

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

This Purchase and Sale Agreement (Agreement) is made this ____ day of _____, 2025, (the "Effective Date"), between the Arizona Water Banking Authority ("AWBA"), an authority established under Chapter 14, Title 45 of the Arizona Revised Statutes ("A.R.S."), added by Law 1996, Ch. 308, § 16, effective April 30, 1996, and Vidler Water Company, Inc. a Nevada Corporation ("Vidler"). AWBA and Vidler may be referred to herein collectively as the "Parties" or individually as a "Party".

RECITALS

A. The AWBA desires to purchase Long-Term Storage Credits held by Vidler pursuant to A.R.S. § 45-801 *et seq.*, for the benefit of meeting the AWBA's storage goals.

B. Vidler is willing to sell and transfer certain Long-Term Storage Credits to AWBA upon 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:

1.1 "ADWR" means the Arizona Department of Water Resources.

1.2 "Agreement" means this Purchase and Sale Agreement for Long-Term Storage Credits.

1.3 "AWBA" means the Arizona Water Banking Authority established by A.R.S. § 45-2421 or its successor.

1.4 "AWBA's Long-Term Storage Account" means the account established pursuant to A.R.S. § 45-852.01 in the AWBA's name, account number 70-441150.0000.

1.5 "Vidler's Long-Term Storage Account" means the account established pursuant to A.R.S. § 45-852.01 in Vidler's name, account No. 70-441157.0000.

1.6 "Long-Term Storage Credit" is as defined in A.R.S. § 45-802.01(11).

1.7 "Long-Term Storage Credit Transfer Form" is a form, approved by ADWR, to effectuate the assignment of Long-Term Storage Credits, as defined in A.R.S. § 45-854.01(B), and more specifically described in Article 3 below.

ARTICLE 2
PURCHASE OF LONG-TERM STORAGE CREDITS

2.1 Sale and Purchase. Subject to the terms and conditions of this Agreement, Vidler agrees to sell, transfer and assign and AWBA agrees to purchase, acquire and pay for up to 11,850.40 acre-feet of Long-Term Storage Credits.

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 Vidler are from Vidler's Long-Term Storage Account and represent credits accrued for water stored pursuant to ADWR Water Storage Permit Numbers 73-534888.0500, 73-534888.0900, and 73- 534888.0700 at New Magma Irrigation and Drainage District, ADWR Permit Number 72- 534888.0009, and ADWR Water Storage Permit Number 73-569775.0500 at Agua Fria Managed Underground Storage Facility, ADWR Permit Number 71-569775.0009, both located in the Phoenix Active Management Area. Credits by permit and location are listed in Exhibit A.

2.4 Purchase Price. The purchase price for the Long-Term Storage Credits to be sold by Vidler and to be purchased by AWBA under this Agreement is calculated at a per-credit price of \$533.50 per Long-Term Storage Credit, not to exceed \$6,322,188.40 ($\$533.50/\text{Long-Term Storage Credit} \times 11,850.40 \text{ acre-feet of Long-Term Storage Credits} = \$6,322,188.40$).

ARTICLE 3
TIME AND MANNER OF TRANSFER

3.1 Long-Term Storage Credit Transfer Form. To evidence the transfer of Long-Term Storage Credits, Vidler and AWBA shall complete, sign and deliver the Long-Term Storage Credit Transfer Form to ADWR upon full execution of this Agreement. A copy of the Long-Term Storage Credit Transfer Form is attached as Exhibit B to this Agreement. If ADWR adopts a different Long-Term Storage Credit Transfer Form, then the Parties shall utilize that form instead. Vidler shall execute and deliver the signed Long-Term Storage Credit Transfer Form to AWBA within seven (7) business days of execution of this Agreement by both Parties. AWBA shall deliver the fully executed Long-Term Storage Credit Transfer Form to ADWR within seven (7) business days of its receipt from Vidler.

3.2 Additional Actions and Documentation. AWBA shall pay any administrative fees established by ADWR to effectuate the transfer of Long-Term Storage Credits into AWBA's Account. 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 AWBA in writing that it has received and accepted the Long-Term Storage Credit Transfer Form and intends to transfer Long-Term Storage Credits from Vidler's Long-Term Storage Account to AWBA's Account ("ADWR's Acceptance"). AWBA and Vidler shall cooperate with ADWR to facilitate completion of such transfer by ADWR. AWBA will forward to Vidler copies of any notifications it receives from ADWR.

