

PURCHASE AND SALE AGREEMENT FOR LONG-TERM STORAGE CREDITS

THIS PURCHASE AND SALE AGREEMENT FOR LONG-TERM STORAGE CREDITS (this "Agreement") is made this ___ day of _____ 2025, between the City of Glendale, an Arizona municipal corporation ("Seller"), and VAI Resorts, LLC, an Arizona limited liability company ("Seller").

RECITALS

A. Seller is the water and sewer service provider for most of the City of Glendale, and in this capacity routinely provides water services to its customers. Seller from time-to-time stores underground in permitted recharge facilities certain effluent (reclaimed water) resulting from the City's treatment of wastewater.

B. Buyer desires to purchase one effluent Long-Term Storage Credit held by Seller pursuant to Arizona Revised Statutes Title 45, Chapter 3.1.

C. Seller is willing to sell and transfer one Long-Term Storage Credit in the amount, at the delivery time and for the price specified in this Agreement.

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:

"ADWR" means the Arizona Department of Water Resources.

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

"Buyer" has the meaning given that term in the introductory paragraph of this Agreement.

"Buyer's Long-Term Storage Account" means an account to be established by Buyer in Buyer's name pursuant to Arizona Revised Statutes § 45-852.01 for Long-Term Storage Credits stored in the Phoenix Active Management Area.

"Long-Term Storage Credit" or "LTSC" has the meaning given that term in Arizona Revised Statutes § 45-802.01(11).

"Seller" has the meaning given that term in the introductory paragraph of this Agreement.

"Seller's Long-Term Storage Account" means an account established in Seller's name pursuant to Arizona Revised Statutes § 45-852.01 for Long-Term Storage Credits stored in the

Phoenix Active Management Area, ADWR Long Term Storage Account Number 70-441149.0000.

“Transfer Form” means the form currently in use by ADWR to document the transfer of LTSCs on the date that each transfer occurs pursuant to this Agreement.

ARTICLE 2 PURCHASE AND SALE 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 Buyer agrees to purchase, accept, and pay for one acre-foot of LTSCs. Buyer agrees to purchase the one acre-foot of LTSCs by June 1, 2025.

2.2 Type of Water. Seller covenants that all the LTSCs sold pursuant to this Agreement have been accrued through storage of water from effluent. The parties intend that all LTSCs purchased and sold under this Agreement shall retain the identity of the source of water used to generate such LTSCs.

2.3 Long-Term Storage Credits to be Transferred.

2.3.1 The LTSCs to be sold by Seller pursuant to this Agreement are from Seller’s Long-Term Storage Account and shall represent credits accrued for water stored in the New River-Agua Fria Underground Storage Project (NAUSP) located in the West Salt River Valley Groundwater Sub-Basin of the Phoenix Active Management Area.

2.4 Purchase Price and Payment Calculation. The price per LTSC is \$550.00 for a total of Five Hundred Fifty Dollars (\$550.00) (the “Purchase Price”) payable to Seller by check, wire, or other good funds by June 1, 2025.

2.5 Seller’s Warranty of Title. Seller represents and warrants to Buyer that it will have good and marketable title to the LTSCs that are the subject of this Agreement and agrees to convey marketable title to such LTSCs free and clear of all liens, claims and encumbrances.

2.6 Term. The term of this Agreement shall commence on the date hereof and shall terminate on December 31, 2025 or so long thereafter as is required for ADWR to complete the transfer of the LTSCs from Seller to Buyer as contemplated in this Agreement.

ARTICLE 3 TRANSFER DOCUMENTATION

3.1 Transfer Form. To evidence the transfer of the Long-Term Storage Credits contemplated by this Agreement, Buyer and Seller shall execute Transfer Form as specified in Section 4.1.

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 reasonably necessary or advisable to complete the transfer of the LTSCs contemplated by this Agreement.

**ARTICLE 4
DELIVERY AND PAYMENT**

4.1 Delivery. Within 10 business days of the date that payment for transfer of LTSCs is received by Seller, Seller shall execute and deliver to Buyer a Transfer Form for the LTSCs ordered at that time. Upon Buyer's receipt of the executed Transfer Form, Buyer shall promptly countersign the Transfer Form and file it with ADWR. Buyer shall be solely responsible for filing the Transfer Forms with ADWR and shall pay any applicable filing and transfer fees in connection therewith. Buyer and Seller shall cooperate with ADWR to facilitate completion of such transfer by ADWR. For purposes of this Section 4.1, "delivery" shall mean delivery to the address and in the manner specified in Article 6 below and "receipt" or "received" shall mean the date that the overnight carrier delivers or attempts delivery to the address specified.

