

AMENDED
CITY COUNCIL REGULAR MEETING AGENDA

REGULAR COUNCIL MEETING
TUESDAY
NOVEMBER 4, 2025

COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
3:00 P.M.

All City Council Meetings are live streamed on the city's YouTube page
(<https://www.youtube.com/@FlagstaffCityGovernment>)

*****PUBLIC COMMENT*****

Verbal public comments not related to items appearing on the posted agenda may be provided during the "Open Call to the Public" at the beginning and end of the meeting and may only be provided in person.

Verbal public comments related to items appearing on the posted agenda may be given in person or online and will be taken at the time the item is discussed.

To provide online verbal comment on an item that appears on the posted agenda, use the link below.

[ONLINE VERBAL PUBLIC COMMENT](#)

Written comments may be submitted to publiccomment@flagstaffaz.gov. All comments submitted via email will be considered written comments and will be documented in the record as such.

1. CALL TO ORDER

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this regular meeting, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. ROLL CALL

NOTE: One or more Councilmembers may be in attendance through other technological means.

MAYOR DAGGETT
VICE MAYOR SWEET
COUNCILMEMBER ASLAN
COUNCILMEMBER GARCIA

COUNCILMEMBER HOUSE
COUNCILMEMBER MATTHEWS
COUNCILMEMBER SPENCE

3. PLEDGE OF ALLEGIANCE, MISSION STATEMENT, AND LAND ACKNOWLEDGEMENT

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life for all.

LAND ACKNOWLEDGEMENT

The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this

place as home.

4. OPEN CALL TO THE PUBLIC

Open Call to the Public enables the public to address the Council about an item that is not on the prepared agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed. Open Call to the Public appears on the agenda twice, at the beginning and at the end. The total time allotted for the first Open Call to the Public is 30 minutes; any additional comments will be held until the second Open Call to the Public.

If you wish to address the Council in person at today's meeting, please complete a comment card and submit it to the recording clerk as soon as possible. Your name will be called when it is your turn to speak. You may address the Council up to three times throughout the meeting, including comments made during Open Call to the Public and Public Comment. Please limit your remarks to three minutes per item to allow everyone an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

5. PROCLAMATIONS AND RECOGNITIONS

A. Proclamation: Native American Heritage Month

STAFF RECOMMENDED ACTION:

Read and present the proclamation.

6. COUNCIL LIAISON REPORTS

7. CONSENT AGENDA

All matters under Consent Agenda are considered by the City Council to be routine. Unless a member of City Council expresses a desire at the meeting to remove an item from the Consent Agenda for discussion, the Consent Agenda will be enacted by one motion approving the recommendations listed on the agenda. Unless otherwise indicated, expenditures approved by Council are budgeted items.

STAFF RECOMMENDED ACTION:

Approve the Consent Agenda as posted.

A. Consideration and Approval of Contract: Approve Addendum A to the existing (2) two-year Client Value Agreement (CVA) with Empire Southwest, LLC, adding additional City-owned Caterpillar equipment to the Lube Services provided in the CVA.

STAFF RECOMMENDED ACTION:

1. Approve Addendum A to the existing (2) two-year Client Value Agreement (CVA) with Empire Southwest, LLC, adding additional City-owned Caterpillar equipment to the Lube Services provided in the CVA, for a total amount not to exceed \$350,000, annually, for the remaining term; and
2. Authorize the City Manager to execute all necessary documents.

- B. **Consideration and Approval:** Approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems to provide Maintenance Services on City-Owned Emergency Generators.

STAFF RECOMMENDED ACTION:

1. Approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems in an amount not to exceed \$150,000 to provide Maintenance Services on City-Owned Emergency Generators; and
2. Authorize the City Manager to execute all necessary documents.

- C. **Consideration and Approval of Contract:** Loan Documents for Elkwood Apartments by Wexford Developments

STAFF RECOMMENDED ACTION:

Staff requests City Council's approval of loan documents totaling \$528,000 for Elkwood Apartments by Wexford Developments, utilizing Rental Incentive Bond Program funds.

- D. **Consideration and Approval of Contract:** Grant Agreement between the City of Flagstaff and the Arizona Department of Transportation (ADOT) for the construction of a Snow Removal Equipment Building (SREB), Phase 2 Building Foundation and Utilities.

STAFF RECOMMENDED ACTION:

Approve the Grant Agreement with the Arizona Department of Transportation for the Airport Snow Removal Equipment Building, Phase 2 Building Foundation and Utilities, in the amount not to exceed \$151,896.00 as a matching grant.

8. **ROUTINE ITEMS**

- A. **Consideration and Approval of Contract:** Cooperative Purchase Contract with Kaizen Laboratories Inc for a Point-of-Sale and Reservation Management System in an amount not to exceed \$90,000 annually.

STAFF RECOMMENDED ACTION:

1. Approve the cooperative purchase contract with Kaizen Laboratories Inc. and execute a contract in an amount not to exceed \$90,000 annually
2. Authorize the City Manager to execute the necessary documents

- B. **Consideration and Adoption of Ordinance No. 2025-22:** An ordinance amending Flagstaff City Code, Chapter 1-18, Administrative Departments, to establish the Housing Division and rename the Community Development Division to the Planning and Development Services Division.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-22 by title only for the final time
2. City Clerk reads Ordinance No. 2025-22 by title only (if approved above)
3. Adopt Ordinance No. 2025-22

9. **REGULAR AGENDA**

- A. ~~Consideration and Adoption of Ordinance No. 2025-23: An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of real property from the Flagstaff Unified School District in order to facilitate affordable housing development, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date~~

STAFF RECOMMENDED ACTION:

~~At the November 4th Council Meeting:~~

- ~~1. Read Ordinance No. 2025-23 by title only for the first time~~
- ~~2. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)~~

~~At the November 18th Council Meeting:~~

- ~~3. Read Ordinance No. 2025-23 by title only for the final time~~
- ~~4. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)~~
- ~~5. Adopt Ordinance No. 2025-23~~

- B. **Consideration and Adoption of Ordinance No. 2025-27: Amending the Flagstaff City Code, Chapter 1-14, Personnel System amending the Employee Handbook of Regulations, Section 1-60-030, providing for repeal of conflicting ordinances, severability, authority for clerical correction, and establishing an effective date.**

STAFF RECOMMENDED ACTION:

At the November 4, 2025 Council Meeting:

- 1. Read Ordinance No. 2025-27 by title only for the first time**
- 2. City Clerk reads Ordinance No. 2025-27 by title only (if approved above)**

At the November 18, 2025 Council Meeting:

- 3. Read Ordinance No 2025-27 by title only for the final time**
- 4. City Clerk reads Ordinance No. 2025-27 by title only (if approved above)**
- 3. Adopt Ordinance No. 2025-27**

- C. **Consideration of Appointment and Approval of Employment Agreement: City Manager**

STAFF RECOMMENDED ACTION:

Appoint a City Manager and approve the employment agreement effective November 4, 2025 for the City of Flagstaff.

- D. **Consideration and Adoption of Ordinance No. 2025-24: An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of a joint law enforcement firearms training facility for public safety, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date**

Consideration and Approval of Purchase Agreement: Shoot West Properties, LLC

STAFF RECOMMENDED ACTION:

At the November 4th Council Meeting:

- 1. Read Ordinance No. 2025-24 by title only for the first time**
- 2. City Clerk reads Ordinance No. 2025-24 by title only (if approved above)**

At the November 18th Council Meeting:

- 3. Read Ordinance No. 2025-24 by title only for the final time**
- 4. City Clerk reads Ordinance No. 2025-24 by title only (if approved above)**

- 5. Adopt Ordinance No. 2025-24
- 6. Approve the Purchase Agreement with Shoot West Properties, LLC and authorize the City Manager to execute the necessary documents

E. Consideration and Approval: Use of the Council Initiative Fund

STAFF RECOMMENDED ACTION:

- 1. Consideration of the use of the Council Initiative Fund to ~~support NAU Marching Band.~~ fund a room at the Lantern.
- 2. Consideration of the use of the Council Initiative Fund for other items.

10. FUTURE AGENDA ITEM REQUESTS

After discussion and upon agreement by three members of the Council, an item will be moved to a regularly-scheduled Council meeting.

A. Future Agenda Item Request (F.A.I.R.): A Citizen Petition: Stopping development of Shadow Pines 107-07-001F

STAFF RECOMMENDED ACTION:

Council Direction

11. OPEN CALL TO THE PUBLIC

12. INFORMATIONAL ITEMS TO/FROM MAYOR, COUNCIL, AND STAFF, AND FUTURE AGENDA ITEM REQUESTS

13. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2025.

Stacy Saltzburg, MMC, City Clerk

THE CITY OF FLAGSTAFF ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (928) 213-2076 or email at stacy.saltzburg@flagstaffaz.gov to request an accommodation to participate in this public meeting.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Flagstaff makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Flagstaff City Council meetings are live-streamed and recorded and may be viewed on the City of Flagstaff's website. If you permit your child to attend/participate in a televised Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Georganna Staskey, Deputy City Clerk
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:
Proclamation: Native American Heritage Month

STAFF RECOMMENDED ACTION:

Read and present the proclamation.

Executive Summary:

Financial Impact:

Project Name:
Cost:
Account Number Budgeted:
FY Budgeted Amount:
Grant Funded:
Funding Source:

Policy Impact:

Previous Council Decision or Community Discussion:

Options and Alternatives to Recommended Action:

Connection to PBB Priorities and Objectives:

Connection to Regional Plan:

Connection to Carbon Neutrality Plan:

Connection to 10-Year Housing Plan:

Attachments: Proclamation

CITY OF FLAGSTAFF – OFFICE OF THE MAYOR

PROCLAMATION

WHEREAS, The United States of America was founded on the cognizance that all of us are created equal and deserve equal treatment, equal dignity, and equal opportunity; however, the promise of our Nation has been denied to Indigenous people who have lived on this land since time immemorial. Despite a painful history made clear by unjust Federal policies of assimilation and termination, Indigenous peoples have persevered and claimed resiliency.

WHEREAS, During this month, the City of Flagstaff celebrate the myriads of contributions of Indigenous peoples past and present, honor the influence they have had on the advancement of our community and Nation, and recommit ourselves to upholding trust and responsibilities, strengthening our relationships, and advancing native self-determination.

WHEREAS, Approximately 12% of the citizens in the City of Flagstaff are members of Indigenous nations in addition to the 14 local nations who hold this land and bordering mountains as sacred. Northern Arizona University and Coconino Community College serves students who are representative of over 100 Indigenous nations. Flagstaff Unified School District has an Indigenous student population of 25%. We also include contributions of our non-human relatives, the animals, those who fly, swim, and the standing green nation of trees and plants.

WHEREAS, We must take this time to honor Indigenous veterans and service members who selflessly continue to serve in our military — including the brave Indigenous Code Talkers in World War I and World War II. For over two centuries, Indigenous peoples have defended our country during every major conflict and continue to serve at a higher rate than any other ethnic group in the Nation because their roots are deeply entrenched in this land.

WHEREAS, The Flagstaff City Council established the Indigenous Commission to advise the City Council on issues and methods in promoting diversity, equity, and inclusive planning with Indigenous perspective within the City of Flagstaff; and

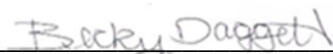
WHEREAS, The Indigenous Commission supports the designation of the month of November 2025 as Native American Heritage Month, in unison with all local, Indigenous, state, and national observances.

NOW, THEREFORE, I, Mayor Becky Daggett, Mayor of the City of Flagstaff, Arizona do hereby proclaim November 2025 as

NATIVE AMERICAN HERITAGE MONTH

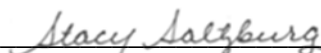
and encourage our community to learn about and appreciate the history, heritage, and contributions of Native Americans as Indigenous peoples of this great land.

Dated this 4th of November 2025



MAYOR

ATTEST:



CITY CLERK

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Nathan Naliborski, Fleet Manager
Co-Submitter: Jen Brown
Co-Submitter: Jen Brown
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Approval of Contract: Approve Addendum A to the existing (2) two-year Client Value Agreement (CVA) with Empire Southwest, LLC, adding additional City-owned Caterpillar equipment to the Lube Services provided in the CVA.

STAFF RECOMMENDED ACTION:

1. Approve Addendum A to the existing (2) two-year Client Value Agreement (CVA) with Empire Southwest, LLC, adding additional City-owned Caterpillar equipment to the Lube Services provided in the CVA, for a total amount not to exceed \$350,000, annually, for the remaining term; and
2. Authorize the City Manager to execute all necessary documents.

Executive Summary:

The City of Flagstaff has multiple pieces of Caterpillar (CAT) equipment. We are requesting approval of Addendum A to the existing Client Value Agreement (CVA) with Empire Southwest, LLC (Empire CAT) who will deliver expert maintenance services for newer CAT equipment owned by the City, using Original Equipment Manufacturer (OEM) parts and recommended fluids. As the authorized service provider for CAT equipment, Empire CAT offers specialized knowledge and technical expertise, adhering to manufacturer-recommended service intervals and procedures. Their technicians, factory-trained by Caterpillar, ensure all work and parts comply with warranty requirements. The CVA establishes Empire CAT as a sole-source provider, with pricing locked for the contract duration with an annual cost not to exceed \$350,000.

This fixed pricing safeguards the City against economic or industry cost increases, supporting stable budgeting for relevant departments. Through proprietary telematics, Empire CAT can monitor equipment performance, schedule services, and provide a comprehensive maintenance plan. The Client Value Agreement provides specific entity service and guarantees standardized labor and parts costs over its term, contributing to cost predictability and operational planning for the City.

Financial Impact:

The two-year Client Value Agreement with Empire CAT secures fixed pricing for routine maintenance on selected Caterpillar equipment. Funding for these services is already allocated within departmental maintenance budgets. This contract establishes set rates for lube services but incurs no upfront cost; the City will only be billed for services as they are performed. The intent is to maintain budget predictability for maintenance expenses over the contract period.

Policy Impact:

There are no policy impacts associated with this contract. Fleet has collaborated with Procurement to ensure full compliance with all procurement policies.



Client Value Agreement

Date: 10/16/2025

Addendum A

Client Name: City of Flagstaff

Client Number: 0035203

Contract Number: G250168

Contract Type: CVA Premium Plan

The following machines apply:

Premium Plan - Cost per Service (each)									
N/U	Model	Serial #	Equip #	PM1	PM2	PM3	PM4	PM5	Enrollment #
U	140 AWD	EB300955	S3198	\$1,467.47	\$1,607.22	\$2,447.34	\$4,278.18	\$4,801.28	
U	140 AWD	N9500709	S3199	\$1,583.13	\$1,669.00	\$2,828.97	\$3,997.66	\$4,393.55	
U	259D3	CW923489	S4031	\$728.07	\$987.84	\$1,395.71	\$1,689.94	N/A	
U	299D3	P3R01591	S3028	\$748.98	\$1,051.70	\$1,428.62	\$1,842.53	N/A	
U	420-07	H8T04107	S4032	\$1,117.78	\$1,269.54	\$1,739.11	\$2,127.65	\$2,516.69	
U	420-07	H8T04310	S3038	\$1,117.78	\$1,269.54	\$1,739.11	\$2,127.65	\$2,516.69	
U	627G	CEX00270	G8005	\$2,225.21	\$3,418.95	\$4,478.96	\$6,990.18	\$8,150.76	
U	730	3T400137	G8025	\$1,561.58	\$1,873.99	\$3,218.72	\$5,000.62	\$6,151.60	
U	826	F6X00136	G8029	\$1,771.05	\$2,580.68	\$3,179.07	\$4,795.73	\$6,145.86	
U	930M	F5K02785	S4030	\$1,201.77	\$1,282.15	\$1,489.88	\$2,591.06	\$3,258.82	
U	966H	A6D01586	G8-33	\$1,371.60	\$1,882.42	\$2,332.55	\$3,320.80	\$4,008.69	

Quote valid for 90 days from October 16th, 2025

Terms & Conditions:

The machines listed above are to be enrolled under the **CVA** with Empire created on 9/1/2024 and signed on 12/5/2024. Except with respect to these machines and the changes set forth by this addendum, the original agreement between the client and Empire shall remain in full force and effect.

Motor Grader: 140 AWD (EB3 and N95)

PM1-Service: Change engine oil and filter; SOS engine, transmission / differential, tandem, hydraulic, and front wheel oils; change fuel filters; check all fluid levels; change cab filters; change primary air filter; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 service items, plus change transmission filter; clean suction screens; change hydraulic filters; change AWD filter; change engine fumes filter (if equipped); clean tandem breathers; change transmission breather; and obtain a level 1 coolant sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change transmission / differential oils; and change circle drive, tandem, and AWD gearbox oils.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.

Compact Track Loader: 259D3

PM1-Service: Change engine oil and filter; SOS engine, final drive and hydraulic oils; check all fluid levels; change primary air filter; change fuel filter; change cab filter; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items plus change hydraulic breather; change final drive oil; clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 service items, plus change hydraulic filter; change engine fumes filter; and obtain a level 1 coolant sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change hydraulic oil.

Compact Track Loader: 299D3

PM1-Service: Change engine oil and filter; SOS engine, and hydraulic oil; check all fluid levels; lubricate machine; change cab filters; change primary air filter; change fuel filters; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items plus clean pre-cleaner; change secondary air filter; change final drive oil and change hydraulic tank breather.

PM3-Service: Includes PM1 and PM2 hour service items plus change hydraulic filter; change crankcase breather; and obtain coolant level 1 sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change hydraulic oil; and change DEF filter.

Backhoe Loader: 420-07

PM1-Service: Change engine oil and filter; SOS engine, transmission, differential / final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filter; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus clean pre-cleaner; change secondary air filter; and change transmission filter.

PM3-Service: Includes PM1 and PM2 service items, plus change front and rear differential and final drive oils; change hydraulic filter; and obtain level 1 coolant sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change DEF filter; and change transmission oil; clean suction screen; clean transmission breather.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil and breather.

Auger: 627G

PM1-Service: Change engine oil and filters; SOS engine, transmission, differential / final drive, hydraulic, auger drive, and auger bearing oils; check all fluid levels; change cab filters; change primary air filters; change fuel filters; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus change transmission and hydraulic filters; clean pre-cleaners; change secondary air filters; and change auger filters.

PM3-Service: Includes PM1 and PM2 service items, plus change transmission oils and clean suction screens.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change differential / final drive, rear wheel bearing, auger bearing, and drive gear oils.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oils.

Articulated Truck: 730

PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, transfer gear; differential, final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus change transmission filter; clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 service items, plus change transmission / transfer gear oils; clean suction screen; change hydraulic, transfer gear and axle oil cooler filters; change powertrain breathers; and obtain a level 1 coolant sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change differential and final drive oils; and change engine fumes filter.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oils.

Wheel Compactor: 826

PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, differential, final drive and hydraulic oil; check all fluid levels; lubricate machine; change cab filters; change primary air filter; change fuel filters; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items plus change transmission and hydraulic filters; clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 hour service items, plus change transmission / torque converter oil and clean suction screen; and obtain coolant level 1 sample.

PM4-Service: Includes PM1, PM2 and PM3 service items, plus change differential and final drive oil.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.

Wheel Loader: 930M

PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, differential, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 service items, plus change engine fumes filter; and obtain a level 1 coolant sample.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change transmission and hydraulic filters; change hydraulic tank breather; change differential and final drive oils; and change transmission / torque converter oils.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.

Wheel loader: 966H

PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, differential / final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.

PM2-Service: Includes PM1 service items, plus change transmission and hydraulic filters; clean pre-cleaner; and change secondary air filter.

PM3-Service: Includes PM1 and PM2 service items, plus change transmission / torque converter oil and clean suction screen.

PM4-Service: Includes PM1, PM2, and PM3 service items, plus change differential / final drive oil.

PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.

*****Action effective upon the date this document was signed as shown below.**

EMPIRE

CAT[®]

Client Value Agreement

CLIENT: CITY OF FLAGSTAFF

EMPIRE SOUTHWEST, LLC

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Client Value Agreement

Date: 9/1/2024

City of Flagstaff (#0035203) Lube CVA

Schedule A

Premium Plan – Cost Per Service (each)									
N/U	Model	Serial #	Equip #	PM1	PM2	PM3	PM4	PM5	Enrollment #
U	140M3	N9G00101	S3191	\$1,464.24	\$2,149.02	\$2,852.04	\$4,557.79	\$5,038.01	
U	140M3	N9G00114	S3189	\$1,464.24	\$2,149.02	\$2,852.04	\$4,557.79	\$5,038.01	
U	140M3	N9G00115	S3190	\$1,464.24	\$2,149.02	\$2,852.04	\$4,557.79	\$5,038.01	
U	262D	DTB07951	S3049	\$807.98	\$888.46	\$1,361.57	\$1,841.41	N/A	
U	305E2	H5M05086	S3048	\$981.28	\$1,095.34	\$1,246.36	\$1,723.16	N/A	
U	307.5-07	GW702867	S4007	\$1,057.39	\$1,133.53	\$1,322.50	\$1,713.36	\$2,180.14	
U	826K	23206416	G8006	\$1,745.22	\$2,482.36	\$3,224.68	\$5,525.15	\$6,471.24	
U	906	MZ600436	G8211	\$1,340.06	\$1,532.73	\$2,170.64	\$2,170.64	\$2,893.42	
U	906H	JRF03020	G8202	\$1,171.74	\$1,637.32	\$2,627.77	N/A	N/A	
U	D5K	RRE00256	S2016	\$1,168.88	\$1,296.18	\$1,501.96	\$1,870.48	\$2,637.36	
U	D8T	FMC00538	G8030	\$1,668.16	\$2,097.33	\$3,447.70	\$3,816.63	\$4,340.53	

Quote valid for 90 days from September 1st, 2024

- 1.0 Statement of Intent:** This Client Value Agreement (“CVA”) is a contractual agreement between Empire Southwest, LLC (“Empire”) and City of Flagstaff (“Client”) (each may be referred to herein individually as “Party” or collectively as the “Parties”), pursuant to which Empire agrees to provide certain discounts with respect to Scheduled PM Lube Services described below. In return, Client agrees to give Empire 100% of its Scheduled PM Lube Service business for the equipment listed in **Schedule A** (the “Equipment”).
- 2.0 Term:** “CVA Term” is for two (2) years. The CVA Term shall commence on the date of expiration of Client’s existing agreement with Empire.
- 3.0 Population:** All amounts set forth in **Schedule A** of this CVA were created solely for the Equipment listed in **Schedule A**, during the CVA Term with such Equipment to be located at Local Flagstaff, Arizona at the time of each service.
- 4.0 Definitions:** All definitions listed below are definitions of nomenclature used in this CVA:
- 4.1 Scheduled PM Lube Services (PM):** Preventative maintenance services recommended by the Manufacturer Operation and Maintenance Manual, except for daily and weekly inspections and adjustments.
- 4.1.1 PM1:** starting at 0 hours, the PM1 occurs at the first 250 hours and then occurs every 500 hours thereafter (i.e., 750, 1,250, 1,750, etc.)
- 4.1.2 PM2:** starting at 0 hours, the PM2 occurs at the first 500 hours and then occurs every 1,000 hours thereafter (i.e., 1,500, 2,500, 3,500, etc.)
- 4.1.3 PM3:** starting at 0 hours, the PM3 occurs at the first 1,000 hours and then occurs every 2,000 hours thereafter (i.e., 3,000, 5,000, 7,000, etc.)
- 4.1.4 PM4:** starting at 0 hours, the PM4 occurs at the first 2,000 hours and then occurs every 4,000 hours thereafter (i.e., 6,000, 10,000, etc.)
- 4.1.5 PM5:** starting at 0 hours, the PM5 occurs at the first 4,000 hours and then occurs every 4,000 hours thereafter (i.e., 8,000, 12,000, etc.)
- 4.2 Staging Area:** An area on Client’s site which is accessible by field trucks and suitable for safely performing service tasks.
- 4.3 OEM:** Original Equipment Manufacturer.
- 4.4 Consumable Goods:** Parts that have an undefined service life. Consumable Goods include, but are not limited to: light bulbs, fuses, lenses, windshield wiper blades, etc.
- 4.5 N/U:** New or used Equipment at the time it enters into this CVA.
- 4.6 Equipment:** The Equipment listed in **Schedule A**.
- 5.0 Inclusions:** Empire agrees to provide and schedule all labor, parts and service truck capacity as needed, to perform Scheduled PM Lube Services for the Equipment, during Empire’s regular business hours, at the rates set forth in **Schedule A**.
- 5.1** All amounts are to be associated only with this CVA and exclude all items in the **Exclusions** section.
- 5.2** Empire agrees to schedule each service.
- 5.3** Machine operation hours shall be collected using Product Link.
- 5.4** Travel as needed to perform these tasks is included in the rate in **Schedule A** and is based on one (1) hour round trip, originating from the closest Empire store with applicable resources. If more than a one (1) hour round trip is required, additional time will be billed at Empire’s prevailing rates.
- 5.5 Motor Grader: 140M3**
- 5.6 PM1-Service:** Change engine oil and filter; SOS engine, transmission / differential, tandem, hydraulic, and front wheel drive oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.
- 5.7 PM2-Service:** Includes PM1 service items, plus change hydraulic and transmission filters; clean pre-cleaner and change secondary air filter.
- 5.8 PM3-Service:** Includes PM1 and PM2 service items, plus change transmission / differential oil and clean suction screen; and obtain a level 1 coolant sample.
- 5.9 PM4-Service:** Includes PM1, PM2, and PM3 service items, plus change circle drive oil; change tandem oil; change front wheel drive oil; change engine fumes filter.
- 5.10 PM5-Service:** Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.

- 5.11 Skid Steer: 262D**
5.12 PM1-Service: Change engine oil and filter; SOS engine, chain drive, and hydraulic oils; check all fluid levels; change cab filters; change fuel filters; change primary air filter; lubricate machine; and perform visual and operational inspection.
- 5.13 PM2-Service: Includes PM1 service items, plus clean pre-cleaner and change secondary air filter.
5.14 PM3-Service: Includes PM1 and PM2 service items, plus change hydraulic filter; change chain drive oil; and obtain a level 1 coolant sample.
5.15 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change hydraulic oil and change engine fumes filter.
- 5.16 Mini Excavator: 305E2**
5.17 PM1-Service: Change engine oil and filter; SOS engine, final drive, and hydraulic oils; check all fluid levels; change cab filter; change primary air filter; change fuel filters; lubricate machine and perform visual and operational inspection.
5.18 PM2-Service: Includes PM1 service items, plus clean pre-cleaner and change secondary air filter.
5.19 PM3-Service: Includes PM1 and PM2 service items, plus change final drive oil; and obtain a level 1 coolant sample.
5.20 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change hydraulic oil and filter.
- 5.21 Excavator: 307.5**
5.22 PM1-Service: Change engine oil and filter; SOS engine, final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.
5.23 PM2-Service: Includes PM1 service items, plus clean pre-cleaner; and change secondary air filter.
5.24 PM3-Service: Includes PM1 and PM2 service items, plus obtain a level 1 coolant sample; and change engine fumes filter.
5.25 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change final drive oil; change hydraulic filter; and change fuel tank cap filter.
5.26 PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil; and clean hydraulic tank suction screen.
- 5.27 Wheel Compactor: 826K**
5.28 PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, differential, final drive, and hydraulic oils; check all fluid levels; change primary air filter; change cab filters; change fuel filters; lubricate machine; and perform visual and operational inspection.
5.29 PM2-Service: Includes PM1 service items, plus change transmission and hydraulic filters; clean pre-cleaner; change secondary air filter; and obtain a level 1 coolant sample.
5.30 PM3-Service: Includes PM1 and PM2 service items, plus transmission / torque converter oils; and clean suction screen.
5.31 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change differential / final drive oils.
5.32 PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.
- 5.33 Wheel Loader: 906**
5.34 PM1-Service: Change engine oil and filter; SOS engine, differential / final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.
5.35 PM2-Service: Includes PM1 service items, plus change hydraulic filter; clean pre-cleaner; and change secondary air filter.
5.36 PM3-Service: Includes PM1 and PM2 service items, plus change transfer drive oil; change differential / final drive oils; and obtain a level 1 coolant sample.
5.37 PM4-Service: Includes PM1, PM2, and PM3 service items.
5.38 PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.
- 5.39 Wheel Loader: 906H**
5.40 PM1-Service: Change engine oil and filter; SOS engine, transfer drive, differentials, final drive, and hydraulic oils; check all fluid levels; change primary air filter; change cab filters; change fuel filters; lubricate machine and perform visual and operational inspection.
5.41 PM2-Service: Includes PM1 service items plus change powertrain filter; clean pre-cleaner and change secondary air filter.
5.42 PM3-Service: Includes PM1 and PM2 hour service items plus change axle oils; change hydraulic oil; and obtain coolant level 1 sample.
- 5.43 Track type Tractor: D5K**
5.44 PM1-Service: Change engine oil and filter; SOS engine, final drive, hydraulic oils; check all fluid levels; change primary air filter; change fuel filters; change cab filters; lubricate machine; and perform visual and operational inspection.
5.45 PM2-Service: Includes PM1 service items, plus clean pre-cleaner; and change secondary air filter.
5.46 PM3-Service: Includes PM1 and PM2 service items, plus change hydraulic filter; and obtain coolant level 1 sample.
5.47 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change final drive oil; change engine fumes filter.
5.48 PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic tank oil and hydraulic tanks breather.
- 5.49 Track Type Tractor: D8T**
5.50 PM1-Service: Change engine oil and filter; SOS engine, transmission / torque converter, final drive, and hydraulic oils; check all fluid levels; change cab filters; change primary air filter; change fuel filters; lubricate machine; and perform visual and operational inspection.
5.51 PM2-Service: Includes PM1 service items, plus change transmission and hydraulic filters; clean pre-cleaner and change secondary air filter.
5.52 PM3-Service: Includes PM1 and PM2 service items, plus change transmission / torque converter oil and clean suction screen; and obtain level 1 coolant sample.
5.53 PM4-Service: Includes PM1, PM2, and PM3 service items, plus change final drive oil.
5.54 PM5-Service: Includes PM1, PM2, PM3, and PM4 service items, plus change hydraulic oil.
- 6.0 Exclusions:** Use tax, fuel surcharge, complete Equipment cleaning or washing; fueling; daily lube and grease; top off fluids, fire suppression maintenance and repair; any fire or other damage related to trash and debris not being fully cleared from Equipment; auto lube system maintenance and repair, initial services, Equipment transport; Ground Engaging Tool replacement; drive belts and tracks, bucket, blade and truck bed maintenance and repair, tires, rims, rim retaining hardware (nuts, bolts/studs and washers), tire handling, any maintenance related to the glass, mirrors and radios of any machine, any Consumable Goods, any maintenance due to improper usage or machine operation beyond guidelines in the Manufacturer Operation and Maintenance Manual; and any items under the **Client Responsibilities** section below.
- 6.1 Maintenance of any attachment or add on from the original Equipment configuration, including but not limited to emissions control mandates.
6.2 Maintenance of any modification to the original Equipment configuration, including but not limited to all safety items.
6.3 DPF filter cleaning/replacement, ARD spark plug and electric fuel pump replacement are not included for Equipment with Tier IV engines.
6.4 Modification to Scheduled PM Lube Services based on auxiliary hydraulic system operation (such as operating a hammer) is not included.



Client Value Agreement

- 6.5 Scheduled PM Lube Services at any interval other than the defined 250 hour Scheduled PM Lube Services.
- 6.6 Any overtime charges in the event Client requests services be performed outside of Empire's regular business hours.
- 6.7 Charges associated with round trip travel time that exceeds the round trip travel time in the **Inclusions** section of this CVA.
- 6.8 If more than one item of Equipment is serviced at a time, only one trip charge will apply.
- 6.9 Any services not listed in the **Inclusions** section of this CVA.

- 7.0 **Client Responsibilities:**
- 7.1 Client shall provide a designated Staging Area as defined in Section 4.2, and allow the Equipment to be available at this area at the time of scheduled service for all service tasks.
- 7.2 Client is responsible for fueling.
- 7.3 Client agrees that services provided pursuant to this CVA shall be performed within Empire's service territory.
- 7.4 Client is responsible for services and inspections on a daily (every 10 service hours) basis, weekly (every 50 service hours) basis, biweekly (every 100 service hours) basis and "when required" as outlined by the OEM.
- 7.5 Client is responsible for notifying Empire of changes in application, environment or SOS analysis that may dictate a need to amend oil change intervals.
- 7.6 Client agrees that it is the sole discretion of Empire to execute maintenance and repair tasks as Empire deems necessary based on the conditions set forth in this CVA, Client Equipment application and operation requirements, and the work load of Empire Service Departments.
- 7.7 Client shall pay the cost per service invoice amount in accordance with Section 9.

- 8.0 **Currency & Adjustments:** All rates in **Schedule A** have been created based upon today's USD parts pricing and labor rates.
- 8.1 The rates in **Schedule A** shall remain in effect for the duration of the CVA Term in accordance with the terms and conditions of this CVA.

- 9.0 **Invoicing:** This CVA shall be invoiced on a Cost Per Service basis.
- 9.1 PM Lube Service invoicing will take place at the time of each service at the rates in **Schedule A**.

- 10.0 **Time and Materials:** At Client's request, Empire agrees to provide all of the services listed in the **Exclusions** section of this CVA on a time and materials basis at Empire's then prevailing labor rates, parts pricing and fuel surcharge posted at: <http://www.empire-cat.com/search.aspx?searchtext=fuel+surcharge>

- 11.0 **Addendum Protocol:** If Client desires to add Equipment covered under this CVA, a separate addendum shall be signed by both Parties.
- 11.1 If Equipment is added to this CVA by an addendum, all inclusions, exclusions, and terms herein shall apply to any signed addendum.
- 11.2 This CVA shall incorporate all addendums and the addendums shall govern any conflicting terms, exclusions, or inclusions in this CVA.
- 11.3 Unless any of the sections in this CVA are changed in a signed addendum, this CVA shall prevail.

- 12.0 **Confidential Information:** This CVA, and all information Empire provides to Client that is not available to the general public, constitutes confidential information of Empire. Without prior written consent by a vice president of Empire, Client shall not disclose or use Empire's confidential information for any purpose other than performance of this CVA.

- 13.0 **Entire Agreement:**
- 13.1 The purchase of services and related parts and consumables from Empire is governed by Empire's Client Value Agreement Terms and Conditions (the "Terms"), which are available at http://www.empire-cat.com/Company/CVA_Terms_and_Conditions.aspx or such other successor website at which Empire posts its Terms from time to time. A hard copy of the Terms is available upon written request to terms.conditions@empire-cat.com. Empire's Terms are hereby incorporated by reference into this CVA. Empire's Terms, together with this CVA constitute the entire agreement between the Parties with respect to the work described herein, and there are no representations, warranties, terms, or conditions other than as stated herein and in the Terms.
- 13.2 This CVA can only be modified by a written document signed by both Parties.
- 13.3 No purchase order or other document issued by Client in connection with this CVA shall supersede or modify this CVA, notwithstanding that Empire may have executed such purchase order or other document to facilitate payment. The terms and conditions of any such document are hereby objected to.
- 13.4 The terms and conditions of this CVA shall govern in the event of any conflict with the Terms.

- 14.0 **Acceptance:** Upon signing this CVA, Empire and Client agree to uphold their respective responsibilities as set forth herein and thereby contribute to the success of this CVA.
- 14.1 Any misconceptions or unforeseen situations pertaining to this CVA shall be resolved in a timely manner between management of both Parties.

CLIENT: CITY OF FLAGSTAFF
 By:
 Printed Name: **Greg Clifton signed on 1/16/2025 3:41:37 PM**
 Title: City Manager
 Date: _____

EMPIRE SOUTHWEST, LLC
 By:
 Printed Name: S. Hillbrand
 Title: PSSR
 Date: 12-5-24

Approved as to Form:

City Attorney's Office

Christina Kinnear signed on 1/15/2025 8:43:45 AM
 Empire Southwest, LLC, 1725 S. Country Club Dr., Mesa, AZ 85210

Attest:

City Clerk
Stacy Salzburg signed on 1/17/2025 11:40:57 AM

CLIENT VALUE AGREEMENT TERMS AND CONDITIONS

1. Agreement. These Client Value Agreement Terms and Conditions (“Terms”) govern the purchase of services and related parts and consumables (collectively, the “Services”) that an individual or entity (a “Client”) purchases from Empire Southwest, LLC (“Empire”) pursuant to a written Client Value Agreement (“CVA”) signed by Empire and Client or when a machine is enrolled in the CVA program in conjunction with a purchase of a machine from Empire as shown on Client’s sales invoice (the “Invoice”). Empire and Client are sometimes referred to collectively in these Terms as the “Parties,” and individually as a “Party.” These Terms and the applicable CVA or Invoice (including all exhibits, schedules and addenda attached thereto) are collectively referred to herein as the “Agreement.” Empire hereby rejects the terms of any purchase order or other document submitted by Client, unless the document submitted by Client is signed by a vice president of Empire. Execution of a CVA with Empire or the receipt or acceptance of Services by Client constitutes Client’s acceptance of these Terms exactly as written.

2. Scope and Delivery of Services. The scope of work for Services to be performed by Empire shall be as set forth in the CVA or Invoice. Empire shall use reasonable efforts to meet any performance dates specified in the CVA or Invoice, but Client agrees that any such dates are estimates only. Empire shall have no liability for any delay in performance of Services caused by any act or omission of Client or its agents, subcontractors, consultants, or employees, nor shall Empire have any liability for delays related to any circumstances beyond its reasonable control, including, but not limited to, delays caused by acts of God, acts of war or terrorism, fire or other casualty, storms or adverse weather, strikes, labor shortages or disturbances, pandemics or quarantine orders, shortages of materials, manufacturer delays, theft or vandalism, transport and handling accidents, or revisions to laws, regulations or governmental requirements.



3. Pricing. The rates for Services shall be as set forth in the CVA or Invoice. Client will promptly pay to Empire any taxes that Empire is required to collect with respect to the purchase of Services, including, but not limited to, value added, personal property, sales, use and similar taxes ("Taxes"). For any Taxes from which Client claims exemption, Client shall provide Empire with properly completed exemption certificates and any documentation needed to validate the exemption prior to the purchase of the applicable Services. If Client fails to provide an appropriate exemption certificate and supporting documentation, as determined by Empire, Client will remain liable for all such Taxes and will indemnify Empire for any liability related to the same.

4. Additional Services. Client understands and acknowledges that Empire has quoted the Services relying on representations made by Client regarding the cleanliness, functionality, operational status, application, and condition of the equipment or machinery that will be the subject of the Services. Should any of the representations on which Empire relied in preparing or pricing the Services be false or incomplete, or if Empire reasonably determines, in the course of performing the Services, that additional repair, maintenance, or improvement services are necessary to satisfy its obligations under the Agreement ("Additional Services"), Empire shall promptly provide to Client an estimated cost of the Additional Services necessary. If Client fails to agree to the Additional Services within ten (10) days of receipt from Empire, Empire shall have the option to terminate the Agreement in accordance with Section 13 below.

5. Change in Scope of Services. Subject to Section 4 above, if either Party wishes to change the scope of the Services, such Party shall submit details of the requested change to the other Party in writing. Promptly after receipt of any proposed change, the Parties shall negotiate and agree on the terms of such change in a writing signed by all Parties. Notwithstanding the above, Empire may from time to time change the Services without the consent of Client, provided that such change does not materially affect the nature or scope of the Services, the fees, or any performance dates set forth in the Agreement.

6. Cancellations/Partially Completed Services. Empire reserves the right to charge for any cancellation by Client of scheduled Services. In addition to the items set forth in Section 12 below, Client shall pay for partially completed Services based on time and materials at Empire's prevailing rates. Additional handling and storage fees may apply to partially completed Services.

7. Payment Terms. Empire's obligation to deliver Services pursuant to the Agreement are subject to credit approval by Empire in its sole discretion. For Clients with an open credit account with Empire, unless otherwise provided in the CVA or Invoice, all payments are due Net 30. For Clients who do not have an open credit account with Empire, payment is due upon completion of Services. Empire may, in its sole discretion, at any time: (a) revoke credit; (b) modify terms and conditions of credit; (c) require payment in advance; and/or (d) withhold scheduled Services until receipt of payment. If Client fails to pay for Services as and when due, Client shall pay a late charge of 1.5% of the invoice balance each month until charges are paid in full, and Client shall pay Empire all reasonable attorneys' fees and collection costs incurred by Empire. In addition to any other right of set-off or recoupment Empire has under applicable law, Client agrees that, with respect to any amounts due

from Client or Client's affiliates to Empire or Empire's affiliates, Empire and its affiliates may set-off such amounts against any amounts owing to Client or Client's affiliates.

8. Warranties.

(a) Services. Empire warrants that the Services will be completed in a good and workmanlike manner, with such warranty extending for a period of twelve (12) months from completion of the original Services. If Empire performs a repair pursuant to its service warranty, the warranty period remains twelve (12) months from completion of the original Services; the twelve (12) month service warranty period does not start over with the repair. If replacement parts used by Empire in connection with the provision of Services include a manufacturer's warranty, Empire will pass such warranty through to Client to the extent permitted by the terms of the manufacturer's warranty, subject to all conditions and exclusions set forth in such manufacturer's warranty. Empire's service warranty will be voided in the event of any of the following: misuse or abuse of equipment by Client; subsequent repairs performed by Client or vendors other than Empire; use beyond ordinary wear and tear; failure to maintain and operate equipment in accordance with the maintenance and operations manual of the manufacturer (including, but not limited to, use of fluids that do not meet the manufacturer's standards or failure to maintain fluid levels recommended by the manufacturer); or damage due to theft, vandalism or casualty.

(b) **WARRANTY DISCLAIMER. Empire makes no warranty, express or implied, with respect to any Services other than the foregoing warranties (provided, however, none of the foregoing warranties shall apply to fire suppression systems or the installation, removal, maintenance or servicing of the same), including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose or any implied warranties that may arise from the course of dealing between the Parties. To the maximum extent permitted by law, all such warranties are hereby disclaimed by Empire and waived by Client.**

9. Caterpillar Parts and Services Commitments. Certain Caterpillar equipment that is covered by a client value agreement may be eligible for parts availability and service response commitments (the "Cat Parts and Services Commitments"). If some or all of the equipment that is subject to the Agreement is eligible for such Cat Parts and Services Commitments and a required timeframe for parts availability is not met for an eligible part, Caterpillar Financial Commercial Account Corporation ("CFCAC") may issue a "Cat Prepaid Credit" (as defined below) to Client for the lesser of the following: (a) the price paid by Client for the specific maintenance part or repair part, or (b) \$1,000 (the "Cat Prepaid Credit"). The Cat Prepaid Credit rules are set forth at:

<https://www.cat.com/catcardrewards>. Empire shall have no obligation to issue a Cat Prepaid Credit to Client. Any such Cat Prepaid Credit is issued by CFCAC, and the Cat Parts and Services Commitments are subject to all terms and exclusions adopted by Caterpillar from time to time

10. Indemnification. Each Party agrees to defend, indemnify and hold harmless the other Party for, from and against any third party claims related to the Services to the extent such third party claims (including, but not limited to claims related to the death or injury of any person(s) or damage to or destruction of any real or personal property) are caused by the indemnifying Party's negligent acts

or omissions, subject to the limitations set forth in Section 11 below. To the fullest extent permitted by law, Client agrees to defend, indemnify and hold harmless Empire, its affiliates and subsidiaries, and all of their respective owners, directors, officers, managers, employees, agents or representatives for, from and against any and all liabilities, claims, actions, suits, damages, losses and expenses (including, but not limited to, reasonable attorneys' fees, expert witness fees, costs and expenses) that are caused by, arising from or related in any way to fire suppression systems (including, but not limited to losses related to the death or injury of any person(s) or damage to or destruction of any real or personal property).

11. Liability Limitation. In no event shall either Party be liable, whether based in contract, warranty, indemnity, tort, strict liability or any other theory of law or equity, for any special, incidental, indirect, punitive, exemplary, or consequential damages, including, but not limited to, lost profits, loss of use of property or equipment, downtime, loss of third party contracts or lost production, regardless of whether or not such Party was advised of the possibility of such damages. In addition, Empire's maximum aggregate liability (whether in contract, warranty, indemnity, tort, strict liability or any other theory of law or equity) for damages or loss, howsoever arising or caused, shall in no event exceed the amount Client paid to Empire for the Services to which the liability relates. The Parties recognize that the pricing associated with Services reflects this allocation of risk and is the basis of the bargain between the Parties. The foregoing limitations shall be valid and enforceable, notwithstanding any alleged failure of essential purpose of the limited remedies set forth herein. Any and all claims arising out of or relating to the Services will be barred unless a legal proceeding is commenced within one (1) year from completion of the Services to Client.

12. Termination by Client. Client may terminate the Agreement for any reason upon forty five (45) days' prior written notice to Empire in accordance with the terms of the Agreement. Client may terminate the Agreement upon thirty (30) days' written notice if Empire breaches a material obligation under the Agreement and fails to cure said breach within thirty (30) days after receipt of notice from Client of said breach. Such notice shall specifically describe the breach and specify the date such breach first occurred. Upon termination of the Agreement, Client will remain liable for payment of any charges that become due before or after termination, actual costs for all Services performed through the date of termination, and all direct and indirect costs associated with termination of the Agreement, which include, but are not limited to, costs for parts ordered, service, labor, and non-cancelable commitments made by Empire prior to termination in anticipation of performing the Services. If the Agreement sets forth a specified term, upon termination by Client, all amounts to be paid pursuant to or under the Agreement for the term will become immediately due and payable without notice.

13. Termination by Empire. Empire may terminate the Agreement for any reason upon forty-five (45) days' prior written notice to Client. Empire may terminate the Agreement following thirty (30) days' written notice to Client upon the occurrence of a material breach by Client, or if Client becomes insolvent, files a petition for bankruptcy, commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors, or otherwise breaches the Agreement.

14. Privacy Policy. Client consents to the collection, use, retention and disclosure of information by Empire and its parent, subsidiary and affiliated entities (collectively, "Empire Entities") in accordance with Empire's Privacy Policy, which is posted at <https://www.empire-cat.com/legal/privacy-policy> (as such statement may be revised from time to time), and agrees that such information may be accessed by, and shared between, the Empire Entities and their partners and manufacturers with a legitimate business reason to access it, as well as third parties who may process such information on their behalf. Without limiting the generality of the foregoing, Empire retains ownership of all records relating to Services provided to Client ("Records") and may disclose the Records pursuant to a court order or in the event disclosure of the Records becomes part of Empire's defense in a legal matter.

15. Product Information. If Caterpillar equipment that is purchased, owned or rented by Client is equipped with Product Link or other equipment monitoring technology, data concerning the equipment, its condition and its operation ("Telematics Information") is being transmitted to Caterpillar, its affiliates, the Empire Entities and/or other Caterpillar dealers to better serve Client and to improve Caterpillar products and services. Telematics Information being transmitted may include machine serial number, machine location, and other machine data including, but not limited to, fault codes, emissions data, fuel usage, service meter hours, software and hardware version numbers and installed attachments. The Telematics Information will be collected, used, retained and disclosed in accordance with the Caterpillar Data Governance Statement, which is posted at <https://www.caterpillar.com/en/legal-notice/data-governance-statement.html> (as such statement may be revised from time to time) ("Statement"). Client consents to the collection, use, retention and disclosure of the Telematics Information in accordance with the Statement and agrees that the Telematics Information may be accessed by Caterpillar, its partners, its affiliates, its subsidiaries, the Empire Entities and/or other dealers with a legitimate business reason to access it, as well as third parties who may process the Telematics Information on their behalf. As set forth in the Statement, Caterpillar may use Telematics Information in combination with information about Client. Client further acknowledges and agrees that Telematics Information may be made available to subsequent owners of equipment. If Client does not want Telematics Information transmitted as described above, Client can request documentation to opt out of the transmission of such information by sending an email to optout@empire-cat.com.

16. Choice of Law. These Terms shall be governed by and construed in accordance with the laws of the State of Arizona without giving effect to conflict of law provisions. The Parties agree that exclusive jurisdiction and venue for any proceeding at law or in equity will be in the state or federal courts located in Maricopa County, Arizona.