4.2. Payment. Upon the decision of the Central Arizona Water Conservation District Board of Directors to deposit water storage *ad valorem* tax funds to the Arizona Water Banking Fund, Vidler shall invoice the AWBA the full purchase price of \$6,322,188.40 as specified in Article 2.4 above and allow thirty (30) days for the AWBA to remit payment. In no event shall the delivery of funds for the acquisition of the Long-Term Storage Credits hereunder extend beyond the due date of the invoice, unless it is extended through mutual agreement by the Parties. Should the Central Arizona Water Conservation District Board of Directors fail to deposit water storage *ad valorem* tax funds to the Arizona Water Banking Fund, this agreement shall terminate without further action by the Parties hereto. If the Central Arizona Water Conservation District Board of Directors has not taken any action regarding this matter by March 31, 2025, Vidler may terminate this Agreement by delivering written notice thereof to the AWBA and the Parties shall have no further obligations hereunder, except any that expressly survive termination.

4.3. Non-availability of Funds. Every payment obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligations. If funds are not allocated and available for the continuance of the Agreement, this Agreement may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph. In the event the State has to terminate this Agreement because the funds are not available, if such were to occur after Vidler has transferred Long-Term Storage Credits and did not receive payment for such, AWBA shall transfer and assign back to Vidler the number of credits affected by any such lack of funds transfer. AWBA's obligation to refund any credits under this Agreement shall be completed thirty (30) calendar days after AWBA receives notification that such funds are not available.

ARTICLE 5
REJECTION OR INVALIDATION OF
TRANSFER

If ADWR, pursuant to A.R.S. § 45-854.01(C), rejects or invalidates any transfer or assignment of Long-Term Storage Credits made hereunder before AWBA has paid for such Long-Term Storage Credits, AWBA 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 AWBA, Vidler shall refund an amount equal to the amount paid by AWBA for such credits. Vidler shall refund such amount within thirty (30) business days after either AWBA or Vidler receives any notice of rejection or invalidation from ADWR. AWBA shall transfer and

assign back to Vidler the number of credits affected by any such rejection or invalidation. Vidler 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 the AWBA Account. 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

This Agreement shall be effective as of the date set forth in the introductory paragraph of this Agreement (the "Effective Date") and shall stay in effect until all provisions under the Agreement have been met.

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 thirty 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. Each party hereto shall be given a 10-day written notice and opportunity to cure any default and any failure to meet a deadline under this Agreement before the other party may exercise any remedy. The obligation of the defaulting party to pay any amounts due but unpaid or refund any credits previously transferred but unpaid as of the date of termination under this provision shall survive such termination. Notwithstanding anything to the contrary contained herein, the Parties expressly waive and agree that in no event shall either party be liable for any speculative, consequential, or punitive damages as a result of this Agreement.

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. Non-Discrimination. The Parties shall comply with State Executive Order No. 2023-09, 2023-01, 2009-09 and 75-5, as amended by State Executive Order No. 2009-9, and all other applicable Federal and State laws, rules and regulations relating to equal opportunity and non-discrimination, including the Americans with Disabilities Act.

8.4. Conflict of Interest. The Parties to this Agreement are hereby notified of A.R.S. § 38- 511.

8.5. Permits. The Parties shall obtain and maintain all licenses, permits and authority necessary to perform their obligations pursuant to this Agreement, and shall comply with all applicable state, federal and local laws, including but not limited to those regarding employment insurance, disability insurance and worker's compensation. This Agreement does not relieve either party from any obligation or responsibility imposed upon it by law.

8.6. No Employment. Neither Party shall be considered an officer, employee or agent of the other. No monitoring or supervisory responsibility over the other Party's activities arises on the part of the other or as a result of, or pursuant to, this Agreement other than as expressly provided herein.

8.7. 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.

8.8. Books, Records and Inspections. Pursuant to A.R.S. §§ 35-214, 35-215 and 41-2548, all books, accounts, reports, files, and other records relating to the Agreement shall be subject at all reasonable times to inspection and audit by the State of Arizona and the Department for five (5) years after completion of the Agreement. Such records shall be provided at such state offices as are designated by the State of Arizona and the AWBA.

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

8.10. Resolution of Disputes. The Parties shall attempt to resolve all claims, disputes, controversies, or other matters in question between the Parties arising out of, or relating to, this Agreement ("Dispute") promptly, equitably, and in a good faith manner. Any Dispute arising out of this Agreement is subject to arbitration to the extent required by A.R.S. §12-133 and § 12- 1518. The prevailing Party in such arbitration may seek enforcement of such award in any court of competent jurisdiction. Each Party agrees to submit to the jurisdiction of any such court solely for purposes of the enforcement of such arbitration decision and for no other purpose.

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

8.12. 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.

8.13. 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.

8.14. Limitation of Liability. No partner, member, manager, officer, director, shareholder, beneficial owner, agent, or employee of AWBA or Vidler, or any affiliate thereof, shall be personally liable for any obligation of AWBA or Vidler, as applicable, hereunder.

8.15. Brokers. Each Party represents and warrants to the other that it has not dealt with any broker or agent in connection with this transaction. Each Party hereby indemnifies and holds harmless the other Party from all loss, cost, and expense, including reasonable attorneys' fees, arising out of a breach of its representation or undertaking set forth in this paragraph. The provisions of this paragraph shall survive the completion of the delivery of the Long-Term Storage Credits or earlier termination of this Agreement.

