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March 7, 2005

Arizona American Water Company
Arizona State Parks
Brooke Water Company

McAllister Subdivision
Marble Canyon Company
Crystal Beach Water Conservation District

Re: Agreement to Firm Future Water Supplies

To Whom It May Concern:

I am general counsel for the Mohave County Water Authority (MCWA). The Authority has been working with the Arizona Water Bank (AWBA) since its inception to guarantee the availability of a back up supply of water to 4th priority M&I contract holders in Mohave County. The legislation creating the water bank specifically called for the set aside of long term storage credits to protect M&I holders of 4th priority contracts, on the mainstem of the Colorado, from cutbacks in times of declared shortages on the river. The Bank did in fact use general fund dollars to create a bank of long term storage credits ostensibly for use along the river. Unfortunately, there had been no legal obligation to use the credits for that purpose and they were being looked at for possible use in the various Indian settlements.

Due to our concern that these credits might not be available to use in times of shortage because of use for other purposes we asked the Bank to approve an agreement setting aside a certain number of credits for use only in Mohave County. The Bank approved that agreement at its December meeting. Among other things, the contractors along the river must elect, by June of 2005, whether or not to participate in the agreement and to make a prepayment of \$20 an acre foot for each credit to be set aside for their use.

Attached for your information are the following:

1. Firming agreement with AWBA dated February 4, 2005.
2. List of Mohave County 4th priority M7I contract holders and the estimated amount of credits to hold them harmless from shortage through 2096. (It should be noted that the Bank, in response to a question raised by the Bullhead City Council, has agreed we can take some or all of the estimated needed number of credits).

"As you drink the water, remember the spring."

- Chinese proverb -

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3. Copy of a presentation made to the Bullhead City Council on the issue.

Please let me know prior to May 1 if you intend to participate in this agreement. Please call if you have any questions in regard to the foregoing.

Thank you for your consideration of this important issue.

Sincerely,



Maureen Rose George

cc: Tom Griffin, MCWA
Tim Henley, AWBA