17. General Provisions. Client may not assign Client's rights or obligations under the Agreement without Empire's prior written consent, and any such attempted assignment will be void. If any provision in these Terms is found to be invalid, unlawful or unenforceable, the remaining provisions in these Terms shall remain in full force and effect. A Party's waiver of any breach will not constitute a waiver of any different or subsequent breach. No employment, agency, joint venture, or similar arrangement is created or intended between Client and Empire. In the event of any conflict between

the provisions of a CVA and these Terms, the provisions of the CVA shall govern and control. Empire is an EEO/Affirmative Action Employer. Client warrants that the invoiced Services will be used for business or agricultural purposes and not for personal, family or household purposes. When operated in California, any on-road heavy-duty diesel vehicle, alternative-diesel vehicle, off-road diesel vehicle, or portable diesel engine may be subject to the California Air Resources Board's Regulation to Reduce Particulate Matter and Criteria Pollutant Emissions from In-Use Heavy-Duty Diesel Vehicles, In-Use Off-Road Diesel Vehicle Regulation, or Airborne Toxic Control Measure For Diesel Particulate Matter From Portable Engines Rated At 50 Horsepower And Greater. It therefore could be subject to retrofit, exhaust retrofit, or accelerated turnover requirements to reduce emissions of air pollutants. For more information, please visit the California Air Resources Board websites at <https://www.arb.ca.gov/dieseltruck>, <https://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>, or <https://www.arb.ca.gov/portable/portable.htm>.

Rev. 9/2022

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Nathan Naliborski, Fleet Manager
Co-Submitter: Jen Brown
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Approval: Approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems to provide Maintenance Services on City-Owned Emergency Generators.

STAFF RECOMMENDED ACTION:

1. Approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems in an amount not to exceed \$150,000 to provide Maintenance Services on City-Owned Emergency Generators; and
2. Authorize the City Manager to execute all necessary documents.

Executive Summary:

The City of Flagstaff has multiple emergency power generators. We are requesting to approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems which will deliver expert maintenance services for emergency generators owned by the City. Empire will be an expert service provider for power systems. Empire offers specialized knowledge and technical expertise, adhering to manufacturer-recommended service intervals and procedures. Their technicians, factory-trained by Caterpillar, ensure all work and parts comply with warranty requirements. The Cooperative Purchase Contract establishes Empire as the service provider with pricing locked for the duration of the agreement with an annual cost not to exceed \$150,000. This fixed pricing safeguards the City against economic or industry cost increases, supporting stable budgeting for relevant departments. Empire will monitor equipment performance, schedule services, conduct testing, and provide a comprehensive maintenance plan. The Cooperative Purchase Contract provides specific entity service and guarantees standardized labor and parts costs over its term, contributing to cost predictability and operational planning for the City.

Financial Impact:

The two-year Cooperative Purchase Contract with Empire secures fixed pricing for routine maintenance and testing on selected emergency generators. Funding for these services is already allocated within departmental maintenance budgets. This Cooperative Purchase Contract establishes set rates for maintenance services but incurs no upfront cost; the City will only be billed for services as they are performed. The intent is to maintain budget predictability for maintenance expenses over the agreement period.

Policy Impact:

There are no policy impacts associated with this value agreement. The fleet has collaborated with Procurement to ensure full compliance with all procurement policies.

Previous Council Decision or Community Discussion:

N/A

Options and Alternatives to Recommended Action:

1. Approve the Cooperative Purchase Contract with Empire SW, LLC dba Empire Power Systems and obtain set rates for needed maintenance services and testing; or
2. Do not approve the Cooperative Purchase Contract and staff will obtain maintenance services and testing as needed, paying the rate applicable at that time of service.

Background and History:

Empire SW, LLC dba Empire Power Systems will provide specialized maintenance services and testing for the City of Flagstaff's emergency generators, utilizing appropriate parts and recommended fluids. As the expert service provider, Empire brings advanced technical expertise and adheres to manufacturer's recommended service intervals and procedures. Their factory-trained technicians ensure all work and parts meet warranty standards. The Cooperative Purchase Contract designates Empire as a service provider with fixed pricing for the value agreement term, protecting the City from economic or industry-related price increases and enabling stable budgeting for relevant departments. Empire schedules maintenance, testing, and provides a comprehensive service plan. Empire will also be tracking the preventive maintenance for all emergency generators. The Cooperative Purchase Contract guarantees consistent labor and parts costs, supporting cost predictability and streamlined operational planning for the City.

Connection to PBB Priorities and Objectives:

- Enhance the organization's fiscal stability & increase efficiency & effectiveness.
- Be an employer of choice through inclusive recruitment & by providing employees with the necessary tools, training, support & compensation.
- Deliver outstanding services to residents through a healthy, well maintained infrastructure system.

Connection to Regional Plan:

NONE

Connection to Carbon Neutrality Plan:

NONE

Connection to 10-Year Housing Plan:

NONE

Connection to Division Specific Plan:

NONE

Attachments: Empire SW LLC - Empire Power Systems Cooperative

COOPERATIVE PURCHASE CONTRACT

Contract No. 2026-59

This Cooperative Purchase Contract is made and entered into this _____ day of _____, 20____ by and between the City of Flagstaff, Arizona, a political subdivision of the State of Arizona ("City") and Empire SW, LLC, an Arizona Limited Liability Company ("Contractor").

RECITALS:

- A. The **State of Minnesota through Sourcewell** conducted a competitive and open procurement process through Request for Proposal #092222 that resulted in Contract No. **092222-CAT** with Caterpillar, Inc. as a vendor of **Electrical Energy Power Generation Equipment with Related Parts, Supplies, and Services** ("Agency Contract"); and
- B. Empire SW, LLC is the regional dealership of Caterpillar equipment and has the authority to sell **Electrical Energy Power Generation Equipment with Related Parts, Supplies, and Services** under the terms and conditions contained within Contract No. **092222-CAT**; and
- C. The City has authority to enter into a cooperative purchase contract with Contractor utilizing the Agency Contract .

AGREEMENT:

NOW THEREFORE, in consideration for the mutual promises contained herein, the Parties agree as follows:

1. Materials and or Services Purchased: Contractor shall provide to the City the materials and/or services, as specified in the Scope of Work attached as Exhibit A, and in accordance with the Agency Contract. A general description of materials and/or services being purchased is:

**Electrical Energy Power Generation Equipment
with Related Parts, Supplies, and Services**

2. Specific Requirements of City: Contractor shall comply with all specific purchase and delivery requirements and/or options of City, as specified in the Scope of Work attached as Exhibit A and incorporated by reference.
3. Terms and Conditions of Agency Contract Apply: All provisions of the Agency Contract documents attached as Exhibit B, including any amendments, are incorporated in and shall apply to this Contract as though fully set forth herein. Contractor is responsible for promptly notifying City in writing of any changes to the Agency Contract related to price for materials and/or services.
4. Payment:
 - 4.1 Payment to Contractor for the materials and/or services not to exceed **one hundred fifty thousand dollars and zero cents (\$150,000.00), per contract year**; made in accordance with the price list and terms set forth in the Agency Contract.
 - 4.2 Any adjustment to the Payment amount must be approved by mutual written consent of the parties through a formal amendment. The City Manager or his/her designee may approve

an amendment if the amendment price increase is less than \$100,000; otherwise, City Council approval is required.

5. Certificates of Insurance: All insurance provisions of the Agency Contract shall apply, including any requirement to name the City as an additional insured. Prior to commencing performance under this Contract, Contractor shall furnish City with a copy of the current Certificate of Insurance required by the Agency Contract.
6. Term and Renewal: This Cooperative Purchase Contract shall commence upon execution by the Parties and shall continue until September 2027, as identified on the Quote attached hereto as Exhibit A.
7. Notice: Any formal notice required under the Contract shall be in writing and sent by certified mail and email as follows:

To the City:

Nathan Naliborski
Fleet Manager
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
nnaliborski@flagstaffaz.gov

To Contractor:

Jimmy Cinalli
Sales Representative
Empire Power Systems
801 N. 44th Ave
Phoenix, AZ 85009
Jimmy.cinalli@empire-cat.com
928-326-6471

With a copy to:

Emly Markel
Purchasing Manger
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
emarkel@flagstaffaz.gov

(Remainder of Page Intentionally Blank)

9. Authority: Each Party warrants that it has authority to enter into the Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into the Contract.

Empire SW, LLC

By: _____

Title: _____

CITY OF FLAGSTAFF

By: _____

Title: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney's Office

Notice to Proceed issued: _____, 20__

Last Updated October 15, 2025

EXHIBIT A
SCOPE OF WORK
(attached)

1. Empire SW, LLC – CSA Information Sheet for October 15, 2025 through September 2027 (31 pages)



CSA INFORMATION SHEET

The attached pricing sheet(s) is effective October 15, 2025 thru September 2027

NOTE: pricing end date does not indicate the termination of services. Client must terminate services.

TOTAL AMOUNT OF PRICING PERIOD \$ 118,212.00 plus applicable taxes and environmental fees

CHECK ONE

Services to be completed during **Regular Business Hours (M-F 7am – 4pm)**
Services to be completed outside Regular Business Hours (**over-time included**)

Client Name: City of Flagstaff
Client Name: _____
Client Address: 211 W. Aspen Avenue
Client Address: Flagstaff, AZ 86001-5399
Client Phone #: 928-774-5281

Printed Name: _____

Title: _____

Signature: _____

P.O. #: _____ Date: _____

Designated CLIENT CONTACT person responsible for scheduling the Equipment:

Name: Nate Naliborski
Phone: 928-699-0469
E-mail: nnaliborski@flagstaffaz.gov

Client Account Number 0035203

Empire PSSR (Parts and Service Sales Rep): Jimmy Cinalli
E-Mail: jimmy.cinalli@empire-cat.com **Phone #:** 928-326-6471

Empire PM and Repair Service Contact: Matt Gipson **Phone #:** 602-333-5622
E-Mail: matt.gipson@empire-cat.com

After-hours Emergency Service 888-CAT-POWER

This pricing reflects Caterpillar's Sourcewell cooperative purchasing contract number 092222



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	D3508		Flagstaff, AZ 86001-5399
Serial #	OBLM00229		
Ar #			
Size (kW, A)	900 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Unit W2078

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Quarterly"/>	6.00	\$ 1,800.00	<input type="text" value="Jan, Apr, Oct"/>
Full Oil Service	\$3,897.00	<input type="text" value="Every 3 years"/>	1.00	\$ 3,897.00	<input type="text" value="July '2026"/>
Filter Change Service	\$1,357.00	<input type="text" value="Annually"/>	1.00	\$ 1,357.00	<input type="text" value="July"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$1,283.00	<input type="text" value="Every 2 years"/>	1.00	\$ 1,283.00	<input type="text" value="July 2026"/>
	LB Length: <input type="text" value="2 hour long test"/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Quarterly"/>	6.00	\$ 420.00	<input type="text" value="Jan, Apr, Oct"/>
	Details: <input type="text" value="OA1 oil sample"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **8,757.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C4.4LC		Flagstaff, AZ 86001-5399
Serial #	OCN300206		
Ar #			120/240 SP
Size (kW, A)	50KW		
Client Contact	Nate Naliborski	Phone	602-333-5622
		Site ID	PD Warehouse - P2005 - 5477 E. Commerce Ave. Flagstaff, AZ 86004

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="January"/>
Full Oil Service	\$ 771.00	<input type="text" value="Annually"/>	2.00	\$ 1,542.00	<input type="text" value="July"/>
Filter Change Service		<input type="text" value="Annually"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 658.00	<input type="text" value="Every 2 years"/>	1.00	\$ 658.00	<input type="text" value="July 2026"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit **\$ 2,800.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C13 PGAM		Flagstaff, AZ 86001-5399
Serial #	OT3200550		
Ar #			
Size (kW, A)	350 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Unit # W2100

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Quarterly"/>	6.00	\$ 1,800.00	<input type="text" value="Jan, Apr, Oct"/>
Full Oil Service	\$1,196.00	<input type="text" value="Every 3 years"/>	1.00	\$ 1,196.00	<input type="text" value="July 2025"/>
Filter Change Service	\$ 828.00	<input type="text" value="Annually"/>	1.00	\$ 828.00	<input type="text" value="July"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 748.00	<input type="text" value="Every 2 years"/>	1.00	\$ 748.00	<input type="text" value="July 2025"/>
	LB Length: <input type="text" value="2 hour long test"/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Quarterly"/>	6.00	\$ 420.00	<input type="text" value="Jan, Apr, Oct"/>
	Details: <input type="text" value="OA1 oil sample"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **4,992.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C13 PGAM		Flagstaff, AZ 86001-5399
Serial #	0T3200551		
Ar #			
Size (kW, A)	350 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Unit # W2101

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Quarterly"/>	6.00	\$ 1,800.00	<input type="text" value="Jan, Apr, Oct"/>
Full Oil Service	\$1,196.00	<input type="text" value="Every 3 years"/>	1.00	\$ 1,196.00	<input type="text" value="July 2025"/>
Filter Change Service	\$ 828.00	<input type="text" value="Annually"/>	1.00	\$ 828.00	<input type="text" value="July 2026"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 748.00	<input type="text" value="Every 2 years"/>	1.00	\$ 748.00	<input type="text" value="July 2025"/>
	LB Length: <input type="text" value="2 hour long test"/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Quarterly"/>	6.00	\$ 420.00	<input type="text" value="Jan, Apr, Oct"/>
	Details: <input type="text" value="OA1 oil sample"/>				

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit \$** 4,992.00
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C13 PGAM		Flagstaff, AZ 86001-5399
Serial #	0T3200552		
Ar #			
Size (kW, A)	350 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Unit # W2102

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Quarterly"/>	6.00	\$ 1,800.00	<input type="text" value="Jan, Apr, Oct"/>
Full Oil Service	\$1,196.00	<input type="text" value="Every 3 years"/>	1.00	\$ 1,196.00	<input type="text" value="July 2025"/>
Filter Change Service	\$ 828.00	<input type="text" value="Annually"/>	1.00	\$ 828.00	<input type="text" value="July 2026"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 748.00	<input type="text" value="Every 2 years"/>	1.00	\$ 748.00	<input type="text" value="May 2025"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Quarterly"/>	6.00	\$ 420.00	<input type="text" value="Jan, Apr, Oct"/>
	Details:	<input type="text" value="OA1 oil sample"/>			

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **4,992.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C13 PGAM		Flagstaff, AZ 86001-5399
Serial #	0T3200794		
Ar #			
Size (kW, A)	350 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Water Services - Unit #W2104

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Quarterly	6.00	\$ 1,800.00	Jan, Apr, Oct
Full Oil Service	\$1,196.00	Every 3 years	1.00	\$ 1,196.00	July 2025
Filter Change Service	\$ 828.00	Annually	2.00	\$ 1,656.00	July '2026
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 748.00	Every 2 years	1.00	\$ 748.00	July 2025
	LB Length: <input type="text" value="2 hour long test"/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis	\$ 70.00	Quarterly	6.00	\$ 420.00	Jan, Apr, Oct
	Details: <input type="text" value="OA1 oil sample"/>				

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** \$ **5,820.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C13 PGAM		Flagstaff, AZ 86001-5399
Serial #	0T3200795		
Ar #			
Size (kW, A)	350 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Unit #W2103

Term of Agreement: 2-Year

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Quarterly	6.00	\$ 1,800.00	Jan, Apr, Oct
Full Oil Service	\$1,196.00	Every 3 years	1.00	\$ 1,196.00	July 2025
Filter Change Service	\$ 828.00	Annually	2.00	\$ 1,656.00	July '2026
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 748.00	Every 2 years	1.00	\$ 748.00	July '2025
	LB Length: 2 hour long test				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details: _____				
Additional Fluid Analysis	\$ 70.00	Quarterly	6.00	\$ 420.00	Jan, Apr, Oct
	Details: OA1 oil sample				

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** \$ **5,820.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	C-18		Flagstaff, AZ 86001-5399
Serial #	OT3400311		
Ar #			
Size (kW, A)	500 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	3200 W. Route 66 - #S7002

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Quarterly	6.00	\$ 1,800.00	Apr, July, Oct
Full Oil Service	\$1,882.00	Every 3 years	1.00	\$ 1,882.00	January 2026
Filter Change Service	\$ 849.00	Annually	1.00	\$ 849.00	Jan 2025
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 838.00	Every 2 years	1.00	\$ 838.00	Jan 2025
	LB Length: 2 hour long test				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis	\$ 70.00	Quarterly	6.00	\$ 420.00	Apr, Jul, Oct
	Details: OA1 oil sample				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **5,789.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen
Model	D175		Flagstaff, AZ 86001-5399
Serial #	0WG300668		
Ar #			
Size (kW, A)	164 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	New Courthouse - M2018

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 463.00	Annually	2.00	\$ 926.00	January
Full Oil Service	\$1,401.00	Annually	2.00	\$ 2,802.00	July
Filter Change Service				\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$1,155.00	Every 2 years	1.00	\$ 1,155.00	January '2025
	LB Length: 2 hour long test				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **4,883.00**
 plus applicable taxes and environmental fee

Notes: **THIS UNIT IS PRICED FOR AFTER HOURS SERVICE**



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Caterpillar	Address	211 W. Aspen Avenue
Model	3208		Flagstaff, AZ 86001-5399
Serial #	030A00536		
Ar #	1W7159		
Size (kW, A)	128 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	City Hall - 211 W Aspen #M2017

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 463.00	Annually	2.00	\$ 926.00	July
Full Oil Service	\$1,190.00	Annually	2.00	\$ 2,380.00	January
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 992.00	Every 2 years	1.00	\$ 992.00	July '2025
	LB Length: 2 hour long test.				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **4,298.00**
 plus applicable taxes and environmental fee

Notes: **THIS UNIT IS PRICED FOR AFTER HOURS SERVICE**



Client Support Agreement

Equipment <u>Generator</u>	Client <u>City of Flagstaff</u>
Make <u>Kohler</u>	Address <u>211 W. Aspen Avenue</u>
Model <u>80REOZ71</u>	<u>Flagstaff, AZ 86001-5399</u>
Serial # <u>304677</u>	<u> </u>
Ar # <u> </u>	<u> </u>
Size (kW, A) <u>80 kW</u>	<u> </u>
Client Contact <u>Nate Naliborski</u>	Phone <u>928-699-0469</u> Site ID <u>Terminal - Pulliam Airport #A3018</u>

Term of Agreement: 2-Year

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	July
Full Oil Service	\$ 819.00	Annually	2.00	\$ 1,638.00	January
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 572.00	Every 2 years	1.00	\$ 572.00	July 2026
	LB Length: 2 hour long test.				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details: 				
Additional Fluid Analysis		Select One		\$ -	
	Details: 				

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** \$ 2,810.00
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Kohler	Address	211 W. Aspen Avenue
Model	60REOZJB		Flagstaff, AZ 86001-5399
Serial #	2010604		
Ar #			
Size (kW, A)	60 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Runway - Pulliam Airport #A3019

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	July
Full Oil Service	\$ 813.00	Annually	2.00	\$ 1,626.00	January
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	Every 2 years	1.00	\$ 572.00	July 2026
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,798.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Kohler	Address	211 W. Aspen Avenue
Model	80REOZJB		Flagstaff, AZ 86001-5399
Serial #	2011157		
Ar #			
Size (kW, A)	80 kW		
Client Contact	Nate Naloborski	Phone	928-699-0469
		Site ID	Fire Station - Pulliam Airport #A3020

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 813.00	<input type="text" value="Annually"/>	2.00	\$ 1,626.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	1.00	\$ 572.00	<input type="text" value="July 2026"/>
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,798.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Avenue
Model	98A03204-S		Flagstaff, AZ 86001-5399
Serial #	2042239		
Ar #			
Size (kW, A)	50 kW		
Client Contact	Nate Naloborski	Phone	928-699-0469
		Site ID	FS #6 - 3877 S Lake Mary #F5051

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	July
Full Oil Service	\$ 771.00	Annually	2.00	\$ 1,542.00	January
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 572.00	Every 2 years	1.00	\$ 572.00	July 2026
	LB Length: 2 hour long test.				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,714.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Avenue
Model	8207320100		Flagstaff, AZ 86001-5399
Serial #	2093546		
Ar #			
Size (kW, A)	60 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	FS #1 - 1972 S Thompson #F2055

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	July
Full Oil Service	\$ 813.00	Annually	2.00	\$ 1,626.00	January
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 572.00	Every 2 years	1.00	\$ 572.00	July 2026
	LB Length: 2 hour long test.				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,798.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Avenue
Model	9507660100		Flagstaff, AZ 86001-5399
Serial #	2097346		
Ar #			
Size (kW, A)	60 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	FS #5 - #F2056 2525 N Fort Valley Rd. Flagstaff, AZ 86001

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 898.00	<input type="text" value="Annually"/>	2.00	\$ 1,796.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	1.00	\$ 572.00	<input type="text" value="July 2026"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** **\$** 2,968.00
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Avenue
Model	10320320200		Flagstaff, AZ 86001-5399
Serial #	2099992		
Ar #			
Size (kW, A)	60 kW		
Client Contact	Nate Naliborski	Phone	928-804-8027
		Site ID	Fire Station #3 - F2057 - 4500 E. Nestle Purina Ave. Flagstaff, AZ 86004

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 845.00	<input type="text" value="Annually"/>	2.00	\$ 1,690.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	1.00	\$ 572.00	<input type="text" value="July 2026"/>
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,862.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Ave.
Model	11097040100		Flagstaff, AZ 86001-5399
Serial #	2103264		
Ar #			
Size (kW, A)	60 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Fire Station #4 - F2058 - 4040 E. Butler Ave. Flagstaff, AZ 86004

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 813.00	<input type="text" value="Annually"/>	2.00	\$ 1,626.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	1.00	\$ 572.00	<input type="text" value="January 2025"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,798.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment <u>Generator</u>	Client <u>City of Flagstaff</u>	
Make <u>Generac</u>	Address <u>211 W. Aspen Avenue</u>	
Model <u>1158676100</u>	<u>Flagstaff, AZ 86001-5399</u>	
Serial # <u>2104975</u>		
Ar # _____		
Size (kW, A) <u>60 kW</u>		
Client Contact <u>Nate Naliborski</u>	Phone <u>928-699-0469</u>	Site ID <u>Fire Station #2 - F2060 - 1701 Ponderosa Pkwy. Flagstaff, AZ</u>

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	<input type="text" value="2.00"/>	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 813.00	<input type="text" value="Annually"/>	<input type="text" value="2.00"/>	\$ 1,626.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	<input type="text" value="1.00"/>	\$ 572.00	<input type="text" value="July 2025"/>
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				

Empire Contact <u>Matt Gipson</u>	Phone <u>602-333-5622</u>	Total per unit \$ 2,798.00 plus applicable taxes and environmental fee
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Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Avenue
Model	QT080543NSNA		Flagstaff, AZ 86001-5399
Serial #	4949171		
Ar #			
Size (kW, A)	80 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Incubator - #A2070

Term of Agreement: 2-Year

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 261.00	Annually	2.00	\$ 522.00	January
Full Oil Service	\$ 571.00	Annually	2.00	\$ 1,142.00	July
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 771.00	Every 2 years	1.00	\$ 771.00	July 2026
	LB Length: 2 huor long test.				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details: 				
Additional Fluid Analysis		Select One		\$ -	
	Details: 				

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** \$ 2,435.00
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	<u>Generator</u>	Client	<u>City of Flagstaff</u>
Make	<u>Generac</u>	Address	<u>211 W.Aspen Ave.</u>
Model	<u>QT02524</u>		<u>Flagstaff, AZ 86001-5399</u>
Serial #	<u>5938595</u>		
Ar #			
Size (kW, A)	<u>25 kW</u>		
Client Contact	<u>Nate Naliborski</u>	Phone	<u>928-699-0469</u>
		Site ID	<u>Fire Station #10 - F2061</u>

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	January
Full Oil Service	\$ 684.00	Annually	2.00	\$ 1,368.00	July
Filter Change Service		Select One		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 572.00	Every 2 years	1.00	\$ 572.00	July '2025
	LB Length: 2 hour long test				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact	<u>Matt Gipson</u>	Phone	<u>602-333-5622</u>	Total per unit	\$ 2,540.00
					plus applicable taxes and environmental fee

Notes: mitsubishi gas engine



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Multi Quip	Address	211 W. Aspen Avenue
Model	DCA-150SSJU3		Flagstaff, AZ 86001-5399
Serial #	7600487		
Ar #			
Size (kW, A)	120 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	3200 W. Rt 66 - # S7027

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	Annually	2.00	\$ 600.00	July
Full Oil Service	\$ 813.00	Annually	2.00	\$ 1,626.00	January
Filter Change Service		Annually		\$ -	
Coolant Replacement		Select One		\$ -	
Hose(s) and Thermostat		Select One		\$ -	
Belt(s) Replacement		Select One		\$ -	
Load Bank Test	\$ 667.00	Every 2 years	1.00	\$ 667.00	January 2025
	LB Length: 2 hour long test				
Battery Replacement		Select One		\$ -	
Megger Test		Select One		\$ -	
Pressure Wash		Select One		\$ -	
Valve Adjustment		Select One		\$ -	
Fuel System Maintenance		Select One		\$ -	
	Details:				
Additional Fluid Analysis		Select One		\$ -	
	Details:				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,893.00**
 plus applicable taxes and environmental fees

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W.Aspen Ave.
Model	SD136		Flagstaff, AZ 86001-5399
Serial #	3001382137		
Ar #			USGS
Size (kW, A)	135 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	GSA #6 - #A2069

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 463.00	Annually	2.00	\$ 926.00	July
Full Oil Service	\$1,353.00	Annually	2.00	\$ 2,706.00	January
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 992.00	Every 2 years 2 hour long test	1.00	\$ 992.00	July '2026
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **4,624.00**
 plus applicable taxes and environmental fees

Notes: IVECO 6.7L
 5 gal. oil

THIS UNIT IS PRICED FOR AFTER HOURS SERVICE



Client Support Agreement

Equipment	<u>Generator</u>	Client	<u>City of Flagstaff</u>
Make	<u>Onan</u>	Address	<u>211 W. Aspen Avenue</u>
Model	<u>DQGAB-6838561</u>		<u>Flagstaff, AZ 86001-5399</u>
Serial #	<u>B080156543</u>		
Ar #			
Size (kW, A)	<u>1500 kW</u>		
Client Contact	<u>Nate Naliborski</u>	Phone	<u>928-699--0469</u>
		Site ID	<u>Wildcat Hill WWTP - #S2015</u> <u>2800 N. El Paso Flagstaff, AZ</u>

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$4,292.00	<input type="text" value="Every 2 years"/>	1.00	\$ 4,292.00	<input type="text" value="January 2026"/>
Filter Change Service	\$2,715.00	<input type="text" value="Every 2 years"/>	1.00	\$ 2,715.00	<input type="text" value="January 2025"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$1,150.00	<input type="text" value="Every 2 years"/>	1.00	\$ 1,150.00	<input type="text" value="July 2026"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Annually"/>	2.00	\$ 140.00	<input type="text" value="June"/>
	Details:	<input type="text" value="OA1 oil sample"/>			

Empire Contact Matt Gipson **Phone** 602-333-5622 **Total per unit** \$ **8,897.00**
plus applicable taxes and environmental fee

Notes:



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Onan	Address	211 W. Aspen Avenue
Model	DGGD-5769019		Flagstaff, AZ 86001-5399
Serial #	G060943066		
Ar #			
Size (kW, A)	35 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Cinder Lake Landfill - #G8009 6770 E. Landfill Rd. Flagstaff, AZ 86004

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 776.00	<input type="text" value="Annually"/>	2.00	\$ 1,552.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 572.00	<input type="text" value="Every 2 years"/>	1.00	\$ 572.00	<input type="text" value="July 2025"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,724.00**
plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Onan	Address	211 W. Aspen Avenue
Model	150DVE-15R		Flagstaff, AZ 86001-5399
Serial #	J860850579		
Ar #			
Size (kW, A)	100 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	University Highlands - #W2075 2097 W. Delores Lane, Flagstaff, AZ

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$ 771.00	<input type="text" value="Annually"/>	2.00	\$ 1,542.00	<input type="text" value="January"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 600.00	<input type="text" value="Every 2 years"/>	1.00	\$ 600.00	<input type="text" value="January 2026"/>
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **2,742.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Onan	Address	211 W. Aspen Avenue
Model	DFMB-3384183		Flagstaff, AZ 86001-5399
Serial #	K990013554		
Ar #			
Size (kW, A)	1500 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Wildcat Hill WWTP - #S2045 2800 N El Paso, Flagstaff, AZ

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="July"/>
Full Oil Service	\$2,612.00	<input type="text" value="Every 2 years"/>	1.00	\$ 2,612.00	<input type="text" value="January '2026"/>
Filter Change Service	\$1,121.00	<input type="text" value="Every 2 years"/>	1.00	\$ 1,121.00	<input type="text" value="January '2025"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$1,150.00	<input type="text" value="Every 2 years"/>	1.00	\$ 1,150.00	<input type="text" value="July '2026"/>
	LB Length: <input type="text" value="2 hour long test."/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: <input type="text"/>				
Additional Fluid Analysis	\$ 70.00	<input type="text" value="Annually"/>	2.00	\$ 140.00	<input type="text" value="June"/>
	Details: <input type="text" value="OA1 oil sample"/>				

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **5,623.00**
 plus applicable taxes and environmental fee

Notes: _____



Client Support Agreement

Equipment	Generator	Client	City of Flagstaff
Make	Generac	Address	211 W. Aspen Ave.
Model	SD0250GG178.7D18H		Flagstaff, AZ 86001-5399
Serial #	9430595		
Ar #			
Size (kW, A)	250 kW		
Client Contact	Nate Naliborski	Phone	928-699-0469
		Site ID	Innovation Mesa - #A2068 - 2201 N. Gemini Dr. Flagstaff, AZ 86001

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Annually"/>	2.00	\$ 600.00	<input type="text" value="June"/>
Full Oil Service	\$1,049.00	<input type="text" value="Annually"/>	2.00	\$ 2,098.00	<input type="text" value="December"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 667.00	<input type="text" value="Every 2 years"/>	1.00	\$ 667.00	<input type="text" value="June '2023"/>
	LB Length:	<input type="text" value="2 hour long test"/>			
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details:	<input type="text"/>			

Empire Contact Kayla Nelson **Phone** 602-333-5622 **Total per unit \$** **3,365.00**
plus applicable taxes and environmental fee

Notes:



Client Support Agreement

Equipment Generator Client City of Flagstaff
 Make Multiquip Address 211 W. Aspen Avenue
 Model DCA25 Flagstaff, AZ 86001-5399
 Serial # 3982475
 Ar # _____
 Size (kW, A) 20kw

Client Contact Nate Naliborski Phone 928-699-0469 Site ID G8037

Term of Agreement:

Services	Price	Frequency	Total Visits	Total	Month of Services
Full System Inspection	\$ 300.00	<input type="text" value="Quarterly"/>	6.00	\$ 1,800.00	<input type="text" value="Jan, Apr, Oct"/>
Full Oil Service	\$ 712.00	<input type="text" value="Annually"/>	2.00	\$ 1,424.00	<input type="text" value="July"/>
Filter Change Service		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Coolant Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Hose(s) and Thermostat		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Belt(s) Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Load Bank Test	\$ 658.00	<input type="text" value="Every 2 years"/>	1.00	\$ 658.00	<input type="text" value="Jul-26"/>
	LB Length: <input type="text" value="2 hour"/>				
Battery Replacement		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Megger Test		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Pressure Wash		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Valve Adjustment		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Fuel System Maintenance		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				
Additional Fluid Analysis		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
	Details: _____				
Transfer Switch Inspection		<input type="text" value="Select One"/>		\$ -	<input type="text"/>
Switchgear Inspection		<input type="text" value="Select One"/>		\$ -	<input type="text"/>

Empire Contact Matt Gipson Phone 602-333-5622 Total per unit \$ **3,882.00**
 plus applicable taxes and environmental fee

Notes: _____

- **Full System Inspection:** A comprehensive inspection of the engine's cooling, fuel, lube, air, exhaust, and starting systems; as well as inspection of the engine monitors, safety controls, and control panel. This service is recommended weekly, monthly, quarterly, semi-annually, or annually, depending on use and application. For standby systems, it is recommended quarterly or semi-annually.
- **Full Oil Service:** The lubricating oil, lubricating oil filter, fuel filter will be changed, and oil & coolant analysis performed. A Full System Inspection is also completed.
- **Filter Change Service:** CATERPILLAR C9-3600 PRODUCTS may extend their oil change intervals to every third year. For these specific units, only lubricating oil filters and fuel filters are replaced on an annual basis. (see additional conditions)
- **Coolant Replacement:** Includes removal of all radiators anti-freeze/coolant, and replacement with high quality anti-freeze/coolant. When using Caterpillar Diesel Engine Anti-freeze/Coolant (DEAC), this service is recommended every 3 years. When using Caterpillar Extended Life Coolant (ELC), this service is recommended every 6 years, and extender is required at the half-life (3 years).
- **Hose(s) and Thermostat Replacement:** All coolant hoses and thermostats are replaced. This service must be accompanied by a Coolant Replacement service.
- **Belt(s) Replacement:** All serviceable belts are replaced. This service is recommended to be performed at the same time as hose and thermostat replacements.
- **Load Bank Test:** Load test at 75% of the generator name-plate rating, using resistive load bank(s). Length of test determined by application, generator size and client request. This service helps to identify any malfunctions or potential problems before they cause equipment failure. This also burns off harmful deposits in the combustion chamber, injector nozzles, and exhaust system caused by lightly loading the genset. This service is recommended annually.
- **Battery Replacement:** Replacement of the starting batteries. The number one reason that gensets don't start during an emergency are the starting batteries. When using Caterpillar's Premium High Output batteries, this service is recommended every 3 years. For all other batteries, this service is recommended every 2 years.
- **Megger Test:** Generator winding megger testing. This testing can help in early detection of deterioration or breakdown of generator windings, cabling insulation, and/or poor lug connectors. Winding deterioration can be caused by moisture, grease or oil residual, physical damage from overheating/overloading, and age deterioration. The frequency of this test is determined by the generator's environment and usage.
- **Pressure Wash:** This service utilizes a mobile pressure washer to clean the unit. Frequency of this service is dependent on client preference and request.
- **Valve Adjustment:** Perform a complete valve adjustment on the engine as required per Manufacturer's maintenance requirements or per client's specific requirements.
- **Fuel System Maintenance:** Maintenance to fuel filtering systems and/or main fuel storage tank. Specific client requirements should be detailed on pricing sheet.
- **Additional Fluid Analysis:** Additional fluid analysis that is not already included in other service levels. This may include oil, coolant and/or fuel. Details of which fluids and frequencies should be detailed on the pricing sheet.
- **Transfer Switch Inspection:** Inspect and clean the automatic transfer switch (ATS). This includes utilizing an infrared heat gun, checking buss bars and connections for hot spots. The voltage drop across load contacts is measured. With client's authorization, verify proper operation of the ATS, time delays, and indicator lamps and/or LEDs. This service is recommended semi-annually.
- **Switchgear Inspection:** Inspect and clean the switchgear as required. This includes utilizing an infrared heat gun, checking buss bars and connections for hot spots. With client's authorization, verify proper operation of the switchgear. This service is recommended annually.

EXHIBIT B
AGENCY CONTRACT
(attached)

1. Sourcewell Contract #092222-CAT with Caterpillar, Inc. (37 pages)
2. Sourcewell Contract #092222-CAT Pricing (7 pages)



Caterpillar, Inc.

Electrical Energy Power Generation Equipment

#092222-CAT

THIS DOCUMENT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A PART OF THE CONTRACT BETWEEN SOURCEWELL AND SUPPLIER.

If you would like to purchase off this contract or for questions regarding products and pricing, the Supplier Contact Information can be found at:

[Caterpillar Inc.: Contract 092222-CAT | Sourcewell \(sourcewell-mn.gov\)](#)

**Solicitation Number: RFP #092222****CONTRACT**

This Contract is between Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 (Sourcewell) and Caterpillar Inc., 5212 N. O'Connor Blvd., Suite 1100, Irving, TX 75039 (Supplier).

Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota (Minnesota Statutes Section 123A.21) that offers cooperative procurement solutions to government entities. Participation is open to eligible federal, state/province, and municipal governmental entities, higher education, K-12 education, nonprofit, tribal government, and other public entities located in the United States and Canada. Sourcewell issued a public solicitation for Electrical Energy Power Generation Equipment with Related Parts, Supplies, and Services from which Supplier was awarded a contract.

Supplier desires to contract with Sourcewell to provide equipment, products, or services to Sourcewell and the entities that access Sourcewell's cooperative purchasing contracts (Participating Entities).

1. TERM OF CONTRACT

- A. **EFFECTIVE DATE.** This Contract is effective upon the date of the final signature below.
- B. **EXPIRATION DATE AND EXTENSION.** This Contract expires November 22, 2026, unless it is cancelled sooner pursuant to Article 22. This Contract may be extended one additional year upon the request of Sourcewell and written agreement by Supplier.
- C. **SURVIVAL OF TERMS.** Notwithstanding any expiration or termination of this Contract, all payment obligations incurred prior to expiration or termination will survive, as will the following: Articles 11 through 14 survive the expiration or cancellation of this Contract. All other rights will cease upon expiration or termination of this Contract.

2. EQUIPMENT, PRODUCTS, OR SERVICES

- A. **EQUIPMENT, PRODUCTS, OR SERVICES.** Supplier will provide the Equipment, Products, or Services as stated in its Proposal submitted under the Solicitation Number listed above.

Supplier's Equipment, Products, or Services Proposal (Proposal) is attached and incorporated into this Contract.

All Equipment and Products provided under this Contract must be new and the current model. Supplier may offer used, close-out or refurbished Equipment or Products if they are clearly indicated in Supplier's product and pricing list. Unless agreed to by the Participating Entities in advance, Equipment or Products must be delivered as operational to the Participating Entity's site.

This Contract offers an indefinite quantity of sales, and while substantial volume is anticipated, sales and sales volume are not guaranteed.

B. **WARRANTY.** Supplier warrants that all Equipment, Products, and Services furnished are free from liens and encumbrances, and are free from defects in design, materials, and workmanship. In addition, Supplier warrants the Equipment, Products, and Services are suitable for and will perform in accordance with the ordinary use for which they are intended. Supplier's dealers and distributors must agree to assist the Participating Entity in reaching a resolution in any dispute over warranty terms with the manufacturer. Any manufacturer's warranty that extends beyond the expiration of the Supplier's warranty will be passed on to the Participating Entity.

C. **DEALERS, DISTRIBUTORS, AND/OR RESELLERS.** Upon Contract execution and throughout the Contract term, Supplier must provide to Sourcewell a current means to validate or authenticate Supplier's authorized dealers, distributors, or resellers relative to the Equipment, Products, and Services offered under this Contract, which will be incorporated into this Contract by reference. It is the Supplier's responsibility to ensure Sourcewell receives the most current information.

3. PRICING

All Equipment, Products, or Services under this Contract will be priced at or below the price stated in Supplier's Proposal.

When providing pricing quotes to Participating Entities, all pricing quoted must reflect a Participating Entity's total cost of acquisition. This means that the quoted cost is for delivered Equipment, Products, and Services that are operational for their intended purpose, and includes all costs to the Participating Entity's requested delivery location.

Regardless of the payment method chosen by the Participating Entity, the total cost associated with any purchase option of the Equipment, Products, or Services must always be disclosed in the pricing quote to the applicable Participating Entity at the time of purchase.

A. **SHIPPING AND SHIPPING COSTS.** All delivered Equipment and Products must be properly packaged. Damaged Equipment and Products may be rejected. If the damage is not readily

apparent at the time of delivery, Supplier must permit the Equipment and Products to be returned within a reasonable time at no cost to Sourcewell or its Participating Entities. Participating Entities reserve the right to inspect the Equipment and Products at a reasonable time after delivery where circumstances or conditions prevent effective inspection of the Equipment and Products at the time of delivery. In the event of the delivery of nonconforming Equipment and Products, the Participating Entity will notify the Supplier as soon as possible and the Supplier will replace nonconforming Equipment and Products with conforming Equipment and Products that are acceptable to the Participating Entity.

Supplier must arrange for and pay for the return shipment on Equipment and Products that arrive in a defective or inoperable condition.

Sourcewell may declare the Supplier in breach of this Contract if the Supplier intentionally delivers substandard or inferior Equipment or Products.

B. SALES TAX. Each Participating Entity is responsible for supplying the Supplier with valid tax-exemption certification(s). When ordering, a Participating Entity must indicate if it is a tax-exempt entity.

C. HOT LIST PRICING. At any time during this Contract, Supplier may offer a specific selection of Equipment, Products, or Services at discounts greater than those listed in the Contract. When Supplier determines it will offer Hot List Pricing, it must be submitted electronically to Sourcewell in a line-item format. Equipment, Products, or Services may be added or removed from the Hot List at any time through a Sourcewell Price and Product Change Form as defined in Article 4 below.

Hot List program and pricing may also be used to discount and liquidate close-out and discontinued Equipment and Products as long as those close-out and discontinued items are clearly identified as such. Current ordering process and administrative fees apply. Hot List Pricing must be published and made available to all Participating Entities.

4. PRODUCT AND PRICING CHANGE REQUESTS

Supplier may request Equipment, Product, or Service changes, additions, or deletions at any time. All requests must be made in writing by submitting a signed Sourcewell Price and Product Change Request Form to the assigned Sourcewell Supplier Development Administrator. This approved form is available from the assigned Sourcewell Supplier Development Administrator. At a minimum, the request must:

- Identify the applicable Sourcewell contract number;
- Clearly specify the requested change;
- Provide sufficient detail to justify the requested change;

- Individually list all Equipment, Products, or Services affected by the requested change, along with the requested change (e.g., addition, deletion, price change); and
- Include a complete restatement of pricing documentation in Microsoft Excel with the effective date of the modified pricing, or product addition or deletion. The new pricing restatement must include all Equipment, Products, and Services offered, even for those items where pricing remains unchanged.

A fully executed Sourcewell Price and Product Request Form will become an amendment to this Contract and will be incorporated by reference.

5. PARTICIPATION, CONTRACT ACCESS, AND PARTICIPATING ENTITY REQUIREMENTS

A. PARTICIPATION. Sourcewell's cooperative contracts are available and open to public and nonprofit entities across the United States and Canada; such as federal, state/province, municipal, K-12 and higher education, tribal government, and other public entities. Supplier may not enter into a contract with a U.S. Federal Government entity prior to obtaining necessary internal approvals and will not be obligated to provide Equipment, Products, or Services to any U.S. Federal Government entity under this Contract unless separately agreed in writing. Supplier may work with such parties and may agree to provide equipment or services under the Contract on a case-by-case basis.

The benefits of this Contract should be available to all Participating Entities that can legally access the Equipment, Products, or Services under this Contract. A Participating Entity's authority to access this Contract is determined through its cooperative purchasing, interlocal, or joint powers laws. Any entity accessing benefits of this Contract will be considered a Service Member of Sourcewell during such time of access. Supplier understands that a Participating Entity's use of this Contract is at the Participating Entity's sole convenience and Participating Entities reserve the right to obtain like Equipment, Products, or Services from any other source.

Supplier is responsible for familiarizing its sales and service forces with Sourcewell contract use eligibility requirements and documentation and will encourage potential participating entities to join Sourcewell. Sourcewell reserves the right to add and remove Participating Entities to its roster during the term of this Contract.

B. PUBLIC FACILITIES. Supplier's employees may be required to perform work at government-owned facilities, including schools. Supplier's employees and agents must conduct themselves in a professional manner while on the premises, and in accordance with Participating Entity policies and procedures, and all applicable laws.

6. PARTICIPATING ENTITY USE AND PURCHASING

A. **ORDERS AND PAYMENT.** To access the contracted Equipment, Products, or Services under this Contract, a Participating Entity must clearly indicate to Supplier that it intends to access this Contract; however, order flow and procedure will be developed jointly between Sourcewell and Supplier. Typically, a Participating Entity will issue an order directly to Supplier or its authorized subsidiary, distributor, dealer, or reseller. If a Participating Entity issues a purchase order, it may use its own forms, but the purchase order should clearly note the applicable Sourcewell contract number. All Participating Entity orders under this Contract must be issued prior to expiration or cancellation of this Contract; however, Supplier performance, Participating Entity payment obligations, and any applicable warranty periods or other Supplier or Participating Entity obligations may extend beyond the term of this Contract.

Supplier's acceptable forms of payment are included in its attached Proposal. Participating Entities will be solely responsible for payment and Sourcewell will have no liability for any unpaid invoice of any Participating Entity.

B. **ADDITIONAL TERMS AND CONDITIONS/PARTICIPATING ADDENDUM.** Additional terms and conditions to a purchase order, or other required transaction documentation, may be negotiated between a Participating Entity and Supplier, such as job or industry-specific requirements, legal requirements (e.g., affirmative action or immigration status requirements), or specific local policy requirements. Some Participating Entities may require the use of a Participating Addendum, the terms of which will be negotiated directly between the Participating Entity and the Supplier or its authorized dealers, distributors, or resellers, as applicable. Any negotiated additional terms and conditions must never be less favorable to the Participating Entity than what is contained in this Contract.

C. **SPECIALIZED SERVICE REQUIREMENTS.** In the event that the Participating Entity requires service or specialized performance requirements not addressed in this Contract (such as e-commerce specifications, specialized delivery requirements, or other specifications and requirements), the Participating Entity and the Supplier may enter into a separate, standalone agreement, apart from this Contract. Sourcewell, including its agents and employees, will not be made a party to a claim for breach of such agreement.

D. **TERMINATION OF ORDERS.** Participating Entities may terminate an order, in whole or in part, immediately upon notice to Supplier in the event of any of the following events:

1. The Participating Entity fails to receive funding or appropriation from its governing body at levels sufficient to pay for the equipment, products, or services to be purchased; or
2. Federal, state, or provincial laws or regulations prohibit the purchase or change the Participating Entity's requirements.

E. **GOVERNING LAW AND VENUE.** The governing law and venue for any action related to a Participating Entity's order will be determined by the Participating Entity making the purchase.

7. CUSTOMER SERVICE

A. **PRIMARY ACCOUNT REPRESENTATIVE.** Supplier will assign an Account Representative to Sourcwell for this Contract and must provide prompt notice to Sourcwell if that person is changed. The Account Representative will be responsible for:

- Maintenance and management of this Contract;
- Timely response to all Sourcwell and Participating Entity inquiries; and
- Business reviews to Sourcwell and Participating Entities, if applicable.

B. **BUSINESS REVIEWS.** Supplier must perform a minimum of one business review with Sourcwell per contract year. The business review will cover sales to Participating Entities, pricing and contract terms, administrative fees, sales data reports, performance issues, supply issues, customer issues, and any other necessary information.

8. REPORT ON CONTRACT SALES ACTIVITY AND ADMINISTRATIVE FEE PAYMENT

A. **CONTRACT SALES ACTIVITY REPORT.** Each calendar quarter, Supplier must provide a contract sales activity report (Report) to the Sourcwell Supplier Development Administrator assigned to this Contract. Reports are due no later than 45 days after the end of each calendar quarter. A Report must be provided regardless of the number or amount of sales during that quarter (i.e., if there are no sales, Supplier must submit a report indicating no sales were made).

The Report must contain the following fields:

- Participating Entity Name (e.g., City of Staples Highway Department);
- Participating Entity Physical Street Address;
- Participating Entity City;
- Participating Entity State/Province;
- Participating Entity Zip/Postal Code;
- Participating Entity Contact Name;
- Participating Entity Contact Email Address;
- Participating Entity Contact Telephone Number;
- Sourcwell Assigned Entity/Participating Entity Number;
- Item Purchased Description;
- Item Purchased Price;
- Sourcwell Administrative Fee Applied; and
- Date Purchase was invoiced/sale was recognized as revenue by Supplier.

B. ADMINISTRATIVE FEE. In consideration for the support and services provided by Sourcewell, the Supplier will pay an administrative fee to Sourcewell on all Equipment, Products, and Services provided to Participating Entities. The Administrative Fee must be included in, and not added to, the pricing. Supplier may not charge Participating Entities more than the contracted price to offset the Administrative Fee.

The Supplier will submit payment to Sourcewell for the percentage of administrative fee stated in the Proposal multiplied by the total sales of all Equipment, Products, and Services purchased by Participating Entities under this Contract during each calendar quarter. Payments should note the Supplier's name and Sourcewell-assigned contract number in the memo; and must be mailed to the address above "Attn: Accounts Receivable" or remitted electronically to Sourcewell's banking institution per Sourcewell's Finance department instructions. Payments must be received no later than 45 calendar days after the end of each calendar quarter.

Supplier agrees to cooperate with Sourcewell in auditing transactions under this Contract to ensure that the administrative fee is paid on all items purchased under this Contract.

In the event the Supplier is delinquent in any undisputed administrative fees, Sourcewell reserves the right to cancel this Contract and reject any proposal submitted by the Supplier in any subsequent solicitation. In the event this Contract is cancelled by either party prior to the Contract's expiration date, the administrative fee payment will be due no more than 30 days from the cancellation date.

9. AUTHORIZED REPRESENTATIVE

Sourcewell's Authorized Representative is its Chief Procurement Officer.