8.16. 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.

8.17. 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 existing as of the date of this Agreement.

8.18. 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, facsimile, United States mail, or email. Any such notice must be addressed to the appropriate party at the following address and/or email (or at any other address as a party may hereafter designate by written notice given as required by this paragraph):

AWBA:

For personal delivery: Manager
Arizona Water Banking Authority
1110 W Washington St.
Phoenix, AZ 85007

For U.S. Mail/email: Manager
Arizona Water Banking Authority
P.O. Box 36020
Phoenix, Arizona 85067-6020
rbernat@azwater.gov

VIDLER WATER COMPANY, INC.:

For U.S. Mail/email: Vidler Water Company, Inc.
3480 GS Richards Blvd., Ste 101
Carson City, NV 89703
Attn: Dorothy Timian-Palmer, P.E.,
President and CEO; and
Justin Townsend,
Associate Region Counsel
dorothy@vidlerwater.com
jmtownsend@drhorton.com

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

**ARTICLE 9
CORPORATE APPROVAL**

NEITHER THIS AGREEMENT NOR ANY AMENDMENT HERETO SHALL BE A VALID, BINDING OR ENFORCEABLE OBLIGATION OF VIDLER UNLESS EXECUTED BY ONE OF DAVID AULD, PAUL ROMANOWSKI, BILL WHEAT, MICHAEL J. MURRAY, OR J. MATT FARRIS, EACH AN OFFICER OF VIDLER.

[signatures appear on following page]

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

ARIZONA WATER BANKING AUTHORITY

By: _____
Thomas Buschatzke
Its: Chairperson

ATTEST: _____
Eric Braun
Its: Secretary

VIDLER WATER COMPANY, INC.

By: _____
Dorothy Timian-Palmer
Its: President and CEO

VIDLER's CORPORATE APPROVAL

By: _____
Name: _____
Title: _____
As an Officer of Vidler and not in his/her
Individual capacity

Date: _____

EXHIBIT A

Facility at which credits are held:	ADWR Facility Permit #:	Water Storage Permit #:	Number of Credits (acre-feet):
New Magma Irrigation & Drainage District	72-534888.0009	73-534888.0500	2233.25
		73-534888.0900	8922.00
		73-534888.0700	25.00
Agua Fria Managed Underground Storage Facility	71-569775.0009	73-569775.0500	670.15
Total number of credits:			11,850.40

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
1802 West Jackson Street, Box #79
Phoenix, Arizona 85007
Phone: (602) 771-8737
Email: recharge@azwater.gov

FOR OFFICE USE ONLY Date Received: _____

ASSIGNMENT OF LONG-TERM STORAGE CREDITS FORM
A.R.S § 45-854.01

The fee for an Assignment of Long-Term Storage Credits is \$250.00* per water storage permit. Only one water storage permit number may be listed per transfer form. Payment may be made by cash, check, or credit card, (if you wish to pay by credit card, please contact the Recharge Program at 602-771-8737). 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 an Assignment of Long-Term Storage Credits are authorized by A.A.C. R12-15-104.

Check the applicable reason for the transfer:

- Regular Assignment of LTSCs
- LBDCP LTSC Exchange Agreement with AWBA *NO FEE
 - (Valid 01/01/2023-12/31/2026) (not subject to WTCRBUD)
- AWBA Firming (not subject to WTCRBUD)

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

Volume: _____ acre-feet, Type: _____, Year Earned: _____

Volume: _____ acre-feet, Type: _____, Year Earned: _____

[FOR ASSIGNOR]

- Phoenix AMA Pinal AMA Prescott AMA Tucson AMA Harq INA

Name of Assignor

Long-Term Storage Account No.

Contact Person

Facility Permit Number (71- or 72-)
(where source water was stored)

Mailing Address

Water Storage Permit Number (73-)
(authority to store source water)

City, State, Zip

Telephone Number

Email Address

Required Signature Block is on Page 2

[FOR ASSIGNEE]

Phoenix AMA Pinal AMA Prescott AMA Tucson AMA Harq INA

Name of Assignee

Long-Term Storage Account No. (if any)

Mailing Address

City, State, Zip

Email Address

Telephone Number

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):_____.
2. The amount of groundwater withdrawn by Assignee in the AMA during the calendar year that the credits were earned:_____.
- a. The groundwater right number(s) the Assignee withdrew the groundwater pursuant to:
_____.
3. Will these LTSCs be recovered for the purpose of providing CAP water to electrical generating facilities, pursuant to A.R.S. § 45-802.01(23)(d)(ii)? YES NO

Pursuant to A.R.S. § 45-854.01(C), the director of the Arizona Department of Water Resources may reject or 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 water.

The undersigned certify, under the penalty of perjury, that the information contained in this form 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

Authorized Signature for Assignee DATE

Title

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.