4.2 Payment. Buyer shall pay Seller the purchase price then due in accordance with Section 2.4 in full by wire, check, or other good funds.

**ARTICLE 5
REJECTION OF TRANSFER**

Buyer shall be solely responsible for verifying that it is eligible to receive the LTSCs to be purchased pursuant to this Agreement. Buyer acknowledges that it is assuming the risk that Arizona law or ADWR's policies regarding eligibility may change between the date of this Agreement and the filing of the Transfer Form and Buyer assumes all risks of any such change in law or policies. If ADWR notifies Buyer that Buyer or Buyer's designated transferee is ineligible to hold the LTSCs, Seller and Buyer will cooperate to adjust the designee so that the LTSCs can be held by a new Buyer designee, but Buyer will remain responsible to pay any ADWR fees for the transfer. Seller shall take no action to impair or impede the transfer of LTSCs and in the event that Seller's action or inaction, or Seller's inability to deliver good and marketable title to the LTSCs at the time of the transfer prevents the transfer from occurring, Seller shall be responsible to immediately refund the purchase price to Buyer.

**ARTICLE 6
NOTICES**

All notices requests, consents, waivers or other communications required or permitted to be given under this Agreement to a party must be in writing and must be personally delivered to the intended recipient or sent to the intended recipient via a nationally recognized overnight courier such as Federal Express or UPS, shipping charges paid by sender, addressed as follows:

If to Seller:

City of Glendale
Attn: City Attorney, City Manager
5850 W. Glendale Ave.
Glendale, AZ 85301

If to Buyer:

VAI Resorts, LLC
Attn: General Counsel
9601 W. Cardinals Way
Glendale, AZ 85305

ARTICLE 7 MISCELLANEOUS PROVISIONS

7.1 Right to Repurchase. Buyer agrees to not resell the Long Term Storage Credits purchased under this Agreement without first offering in writing to Seller to sell the Long Term Storage Credits back to Seller at the Purchase Price. If Seller does not repurchase the Long Term Storage Credits within 60 days after Seller receives Buyer's written notice of the repurchase option, then Buyer may resell the Long Term Storage Credits to a third party.

7.2 Choice of Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of law principles. The parties agree that any action, suit, or proceeding arising out of or relating to this Agreement shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the parties irrevocably submit to the jurisdiction of any such court.

7.3 Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any dispute arising out of or relating to this Agreement.

7.4 Amendment. No amendment, modification or change to this Agreement shall be enforceable unless set forth in writing and executed by both parties.

7.5 Assignability. Neither party hereto may assign its rights or obligations under this Agreement without the written consent of the other party, which consent will not be unreasonably withheld.

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

7.7 Specific Performance. The parties agree that if a party fails to perform its obligations under this Agreement, other remedies will be insufficient and the parties agree that, in addition to other available remedies, the remedy of specific performance shall be available to the aggrieved party.

7.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one of such counterparts; provided that the counterpart produced bears the signature of the party sought to be bound.

7.9 Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and thereof and supersedes any and all prior

negotiations, undertakings, understandings, agreements and business term sheets between the parties with respect to the subject matter hereof and thereof. No party will be bound by or deemed to have made in connection herewith any representations, warranties, commitments or undertakings, except those contained herein or therein.

7.10 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.

7.11 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.

7.12 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

7.13 Attorneys' Fees. In the event it becomes necessary for either Buyer or Seller to employ legal counsel or to bring an action at law or other proceeding to enforce any of the terms, covenants or conditions of this Agreement, the prevailing party in any such action and proceeding shall be entitled to recover its costs and expenses incurred in such action from the other party, including, without limitation, reasonable attorneys' fees.

7.14 Enforcement Rights. Only Seller and Buyer may enforce this Agreement. Seller and Buyer do not intend through this Agreement to confer enforceable rights on any non-party and do not intend to create any third-party beneficiaries to this Agreement.

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

(Signatures on following page)

CITY OF GLENDALE, an Arizona municipal corporation

By: _____
Kevin R. Phelps
Interim City Manager

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower (SEAL)
City Clerk

Michael D. Bailey
City Attorney

VAI RESORTS, LLC,
an Arizona limited liability company

By: _____

Its: _____