Supplier's Authorized Representative is the person named in the Supplier's Proposal. If Supplier's Authorized Representative changes at any time during this Contract, Supplier must promptly notify Sourcewell in writing.

10. AUDIT, ASSIGNMENT, AMENDMENTS, WAIVER, AND CONTRACT COMPLETE

A. AUDIT. Pursuant to Minnesota Statutes Section 16C.05, subdivision 5, the books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by Sourcewell or the Minnesota State Auditor for a minimum of six years from the end of this Contract. This clause extends to Participating Entities as it relates to business conducted by that Participating Entity under this Contract.

B. ASSIGNMENT. Neither party may assign or otherwise transfer its rights or obligations under this Contract without the prior written consent of the other party and a fully executed assignment agreement. Such consent will not be unreasonably withheld. Any prohibited

assignment will be invalid. Provided, however, that Caterpillar is permitted to subcontract certain of its rights and obligations to Caterpillar dealers for performance without Sourcewell's prior written consent.

C. AMENDMENTS. Any amendment to this Contract must be in writing and will not be effective until it has been duly executed by the parties.

D. WAIVER. Failure by either party to take action or assert any right under this Contract will not be deemed a waiver of such right in the event of the continuation or repetition of the circumstances giving rise to such right. Any such waiver must be in writing and signed by the parties.

E. CONTRACT COMPLETE. This Contract represents the complete agreement between the parties. No other understanding regarding this Contract, whether written or oral, may be used to bind either party. For any conflict between the attached Proposal and the terms set out in Articles 1-22 of this Contract, the terms of Articles 1-22 will govern.

F. RELATIONSHIP OF THE PARTIES. The relationship of the parties is one of independent contractors, each free to exercise judgment and discretion with regard to the conduct of their respective businesses. This Contract does not create a partnership, joint venture, or any other relationship such as master-servant, or principal-agent.

11. INDEMNITY AND HOLD HARMLESS

Intentionally omitted.

12. GOVERNMENT DATA PRACTICES

Supplier and Sourcewell must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by or provided to Sourcewell under this Contract and as it applies to all data created, collected, received, maintained, or disseminated by the Supplier under this Contract.

13. INTELLECTUAL PROPERTY, PUBLICITY, MARKETING, AND ENDORSEMENT

A. INTELLECTUAL PROPERTY

1. *Grant of License*. During the term of this Contract:
 - a. Sourcewell grants to Supplier a royalty-free, worldwide, non-exclusive right and license to use the trademark(s) provided to Supplier by Sourcewell in advertising and promotional materials for the purpose of marketing Sourcewell's relationship with Supplier.

b. Supplier grants to Sourcewell a royalty-free, worldwide, non-exclusive right and license to use Supplier's trademarks in advertising and promotional materials for the purpose of marketing Supplier's relationship with Sourcewell.

2. *Limited Right of Sublicense.* The right and license granted herein includes a limited right of each party to grant sublicenses to their respective subsidiaries, distributors, dealers, resellers, marketing representatives, and agents (collectively "Permitted Sublicensees") in advertising and promotional materials for the purpose of marketing the Parties' relationship to Participating Entities. Any sublicense granted will be subject to the terms and conditions of this Article. Each party will be responsible for any breach of this Article by any of their respective sublicensees.

3. *Use; Quality Control.*

a. Neither party may alter the other party's trademarks from the form provided and must comply with removal requests as to specific uses of its trademarks or logos.

b. Each party agrees to use, and to cause its Permitted Sublicensees to use, the other party's trademarks only in good faith and in a dignified manner consistent with such party's use of the trademarks. Upon written notice to the breaching party, the breaching party has 30 days of the date of the written notice to cure the breach or the license will be terminated.

4. *Termination.* Upon the termination of this Contract for any reason, each party, including Permitted Sublicensees, will have 30 days to remove all Trademarks from signage, websites, and the like bearing the other party's name or logo (excepting Sourcewell's pre-printed catalog of suppliers which may be used until the next printing). Supplier must return all marketing and promotional materials, including signage, provided by Sourcewell, or dispose of it according to Sourcewell's written directions.

B. **PUBLICITY.** Any publicity regarding the subject matter of this Contract must not be released without prior written approval from the Authorized Representatives. Publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Supplier individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Contract.

C. **MARKETING.** Any direct advertising, marketing, or offers with Participating Entities must be approved by Sourcewell. Send all approval requests to the Sourcewell Supplier Development Administrator assigned to this Contract.

D. **ENDORSEMENT.** The Supplier must not claim that Sourcewell endorses its Equipment, Products, or Services.

14. GOVERNING LAW, JURISDICTION, AND VENUE

The substantive and procedural laws of the State of Minnesota will govern this Contract. Venue for all legal proceedings arising out of this Contract, or its breach, must be in the appropriate state court in Todd County, Minnesota or federal court in Fergus Falls, Minnesota.

15. FORCE MAJEURE

Neither party to this Contract will be held responsible for delay or default caused by acts of God or other conditions that are beyond that party's reasonable control. A party defaulting under this provision must provide the other party prompt written notice of the default.

16. SEVERABILITY

If any provision of this Contract is found by a court of competent jurisdiction to be illegal, unenforceable, or void then both parties will be relieved from all obligations arising from that provision. If the remainder of this Contract is capable of being performed, it will not be affected by such determination or finding and must be fully performed.

17. PERFORMANCE, DEFAULT, AND REMEDIES

A. **PERFORMANCE.** During the term of this Contract, the parties will monitor performance and address unresolved contract issues as follows:

1. *Notification.* The parties must promptly notify each other of any known dispute and work in good faith to resolve such dispute within a reasonable period of time. If necessary, Sourcewell and the Supplier will jointly develop a short briefing document that describes the issue(s), relevant impact, and positions of both parties.
2. *Escalation.* If parties are unable to resolve the issue in a timely manner, as specified above, either Sourcewell or Supplier may escalate the resolution of the issue to a higher level of management. The Supplier will have 30 calendar days to cure an outstanding issue.
3. *Performance while Dispute is Pending.* Notwithstanding the existence of a dispute, the Supplier must continue without delay to carry out all of its responsibilities under the Contract that are not affected by the dispute. If the Supplier fails to continue without delay to perform its responsibilities under the Contract, in the accomplishment of all undisputed work, the Supplier will bear any additional costs incurred by Sourcewell and/or its Participating Entities as a result of such failure to proceed.

B. **DEFAULT AND REMEDIES.** Either of the following constitutes cause to declare this Contract, or any Participating Entity order under this Contract, in default:

1. Nonperformance of contractual requirements, or
2. A material breach of any term or condition of this Contract.

The party claiming default must provide written notice of the default, with 30 calendar days to cure the default. Time allowed for cure will not diminish or eliminate any liability for liquidated or other damages. If the default remains after the opportunity for cure, the non-defaulting party may:

- Exercise any remedy provided by law or equity, or
- Terminate the Contract or any portion thereof, including any orders issued against the Contract.

18. INSURANCE

A. REQUIREMENTS. At its own expense, Supplier must maintain insurance policy(ies) in effect at all times during the performance of this Contract with insurance company(ies) licensed or authorized to do business in the State of Minnesota having an "AM BEST" rating of A- or better, with coverage and limits of insurance not less than the following:

1. *Workers' Compensation and Employer's Liability.*

Workers' Compensation: As required by any applicable law or regulation.

Employer's Liability Insurance: must be provided in amounts not less than listed below:

Minimum limits:

\$500,000 each accident for bodily injury by accident

\$500,000 policy limit for bodily injury by disease

\$500,000 each employee for bodily injury by disease

2. *Commercial General Liability Insurance.* Supplier will maintain insurance covering its operations, with coverage on an occurrence basis, and must be subject to terms no less broad than the Insurance Services Office ("ISO") Commercial General Liability Form CG0001 (2001 or newer edition), or equivalent. At a minimum, coverage must include liability arising from premises, operations, bodily injury and property damage, independent contractors, products-completed operations including construction defect, contractual liability, blanket contractual liability, and personal injury and advertising injury. All required limits, terms and conditions of coverage must be maintained during the term of this Contract.

Minimum Limits:

\$1,000,000 each occurrence Bodily Injury and Property Damage

\$1,000,000 Personal and Advertising Injury

\$2,000,000 aggregate for products liability-completed operations

\$2,000,000 general aggregate

3. *Commercial Automobile Liability Insurance.* During the term of this Contract, Supplier will maintain insurance covering all owned, hired, and non-owned automobiles in limits of liability not less than indicated below. The coverage must be subject to terms

no less broad than ISO Business Auto Coverage Form CA 0001 (2010 edition or newer), or equivalent.

Minimum Limits:

\$1,000,000 each accident, combined single limit

4. *Umbrella Insurance*. During the term of this Contract, Supplier will maintain umbrella coverage over Employer's Liability, Commercial General Liability, and Commercial Automobile.

Minimum Limits:

\$2,000,000

5. *Professional/Technical, Errors and Omissions, and/or Miscellaneous Professional Liability*. During the term of this Contract, Supplier will maintain coverage for all claims the Supplier may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Supplier's professional services required under this Contract.

Minimum Limits:

\$2,000,000 per claim or event

\$2,000,000 – annual aggregate

Failure of Supplier to maintain the required insurance will constitute a material breach entitling Sourcewell to immediately terminate this Contract for default.

B. CERTIFICATES OF INSURANCE. Prior to commencing under this Contract, Supplier must furnish to Sourcewell a certificate of insurance, as evidence of the insurance required under this Contract. Prior to expiration of the policy(ies), renewal certificates must be mailed to Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 or sent to the Sourcewell Supplier Development Administrator assigned to this Contract. The certificates must be signed by a person authorized by the insurer(s) to bind coverage on their behalf.

Failure to request certificates of insurance by Sourcewell, or failure of Supplier to provide certificates of insurance, in no way limits or relieves Supplier of its duties and responsibilities in this Contract.

C. ADDITIONAL INSURED ENDORSEMENT AND PRIMARY AND NON-CONTRIBUTORY INSURANCE CLAUSE. Supplier agrees to list Sourcewell and its Participating Entities, including their officers, agents, and employees, as an additional insured under the Supplier's commercial general liability insurance policy with respect to liability arising out of activities, "operations," or "work" performed by or on behalf of Supplier, and products and completed operations of Supplier. The policy provision(s) or endorsement(s) must further provide that coverage is primary and not excess over or contributory with any other valid, applicable, and collectible insurance or self-insurance in force for the additional insureds. A Participating Dealer may name a Participating Entity as an additional insured on a case-by-case basis.

D. **WAIVER OF SUBROGATION.** Supplier waives and must require (by endorsement or otherwise) all its insurers to waive subrogation rights against Sourcewell and other additional insureds for losses paid under the insurance policies required by this Contract or other insurance applicable to the Supplier or its subcontractors. The waiver must apply to all deductibles and/or self-insured retentions applicable to the required or any other insurance maintained by the Supplier or its subcontractors.

E. **UMBRELLA/EXCESS LIABILITY/SELF-INSURED RETENTION.** The limits required by this Contract can be met by either providing a primary policy or in combination with umbrella/excess liability policy(ies), or self-insured retention.

19. COMPLIANCE

A. **LAWS AND REGULATIONS.** All Equipment, Products, or Services provided under this Contract must comply fully with applicable federal laws and regulations, and with the laws in the states and provinces in which the Equipment, Products, or Services are sold.

B. **LICENSES.** Supplier's Participating Dealers must maintain a valid and current status on all required federal, state/provincial, and local licenses, bonds, and permits required for the operation of the business that the Supplier's Participating Dealer conducts with Sourcewell and Participating Entities.

20. BANKRUPTCY, DEBARMENT, OR SUSPENSION CERTIFICATION

Supplier certifies and warrants that it is not in bankruptcy or that it has previously disclosed in writing certain information to Sourcewell related to bankruptcy actions. If at any time during this Contract Supplier declares bankruptcy, Supplier must immediately notify Sourcewell in writing.

Supplier certifies and warrants that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Supplier certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this Contract. Supplier further warrants that it will provide immediate written notice to Sourcewell if this certification changes at any time.

21. PROVISIONS FOR NON-UNITED STATES FEDERAL ENTITY PROCUREMENTS UNDER UNITED STATES FEDERAL AWARDS OR OTHER AWARDS

Intentionally omitted.

22. CANCELLATION

Sourcewell or Supplier may cancel this Contract at any time, with or without cause, upon 60 days' written notice to the other party. However, Sourcewell may cancel this Contract immediately upon discovery of a material defect in any certification made in Supplier's Proposal. Cancellation of this Contract does not relieve either party of financial, product, or service obligations incurred or accrued prior to cancellation.

Sourcewell

Caterpillar Inc.

DocuSigned by:
Jeremy Schwartz
C0FD2A139D06489...

DocuSigned by:
Jaime Mineart
8ED6778AD1EB44E...

By: _____

By: _____

Jeremy Schwartz

Jaime Mineart

Title: Chief Procurement Officer

Title: Vice President & General Manager
Retail Electric Power Solutions

12/6/2022 | 4:51 PM CST

12/6/2022 | 6:57 PM PST

Date: _____

Date: _____

Approved:

DocuSigned by:
Chad Coquette
7E42B8F817A64CC...

By: _____

Chad Coquette

Title: Executive Director/CEO

12/6/2022 | 8:58 PM CST

Date: _____

RFP 092222 - Electrical Energy Power Generation Equipment with Related Parts, Supplies, and Services

Vendor Details

Company Name: Caterpillar
Address: 5205 N O'Connor Blvd
Irving, TX 75039
Contact: Jaime Mineart
Email: Mineart_Jaime_M@cat.com
Phone: 309-208-8238
Fax: 847-212-8020
HST#:

Submission Details

Created On: Thursday August 04, 2022 09:20:25
Submitted On: Thursday September 22, 2022 11:48:50
Submitted By: Jaime Mineart
Email: Mineart_Jaime_M@cat.com
Transaction #: 7d158290-a935-4ffc-acc0-efaa11d1bfb4
Submitter's IP Address: 198.180.154.20

Specifications

Table 1: Proposer Identity & Authorized Representatives

General Instructions (applies to all Tables) Sourcewell prefers a brief but thorough response to each question. Do not merely attach additional documents to your response without also providing a substantive response. Do not leave answers blank; respond "N/A" if the question does not apply to you (preferably with an explanation).

Line Item	Question	Response *
1	Proposer Legal Name (one legal entity only): (In the event of award, will execute the resulting contract as "Supplier")	Caterpillar Inc.
2	Identify all subsidiary entities of the Proposer whose equipment, products, or services are included in the Proposal.	N/A
3	Identify all applicable assumed names or DBA names of the Proposer or Proposer's subsidiaries in Line 1 or Line 2 above.	N/A
4	Provide your CAGE code or Unique Entity Identifier (SAM):	11083
5	Proposer Physical Address:	5212 N O'Connor Blvd Ste. 1100, Irving, TX 75039
6	Proposer website address (or addresses):	https://www.caterpillar.com/ , https://www.cat.com/en_US.html
7	Proposer's Authorized Representative (name, title, address, email address & phone) (The representative must have authority to sign the "Proposer's Assurance of Compliance" on behalf of the Proposer and, in the event of award, will be expected to execute the resulting contract):	Authorized Rep: Jaime Mineart Title: Vice President & General Manager, Retail Electric Power Solutions Address: 5212 N O'Connor Blvd Ste. 1100, Irving, TX 75039 Email: Mineart_Jaime_M@cat.com Phone: (309) 208-8238
8	Proposer's primary contact for this proposal (name, title, address, email address & phone):	Primary Contact: Nicole Warnstedt Title: Territory Sales Manager Address: 5212 N O'Connor Blvd Ste. 1100, Irving, TX 75039 Email: Warnstedt_nicole_a@cat.com Phone: (847) 212-8020
9	Proposer's other contacts for this proposal, if any (name, title, address, email address & phone):	Other Contact: Steve Turner Title: Americas Sales Manager, Retail Electric Power Solutions Address: 5212 N O'Connor Blvd Ste. 1100, Irving, TX 75039 Email: Turner_Stephen_M@cat.com Phone: (309) 208-8238

Table 2: Company Information and Financial Strength

Line Item	Question	Response *
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<p>10</p>	<p>Provide a brief history of your company, including your company's core values, business philosophy, and industry longevity related to the requested equipment, products or services.</p>	<p>Caterpillar was founded in 1925 when two entrepreneurs merged their companies: Holt Manufacturing Company and C.L Best Tractor Company. The merger was a great success because the ethics of both men were focused on high quality products and the best customer support.</p> <p>The key to this satisfaction is two-fold: build the best products and empower our dealers to offer the best support. Through this combination, we are proud to prove that our products offer the best value to our customers regardless of where they are located.</p> <p>Caterpillar produced its first diesel engine in 1939. In 1953, Caterpillar created a division dedicated to the specific needs of a broad range of diesel engine customers, including power generation. In 2021, the Energy & Transportation segment including all Power Generation divisions contributed more than \$20.2 Billion of revenue globally for Caterpillar Inc. with more than \$7.6 Billion in North America alone.</p> <p>Since the founding, Caterpillar Inc. has retained the culture of focusing on customer needs and supporting products after the sale. Our company culture is keenly focused on customer satisfaction and every employee realizes that a customer's experience using the product will determine whether he or she will purchase another one.</p> <p>Caterpillar has a robust Code of Conduct that can be found at Caterpillar Code of Conduct Caterpillar Values in Action. Here is a quote from Jim Umpleby, Caterpillar Chief Executive Officer, summarizing this code and its significance in Caterpillar culture. "We are proud that the people on our team come from across the globe, with diverse backgrounds, experiences, and perspectives. This diverse culture and character make us stronger. What unites us within this diversity is a common set of Values; that we are not just accountable for the work we do; we also care deeply about how we do it. Our Code of Conduct defines those Values in action –what we stand for and how we conduct ourselves with our customers, suppliers and one another. Its purpose is not to provide a set of rules that covers every situation or challenge we may face, but to guide us in living those values every day. The Code of Conduct explains what Integrity, Excellence, Teamwork, Commitment and Sustainability mean to us and how we use these Values to make sound, ethical decisions. Our Code of Conduct is one of the most important documents we produce at Caterpillar.</p> <p>We can prove measurable advantages in total owning and operating costs as well as tangible benefits in terms of standard safety features, telematic information sharing, and many training, and application support services offered by our dealers.</p>
<p>11</p>	<p>What are your company's expectations in the event of an award?</p>	<p>Caterpillar is honored to have served Sourcewell and its members who have purchased Cat construction equipment, work-tools, and electrical power generation products through Sourcewell since 2008. Furthermore, we are proud to have earned the Sourcewell Legacy Award in 2019. Caterpillar is the top contributor to generator sales in our current Power Generation and Services contract 120617-CAT. Together with the Machine contract, we look forward to the opportunity to further grow business and serve member needs together in this new Power Generation contract. With average 20-30% growth over the past 5 years, we will be dedicated to continuing with this annual growth.</p>

12	<p>Demonstrate your financial strength and stability with meaningful data. This could include such items as financial statements, SEC filings, credit and bond ratings, letters of credit, and detailed reference letters. Upload supporting documents (as applicable) in the document upload section of your response.</p>	<p>Maintaining financial strength is a critical priority for Caterpillar. We receive debt ratings from the major credit rating agencies. Caterpillar is "mid-A" rated by S&P and Fitch and has a "low-A" rating with a positive outlook from Moody's. Maintaining our "mid-A" credit rating is critical to our cash deployment priorities. Due to our prudent focus on financial strength, on a comparative basis Caterpillar has generally demonstrated higher profitability, lower leverage, and better liquidity than our competitor peer group. Our liquidity position is extremely strong with typically the highest percentage of cash as a percent of total assets on the balance sheet vs our competitors.</p> <p>Please see 2021 Investor Presentation which provides additional details about our financial position. The full text of the SEC filing documents can be found on our public website: https://investors.caterpillar.com/financials/sec-filings/default.aspx.</p> <p>In 2021 full year sales and revenues were \$50.971B. Enterprise operating cash Flow was \$7.2B. During the year, the company paid dividends of \$2.33B and repurchased \$2.67B of Caterpillar common stock. Liquidity remained strong with an enterprise cash balance of \$9.25B at the end of 2021. After paying uninterrupted rising annual dividends for more than two decades, Caterpillar, Inc. (NYSE:CAT) reached the 27th consecutive year mark for inclusion in the elite group of companies designated as Dividend Aristocrats. In addition to a minimum of 25 consecutive years of dividend hikes, a company must be a component of the S&P 500 index and must have a market capitalization of at least \$3B to qualify as a Dividend Aristocrat.</p>
13	<p>What is your US market share for the solutions that you are proposing?</p>	<p>Market share information beyond what is made publicly available through our annual reports is considered confidential. Market share data is not readily available within the industry. There are not many manufacturers offering products for the US and Canada that meet the required regulations. Caterpillar is a significant contributor to the overall Power Generation sector within the US and Canada.</p>
14	<p>What is your Canadian market share for the solutions that you are proposing?</p>	<p>Market share information beyond what is made publicly available through our annual reports is considered confidential. Market share data is not readily available within the industry. There are not many manufacturers offering products for the US and Canada that meet the required regulations. Caterpillar is a significant contributor to the overall Power Generation sector within the US and Canada.</p>
15	<p>Has your business ever petitioned for bankruptcy protection? If so, explain in detail.</p>	<p>No, Caterpillar has never filed for bankruptcy.</p>
16	<p>How is your organization best described: is it a manufacturer, a distributor/dealer/reseller, or a service provider? Answer whichever question (either a) or b) just below) best applies to your organization.</p> <p>a) If your company is best described as a distributor/dealer/reseller (or similar entity), provide your written authorization to act as a distributor/dealer/reseller for the manufacturer of the products proposed in this RFP. If applicable, is your dealer network independent or company owned?</p> <p>b) If your company is best described as a manufacturer or service provider, describe your relationship with your sales and service force and with your dealer network in delivering the products and services proposed in this RFP. Are these individuals your employees, or the employees of a third party?</p>	<p>Caterpillar is a world class manufacturer which distributes products through a vast and capable dealer network. Our dealers are strong independent companies and in North America alone they have a combined net worth of billions of dollars. Their large valuation is a competitive advantage because it allows them to have the infrastructure to support customers regardless of location, industry, fleet size, or application. We believe our dealers have the largest amount of service parts available in their inventory.</p> <p>Another advantage of independently owned dealers is that they know their customers and market well. They tailor their services specifically to their customers' needs. Caterpillar and each dealer have signed a sales and service agreement that outlines the specific expectations from both parties. In a broad overview, Caterpillar manufactures products and sells them to our dealers. The dealers then sell those products to customers. Caterpillar does not sell directly to state and local governments.</p> <p>Though we will sign this contract as a manufacturer, our dealers will be given the opportunity to avail themselves of the opportunity presented by the contract and will execute all the transactions with governmental customers as they do today. This includes but is not limited to consultation, quoting, accepting payment, delivery, warranty support, parts sales, and service. This is no different than sales occurring out the terms of this agreement.</p> <p>Caterpillar dealers heartily embrace the other Sourcewell contracts currently available to them (032119-CAT, 120617-CAT and 062320-CAT). They have all been trained on contract usage. In fact, the current Electric Power contract is leveraged by at least 75% of our dealers in North America. Caterpillar offers specific discounts to Sourcewell members. By using any Sourcewell Contract, our dealers agree to honor those discounts.</p>
17	<p>If applicable, provide a detailed explanation outlining the licenses and certifications that are both required to be held, and actually held, by your organization (including third parties and subcontractors that you use) in pursuit of the business contemplated by this RFP.</p>	<p>Caterpillar and its subsidiaries operate across the globe in a variety of markets that require Caterpillar to adhere to all locally mandated laws and regulations in order to do business. With regards to the territories covered by this RFP, Caterpillar will comply with applicable laws in order to do business in the territories described herein.</p>

18	Provide all "Suspension or Debarment" information that has applied to your organization during the past ten years.	Caterpillar has not been suspended or disbarred in trading history.
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Table 3: Industry Recognition & Marketplace Success

Line Item	Question	Response *
19	Describe any relevant industry awards or recognition that your company has received in the past five years	<p>Please note: To list all the awards received in the past 5 years would unnecessarily lengthen our response. For brevity, we are highlighting some recognition received in 2020, 2021 and 2022. Also note there are many global awards.</p> <p>Fortune Magazine #78 on the Fortune 500 2021 Fortune Magazine World's Most Admired Companies World & North America Dow Jones Sustainability Index Forbes Best Employers for diversity 2020 and 2021 #82 Best Global Brands- Interbrand 2021 The Wall Street Journal Best Managed Companies in 2020 and 2021 The Wall Street Journal World's Most Sustainably Managed Companies Human Rights Campaign Foundation Corporate Equality Index Dow Jones Sustainability Index (World and North America) 21 years World's Most Sustainably Managed Companies – The Wall Street Journal United Way World Wide's Global Corporate Leadership Program U.S. President's Volunteer Service Award from Junior Achievement Corporate Equality Index – Human Rights Campaign Foundation CSR China Top 100 – the 4th CSR China Education Award (China) China CSR Excellence Award – China Philanthropy Times (China) Corporate Social Responsibility Research Center of Southern Weekly (China) Outstanding Contribution to Poverty Alleviation – China Foundation for Poverty Alleviation (China) 2020 Global 500 – Fortune Magazine America's Most Responsible Companies 2020, 2021 & 2022 – Newsweek Best-Managed Companies of 2020 & 2021 – The Wall Street Journal Top Companies for Customer Satisfaction – The Wall Street Journal The CEO Leaderboard: COVID-19 Reputation Rankings – SJR All-America Executive Team – Institutional Investor Top 150 Global Licensors – Global License Best Global Brands Top 100 – Interbrand World's Most Valuable Brands 2020 – Forbes 2020 Best Places to Work for Disability Inclusion – Disability Equality Index World's Best Employers 2020 – Forbes Best Employers for Women 2020 – Forbes America's Best Employers by State 2020 – Forbes America's Best Employers for Diversity 2020 – Forbes Best Employers for New Grads 2020 – Forbes Global 2000 – Forbes 2020, 2021 & 2022 Best Employers for Veterans 2020 and 2021– Forbes Top Veteran-Friendly Company – U.S. Veterans Magazine #1 Great Place to Work – Great Place to Work Institute (Brazil) #1 Great Place to Work in the Ag Business - Great Place to Work Institute (Brazil) Chile's 20 Best Places in 2020 to Work for LGBTQ Equality, pwc Human Rights Campaign Top of Mind Company "Industry category" (Piracicaba, Brazil) Certification on Promoting Work-Life Balance in Hyogo Prefecture – Hyogo Work and Life Center (Japan) Hyogo's Women's Success in Business Promotion Company – Hyogo Women Empowerment & Promotion Center (Japan) Hanada Award for WIN Akashi – Hyogo Women and Future Association (Japan) Hyogo Childcare Supporting Company Award (Japan) Science & Technology Industry Summit: Outstanding Contribution – The Economic Observer (China) 2020 China Good Companies: Industry Leadership – Jiemian.com (China) Cat® G3520 Fast-Response, Natural Gas Generator Set Earns Gold Award in Consulting-Specifying Engineer's 2021 Product of the Year Competition</p>
20	What percentage of your sales are to the governmental sector in the past three years	<p>The governmental and educational sector is extremely important to Caterpillar. We do not track government and education separately. However, it is safe to assume that the bulk of these sales is to state, county, municipal and special districts. We have a dedicated team to ensure success in this market. Overall, the percentage of our sales to non-federal government agencies varies between 7% and 15%.</p>

21	What percentage of your sales are to the education sector in the past three years	The governmental and educational sector is extremely important to Caterpillar. We do not track government and education separately. However, it is safe to assume that the bulk of these sales is to state, county, municipal and special districts. We have a dedicated team to ensure success in this market. Overall, the percentage of our sales to non-federal government agencies varies between 7% and 15%.	*
22	List any state, provincial, or cooperative purchasing contracts that you hold. What is the annual sales volume for each of these contracts over the past three years?	Cat dealers typically hold contracts with states and provinces. Additionally, we are contract holders with OMNIA. Just as we would never share Sourcewell transaction information with other cooperatives, we feel it is inappropriate to share volumes with those contracts.	*
23	List any GSA contracts or Standing Offers and Supply Arrangements (SOSA) that you hold. What is the annual sales volume for each of these contracts over the past three years?	Listed below are the current Power Generation GSA contracts that Caterpillar holds: SIN 335999 Power Distribution Equipment: 2020=\$736,134 2021=\$1,353,905 2022 = as of today \$285,951 Contract Number: GS07F5666R (Future sales will be under new contract: GS30F0018U)	*

Table 4: References/Testimonials

Line Item 24. Supply reference information from three customers who are eligible to be Sourcewell participating entities.

Entity Name *	Contact Name *	Phone Number *	
City of Ogden	Monica Kapp	801-430-2308	*
United Water Conservation District	Chris Hendricks	805-415-1554	*
Renewable Water Resources	Brent Rhymer	864-299-4000	*

Table 5: Top Five Government or Education Customers

Line Item 25. Provide a list of your top five government, education, or non-profit customers (entity name is optional), including entity type, the state or province the entity is located in, scope of the project(s), size of transaction(s), and dollar volumes from the past three years.

Entity Name	Entity Type *	State / Province *	Scope of Work *	Size of Transactions *	Dollar Volume Past Three Years *	
City of Charlotte	Government	North Carolina - NC	A city local to North Carolina	Purchased 16 units (specific to EP products)	\$2,545,112	*
Manatee County	Government	Florida - FL	A county local to Florida	Purchased 9 units (specific to EP products)	\$1,463,479	*
Bonita Springs Utilities	Government	Florida - FL	A city local to Florida	Purchased 2 units (specific to EP products)	\$1,388,444	*
University of Florida	Government	Florida - FL	College in Gainesville, Florida	Purchased 3 units (specific to EP products)	\$1,199,583	*
City of Raleigh Public Utilities	Government	North Carolina - NC	Water and sanitary sewer services	Purchased one unit (specific to EP products)	\$1,034,177	*

Table 6: Ability to Sell and Deliver Service

Describe your company's capability to meet the needs of Sourcewell participating entities across the US and Canada, as applicable. Your response should address in detail at least the following areas: locations of your network of sales and service providers, the number of workers (full-time equivalents) involved in each sector, whether these workers are your direct employees (or employees of a third party), and any overlap between the sales and service functions.

Line Item	Question	Response *

26	Sales force.	<p>The Cat dealer salesforce is the most capable and highly trained in the industry. The Cat dealer salespeople are consultants to their customers and advise their customers on the best solutions for their application and job. As a manufacturer we request our dealers to follow strict training protocols to ensure our sales force remains current on all product updates. Specifically, as it relates to governmental sales, each dealer has one or more people named to be a key liaison between us as manufacturer and their dealer sales team. This person is offered additional in-depth training on Sourcewell and ensures that all contract terms are followed. In addition, dealers also have electric power specialists located in house to work with customers on all aspects of their power generation business.</p> <p>In North America, our dealers employ more than 53,000 people across the machine, energy, parts and service divisions. The dealer sales teams are supported by a network of Caterpillar professionals. Each dealer has in territory support of 5-8 Caterpillar sales/marketing employees. It is the responsibility of these people to ensure that the dealer and Caterpillar are working well together to constantly improve and to adapt to marketplace changes. Beyond the territory experts, the sales and marketing department at Caterpillar is staffed by more than 600 people whose mission is to focus on customer satisfaction. Even more are employed "behind-the-scenes" to ensure industry leading product design, up to date product information, and maintaining the ease of doing business in an increasingly connected marketplace.</p>
27	Dealer network or other distribution methods.	<p>The Cat dealer network is key to the success of our company. Within Canada and the United States, we have more than 800 dealer owned locations that sell and rent equipment. Please refer to our directory listing of Cat dealer locations and locations map in the attached "Cat Dealer Directory". Cat dealers are independently owned and many cover an entire state or province. In some cases, dealers cross state/provincial boundaries, and in other cases, more than one dealer will be located in a state). Each dealer has multiple branches and a mobile service fleet that can serve customers regardless of location. These are full physical locations our governmental customers can use.</p> <p>Because of the size of Cat dealers, they are exceptionally capable to serve governmental customers and customers in the governmental industry. Dealers have trained specialists that cover many industries. Many of our dealer sales reps sell more than 50% of their sales through Sourcewell. To support these dealers and specialists in the field, Caterpillar has an electric power division with 30+ dedicated electric power territory managers dedicated to training and focused on the electric power industry. To help with Sourcewell sales, we have a dedicated sales rep, Nicole Warnstedt, who is expert on co-operative purchasing for the power generation group as well as an intern to assist with day to day tasks. Caterpillar also pulls together the electric power specialists into a Dealer Advisory group to have a continuous feedback loop on industry trends and to collaborate on future new product introductions.</p> <p>Collectively, Cat dealers' large net worth permits them to stock a high volume of replacement parts - allowing governmental customers the fastest turnaround on parts availability and repair time. Cat dealers recognize the importance of governmental business to their overall success and their product support sales reps are well versed in working with government entities.</p> <p>Please refer to the Cat dealer locations list and map included in "Additional Documents".</p>

28	Service force.	<p>At Caterpillar we are very proud of the saying "The sales department sells the first machine; the service department sells every one after that." The Cat dealer network in North America collectively employs more than 20,000 factory trained technicians, parts experts, product support managers and other service-oriented staff. These people are supported by the best repair shop equipment and materials. As machines and engines are constantly updated, so too are our service experts. We conduct product-specific training every week of the year. Technician shortage is an industry-wide concern, but because Cat dealers are large, long established companies, they can offer strong compensation and benefit packages that encourage the best people to seek employment and to retain them once hired. Caterpillar works very closely with dealers and through a program called "Think Big", we are able to keep the pipeline of high quality employees full.</p> <p>In addition to the technicians and mechanics that work on the generators directly, each dealer has a service support staff that includes customer-facing consultants who are responsible for working with customers to set up maintenance and repair schedules to ensure the best possible up-time. Collectively, service support staff makes up the bulk of each dealers' staff. Roughly half of their personnel investment goes to ensuring customer success via product support.</p> <p>The dealer service teams are supported by a network of Caterpillar professionals. Each dealer has in territory support of 5-8 Caterpillar parts/service employees. It is the responsibility of these people to ensure that the dealer and Caterpillar are working well together to constantly improve and to adapt to marketplace changes. Beyond the territory experts, the service and support groups at Caterpillar are staffed by thousands of people whose mission is to focus on post-sale customer satisfaction. Even more are employed "behind-the-scenes" to ensure technical literature is up to date, service standards are adhere to and repair questions are answered quickly. Historically, we have exceeded our 95% 2-hour response rate target in responding to dealer service inquiries.</p>
29	Describe the ordering process. If orders will be handled by distributors, dealers or others, explain the respective roles of the Proposer and others.	<p>Our simple order process has been and will continue to be well appreciated by Sourcewell and Sourcewell members:</p> <ol style="list-style-type: none"> 1) When a member decides to purchase a new Cat Generator, they include the contract number and their Sourcewell member number on the Purchase Order they issue to the Cat dealer. 2) The Cat dealer then accepts the PO, issues the invoice, accepts payment and delivers the generator. 3) After the generator has been delivered, the dealer, as part of their normal process, includes the member number when filing their sales claims with Caterpillar. 4) At month end, Caterpillar aggregates these reports and sends the sales information quarterly to Sourcewell along with the administrative fee. <p>IMPORTANT NOTE: Should a member wish to include additional terms and conditions to this contract, or to otherwise request a Participating Addendum, that agreement / PA should be executed between the member and Cat dealer directly.</p>

30	Describe in detail the process and procedure of your customer service program, if applicable. Include your response-time capabilities and commitments, as well as any incentives that help your providers meet your stated service goals or promises.	<p>We are proud that our reputation stands on having the best customer support in the industry. In fact, our capabilities are industry leading. Should a customer ever have a problem or issue with a generator, their Cat dealer is empowered to resolve that issue locally. If the problem is a result of a defect in material or workmanship, Caterpillar has a standard warranty to address. Every Cat dealer has a common detailed service process in place. Caterpillar supports and verifies that all the dealer service technicians are supplied with the tools and equipment needed to repair all Cat products.</p> <p>With an abundance of Caterpillar Network service locations (over 468 locations) including an estimated sales and service team of 53,000, 8,000 service bays, and 8,500 field service trucks, our highly skilled/trained Caterpillar dealer technicians are in close proximity to Sourcewell customers within the US and Canada. The Caterpillar network provides unmatched service capabilities to meet customer servicing requirements.</p> <p>Technicians have access to an electronic library of technical information including Service Letters, Technical Information Bulletins, System Operations, Troubleshooting and Disassembly and Assembly manuals. These manuals are provided for every Cat product. Each dealer also has one or more "Technical Communicators" who are dedicated to supporting the service technicians by acting as a liaison between the shop personnel and Caterpillar.</p> <p>The service technicians also have a dealer support network (DSN) system with direct access to Caterpillar's Service Engineers. Caterpillar responds to more than 95% of all high priority tickets within one hour.</p> <p>Depending on a customer's needs, they may choose to handle service issues themselves, in conjunction with their dealer, or they may ask their dealer to handle them entirely. To meet the varying desires of each customer, Caterpillar offers a wide range of service programs:</p> <ul style="list-style-type: none"> -Cat Inspect -Condition Monitoring -Customer Support Agreements -S-O-S Services (fluid analysis)
31	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in the United States.	We are happy to serve all geographic areas and all Sourcewell member sectors with in the United States with our complete product and service offerings. Caterpillar has successfully utilized Sourcewell to sell generators in all states.
32	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in Canada.	We are happy to serve all geographic areas and all Sourcewell member sectors within Canada with our complete product and service offerings. In fact, we see the Canadian market as a significant growth opportunity for Sourcewell use and are actively encouraging its use. Caterpillar currently has Canada Sourcewell growth in our Canada Dealer's 2023 Growth Plans. We have gained momentum with our current contract 120617-CAT in Canada.
33	Identify any geographic areas of the United States or Canada that you will NOT be fully serving through the proposed contract.	We are happy to serve all geographic areas of the United States and Canada.
34	Identify any Sourcewell participating entity sectors (i.e., government, education, not-for-profit) that you will NOT be fully serving through the proposed contract. Explain in detail. For example, does your company have only a regional presence, or do other cooperative purchasing contracts limit your ability to promote another contract?	<p>We are happy to serve all Sourcewell Member sectors within the United States and Canada with our complete product and service offering through Sourcewell.</p> <p>Caterpillar's cooperative purchasing contracts are non-exclusive; i.e. none of them restrict Caterpillar from promoting any other cooperative purchasing contracts.</p>
35	Define any specific contract requirements or restrictions that would apply to our participating entities in Hawaii and Alaska and in US Territories.	There are no restrictions or limitations for sales to members in Hawaii, Alaska or U.S. Territories.

Table 7: Marketing Plan

Line Item	Question	Response *
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36	Describe your marketing strategy for promoting this contract opportunity. Upload representative samples of your marketing materials (if applicable) in the document upload section of your response.	<p>Caterpillar is committed to cooperating with Sourcewell to fully and continually train our 53,000+ management and sales staff within the dealer network to ensure maximum awareness and embracement of our Sourcewell contract. To show our commitment, we have engaged to deploy the proven ability of the Government Solutions Team, LLC (GST) of Lebanon, Tennessee to train and further support our sales management and dealer network in the event of a contract award in this RFP process. GST's extensive knowledge and understanding of the Sourcewell statues, history and processes will be our continual priority in the support and education of our distribution channel. GST builds Sourcewell awareness and enthusiasm within our dealer network. Consistent remote and on-site dealer training at regional and national dealer meetings will continue to lead to exemplary sales growth of our proposed Sourcewell contract. GST also staffs a Dealer Support Specialist who is dedicated to assisting sales reps with their questions and needs. Caterpillar is also listed as a strategic supplier partner for National Cooperative Purchasing Partners (NCP), the professional association for cooperative procurement.</p> <p>Documentation and training regarding Sourcewell projects are available on our internal dealer website. Caterpillar also does onsite and virtual training for dealers to educate and drive Sourcewell growth.</p> <p>Our current marketing strategy with Sourcewell contract 120617-CAT proves to be effective with year-over-year sales growth. Since inception of Caterpillar's Sourcewell contracts, 3,015 Caterpillar generators have been sold leveraging the Sourcewell contract. Should we be fortunate enough to be awarded a contract for Energy Generation in response to RFP #092222, we will proudly announce the award publicly through our multiple customer-facing touchpoints to include but not limited to:</p> <ol style="list-style-type: none"> 1) Press Release 2) Announcement in monthly Electric Power customer e-newsletter: 3) Feature on cat.com cooperative purchasing focused webpage: https://www.cat.com/en_US/articles/electric-power/sourcewell-cooperative-purchasing.html 4) Announcement on Cat Electric Power social media channels (FB, LinkedIn, Twitter) 5) Sourcewell promotion at industry events we attend where the audience includes non-profits and government within the SLED market including schools, landfill, and water/sewer treatment applications. Examples of 2022 events where GST representatives attended in support of Caterpillar and Sourcewell included American Public Works Association (PW), Wastecon, WasteExpo, Water Environment Federation's Technical Exhibition and Conference (WEFTEC), Government Fleet Expo (GFX), National Institute of Government Procurement (NIGP), California Association of Public Procurement Officials (CAPPO), National Association of County Engineers (NACE) and American Public Works Association (APWA) Snow Conference. 6) Update promotional literature 7) Dealer awareness promotional events
37	Describe your use of technology and digital data (e.g., social media, metadata usage) to enhance marketing effectiveness.	<p>Caterpillar and the Cat dealer network are leaders in using emerging technologies to reach our customers. We manage several social media platforms and can target governmental segments. We also look at past purchase history and financing information to recognize in advance when customers may be considering replacing machines they own.</p> <p>Caterpillar has teams of people who handle leads from Cat.com to grow and enhance online presence. Cat Electric Power has an online portal that has ability for customers to size a unit and view inventory. Our dealers have resources for lead generation from third party databases to understand which opportunities are coming in the governmental and non-profit section. Our dealers utilize these resources plus Caterpillar Inc. resources to focus and drive and understand pipeline of opportunity that we can promote the Sourcewell solution through.</p>
38	In your view, what is Sourcewell's role in promoting contracts arising out of this RFP? How will you integrate a Sourcewell-awarded contract into your sales process?	<p>Sourcewell is a well-respected contracting agency within the public procurement industry. It is important, in the event of an award, that our products and logos be included in Sourcewell marketing and website. We believe that the most important role that Sourcewell can play in marketing our contract and products, is to market themselves and promote contract purchasing across the industry.</p> <p>In the event of an award, Caterpillar will put high priority in building awareness and enthusiasm within our dealer network and customer base to leverage the Sourcewell contract as our go to market strategy.</p>

39	Are your products or services available through an e-procurement ordering process? If so, describe your e-procurement system and how governmental and educational customers have used it.	<p>We do offer a e-procurement ordering process for parts via parts.cat.com. We can also integrate into a variety of procurement systems for high volume customers.</p> <p>We enable customers to size and configure our less complex products, view available inventory, and engage dealers online at power.cat.com. Our larger products are complex and often custom-configured. A consultative salesperson is integral to ensuring that generator sets are configured and built to perform well in their expected duties. For this reason, we only include our less complex products online. We encourage our independent dealers to offer options beyond those from Caterpillar. Sourcwell members are free to use those options.</p>	*
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Table 8: Value-Added Attributes

Line Item	Question	Response *	
40	Describe any product, equipment, maintenance, or operator training programs that you offer to Sourcwell participating entities. Include details, such as whether training is standard or optional, who provides training, and any costs that apply.	<p>All dealers offer basic operation, safety, and maintenance training with every sale. All Caterpillar operation and maintenance manuals provided with our equipment have instructions for safe operation of our equipment. Should a customer desire more advanced training, such as productivity improvement or advanced repairs, each of our dealers can supply that training. Often there is a cost associated with that specific training and if would be negotiated between the dealer and the customer.</p> <p>Caterpillar also offers training programs directly to customers in three areas - operation, safety, and service. Members may access courses online, via CD's, or through instructor-led classes leading to operator certifications. The fees for these services vary depending on the depth of training desired. These high-level instruct-led courses can be conducted at one of our dedicated training facilities in the US or on a customer's local site using their own equipment.</p>	*

41	Describe any technological advances that your proposed products or services offer.	<p>Technology is a key product differentiator for Caterpillar. To describe each of them in detail would expand the length of this response beyond a reasonable level. For brevity, key technologies specific to products in this RFP are listed below. More details are available on our product pages on www.cat.com.</p> <ol style="list-style-type: none"> 1. Cat Remote Asset Monitoring and telematics are available on every generator. Generators smaller than C32 come equipped with Product Link devices which allow ease of setup for monitoring. This allows customers and dealers to monitor generator health and operation with the intent of early issue detection. Through our proprietary fleet monitoring software, we are leaders in using technology to prevent unexpected downtime. 2. Caterpillar has invested in controller technology for generators, offering our EMCP 4.4 control panel for most generator offerings. This controller has an easy-to-use interface and allows for paralleling of multiple units, creating redundancies and allowing customers even more protection against outages. 3. Caterpillar equips every Tier 4 Interim/Stage IIIB engine with ACERT™ technology with an ideal combination of electronic, fuel, air and aftertreatment components, based on engine size, the type of application and the geographic location in which it will work. Applying technologies systematically and strategically optimizes them to meet our customers' high expectations for productivity, fuel efficiency, reliability, and service life. The right technology fine-tuned for the right application results in improved fuel efficiency, boosted power and performance across applications, no additional space requirements, and reduced emissions with up to 90 percent reduction in particulate matter (pm) and 50 percent reduction in oxides of nitrogen (NOx). 4. As the global climate changes, more companies are turning to sustainable solutions to help lower their carbon footprint. Renewable hydrogen and hydrogen blends are among several alternative fuels customers are considering achieving their sustainability goals. Leveraging 35 years of expertise in hydrogen technologies across multiple end markets, Caterpillar continues to improve the performance of hydrogen-fueled power technologies with minimal impacts on maintenance costs and schedules, availability, and operations. 5. Caterpillar offers a full range of Cat® Microgrid projects from 10kW to 100MW through our global dealer network. The projects would include an integrated or standalone solution using solar, energy storage and/or diesel/gas generator sets. We can also offer monitoring services for our projects. The solutions are all module and scalable. Our CAT dealers can offer product upgrades, financing services, warranties, service agreements, and parts availability. We will customize our microgrid technologies to meet your business and industry needs. 6. In 2022, Caterpillar acquired Tangent Energy Solutions, an Energy-as-a-service company. Tangent provides customers with turnkey solutions for reducing energy costs, increasing energy efficiency, reducing emissions, monetizing electric grid support and providing resiliency for customer operations. Tangent Energy's proprietary software solutions monitor patterns from grid and client facilities, analyze opportunities in energy markets, and then dispatch resources to maximize return without disrupting normal business operations.
42	Describe any "green" initiatives that relate to your company or to your products or services, and include a list of the certifying agency for each.	<p>At Caterpillar, sustainability is an important commitment to building a better world. Sustainability is part of who we are and what we do every day - it is one of Caterpillar's core values. We recognize progress involves a balance of environmental stewardship, social responsibility, and economic growth.</p> <p>We consider this as we work toward a vision of a world in which people's basic needs - such as shelter, clean water, education, and reliable energy - are fulfilled. We provide work environments, products, services, and solutions that make productive and efficient use of resources as we strive to achieve our vision. We believe this commitment supports the enduring success of our customers, stockholders, dealers, and our people. Caterpillar is a proud 20-year member of the Dow Jones Sustainability Indices, including both the World and North America Indices. The annuals DJSI process follows a best-in-class approach, evaluating numerous corporate economic, environmental, and social performance factors. For more on sustainability at Caterpillar, please visit our 2021 Sustainability Report found at Caterpillar 2021 Sustainability Report.</p> <p>Caterpillar has recently acquired Tangent Energy Solutions. Tangent is an energy-as-a-service company that provides expertise to customers in structuring and developing projects that monetize their power generation assets. This capability increases a customer's financial rationale for new installations and, at the same time, increases power reliability and supports their ESG (Environmental, Social and Governance) initiatives. This investment increases our ability to participate in the growing utility sector and sell more electric power products. Electrification and Decarbonization are major growing trends in our energy space. Tangent can help with the reliability of power that customers are looking for while simplifying the power systems as we move forward through this Energy Transition</p>

43	Identify any third-party issued eco-labels, ratings or certifications that your company has received for the equipment or products included in your Proposal related to energy efficiency or conservation, life-cycle design (cradle-to-cradle), or other green/sustainability factors.	<p>Plants certified with ISO 14001:2004 Environmental Management System include:</p> <ol style="list-style-type: none"> 1) Anchor Coupling - Goldsboro NC, ISO 14001:2004- Sept 2018 2) Anchor Coupling - Menominee - ISO 14001: 2015 - Jan. 2021 3) Mapleton - 14001:2004 self-certification issued Jan 2013 4) Reman Services - Corinth MS - ISO 14001-2015- Sept. 2021 5) Reman Services - Franklin - ISO 14001:2004-May 2017 <p>Certifications specific to EP product manufacturing:</p> <ol style="list-style-type: none"> 1) Lafayette, IN – ISO 9001: 2015- Nov 2020 2) Griffin, GA – ISO 9001:2015 – Feb 2021 3) Seguin, TX- ISO 9001:2015
44	Describe any Women or Minority Business Entity (WMBE), Small Business Entity (SBE), or veteran owned business certifications that your company or hub partners have obtained. Upload documentation of certification (as applicable) in the document upload section of your response.	<p>Two CAT dealers in NA are owned by women: Foley Equipment, with territory primarily in Kansas and Missouri; and Cashman Equipment based in Nevada. In addition to these two owners, there are 31 other women in our NA dealer network who hold the titles of President, Vice President or Director.</p> <p>One of the more recognized initiatives within Caterpillar’s Global Supply Network Division is the Caterpillar Inc. Proprietary Information Supplier Diversity Program which spurs economic growth by increasing business opportunities to minority-owned, women-owned, veteran and service disabled veteran-owned, small disadvantaged businesses and those certified in HUBZones, all while ensuring expectations are met with regards to quality, velocity, capacity, and cost. Currently more than 37% of our direct and indirect purchasing is conducted with suppliers in these categories.</p> <p>Caterpillar is a proud member of the National Minority Supplier Development Council (NMSDC). We also use the System for Award Management (SAM), SBA, and NMSDC databases to locate SDB, VOSB, SDVOSB and HUBZone suppliers.</p> <p>Supplier Diversity is discussed with Global Supply Network Division leadership during the Monthly Operating Results Review meetings. This in turn forces accountability for divers supplier inclusion by measuring drivers, such as the number of sourcing projects, which include Divers Suppliers and the values of the projects in which they participate. The goal is to create greater transparency to determine which teams are creating inclusive environments and which are not.</p> <p>A full report on Caterpillar Diversity and Inclusion can be found at Caterpillar Caterpillar 2021 Diversity & Inclusion Report Highlights Progress with Growth in Diverse Populations.</p>

45	<p>What unique attributes does your company, your products, or your services offer to Sourcewell participating entities? What makes your proposed solutions unique in your industry as it applies to Sourcewell participating entities?</p>	<p>BEST OVERALL VALUE / LOWEST LIFE CYCLE COST: CAT products deliver the best value for the money. We are happy to demonstrate to customers that our generators offer the lowest overall owning and operating costs when factors such as fuel efficiency, repair frequency, productivity, and resale value are factored in. We believe that government agencies are tasked to be the best stewards of taxpayer funds and our products can prove that they are the best solution. Sourcewell members are in the best position to allow these discussions to take place in contrast to a local bid situation where the focus is often only on initial price.</p> <p>EXTENDED SERVICE COVERAGE To show the value that we place on this proposed contract, we will continue to offer a complimentary Gold and Platinum Extended Service Coverage on most models when purchased through the Sourcewell contract. Details on these offerings can be found in flyers included in Attachments.</p> <p>CAT SAFETY SERVICES / SAFETY FEATURES: In addition to the tangible, measurable aspects of the life cycle cost equation, we also bring our focus on safety to every product that we manufacture. Quantifying a human life or debilitating injury is impossible, but each generator has industry-leading features that strive to minimize the possibility for accidents. Some examples include:</p> <ul style="list-style-type: none"> - UL2200 Certified – all units include guards over rotating compartments, safety shutdowns and alarms, and grounded wiring installations among many other safety features - Emergency Stop Button - Enclosures are lockable to allow human contact to be avoided - XQ Product has separated control panel to allow a member to not have to go in enclosure to make generator adjustments - XQ also has cover over customer connections and circuit breaker trips when opened. - NFPA 110 – Level 1 Life Safety saves lives of people who are in hospitals, nursing homes, etc. by requiring startup in X seconds. - IBC – certified against earthquakes <p>All certifications on our products are listed here: AS1359, CSA C22.2 No100-04, UL142, UL489, UL869, UL2200, NFPA37, NFPA70, NFPA99, NFPA110, IBC, IEC60034-1, ISO3046, ISO8528, NEMA MG1-22, NEMA MG1-33, 2006/95/EC, 2006/42/EC, 2004/108/EC.</p> <p>Caterpillar Safety Services offers culture, jobsite and leadership assessments; safety and leadership training workshops; and a comprehensive continuous improvement process through consultative services. Services are facilitated by Safety Services consultants and training products can be purchased for self-implementation. Details on products and services are available at www.cat.com/safety.</p> <p>DEALERSHIP ATTRIBUTES: Back up power is a critical asset of many Sourcewell members. Caterpillar dealers bring a unique solution to provide second to none service to our customers. Unlike competitors, our dealers own their own rental fleet and make available as needed. Even with stationary products, we have options to provide back up rentals to best serve Sourcewell's members when emergencies occur. Our vast dealer network with 800 locations is positioned to service both urban and rural areas throughout the US and Canada.</p> <p>PRODUCT ATTRIBUTES: Over the last five years, Caterpillar has invested in a product that is lower capex cost for the public and non-profit industry sector. This new line of generators, our GC models, involved a redesign of 15 of our current generator offerings, which created an average cost reduction of 10-15%. The cost savings is driven by offering fewer options on these models without sacrificing Caterpillar quality.</p>
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Table 9: Warranty

Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your warranty materials (if applicable) in the document upload section of your response in addition to responding to the questions below.

