

RESOLUTION 2002-1

of the

Arizona Water Banking Authority

WHEREAS, The Arizona Water Banking Authority (“Authority”) is mandated by A.R.S. § 45-2457 to reserve a reasonable number of long-term storage credits accrued with general fund appropriations for the benefit of municipal and industrial users of Colorado River water in this state that are outside the service area of the Central Arizona Water Conservation District (“CAWCD”);

WHEREAS, on January 21, 1998, the Authority adopted a motion identifying 420,000 acre feet as the reasonable number of long-term storage credits to be developed and set aside for the benefit of municipal and industrial users of Colorado River water in this state that are outside the service area of CAWCD;

WHEREAS, A.R.S. § 45-2457 also authorizes the Authority, in addition to making water available to municipal and industrial users of Colorado River water in this state that are outside the service area of CAWCD, to distribute credits: 1) to make water available to CAWCD to the extent necessary for CAWCD to meet the demands of its municipal and industrial subcontractors; 2) to implement the settlement of water right claims by Indian communities in this state; and 3) to fulfill the water management objectives set forth in chapter 2 of Title 45, Arizona Revised Statutes;

WHEREAS, the Authority recognizes the benefits for planning purposes of more clearly prioritizing the use of long-term storage credits accrued with general fund appropriations;

WHEREAS, the Authority recognizes that general fund appropriations are the sole source of funds with which it is authorized to accrue long-term storage credits for the benefit of municipal and industrial users of Colorado River water in this state that are outside the service area of CAWCD and that other funding sources are available to the Authority with which to achieve the other authorized uses of the general fund appropriation;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Authority, as follows:

1. That the first priority of the use of long-term storage credits accrued with general fund appropriations shall be to develop and set aside a reasonable number of long-term storage credits as determined by the Commission of the Authority for the benefit of municipal and industrial users of Colorado River water in this state that are outside the service area of CAWCD.

2. That the second priority use of long-term storage credits accrued with general fund appropriations shall be to implement the settlement of water right claims by Indian communities in this state.

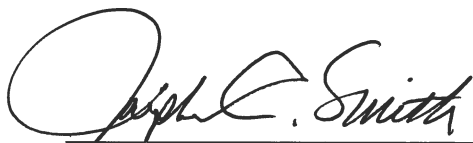
3. That the third priority use of long-term storage credits accrued with general fund appropriations shall be to make water available to CAWCD to the extent necessary for CAWCD to meet the demands of its municipal and industrial subcontractors.

4. That the fourth priority use of long-term storage credits accrued with general fund appropriations shall be to fulfill the water management objectives set forth in chapter 2 of Title 45, Arizona Revised Statutes.

5. That, to effectuate these priorities, the Authority shall consider and determine that long-term storage credits are available, or that general fund appropriation will be available to develop the long-term storage credits projected to be needed, to fulfill higher priority objectives before distributing long-term storage credits for any lower priority use. In making this determination, the Authority may also consider whether long-term storage credits accrued with funds other than general appropriation funds are available to fulfill the higher priority objectives.

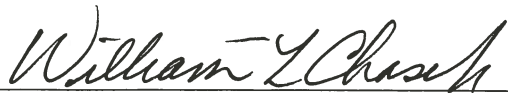
6. That Authority staff are directed to conduct their planning and operation of the Authority business to effectuate the priorities set forth in this resolution.

IN WITNESS WHEREOF, the Chairman of the Authority approves this Resolution by affixing his signature below on this 20TH day of MARCH, 2002.



Joseph C. Smith, Chairman
Arizona Water Banking Authority

Attest:



William L. Chase, Secretary
Arizona Water Banking Authority



(Official Seal)