected in Maricopa County for the 2021/2022 tax year and \$3,000,000 of the Water Storage Tax revenues collected in Pima County for the 2021/2022 tax year be available to the Arizona Water Banking Fund at such time when the AWBA enters into an agreement for the purchase of LTSCs utilizing Water Storage Tax revenues and the agreements have been approved by the AWBA Commission; and

WHEREAS, in accordance with the IGA, the Board may authorize and set forth the amount available for transfer to the AWBA in the annual resolution it adopts at its June meeting of the

CAWCD Board of Directors and to direct the transfer of Water Storage Tax revenues to the Arizona Water Banking Fund; and

WHEREAS, in accordance with the IGA, the AWBA will provide notice to CAWCD specifying the total price paid for the LTSCs along with a copy of the signed purchase agreement; and

WHEREAS, A.R.S. § 48-3715.03 further provides that a certified copy of such resolution shall be delivered to the Arizona Department of Water Resources.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Central Arizona Water Conservation, as follows:

1. That all of the taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, herein referred to as the Water Storage Tax, in the 2021/2022 tax year, except as provided in paragraph 3 below, shall be applied to repayment of the construction costs or payment of the annual operation, maintenance, and replacement costs of the Project, including underground storage for the purpose of M&I firming by the Arizona Water Banking Authority; and
2. That all taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, in the 2021/2022 tax year be deposited in a designated District account in the District fund established pursuant to A.R.S. § 48-3712, subsection A, paragraph 5; and
3. That up to \$4,000,000 of the Water Storage Tax, collected in Maricopa County, in the 2021/2022 tax year and up to \$3,000,000 of the Water Storage Tax, collected in Pima County, is authorized and shall be available to the AWBA for the purchase of LTSCs at such time there are transactions requiring funding; and
4. That the specific amount of the total purchase price paid for the LTSCs, up to the authorized amount of the Water Storage Tax stated in paragraph 3 above, be transferred and deposited in the Arizona Water Banking Fund established

- pursuant to A.R.S. §45-2425 upon receipt by CAWCD of any such agreement that is approved by the AWBA Commission for the purchase of LTSCs; and
5. That any remaining authorized amounts made available to the AWBA that are not transferred and deposited in the Arizona Water Banking Fund will carry over to be credited against future requests by the AWBA and remain available to be used for the purchase of LTSCs in subsequent years; and
 6. That a certified copy of this resolution be delivered to the Arizona Department of Water Resources.

I, the undersigned, as Secretary of the Central Arizona Water Conservation District, hereby certify that the foregoing is a true and correct copy of the resolutions duly adopted by the Board of Directors of the Central Arizona Water Conservation District at a meeting thereof, duly called and held on June 10, 2021, at which a quorum was present and acting throughout. I further certify that said resolutions have not been modified or revoked since their adoption and are still in full force and effect.

SIGNED THIS 10th DAY OF JUNE 2021.

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By: Alexandra M. Arboleda
Alexandra Arboleda
Secretary