Line Item	Question	Response *	
46	Do your warranties cover all products, parts, and labor?	Yes. Caterpillar has the most extensive warranty coverage in the industry. We cover all products, parts and labor with fewer exclusions than our competitors. Please see our "EP Warranty Statement SELF5731-01."	*
47	Do your warranties impose usage restrictions or other limitations that adversely affect coverage?	We are pleased to say that our warranties cover defects in material and workmanship for the time specified in the policy when the equipment is used as per design intent.	*
48	Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?	Caterpillar warranties cover the cost of replacement parts and the labor to install them. They sometimes cover travel time and mileage. Dealer territories vary considerably from state to state as do their policies about travel time and mileage during the warranty period.	*
49	Are there any geographic regions of the United States or Canada (as applicable) for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell participating entities in these regions be provided service for warranty repair?	We have no geography restrictions on warranty repairs. One of our key differentiating strengths is our ability to service equipment regardless of where it is located.	*
50	Will you cover warranty service for items made by other manufacturers that are part of your proposal, or are these warranties issues typically passed on to the original equipment manufacturer?	Warranty service for generator ordered from a Caterpillar facility are generally provided by Caterpillar and performed by Cat dealers. Some items, such as battery chargers, are covered under their manufacturers' warranties	*
51	What are your proposed exchange and return programs and policies?	We warrant that upon delivery our products will be free from defects in material and workmanship and will operate as intended. If they are not, we will make any necessary corrections.	*
52	Describe any service contract options for the items included in your proposal.	<p>We have a large variety of service contract options which can all be customized according to customer needs and at least equal to local competition. More solutions are available and we encourage members and dealers to explore all options.</p> <p>Customer Value Agreements (CVA's): A member may choose to enter an agreement with their Cat dealer to perform routine maintenance and/or repairs. These contracts are customizable based on member's situational and local needs, including some standard options as well. For instance, all units under 1250kW have standard parts kits available. Examples of options that can be included in a CVA are:</p> <ol style="list-style-type: none"> 1. Condition Monitoring 2. Load Bank Testing 3. Extended Service Coverages <p>CVA's are a useful tool for members to better manage their budget. Most CVA's are bundled at the time of purchase; however, they may be added at any time.</p>	*

Table 10: Payment Terms and Financing Options

Line Item	Question	Response *	
53	Describe your payment terms and accepted payment methods.	Cat dealers are independently owned businesses. As such their payment terms vary, but all will be agreed upon at the PO level.	*
54	Describe any leasing or financing options available for use by educational or governmental entities.	Caterpillar's wholly owned subsidiary, Caterpillar Financial offers Sourcewell members leasing and finance products at below market interest rates. The total interest charged is normally less than the total cost of issuing a bond. Often these leasing/financing options may not require voter approval as with bond issuance. These products also let Sourcewell members cancel their contracts without penalty (on the last day of the appropriations period) if funding is not approved for the following year. Lending terms and conditions are transparent to all Sourcewell members upon quotation.	*
55	Describe any standard transaction documents that you propose to use in connection with an awarded contract (order forms, terms and conditions, service level agreements, etc.). Upload a sample of each (as applicable) in the document upload section of your response.	Cat dealers are independently owned businesses. As such their standard transaction documents will vary.	*
56	Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell participating entities for using this process?	Because Cat dealers will be receiving payments directly from members, accepting P-card procurement will be at their discretion. Many dealers do accept this method without additional fees. Some have limitations on the amount that can be processed.	*

Table 11: Pricing and Delivery

Provide detailed pricing information in the questions that follow below. Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract as described in the RFP, the template Contract, and the Sourcewell Price and Product Change Request Form.

Line Item	Question	Response *
57	Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items that you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. Upload your pricing materials (if applicable) in the document upload section of your response.	Our pricing model is simple. We offer a deep discount off the current generator list prices to all Sourcewell members. Overall pricing from published list price is discounted up to 40% with an average of 27% overall. Specific discounts apply to each diesel or natural gas platform product line. Services, used products, rental agreements, and microgrid solutions are also included at different discounting levels. We have provided reference pricing in the document entitled "Caterpillar Gen Disc List RFP August 2022."
58	Quantify the pricing discount represented by the pricing proposal in this response. For example, if the pricing in your response represents a percentage discount from MSRP or list, state the percentage or percentage range.	The discounts are off of the current generator list prices. Our discount ranges varies between 10 - 40% off of the list price depending on the product family.
59	Describe any quantity or volume discounts or rebate programs that you offer.	Our dealers are empowered to consider purchase order volume, repeat purchases, member responsiveness, etc. They may offer members additional discounts and /or services at their discretion.
60	Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.	Sourced goods / Open Market Items are available to members from our Cat dealers. The prices for these good or services will represent fair marketing value and will be determined between the member and the selling dealer. We encourage our dealers and members to use this option as it facilitates complimentary products and streamlines the procurement process. Customers and dealers are responsible for including their Sourcewell contract number and member numbers on all documentation related to these purchases. Caterpillar Inc. is not a party to these sales and is exempted from including them in quarterly reports. For audits, inclusion of a customer's Sourcewell member number on the PO and/or invoice shall be deemed sufficient.
61	Identify any element of the total cost of acquisition that is NOT included in the pricing submitted with your response. This includes all additional charges associated with a purchase that are not directly identified as freight or shipping charges. For example, list costs for items like pre-delivery inspection, installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to the Proposer.	Generators are unique in their requirements, and often require specialized startup/installation which can be determined with the dealer at the PO level. When a dealer issues a quote for a generator, any additional costs will be itemized separately and are not subject to the Sourcewell discount.
62	If freight, delivery, or shipping is an additional cost to the Sourcewell participating entity, describe in detail the complete freight, shipping, and delivery program.	There is no additional cost to members who choose to pick up their generator from the Cat dealer. Freight and delivery charges will be determined and assessed at each project.
63	Specifically describe freight, shipping, and delivery terms or programs available for Alaska, Hawaii, Canada, or any offshore delivery.	Just as for members in the 48 contiguous states, there is no additional cost to members who choose to pick up their generator from their Cat dealer. Freight and delivery charges will be determined and assessed at each project.
64	Describe any unique distribution and/or delivery methods or options offered in your proposal.	Generators are large purchases and if there are unique member requirements our dealers will be happy to discuss on a case by case basis.

Table 12: Pricing Offered

Line Item	The Pricing Offered in this Proposal is: *	Comments
65	c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.	This proposed contract is priced to be our go-to-market strategy across the US and Canada. We have included a complimentary extended warranty for most models when purchased through our proposed Sourcewell contract.

Table 13: Audit and Administrative Fee

Line Item	Question	Response *
66	Specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcewell. This process includes ensuring that Sourcewell participating entities obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcewell. Provide sufficient detail to support your ability to report quarterly sales to Sourcewell as described in the Contract template.	<p>We plan to continue our very robust process to ensure reporting speed, accuracy, and contract compliance.</p> <p>Caterpillar and our Cat dealers have very close and trusting relationships. Our dealers are long-established, and the current process (under contract #120617-CAT) is working well.</p> <p>The Caterpillar Dealer Network will receive additional discounts from Caterpillar to help reach Sourcewell members purchasing prices per the Sourcewell contract. To qualify for the discounts, the selling Caterpillar Dealer must identify each applicable sale as a Sourcewell sale on their order and they must also fill out a report to the Caterpillar designated Sourcewell custodian, Nicole Warnstedt, including the product order number and Sourcewell member number. Reports are updated and reviewed on a quarterly basis to assist in providing payment to Sourcewell. To ensure correct pricing and auditing, Caterpillar has created a focus program that dealers can use on their quotes. This focus program automatically populates associated discount levels. The Caterpillar designated Sourcewell custodian, Nicole Warnstedt, has and will remain actively involved in the auditing process both with auditing Caterpillar Dealer pricing to Sourcewell members as well as the quarterly administration fee process.</p>
67	If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.	In the event of an award, we will continue to measure the percentage of sales that are sold through the Sourcewell contract, dealer participation with the contract, total number of gensets sold and program growth year over year.
68	Identify a proposed administrative fee that you will pay to Sourcewell for facilitating, managing, and promoting the Sourcewell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See the RFP and template Contract for additional details.)	We propose an administrative fee to Sourcewell of 1% of transaction price of any new Caterpillar generators sold through this contract. Caterpillar will pay this fee to Sourcewell and not impose related charges to our dealers or members.

Table 14A: Depth and Breadth of Offered Equipment Products and Services

Line Item	Question	Response *
69	Provide a detailed description of the equipment, products, and services that you are offering in your proposal.	<p>Caterpillar is proposing an extensive alternative energy solutions offering including: 1) a full line of diesel and natural gas packaged generator sets from 20 to 4000 kW 2) a line of price point configured diesel generator sets up to 1250 kW and 3) Microgrid solar and battery energy solutions.</p> <p>The following key Caterpillar product categories are included in this response: Stationary Diesel Packaged Generator Sets Stationary Natural Gas Packaged Generator Sets Mobile Diesel Packaged Generator Sets (XQ Products with Trailers) Control Panels Switchgear Automatic Transfer Switches Microgrid Components Leasing and Financing</p> <p>The Caterpillar Dealer Network can also offer custom shop work, installation, “turn-key” solutions, delivery/freight, training, custom enclosures, custom fuel tanks, custom automatic transfer switches, dealer labor, additional/custom parts, engineering, leasing, financing and general contracting labor. To further enhance the Sourcewell members’ product offering, the Caterpillar Dealer Network can also offer an expansive network of used equipment along with rental agreements and maintenance agreements.</p>
70	Within this RFP category there may be subcategories of solutions. List subcategory titles that best describe your products and services.	N/A

Table 14B: Depth and Breadth of Offered Equipment Products and Services

Indicate below if the listed types or classes of equipment, products, and services are offered within your proposal. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered *	Comments
71	Stationary electrical generation systems, backup or standby generator sets, mobile and ground power units, and trailer mounted generators	<input checked="" type="radio"/> Yes <input type="radio"/> No	N/A
72	Parts and accessories, including enclosures, fuel tanks, automatic transfer switches, paralleling equipment, switch gears, connection boxes, controls, alarm modules, batteries, block heaters, and networking tools	<input checked="" type="radio"/> Yes <input type="radio"/> No	N/A
73	Related services, including design, customization, engineering, commissioning, installation, delivery, maintenance, repair, training and operation, service and maintenance agreements, decommissioning and repurposing, custom shop work, and rental services	<input checked="" type="radio"/> Yes <input type="radio"/> No	N/A

Exceptions to Terms, Conditions, or Specifications Form

Only those Proposer Exceptions to Terms, Conditions, or Specifications that have been accepted by Sourcewell have been incorporated into the contract text.

Documents

Ensure your submission document(s) conforms to the following:

1. Documents in PDF format are preferred. Documents in Word, Excel, or compatible formats may also be provided.
 2. Documents should NOT have a security password, as Sourcewell may not be able to open the file. It is your sole responsibility to ensure that the uploaded document(s) are not either defective, corrupted or blank and that the documents can be opened and viewed by Sourcewell.
 3. Sourcewell may reject any response where any document(s) cannot be opened and viewed by Sourcewell.
 4. If you need to upload more than one (1) document for a single item, you should combine the documents into one zipped file. If the zipped file contains more than one (1) document, ensure each document is named, in relation to the submission format item responding to. For example, if responding to the Marketing Plan category save the document as "Marketing Plan."
- [Pricing](#) - Caterpillar Gen Disc List RFP August 2022.xlsx - Tuesday September 20, 2022 15:56:47
 - [Financial Strength and Stability](#) - Financial Strength and Stability.zip - Tuesday September 20, 2022 15:58:41
 - [Marketing Plan/Samples](#) - Marketing Plan.zip - Tuesday September 20, 2022 15:59:03
 - WM8E/M8E/S8E or Related Certificates (optional)
 - [Warranty Information](#) - SELF5743-01_.pdf - Tuesday September 20, 2022 15:57:54
 - [Standard Transaction Document Samples](#) - Standard Transaction Document Samples.zip - Tuesday September 20, 2022 15:59:30
 - [Upload Additional Document](#) - Additional.zip - Tuesday September 20, 2022 15:59:44

Addenda, Terms and Conditions

PROPOSER AFFIDAVIT AND ASSURANCE OF COMPLIANCE

I certify that I am the authorized representative of the Proposer submitting the foregoing Proposal with the legal authority to bind the Proposer to this Affidavit and Assurance of Compliance:

1. The Proposer is submitting this Proposal under its full and complete legal name, and the Proposer legally exists in good standing in the jurisdiction of its residence.
2. The Proposer warrants that the information provided in this Proposal is true, correct, and reliable for purposes of evaluation for contract award.
3. The Proposer, including any person assisting with the creation of this Proposal, has arrived at this Proposal independently and the Proposal has been created without colluding with any other person, company, or parties that have or will submit a proposal under this solicitation; and the Proposal has in all respects been created fairly without any fraud or dishonesty. The Proposer has not directly or indirectly entered into any agreement or arrangement with any person or business in an effort to influence any part of this solicitation or operations of a resulting contract; and the Proposer has not taken any action in restraint of free trade or competitiveness in connection with this solicitation. Additionally, if Proposer has worked with a consultant on the Proposal, the consultant (an individual or a company) has not assisted any other entity that has submitted or will submit a proposal for this solicitation.
4. To the best of its knowledge and belief, and except as otherwise disclosed in the Proposal, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when a vendor has an unfair competitive advantage or the vendor's objectivity in performing the contract is, or might be, impaired.
5. The contents of the Proposal have not been communicated by the Proposer or its employees or agents to any person not an employee or legally authorized agent of the Proposer and will not be communicated to any such persons prior to Due Date of this solicitation.
6. If awarded a contract, the Proposer will provide to Sourcewell Participating Entities the equipment, products, and services in accordance with the terms, conditions, and scope of a resulting contract.
7. The Proposer possesses, or will possess before delivering any equipment, products, or services, all applicable licenses or certifications necessary to deliver such equipment, products, or services under any resulting contract.
8. The Proposer agrees to deliver equipment, products, and services through valid contracts, purchase orders, or means that are acceptable to Sourcewell Members. Unless otherwise agreed to, the Proposer must provide only new and first-quality products and related services to Sourcewell Members under an awarded Contract.
9. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.
10. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statutes Section 13.591, subdivision 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals become public data. Minnesota Statutes Section 13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.
11. Proposer its employees, agents, and subcontractors are not:
 1. Included on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>;
 2. Included on the government-wide exclusions lists in the United States System for Award Management found at: <https://sam.gov/SAM/>; or
 3. Presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated

by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Vendor certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this solicitation.

By checking this box I acknowledge that I am bound by the terms of the Proposer's Affidavit, have the legal authority to submit this Proposal on behalf of the Proposer, and that this electronic acknowledgment has the same legal effect, validity, and enforceability as if I had hand signed the Proposal. This signature will not be denied such legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation. - Jaime Mineart, Vice President & General Manager, Caterpillar Inc.

The Proposer declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Proposer foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the bid.

Yes No

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document.

Check the box in the column "I have reviewed this addendum" below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
Addendum_4_Electrical_Energy_Power_Generation_Equipment_RFP_092222 Fri September 9 2022 09:10 AM	<input checked="" type="checkbox"/>	1
Addendum_3_Electrical_Energy_Power_Generation_Equipment_RFP_092222 Tue September 6 2022 02:37 PM	<input checked="" type="checkbox"/>	1
Addendum_2_Electrical_Energy_Power_Generation_Equipment_RFP_092222 Wed August 31 2022 07:52 AM	<input checked="" type="checkbox"/>	1
Addendum_1_Electrical_Energy_Power_Generation_Equipment_RFP_092222 Wed August 10 2022 11:35 AM	<input checked="" type="checkbox"/>	1

Caterpillar Sourcewell Member Discounts

All Discounts listed are for "Standby Ratings only unless otherwise stated".

Stationary Diesel		List Price Discount
C2.2, 60 HZ, 40 - 60 kW Diesel (Reference the "PSNA-EPG-F_C2.2PGABR" Caterpillar Price List)		
D20 - 20 kW		24%
D25 - 25 kW		24%
D30 - 30 kW		24%
C4.4, 60 HZ, 40 - 60 kW Diesel (Reference the "PSNA-EPG-F_C4.4LCABR" Caterpillar Price List)		
D40 - 40 kW		31%
D50 - 50 kW		31%
D60 - 60 kW		31%
C4.4, 60 HZ, 80 - 100 kW Diesel (Reference the "PSNA-EPG-F_C4.4PGABR" Caterpillar Price List)		
D80 - 80 kW		31%
D100 - 100 kW		31%
C4.4 GC, 60 HZ, 40 - 100 kW Diesel (Reference the "C4.4 GCABR" Caterpillar Price List)		
D40 - 40 kW		31%
D50 - 50 kW		31%
D60 - 60 kW		31%
D80 - 80 kW		31%
D100 - 100 kW		31%
C7.1, 60 HZ, 125 - 200 kW Diesel (Reference the "PSNA-EPG-F_C7.1PGABR" Caterpillar Price List)		
D125 - 125 kW		35%
D150 - 150 kW		35%
D175 - 175 kW		35%
D200 - 200 kW		35%
C7.1 GC, 60 HZ, 125 - 200 kW Diesel (Reference the "C9 GCABR" Caterpillar Price List)		
D125 - 125 kW		31%
D150 - 150 kW		31%
D175 - 175 kW		31%
D200 - 200 kW		31%
C9, 60 HZ, 250 - 300 kW Diesel (Reference the "PSNA-EPG-F_C9PGABR" Caterpillar Price List)		
250 kW		37%
300 kW		37%
C9 GC, 60 HZ, 200 - 300 kW Diesel (Reference the "C9 GCABR" Caterpillar Price List)		
250 kW		31%
300 kW		31%
C13, 60 HZ, 350 - 400 kW Diesel (Reference the "PSNA-EPG-F_C13PGAM/PGABR" Caterpillar Price List)		
350 kW		37%
400 kW		37%
C13 GC, 60 HZ, 350 - 400 kW Diesel (Reference the "C13 GCABR" & "C13 GCAM" Caterpillar Price List)		
350 kW		31%
400 kW		31%
C15, 60 HZ, 350 - 500 kW Diesel (Reference the "PSNA-EPG-F_C15PGAM/PGABR" Caterpillar Price List)		
350 kW		37%
400 kW		37%
450 kW		37%
500 kW		37%
C15 GC, 60 HZ, 350 - 500 kW Diesel (Reference the "C15 GCABR" & "C15 GCAM" Caterpillar Price List)		
350 kW		31%
400 kW		31%
450 kW		31%
500 kW		31%
C18, 60 HZ, 550 - 750 kW Diesel (Reference the "PSNA-EPG-F_C18PGAM" Caterpillar Price List)		
550 kW		37%
600 kW		37%
650 kW		33%
700 kW		33%
750 kW		33%
Caterpillar: Confidential Green		
C18 GC, 60 HZ, 550 - 600 kW Diesel (Reference the "C18 GCAM" Caterpillar Price List)		

550 kW	31%
600 kW	31%
C18, 60 HZ, EPA Tier 4f, - 455 kW Diesel (Reference the "PSNA-EPG-F_C18PKAM" Caterpillar Price List)	
455 kW Prime Power	21%
500 kW	21%
C27, 60 HZ, 750 - 800 kW Diesel (Reference the "PSNA-EPG-F_C27PGBG" Caterpillar Price List)	
750 kW	32%
800 kW	32%
C32, 60 HZ, 1000 - 1250 kW Diesel (Reference the "PSNA-EPG-F_C32PGDG" Caterpillar Price List)	
1000 kW	33%
1100 kW	25%
1250 kW	34%
C27 GC, 60 HZ, 800 kW Diesel (Reference the "V12 GCAG" Caterpillar Price List)	
D800 kW	31%
C32 GC, 60 HZ, 1000 - 1250 kW Diesel (Reference the "V12 GCAG" Caterpillar Price List)	
D1000 kW	31%
D1250 kW	31%
3512C, 60 HZ, 1500 - 1750 kW Diesel (EPA Tier 2 & CARB Emissions Certified (Nonroad); EPA Tier 2 Emissions Certified for Stationary Use) (Reference the "PSNA-EPG-F_3512PGFL/PGJL" Caterpillar Price List)	
1500 kW	36%
1750 kW	33%
3516C/3516E, 60 HZ, 2000 - 3000 kW Diesel (EPA Tier 2 & CARB Emissions Certified (Nonroad); EPA Tier 2 Emissions Certified for Stationary Use) (Reference the "PSNA-EPG-F_3516PGFL/PGJL" Caterpillar Price List)	
2000 kW	40%
2250 kW	36%
2500 kW	36%
2750 kW	33%
3000 kW	33%
3516C-HD, 60 HZ, 2000 - 2500 kW Diesel (EPA Tier 4) (Reference the "PSNA-EPG-F_3516PGFL/PGJL" Caterpillar Price List)	
2000 kW	20%
2500 kW	20%
C175-16, 60 HZ, 3000-3100 kW Diesel (EPA Tier 2 for Mobile and Stationary Use) (Reference the "C175-PGAL/PGBL" Caterpillar Price List)	
3000 kW	29%
3100 kW	29%
C175-16 T4F, 60 HZ, 3000 kW Diesel (EPA Tier 4) (Reference the "C175-PGAL/PGBL" Caterpillar Price List)	
3000 kW	20%
C175-20, 60 HZ, 3900 - 4000 kW Diesel (EPA Tier 2 for Mobile and Stationary Use) (Reference the "C175-PGAL/PGBL" Caterpillar Price List)	
3900 kW	24%
4000 kW	24%
G80, 40 - 80 kW Caterpillar Natural Gas (Reference the "PSNA-EPG-F_G80PGABR" Caterpillar Price List)	
DG40 - 45kW	23%
DG50 - 60kW	23%
DG70 - 80kW	23%
G200, 100 - 200 kW Caterpillar Natural Gas (Reference the "PSNA-EPG-F_G200PGABR" Caterpillar Price List)	
DG100 - 200 kW	25%
G14.2, 175 - 300 kW Caterpillar Natural Gas (Reference the "PSNA-EPG-F-G14.2 PGAN" Caterpillar Price List)	
DG175 - 300kW	26%
G21.9, 350 - 450 kW Caterpillar Natural Gas (Reference the "PSNA-EPG-F-G21.9 PGAN" Caterpillar Price List)	
DG350 - 350 kW	26%
DG400 - 400 kW	26%
DG450 - 450 kW	26%
CG18, 60 Hz, 350 - 500 kW Caterpillar Natural Gas (Reference the "PSNA-EPG-F-CG18 PGAM" Caterpillar Price List)	
DG350 kW	37%
DG400 kW	37%
DG450 kW	37%

DG500 kW	37%
G3412, 60 HZ, 375 - 500 kW Natural Gas (Reference the "PSNA-EPG-F_G3412NPG/NGG" Caterpillar Price List)	
375 kW	21%
450 kW	21%
500 kW	21%
G3512 60 HZ, 750 - 1250 kW Natural Gas (Reference the "PSNA-EPG-F_G3512NPL/NRL" Caterpillar Price List)	
750 kW	21%
1000 kW	21%
1250 kW	21%
G3516 60 HZ, 1500kW Natural Gas (Reference the "PSNA-EPG-F_G3516NRL" Caterpillar Price List)	
1500kw	21%
G3516 60 HZ, 1500kW Natural Gas (Reference the "PSNA-EPG-F_G3516NQL" Caterpillar Price List)	
1500kw	21%
G3516A 60 HZ, Natural Gas (Reference the "PSNA-EPG-F_G3516ANQL" Caterpillar Price List)	
All	21%
G3516H 60 HZ, 1966 kW Natural Gas (Reference the "PSNA-EPG-F_G3516HNPL" Caterpillar Price List)	
All	21%
G3520H 60 HZ, 2.0 - 2.6 MW Natural Gas (Reference the "PSNA-EPG-F_G3520HNPL" Caterpillar Price List)	
2.0 - 2.6MW	21%
G3520 Fast Start 60 HZ, 2.0 - 2.6 MW Natural Gas (Reference the "PSNA-EPG-F_G3520NPL" Caterpillar Price List)	
2.0 - 2.6MW	21%
G3520C 60 HZ, Natural Gas 2.0 - 2.6 MW (Reference the "PSNA-EPG-F_G3520CLGL/CLPL" Caterpillar Price List)	
2.0 - 2.6 MW	21%
G3520H 60 HZ, Natural Gas 2.0 - 2.6 MW (Reference the "PSNA-EPG-F_G3520CNPL" Caterpillar Price List)	
2.0 - 2.6 MW	21%
G3520 60 HZ, Natural Gas 2.0 - 2.6 MW (Reference the "PSNA-EPG-F_G3520NRL" Caterpillar Price List)	
2.0 - 2.6 MW	21%
XQ35, 60 HZ, 35 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ35BM" Caterpillar Price List)	
27 kW Prime Power	21%
30 kW	21%
XQ60, 60 HZ, 59 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ60BM" Caterpillar Price List)	
48 kW Prime Power	21%
XQ125, 60 HZ, 125 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ125BM" Caterpillar Price List)	
100 kW Prime Power	21%
110 kW	21%
XQ230, 60 HZ, 230 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ230BM" Caterpillar Price List)	
182 kW Prime Power	21%
200 kW Prime Power	21%
XQ330, 60 HZ, 330 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ425BM" Caterpillar Price List)	
264 kW Prime Power	21%
288 kW Prime Power	21%
XQ425, 60 HZ, 425 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ425BM" Caterpillar Price List)	
340 kW Prime Power	21%
XQ570, 60 HZ, 570 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ570BG" Caterpillar Price List)	
455 kW Prime Power	21%
XQ1140, 60 HZ, 1140 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ1140BG" Caterpillar Price List)	
910 kW Prime Power	21%
XQ2280, 60 HZ, 2280 kVA Prime Diesel (EPA Tier 4 Final & CARB Emissions Certified (Non-road)) (Reference the "PSNA-EPG-F_XQ1140BG" Caterpillar Price List)	

1825 kW Prime Power	21%
Switchgear (customizable) <i>Due to the customization and plethora of options, it is not feasible to provide a paper price list for Cat switchgear. However, members will receive a 12% discount off of the configured list price from each member's local dealer.</i>	12%
Epic (Reference the "PSNA-EPG-F_CATEPICG" Price List)	
Epic - Master Control Panel	10%
Epic - Generator Control Panel	10%
Epic - Utility Control Panel	10%
Supervisory Control Panel (Reference the "PSNA-EPG-F_CATSCP" Price List)	
EMCP 4.4 SCP	10%
Hybrid Products (Reference the "PSNA-EPG-F_CATSCP" Price List)	
All Hybrid Products	22%
Energy Storage System	
XES01AN	21%
ATS (AUTOMATIC TRANSFER SWITCHES) (Reference the "ATS 2022" Price List)	
235 ATS's Available	20%

Caterpillar Sourced Goods & Support Services Multiplier

Sourced Goods & Support Service Provided

Sourcewell Member Pricing

Custom Shop Work	5% off list price / typical sale price if no list price is available
Installation	5% off list price / typical sale price if no list price is available
Engineering Services	5% off list price / typical sale price if no list price is available
Delivery/Freight	5% off list price / typical sale price if no list price is available
Training	5% off list price / typical sale price if no list price is available
Custom Enclosure	5% off list price / typical sale price if no list price is available
Custom Fuel Tank	5% off list price / typical sale price if no list price is available
Custom ATS	5% off list price / typical sale price if no list price is available
Dealer Labor	5% off list price / typical sale price if no list price is available
Additional/Custom Parts	5% off list price / typical sale price if no list price is available
General Contracting Labor	5% off list price / typical sale price if no list price is available
Extended Service Contracts	5% off list price / typical sale price if no list price is available
Maintenance Agreements	5% off list price / typical sale price if no list price is available

Electrical Energy Power Generation with Related Parts, Supplies, and Services.

Caterpillar Rental Agreements Product & Services Multiplier

Rental Agreements Please reference the Cat Rental National Accounts contract #062320-CAT for all your rental needs.

Electrical Energy Power Generation with Related Parts, Supplies, and Services.

Caterpillar Used Equipment Multiplier

Rental Agreements Please reference the Cat Rental National Accounts contract #062320-CAT for all your reni

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Jennifer Mikelson, Housing Planning Manager
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Approval of Contract: Loan Documents for Elkwood Apartments by Wexford Developments

STAFF RECOMMENDED ACTION:

Staff requests City Council's approval of loan documents totaling \$528,000 for Elkwood Apartments by Wexford Developments, utilizing Rental Incentive Bond Program funds.

Executive Summary:

Staff is requesting Council's approval of a loan for Wexford Developments, who responded to a Notice of Funding Availability in February 2025 and were recommended for an award of \$528,000 for the inclusion of 10% affordable rental units at their multifamily project.

Project Details for Elkwood Apartments, by Wexford Developments:

- Unit count: 224 total (202 market rate / 22 affordable)
- Maximum Income Level Served: 70% of the Area Median Income (\$68,740 for a household of 3)
- Loan Amount: \$528,000
- Loan term: 50 years
- 0% interest
- Loan forgiven at 50 years of compliance

Financial Impact:

Project Name: Elkwood Apartments
Cost: \$528,000
Account Number Budgeted: 411-13-105-0354-4-4290
FY Budgeted Amount: \$5,000,000
Grant Funded: n/a
Funding Source: Housing Bond (Prop 442) - Rental Incentive Bond Program

Policy Impact:

None

Previous Council Decision or Community Discussion:

Council Approved the Rental Incentive Bond Program by Resolution 2023-31 on November 7, 2023
Council Approved a Recommendation of Award for Wexford Developments on March 18, 2025

Options and Alternatives to Recommended Action:

1. Approve the loan as recommended.

2. Amend the loan per Council direction
3. Reject staff recommendation

Background and History:

Housing Bond Background

Proposition 442 -- authorizing the use of \$20 million dollars of general obligation bonds for "Creating Rental and Ownership Opportunities for Residents of Flagstaff" was approved by the voters in the November 2022 General Election. Proposition 442 identified four affordable housing spending categories, including "incentivizing the private sector to incorporate affordable rental housing into new developments."

Rental Incentive Bond Program (RIBP) Overview

Approved by City Council in November 2023, the RIBP is intended to provide loans to eligible developers of rental housing choosing to include a minimum of 10% affordable units in new rental projects serving households at or below 80% area median income in Flagstaff.

NOFA and Evaluation Process

On November 4, 2024 the City of Flagstaff published a NOFA (#2024-106) for \$1,670,000 in Rental Incentive Bond Program funds. Three applications were received by the closing date of January 17, 2025 and were provided to a Ranking Committee and scored individually in accordance with the NOFA's evaluation criteria. The NOFA identifies that the highest-scoring application will receive a recommendation for full funding, with any remaining funding to be awarded to the next highest-scoring application until all funding is allocated. Wexford's application was the highest-scoring application and was therefore recommended for full funding at the requested amount of \$528,000.

Project Details

Wexford Developments is the developer of Elkwood apartments, located at 1002 N. Fourth Street (northeast corner of Butler Avenue and Fourth Street). After various delays and cost increases over the last several years, construction is currently underway. This project was originally approved by Council in November 2020 and included a development agreement designating 22 (10%) affordable units serving households up to 70% AMI for a period of 30 years. With this funding, Wexford has proposed to extend the affordability period from 30 to 50 years, which would result in their loan being forgiven, per the adopted RIBP.

Loan Documents

Attached loan documents include a funding agreement between the City of Flagstaff and Wexford Developments LLC, a promissory note, and deed of trust. All loan documents were prepared by the City's external legal counsel and reviewed by the awardee.

Connection to PBB Priorities and Objectives:

Livable Community: Actively support attainable & affordable housing through City projects & opportunities with developers.

Connection to Regional Plan:

Goal LU.9. Focus reinvestment, partnerships, regulations, and incentives on developing or redeveloping urban areas.

Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.

Policy NH.3.1. Provide a variety of housing types throughout the City and region, including purchase and rental options, to expand the choices available to meet the financial and lifestyle needs of our diverse population.

Policy NH.3.3. Increase the availability of affordable housing for very low-income persons, through innovative and effective funding mechanisms.

Policy NH.3.5. Encourage and incentivize affordable housing.

Connection to Carbon Neutrality Plan:

HA-1: Create housing options for households at all income levels and family sizes occupied by local residents

HA-2: Connect people to equitable housing solutions.

HA-4: Protect people from housing discrimination and remove housing barriers.

Connection to 10-Year Housing Plan:

Goal: Create housing options for households at all income levels and family sizes occupied by local residents.

Create 1: Incentivize the creation of affordable units through various programs and mechanisms.

Goal: Protect people from housing discrimination and remove housing barriers.

Protect 2: Ensure affordable housing is a part of every Flagstaff neighborhood and work to address disparate impact as part of any development or redevelopment.

Attachments: Funding Agreement
 Deed of Trust
 Promissory Note

FUNDING AGREEMENT

Elkwood Apartments, 1002 N. Fourth Street, Flagstaff, Arizona

THIS FUNDING AGREEMENT (this “Agreement”), dated as of _____, 2025, is made and entered into by and between FLAGSTAFF ELKWOOD PARTNERS LP, a Delaware limited partnership, (the “Borrower”) and CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona (the “City”).

RECITALS

A. Proposition 442 approved by the voters in November 2022 authorized the use of \$20 million dollars of general obligation bonds for “Creating Rental and Ownership Opportunities for Residents of Flagstaff” and established four (4) affordable housing categories, including “incentivizing the private sector to incorporate affordable rental housing into new developments”.

B. The Rental Incentive Bond Program (“RIBP”) was approved by the City Council in November 2023, its purpose to provide loans to eligible developers of rental housing choosing to include a minimum of ten percent (10%) affordable units in new rental projects serving households in Flagstaff at or below eighty percent (80%) area median income (“AMI”).

C. The City published NOFA #2025-106 on November 4, 2024 (“NOFA”) and in accordance with its evaluation process identified the Borrower as one of the applicants to receive an award of funds from the RIBP (“RIBP Funds”) in the form of a loan to the Borrower. The NOFA can be reviewed at the City.

D. Borrower has a fee simple interest in certain real property located in Flagstaff, Arizona, more particularly described in Exhibit “A” attached hereto and made a part hereof (the “Land”).

E. The City subject to the Borrower’s agreement to and compliance with the terms and conditions of the RIBP award and the RIBP Funds documents, which include this Agreement, the Promissory Note, Deed of Trust (With Assignment of Rents and Security Agreement and Fixture Filing) (“Deed of Trust”), Declaration of Restrictive Covenants, and such other documents as the City in its sole discretion shall determine necessary, agrees to provide to Borrower a loan under in the original principal amount of Five Hundred Twenty-Eight Thousand and 00/100 Dollars (\$528,000.00) of RIBP Funds (the “Loan”) for the construction of a 202-unit development (the “Improvements”), which will include twenty-two (22) affordable units serving households up to seventy percent (70%) AMI, and be known as Elkwood Apartments on the Land. The Land and the Improvements are referred to collectively hereafter as the “Development.”

E. The Borrower and the City have negotiated the terms and conditions of, and wish to enter into, this Agreement in order to set forth the terms and conditions of the disbursement of the Loan and specific terms and conditions concerning the RIBP funds as indicated herein.

F. Except as otherwise specified herein, capitalized terms used herein, including the following recitals, shall have the meanings set forth in Paragraph 2 of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. INCORPORATION OF RECITALS. The above recitals are true and correct and are incorporated into and made a part hereof.

2. DEFINITIONS. As used in this Agreement the terms listed below shall have the following meanings unless otherwise required by the context:

Completion Date: _____, 2025.

Construction Contract: The general construction contract between the Borrower and the General Contractor for the installation and construction of the Improvements.

Contractor or General Contractor: _____, a(n) _____.

Declaration: that certain Declaration of Restrictive Covenants for _____ by the Borrower in favor of the City in connection with the Loan.

Developer: Wexford Developments, LLC, a Delaware limited liability company.

Events of Default: As defined in Section ____ of this Agreement.

Final Plans: The plans and specifications for the construction or rehabilitation of the Improvements and all amendments and modifications thereto were reviewed on behalf of the City on December 23, 2019 and January 10, 2023, prior to the disbursement of the Loan.

First Mortgage Loan: The loan made by First Mortgagee to Borrower.

Loan Documents: The Note, this Agreement, Deed of Trust, the Declaration and all other documents evidencing or securing the Loan.

General Partner: Flagstaff Elkwood GP LLC, a Delaware limited liability company.

Note: That certain Promissory Note dated as of the date hereof, in the principal amount of Five Hundred Twenty-Eight Thousand and 00/100 Dollars (\$528,000.00) by the Borrower to the City, evidencing the Loan pursuant to the Loan Documents, as may be amended, modified or supplemented from time to time.

Partnership Agreement: The Partnership Agreement of the Borrower dated as of _____, 202__.

First Mortgagee: UMB Bank, n.a., its successors and assigns.

State: Shall mean the state of Arizona.

3. THE LOAN.

The City will make the Loan to the Borrower subject to the terms and conditions set forth herein, and the Borrower agrees to the Loan and expressly agrees to comply with and perform all of the terms and conditions of the Loan Documents.

(a) Disbursement of RIBP Funds. The City will disburse the proceeds of the Loan to Borrower at or shortly after the issuance of certificates of occupancy and after the recordation of the Deed of Trust and Declaration.

(b) Term. The term of the Loan shall be fifty (50) years from the disbursement of the RIBP Funds.

(c) Security. The Loan shall be evidenced by the Note and the other Loan Documents as herein provided.

(d) Interest and Payments. No interest and no payments are required during the first thirty (30) years of the term of the Loan if the Borrower has not otherwise defaulted on the Loan and if the affordable units in the Development continuously meet affordability and maintenance requirements as determined by the City in its sole discretion.

(e) Loan Forgiveness. Upon Borrower's strict compliance with the Loan Documents and the RIBP NOFA throughout the entire Term, the City may forgive the balance of the Loan consistent with the NOFA and as more specifically described in the Promissory Note.

4. CONSTRUCTION OF IMPROVEMENTS.

(a) Commencement and Completion. The Borrower shall cause construction of the Improvements to be prosecuted with reasonable diligence and dispatch so that the Improvements are completed substantially in accordance with the Final Plans on or before the Completion Date, free and clear of all liens or claims for materials, labor, services, or other items furnished in the construction of the Improvements, and in full compliance with all building, zoning and other applicable local, state and federal ordinances and regulations. The Completion Date shall be extended for Unavoidable Delays (as defined below). Completion of the Improvements shall be evidenced by issuance of a certificate of occupancy or completion on all of the Improvements by the governmental authorities having jurisdiction over the Development. "Unavoidable Delays" is defined as delays due to strikes, pandemics, blackouts, acts of God, restrictions of any governmental authority, failure or inability to secure materials or labor by reason of priority or similar regulation or order of any governmental authority, enemy action, civil disturbance, fire, inclement weather, or any other act beyond the reasonable control of the Borrower, (excluding, however, the inability or failure of the Borrower to obtain any financing which may be necessary

to carry out its obligations under this Agreement), provided, however, within fifteen (15) days after the termination of the occurrence which caused any such delay, the Borrower shall have given written notice to the City of the cause of the delay and the period of time during which it existed, and the period of Unavoidable Delay shall be such period of time during which the particular delay existed or such longer period of time as the City, in its reasonable discretion, may determine.

(b) Right of City to Inspect. The City and any other agent or representative of the City shall have the right to enter the Development during normal business hours for the purpose of inspecting the construction and the Improvements upon forty-eight (48) hours prior written notice to the Borrower. The Borrower shall cause the General Contractor and all subcontractors and suppliers to cooperate with the City and such agents and representatives in the exercise of their rights and performance of their duties hereunder. This provision shall not impose on the City any obligation to inspect or to correct any defects discovered or to notify any person with respect thereto.

5. CONDITIONS TO THE EXECUTION OF THIS AGREEMENT BY CITY.

The conditions listed below are conditions precedent to City's execution hereof and shall be complied with in form and substance satisfactory to City and its counsel prior to City's execution hereof:

(a) Reserved.

(b) Survey. The Borrower shall deliver to City a current survey of the Development, certified to the City.

(c) Contracts. The Borrower shall deliver to the City an executed copy of the Construction Contract.

(d) Note. The Note shall be duly authorized, executed and delivered by the Borrower to the City.

(e) Deed of Trust. The Deed of Trust shall be duly authorized and delivered by the Trustor to the City.

(f) Declaration. The Declaration shall be duly authorized, executed and delivered by the Borrower to the City.

(g) Organizational Documents. To the extent applicable, the Borrower shall deliver to the City the following documents:

i. The Certificate of Incorporation of the Borrower, or, if the Borrower is a limited partnership, the Certificate of Limited Partnership of the Borrower and all amendments thereto, or, if the Borrower is a limited liability company, the Articles of Organization of the Borrower and all amendments thereto, and the Certificate of Incorporation of any corporate general partners or managing members, as applicable, of the Borrower certified by the appropriate official of the state of their incorporation, together

with a certificate of such official to the effect that each such entity is in good standing therein;

ii. A good standing certificate of the Borrower from the Secretary of State of the State of Delaware;

iii. Articles of Incorporation and Bylaws of the Borrower, if a corporation, certified by the Secretary of such corporation; or Limited Partnership Agreement of the Borrower, if a limited partnership; or Articles of Organization and Operating Agreement of the Borrower, if a limited liability company;

iv. Incumbency certificates identifying the officers and directors of the Borrower or its General Partner or its Managing Member, as applicable, certified by the Secretary of such entity;

v. Certified resolutions of the Board of Directors of the Borrower or the corporate general partners or managers of Borrower, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transactions contemplated by this Agreement; and

vi. Certified resolutions of the Borrower or its General Partner or its Managing Member, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

(h) Insurance. The insurance requirements are attached hereto as Exhibit "B" and incorporated herein by reference and include the requirements of this paragraph. Borrower shall deliver evidence satisfactory to the City of the existence of public liability, builder's risk, permanent hazard/all risks, flood (if applicable) and worker's compensation insurance and any other reasonable insurance coverage. Borrower agrees that it shall immediately notify the City upon receiving notice of cancellation, modification or non-renewal of any policy. Borrower agrees that the City shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds advanced to continue said policies in full force and effect shall be considered as advances hereunder and shall bear interest from the date of disbursement at the default rate set forth under the Loan Documents.

(i) Other Documents. The Borrower shall deliver to the City such other documents and information as the City may reasonably require.

(j) Representations and Warranties. The representations and warranties of the Borrower as set forth in this Agreement and the Loan Documents shall be true and correct in all material respects at the time made.

6. EXPENSES. The Borrower shall pay all reasonable, third-party fees and charges actually incurred in the procuring and making of the Loan, if applicable, and all other reasonable, third-party expenses actually incurred by the City during the term of the Loan, including without

limitation the title company's fees and premiums, charges for examination of title to the Development, expenses of surveys, actual legal fees and costs, and recording expenses. The Borrower shall also pay any and all insurance premiums, taxes, assessments, water rates, sewer rates and other charges, liens and encumbrances upon the Development, any other expenses shown as part of the total development cost, and any other amounts necessary for the payment of the cost of the Improvements.

7. SPECIAL PROVISIONS APPLICABLE TO LOANS UNDER THE RIBP AWARD. The Borrower expressly agrees to the following terms and conditions:

(a) Set Asides and Rent Level Requirements. The Borrower shall comply with the set asides, rent restrictions, demographic commitment and other requirements set forth in the Loan Documents.

(b) Compliance with the RIBP NOFA. The RIBP Loan shall be subject to all of the terms and conditions of the NOFA #2025-106. Without limitation, and notwithstanding anything to the contrary herein, the RIBP Funds shall only be used for costs relating to the pre-development and construction of the affordable rental housing units in the Development. If Borrower fails to comply with the terms of RIBP NOFA and Loan Documents, it shall be required to repay to the City the RIBP Funds.

(c) No Discrimination. The Borrower shall not discriminate on the basis of race, religion, color, sex, familial status, national origin or disability in the lease, use or occupancy of the Development. Age discrimination and discrimination against minor dependents, except when units are specifically being held for the elderly is also not permitted.

(d) Prepayment Penalty. The Loan shall not be subject to any prepayment penalty.

(e) Sale, Transfer, or Refinancing of the Development. Any attempted sale, transfer, conveyance, of the Development, unless approved in writing by the City, is strictly prohibited and all principal and interest, as well as all other obligations due or accrued under the Loan Documents, shall be due immediately.

(f) Uniform Administrative Requirements. Borrower shall comply with the applicable portions of the Uniform Administrative Requirements, Cost Principals and audit requirements found in 2 CFR 200. Borrower shall retain all records pertaining to this Agreement, regardless of the form of the record (e.g. paper, film, recording, electronic), including but not limited to financial records, supporting documents, statistical records, and any other documents (hereinafter referred to as "Records") for a period of five (5) fiscal years after all reporting requirements are satisfied and final payments have been received, or if an audit has been initiated and audit findings through litigation or otherwise.

(g) Relocation of Tenants. The Borrower shall comply with the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. s. 4601-4655) and implementing regulations.

(h) Lead-Based Paint. The Development is subject to the requirements of 24 C.F.R. Part 35.

(i) Debarment and Suspension. Borrower hereby certifies that neither it nor any of its partners, members or principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in receiving RIBP Program funds.

(j) Flood Insurance. In accordance with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), RIBP Program funds may not be used with respect to the acquisition, new construction or rehabilitation of a Development located in an area identified by the Federal Emergency Management Agency (“FEMA”) as having special flood hazards unless the community in which the Development is located is participating in the national flood insurance program; therefore, the Borrower hereby certifies that the Development is either not located in an area identified by FEMA as having special flood hazards or, if the Development is located in an area identified by FEMA as having special flood hazards, that the community in which the Development is located is participating in the national flood insurance program.

(k) Property Standards for New Construction. The Development must meet the following requirements including, but not limited to, (i) the accessibility requirements of 24 CFR part 8, which implements section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), (ii) Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable, and (iii) the energy efficiency standards established pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709).

(l) VAWA Requirements. The Borrower agrees to comply with the Violence Against Women Act (VAWA) requirements set forth in 24 CFR part 5, subpart L, including notice obligations and obligations under the emergency transfer plan.

(m) Citations. In the event that any of the citations listed herein are changed, modified, amended or corrected, Borrower agrees to comply with any and all applicable, similar statutes, rules or regulations.

(n) Cooperation. The Borrower shall cooperate fully, as and to the extent requested by the City, in connection with any audit or report required under the Act and the rules promulgated thereunder and with any other audit or reporting requirements under federal, state, or local law. Such cooperation shall include the retention and provision of records and information reasonably relevant to any such report or audit and making employees and agents available to provide additional information and explanation of any material provided under this Agreement.

(o) Reports. The Borrower shall provide the City with biannual reports until submission of the administrative close-out report. These reports shall include the current status and progress by the Borrower in completing the Improvements and the expenditure of funds under this Agreement, in addition to any other information requested by the City.

(p) Required certifications. Each report must include a certification, signed by an official who is authorized to legally bind the Borrower.

8. WARRANTIES AND REPRESENTATIONS OF THE BORROWER. The Borrower represents and warrants as of the date hereof, as follows:

(a) Organization Status. If a partnership, the Borrower is duly organized, is in good standing as a limited partnership under the laws of the State and the state of its organization, if different; further, each general partner of the Borrower if a corporation or a limited liability company, is duly organized and in good standing under the laws of the State and the state of incorporation or organization, if different. If a corporation, the Borrower is duly organized, is in good standing as a corporation under the laws of the State and the state of its organization, if different. If a limited liability company, the Borrower is duly organized, is in good standing as a limited liability company under the laws of the State and the state of its organization, if different.

(b) Construction and Compliance with Laws. There is no violation of any applicable zoning, building or any other local, state or federal laws, ordinances and regulations existing with respect to the anticipated use and construction of the Development; the Borrower shall obtain all licenses, permits and approvals required by all local, state and federal agencies regulating such construction and use; and the Borrower is in compliance with all laws, regulations, ordinances and orders of all governmental authorities having jurisdiction over the Development.

(c) Suspension/Debarment . Borrower certifies, for itself and all its contractors and subcontractors, that as of the date of its execution of this Agreement, neither Borrower nor any of its contractors, subcontractors or suppliers are under suspension or debarment by the State of Arizona, the federal government or any governmental entity, instrumentality or authority and, if Borrower cannot so certify, then it agrees to submit with this Agreement a written explanation of why such certification cannot be made.

(d) Authority to Enter into Loan Documents. The Borrower has full power and authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed in the opinions of its legal counsel are true and correct.

(e) Validity of Loan Documents. The Loan Documents have been approved by those persons having proper authority, and are in all respects legal, valid and binding according to their terms.

(f) Priority of Lien on Personalty. Except as previously disclosed in writing to the City or in the Title Insurance Policy, no chattel mortgage, bill of sale, security agreement, financing statement or other title retention agreement has been or will be executed with respect to any personal property, chattel or fixture used in conjunction with the construction, operation, or maintenance of the Improvements as described.

(g) Conflicting Transactions of the Borrower. The consummation of the transaction hereby contemplated and the performance of the obligations of the Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any lease, bank loan or credit agreement, or other instrument to which the Borrower is a party or by which it may be bound or affected.

(h) Pending Litigation. Except for actions, suits or proceedings which have been specifically disclosed to and approved by the City in writing, there are no actions, suits or proceedings before or by any court or governmental authority, pending, threatened or affecting the Borrower or the Development which, if determined adversely to the Borrower or the Development, would have a materially adverse effect on the financial condition, properties, businesses or operations of the Borrower or the Development, or which may prevent or interfere with or adversely affect the Borrower entering into the Loan Documents, or the Borrower's ability to perform its obligations under the Loan Documents, or involving the validity of the Loan Documents, and, to the Borrower's knowledge, Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

(i) Advertising. Subject to applicable laws, rules and regulations, during the period of the construction of the Improvements, the City shall have the right to install and maintain on the Development one or more signs identifying the City, or to be identified on such signs installed by others, as one of the institutions financing the Development. A sign or signs will be provided by the City and erected at the Borrower's expense. In connection with any leasing of the Development, or any portion thereof, which has been approved by the City, the Borrower will not use any promotional advertising or other material using the City's name without first obtaining City's prior written approval thereof, which approval shall not be unreasonably withheld.

(j) Hazardous Waste. The Borrower is in compliance in all material respects with all provisions of the Federal Water Pollution Control Act, Comprehensive Environmental Response, Compensation and Liability ("Superfund") Act of 1980 and other similar federal, state and local statutory schemes imposing liability on the Borrower relating to the generation, storage, impoundment, disposal, discharge, treatment, release, seepage, emission, transportation or destruction of any sewage, garbage, effluent, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), toxic, hazardous or radioactive materials, petroleum products, pesticides, smoke, dust, or any other form of pollution as such laws are in effect as of the date of this Agreement and with any rules, regulations and orders issued by any federal, state or local governmental body, agency or authority thereunder and with any orders or judgments of any courts of competent jurisdiction with respect thereto, and no assessment, notice of (primary or secondary) liability or notice of financial responsibility, or the amount thereof, or to impose civil penalties has been received by the Borrower. The Borrower has paid any environmental excise taxes, imposed upon it with respect to the Development pursuant to Sections 4611, 4661 or 4681 of the Internal Revenue Code of 1986, as from time to time amended.

(k) Representations and Warranties in Loan Documents. All of the representations and warranties of Borrower contained in the other Loan Documents are true and correct in all material respects and are incorporated herein by reference as if set out in full.

(l) Other Financing. The Borrower has not received any other financing for the construction of the Improvements other than the Loan, and the First Mortgage Loan.

(m) Labor and Materials. All labor and materials contracted for in connection with the construction of the Improvements shall be used and employed solely on the Land in said construction and only in substantial accordance with the Final Plans.

(n) Contractor and Other Contractors. The Construction Contract and all other contracts with architects, engineers and other professionals, which have been or will be executed, are in full force and effect and are the legal, valid and binding obligations of the General Contractor and each other contractor, as applicable, enforceable in accordance with the respective terms thereof; the General Contractor is a duly licensed general contractor under the laws of the State of Arizona; and each other professional is a duly licensed professional under the laws of the State of Arizona.

(o) Payments of Taxes. The Borrower and each of the guarantors, if any, has filed or caused to be filed, or will file or cause to be filed, all federal, state and local tax returns that are required to be filed and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due.

(p) O.S.H.A. and Environmental Matters. The Borrower has duly complied with, and its properties are in full compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, and the Resource Conservation and Recovery Act (“RCRA”) and all rules and regulations thereunder and all similar state and local laws, rules and regulations, including but not limited to any and all of the foregoing relating in any manner to underground tanks and other storage facilities or equipment and the removal and disposal of asbestos; there have been no outstanding citations, notices or orders of noncompliance issued to Borrower relating to its businesses or properties under any such laws, rules or regulations.

(q) ADA Compliance. That to the best of its knowledge, and to the extent applicable, the Development complies and shall comply with the Americans With Disabilities Act of 1990, as implemented by 28 C.F.R. Part 35, as amended (the “ADA”); and to the extent any renovation or changes are required to be made to the Development, so as to have the Development comply with and meet all the requirements of the ADA, the Borrower shall, at its expense, promptly and immediately undertake said renovations or improvements. Furthermore, the Borrower indemnifies the City from and against all claims, damages, fines, penalties, losses, expenses (including costs and reasonable attorneys’ fees), liabilities and obligations arising out of or relating to any breach by the Borrower of this representation or the fact that the Development is not in compliance with the ADA.

9. ADDITIONAL AND CONTINUING COVENANTS OF THE BORROWER.

The Borrower covenants and agrees with the City as follows:

(a) Compliance with Laws. The Borrower will comply promptly with all federal, state and local laws, ordinances and regulations relating to the construction, use, and leasing of the Development, and will obtain and keep in good standing all necessary licenses, permits and approvals required or desirable for construction and use of the Improvements.

(b) Brokerage Commissions. The Borrower will not knowingly engage in any activity or enter into any relationship which will give rise to any loan or brokerage commission with regard

to the Loan, and the Borrower will indemnify the City from the claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

(c) The Borrower to Maintain Bookkeeping System. The Borrower shall maintain a bookkeeping system for the Development in form and content sufficient for the City to conduct reviews, inspections, certifications and reports required by this Agreement. The City shall have full (but confidential) access during normal business hours and after written notice to the Borrower, to the books, records and contracts pertaining to the Development, the Borrower and the General Contractor to determine the accuracy, correctness and reasonableness of the sum advanced hereunder. Borrower shall retain all records pertaining to this Agreement, regardless of the form of the record (e.g. paper, film, recording, electronic), including but not limited to financial records, supporting documents, statistical records, and any other documents (hereinafter referred to as "Records") for a period of five (5) fiscal years after all reporting requirements are satisfied and final disbursements have been received, or if an audit has been initiated and audit findings through litigation or otherwise.

(d) Collection of Insurance Proceeds. The Borrower will cooperate with the City in obtaining for the City the benefits of any insurance or other proceeds lawfully or equitably payable to it in connection with the transaction contemplated hereby and the collection of any indebtedness or obligation of the Borrower to the City incurred hereunder (including the payment by the Borrower of the expense of an independent appraisal on behalf of the City in case of a fire or other casualty affecting the Development).

(e) Consolidation, Merger, Entity Status. The Borrower shall not consolidate with or merge into any other partnership, corporation or limited liability company, or permit another partnership, corporation or limited liability company to merge into it, or voluntarily or involuntarily fail to maintain its current status.

(f) Further Assurances and Preservation of Security. The Borrower will do all acts and execute all documents for the better and more effective carrying out of the intent and purposes of this Agreement, as the City shall reasonably require from time to time, and will do such other acts necessary or desirable to preserve and protect the collateral at any time securing or intending to secure the Note, as the City may require.

(g) Utilization of Loan Proceeds. The Borrower will utilize the proceeds of the Loan solely for eligible uses under the Laws and Regulations.

(h) No Assignment. The Borrower shall not assign this Agreement or any interest therein, and any such assignment shall be void and of no effect.

(i) Rights Inferior. The City shall not be liable to materialmen, contractors, subcontractors, sub-subcontractors, laborers, suppliers or others for goods or services delivered by them in or upon the Land or employed in the construction of the Improvements, or for any debts or claims accruing to any of said parties against the Borrower or against the Development, and it is distinctly understood and agreed that there is no contractual relationship, either express or

implied, between the City and any materialmen, contractors, sub-contractors, sub-subcontractors, craftsmen, laborers or any person supplying any work, labor or material.

(j) Borrower's Rights Assigned. The Borrower hereby assigns to the City, effective however, only after an Event of Default and the expiration of applicable cure periods, all rights of the Borrower under its contract with the General Contractor and under its contracts with any other professionals, and the City shall have the option after an Event of Default, and the expiration of applicable cure periods, in its sole discretion and in addition to any other rights and remedies the City may have, to exercise its rights under this assignment. Nothing herein shall be construed, however, to require the City to exercise any rights under this paragraph.

10. DEFAULT. Upon the occurrence of any of the following events and subject to the expiration of any applicable cure periods (an “Event of Default”) all obligations on the part of the City shall, if the City elects, terminate, and the City may at its option exercise any of its remedies at law or equity including without limitation causing Borrower’s immediate repayment of the Loan. All prior commitments to forgive any portion or all of the Loan shall be terminated and not reinstated notwithstanding the Borrower bringing the Loan into compliance or curing the Default.

(a) Bankruptcy. If there is filed by or against the Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of the Borrower, and any such petition not filed by the Borrower is not dismissed within ninety (90) days of the date of filing; or if the Borrower files a petition for reorganization under any of the provisions of the United States Bankruptcy Code or of any similar law, state, federal, or foreign, and any such petition is not dismissed within ninety (90) days of the date of filing, or if either of them makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction, any of which events, in the reasonable judgment of the City, will cause material interference with the timely completion of the Improvements; or

(b) Payment. The Borrower fails to make any payment of principal or interest required under the Note when due; or

(c) Breach of Covenants, Warranties and Representations. If any warranty or representation made by the Borrower or pursuant to the terms of the Loan Documents shall be false or misleading in any material respect, or if the Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in the Loan Documents (provided, that with respect to nonmonetary Events of Default, the City shall give written notice to the Borrower, who shall have thirty (30) days after the date of the written notice to cure, which time may be reasonably extended by the City, provided that if Borrower cannot reasonably cure within thirty (30) days, Borrower shall be entitled to such additional period of time as is the City deems appropriate in its sole discretion for Borrower to cure such nonperformance, and that with respect to monetary Events of Default, the Borrower shall have a five (5) day grace period), or is unable or unwilling to meet its obligations thereunder; or

(d) Failure to Comply with Requirements of RIBP Fund Recipients. If at any time the Borrower or Development is not in compliance with requirements associated with the RIBP Funds, such funds will be immediately due and payable to the City.

11. REMEDIES OF THE CITY. Upon the occurrence and during the continuance of an Event of Default, then the City may, at its option, upon written notice to the Borrower:

- (a) Cancel this Agreement.
- (b) Commence legal or equitable action to enforce performance of this Agreement.
- (c) Accelerate the payment of the Note and the Loan and commence legal and equitable action to collect all such amounts due the City.
- (e) Exercise any other rights or remedies the City may have under the Loan Documents referred to in this Agreement or executed in connection with the Loan or which may be available under applicable law.

No right, power or remedy of the City as provided in this Agreement is intended to be exclusive of any other right, power, or remedy of the City, but each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power or remedy available to the City now or hereafter existing at law or in equity and may be pursued separately, successively or concurrently at the sole discretion of the City. The failure of the City to exercise any such right, power or remedy shall in no event be construed as a waiver or release thereof.

12. GENERAL TERMS. The following shall be applicable throughout the period of this Agreement or thereafter as provided herein:

(a) Rights of Third Parties. All conditions of the City hereunder are imposed solely and exclusively for the benefit of the City and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or be entitled to assume that the City will make the Loan in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of this Agreement or the Loan Documents, any provisions of which may be freely waived in whole or in part by the City at any time if, in its sole discretion, it deems it desirable to do so. In particular, the City makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction by the Borrower of the Improvements or the absence therefrom of defects.

(b) The Borrower Not City's Agent. Nothing in this Agreement, the Note, or any other Loan Document shall be construed to make the Borrower the City's agent for any purpose whatsoever, or the Borrower and the City partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

(c) The City Not Liable for Damage or Loss. All inspections and other services rendered by or on behalf of the City shall be rendered solely for the protection and benefit of the City. Neither the Borrower nor other third persons shall be entitled to claim any loss or damage against the City or against its agents or employees for failure to properly discharge their duties.

(d) The City Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Agreement, or the Loan Documents, shall impose upon the City any obligation to oversee the proper use or application of any disbursements and advances of funds made pursuant to the Loan.

(e) Indemnification from Third Party Claims. The Borrower shall indemnify and hold harmless the City, its directors, officers, members, officials, employees and agents (collectively, the “Indemnified Parties”), from any actual, third party liability, claims or losses, including reasonable attorneys’ fees and costs, resulting from the disbursement of the proceeds of the Loan to the Borrower or its designee or from the condition of the Development, whether related to the quality of construction or otherwise, and whether arising during or after the term of the Loan excluding misconduct, bad faith or negligence of any of the Indemnified Parties. This provision shall survive the repayment or termination of the Loan and shall continue in full force and effect so long as the possibility of such liability, claims, or losses exists.

(f) Rights of Subcontractor, Laborers and Materialmen. In no event shall this Agreement be construed to make the City, the Title Company or any agent of the City liable to the General Contractor or any subcontractor, laborers, materialmen, craftsmen, or others for labor, materials, or services delivered to the Development or goods specially fabricated for incorporation therein, or for debts or claims accruing or arising to such persons or parties against the Borrower or the General Contractor. It is distinctly understood and agreed that, other than as specifically provided herein, there is no relationship of any type whatsoever, contractual or otherwise, either express or implied, between the City and the General Contractor, nor is there any such relationship between the City and any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the Development or specially fabricating goods to be incorporated therein. Except as otherwise specifically provided herein, no such persons or entities are intended to be third party beneficiaries of this Agreement or any document or instrument related to the Loan or to have any claim or claims in or to any undisbursed or retained proceeds of the Loan.

(g) Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(h) Invalid Provisions to Affect No Others/Severability. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

(i) Application of Interest to Reduce Principal Sums Due. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the lawful rate shall be applied by the City to reduce the principal sum of the Loan or any other amounts due the City hereunder.

with a copy to:

Attention:

Telephone: (____)-____-_____

Email:

Any party may change said address by giving the other parties hereto Notice of such change of address in accordance with the foregoing provisions.

(o) Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their heirs, legal representatives, successors and assigns; but nothing herein shall authorize the assignment hereof by the Borrower.

(p) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute collectively but one and the same instrument.

(q) Right of Cancellation. All parties hereto acknowledge that this Agreement is subject to cancellation by the City pursuant to the provisions of §38-511, Arizona Revised Statutes.

(r) Discretion of the City. Wherever pursuant to this Agreement (a) the City exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to the City, or (c) any other decision or determination is to be made by the City, the decision of the City to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by the City, shall be in the reasonable discretion of the City and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(s) Waiver of Jury Trial. BY EXECUTING THIS AGREEMENT, THE BORROWER AND THE CITY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RESPECTIVE RIGHTS OR THE RIGHTS OF THEIR RESPECTIVE ASSIGNS OR SUCCESSORS TO A TRIAL BY JURY, IF ANY, IN ANY ACTION, PROCEEDING OR SUIT, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, AND WHETHER ASSERTED BY WAY OF COMPLAINT, ANSWER, CROSSCLAIM, COUNTERCLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE, BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT

The Borrower acknowledges that the above paragraph has been expressly bargained for by the City as part of the transaction with the Borrower and that, but for the Borrower's agreement thereto, the City would not have extended the Loan evidenced by this Agreement for the terms and at the interest rates provided.

(t) Attorneys' Fees and Costs. If any legal services by an attorney are required to enforce the requirements of this Agreement or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such action, including reasonable

attorneys' fees, and if in legal action costs and expense of such action, including reasonable attorneys' fees as may be fixed by the court.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

**COUNTERPART SIGNATURE PAGE TO
FUNDING AGREEMENT**

(Project Name)

IN WITNESS WHEREOF, the City and the Borrower have caused this Agreement to be executed on the date first set forth above.

CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona

By: _____

Name: _____

Title: _____

**COUNTERPART SIGNATURE PAGE TO
FUNDING AGREEMENT**

Project Name Elkwood Apartments

IN WITNESS WHEREOF, the City and the Borrower have caused this Agreement to be executed on the date first set forth above.

BORROWER

**FLAGSTAFF ELKWOOD PARTNERS LP,
A DELAWARE LIMITED PARTNERSHIP**

**BY: FLAGSTAFF ELKWOOD GP LLC, A
DELAWARE LIMITED LIABILITY
COMPANY**

ITS: GENERAL PARTNER

**BY: _____
SAM GORDON
AUTHORIZED SIGNATORY**

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

INSURANCE REQUIREMENTS

When Recorded Return to:

CITY OF FLAGSTAFF
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: Legal Department

DEED OF TRUST
(With Assignment of Rents and Security Agreement)

THIS DEED OF TRUST (With Assignment of Rents and Security Agreement) (as it may be amended and modified from time to time, the “**Deed of Trust**”) is made as of _____, 2025, by and among (a) FLAGSTAFF ELKWOOD PARTNERS LP, a Delaware limited liability partnership, whose mailing address is _____ (“**Trustor**”); (b) _____ Title Agency, Inc., an Arizona corporation, with an address of _____ Arizona _____ (“**Trustee**”); and (c) CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona, whose address is 211 W. Aspen Avenue, Flagstaff, Arizona 86001 (“**Beneficiary**”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor’s interest in that certain real property located in the City of Flagstaff, County of Coconino, State of Arizona, more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (the “**Premises**”);

TOGETHER WITH Trustor’s interest in any and all buildings and other improvements now or hereafter erected on the Premises including, without limitation, fixtures, attachments, appliances, equipment, machinery, and other personal property attached to such buildings and other improvements (collectively, the “**Improvements**”), all of which shall be deemed and construed to be a part of the Premises;

TOGETHER WITH all rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived from the Premises and the Improvements (collectively, the “**Rents**”), subject to the terms and provisions of Article 2 of this Deed of Trust with respect to all Leases (as defined below), and further subject to the right, power and authority hereinafter given to Trustor to collect and apply such Rents;

TOGETHER WITH all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Premises or the Improvements;

TOGETHER WITH Trustor's interest in all easements, rights-of-way and other rights now owned or hereafter acquired by Trustor used in connection with the Premises or the Improvements or as a means of access thereto (including, without limitation, all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances thereof and thereto) and all water and water rights and shares of stock evidencing the same;

TOGETHER WITH all right, title and interest of Trustor in and to all leases or subleases covering the Premises or the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder including, without limitation, all rights of Trustor against guarantors thereof, all cash or security deposits, advance rentals, and deposits or payments of similar nature (collectively, the "**Leases**");

TOGETHER WITH all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Premises or the Improvements;

TOGETHER WITH all right, title and interest of Trustor in (i) the property and interests in property described on **Exhibit B** attached hereto and incorporated herein by reference, (ii) all other personal property now or hereafter owned by Trustor that is now or hereafter located on or used in connection with the Premises or the Improvements, (iii) all other rights and interests of Trustor now or hereafter held in personal property that is now or hereafter located on or used in connection with the Premises or the Improvements, (iv) all personal property and rights and interests in personal property of similar type or kind hereafter acquired by Trustor in connection with the Premises or the Improvements, and (v) all proceeds thereof (such personal property and proceeds referred to herein collectively as the "**Personal Property**");

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, both in law and in equity (including, without limitation, claims or demands with respect to the proceeds of insurance in effect with respect thereto) that Trustor now has or may hereafter acquire in the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate (as defined below), and any and all awards made for the taking by eminent domain, or by any proceeding of purchase in lieu thereof, of the whole or any part of the Trust Estate (including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages);

TOGETHER WITH all proceeds of the foregoing.

The entire estate, property, right, title and interest hereby conveyed to Trustee (including, but not limited to, the Premises, Improvements, Rents, Leases, and Personal Property) may hereafter be collectively referred to as the "**Trust Estate**."

FOR THE PURPOSE OF SECURING the following obligations (collectively, the "**Obligations**");

A. payment of that certain Loan in the amount of Five Hundred Twenty-Eight Thousand and 00/100 Dollars (\$528,000.00) (the “**Loan**”), evidenced by that certain Funding Agreement, dated the date hereof, by and between the Beneficiary and the Trustor, as it may be amended, modified, extended and renewed from time to time (the “**Loan Agreement**”), and that certain Promissory Note, dated the date hereof, by the Trustor to the order of the Beneficiary, as it may be amended, modified, extended and renewed from time to time (the “**Note**”);

B. performance of every obligation of Trustor contained in the Loan Agreement and the Note;

C. payment of all sums advanced by Beneficiary to protect the Trust Estate;

D. payment of all other sums, with interest thereon, that may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary or its successors or assigns, and as evidenced by the Note;

E. performance of every obligation of Trustor to Beneficiary contained in the Loan Documents (as defined below);

F. performance of every obligation of Trustor to Beneficiary contained in any agreement, document, or instrument now or hereafter executed by Trustor which, recites that the obligations thereunder are secured by this Deed of Trust; and

G. for the benefit of Beneficiary, compliance with and performance of each and every provision of any declaration of covenants, conditions and restrictions, any maintenance, easement and party wall agreement, or any other agreement, document, or instrument by which the Trust Estate is bound or may be affected.

This Deed of Trust, the Loan Agreement, the Note, and any other deeds of trust, mortgages, agreements, guaranties or other instruments given to evidence or further secure the payment and performance of any or all of the Obligations, as the same may be amended, modified, extended, or renewed from time to time, may hereinafter be collectively referred to as the “**Loan Documents**”.

TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE 1. COVENANTS AND AGREEMENTS OF TRUSTOR

1.1 Payment and Performance of Secured Obligations.

Trustor shall pay when due and/or perform each of the Obligations.

1.2 Maintenance, Repair, Alterations.

Trustor shall keep the Trust Estate in reasonably good condition and repair. Trustor shall not remove, demolish, or substantially alter any of the Improvements in any material way, except with the prior written consent of Beneficiary or as contemplated in the Loan Agreement. Trustor shall complete promptly and in a good and workmanlike manner any Improvement that may be now or hereafter constructed on the Premises and promptly restore in like manner any Improvements that may be damaged or destroyed from any cause whatsoever and pay when due all claims for labor performed and materials furnished therefor. Trustor shall comply with all Requirements (as defined below) and shall not suffer to

occur or exist any violation of any Requirement. Trustor shall not commit or permit any waste or deterioration of the Trust Estate, and, to the extent allowed by applicable law, shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair. Trustor shall perform its obligations under each Lease and otherwise enforce the terms thereof. “**Requirement**” and “**Requirements**” mean, respectively, each and all obligations and requirements now or hereafter in effect by which Trustor or the Trust Estate are bound or which are otherwise applicable to the Trust Estate, to construction of any Improvements on the Trust Estate, or to operation, occupancy or use of the Trust Estate (including, without limitation (i) such obligations and requirements imposed by common law or any law, statute, ordinance, regulation, or rule (federal, state, or local), and (ii) such obligations and requirements of, in or in respect of (A) any consent, authorization, license, permit, or approval relating to the Trust Estate, (B) any condition, covenant, restriction, easement, or right-of-way reservation applicable to the Trust Estate, (C) any Lien or Encumbrance, (D) any other agreement, document or instrument, in connection with the Trust Estate, to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected, and (E) any order, writ, judgment, injunction, decree, determination, or award of any arbitrator, other private adjudicator, court, government, or governmental authority (federal, state or local) to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected.

1.3 Required Insurance.

Trustor shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force with respect to the Trust Estate, at no expense to Trustee or Beneficiary, policies of insurance in forms and amounts and issued by companies reasonably satisfactory to Beneficiary, covering such casualties, risks, perils, liabilities and other hazards as are required by the Loan Agreement.

1.4 Delivery of Policies, Payment of Premiums.

(a) At the option of Beneficiary, all policies of insurance shall either have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form reasonably satisfactory to Beneficiary or shall name Beneficiary as an additional insured. Trustor shall furnish Beneficiary with certificates of insurance for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage. At least thirty (30) days prior to the expiration of each required policy, Trustor shall deliver to Beneficiary proof of the payment of premiums and the renewal or replacement of such policy continuing insurance in form as required by this Deed of Trust. For each insurance policy required by the insurance provisions of this Deed of Trust, the Trustor must provide to the Beneficiary, within five (5) business days of receipt, any notice received by Trustor notifying Trustor that a policy is suspended, voided or canceled for any reason.

(b) In the event Trustor fails to obtain, maintain, or deliver to Beneficiary the policies of insurance with respect to the Trust Estate required by this Deed of Trust, Beneficiary may at its election, but without any obligation so to do, procure, at reasonable market rates, such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Trustor will pay all premiums thereon promptly to Beneficiary (as directed in writing by Beneficiary) upon demand, and until such payment is made by Trustor, the amount of all such premiums shall bear interest at the Agreed Rate. On and during the occurrence and during the continuation of an Event of Default and upon written request by Beneficiary, Trustor shall deposit with Beneficiary (as directed in writing by Beneficiary) in monthly installments, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust (funds deposited for this purpose are referred to as “**Insurance Impounds**”). In such event, Trustor further agrees to cause all bills, statements, or other documents relating

to the foregoing insurance premiums to be sent or mailed directly to Beneficiary in accordance with the notice requirements set forth in the Loan Agreement. Upon receipt of such bills, statements, or other documents evidencing that a premium for a required policy is then payable, and provided there are sufficient Insurance Impounds, Beneficiary (as agreed among them) shall timely pay such amounts as may be due thereunder out of the Insurance Impounds. If at any time and for any reason the Insurance Impounds are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor in writing of the same and Trustor shall promptly deposit an amount equal to such deficiency with Beneficiary (as directed in writing by Beneficiary). Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Insurance Impounds or to be obligated to pay any amounts in excess of the amount of the Insurance Impounds, nor shall anything contained herein modify the obligation of Trustor set forth in Section 1.3 hereof to obtain and maintain insurance. Beneficiary shall not commingle Insurance Impounds with their own funds, and Trustor shall not be entitled to interest thereon. Beneficiary may reserve for future payments of premiums such portion of Insurance Impounds as Beneficiary in its commercially reasonable discretion deems proper. If Trustor fails to deposit with Beneficiary (as directed in writing by Beneficiary) sums sufficient to pay fully such premiums at least thirty (30) days before delinquency thereof, Beneficiary may at its election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand with interest from the date advanced at the Agreed Rate, or at the option of Beneficiary may, without making any advance whatever, apply any Insurance Impounds to payment of the Obligations, notwithstanding that such Obligations may not yet be due. Upon and during the occurrence of an Event of Default, Beneficiary may, at any time, at their option, apply any Insurance Impounds or Imposition Impounds under this Section 1.4 or Section 1.8 hereof, any funds paid as Rents, and any other funds of Trustor held by Beneficiary to payment of the Obligations, notwithstanding that such Obligations may not yet be due.

1.5 Casualties; Insurance Proceeds.

Insurance proceeds from casualty and condemnation shall be used to restore and rebuild the Property so long as Trustor is not in default under the Loan Documents.

1.6 Assignment of Policies Upon Foreclosure.

In the event of foreclosure of this Deed of Trust, as a mortgage, a sale under the power of sale, or any other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the Obligations, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.3 hereof shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate, to the extent such policies are assignable pursuant to the terms thereof.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning any of the Loan Documents, then Trustor shall indemnify, defend and hold Beneficiary harmless for, from and against all liability by reason of said litigation, including actual, reasonable out-of-pocket attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment. Beneficiary may employ an attorney to protect their respective rights hereunder, and in the event of such employment following any breach of Trustor, Trustor shall pay Beneficiary actual, reasonable

out-of-pocket attorneys' fees and expenses incurred by it, whether or not an action is actually commenced against Trustor by reason of its breach. Notwithstanding the foregoing, Trustor shall have no responsibility to indemnify Beneficiary for claims resulting from the Beneficiary's gross negligence or intentional misconduct. Trustor shall be entitled to notice of and opportunity to defend and settle any third party claim which may result in an indemnification obligation hereunder.

(b) Trustor waives any and all right to claim or recover against Beneficiary and its successors and assigns, its council members, officials, directors, officers, employees, agents and representatives, for loss or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by this Deed of Trust.

(c) All sums payable by Trustor pursuant to this Deed of Trust shall be due and payable without notice (except for such notice as may be expressly required hereunder or under the other Loan Documents), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference by any Person (as defined below) with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim that Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms of the Loan Documents, or any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor. "**Person**" means any natural person, any unincorporated association, any corporation, any partnership, any joint venture, any trust, any other legal entity, or any governmental authority (federal, state, local or foreign).

1.8 Impositions.

(a) Trustor shall pay, or cause to be paid, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever (including, without limitation, non-governmental levies or assessments such as maintenance charges, levies, or charges resulting from covenants, conditions and restrictions affecting the Trust Estate) that are assessed or imposed upon the Trust Estate or become due and payable and that create, may create, or appear to create a lien upon the Trust Estate (the above are sometimes referred to herein individually as an "**Imposition**" and collectively as "**Impositions**"), provided, however, that if by applicable law any Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same or cause it to be paid, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If at any time after the date hereof there shall be assessed or imposed a fee, tax, or assessment on Beneficiary measured by or based in whole or in part upon this Deed of Trust or the outstanding amount of the Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in Section 1.8(a) hereof and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. If Trustor fails to pay such Impositions prior to delinquency, Beneficiary may, at its option, declare the Obligations immediately due and payable. If Trustor is prohibited by applicable law from paying such Impositions, Beneficiary may, at its option, declare all of the Obligations due and payable on a date which is not less than six (6) months from the date such prohibition is imposed on Trustor.

(c) Subject to the provisions of Section 1.8(d) hereof and upon advance written request by Beneficiary, Trustor shall deliver to Beneficiary within thirty (30) days after the date upon which any Imposition is due and payable by Trustor official receipts of the appropriate taxing authority, or other proof reasonably satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate proceedings, but such right shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.8, unless Trustor has given prior written notice to Beneficiary of Trustor's intent to so contest or object to an Imposition, and unless, in Beneficiary's commercially reasonable discretion, (i) Trustor shall demonstrate to Beneficiary's commercially reasonable satisfaction that the proceedings to be initiated by Trustor shall operate to prevent the sale of the Trust Estate or any part thereof or interest therein to satisfy such Imposition prior to final determination of such proceedings, (ii) Trustor shall furnish a good and sufficient bond or surety reasonably satisfactory to Beneficiary, or (iii) Trustor shall demonstrate to Beneficiary's commercially reasonable satisfaction that Trustor has provided a good and sufficient undertaking as may be required or permitted by applicable law to accomplish a stay of any such sale.

(e) Upon and during the occurrence and during the continuation of an Event of Default and upon advance written request by Beneficiary, Trustor shall pay to Beneficiary (as directed in writing by Beneficiary) an initial cash deposit in an amount adequate to pay all Impositions for the ensuing tax fiscal year and shall thereafter continue to deposit with Beneficiary (as directed in writing by Beneficiary), in monthly installments, an amount equal to one-twelfth (1/12) of the sum of the annual Impositions reasonably estimated by Beneficiary, for the purpose of paying the installment of Impositions next due (funds deposited for this purpose are referred to as "Impositions Impounds"). In such event, Trustor further agrees to cause all bills, statements, or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements, or other documents, and providing there are sufficient Impositions Impounds, Beneficiary (as agreed among them) shall timely pay such amounts as may be due thereunder out of the Impositions Impounds. If at any time and for any reason the Impositions Impounds are or will be insufficient to pay such amounts as may then or will subsequently be due, Beneficiary may notify Trustor in writing of the same and upon such notice Trustor shall deposit immediately an amount equal to such deficiency with Beneficiary (as directed in writing by Beneficiary). Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Impositions Impounds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.8(e). Beneficiary shall not commingle Impositions Impounds with its own funds and shall

not be obligated to pay any interest on any Impositions Impounds. Beneficiary may reserve for future payment of Impositions such portion of Impositions Impounds as Beneficiary may in its commercially reasonable discretion deem proper. If Trustor fails to deposit with Beneficiary sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Beneficiary may at their election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand together with interest thereon at the Agreed Rate from the date of such advance, or at the option of Beneficiary, it may, without making any advance whatever, apply any Impositions Impounds held by it towards payment of the Obligations, notwithstanding that such Obligations may not yet be due.

(f) Trustor shall not initiate or suffer to occur or exist the joint assessment of any real and personal property included in the Trust Estate or any other procedure whereby the lien of real property taxes and the lien of personal property taxes shall be assessed, levied, or charged to the Trust Estate as a single lien.

1.9 Utilities.

Trustor shall pay when due all charges that are incurred by Trustor for the benefit of the Trust Estate or that may become a charge or lien against the Trust Estate for gas, electric, water, sewer, or other services furnished to the Trust Estate.

1.10 Actions Affecting Trust Estate.

Trustor shall appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; and Trustor shall pay all actual, reasonable out-of-pocket costs and expenses (including, without limitation, costs of evidence of title, litigation, and reasonable attorneys' fees) in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions by Trustee or Beneficiary.

If Trustor fails to make any payment or to do any act as and in the manner provided in any of the Loan Documents, Beneficiary and Trustee, in their commercially reasonable discretion, without obligation to do so, without releasing Trustor from any obligation hereunder, and with only such prior written notice to or demand upon Trustor as may be reasonable under the then existing circumstances, (in no event required to exceed ten (10) days' prior written notice), may make or do the same in such manner and to such extent as they may deem reasonably necessary or appropriate. In connection therewith (without limiting their general powers, whether conferred herein, in another Loan Document or by applicable law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon and take possession of the Trust Estate; (b) to make additions, alterations, repairs and improvements to the Trust Estate that they may consider reasonably necessary or appropriate to keep the Trust Estate in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any Lien or Encumbrance (as defined below) or alleged Lien or Encumbrance whether superior or junior to this Deed of Trust; and (e) in exercising such powers, to pay necessary expenses (including, without limitation, reasonable expenses of employment of counsel or other necessary or desirable

consultants.) Trustor shall, promptly upon written demand therefor by Beneficiary or Trustee or any of them, pay to Beneficiary or Trustee (as directed in writing by Beneficiary) an amount equal to all actual, reasonable out-of-pocket costs and expenses incurred by them in connection with the exercise of the foregoing rights (including, without limitation, costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and attorneys' fees) together with interest thereon from the date of such expenditures at the Agreed Rate.

1.12 Transfer of Trust Estate by Trustor.

In order to induce Beneficiary to make the Loan, Trustor agrees that, in the event of any Transfer (as hereinafter defined), without the prior written consent of Beneficiary, Beneficiary shall have the right, at its option, upon written notice, to declare all sums secured hereby immediately due and payable. Consent to one Transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers. Beneficiary may grant or deny such consent in its commercially reasonable discretion and, if consent should be given, any such Transfer shall be subject to this Deed of Trust, and such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or guarantor (if any) of any of the Loan Documents from any liability thereunder without the prior written consent of Beneficiary. As used herein, and except for any transfers permitted under this Deed of Trust or the Loan Agreement, “**Transfer**” shall mean:

(i) any sale, transfer, conveyance, hypothecation, encumbrance, lease or vesting of the Trust Estate or any part thereof or interest therein to or in any Person, whether voluntary, involuntary, by operation of applicable law, or otherwise, except in connection with the Permitted Encumbrances (as such term is defined in **Exhibit C** attached hereto and in incorporated herein by reference);

(ii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any membership interest in Trustor, whether voluntary, involuntary, by operation of law, or otherwise, except in connection with the Permitted Encumbrances and except as otherwise permitted under this Deed of Trust or the Loan Agreement;

(iii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any shares of stock or membership interest in Trustor or any partner in Trustor to or in any Person or any consolidation or merger of Trustor or any partner in Trustor into or with any Person (if Trustor or any partner in Trustor is a corporation or limited liability company) whether voluntary, involuntary, by operation of applicable law, or otherwise, except in connection with the Permitted Encumbrances; or

(iv) the execution of any agreements to do any of the foregoing, except in connection with the Permitted Encumbrances.

Except as expressly permitted herein, the Trustor may not transfer, assign, convey, encumber, or lease the Property or any portion of the Property, or any equity interest in the Trustor without the prior written consent of the Beneficiary, except for Permitted Encumbrances and in connection therewith.

Nothing in this Deed of Trust shall prohibit the Trustor entering into dwelling leases with eligible tenants without the consent of the Beneficiary.

1.13 Intentionally Deleted.

1.14 Additional Security.

No other security now existing, or hereafter taken, to secure the Obligations secured hereby shall be impaired or affected by the execution of this Deed of Trust. All security for the Obligations taken from time to time shall be considered and held as cumulative. Any taking of additional security, execution of partial releases of the security, or any extension of the time of payment of, or modification of other terms of any of the Obligations shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, guarantor, surety or endorser for the payment or performance of any of the Obligations. In the event Beneficiary at any time holds additional security for any of the Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with, or after a sale or realization is made hereunder.

1.15 Appointment of Successor Trustee.

Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in the county in which the Trust Estate is located and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder, and such successor(s) shall, without conveyance from the predecessor Trustee, succeed to all title, estate, rights, powers and duties of such predecessor.

1.16 Inspections.

Beneficiary, its agents, representatives, officers, and employees, are authorized to enter, upon at least seventy-two (72) hours' prior written notice, the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts Beneficiary is authorized to perform hereunder or under the terms of any of the Loan Documents. With respect to rental units occupied by tenants, the Beneficiary will give the Trustor not less than seventy-two (72) hours' prior written notice of such inspections, and the Trustor shall provide the tenants of the dwelling units such prior written notice as is required by the Arizona Residential Landlord Tenant Act (A.R.S. § 33-1301 *et seq.*). Trustor acknowledges and agrees that Beneficiary shall be liable for any loss or damage caused by its entry onto the Trust Estate, or any part thereof.

1.17 Ownership and Liens and Encumbrances.

Trustor is, and as to any portion of the Trust Estate acquired hereafter will upon such acquisition be, and shall remain the fee owner of the Trust Estate free and clear of any Liens and Encumbrances, subject only to the Permitted Encumbrances. Trustor shall not grant, shall not suffer to exist, and shall pay and promptly discharge, post to bond, escrow, or properly contest any Liens and Encumbrances, at Trustor's cost and expense. Trustor shall promptly notify Beneficiary in writing of any Lien or Encumbrance or claim thereof. Trustor shall have the right to contest in good faith the validity of any involuntary Lien or Encumbrance. If Trustor shall fail to remove and discharge or escrow for any Lien or Encumbrance or claim thereof, then, in addition to any other right or remedy of Beneficiary pursuant to applicable law or under the Loan Documents, Beneficiary may, after only such written notice to Trustor as may be reasonable under the then existing circumstances, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond for the amount claimed or otherwise giving security for such claim, or by

procuring such discharge in such manner as is or may be prescribed by applicable law. Trustor shall promptly upon demand therefor by Beneficiary, pay to Beneficiary (as directed in writing by Beneficiary) an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise of the foregoing right to discharge any Lien or Encumbrance or claim thereof, together with interest thereon from the date of each such expenditure at the Agreed Rate. Such costs and expenses shall be secured by this Deed of Trust. “**Lien or Encumbrance**” and “**Liens and Encumbrances**” mean, respectively, each and all of the following in respect to the Trust Estate: leases, other rights to occupy or use, mortgages, deeds of trust, pledges, security agreements, assignments, assignments as security, conditional sales, title retention arrangements or agreements, conditions, covenants, and restrictions, and other charges, liens, encumbrances, or adverse interests, whether voluntarily or involuntarily created and regardless of whether prior or subordinate to any estate, right, title or interest granted to Trustee or Beneficiary in this Deed of Trust, excluding from the foregoing the Permitted Encumbrances.

1.18 Trustee's Powers.

At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and without affecting the personal liability of any person for payment of the Obligations or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may (a) reconvey any part of said Trust Estate, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Powers.

Beneficiary may, from time to time (a) release any person liable for the payment of the Obligations, (b) extend the timing of the Obligations, (c) grant other indulgences with regard to the Obligations, (d) release or reconvey, or cause to be released or reconveyed, at any time at Beneficiary's option any parcel, portion or all of the Trust Estate from the lien of the Obligations and this Deed of Trust, (e) take or release any other or additional security or any guaranty for the Obligations and this Deed of Trust, or (f) make compositions or other arrangements with debtors in relation thereto.

1.20 Intentionally Omitted.

1.21 Trade Names.

At the request of Beneficiary from time to time, Trustor shall execute a certificate in form reasonably satisfactory to Beneficiary listing the trade names or fictitious business names under which Trustor intends to operate the Trust Estate or any business located thereon and representing and warranting that Trustor does business under no other trade names or fictitious business names with respect to the Trust Estate. Trustor shall promptly notify Beneficiary in writing of any change in said trade names or fictitious business names, and will, upon written request of Beneficiary, execute any additional financing statements and other certificates necessary to reflect the change in trade names or fictitious business names.

ARTICLE 2. ASSIGNMENT OF RENTS

2.1 Assignment of Rents.

Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary, equally and ratably, all the Rents of the Trust Estate and hereby gives to and confers upon Beneficiary, acting collectively, the right, power and authority, to, upon Beneficiary's notice to Trustor, collect the Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at their option at any time and from time to time, acting collectively, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all Rents and apply the same to the payment of the Obligations. Trustor hereby authorizes and directs the lessees, tenants and occupants to make all payments under the Leases directly to Beneficiary upon and as directed in written demand by Beneficiary without further consent of Trustor; provided, however, that Trustor shall have the right to collect such Rents (but not more than one (1) month in advance unless the written approval of Beneficiary is first obtained), and to retain and enjoy same, so long as an Event of Default shall not have occurred hereunder or under any of the Loan Documents. The assignment of the Rents of the Trust Estate in this Article 2 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

2.2 Collection Upon an Event of Default.

Upon and during the occurrence of an Event of Default, Beneficiary may, upon advance written notice to Trustor, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon and take possession of the Trust Estate, or any part thereof, and, with or without such entry or taking possession, in their own name sue for or otherwise collect the Rents (including, without limitation, those past due and unpaid) and apply the same, less actual, reasonable out-of-pocket costs and expenses of operation and collection (including, without limitation, attorneys' fees) toward payment of the Obligations. The collection of such Rents, or the entering upon and taking possession of the Trust Estate, or the application of the Rents as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Trustor also hereby authorizes Beneficiary upon such entry, at their option, acting collectively, to take over and assume the management, operation and maintenance of the Trust Estate and to perform all acts they in their sole discretion (as agreed among them) deem necessary and proper and to expend such sums out of Rents as may be needed in connection therewith, in the same manner and to the same extent as Trustor theretofore could do (including without limitation, the right to enter into new leases, to cancel, surrender, alter or amend the terms of and/or renew existing Leases and/or to make concessions to tenants). Trustor hereby releases all claims of any kind or nature against Beneficiary arising out of such management, operation and maintenance, excepting the liability of Beneficiary to account as hereinafter set forth.

2.3 Application of Rents.

Upon such entry, Beneficiary shall, as agreed among them, after payment of all property charges and expenses (including, without limitation, reasonable compensation to such managing agent as they may select and employ) and after the accumulation of a reserve to meet requisite amounts, credit the net amount of the Rents received by them to the Obligations. Beneficiary shall be accountable for more monies than it actually receives from the Trust Estate; nor shall Beneficiary be liable for failure to collect Rents. Beneficiary shall make reasonable efforts to collect Rents, reserving, however, within their own absolute and sole discretion, as agreed among them, the right to determine the method of collection and the

extent to which enforcement of collection of Rents shall be prosecuted and their judgment shall be deemed conclusive and reasonable.

2.4 Mortgagee in Possession.

It is not the intention of the parties hereto that an entry by Beneficiary upon the Premises under the terms of this instrument shall make Beneficiary a party in possession in contemplation of applicable law, except at the option of Beneficiary as agreed among them.

2.5 Indemnity.

Trustor hereby agrees to indemnify and hold harmless Beneficiary for, from and against any and all losses, liabilities, obligations, claims, demands, damages, penalties, judgments, actual, reasonable out-of-pocket costs and expenses, including actual, reasonable out-of-pocket legal fees and expenses, howsoever and by whomsoever asserted, arising out of or in any way connected with this assignment of Rents; and all such losses, liabilities, obligations, claims, demands, damages, penalties, judgments, actual, reasonable out-of-pocket costs and expenses shall be deemed added to the indebtedness secured hereby and shall be secured by any and all other instruments securing said indebtedness.

2.6 No Obligation to Perform.

Nothing contained herein shall operate or be construed to obligate Beneficiary to perform any obligations of Trustor under any Lease (including, without limitation, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee under any such Lease shall have been joined as a party defendant in any action to foreclose and the estate of such lessee shall have been thereby terminated). Prior to actual entry into and taking possession of the Premises by Beneficiary, this assignment of Rents shall not operate to place upon Beneficiary any responsibility for the operation, control, care, management or repair of the Trust Estate or any portion thereof, and the execution of this Assignment of Rents by Trustor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Trust Estate is and shall be that of Trustor, prior to such actual entry and taking of possession by Beneficiary.

ARTICLE 3. SECURITY AGREEMENT

3.1 Creation of Security Interest.

Trustor hereby grants to Beneficiary a security interest in and to all of the Personal Property.

3.2 Representations, Warranties and Covenants of Trustor.

Trustor hereby represents, warrants and covenants (which representations, warranties and covenants shall survive creation of any indebtedness of Trustor to Beneficiary and any extension of credit thereunder) as follows:

(a) The Personal Property is not used or bought for personal, family or household purposes.

(b) The tangible portion of the Personal Property will be kept on or at the Premises or Improvements and Trustor shall not, without the prior written consent of Beneficiary, remove the Personal Property or any portion thereof therefrom except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Trustor with similar items of equal or greater value.

(c) At the request of Beneficiary, Trustor will permit Beneficiary to prepare and file one or more financing statements and fixture filings pursuant to the Uniform Commercial Code of Arizona as in effect in the State of Arizona, Arizona Revised Statutes (“A.R.S.”) Sections 47-1101 through 47-11107, as amended from time to time (“**Uniform Commercial Code of Arizona**”), in form satisfactory to Beneficiary and will pay the cost of recording and filing the same in all public offices wherever recording or filing is deemed by Beneficiary to be necessary or desirable.

(d) Trustor does not do business under any trade name except as previously disclosed in writing to Beneficiary. Trustor will immediately notify Beneficiary in writing of any change in its responsible individual or the adoption or change of any trade name or fictitious business name, and will upon request of Beneficiary execute any additional financing statements or other certificates necessary to reflect the adoption or change in trade name or fictitious business name.

(e) Trustor shall promptly notify Beneficiary of any claim against the Personal Property adverse to the interest of Beneficiary therein.

3.3 Use of Personal Property by Trustor.

Until the occurrence of an Event of Default hereunder or under any Loan Document, Trustor may have possession of the Personal Property and use it in any lawful manner not inconsistent with this Deed of Trust and not inconsistent with any policy of insurance thereon.

3.4 Remedies Upon an Event of Default.

(a) In addition to the remedies provided in Section 4.2 hereof, upon and during the occurrence of an Event of Default hereunder, Beneficiary may, at its option, do any one or more of the following:

(i) Either personally, or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Trustor and all others claiming under Trustor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Trustor with respect to the Personal Property or any part thereof. In the event Beneficiary demands, or attempts to take possession of the Personal Property in the exercise of any rights under this Deed of Trust, Trustor agrees to promptly turn over and deliver possession thereof to Beneficiary.

(ii) Without notice to or demand upon Trustor, make such payments and do such acts as Beneficiary may deem necessary to protect their security interest in the Personal Property (including, without limitation, paying, purchasing, contesting or compromising any Lien or Encumbrance, whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all

expenses (including, without limitation, litigation costs and reasonable attorneys' fees) incurred in connection therewith;

(iii) Require Trustor from time to time to assemble the Personal Property, or any portion thereof, at the Premises. Beneficiary and its agents and representatives, shall have the right to enter upon any or all of Trustor's premises and property to exercise Beneficiary's rights hereunder;

(iv) Realize upon the Personal Property or any part thereof as herein provided or in any manner permitted by applicable law and exercise any and all of the other rights and remedies conferred upon Beneficiary by this Deed of Trust or any other Loan Document, or by applicable law, either concurrently or in such order as Beneficiary may determine;

(v) Sell or cause to be sold in such order as Beneficiary may determine, as a whole or in such parcels as Beneficiary may determine, the Personal Property and the remainder of the Trust Estate;

(vi) Sell, lease or otherwise dispose of the Personal Property at public sale, upon terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any sale; and

(vii) Exercise any remedies of a secured party under the Uniform Commercial Code of Arizona or any other applicable law.

(b) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Trustor at least five (5) business days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof to be made. Such notice may be mailed to Trustor at the address set forth in Section 5.5 hereof.

(c) The proceeds of any sale under Section 3.4(a)(vi) hereof shall be applied as follows:

(i) To the repayment of the reasonable costs and expenses of taking, holding, and preparing for the sale and selling the Personal Property (including, without limitation, costs of litigation and reasonable attorneys' fees) and the discharge of all Impositions, Liens and Encumbrances, and claims thereof, if any, on the Personal Property prior to the security interest granted herein (except any Impositions or Liens and Encumbrances subject to which such sale shall have been made);

(ii) To the payment of the Obligations hereof; and

(iii) The surplus, if any, shall be paid to the Trustor or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Beneficiary shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personal Property pursuant to the terms hereof shall not operate to release Trustor until full payment of any deficiency has been made in cash.

3.5 Security Agreement.

This Deed of Trust constitutes and shall be deemed to be a “security agreement” for all purposes of the Uniform Commercial Code of Arizona and Beneficiary shall be entitled to all the rights and remedies of a “secured party” under such Uniform Commercial Code of Arizona. This Deed of Trust shall be recorded and filed in the real property records accordingly.

ARTICLE 4. REMEDIES UPON DEFAULT

4.1 Events of Default.

The existence or occurrence of any one or more of the following events shall constitute an event of default (individually, an “**Event of Default**”):

- (a) The Trustor’s failure to meet the requirements of the Loan Agreement.
- (b) The Trustor’s failure to make any payment of principal or interest required under the Note (after the expiration of any applicable notice and cure period set forth in the Loan Documents) when due after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Trustor by the Beneficiary, and such failure continues for a period of ten (10) business days after written notice having been given.
- (c) The Trustor’s failure, after the expiration of any applicable notice and cure period, to comply with or perform any covenant or obligation set forth in the Loan Agreement or any other Loan Document.
- (d) The breach of any representation or warranty set forth in the Loan Agreement or any other Loan Document, or the existence of any material misrepresentation of fact by the Trustor in any document submitted to the Beneficiary in support of the Loan or in connection with any of the Loan Documents.
- (e) The Trustor’s failure to cure promptly any violation of any law or regulation resulting from or related to the Premises or work on the Improvements or any portion of the Improvements; the Trustor’s failure to comply promptly with any provision of any notice of any requirement or any law or regulation having any effect on or relation to the Premises or the Project issued by or filed in any department of any governmental authority having jurisdiction over the Trustor, the Premises or the Improvements; or the Trustor’s failure to furnish to the Beneficiary, immediately and without demand, a true copy of any notice or other document received by or available to the Trustor disclosing any such requirement or violation of any such law or regulation, or otherwise bearing upon the compliance of the Premises or the Improvements with any applicable law or regulation. In this regard, “**promptly**” means within thirty (30) days, the commencement of the action to cure or comply within the same thirty (30) days and the reasonably diligent prosecution to completion.
- (f) The occurrence of a default, event of default or acceleration of any obligations after expiration of any applicable notice and cure period under the Loan Documents.

4.2 Acceleration Upon Default; Additional Remedies.

Upon and during the occurrence of an Event of Default, Beneficiary may, at its option and upon ten (10) days' advance written notice and opportunity to cure, declare the Obligations, immediately due and payable without any presentment, demand, protest or notice of any kind. Beneficiary may, upon notice to Trustor, in addition to the exercise of any or all of the remedies specified in Section 3.4 hereof:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in their own name or in the name of Trustor, and do any acts that they deem necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or any part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents, or any part thereof, including, without limitation, those past due and unpaid, and apply the same, less costs and expense of operation and collection (including, without limitation, attorneys' fees) upon the Obligations. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of all or any portion of the Trust Estate or the collection, receipt and application of Rents, Trustee and Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, in any of the other Loan Documents or by applicable law upon and during occurrence of any Event of Default, including, without limitation, the right to exercise the power of sale;

(b) Commence an action to foreclose the lien of this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Exercise the power of sale herein contained and deliver to Trustee a written statement of breach, notice of default and election to cause Trustor's interest in the Trust Estate to be sold; or

(d) Exercise all other rights and remedies provided herein or in any other Loan Document, or by law, including, without limitation, the rights and remedies provided in A.R.S. § 33-702.B.

4.3 Exercise of Power of Sale.

If Beneficiary elects to exercise the power of sale herein contained, Beneficiary shall promptly notify Trustee and shall deposit with Trustee this Deed of Trust and the Note, including, but not limited to, the Loan Agreement and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such statement and notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Trustee's Sale as then required by applicable law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by applicable law and after recordation of such Notice of Trustee's Sale and Notice of Trustee's Sale having been given as required by applicable law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Trustee's Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers

thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including, without limitation, Trustee's fees and reasonable attorneys' fees, and costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended under the terms of the Deed of Trust, or under the terms of other Loan Documents in connection with the exercise of the foregoing rights and remedies, not then repaid, with accrued interest at the Agreed Rate; (ii) second, to the payment of the Obligations; (iii) all other sums, then secured hereby; and (iv) the remainder, if any, to the person or persons legally entitled thereto or as provided in A.R.S. § 33-812 or any similar or successor statute.

(c) Subject to A.R.S. § 33-810.B, Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

4.4 Personal Property.

It is the express understanding and intent of the parties that as to any personal property interests subject to Chapter 9 of the Uniform Commercial Code of Arizona, Beneficiary, upon an Event of Default, may proceed under such Uniform Commercial Code of Arizona or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect to real property, as specifically permitted under A.R.S. § 47-9604, and treat both real and personal property interests as one parcel or package of security.

4.5 Appointment of Receiver.

Upon and during the occurrence of an Event of Default, Beneficiary, as a matter of right and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the later of the date of confirmation of sale of the Trust Estate or the date of expiration of any redemption period, unless such receivership is sooner terminated.

4.6 Remedies Not Exclusive.

Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any and all of the Obligations and to exercise all rights and powers under the Loan Documents, and under the applicable law now or hereafter in effect, notwithstanding some or all of the

Obligations may now or hereafter be otherwise secured or guaranteed. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by applicable law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing under the applicable law. Every power or remedy given by any of the Loan Documents or by applicable law to Trustee or Beneficiary or to which any of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and, to the extent permitted by applicable law and subject to the provisions of Section 5.18 hereof, any of them may pursue inconsistent remedies.

4.7 Request for Notice.

Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in Section 5.5 hereof.

ARTICLE 5. MISCELLANEOUS

5.1 Change, Discharge, Termination or Waiver.

No provision of this Deed of Trust may be changed, discharged, terminated, or waived except in a writing signed by the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of Beneficiary to exercise and no delay by Beneficiary in exercising any right or remedy under the Loan Documents or under the applicable law shall operate as a waiver thereof.

5.2 Trustor Waiver of Rights.

Trustor waives, to the extent permitted by applicable law, (a) the benefit of all applicable laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Trust Estate, and (b) all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the Obligations and marshaling in the event of foreclosure of the liens hereby created and (c) all rights and remedies that Trustor may have or be able to assert by reason of the laws of the State of Arizona pertaining to the rights and remedies of sureties including, without limitation, A.R.S. §§ 12-1641 through 12-1646, and Arizona Rules of Civil Procedure 17(f).

5.3 Statement of Trustor.

Trustor shall, within ten (10) days after written notice thereof from Beneficiary, deliver to Beneficiary, a written statement stating to the best of its knowledge the unpaid principal of and interest on the Loan and any other amounts secured by this Deed of Trust, and stating whether any offset or defense exists against such principal and interest or such other amounts.

5.4 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Obligations have been satisfied in full, and upon surrender of this Deed of Trust and any promissory note or contract evidencing the Loan including, but not limited to, the Note, the Loan Agreement, to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or to the person or persons

legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as “the person or persons legally entitled thereto.”

5.5 Notices.

All notices, requests and demands to be made hereunder to the parties hereto shall be in writing and shall be delivered by overnight courier service or sent by certified mail, return receipt requested, postage prepaid, through the United States Postal Service, or personally delivered to the addressees shown below or such other addressees which the parties may provide to one another in accordance herewith. Such notices, requests and demands, if sent by mail, shall be deemed given two (2) days after deposit in the United States mail, and if delivered by overnight courier service or personally delivered, shall be deemed given when delivered.

To Beneficiary: City of Flagstaff
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: _____

With a copy to: City of Flagstaff
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: Legal Department

To Trustor: _____

Attn: _____

With a copy to: _____

Email: _____

5.6 Acceptance of Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by applicable law.

5.7 Captions and References.

The headings at the beginning of each section of this Deed of Trust are solely for convenience and are not part of this Deed of Trust. Unless otherwise indicated, each reference in this Deed of Trust to a section or an exhibit is a reference to the respective section herein or exhibit hereto.

5.8 Invalidity of Certain Provisions.

If any provision of this Deed of Trust is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any of the Trust Estate, the unsecured or partially secured portion of the indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the indebtedness which is not secured or fully secured by the lien of this Deed of Trust.

5.9 Subrogation.

To the extent that proceeds of sums secured hereby are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such sums have been or will be deemed advanced by Beneficiary at Trustor's request, and Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.10 Attorneys' Fees.

If any or all of the Obligations are not paid when due or if an Event of Default occurs, Trustor agrees to pay all actual, reasonable out-of-pocket costs of enforcement and collection and preparation therefor (including, without limitation, reasonable attorneys' fees) whether or not any action or proceeding is brought (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings, whether at the trial or appellate level), together with interest thereon from the date of demand at the Agreed Rate.

5.11 Governing Law.

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to conflict of laws principles.

5.12 Joint and Several Obligations.

If this Deed of Trust is signed by more than one party as Trustor, all obligations of Trustor herein shall be the joint and several obligations of each party executing this Deed of Trust as Trustor.

5.13 Number and Gender.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter gender and vice versa, if the context so requires.

5.14 Loan Statement Fees.

Trustor shall pay the amount demanded by Beneficiary or their authorized loan servicing agents for any statement regarding the Obligations, provided, however, that such amount may not exceed the maximum amount allowed by applicable law at the time request for the statement is made.

5.15 Counterparts.

This document may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to form one physical document, which may be recorded.

5.16 Status of Title.

Trustor represents and warrants that it is the lawful owner of the Trust Estate and Premises and Improvements free and clear of all Liens and Encumbrances, subject only to the Permitted Encumbrances, and that Trustor has full right, power and authority to convey and mortgage the same and to execute this Deed of Trust.

5.18 Integration.

The Loan Agreement and other Loan Documents relating to the Loan contain the complete understanding and agreement of Trustor and Beneficiary and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations with respect to the subject matter thereof. In the event of any conflict between this Deed of Trust and the Loan Agreement this Deed of Trust shall be deemed to be controlling.

5.19 Binding Effect.

The Loan Documents will be binding upon, and inure to the benefit of, Trustor, Trustee, Beneficiary, and their respective successors and assigns. Trustor may not delegate its obligations under the Loan Documents.

5.20 Time of the Essence.

Time is of the essence with regard to each provision of the Loan Documents as to which time is a factor.

5.21 Survival.

The representations, warranties, and covenants of Trustor contained in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.

5.22 Limitation of Liability.

The liability of Trustor hereunder shall be limited to the extent provided in the documents evidencing the Loan.

5.23 Non-Recourse.

Neither Trustor nor any member of Trustor shall have any personal liability for the performance of Trustor's obligations hereunder, including any amounts payable hereunder, it being understood that Beneficiary's sole recourse shall be to the Trust Estate.

5.24 Subordination of First Mortgage

The Beneficiary hereby acknowledges and agrees that this Deed of Trust shall be subject and subordinate in all respects to the mortgages securing the First Mortgage Loan (as defined in the Loan Agreement). Notwithstanding anything contained herein to the contrary, so long as the note evidencing the First Mortgage Loan is outstanding, the Beneficiary hereby covenants and agrees that it shall not, without the consent of the First Mortgagee (as defined in the Loan Agreement), (i) exercise any rights or remedies it may have against the Trustor pursuant to this Deed of Trust, including, but not limited to, accelerating the Obligations, collecting rents, exercising the power of sale, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder, notwithstanding that Beneficiary may declare a default; (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to the Trustor or (iii) modify the terms of this Deed of Trust without the prior written consent of the First Mortgagee.

5.26 Regulatory Agreement

Trustor hereby covenants and agrees that the Improvements shall be constructed in substantial accordance with the United States Housing Act of 1937, as amended, and related Federal regulations.

[signature page follows]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

FLAGSTAFF ELKWOOD PARTNERS LP,
A DELAWARE LIMITED PARTNERSHIP

BY: FLAGSTAFF ELKWOOD GP LLC, A
DELAWARE LIMITED LIABILITY COMPANY
ITS: GENERAL PARTNER

BY: _____
SAM GORDON
AUTHORIZED SIGNATORY

(ACKNOWLEDGMENT)

STATE OF _____)
COUNTY OF _____)

ACKNOWLEDGED before me this _____ day of _____, 2025, by Sam Gordon, as Authorized Signatory of Flagstaff Elkwood GP LLC, a Delaware limited liability company, the General Partner of Flagstaff Elkwood Partners LP, a Delaware limited partnership, on behalf of the companies and pursuant to authority given to him by said companies. He is personally known to me or has produced _____ as identification. This is an acknowledgement clause. No oath or affirmation was administered to the signor.

In witness whereof I hereunto set my hand and official seal.

NOTARY PUBLIC

Print Name: _____
My Commission Expires: _____

EXHIBIT A

Property Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

EXHIBIT B

All of the following described estate, property and interest of Trustor now or hereafter acquired, together with all cash and noncash proceeds thereof, and all modifications, extensions, renewals and replacements thereof, in, on, at, or related to an apartment complex known as _____ Apartments located at _____, Flagstaff, Arizona:

A. Premises

All of the Trustor's interest in that certain real property located in the City of Flagstaff, County of Coconino, State of Arizona, and more particularly described on Exhibit A attached to this Deed of Trust, all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Premises; all easements, rights-of-way and other rights now owned or hereafter acquired used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same; all minerals and mineral rights on, under or related to the Property; all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises and any and all sidewalks, alleys and strips and gores or land adjacent to or used in connection with the Premises;

B. Improvements

Trustor's interest in any and all buildings and improvements now or hereafter located on the Premises, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other personal property attached to such buildings and improvements;

C. Personal Property

All right, title and interest of Trustor in and to all tangible personal property now owned or hereafter acquired by Trustor and now or at any time hereafter located on or at the Premises or used solely in connection therewith, including, but not limited to: all building materials stored on or at the Premises, goods, machinery, tools, equipment (including fire sprinklers and alarm systems, air conditioning, heating and refrigerating equipment, medical equipment, equipment for electronic monitoring, entertainment, recreation, window or structural cleaning, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage and all other equipment of every kind), lobby and all other indoor and outdoor furniture (including tables, chairs, planters, desks, sofas, shelves, lockers and cabinets), wall beds, wall safes, furnishings, appliances (including dishwashers, garbage disposal units, refrigerators, fans, heaters, stoves, water heaters and incinerators), inventory, rugs, carpets and other floor coverings, draperies and drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures and maintenance and other supplies;

D. Intangibles

All of Trustor's interest in all existing and future accounts, contract rights, general intangibles, files, books of account, agreements, permits, licenses, plans and specifications, drawings, warranties, guarantees and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the Premises, whether now existing or entered into or obtained after the date hereof, the nonexclusive use of all existing and future names under or by which the Premises or any portion thereof may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all existing and future telephone numbers and listings, advertising and marketing materials, trademarks and goodwill in any way relating to the Premises or any portion thereof; and

E. Claims and Awards

All the estate, interest, right, title, other claims or demands, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire in the Premises, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Premises, including, without limitation, any awards from a change of grade of streets and awards for severance damages;

F. Rents

All rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived from the Premises and the Improvements; and

G. Leases

All right, title and interest of Trustor in and to all leases or subleases covering the Premises or the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder including, without limitation, all rights of Trustor against guarantors thereof, all cash or security deposits, advance rentals, and deposits or payments of similar nature.

EXHIBIT C

PERMITTED ENCUMBRANCES

[1. Such liens and encumbrances as are set forth in the _____ Policy #
_____.]

PROMISSORY NOTE
Elkwood Apartments

Date: [_____], 2025

Amount: \$528,000.00

FOR VALUE RECEIVED, the undersigned, hereinafter referred to as “Borrower,” promises to pay to the order of the City of Flagstaff, Arizona, a municipal corporation of the State of Arizona, hereinafter referred to as "Lender", or its successors, the original principal amount of Five Hundred Twenty-Eight Thousand and 00/100 Dollars (\$528,000.00) (the “Loan”).

LOAN PAYMENT: Borrower shall pay the outstanding principal of the indebtedness evidenced by this Promissory Note (“Note”), and all other charges and indebtedness provided herein, at the times and in the manner provided in this Note. The interest rate on the loan shall be zero percent (0%) simple interest; provided interest at the rate of ten (10) percent shall be charged in the Event of Default as detailed below

The date the Loan will mature is [_____, 2075] (hereinafter referred to as the “Maturity Date”), at which time the full outstanding principal balance of the Loan will be immediately due and payable. No interest and no payments are required during the first thirty (30) years of the term of the Loan if the Borrower has not otherwise defaulted on the Loan and if the affordable units in the Development continuously meet affordability and maintenance requirements as determined by the Lender in its sole discretion. This Note and the principal amount of the indebtedness evidenced by this Note may be forgiven in the sole and absolute discretion of the Lender on a pro rata basis over the remaining twenty (20) years of the term of the Loan as set forth on Exhibit “A” attached hereto and incorporated herein by reference if the Borrower is in compliance with the requirements of that certain Funding Agreement (referred to herein as the “Loan Agreement”) and that certain Declaration of Restrictive Covenants in favor of the Lender in connection with the Development (the “Declaration”), For purposes hereof, “Development” shall mean the 202-unit multifamily apartment development, which will include twenty-two (22) affordable units to be constructed by Borrower on the land described on Exhibit “B” hereto. Notwithstanding the foregoing, interest charged and accrued as a result of an Event of Default or Default, shall not be forgiven and will be due and payable at upon demand of the Lender.

SECURITY: This Note is secured by and is entitled to the benefits of the security interest granted in the Loan Agreement and the rights, benefits and interests granted in the Deed of Trust, Security Agreement and Fixture Filing, executed or to be executed by the Borrower for the benefit of the Lender (the “Deed of Trust”) and encumbering the property more particularly described in the Deed of Trust. Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and Borrower’s general and limited partners.

DEFAULT & ACCELERATION: Lender shall have the optional right to declare the amount of the total unpaid balance hereof to be due and forthwith payable in advance of the Maturity Date of any sum due or installment, as fixed herein, upon the occurrence of any event or failure to perform in accordance with any of the terms and conditions in this Note, after any applicable notice and opportunity to cure.

Any of the following events, subject to the expiration of any applicable cure periods constitute a default (an “Event of Default” or “Default”) all obligations and the Lender may at its option exercise any of its remedies at law or equity including without limitation causing Borrower’s immediate repayment of the Loan. All prior commitments to forgive any portion or all of the Loan shall be terminated and not reinstated notwithstanding the Borrower bringing the Loan into compliance or curing the Default.

(a) Bankruptcy. If there is filed by or against the Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of the Borrower, and any such petition not filed by the Borrower is not dismissed within ninety (90) days of the date of filing; or if the Borrower files a petition for reorganization under any of the provisions of the United States Bankruptcy Code or of any similar law, state, federal, or foreign, and any such petition is not dismissed within ninety (90) days of the date of filing, or if either of them makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction, any of which, in the reasonable judgment of the Lender, will cause material interference with the timely completion of the Improvements; or

(b) Payment. The Borrower fails to make any payment of principal or interest required under the Note when due; or

(c) Breach of Covenants, Warranties and Representations. If any warranty or representation made by the Borrower or pursuant to the terms of the Loan Documents shall be false or misleading in any material respect, or if the Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in the Loan Documents (provided, that with respect to nonmonetary Events of Default, the Lender shall give written notice to the Borrower, who shall have thirty (30) days after the date of the written notice to cure, which time may be reasonably extended by the Lender, provided that if Borrower cannot reasonably cure within thirty (30) days, Borrower shall be entitled to such additional period of time as is the Lender deems appropriate in its sole discretion for Borrower to cure such nonperformance, and that with respect to monetary Events of Default, the Borrower shall have a five (5) day grace period), or is unable or unwilling to meet its obligations thereunder; or

(d) Failure to Comply with Requirements of RIBP Fund Recipients. If at any time the Borrower or Development is not in compliance with requirements associated with the RIBP Funds, such funds will be immediately due and payable to the Lender.

ESTOPPEL/WAIVER: Failure of Lender to declare a default shall not constitute a waiver of such default. Upon default, this Note will accrue interest at the highest rate permissible under applicable law, or, if this Note is reduced to judgment, such judgment should bear interest at the highest rate permissible under applicable law.

PREPAYMENT: Borrower reserves the right to prepay at any time all or part of the principal amount of this Note without the payment of penalties or premiums. All payments of this Note, prior to default, shall be first applied to reduce the principal amount of this Note and second to the payment of interest, if any. Upon Borrower’s payment in full of the entire indebtedness under this Note, Lender shall promptly release the Declaration and the Deed of Trust and record a satisfaction of the Deed of Trust and a release of covenant, as well as any other documents required to be recorded to evidence the foregoing releases, in the public records of Coconino County, Arizona.

COSTS & ATTORNEYS' FEES: If any legal services by an attorney are required to enforce the requirements of this Note or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such action, including reasonable attorneys' fees, and if in legal action costs and expense of such action, including reasonable attorneys' fees as may be fixed by the court.

PARTIES: The words "Borrower" and "Lender" in this Note shall be construed to include the respective heirs, personal representatives, successors, and assigns of the Borrower and the Lender.

SUBORDINATION: The right of the Lender to payment of the indebtedness evidenced by this Note is and will at all times be subordinate to the First Mortgage Loan from First Mortgagee (as described in the Loan Agreement).

CONSTRUCTION AND VENUE: Each party covenants and agrees that any and all legal actions arising out of or connected with this Note shall be instituted in the Superior Court for Coconino County, Arizona, or in the United States District Court for the District of Arizona, as the exclusive forums and venues for any such action, subject to any right of either party to removal from state court to federal court, which is hereby reserved, and each party further covenants and agrees that it will not institute any action in any other forum or venue and hereby consents to immediate dismissal or transfer of any such action instituted in any other forum or venue. This Note is entered into within, and with reference to the internal laws of, the State of Arizona, and shall be governed, construed and applied in accordance with the internal laws (excluding conflicts of law) of the State of Arizona.

LOAN AGREEMENT: This Promissory Note is subject to the terms and conditions of the Loan Agreement of even date between the parties hereto, and the terms and conditions of such Loan Agreement are incorporated by reference herein to the same extent, force, and effect as if they were fully set forth herein. The terms of the Loan Agreement and this Promissory Note should be construed in such manner as not to render any term meaningless or void. However, in the event of a conflict between the terms of this Promissory Note and the Loan Agreement, the Loan Agreement shall govern.

AMENDMENTS. No amendment, modification, change, waiver, release, or discharge hereof and hereunder shall be effective unless evidenced by an instrument in writing and signed by the party against whom enforcement is sought.

NOTICE. All notices must be provided as set forth in the Loan Agreement.

TIME OF ESSENCE. Time is of the essence in the performance of each and every obligation of the Borrower hereunder.

ASSIGNMENT, CONVEYANCE, TRANSFER OF THIS NOTE. The obligations of the Borrower under this Note may not be assigned or transferred in whole or in part without the prior written approval of the Lender and then only upon such terms and conditions as the Lender may approve in its reasonable discretion. Any attempted assignment or transfer of this Note without such prior written approval will be automatically null and void.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Note has been duly executed by Borrower as of the day and year first written above.

BORROWER

**Flagstaff Elkwood Partners LP,
a Delaware limited partnership**

**By: Flagstaff Elkwood GP LLC, a Delaware
limited liability company
Its: General Partner**

**By: _____
Sam Gordon
Authorized Signatory**

ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

ACKNOWLEDGED before me this ____ day of _____, 2025, by Sam Gordon, as Authorized Signatory of Flagstaff Elkwood GP LLC, a Delaware limited liability company, the General Partner of Flagstaff Elkwood Partners LP, a Delaware limited partnership, on behalf of the companies and pursuant to authority given to him by said companies. He is personally known to me or has produced _____ as identification. This is an acknowledgement clause. No oath or affirmation was administered to the signor.

In witness whereof I hereunto set my hand and official seal.

NOTARY PUBLIC

Print Name: _____

My Commission Expires: _____

**PROMISSORY NOTE
ELKWOOD APARTMENTS
Exhibit "A"**

Payment Forgiveness Schedule

Year of Loan Term	Loan Value (\$)	Pro-Rata Forgiveness Amount (\$)	Remaining Loan Value (\$)
Commencing after minimum 30-year affordability period		\$528,000/20 years =\$26,400	
31	528,000.00	26,400.00	501,600.00
32	501,600.00	26,400.00	475,200.00
33	475,200.00	26,400.00	448,800.00
34	448,800.00	26,400.00	396,000.00
35	396,000.00	26,400.00	369,600.00
36	369,600.00	26,400.00	343,200.00
37	343,200.00	26,400.00	316,800.00
38	316,800.00	26,400.00	290,400.00
39	290,400.00	26,400.00	264,000.00
40	264,000.00	26,400.00	237,600.00
41	237,600.00	26,400.00	211,200.00
42	211,200.00	26,400.00	184,800.00
43	184,800.00	26,400.00	158,400.00
44	158,400.00	26,400.00	132,000.00
45	132,000.00	26,400.00	105,600.00
46	105,600.00	26,400.00	79,200.00
47	79,200.00	26,400.00	52,800.00
48	52,800.00	26,400.00	26,400.00
49	26,400.00	26,400.00	0

**PROMISSORY NOTE
ELKWOOD APARTMENTS
Exhibit "B"**

Legal Description

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacey Brechler-Knaggs, Grants, Contracts & Emergency
Management Director

Co-Submitter: Brian Gall

Date: 10/30/2025

**Meeting
Date:** 11/04/2025



TITLE:

Consideration and Approval of Contract: Grant Agreement between the City of Flagstaff and the Arizona Department of Transportation (ADOT) for the construction of a Snow Removal Equipment Building (SREB), Phase 2 Building Foundation and Utilities.

STAFF RECOMMENDED ACTION:

Approve the Grant Agreement with the Arizona Department of Transportation for the Airport Snow Removal Equipment Building, Phase 2 Building Foundation and Utilities, in the amount not to exceed \$151,896.00 as a matching grant.

Executive Summary:

This grant is part of a multiple grant funding opportunity (three separate matching grants are anticipated) to deliver this much needed City facility. The delivery of the Snow Removal Equipment Building (SREB) project will ensure the investments made by the City, state and federal funds on equipment is secured and is anticipated to increase the overall level of service of the runway snow operations. Once the project is completed, the efforts will result in an improved quality of air transportation network during the winter months. The City of Flagstaff community continues to support initiatives improving and maintaining quality infrastructure throughout our transportation network. By approving the ADOT grant agreement, they will provide 2.5% of the funding for this project while the FAA provides 95%. This is critical funding to help us be successful in delivering the project.

Financial Impact:

Project Name: Snow Removal Equipment Building, Phase 2 Building Foundation and Utilities

Cost: Total project estimate \$24,000,000 (all phases)

Account Number Budgeted: 221-07-222-3583-0-4434

FY Budgeted Amount: FY26 \$8,154,275

Grant Funded: Yes, FAA grant award amount \$5,772,047 (95%), with a City match of \$151,896 (2.5%) and an ADOT match of \$151,896 (2.5%) for a total of \$6,075,839.

Funding Source: Arizona Department of Transportation

Policy Impact:

None

Previous Council Decision or Community Discussion:

- Council approved the Snow Removal Equipment Building, Phase 1 Federal Aviation Administration Grant Agreement on 10/7/2023.
- Council approved the Snow Removal Equipment Building, Phase 1 AZ Department of Transportation Grant Agreement on 3/19/2024.

- Council approved the Snow Removal Equipment Building, Phase 2 Federal Aviation Administration Grant Agreement on 10/7/2025.

Options and Alternatives to Recommended Action:

- Accept the Grant Agreement which will provide funding for the construction of the Snow Removal Equipment Building
- Not accept the Grant Agreement and the funds will be returned and project terminated.

Background and History:

A Request for Proposal was solicited for Professional Architectural Design Services, bids were received on April 2, 2020, and on July 7, 2020, council approved the contract with APMI in the amount of \$859,977. Based on bids the City received a Grant Offer on July 13, 2020 from FAA for the Airport Improvement Program (AIP) Project No. 3-04-0015-044-2020 to Design the Snow Removal Equipment Building.

In June 2023, the City submitted three grant applications (FAA Entitlement, Bipartisan Infrastructure Law, and FAA Discretionary) to fund the construction of the Snow Removal Equipment Building. This is the match for the second award of three grants to get to a total project cost of approximately \$24,000,000.

On October 17, 2023, Council approved the FAA AIP 51 grant agreement.

On April 30, 2024, the City of Flagstaff received five Statements of Qualifications for providing Construction Manager At Risk (CMAR) services for this project and on July 2, 2024, Council approved a CMAR Design Phase Services Contract with Loven-Fann Joint Venture in an amount not to exceed \$700,000 for the Airport Snow Removal Equipment Building Project.

Connection to PBB Priorities and Objectives:

Safe & Healthy Community

- Ensure the built environment is safe through the use of consistent standards, rules and regulations, and land use practices.
- Promote physical health through providing recreation opportunities, parks, open space & multiple transportation options.

Sustainable, Innovative Infrastructure

- Deliver outstanding services to residents through a healthy, well maintained infrastructure system.
- Provide effective management of infrastructure for all modes of transportation.

Connection to Regional Plan:

Goal T.10. Strengthen and expand the role of Flagstaff Pulliam Airport as the dominant hub for passenger, air freight, public safety flights, and other services in northern Arizona.

Policy T.10.1. Maintain and expand Flagstaff Pulliam Airport as an important link to the national air transportation system.

Policy T.10.3. Seek opportunities to expand destinations and frequency of regional air service throughout the southwest and west.

This Project will facilitate improved responsiveness to snowfall at the airport by reducing staff time needed to deploy snow removal equipment and improving access for equipment maintenance. The improved response to snow events will place the airport in a better position to support current airport operations, tenants, and air service and will be a selling point for additional air service.

Connection to Carbon Neutrality Plan:

None

Connection to 10-Year Housing Plan:

None

Connection to Division Specific Plan:

None

Attachments: ADOT SREB Ph. 2 Grant Agreement



1801 W. Jefferson St., RM B05
MD426M
Phoenix, AZ 85007

KATIE HOBBS
GOVERNOR

JENNIFER TOTH
DIRECTOR

September 23, 2025

Brian Gall
Airport Manager
Flagstaff Pulliam Airport
6200 S. Pulliam Drive, Suite 204
Flagstaff, AZ 86001

Subject: ADOT Grant Agreement E6F4F 01C

Dear Mr. Gall:

On June 24, 2025 the State Transportation Board approved Arizona Department of Transportation (ADOT) grant number E6F4F 01C for State Share portion of **\$151,896.00** for Fiscal Year 2025 funding. This **FSL Grant (Federal State Local Grant)** is for the following project: **(Construct Snow Removal Equipment Building – Phase 2)**

Enclosed is a PDF of an Airport Development Reimbursable Grant Agreement including Exhibits A through C and Schedules One through Three. DocuSign requires that the forms be filled out in their entirety including appropriate dates, cost details, committed local funds, and identification of the person authorized to receive grant funds. DocuSign also requires the upload an ALP-based drawing which clearly depicts the project location and scope. Completed and signed Agreements must be finalized in DocuSign no later than January 23, 2026, *or sooner*.

It is the Sponsor's responsibility to understand and abide by the requirements of the Grant Agreement. Please reference the ADOT grant number, as well as the Federal Aviation Administration's AIP number (if applicable) on *all* correspondence and/or documents related to this project.

As soon as possible, please send ADOT a PDF copy, via email, of your General Services Agreement (or other contract for professional and/or construction services) including the scope of work or task order for this project.

If you have any questions, please contact Grant Manager Sonia Pizano at spizano@azdot.gov or (480) 952-8107..

Sincerely,

Sonia Pizano

Sonia Pizano
Grant Manager

Grant Number E6F4F 01C
CITY OF FLAGSTAFF
Flagstaff-Pulliam Airport
AIP: 3-04-0015-053-2025

Arizona Department of Transportation
Multimodal Planning Division
Aeronautics Group

Airport Development Reimbursable Grant Agreement

Part I

THIS AGREEMENT is entered into City of Flagstaff, between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION, through its Multimodal Planning Division (the “State”) and the CITY OF FLAGSTAFF, a political subdivision of the State of Arizona (the “Sponsor”), for a grant of State funds for the purpose of aiding in financing a Project of Construct Snow Removal Equipment Building – Phase 2 (the “Project”), for the improvement of the CITY OF FLAGSTAFF (the “Airport”).

WITNESSETH

Recitals:

- 1) The Sponsor desires, in accordance with the authority granted by Arizona Revised Statutes (A.R.S.) Section 28-8413, funds from the State for the purpose of airport planning and/or development.
- 2) The Arizona State Transportation Board, as approved on June 24, 2025 and the Director of the Arizona Department of Transportation, in accordance with the authority granted by Sections 28-304, 28-363, and 28-401 and A.R.S. Title 28, Chapter 25, have authorized reimbursement to the Sponsor of funds expended for airport planning and/or development.

Now, therefore, in consideration of the foregoing recitals and of the covenants and agreements made by the parties herein to be kept and performed, the parties agree as follows:

Sponsor’s Responsibility

- 1) The Sponsor shall accept this Agreement within 4 months of the date of the grant offer cover letter: September 23, 2025. This Grant offer, if not accepted by the Sponsor, shall expire at the end of the 4-month period.
- 2) The Sponsor shall commence the Project within 6 months of the date the grant was executed by the State. This Project will consist of the airport improvements as described in Exhibit C. The Sponsor shall proceed with due diligence and complete the Project in accordance with the provisions of this Agreement. The Sponsor shall provide and maintain competent supervision to complete the Project in conformance with the plans, specifications and work completion schedule incorporated as part of this Agreement.

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CITY OF FLAGSTAFF
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- 3) The Sponsor shall submit completed Project Reimbursement and Milestone schedules, which shall be attached hereto, as Exhibit C, Schedules Two and Three respectively and shall complete the Project within that schedule. Any change to the schedule shall be submitted in writing and be approved by the State. A time extension beyond the State's obligation to provide funds herein must be reflected by formal Amendment to this Agreement.
- 4) The Sponsor shall comply with the Sponsor Assurances and abide by and enforce the General Provisions and Specific Provisions incorporated herein as Exhibits A, B and C respectively.

Obligations

- 1) The minimum funding participation from the Sponsor shall be Two Point Fifty Percent (**2.50%**) as determined by the State.
- 2) The maximum reimbursement available from the State to the Sponsor for this Agreement shall be One Hundred Fifty-One Thousand Eight Hundred Ninety-Six Dollars (**\$151,896.00**).
- 3) Except as otherwise provided herein for the State's obligation to provide funds hereunder expires upon completion of the project required herein or November 30, 2027, whichever is earlier.
- 4) The State may, after agreeing to provide said funds to the Sponsor, withdraw/terminate the grant if the Project has not been initiated as evidenced by a Notice to Proceed within 6 months of the date the grant was executed by the State or has not progressed as scheduled over a period of 12 months or if the State determines that Sponsor is not otherwise complying with the terms of this Agreement. If it becomes necessary to terminate a grant at any time, the State will reimburse expenses of the Sponsor, approved by the State, up to the time of notification of cancellation provided Sponsor is not in default hereunder.
- 5) Sponsor acknowledges that in the event of a late payment or reimbursement by the State, the State shall have no obligation to pay a late payment fee or interest and shall not otherwise be penalized.
- 6) Notwithstanding anything to the contrary herein, in the case where funds are no longer available or have been withdrawn or not appropriated, or the Project is no longer in the State's best interest, the State shall have the right of termination at its sole option. The State shall not reimburse any costs incurred after receipt of the notice of termination. The Governor pursuant to A.R.S. Section 38-511 hereby puts all parties on notice that this Agreement is subject to cancellation.

Preliminary Work Provision

Any preliminary work, for which costs for this Project were incurred after August 25, 2025 shall be considered eligible for reimbursement provided that said costs are directly related to the Project on which this Agreement is written. The State shall review related records and determine eligibility at its sole discretion.

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Part II

The Sponsor shall approve and attach to this agreement a resolution, or Motion, or Board Action by its governing body that certifies as follows:

- 1) The Sponsor has the legal power and authority:
 - a) to do all things necessary, in order to undertake and carry out the Project;
 - b) to accept, receive and disburse grant funds from the State in aid of the Project.

- 2) The Sponsor now has on deposit, or is in a position to secure One Hundred Fifty-One Thousand Eight Hundred Ninety-Six dollars (\$151,896.00), or an equivalent amount represented by Sponsor’s proposed labor and equipment costs, for use in defraying Sponsor’s share of the costs of the Project. The present status of these funds is as follows:

Airport General Fund

(Enter local funding type and location)

- 3) The Sponsor hereby designates Rick Tadder, Management Services Director

Name
Title

 to receive payments representing the State’s share of project costs.

Signature of Sponsor’s Representative

Title of Representative

- 4) The Sponsor has on file with ADOT the following vendor identification and address for project payments:

Sponsor Vendor Id #: **IV0000002739**
 Sponsor Vendor Address: **CITY OF FLAGSTAFF**
211 West Aspen
Flagstaff, AZ 86001

Exhibits

The following Exhibits are incorporated herewith and form a part of this Agreement.

- Exhibit A - Sponsor Assurances
- Exhibit B - General Provisions
- Exhibit C - Specific Provisions and Project Schedules

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CITY OF FLAGSTAFF
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STATE:

State of Arizona
Department of Transportation
Multimodal Planning Division

SPONSOR:

CITY OF FLAGSTAFF
Flagstaff-Pulliam Airport

By: _____

Title: MPD Division Director

Date: _____

By: _____

Title: Greg Clifton, City Manager

Date: _____

WITNESSED BY:

Signature: _____

Print Name: _____

Date: _____

WITNESSED BY:

Signature: _____

Print Name: Anja Wendal

Date: _____

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EXHIBIT A

Sponsor Assurances

Upon acceptance of the grant offer by the Sponsor, these assurances will become a part of this Agreement. The Sponsor hereby covenants and agrees with the State as follows:

General

- 1) That the Project is consistent with plans (existing at the time of approval of the Project) of political jurisdictions authorized by the State to plan for the development of the area surrounding the Airport and has given fair consideration to the interest of communities in or near where the Project is to be located. In making a decision to undertake any airport development Project under this Agreement the Sponsor insures that it has undertaken reasonable consultation with affected parties using the Airport at which the Project is proposed. All appropriate development standards of Federal Aviation Administration (FAA) Advisory Circulars, Orders, or Federal Regulations shall be complied with. All related state and federal laws shall be complied with.
- 2) That these covenants shall become effective upon execution of this Agreement for the Project or any portion thereof, made by the State and shall remain in full force and effect throughout the useful life of the facilities or the planning project's duration developed under the grant, but in any event, not less than twenty (20) years from the date of acceptance of the grant offer by the Sponsor.
- 3) The Sponsor certifies in this Agreement that it is a political subdivision of the State and is the public agency with control over a public-use Airport and/or on behalf of the possible future development of an Airport and is eligible to receive grant funds for the development or possible development of an Airport under its jurisdiction.
- 4) The Sponsor further agrees it holds good title, satisfactory to the State, to the landing area of the Airport or site thereof, or will give assurance satisfactory to the State that good title will be acquired.
- 5) That the Sponsor is the owner or lessee of the property or properties on which the Airport is located and that the lease guarantees that the Sponsor has full control of the use of the property for a period of not less than twenty (20) years from the date of this Agreement. All changes in airport ownership or to an airport lease shall be approved by the State.
- 6) The Sponsor agrees that it has sufficient funds available for that portion of the project costs which are not to be paid by the State (or the United States).
- 7) The Sponsor agrees to provide and maintain competent supervision to complete the Project in conformance with this Agreement.
- 8) Preserving Rights and Powers: The Sponsor agrees it shall not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions and assurances in this Agreement without written permission from the State, and shall act promptly to acquire, extinguish or modify any outstanding rights or claims of right by others which would interfere with such performance by the Sponsor. This will be done in a manner acceptable to the State. The Sponsor shall not sell, lease, encumber or otherwise

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transfer or dispose of any part of its title or other interests in the property shown on the airport property map included in the most recent FAA-approved Airport Layout Plan, or to that portion of the property upon which State funds have been expended, for the duration of the terms, conditions and assurances in this Agreement without approval by the State. If the transferee is found by the State to be eligible under Title 49, United States Code, to assume the obligations of this Agreement and to have the power, authority and financial resources to carry out such obligations, the Sponsor shall insert in the contract or document transferring or disposing of Sponsor's interest and make binding upon the transferee all the terms, conditions and assurances contained in this Agreement.

- 9) **Public Hearings:** In Projects involving the location of an Airport, an airport runway or a major runway extension, the Sponsor has afforded the opportunity for public hearings for the purpose of considering the economic, social and environmental impacts of the Airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the State, submit a copy of such hearings to the State.

Financial

Pursuant to A.R.S. 35-326, the Sponsor may elect to utilize the Local Government Investment Pool ("LGIP") maintained by the state treasurer. The Sponsor shall request written approval from the State to use the LGIP. Thereafter, the State may deposit the funds authorized by the grant into the Sponsor's account. After approval of the reimbursements by the state, the funds shall be disbursed through the LGIP account to the Sponsor. The disbursements shall be made pursuant to the applicable laws and regulations.

The Sponsor shall establish and maintain for each Project governed by this Agreement, an adequate accounting record to allow State personnel to determine all funds received (including funds of the Sponsor and funds received from the United States or other sources) and to determine the eligibility of all incurred costs of the Project. The Sponsor shall segregate and group project costs into cost classifications as listed in the Specific Provisions of Exhibit C.

Record Keeping

The Sponsor shall maintain accurate records of all labor, equipment and materials used in this Project and that upon reasonable notice, shall make available to the State, or any of their authorized representatives, for the purpose of audit and examination all records, books, papers or documents of the recipient relating to work performed under this Agreement. For airport development Projects, make the Airport and all airport records and documents affecting the Airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the State upon reasonable request.

Airport Based Aircraft Reporting

The Sponsor shall furnish to the State on a quarterly basis, a current detailed listing (including: Registration/N Number, Name, Address and Phone Number of Owner) of all based aircraft on the Airport in a form approved by the State.

Airport Layout Plan

- 1) The Sponsor shall maintain a current signed/approved Airport Layout Plan (ALP) of the Airport, which shows building areas and landing areas, indicating present and planned development and to furnish the State an updated ALP of the Airport as changes are made.

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- 2) The Sponsor shall be required to prepare an ALP for update or revalidation in accordance with current FAA and State standard guidelines. The ALP will indicate any deviations from FAA design standards as outlined in current FAA Advisory Circulars, orders or regulations. A copy of the signed/approved ALP in electronic format shall be forwarded to the State after authentication by FAA or the State.
- 3) The Sponsor shall assure that there are no changes to the airport property boundaries, together with any off-site areas owned or controlled by the Sponsor which support the Airport or its operations as a part of this project.
- 4) If a change or alteration is made at the Airport which the State determines adversely affects the safety, utility or efficiency of the Airport, or any State funded property on or off Airport which is not in conformity with the ALP as approved by the State, the Sponsor will, if requested by the State, eliminate such adverse affect in a manner approved by the State.

Immediate Vicinity Land Use Restriction

The Sponsor shall restrict the use of land, adjacent to or in the immediate vicinity of the Airport, to activities and purposes compatible with normal airport operations and to take appropriate action including the adoption of appropriate zoning laws. In addition, if the Project is for noise compatibility or to protect the 14 CFR Part 77 imaginary surfaces of the Airport, the Sponsor will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the Airport, of the noise compatibility program measures or the imaginary surfaces of the Airport upon which State funds have been expended.

Airport Operation

- 1) The Sponsor shall promote safe airport operations by clearing and protecting the approaches to the Airport by removing, lowering, relocating, marking and/or lighting existing airport hazards and to prevent, to the extent possible, establishment or creation of future airport hazards. The Sponsor shall take appropriate action to assure such terminal airspace as is required to protect instrument and visual operations to the Airport (including established minimum flight altitudes) will be adequately cleared and protected by preventing the establishment or creation of future airport hazards. The Sponsor shall promptly notify airmen of any condition affecting aeronautical use of the Airport.
- 2) The Sponsor further agrees to operate the Airport for the use and benefit of the public and to keep the Airport open to all types, kinds and classes of aeronautical use without discrimination between such types, kinds and classes; provided that the Sponsor shall establish such fair, equal and nondiscriminatory conditions to be met by all users of the Airport as may be necessary for the safe and efficient operation of the Airport; and provided further, that the Sponsor may prohibit any given type, kind or class of aeronautical use of the Airport if such use would create unsafe conditions, interfere with normal operation of aircraft, or cause damage or lead to the deterioration of the runway or other airport facilities.
- 3) In any agreement, contract, lease or other arrangement under which a right or privilege at the Airport is granted to any person, firm or corporation to conduct or engage in any aeronautical activity for furnishing services to the public at the Airport, the Sponsor shall insert and enforce provisions requiring said person, firm or corporation:
 - a) to furnish services on a reasonable and not unjustly discriminatory basis to all users thereof and charge reasonable and not unjustly discriminatory prices for each unit or service;

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CITY OF FLAGSTAFF
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- b) and be allowed to make reasonable and nondiscriminatory discounts, rebates or similar types of price reductions to volume purchasers;
 - c) each Fixed Based Operator (FBO) and Air Carrier at the Airport shall be subject to the same rates, fees, rentals and other charges as are uniformly applicable to all other FBOs and Air Carriers making the same or similar uses of the Airport and utilizing the same or similar facilities;
 - d) each Air Carrier using such Airport shall have the right to service itself or to use any FBO that is authorized or permitted by the Airport to serve any Air Carrier at the Airport.
- 4) The Sponsor shall not exercise or grant any right or privilege which operates to prevent any person, firm or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own employees (including but not limited to maintenance, repair and fueling) that it may choose to perform. In the event the Sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by a commercial aeronautical operator authorized by the Sponsor under these provisions.
- 5) The Sponsor shall suitably operate and maintain the Airport and all facilities thereon or connected therewith which are necessary for airport purposes and to prohibit any activity thereon which would interfere with its use for aeronautical purposes and to operate essential facilities, including night lighting systems, when installed, in such manner as to assure their availability to all users of the Airport; provided that nothing contained herein shall be construed to require that the Airport be operated and maintained for aeronautical uses during temporary periods when snow, flood or other climatic conditions interfere substantially with such operation and maintenance.
- 6) The Sponsor shall not permit an exclusive right for the use of the Airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, providing services at an Airport by a single FBO shall not be construed as an "exclusive right" if:
- a) it would be unreasonably costly, burdensome or impractical for more than one FBO; and
 - b) if allowing more than one FBO to provide such services would require a reduction of space leased pursuant to an existing agreement between a single FBO and the Airport.

Note: Aeronautical activities that are covered by this paragraph include, but are not limited to: charter flights, pilot training, aircraft rental, sightseeing, air carrier operations, aircraft sales and services, aerial photography, agricultural spraying, aerial advertising and surveying, sale of aviation petroleum products whether or not conducted in conjunction with any other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity.

- 7) The Sponsor shall terminate any exclusive right to conduct an aeronautical activity now existing at the Airport before any grant of assistance from the State. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the Airport is used as an Airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with State funds.
- 8) Airport Pavement Preservation Program: The Sponsor certifies that they have implemented an effective pavement preservation management program at the Airport in accordance with Public Law 103-305 and with the most current

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associated FAA policies and guidance for the replacement, reconstruction or maintenance of pavement at the Airport. The Sponsor assures that it shall use and follow this program for the useful life of the pavement constructed, reconstructed or repaired with financial assistance from the State and that it will provide such reports on pavement condition and pavement management programs as may be required by the State.

Sponsor Transactions

The Sponsor shall refrain from entering into any transaction which would deprive the Sponsor of any of the rights and powers necessary to perform any or all of the covenants made herein, unless by such transaction the obligation to perform all such covenants is assumed by another public agency eligible to assume such obligations and having the power, authority and financial resources to carry out such obligations; and, if an arrangement is made for management or operation of the Airport by an agency or person other than the Sponsor, the Sponsor shall reserve sufficient powers and authority to insure that the Airport will be operated and maintained in accordance with these covenants or insure that such an arrangement also requires compliance therewith.

Airport Revenues

The Sponsor shall maintain a fee and rental structure for the facilities and services at the Airport which will make the Airport as self-sustaining as possible under the circumstances existing at the particular Airport, taking into account such factors as the volume of traffic and economy of collection. All revenues generated by the Airport (and any local taxes established after Dec 30, 1987), will be expended by it for the capital or operating costs of the Airport; the local airport system; or the local facilities which are owned or operated by the owner or operator of the Airport and which are directly or substantially related to the actual air transportation of passengers or property, on or off the Airport.

Disposal of Land

- 1) For land purchased under a grant for airport development purposes (it is needed for aeronautical purposes, including runway protection zones, or serve as noise buffer land; and revenue from the interim use of the land contributed to the financial self-sufficiency of the Airport), the Sponsor shall apply to the State and FAA for permission to dispose of such land. If agreed to by the State and/or FAA, the Sponsor shall dispose of such land at fair market value and make available to the State and FAA an amount that is proportionate to the State and FAA's share of the cost of the land acquisition. That portion of the proceeds of such disposition, which is proportionate to the share of the cost of acquisition of such land, shall be (a) reinvested in another eligible airport development Project or Projects approved by the State and FAA or (b) be deposited to the Aviation Trust Fund if no eligible Project exists.
- 2) Disposition of such land shall be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the Airport.

EXHIBIT B

General Provisions

Employment of Consultants

The term consultant, as used herein, includes planners, architects and/or engineers. If a consultant is to be used for this Project, the Sponsor agrees to consider at least three (3) consultant firms. If the Sponsor has contracted with or will

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contract with a consultant on a retainer basis, the Sponsor assures to the State that prior to entering such a contract, at least three (3) consultants were or will be considered. The Sponsor shall submit to the State, for review and approval, a copy of the request for proposals and/or request for qualifications, and the proposed consultant contract prior to its execution and upon award of the contract, a fully executed copy. All requests for qualifications and requests for proposals shall be in accordance with A.R.S. 34, Chapters 1, 2 and 6, and shall include a list of projects and project locations to be awarded project contracts.

Contracts

- 1) The Sponsor as an independent entity and not as an agent of the State may obtain the services required in order to fulfill the work outlined in the Project Description as approved by the State for funding in the Airport Capital Improvement Program. All contracts awarded to accomplish the project work described in this Agreement shall state:
 - a) The name of the consultant authorized to perform the work and to communicate on behalf of the Sponsor;
 - b) The Sponsor must insure that contracts issued under this Agreement comply with the provisions of Arizona Executive Order 75-5 as amended by Arizona Executive Order 2009-9, relating to equal opportunity;
 - c) The terms for termination of the contract either for failure to perform or in the best interest of the Sponsor;
 - d) The duly authorized representatives of the State shall have access to any books, documents, papers and records of the consultant and/or contractor which are in any way pertinent to the contract for a period of five years, in accordance with A.R.S. 35-214, for the purpose of making inspections, audits, examinations, excerpts and transcriptions.
- 2) All contracts shall stipulate and make clear:
 - a) The responsibilities of the consultant to gain authorization for changes on the Project which may have an affect on the contract price, scope, or schedule;
 - b) That all construction contractors and sub-contractors hired to perform services, shall be in compliance with A.R.S. 32, Chapter 10.
 - c) That any materials, including reports, computer programs or files and other deliverables created under this Agreement are the sole property of the Sponsor. That these items shall be made available to the public. The Contractor/Consultant is not entitled to a patent or copyright on these materials and may not transfer the patent or copyright to anyone else.
 - d) That any travel shall be reimbursable by the State only within the rules and costs in accordance with the State of Arizona Travel Policy.
- 3) **Liability of Subcontractors**
 - 1) It shall be the responsibility of the Sponsor to ensure through contractual agreement that any independent contractor, subcontractors, or sub consultants utilized by the Sponsor, defend, indemnify, save, and hold

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harmless the State and any of their departments, divisions, agencies, officers, or employees who may be obligated to pay by reason of any liability imposed upon any of the above for damages arising out of any error, negligence, omissions, or act of the independent contractor, subcontractor, or sub consultant.

Conflict of Interest

Each consultant submitting a proposal shall certify that it shall comply with, in all respects, the rules of professional conduct set forth in Arizona Administrative Code R4-30-301. In addition, a conflict of interest shall be cause for disqualifying a consultant from consideration; or terminating a contract if the conflict should occur after the contract is made. A potential conflict of interest includes, but is not limited to:

- 1) Accepting an assignment where duty to the client would conflict with the consultant's personal interest, or interest of another client.
- 2) Performing work for a client or having an interest which conflicts with this contract.

Reports

1) Reimbursement Requirements

a). The Sponsor shall submit quarterly Grant Reimbursement Requests (GRR's) to the Aeronautics Grant Manager after the date of the grant agreement has been signed by both Sponsor and State.

b). The Sponsor shall prepare quarterly (GRR) forms with the appropriate invoices attached which clearly indicate the project's progress to date and the amount of reimbursement due by virtue of that progress. All GRR's for payment shall be for work completed unless otherwise agreed to by State.

(i). The State has the right to withhold reimbursement payments if the Sponsor does not fill out the State GRR form correctly. If the State does decide to withhold payments to the Sponsor for any reason, it must provide written notification and an explanation to the Sponsor within ten (10) days of the date of the invoice submitted.

c). The State has the right to suspend any current or future grants should the Sponsor neglect to make a grant reimbursement request after 180 days as stated on the **Projected Reimbursement Requests / State Cash Flow** section of the grant agreement under Exhibit C, Schedule 2.

d). An Airport may be awarded a pavement management agreement through the State's Airport Pavement Management System (APMS Program). Sponsors receiving APMS treatment will be responsible for 10% of the eligible construction cost. Outstanding balances after final costs reconciliation shall be paid to the State upon written notice. Any unpaid balance by the Sponsor can result in suspension of participation in the State's Airport Pavement Management System and State/Local Grants.

2) The Sponsor shall submit quarterly status reports during planning, shall submit quarterly status reports during design, and shall submit weekly reports during construction. All reports shall reflect, at a minimum, the progress accomplished in relation to the Grant and Project schedules and milestones, the reasons for any changes, and the recommended corrections of problems encountered. Upon completion of the Project, the Sponsor shall submit a letter to the State

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specifying that the Project has been completed to their satisfaction and that the consultant and the contractor have completed their contractual responsibilities.

Changes

Any changes to the consultant contract, authorized by the Sponsor, that include additional funds, time and/or scope, shall be by amendment and shall be approved by the State prior to being made in order to be eligible for reimbursement. Approval of a change by the State shall not obligate the State to provide reimbursement beyond the maximum funds obligated by this Agreement. Any increase to the amount of funds authorized hereunder, to the expiration date of this agreement, or to the scope of work included in this agreement must be by formal amendment, and signed by all parties.

Any changes to the contract documents, authorized by the Sponsor, must be approved by the State prior to any changes being made in order to be eligible for reimbursement.

Audit

Upon completion of the Project, the Sponsor agrees to have an audit performed. The audit examination may be a separate project audit or in accordance with the Single Audit Act of 1984 (Single Audit). If the Sponsor is required under law to have a Single Audit, this Project shall be considered for inclusion in the scope of examination.

The Sponsor shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the Project in connection with which the grant is given or used, and the amount or nature of that portion of the cost of the Project supplied by other sources, and such other financial records pertinent to the Project. The accounts and records will be kept in accordance with A.R.S. 35-214.

In any case in which an independent audit is made of the accounts of a Sponsor relating to the disposition of the proceeds of a grant relating to the Project in connection with which the grant was given or used, it shall file a certified copied of such audit with the State not later than six (6) months following the close of the fiscal year in which the audit was made.

The Sponsor shall make available to the State or any of their other duly authorized representatives, for the purpose of audit and examination, any books, documents, papers and records of the recipient that are pertinent to the grant. The Sponsor further agrees to provide the State a certified copy of the audit report. The State is to determine the acceptability of this audit.

Suspension

If the Sponsor fails to comply with any conditions of this Agreement, the State, by written notice to the Sponsor, may suspend participation and withhold payments until appropriate corrective action has been taken by the Sponsor. Costs incurred during a period of suspension may not be eligible for reimbursement by the State.

Failure to Perform

If the Sponsor fails to comply with the conditions of this Agreement the State, may by written notice to the Sponsor, terminate this Agreement in whole or in part. The notice of termination will contain the reasons for termination, the

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effective date, and the eligibility of costs incurred prior to termination. The State shall not reimburse any costs incurred after the date of termination.

Termination for Convenience

When the continuation of the Project will not produce beneficial results commensurate with the further expenditure of funds or when funds are not appropriated or are withdrawn for use hereunder, the State may terminate this Agreement. In the case where continuation of the Project will not produce beneficial results, the State and the Sponsor shall mutually agree upon the termination either in whole or in part. In the case where funds are no longer available or have been withdrawn or not appropriated, or the Project is no longer in the State's best interest, the State shall have the right of termination as its sole option. The State shall not reimburse any costs incurred after receipt of the notice of termination. The Governor pursuant to A.R.S. Section 38-511 hereby puts all parties on notice that this Agreement is subject to cancellation.

Waiver by State

No waiver of any condition, requirement or right expressed in this Agreement shall be implied by any forbearance of the State to declare a default, failure to perform or to take any other action on account of any violation that continues or repeats.

Compliance with Laws

The Sponsor shall comply with all Federal, State and Local laws, rules, regulations, ordinances, policies, advisory circulars, and decrees that are applicable to the performance hereunder.

Arbitration

In the event of a dispute, the parties agree to use arbitration to the extent required by A.R.S. Section 12-1518.

Jurisdiction

Any litigation between the Sponsor and the State shall be commenced and prosecuted in an appropriate State court of competent jurisdiction within Maricopa County, State of Arizona.

Excess of Payments

If it is found that the total payments to the Sponsor exceed the State's share of allowable project costs, the Sponsor shall promptly return the excess to the State. Final determination of the State's share of allowable costs shall rest solely with the State. Any reimbursement to the Sponsor by the State not in accordance with this Agreement or unsubstantiated by project records will be considered ineligible for reimbursement and shall be returned promptly to the State.

State Inspectors

At any time and/or prior to final payment of funds for work performed under this Agreement, the State may perform an inspection of the work performed to assure compliance with the terms herein and to review the workmanship of the

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Sponsor's contractors and/or consultants. No inspector is authorized to change any provisions of this Agreement or any provisions of Agreements between the Sponsor and the Sponsor's contractor and/or consultant.

Indemnification

The State of Arizona, acting by and through the Arizona Department of Transportation, does not assume any liability to third persons nor will the Sponsor be reimbursed for the Sponsor's liability to third persons resulting from the performance of this Agreement or any subcontract hereunder.

The Sponsor shall indemnify and hold harmless the State, any of their departments, agencies, officers and employees from any and all liability, loss or damage the State may suffer as a result of claims, demands, costs or judgments of any character arising out of the performance or non-performance of the Sponsor or its independent contractors in carrying out any provisions of this Agreement. In the event of any action, this indemnification shall include, but not be limited to, court costs, expenses of litigation and reasonable attorney's fees.

Required Provisions Deemed Inserted

Each and every provision of law and clause required by law to be inserted in this Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, this Agreement shall forthwith be physically amended to make such insertion or correction.

Property of the Sponsor and State

Any materials, including reports, computer programs or files and other deliverables created under this Agreement are the sole property of the Sponsor. The Contractor/Consultant is not entitled to a patent or copyright on these materials and may not transfer the patent or copyright to anyone else. The Sponsor shall give the State unrestricted authority to publish, disclose, distribute and otherwise use at no cost to the State any of the material prepared in connection with this grant. At the completion of the project, the Sponsor shall provide the State with an electronic copy, in a format useable by the State, and one hard copy in a format useable by the State, of final plans, specifications, reports, planning documents, and/or other published materials as produced as a result of this project.

Title VI List of Pertinent Nondiscrimination Authorities

During the performance of this Agreement, the Sponsor, for itself, its assignees, and successors in interest (hereinafter referred to as the "Sponsor") agrees to comply with the following non-discrimination statutes and authorities, including but not limited to:

- 1) Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 2) 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation –Effectuation of Title VI of The Civil Rights Act of 1964);

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- 3) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- 4) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- 5) The Age Discrimination Act of 1975, as amended, (42 U.S. C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- 6) Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- 7) The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs of activities” to include all the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- 8) Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- 9) The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- 10) Executive Order 12898, Federal Actions to Address Environmental justice in Minority Populations and Low-Income Populations, which ensures discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- 11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin, discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- 12) Title IX of the Education Amendments of 1972, as amended, which prohibits you from discrimination because of sex in education programs or activities (20 U.S.C 1681 et. Seq.).
- 13) All parties shall comply with all applicable federal, state, county, cities, and local laws, rules, regulations, and assurances in addition to all applicable provisions of Title 14 (Aeronautics and Space Chapter 1 – Federal Aviation Administration, Department of Transportation) and Title 49 (United States Department of Transportation) and other applicable Codes of Federal Regulations where and when relevant.

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EXHIBIT C

Specific Provisions and Project Schedules

Provisions for Design/Construction

Financial Cost Categories

The Sponsor shall segregate and group project costs in categories as follows:

- 1) "Design/Engineering Services" (as applicable), including topographic surveys/mapping, geometric design, plans preparation, geotechnical and pavement design, specifications, contract documents.
- 2) "Construction" (must be accounted for in accordance with approved work items as presented in the bid tabulation).
- 3) "Construction Engineering" (as applicable), including contract administration, inspection/field engineering, materials testing, construction staking/as-built plans and other.
- 4) "Sponsor Administration" directly associated with this Project (not to exceed 5% of project costs).
- 5) "Sponsor Force Account" contribution (if applicable).
- 6) "Contingencies" (not to exceed 5% of construction costs).
- 7) "Other" with prior approval of the State.

Design Review – Plans, Specifications and Estimates

Plans, specifications and estimates shall be accomplished by, or under the direct supervision of a qualified engineer registered by the State of Arizona. The Sponsor shall conduct a Concept Design Review meeting with the State and Sponsor's consultant at approximately the thirty percent (30%) completion point in the design of the Project, and a Final Design Review at one hundred percent (100%) plan completion.

These mandatory reviews shall be completed before the Sponsor will be permitted to proceed with the Project. The State shall issue an approval to proceed with final design upon satisfactory completion of the 30% review. The State shall issue an approval of the 100% plans, specifications and estimates upon satisfactory completion of the 100% review. Upon State approval, the Sponsor may proceed to advertising if construction is included in the scope of the Project, or must close the Project and submit a final grant reimbursement request if the grant is for design only.

Any modification to the approved plans, specifications and estimates authorized by the Sponsor shall also be subject to approval of the State. **Changes made to approved plans, specifications, and estimates at any time must be authorized by the State prior to executing the changes in order to be eligible for reimbursement by the State.**

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The National Environmental Policy Act (NEPA) documentation must be complete and approved by the State and/or FAA prior to construction. The Sponsor shall submit a copy of the documentation to the State.

FAA Notice of Proposed Construction

The Sponsor agrees to submit an FAA Form 7460-1, Notice of Proposed Construction or Alteration before construction, installation or alteration of any Project under this Agreement that falls under the requirements of Subpart B to Part 77, Objects Affecting Navigable Airspace.

Bidding - Alternate Bidding Methods

Design, Bid, Build is the standard and preferred method for project delivery for State airport development grant projects. Alternative contracting methods (Design Build, Construction Manager at Risk, Task Order Contract) may be used in accordance with A.R.S. Title 34, Chapters 1, 2 and 6. **Use of an alternative contracting method shall be reviewed and approved by the State prior to the Sponsor executing a contract for the work.** If a project is approved for an alternative contracting method, the Sponsor must comply with all Federal, State, and Local policies, regulations, rules, and laws, as well as all requirements of this grant agreement within that method.

Based on Bids

If a Sponsor has requested a match to a Federal construction grant that was based on bids (the project was already advertised by the Sponsor with no existing State airport development grant for the design work), then all design coordination with the State required by this agreement must have been met during the design process for any prior design work to be considered eligible for reimbursement by the State. The State shall review any documentation and work done prior to bidding and, at its sole discretion, determine the eligibility of the work. Only work items necessary to complete the Project as stated in Exhibit C, Schedule One, Project Description, may be considered eligible.

Contractor Allowance

This item may only be used to cover costs of unknown, unforeseen circumstances within the scope of the grant that are necessary for Project completion. (For example: if unknown underground utilities must be removed or relocated to accomplish the Project) **This item must have prior approval of the State for each use of the item during construction in order to be eligible for reimbursement by the State.** The bid item shall be clearly defined in the contract documents with concise language describing when it may be utilized. It shall also be specified that the item may not be used at all. The allowance may only be used for unforeseen items directly related to the Project.

Contingencies

Contingencies are to be used as an estimating tool during the preliminary phases of Project development. They are intended to allow room in the grant funding level for reasonable price increases or approved added items during design. Contingencies are not eligible for reimbursement by the State as bid items in a construction contract.

Itemized Allowance

Use of an itemized allowance items may only be included in a contract with prior approval of the State. Any use of an itemized allowance bid item as part of a grant must be for a clearly defined portion of the project. (For example: cabinet allowance – cabinets in terminal storage room as shown on plans to be selected by Sponsor, or carpet allowance –

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industrial Berber carpet for 200 SF lobby to be selected by Sponsor) Each contract allowance item must be approved by the State in order to be included in the bid package. The State will not approve use of an item to cover expenses not directly related to the item. (For example: Left over funds from cabinet allowance cannot be used to purchase light fixtures)

Construction Inspection

Airport planning, design, project estimates, bidding, and construction inspection are the direct responsibility of the Sponsor and may be accomplished by the Sponsor's staff or by a qualified consultant. The Sponsor shall provide and maintain competent technical supervision throughout the Project to assure that the work conforms to the plans, specifications and schedules approved by the State and the Sponsor.

Construction inspection shall be accomplished by, or under the direct supervision of a qualified engineer registered by the State of Arizona.

The Sponsor shall subject the construction work and any related documentation on any Project contained in an approved Project application to inspection and approval by the State and the FAA. The State shall, if in accordance with regulations and procedures, prescribe such work as needed for the Project.

Change Orders

The Sponsor shall notify the State in advance of the need for a change. Such notification shall clearly define the changed or added bid items, the locations of changed work, the quantities and costs of changed work, and the time required for the change. Justification for the change must be provided to the State by the Sponsor. Change orders may be approved by the State only if they are clearly necessary to accomplish the original grant scope. If approval is granted by the State, the Sponsor shall follow up with the written change order for the State's review and approval in a timely manner. The Sponsor may not request reimbursement for the work done under a change order until the change order is approved by the State.

Construction Contract Documents

Any changes to the construction contract documents (including scope, time and amount), authorized by the Sponsor, must be approved by the State prior to being implemented by the Sponsor in order to be eligible for reimbursement under the grant. All changes, as well as any notifications and approvals related to the changes, shall be documented in the final contract documents, change orders, and as built plans provided to the State at the end of the contract. Verbal requests and approvals are not sufficient as documentation for reimbursement. Final reimbursements will not be made until all documentation is received by the State.

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Design/Construction Project Schedules

The Schedule Forms are intended to identify and monitor project scope, costs, and basic milestones that will be encountered during various phases of the Project. The Sponsor shall complete these three schedules showing the project description and total costs, project reimbursements (cash flow) schedule and project milestones.

Schedule One shows the total Project estimated costs associated with each share - State and Federal and Local. Schedule Two shows a projected cash flow for State funds only. The Sponsor is to estimate requests to the State for Project reimbursement. Schedule Three shows anticipated dates of Project milestones. These schedules will be used to keep track of the Project’s progress. Be sure to develop realistic schedules.

As the project progresses, and the original reimbursement schedule and or milestone dates change, the Sponsor must submit a revised Schedule to the State for approval.

Schedule One
Design/Construction Project Description and Funding Allocation

Detailed Project Description:

Construct Snow Removal Equipment Building – Phase 2
(FAA AIP # 3-04-0015-053-2025)

Project Cost Category	Total Estimated Project Cost	Estimated Local Share	Estimated Federal Share	Estimated State Share*
Design/Engineering Services	\$	\$	\$	\$
Construction	\$ 6,075,839.00	\$ 151,896.00	\$ 5,772,047.00	\$ 151,896.00
Construction Engineering	\$	\$	\$	\$
Sponsor Administration**	\$	\$	\$	\$
Sponsor Force Account Work***	\$	\$	\$	\$
Contingencies	\$	\$	\$	\$
Total Project Costs	\$ 6,075,839.00	\$ 151,896.00	\$ 5,772,047.00	\$ 151,896.00

*Total of this column to be used in Schedule Two.

** Sponsor Administration is not eligible for reimbursement above 5% of the project costs.

*** All force account work is to be approved by the State prior to the grant agreement being signed.

NOTE: The Sponsor must attach a project plan based upon the ALP that clearly shows the scope and the limits of the work.

The project plan will be attached to the end of the document and will be considered Page 22 of 22.

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Schedule Two
Design/Construction Project Reimbursement Schedule

The Sponsor must complete this Project Reimbursement Schedule showing the projected cash flow of State grant funds only for this Project. Projections must include all consultant and contractor services. The reimbursement schedule should be a realistic schedule and will be used to keep track of a project’s progress. Reimbursement requests must be submitted regularly by the Sponsor while the grant is active. The cash flow should reflect when a request is submitted to the State, not when invoices are paid by the Sponsor.

Instructions:

- 1) For “Total State Funds” below, enter the Total Project Costs/Estimated State Share from Schedule One.
- 2) For each month/year, indicate the projected reimbursement request amount for **State Funds Only** (use whole dollars only, e.g. \$540 or \$1,300).
- 3) Continue the process by entering a Zero (∅) in the month/year for which no reimbursement is anticipated and/or a dollar amount of the reimbursement, until the total State funds are accounted for in the cash flow.

Total State Funds: \$151,896.00

Projected Reimbursement Requests / State Cash Flow

<i>Calendar Year</i>	Jan	Feb	Mar	Apr	May	Jun
2025	\$	\$	\$	\$	\$	\$
2026	\$	\$	\$ 37,974	\$	\$	\$ 37,974
2027	\$	\$	\$	\$	\$	\$
2028	\$	\$	\$	\$	\$	\$
2029	\$	\$	\$	\$	\$	\$
<i>Calendar Year</i>	Jul	Aug	Sep	Oct	Nov	Dec
2025	\$	\$	\$	\$	\$	\$
2026	\$	\$	\$ 37,974	\$	\$	\$ 37,974
2027	\$	\$	\$	\$	\$	\$
2028	\$	\$	\$	\$	\$	\$
2029	\$	\$	\$	\$	\$	\$

Grants expire 4 years from the date of the grant offer. The Sponsor shall schedule the work to be completed within the 4 years.

Schedule Three

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Design/Construction Project Milestones

Milestone Duration Guidelines

The below duration periods are intended to provide guidelines for you to consider. These are average time periods (in calendar days), but it is understood these periods may vary by Sponsor and Project, and are subject to modification. If an entry on the form is not applicable, write N/A.

- 1) The Consultant Selection Phase for all Projects, regardless of type, is approximately ninety (90) days but should not exceed one hundred eighty (180) days.
- 2) The Design/Engineering Phase is subject to the type and complexity of the Project, however, most designs can be accomplished within one hundred eighty (180) days to two hundred and seventy (270) days.
- 3) The Bidding Phase typically should be sixty (60) days or less.
- 4) The Construction Phase is dependent upon the type of Project, the airport traffic, and the available construction season, generally ninety (90) days to three hundred sixty (360) days.
- 5) The State review periods should be fifteen (15) days.

Design/Construction Milestone Schedule

Milestones	Duration # of Days	Start Date		Completion Date	
		Proposed	Actual	Proposed	Actual
Consultant Selection Phase					
Submit Scope for State Review/Approval*					
Submit Contract for State Review/Approval					
Award Consultant Contract					
Design & Engineering Phase					
Sponsor Issue Notice to Proceed/Start Design					
Conduct 30% Design Review/Approval					
Conduct Final Design Review/Bid Set Submitted (100%) for Review/Approval					
Bidding Phase					
Bid Set Submitted (100%) for Review/Approval					
Issue Invitation for Bids					
Submit Bid Tab for State Review/Approval					
Award Construction Contract/Submit to the State					
Construction Phase					
Pre-Construction Meeting					
Issue NTP – Begin Construction					
Final Inspection					
Submit As-Builts & Final Documentation					
Submit Final Reimbursement Request and Sponsor Closeout Letter					

* The solicitation for qualifications and the service agreements must contain a list of projects, including this grant project, per A.R.S. 34-Chapter 6.

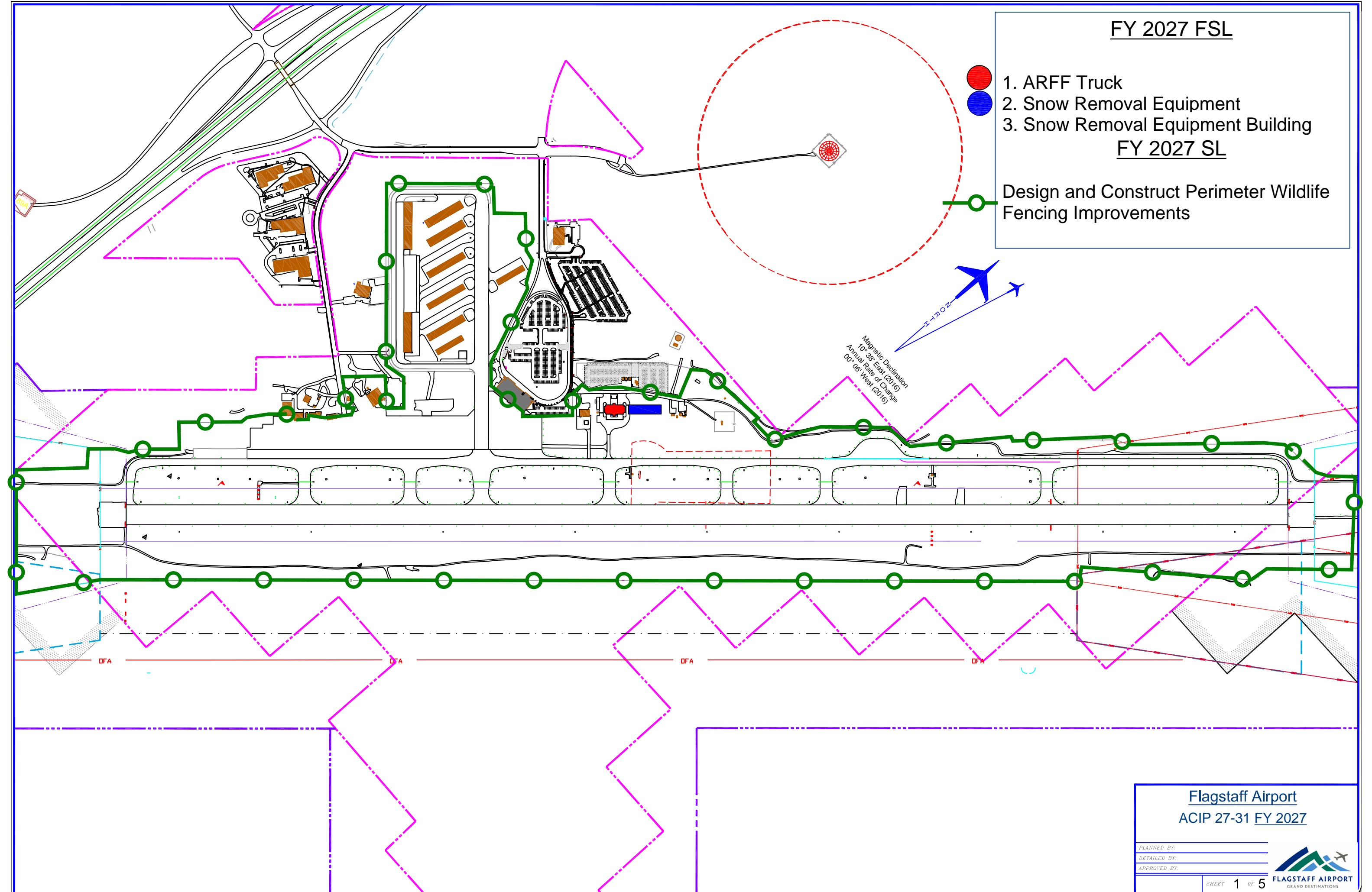
PART IV – PROGRAM NARRATIVE
(Suggested Format)

PROJECT: Construction Snow Removal Equipment Building (SREB)
AIRPORT: FLG
<p>1. Objective:</p> <p>Construct a Snow Removal Equipment Building (SREB) to support snow operations and provide a protective environment for eligible AIP funded equipment and materials. Building will be located on airport property which will provide easy response by snow clearing crews to control snow and ice conditions, as well as a convenient location for repairing, servicing and fueling equipment. The Flagstaff Airport has gone to an Index B due to the increase in enplanements, increase in aircraft size, larger charter flights and being an alternative site for Phoenix Sky Harbor (PHX), Dallas Fort Worth International (DFW), and Denver International (DEN) traffic.</p>
<p>2. Benefits Anticipated:</p> <p>There is a high need for a new Snow Removal Equipment Building for snow removal equipment as well as storing abrasive or chemicals used in treatment of paved areas. This building is critical for safety and security of the equipment. The OPS/ARFF building is at capacity with current snow removal equipment which currently consists of 2-Displacement Plows, 2-Front end loaders, and 1-Rotary Plow. The current fleet of snow removal equipment does not meet the Clearance Times for Commercial Service Airports per AC 150/5200-30D.</p>
<p>3. Approach: (See approved Scope of Work in Final Application)</p> <p>This building would be approximately 30,000 square feet vehicle storage and maintenance building. It would have large roll-up garage doors that would allow access to storage bays, maintenance bays and storage of snow removal equipment and associated materials. The building would be capable of supporting the Flagstaff Airport's Snow and Ice Control Plan for multiple 24-hour operational periods.</p> <p>The building site will allow activities associated with the building for egress/ingress of by snow clearing crews, employees, and deliveries so that they do not interfere with fire lanes used by the airport rescue and firefighting (ARFF) service or hamper aircraft taxiing operations. To reduce wear and tear of equipment and prevent a slow response, the building will provide snow clearing crews with direct access to the taxiway and runway instead of using perimeter roads or circuitous routes to reach the taxiway and runway.</p> <p>* ALSO REFER TO THE DESIGN ARCHITECTS PROGRAMMING REPORT</p>
<p>4. Geographic Location:</p> <p>Flagstaff Pulliam Airport is located in Flagstaff, Coconino County, Arizona. The Airport is located near Interstate Highway 17 and city roads John Wesley Powell Blvd. and Shamrell Blvd.</p>
<p>5. If Applicable, Provide Additional Information:</p> <p>We feel this is a high priority and critical project for our airport and that it meets the National Priority System Justification and will help our airport ensure to the public that the National Airspace System is a safe, secure, and an efficient environment for air travel nationwide.</p>
<p>6. Sponsor's Representative: (include address & telephone number)</p> <p>City of Flagstaff, 211 West Aspen, Flagstaff, AZ 86001 Stacey Brechler-Knaggs, Grants & Contracts Manager - Phone: (928) 213-2227 / Email: sknaggs@flagstaffaz.gov Barney Helmick, Airport Director - Phone: (928) 556-1234, ext. 11 / Email: bhelmick@flagstaffaz.gov</p>

FY 2027 FSL

- 1. ARFF Truck
 - 2. Snow Removal Equipment
 - 3. Snow Removal Equipment Building
- FY 2027 SL

Design and Construct Perimeter Wildlife Fencing Improvements



Flagstaff Airport
ACIP 27-31 FY 2027

PLANNED BY: _____
DETAILED BY: _____
APPROVED BY: _____



Certificate Of Completion

Envelope Id: 715BC055-A5D3-4F79-BD02-A25B19FF2A90

Status: Sent

Subject: ADOT Aeronautics Design-Construct Grant Agreement (E6F4F 01C)

Source Envelope:

Document Pages: 23

Signatures: 0

Envelope Originator:

Certificate Pages: 5

Initials: 0

Sonia Pizano

AutoNav: Enabled

206 S 17th Ave

Envelopeld Stamping: Enabled

Phoenix, AZ 85007

Time Zone: (UTC-07:00) Arizona

SPizano@azdot.gov

IP Address: 104.129.198.221

Record Tracking

Status: Original

Holder: Sonia Pizano

Location: DocuSign

9/23/2025 10:40:36 AM

SPizano@azdot.gov

Signer Events

Signature

Timestamp

Stacey Brechler-Knaggs

sknaggs@flagstaffaz.gov

Sent: 9/23/2025 10:50:20 AM

Viewed: 9/23/2025 10:52:59 AM

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 9/23/2025 10:52:59 AM

ID: 77308f8f-6d90-48e8-8e3c-cb2212b3e4ff

Stacey Brechler-Knaggs

sknaggs@flagstaffaz.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 9/23/2025 10:52:59 AM

ID: 77308f8f-6d90-48e8-8e3c-cb2212b3e4ff

Stacey Brechler-Knaggs

sknaggs@flagstaffaz.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 9/23/2025 10:52:59 AM

ID: 77308f8f-6d90-48e8-8e3c-cb2212b3e4ff

Rick Tadder

rtadder@flagstaffaz.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Not Offered via Docusign

Greg Clifton

greg.clifton@flagstaffaz.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 9/2/2021 10:25:26 AM

ID: b0e4aaf8-d6bb-4c88-8280-9e8aa40b22d6

Anja Wendal

awendal@flagstaffaz.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Not Offered via Docusign

In Person Signer Events	Signature	Timestamp
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Editor Delivery Events	Status	Timestamp
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Sonia Pizano

spizano@azdot.gov

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 1/18/2024 12:54:32 PM

ID: 9d263d41-db8d-4456-8acc-7f9923f365c7

Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent

Hashed/Encrypted

9/23/2025 10:50:20 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Arizona Dept of Transportation (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Arizona Dept of Transportation:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To advise Arizona Dept of Transportation of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at DocuSignRequest@azdot.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address.. In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from Arizona Dept of Transportation

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to DocuSignRequest@azdot.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Arizona Dept of Transportation

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to DocuSignRequest@azdot.gov and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> •Allow per session cookies •Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Arizona Dept of Transportation as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Arizona Dept of Transportation during the course of my relationship with you.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Rebecca Sayers, Parks, Recreation, Open Space, and Events Director
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Approval of Contract: Cooperative Purchase Contract with Kaizen Laboratories Inc for a Point-of-Sale and Reservation Management System in an amount not to exceed \$90,000 annually.

STAFF RECOMMENDED ACTION:

1. Approve the cooperative purchase contract with Kaizen Laboratories Inc. and execute a contract in an amount not to exceed \$90,000 annually
2. Authorize the City Manager to execute the necessary documents

Executive Summary:

The City of Flagstaff has used recreation management software since 2008. The software manages all manner of transactions and reservations for the Parks, Recreation, Open Space, and Events (PROSE) Division, from memberships and point-of-sale for all recreation facilities, to indoor and outdoor amenity reservations, special event permit reservations and invoicing, youth and adult sports reservations and invoicing, and registration for city sports leagues, tournaments, and programming such as swim lessons. The current software no longer meets the Division's needs and expectations for customer service, cybersecurity, and reliability. In researching other available platforms over the past several years, the PROSE team identified the point-of-sale and reservation management system offered by Kaizen Laboratories as ideal for the Division's needs and our community. Kaizen was recently awarded the contract to update Pima County's Parks and Recreation reservation system, which was written with cooperative language to allow other Arizona locations to utilize their procurement process and contract.

Kaizen's fee is based on 5% of PROSE's estimated annual revenue of \$1,800,000, plus applicable sales taxes. If the estimated annual revenue exceeds \$1,800,000, the parties will increase the not-to-exceed amount. Additionally, electronic payment processing fees will be charged and collected by the Contractor for online payments. Should PROSE user fees and rates be considered for adjustment in the future, the Kaizen 5% fee could be considered as part of that discussion. Kaizen's funding model with other agencies is that they collect the 5% fee at the time of transaction directly from the customer. This model could be included in any future rate adjustment conversations.

Financial Impact:

Project Name: Point-of-Sale and Reservation Management System by Kaizen Laboratories Inc.
Cost: Not to exceed \$90,000 annually, based on five percent of estimated annual revenue of \$1,800,000, plus applicable sales taxes
Account Number Budgeted: 001-11-156-0580-5-4231 with \$8,750; 001-11-156-0580-5-4290 with \$39,000; 001-11-156-0580-5-4301 with \$5,500; and 055-11-158-3067-5-4433 with \$36,750.
FY2025-26 Budgeted Amount: Knowing that the new system will not "go live" until the second half of the fiscal year, the FY2025-26 budgeted amount is anticipated to be funded with approximately \$25,000 from BBB

Recreation.
Grant Funded: No
Funding Source: General Fund and BBB Recreation

Policy Impact:
There is no policy impact.

Previous Council Decision or Community Discussion:
There have been no previous council decisions.

Options and Alternatives to Recommended Action:
1. Approve the contract as recommended
2. Not approve the contract and provide direction to staff

Background and History:

Flagstaff currently uses Vermont Systems Incorporated's (VSI) recreation management software called RecTrac and their online registration platform called WebTrac. Kaizen's system offers numerous advantages compared to the current VSI platform, including the following:

- **Modern Functionality:** A user-friendly interface with support for mobile devices and digital wallet-based memberships.
- **Security and Compliance:** Native HIPAA compliance meets requirements that ensure the security and privacy of users with secure data management, including electronic waivers and electronic signatures on contracts.
- **Enhanced Communication:** Automatic notifications and language translation capabilities.
- **New Functionality:** Special event permits, sports league management, facility reservation management, and ticketing modules that are integrated into the platform.
- **Proven Performance:** With 24-hour customer support and testimonials from other municipalities, including Pima County, Arizona, and Castle Pines, Colorado, Kaizen is proven to handle more than 10,000 concurrent users without degradation in service.

The Procurement Section identified a cooperative purchase agency contract with Pima County to utilize the purchase of a Point of Sale and Reservation Management System. Pima County conducted a competitive and open procurement process through Request for Proposal Solicitation No.# RFP-PO-2400008 that resulted in Contract #MA-PO-24-162, with Contractor Procurement staff that determined the procurement was a fair and competitive process, and that the resulting cooperative purchase contract is applicable to this project.

This Cooperative Purchase Contract shall commence upon execution by the parties and shall continue for a period of three (3) years ("Initial Term") with an option for three (3) additional one (1) year extensions presuming that the underlying Agency Contract has not expired or been terminated, or the Contractor has agreed to continue to provide to the City the materials and/or services in the Scope of Work pursuant to the same terms in the Agency Contract. The contract may be extended by mutual written consent of both parties.

Connection to PBB Priorities and Objectives:

High Performing Governance:

- Serve the public by providing high quality customer service.
- Implement and communicate innovative and efficient local government programs, new ideas, and best practices.

Safe and Healthy Community:

- Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options.

Livable Community:

- Provide amenities and activities that support a healthy lifestyle

Connection to Regional Plan:

There is no connection to the Regional Plan.

Connection to Carbon Neutrality Plan:

There is no connection to the Carbon Neutrality Plan.

Connection to 10-Year Housing Plan:

There is no connection to the 10-year Housing Plan.

Connection to Division Specific Plan:

There is no connection to a Division Specific Plan.

Attachments: [Presentation](#)
 [Contract](#)
 [Kaizen Presentation](#)

PROSE point-of-sale and reservation management system

November 4, 2025





What is this?

In short: an online system platform for memberships, point-of-sale, registration, and reservations such as

- Membership management for the Aquaplex and weight room memberships at Joe C. Montoya and Hal Jensen Centers including day passes
- Recreation program registration (e.g. swim lessons, day camps)
- Sport league registrations (e.g. adult hockey, softball, basketball, and volleyball; youth basketball)
- Special event permitting, reservations, invoicing
- Youth sports field reservations, invoicing
- Point-of-sale for retail items at recreation centers



Who else uses this system?

In Arizona:

- [Pima County](#) (live)
 - Programs, memberships, facility reservations, and campsites
 - Revenue has increased by 15% and nearly 40% of total activity is on a mobile device
- [City of Cottonwood](#) (live and will be unveiled to residents soon)
- Maricopa County (under contract)
 - Estimated \$15M of transactions will be on the Kaizen platform
- Sahuarita (under contract)
 - Facility rentals and programs



Who else?

Other noteworthy locations

- [Vail, CO](#) - \$7M in transactions across programs, memberships, passes, sport court reservations, etc.
- [Maryland Department of Natural Resources](#) – State Parks
- [St. George, UT](#) - \$10M in transactions for programs, facilities, sport court reservations
- [Manhattan Beach, CA](#) – memberships and facilities
- [Forsyth County, GA](#) – campsite management



When?



Start building the platform after contract approval

- Project kickoff target: November 2025
- Department Discovery: December 2025
- Core Module Configuration: December 2025
- Reporting and Financial Setup: December 2025
- Data Migration and Quality Assurance: December 2025
- Staff Training begins: January 2026
- Internal User Acceptance Testing and Feedback: January 2026
- Soft Launch, Go Live, and Post-launch optimization: ~February 2026



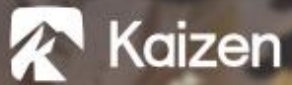
Why?



Customer service, reliability, cybersecurity, modern

- Improved customer interface for the community
- Modern functionality
 - Mobile device friendly and digital wallet-based payment availability
- Inviting and clean website innovation
- Security and compliance
 - City of Flagstaff Information Technology team is in full support of this transition and has noted Kaizen's top of the line compliance and security practices
- Enhanced communication including notifications and language translation
- 24-hour customer support
- Numerous testimonials from other municipalities

Kaizen Laboratories Inc - demo



“ Working with Kaizen has been a refreshing experience. The team is incredibly approachable—always open to our questions and receptive to new ideas.

Having a dedicated point of contact made our transition seamless, and support has been consistently quick and reliable.

Best of all, our community is loving the modern, mobile-friendly experience Kaizen delivers.



Jenna Kinder
Assistant Director
Pulaski County Parks & Recreation

Crown Mountain Park & Recreation District, CO

Staff report spending 30% less time managing the software system and a 50% reduction in troubleshooting calls from customers.



“

We are lucky to have a company like this in our line of work and users deserve a better experience. It is completely worth the cost in many ways.

You are going to decrease your back end administration significantly. Those are typically hours that you never calculate in addition to the poor performing software we are used to. This is head space, less work load, increased customer experience, top level quality, and supporting a business that is raising the bar on the entire industry. Go with Kaizen.

- Nate Grinzinger, Park Director



Castle Pines, CO - Parks & Recreation



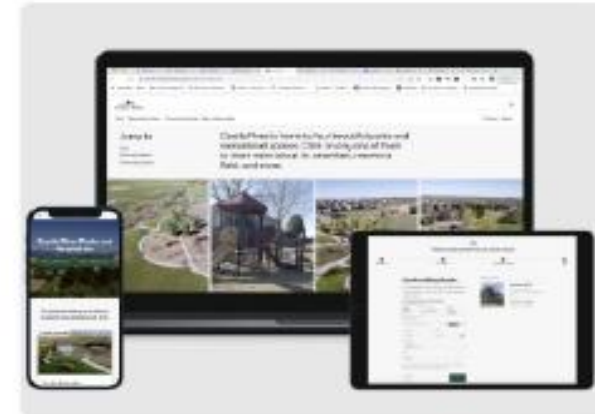
180% of budgeted parks & recreation revenue achieved in one year

Problem: 2 years of CivicRec - workflows were outdated and not user-friendly, poor customer service, and residents were unhappy with platform bugs

Time to deploy: 2 months

Link: parks.castlepinesco.gov

Result: Manual bookings / phone calls from residents have dropped by over 80%



“

Working with Kaizen has been an incredibly painless and enjoyable experience. They have delivered on every promise, taken our ideas, and made them even better. The Kaizen team is clearly passionate about their work and their goals to produce the best product for their customers. - Makenna Shaw, Assistant City Manager



COOPERATIVE PURCHASE CONTRACT

Contract No. 2025-155

This Cooperative Purchase Contract is made and entered into on September ____, 2025, by and between the City of Flagstaff, Arizona, a political subdivision of the State of Arizona ("City"), and **Kaizen Laboratories Inc.** ("Contractor").

RECITALS:

- A. Contractor is a fully authorized vendor of **Point-of-Sale and Reservation Management Systems**.
- B. Pima County, a political subdivision of the State of Arizona, conducted a competitive and open procurement process through Request for Proposal **RFP-PO-2400008** that resulted in Contract No. **MA-PO-24-162** with Contractor ("Agency Contract").
- C. The City has authority to enter into a cooperative purchase contract with Contractor utilizing the Agency Contract.

AGREEMENT:

NOW, THEREFORE, in consideration for the mutual promises contained herein, the parties agree as follows:

1. Materials and/or Services Purchased: Contractor shall provide to the City the materials and/or services, as specified in the Scope of Work attached as Exhibit A, and in accordance with the Agency Contract. A general description of materials and/or services being provided is:

Point-of-Sale and Reservation Management System

2. Specific Requirements of City: Contractor shall comply with all specific purchase and delivery requirements and/or options of City, as specified in the Scope of Work attached as Exhibit A and incorporated by reference.
3. Terms and Conditions of Agency Contract Apply: All provisions of the Agency Contract documents attached as Exhibit B, including any amendments, are incorporated in and shall apply to this Contract as though fully set forth herein. Contractor is responsible for promptly notifying City in writing of any changes to the Agency Contract, including, specifically, changes in price for materials and/or services. If any terms or conditions in the Agency Contract conflict with the terms and conditions in this Contract, the terms and conditions in this Contract, including Exhibit A to this Contract, will supersede the conflicting term or condition in the Agency Contract.
4. Payment:
 - 4.1 For all transactions, including those paid via cash or check, the Contractor shall receive a 5% transaction fee. The 5% transaction fee shall be calculated solely on the user fee and/or retail price of goods or services sold and shall not be assessed on the total transaction amount, which may include applicable sales taxes and electronic payment transaction fees. To collect the applicable 5% fee, Contractor will invoice the City monthly.
 - 4.2 Any adjustment to the transaction fee described in section 4.1 must be approved by mutual written consent of the parties through a formal amendment.

4.3 The following electronic payment processing fees will be charged and collected by Contractor for online payments (these electronic payment processing fees will not be remitted to the City):

- 2.9% plus \$0.30 per transaction for online payments made via credit card, debit card, Apple Pay, or Google Pay;
- 0.8% per transaction (capped at \$5.00) for payments made via direct bank account/ACH;
- 2.7% plus \$0.05 per transaction for in-person payments made via credit card.

Kaizen shall notify the City in writing at least sixty (60) days in advance of any proposed changes to the electronic payment processing fees above. Any increases to the electronic payment processing fees shall not exceed a maximum of 1.5% above the then-current rate unless otherwise agreed in writing by the City.

Although Kaizen maintains the account management for electronic payment processing fees with its designated payment processor (currently Stripe), the City shall be granted administrative access to the platform for purposes of viewing, managing, and reconciling transaction records and payment activity associated with the City's use of the system.

4.4 Notwithstanding the Agency Contract, the City's total payments to Contractor under this Contract (collected as described in Section 4.1), including any applicable sales taxes, may not exceed \$90,000.00 per year (the "NTE Amount"), or five percent of the estimated annual revenue of \$1,800,000.00, plus applicable sales taxes earned by City's use of the **Point-of-Sale and Reservation Management System**. If the estimated annual revenue exceeds \$1,800,000.00, the parties will increase the NTE Amount.

5. Certificates of Insurance: All insurance provisions of the Agency Contract shall apply, including any requirement to name the City as an additional insured. Prior to commencing performance under this Contract, Contractor shall furnish City with a copy of the current Certificate of Insurance required by the Agency Contract.
6. Term and Extensions: This Cooperative Purchase Contract shall commence upon execution by the parties and shall continue for a period of three (3) years ("Initial Term") with an option for three (3) additional one (1) year extensions presuming that the underlying Agency Contract has not expired or been terminated, or the Contractor has agreed to continue to provide to the City the materials and/or services in the Scope of Work pursuant to the same terms in the Agency Contract. The contract may be extended by mutual written consent of both parties.
7. Choice of Law; Venue: The laws and regulations of the State of Arizona govern the rights and obligations of the parties under this Contract. Any action relating to this Contract must be filed and maintained in the appropriate court of the State of Arizona in Coconino County.
8. Notice: Any formal notice required under the Contract shall be in writing and sent by certified mail and email as follows:

To the City:

To Contractor:

Rebecca Sayers
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
rsayers@flagstaffaz.gov

Nikhil Reddy
Chief Executive Officer
Kaizen Laboratories, Inc.
17 W. 20th St., FL 5
New York, NY 10011
nikhil@kaizenlabs.co
(408) 623-7000

With a copy to:
Teddy Callan
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
Teddy.callan@flagstaffaz.gov

9. Authority: Each party warrants that it has authority to enter into the Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into the Contract.

KAIZEN LABORATORIES, INC.:

By: _____

Title: _____

CITY OF FLAGSTAFF

By: _____

Title: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney's Office

Notice to Proceed issued: _____, 20__

EXHIBIT A – STATEMENT OF WORK

Kaizen Laboratories Inc. will implement its recreation management system for Flagstaff’s recreation centers, visitor centers, and facilities to support POS transactions, rentals, reservations, memberships, and event management.

These dates are initial estimates and will be refined collaboratively during the first phase of implementation when we develop a full project plan with Flagstaff staff.

Statement of Work Milestones & Deliverables

Phase	Deliverable	Locations	Target Date	Notes
Phase 1: Initial Facility Reservation Payments, POS	Transition payments only for existing and future facility reservations through December 31, 2025	Citywide	July 1, 2025	
	POS system live for facility rentals, memberships, reservations, and retail sales. This will enable out-of-the-box functionality for processing transactions.	- 4 Recreation Centers: AquaPlex, Jay Lively, Community Centers (2) - Main Visitor Center	July 1, 2025	Initial setup; further customization in later phases.
	Airport Satellite Visitor Center POS setup. This will enable out-of-the-box functionality for processing transactions	Airport Visitor Center	July 1, 2025	Same POS system as main Visitor Center.
Phase 2: Customization & Workflow Optimization	Optimize POS, rentals, memberships, and reservations workflows.	Recreation Centers & Visitor Centers	Ongoing after July 1, 2025	Focus on refining customer experience and internal workflows.
Phase 3: Full System Launch	Complete system implementation for facilities, event reservations, athletic seasons, camps, and programs.	Citywide	Go-Live: January 1, 2026	Ensures full system readiness for all recreational services.



January 13, 2025

Mr. Teddy Callan
Procurement Specialist, City of Flagstaff
City of Flagstaff
211 W Aspen Ave Flagstaff, AZ 86001

Confirmation of Agreement Terms Between City of Flagstaff and Kaizen

To Whom It May Concern

We are pleased to confirm the financial terms of the agreement between Kaizen Labs and the City of Flagstaff under the cooperative agreement with Pima County. Specifically;

- The City of Flagstaff incurs no upfront or recurring costs for the hardware, software, or platform associated with this agreement.
- Kaizen Labs collects a 5% transactional fee directly from City of Flagstaff customers for payments processed through the platform.
- This agreement with the City of Flagstaff is consistent with the terms outlined in the Pima County cooperative contract.

If you have any further questions or require additional information, please do not hesitate to contact us.

Thank you for your collaboration, and we look forward to supporting the City of Flagstaff through this partnership.

Sincerely,

Nikhil Reddy
CEO & Co-Founder, Kaizen

Pima County Procurement Department

Administering Department: Information Technology, on behalf of Natural Resources, Parks and Recreation

Project: Point-of-Sale and Reservation Management System

Contractor: Kaizen Laboratories, Inc.
453 S Spring Street, Suite 400
Los Angeles, CA 90013

Amount: \$ 90,000.00

Contract No.: MA-PO-24-162

PROFESSIONAL SERVICES CONTRACT

1. Parties, Background and Purpose.

- 1.1. Parties. This Contract is between Pima County, a political subdivision of the State of Arizona (“County”), and Kaizen Laboratories, Inc. (“Contractor”).
- 1.2. Purpose. The Pima County Natural Resources, Parks and Recreation Department (“NRPR”) requires a cloud-based point-of-sale and scheduling software to manage the reservations of NRPR facilities by County guests and residents.
- 1.3. Authority. County selected Contractor pursuant to and consistent with County’s Procurement Code 11.12.020 Competitive Sealed Proposals.
- 1.4. Solicitation. County previously issued Solicitation No. RFP-PO-2400008 for certain services (the “Solicitation”). Requirements and specifications contained in the Solicitation, all documents included in the Solicitation, and any information and documentation submitted by Contractor in response to the Solicitation, are incorporated into this Contract by reference.
- 1.5. Contractor’s Response. Contractor submitted the most advantageous proposal to the Solicitation.

2. Term.

- 2.1. Initial Term. The term of this Contract commences on May 7, 2024 and will terminate on May 6, 2026 (“Initial Term” or “Initial Service Term”). “Term,” when used in this Contract, means the Initial Term plus any exercised extension options under Section 2.2. If the commencement date of the Initial Term is before the signature date of the last party to execute this Contract, the parties will, for all purposes, deem the Contract to have been in effect as of the commencement date.
- 2.2. Extension Options. County may renew this Contract for up to three (3) additional periods of one-year each (each an “Extension Option” or “Renewal Term”). An Extension Option will be effective only upon execution by the Parties of a formal written amendment, to include an Order Form (as defined in Section 36.3).

2.3. License/Subscription Term. Any License or Subscription Term that is not coterminous with this Contract shall be from the date of order for the License or Subscription and shall renew pursuant to Contractor's standard renewal method as stated on the Contractor's related order form or, absent any such stated method, shall renew upon issuance of a new Order Form signed by Contractor and County. No License or Subscription Term ordered by County may be renewed after the expiration of the term of this Contract, unless the Parties have negotiated and executed a new agreement.

3. **Scope of Services**. Contractor will provide County with the implementation, training, and ongoing licensing and support of the Point-of-Sale and Reservation Management System (the "Platform" or "Company Platform") as described in the **Exhibit C: Proposed Point-of-Sale and Reservation Management System** (47 pages). Contractor will implement the Platform and train County users as described in **Exhibit A: Implementation & Training Plans** (36 pages) and provide the required ongoing support as described in **Exhibit B: Ongoing Support Program** (8 pages), **Exhibit E: Kaizen Digital Services Terms and Conditions** (15 pages), and **Exhibit F: Kaizen Disaster Recovery Plan** (3 pages). County's use of the Platform is subject to the terms of this Contract, and the other incorporated documents referenced in Section 37.

4. **Key Personnel**. Contractor will employ suitably trained and skilled professional personnel to perform all services under this Contract. Prior to changing any key personnel, especially those key personnel County relied upon in making this Contract, Contractor will obtain the approval of County. The key personnel include the following staff:

Name:	<u>Nikhil Reddy</u>	Title:	<u>CEO and Co-Founder</u>
Name:	<u>KJ Shah</u>	Title:	<u>COO and Co-Founder</u>
Name:	<u>Emeline Wu</u>	Title:	<u>Product Lead</u>

5. **Compensation and Payment**.

5.1. Rates: Adjustment. Contractor shall collect as payment five (5) percent of each payment collected by the Platform during the Initial Term. That rate of five percent will remain in effect during the Initial Term. Ninety (90) days prior to the end of the then current service term, or at the time the County informs Contractor that the County intends to extend the Term, whichever is earlier, for each Extension Term the parties will mutually agree to any adjustments to those rates, if necessary. Contractor must provide the reasons for any adjustments for County review.

5.2. Not-To-Exceed (NTE) Amount. County's total payments, collected as described in **Section 5.1**, to Contractor under this Contract, including any applicable sales taxes, may not exceed \$ 45,000.00 per year (the "NTE Amount"), or five percent of the estimated annual revenue of \$ 750,000.00, plus applicable sales taxes, earned by County's use of the Platform. If the estimated annual revenue exceeds \$ 750,000.00, the Parties will increase the NTE Amount. The NTE Amount can only be changed by a formal written amendment executed by the Parties. Contractor is not required to provide any services, payment for which will cause the County's total payments under this Contract to exceed the NTE Amount; if Contractor does so, it is at the Contractor's own risk.

- 5.3. Sales Taxes. The payment amounts or rates in **Section 5.1** do not include sales taxes. Contractor may collect, in the same manner as payments described in **Section 5.1**, any applicable sales taxes that Contractor is required to pay under this Contract. Contractor will show sales taxes as a separate line item on invoices.
- 5.4. Timing of Invoices. Contractor will invoice County on a monthly basis. County must receive invoices no more than 90 days after the end of the billing period in which Contractor delivered the invoiced products or services to County. County may refuse to pay for any product or service for which Contractor does not timely invoice the County and, pursuant to A.R.S. § 11-622(C), will not pay for any product or service invoiced more than 6-months late.
- 5.5. Content of Invoices. Contractor will include detailed documentation as applicable in support of its invoices and assign each amount billed to an appropriate line item. For amounts Contractor collects through payments made in the Platform, Contractor will show those amounts on the invoice as paid.
- 5.6. Invoice Submittal. Invoices are to be sent to:

Robert Padilla, Deputy Director of Natural Resources, Parks and Recreation
robert.padilla@pima.gov
- 5.7. Invoice Adjustments. County may, at any time during the Term and during the retention period set forth in Section 24 below, question any payment under this Contract. If County raises a question about the propriety of a past payment, Contractor will cooperate with County in reviewing the payment. County may not set-off any overpayment against amounts due to Contractor under this or any other contract between County and Contractor. Contractor will promptly pay to County any undisputed overpayment.
- 6. Insurance**. The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. Contractor's insurance shall be placed with companies licensed in the State of Arizona and the insureds shall have an "A.M. Best" rating of not less than A- VII, unless otherwise approved by County. County in no way warrants that the minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
- 6.1. Minimum Scope and Limits of Insurance. Contractor will procure and maintain at its own expense, until all contractual obligations have been discharged, the insurance coverage with limits of liability not less than stated below. County in no way warrants that the minimum insurance limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract. If necessary, Contractor may obtain commercial umbrella or excess insurance to satisfy the County's Insurance Requirements.
- 6.1.1. Commercial General Liability (CGL). Occurrence Form with limits of \$2,000,000 Each Occurrence and \$2,000,000 General Aggregate. Policy shall include cover for liability arising from premises, operations, independent contractors, personal injury, bodily injury, property damage, broad form contractual liability coverage, personal and advertising injury and products – completed operations.

- 6.1.2. Business Automobile Liability. Bodily Injury and Property Damage for any owned, leased, hired, and/or non-owned automobiles assigned to or used in the performance of this Contract with a Combined Single Limit (CSL) of \$1,000,000 Each Accident.
- 6.1.3. Workers' Compensation (WC) and Employers' Liability. Statutory requirements and benefits for Workers' Compensation. In Arizona, WC coverage is compulsory for employers of one or more employees. Employers' Liability coverage with limits of \$1,000,000 each accident and \$1,000,000 each person - disease.
- 6.1.4. Network Security (Cyber)/Privacy Insurance. Coverage shall have minimum limits not less than \$2,000,000 Each Claim with a \$2,000,000 Annual Aggregate.

Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor must warrant that either continuous coverage will be maintained as outlined under "Additional Insurance Requirements – Claims-Made Coverage" section, or an extended discovery period will be exercised for a period of two (2) years beginning at the time of work under this Contract is completed.

- 6.2. Additional Insurance Requirements. The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions.
 - 6.2.1. Claims Made Coverage. If any part of the Required Insurance is written on a claims-made basis, any policy retroactive date must precede the effective date of this Contract, and Contractor must maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.
 - 6.2.2. Additional Insured Endorsement. The General Liability and Business Automobile, Liability policies must each be endorsed to include Pima County and all its related special districts, elected officials, officers, agents, employees and volunteers (collectively "County and its Agents") as additional insureds with respect to vicarious liability arising out of the activities performed by or on behalf of the Contractor. The full policy limits and scope of protection must apply to the County and its Agents as an additional insured, even if they exceed the Insurance Requirements.

6.2.3. Subrogation Endorsement. The General Liability, Business Automobile Liability, and Workers' Compensation Policies shall each contain a waiver of subrogation endorsement in favor of County and its departments, districts, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

6.2.4. Primary Insurance Endorsement. The Contractor's policies shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by Pima County, its agents, officials, or employees shall be excess and not contributory insurance. The Required Insurance policies may not obligate the County to pay any portion of a Contractor's deductible or Self Insurance Retention (SIR).

Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

6.2.5. Subcontractors. Contractor must either (a) include all subcontractors as additional insureds under its Required Insurance policies, or (b) require each subcontractor to separately meet all Insurance Requirements and verify that each subcontractor has done so, Contractor must furnish, if requested by County, appropriate insurance certificates for each subcontractor. Contractor must obtain County's approval of any subcontractor request to modify the Insurance Requirements as to that subcontractor.

6.3. Notice of Cancellation. Each Required Insurance policy must provide, and certificates specify, that County will receive not less than thirty (30) days advance written notice of any policy cancellation, except 10-days prior notice is sufficient when the cancellation is for non-payment of a premium. Notice must be mailed, emailed, hand-delivered or sent via facsimile transmission to the County Contracting Representative, and must include the County project or contract number and project description.

6.4. Verification of Coverage. Upon contract award, and thereafter upon written request (email sufficient), Contractor shall furnish County with certificates of insurance (valid ACORD form or equivalent approved by County) as required by this Contract. An authorized representative of the insurer shall sign the certificates. Each certificate must include.

6.4.1. The Pima County tracking number for this Contract, which is shown on the first page of the Contract, and a project description, in the body of the Certificate.

6.4.2. A notation of policy deductibles or SIRs relating to the specific policy.

6.4.3. Certificates must specify that the appropriate policies are endorsed to include additional insured and subrogation waiver endorsements for the County and its Agents.

All certificates and endorsements, as required by this written agreement, are upon contract award, and thereafter upon written request (email sufficient) to be received and approved by County before, and be in effect not less than 15 days prior to, commencement of work. A renewal certificate must be provided to County upon written request (email sufficient) not less than 15 days prior to the policy's expiration date to include actual copies of the additional insured and waiver of subrogation endorsements.

Failure to maintain the insurance coverages or policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract if not cured within 30 (thirty) days of written notice thereof.

All certificates required by this Contract shall be sent directly to the requesting County Department. The Certificate of Insurance shall include the County project or contract number and project description on the certificate. County reserves the right to require complete copies of all insurance policies required by this Contract at any time.

- 6.5. Approval and Modifications. County's Risk Manager may request modifications to the Insurance Requirements at any point during the Term of this Contract. This can be done administratively, with written notice from the Risk Manager, and also requires a formal Contract amendment signed by both parties. Neither the County's failure to obtain a required insurance certificate or endorsement, the County's failure to object to a non-complying insurance certificate or endorsement, nor the County's receipt of any other information from the Contractor, its insurance broker(s) and/or insurer(s), constitutes a waiver of any of the Insurance Requirements.

7. Indemnification.

- 7.1. Indemnification by Contractor. To the fullest extent permitted by law, Contractor will defend, indemnify, and hold harmless County and any related taxing district, and the officials and employees of each of them (collectively, "Indemnitee") from and against any and all third party claims, actions, liabilities, losses, and expenses (including reasonable attorney fees) (collectively, "Claims") arising out of actual or alleged injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by any act or omission of Contractor or any of Contractor's directors, officers, agents, employees, volunteers, or subcontractors to the extent such Claim is based upon Contractor's provision of services hereunder. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Indemnitee will, in all instances, except for Claims arising solely from the acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all Claims. Contractor is responsible for primary loss investigation, defense and judgment costs for any Claim to which this indemnity applies. This indemnity will survive the expiration or termination of this Contract.
- 7.2. Indemnification by County. County is not permitted to offer indemnification, therefore any such requirement in the Contract or its incorporated documents is hereby null and void.

- 8. LIMITATION OF LIABILITY.** TO THE EXTENT PERMITTED BY APPLICABLE LAW AND EXCEPT FOR MATTERS ARISING FROM NEGLIGENCE OR MISCONDUCT: (a) NEITHER PARTY WILL BE LIABLE FOR INDIRECT DAMAGES OR LOSSES (IN CONTRACT, STATUTE, TORT, OR OTHERWISE), INCLUDING INDIRECT DAMAGES OR LOSSES, LOST PROFITS OR REVENUE, LOST SAVINGS, COST OF REPLACEMENT SERVICES, LOST DATA, LOSS OF USE OF INFORMATION OR SERVICES, OR ANY INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, OR SPECIAL DAMAGES, WHETHER OR NOT IT HAS PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; AND (b) EACH PARTY'S TOTAL AGGREGATE LIABILITY FOR ALL MATTERS ARISING

FROM OR RELATED TO THIS AGREEMENT IS LIMITED TO THE AMOUNT OF FEES PAID OR PAYABLE BY COUNTY AS CONSIDERATION FOR THE SPECIFIC PRODUCT UNDER THE APPLICABLE ORDER FORM GIVING RISE TO SUCH CLAIMS DURING THE 12 MONTH PERIOD PRECEDING THE DATE ON WHICH THE FIRST CAUSE OF ACTION AROSE.

9. Laws and Regulations.

- 9.1. Compliance with Laws. Contractor will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders.
- 9.2. Licensing. Contractor warrants that it is appropriately licensed to provide the services under this Contract and that its subcontractors will be appropriately licensed.
- 9.3. Choice of Law; Venue. The laws and regulations of the State of Arizona govern the rights and obligations of the parties under this Contract. Any action relating to this Contract must be filed and maintained in the appropriate court of the State of Arizona in Pima County.

10. Independent Contractor. Contractor is an independent contractor. Neither Contractor, nor any of Contractor's officers, agents or employees will be considered an employee of County for any purpose or be entitled to receive any employment-related benefits, or assert any protections, under County's Merit System. Contractor is responsible for paying all federal, state and local taxes on the compensation received by Contractor under this Contract and will indemnify and hold County harmless from any and all liability that County may incur because of Contractor's failure to pay such taxes.

11. Subcontractors. Contractor is fully responsible for all acts and omissions of any subcontractor, and of persons directly or indirectly employed by any subcontractor, and of persons for whose acts any of them may be liable, to the same extent that the Contractor is responsible for the acts and omissions of its own employees. Nothing in this Contract creates any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law.

12. Assignment. Contractor may not assign its rights or obligations under this Contract, in whole or in part, without the County's prior written approval. County may withhold approval at its sole discretion.

13. Non-Discrimination. Contractor will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this Contract, including flow-down of all provisions and requirements to any subcontractors. During the performance of this Contract, Contractor will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

14. Americans with Disabilities Act. Contractor will comply with Title II of the Americans with Disabilities Act (Public Law 110-325, 42 U.S.C.§§ 12101-12213) and the federal regulations for Title II (28 CFR Part 35).

15. Authority to Contract. Contractor warrants its right and power to enter into this Contract. If any court or administrative agency determines that County does not have authority to enter into this Contract, County will not be liable to Contractor or any third party by reason of such determination or by reason of this Contract.

16. Full and Complete Performance. The failure of either party to insist, in one or more instances, upon the other party's complete and satisfactory performance under this Contract, or to take any action based on the other party's failure to completely and satisfactorily perform, is not a waiver of that party's right to insist upon complete and satisfactory performance, or compliance with any other covenant or condition in this Contract, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time is not an accord and satisfaction.

17. Cancellation for Conflict of Interest. This Contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated into this Contract by reference.

18. Termination by County.

18.1. Without Cause. County may terminate this Contract at any time, without cause, by serving a written notice upon Contractor at least 30 days before the effective date of the termination, provided that such termination will only be effective as of the end of the then-current Term. In the event of such termination, County's only obligation to Contractor will be payment for services rendered up to the effective date of termination.

18.2. With Cause. County may terminate this Contract at any time without advance notice and without further obligation to County when County finds Contractor to be in material breach of any provision of this Contract which Contractor has not cured within 30 days of receiving County's written notice of such.

18.3. Non-Appropriation. Notwithstanding any other provision in this Contract, County may terminate this Contract if for any reason there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Contract. In the event of such termination, County will have no further obligation to Contractor, other than to pay for services rendered prior to termination.

19. Notice. Any notice required or permitted to be given under this Contract must be in writing and be served by personal delivery or by certified mail upon the other party as follows:

County:

Terri Spencer, Procurement Director
Pima County Department
150 W Congress, 5th Floor
Tucson, AZ 85701
520.724.3722
terri.spencer@pima.gov

Contractor:

Nikhil Reddy, CEO
Kaizen Laboratories, Inc.
453 S Spring Street, Suite 400
Los Angeles, CA 90013
408.623.7000
nikhil@kaizenlabs.co

20. Non-Exclusive Contract. Contractor understands that this Contract is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.

- 21. Remedies.** Either party may pursue any remedies provided by law for the breach of this Contract. No right or remedy is intended to be exclusive of any other right or remedy and each is cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Contract.
- 22. Severability.** Each provision of this Contract stands alone, and any provision of this Contract found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Contract.
- 23. Use of County Data.** Unless it receives County's prior written consent, Contractor: (a) shall not access, process, or otherwise use County Data other than as necessary to provide contracted services or products; and (b) shall not intentionally grant any third party access to County Data, including without limitation Contractor's other customers, except subcontractors that are subject to a reasonable nondisclosure agreement. Notwithstanding the foregoing, Contractor may disclose County Data as required by applicable law or by proper legal or governmental authority. Contractor shall give County prompt notice of any such legal or governmental demand and reasonably cooperate with County in any effort to seek a protective order or otherwise to contest such required disclosure, at County's expense. Upon termination or completion of the Contract, Contractor will, within 60 calendar days, either return all County Data to County or will destroy County Data and confirm destruction to County in writing. As between the parties, County retains ownership of County Data. "County Data" means data in electronic or paper form provided to Contractor by County, including without limitation personal identifying information as defined in A.R.S. § 13-2001(10).
- 24. Books and Records.** Contractor will keep and maintain proper and complete books, records and accounts applicable to its performance of the services hereunder, which will be open at all reasonable times for inspection and audit by duly authorized representatives of County upon 30 days prior written notice. In addition, Contractor will retain all records relating to this Contract for at least five (5) years after its expiration or termination or, if later, until any related pending proceeding or litigation has concluded.
- 25. Public Records.**
- 25.1. Disclosure. Pursuant to A.R.S. § 39-121 et seq., all documents related to this Contract, including, but not limited to, pricing schedules, product specifications, work plans, and any supporting documents, are public records. As such, those documents are subject to release and/or review by the general public upon request, including competitors.
- 25.2. Records Marked Confidential: Notice and Protective Order. If Contractor reasonably believes that some of its records contain proprietary, trade-secret or otherwise-confidential information, Contractor must prominently mark those records "CONFIDENTIAL" before submitting them to County. In the event a public-records request is submitted to County for records marked CONFIDENTIAL, County will notify Contractor of the request as soon as reasonably possible. County will release the records 10 business days after the date of that notice, unless Contractor has, within that period, secured an appropriate order from a court of competent jurisdiction in Arizona, enjoining the release of the records. County will not, under any circumstances, be responsible for securing such an order, nor will County be in any way financially responsible for any costs associated with securing such an order.

26. Legal Arizona Workers Act Compliance.

- 26.1. Compliance with Immigration Laws. Contractor hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to its employment of its employees, and with the requirements of A.R.S. § 41-4401 (together the “State and Federal Immigration Laws”). Contractor will further ensure that each subcontractor who performs any work for Contractor under this Contract likewise complies with the State and Federal Immigration Laws.
- 26.2. Books & Records. County has the right at any time to inspect the books and records of Contractor and any subcontractor in order to verify such party’s compliance with the State and Federal Immigration Laws.
- 26.3. Remedies for Breach of Warranty. Any breach of Contractor’s or any subcontractor’s warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, is a material breach of this Contract subjecting Contractor to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Contractor will be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion. Any additional costs attributable directly or indirectly to such remedial action are the responsibility of Contractor.
- 26.4. Subcontractors. Contractor will advise each subcontractor of County’s rights, and the subcontractor’s obligations, under this Section 25 by including a provision in each subcontract substantially in the following form:

“Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor’s employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor’s books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor is a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract.”

27. Reserved.

- 28. Written Orders.** County will order products or services under this Contract by mutually executing with Contractor an Order Form document. Order Forms will be shared by the parties via e-mail.

Contractor must not supply materials or services pursuant to the contract that are not documented or authorized by an executed Order Form at the time of provision. County accepts no responsibility for control of or payment for materials or services not documented by an executed Order Form.

Contractor will establish, monitor, and manage an effective contract administration process that assures compliance with all requirements of this Contract. In particular, Contractor will not provide goods or services other than those described in this Contract, after the Term of the Contract has ended, without an Order Form properly executed by County and Contractor, as provided below. Any items provided in excess of that stated in this Contract are at Contractor's own risk.

- 29. Cooperative Use of Contract.** As allowed by law, County has entered into cooperative procurement agreements that enable other public agencies to utilize procurement agreements that County has developed. Participating public agencies may contact Contractor with requests to provide services and products pursuant to the pricing, terms, and conditions defined in this Contract. Minor adjustments are allowed subject to agreement by both Contractor and participating public agency to accommodate additional cost or other factors not present in County's agreement and required to satisfy particular public agency code or functional requirements and within the intended scope of the solicitation and resulting contract. The parties to the cooperative procurement will negotiate and transact any such usage in accordance with State and other public agency procurement rules, regulations, and requirements. Contractor will hold harmless County, its officers, employees, and agents from and against all liability, including without limitation payment and performance associated with cooperative use of this Contract. Contractor may view a list of agencies that are authorized to use County contracts at the Procurement Department Internet home page: <https://www.pima.gov/163/Procurement> by selecting the link titled County Cooperative Agreements – Authorized Agencies.
- 30. Counterparts.** The parties may execute the Contract that County awards pursuant to the solicitation in any number of counterparts, each counterpart is considered an original, and together such counterparts constitute one and the same instrument.
- 31. Israel Boycott Certification.** Pursuant to A.R.S. § 35-393.01, if Contractor engages in for-profit activity and has 10 or more employees, and if this Contract has a value of \$100,000.00 or more, Contractor certifies it is not currently engaged in, and agrees for the duration of this Contract to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.
- 32. Forced Labor of Ethnic Uyghurs.** Pursuant to A.R.S. § 35-394 if Contractor engages in for-profit activity and has 10 or more employees, Contractor certifies it is not currently using, and agrees for the duration of this Contract to not use (1) the forced labor of ethnic Uyghurs in the People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and (3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Contractor becomes aware during the term of the Contract that the Company is not in compliance with A.R.S. § 35-394, Contractor must notify the County within five business days and provide a written certification to County regarding compliance within one hundred eighty days.
- 33. Amendment.** The parties may modify, amend, alter or extend this Contract only by a written amendment signed by the parties.

34. Order of Precedence. All documents included in the Solicitation, and any information and documentation submitted by Contractor in response to the Solicitation, are incorporated into this Contract. In the event of conflicting terms between the incorporated agreement documents, the following is the order of precedence, superior to subordinate, to resolve the conflict.

34.1. This Professional Services Contract.

34.2. Exhibit D: Pima County Licensed Software / SaaS Standard Terms & Conditions.

34.3. Any Order Form signed by County and Contractor referencing this Contract, and any mutually agreed agreements attached to that DO. "Order Form," when used in this Contract, means an order form, quote or other similar document that: (a) sets forth the SaaS (as such term is defined in Exhibit D), the pricing therefor, and the Initial Term or Extension Option, as applicable; (b) references this Contract; and (c) is executed by the parties.

34.4. Exhibit G: Kaizen Digital Services Terms and Conditions.

34.5. Exhibit E: Kaizen Service Level Agreement.

34.6. The solicitation documents of RFP-PO-2400008, to include its Attachments, and all Amendments issued to that solicitation.

35. Entire Agreement. This document constitutes the entire agreement between the parties pertaining to the subject matter it addresses, and this Contract supersedes all prior or contemporaneous agreements and understandings, oral or written. All pre-printed, online, or click-through terms of any (a) County purchase order, or (b) Contractor portal will have no effect.

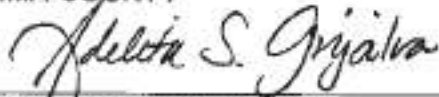
36. Effective Date. This Contract will become effective when all parties have signed it. The effective date of the Contract will be the date this Contract is signed by the last party (as indicated by the date associated with that party's signature).

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This Contract will become effective when all parties have signed it. The effective date of the Contract will be the date this Contract is signed by the last party (as indicated by the date associated with that party's signature).

IN WITNESS WHEREOF, the parties have approved this Professional Services Agreement and agree to be bound by the terms and conditions of the Contract on the dates written below.

PIMA COUNTY

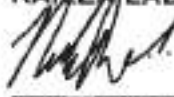


Chair, Board of Supervisors

MAY 07 2024

Date

KAIZEM LABORATORIES, INC.



Authorized Officer Signature

Nikhil Reddy, CEO

Printed Name and Title

04/12/2024

Date

ATTEST



Clerk of the Board

MAY 07 2024

Date

APPROVED AS TO FORM



Deputy County Attorney

Rachelle Barr 04/19/2024

Print DCA Name

EXHIBIT A: IMPLEMENTATION & TRAINING PLANS (36 PAGES)

(Attached)

***EXHIBIT A: IMPLEMENTATION & TRAINING
PLANS
(36 PAGES)***

Pima County, CO

Implementation Plan



Project Plan Overview

Please find our detailed project plan which the Kaizen team is happy to directly share in different forms upon request by the Pima County team.

Project Milestone	Estimated Time To Complete
Research and Creative Requirements	~2 weeks
Design, Prototyping, and Error Identification	~3 weeks
Data Conversions and Tyler Technologies Integration	~3 weeks
Hosting, Data Upload, and User Management	~1 week
Initial Build of Core Feature Requirements	~4 weeks
Iterate and Transfer Critical User Data	~4 weeks
Metrics and Analytics	~1 week

The Kaizen team will commence full performance of the completed point-of-sale and reservation management system by **August 1st, 2024**.

Research and Creative Requirements

In this phase we use a combination of qualitative and quantitative research methods to identify the following:

- Key users of the current platform and the pain points that define their current experience with graphics, interaction and navigation of existing recreation interfaces.
- Upon interviewing Pima County staff, the Kaizen team will uncover key requirements that inform special user elements and workflows that our design team will pay special attention to while constructing the interface. Examples include the following:
 - Desired report types and financial close process
 - Required documentation and customizations for facility rentals or reservations
 - Templated disclaimers, forms, and activity settings from program registrations
 - Templated messages for scheduled e-mail or text message notifications
 - Desired administrator notification settings, reminder settings, and user preferences
 - Desired settings for instructor dashboards
 - Analysis of stored household and customer records
 - Desired settings that must be transferred into new user profiles
 - Analysis of prior program settings
 - Desired programs and settings that must be transferred into the new platform for user convenience
 - Analysis of membership settings
 - Desired memberships and settings that must be transferred into the new platform for user convenience
 - Analysis of POS settings
 - Desired POS and settings that must be transferred into the new platform for user convenience
 - Related activities and processes that will inform a seamless transition between recreation platforms

Design, Protoyping, Error Identification

In this phase, we create and refine various prototypes to be tested and deployed, including:

- Design wireframes and a user testing plan for review and approval by the Pima County.
- A live, accessible sandbox system that includes the following:
 - A full test environment for project users to use the new point-of-sale and reservation management system and make test registrations, memberships, POS items, summer camps, facility rentals, and other required feature workflows.
 - Newly designed landing pages that include information fully styled to the new branding aesthetic defined by the Pima County team including but not limited to: fonts, logos images, color palettes, and other assets.
 - Full reporting, resident workflows and payments.

In this phase, the Kaizen team will also establish a process for identifying and correction errors throughout the course of implementation. The frequent and rapid weekly feedback cycles that exists in this phase between Pima County Staff and Kaizen implementation specialists will allow the Pima County team to provide written feedback to our team every week, and iteratively resolve errors or feedback based on required deliverables produced by the Kaizen team. **Our team relies on the information gathered from this stage to quickly understand the needs of staff members, user identify of Pima County residents, and important prioritization of the most critical needs.**

Data Conversion and Tyler Technologies Integrations

In this phase, Kaizen representatives will scope out requirements and integrations required to support the requested integration with the following Pima County systems:

- Tyler Financial System
- Bank of America Financial Services
- ActiveNet

Tyler Financial System and ERP

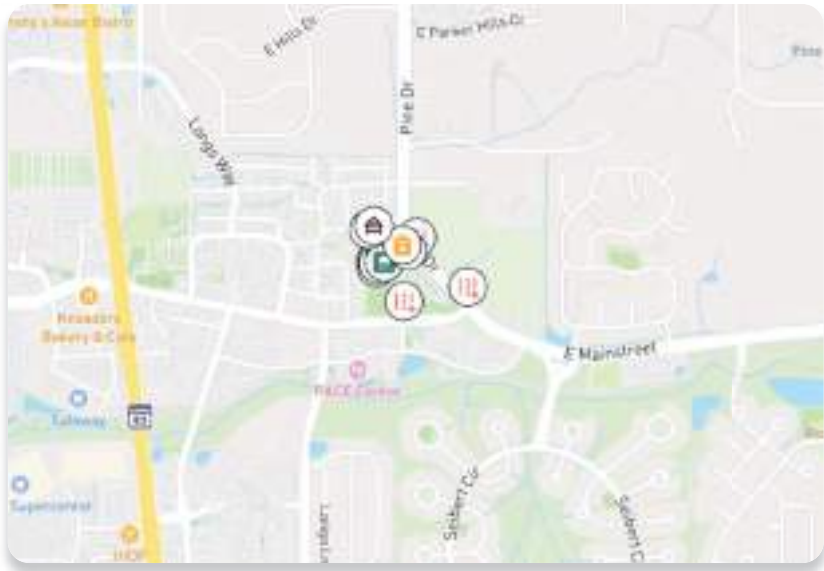
- Our integration team has integrated on multiple occasions with the Tyler Payments API, and our system will natively integrate into payment endpoints provided by the Tyler Payments system. Users on the Kaizen platform will administer payments normally for charges, refunds, invoices, and other payment needs, and our system will communicate with the Tyler Payments API on the system backend.
- Our system supports a bi-directional sync with this data via a polling API model such that data that lives outside our system and exclusively in Tyler Payments can be back-synced into the Kaizen platform at anytime.
- Our robust reporting engine supports out-of-the-box integrations with the entire suite of Tyler ERP systems - ERP Pro, New World, Eden, and other compatible versions. Our integrations team will configure all reporting features with an “Export To ERP” button that will communicate directly with a **physically hosted SQL server** that is managed by the County.
- Report data can be requested at any time, scheduled by administrators and sent to the Tyler ERP via a bi-directional sync.

ActiveNet

- Almost 50% of the communities that we have worked with thus far have used ActiveNet as a prior vendor and have (in some cases) decades worth of data to transfer. Our team is incredibly experienced in exporting ActiveNet data that can be easily ingested into our system before launch. County staff will provision Kaizen administrators with access to the ActiveNet system, and our engineering team will run report exports that will be passed to a scripting engine that will automatically import data into the Kaizen system.
- Our system is capable of importing user information, prior registrations, memberships, facility reservations, calendar data, household information, class registrations, and similar data models.

ArcGIS

- Our ArcGIS integration is capable of streaming all GIS data from a cloud-hosted or self-hosted ArcGIS instance. This data can be visualized on the Kaizen platform via our own map-tiling system.
- Our system supports out-of-the-box integrations with Google Maps and Mapbox to overlay realtime GIS data onto the latest generation map-tiles.



The Kaizen mapping system that integrates with upstream ArcGIS data and is beautifully rendered in our platform.

Initial Build of Core Features and Requirements

In this phase, Kaizen Labs will configure the interface that meets the most important and core requirements of the new Point-of-sale and reservation management System.

- Onsite Activity Registrations – with kiosk hook-ups.
- Program/Activity Registration (team or individual) with efficient copy /paste for ongoing programs with multiple classes, such as swimming lessons.
- Internet/App Registration and Enrollment (commonly-available computers and mobile devices) o Facility Management/Booking/ Permits (in real time)
- Outdoor Sport Court/Field Permit Reservations o Equipment Rental (tables, chairs, AV, etc.)
- Cemetery plot sales and agreements o Community Garden Plot booking
- Aquatic Lane Use Booking/Reservation
- Tennis Court Reservations
- Park Site Reservations
- Golf Course Management
 - Tee time management
 - Tee sheet scheduling
 - Digital and mobile scorecard
- Direct Payment Processing from Customers
- Ability to auto-collect monthly fees: bank ACH scheduled renewal payments with minimal fees.
- Advanced Communications Features
 - Custom Activity Survey capability
 - Pre-designed templates including various email elements
 - Emailing capabilities including customers of like interests, etc.
 - Ability to print customer mailing labels.
 - Text Messaging (single and bulk)
 - Automated messages for birthdays, membership anniversaries, etc.
- Automated membership and locker rental renewal notices.
- League Scheduling
- Advanced POS Features
 - Beverage and food cart, merchandise, sponsorships, fee collection, and inventory.

- Childcare/Summer Camp Scheduling Reports/Booking and Attendance
- Locker Rental booking and payments
- Calendars: Activity/Facility/Event
- Volunteer Management: volunteer registration/sign-up, communication tools,
- Volunteer tracking, reporting.
- Ticketing capabilities; Events, Reserved Seating w/site map and seat assignments.
- Customer Gift Card purchases
- Fully customized and tailored reporting
 - Standard Reports in different formats: Facility/Court/Golf Course/Rentals Use, Memberships, marketing, financials, sales, Rosters, multiple users allowed.
 - Ability to export reports as pdf, Excel, etc.
 - Financial Reports for multiple GL accounts
 - Program/Marketing Reports
 - Member Reports
 - Program attendance rosters
 - Usage reports for members and drop-in customers
 - Ability to create and save ADHOC reports
 - Ability to schedule generated reports, weekly/daily/ etc. and emailed to designated staff member(s).
 - Facility utilization reports
 - Customer population reporting
 - Single entry of class descriptions across platforms (catalog, social media, marketing)
 - Payment by Customer / Processing Fee:
 - County is to receive full payment for all RMS transaction by Customers.
 - County will issue payment to RMS Provider for Customer's transactions.
 - On-going Training opportunities, both Virtual and On-Site
 - Membership entry compatible with unique access code
 - Mobile compatibility
 - Cloud-based functionality
 - Fully compatible with existing equipment
 - Musco-lighting integration
 - Full cybersecurity adherence

- Optimal performance on Chrome or Edge
- Graphic elements that are customizable by County, e.g., branding design elements, logo and editable headers and footers
- Full import and data conversion from ActiveNet

Iterate and Transfer Critical Data

In this phase, Kaizen Labs will complete the application build-out, and transfer critical user data from the existing recreation software and prepare for launch.

User Account Information: Our team is experienced in exporting all user information from the existing ActiveNet and CourtReserve systems in long-form data formats like CSV or XLSX. At this point, Kaizen administrators can import this information into the new system using a bi-directional data sync that can be easily run at automated periods suggested by the Pima County team. This will ensure that the latest user information is transferred up until the desired go-live-date. We are capable of transferring all user information that does not violate any State defined PII (personally identifiable information) statutes or clauses.

Calendars, Past Programs, Reservations, and Memberships: Using a similar data export process, our team will export critical registration and reservation information from the existing recreation software and begin syncing data into the new platform. Our system is capable of transferring one million data records every hour, and in many cases our transfer process is complete with 72 hours. Data is then ingested into our platform using a bi-directional data sync that can easily be automated to run at periods suggested by the Pima County team. Data that can be transferred includes but is not limited to:

- Prior or currently active facility rentals and reservations
- Customer and POS information
- Prior or currently active calendars, scheduled events, and programs
- Prior or currently active program registrations, camp registrations, rosters, and disclaimers
- Prior or currently active form submissions, stored documents, and non-expired waivers
- Prior or currently active membership registrations and payment statuses
- The Kaizen team is happy to write an additional integration to transfer data forms not mentioned above. This comes at **no cost to the Pima County team.**

Metrics and Analytics

Kaizen Labs harvests two (2) classes of analytics. The first class comprises web interactions like the following:

- Unique visitors
- Number of application visits
- Time spent on each page
- Outbound link clicks
- Button clicks
- Geographic region of access
- Bounce rate
- Device used
- Top pages

The data for these interactions is never sold, manipulated or viewed by any third party. We take great care to secure these metrics and contractually ensure that they are owned and used entirely by the Pima County team..

The second class of metrics comprises custom, project-specific analytics. **We support an unlimited amount of custom additions and never charge for this service.** In this case, Kaizen Labs would create an analytics dashboard for administrators that would delightfully visualize empirical data for the following:

- Number of application page visits filterable by periods of time
- Number of actions, transactions and customer service requests
- Application searches grouped by category, keyword and view result
- Number of requests and responses per department
- Weekly, monthly and yearly snapshots of application performance
- Facility reservations, membership usage data, inventory reporting and more
- Programs, rosters, camp registrations, and recreation center usage
- POS usage
- Kiosk usage

Hosting, Data Upload and Number of Users

Kaizen Labs offers a white-glove service for all of its products. Part of this service includes free hosting and data storage with no constraints on storage limits or bandwidth usage. We will use Google Cloud to host and run all web services, which is a cost and overhead completely assumed by us. At scheduled intervals determined and approved by the Pima County team, we will perform maintenance of the system where new design improvements, requested changes and performance enhancement will be made to the application. At the request of the Pima County, Kaizen Labs will provide coding and development documentation and artifacts.

Our products are also capable of having over 10,000 concurrent user sessions, meaning that 10,000 individuals can freely use our interfaces at the same time with no performance degradation. We perform monthly tests to confirm this metric, distribute our services across data centers around the world, and ensure that all applications load seamlessly under high-volume usage.

Team Structure

Please meet our experienced and credentialed team for the Pima County's Point-of-sale and reservation management System project (additional team members can be assigned at the request of the County):



Nikhil Reddy

Co-Founder & CEO

Education

- UC Berkeley
 - BS, Electrical Engineering
 - BS, Computer Science
 - Minor, Urban Planning
 - Minor, Philosophy

Resume

- Early engineer at Anduril Industries
- Engineer at Tesla Motors

Key Responsibilities

- Key Project Lead
- Engineering Lead
- 5 years in role

Nikhil Reddy is a graduate of the University of California, Berkeley where he earned a Bachelor's in Electrical Engineering and a Bachelor's in Computer Science and minored in Urban Planning and Philosophy. He was an early engineer at Anduril Industries, a next-generation defense company working on the autonomous future of national security. He led large engineering and design teams in the development of drone

interfaces for military operators around the world. He was a founding engineer at Archive Resale, a design startup building native, customizable, resale marketplaces for the world's best fashion brands. Nikhil has 8 patents for complex software systems related to drone flights-planning, and has won multiple design awards for his work building beautiful web-applications and e-commerce systems.



Debra Bilbrey-Honsowetz

Strategic Advisor and Former Parks & Recreation Director

Education

- Eastern Michigan University
- Bachelor of Science

Resume

- Director of Canton Leisure Services, 30 years
- Director of Northville Recreation, 2 years

Key Responsibilities

- Project Advisor
- Product Guidance
- Strategic Accountability
- 1 year in role

Deb has more than 33 years experience in the Parks and Recreation field. Most recently, she successfully led Northville and Canton Township's Recreation Departments for a combined 30+ years. She is known as a leader whose strengths include fostering development of innovative recreation programs, while managing a \$10 million operating budget and capital improvement projects, along with 56 full-time and 300 part-time employees.

After her retirement, Debra joined Kaizen as a strategic advisor. She keeps the Kaizen team grounded and focused on building core product that genuinely makes the lives of Parks & Recreation Staff easier. Her direct experience and unique focus on the pain-points of Parks & Recreation teams allows our team to maintain accountability and build the best possible product for our partners.



Sue Martin

Strategic Advisor and Former Parks & Recreation General Manager

Education

- Michigan State University
- BS, Psychology

Resume

- General Manager of Sarasota Parks & Recreation, 19 years

Key Responsibilities

- Project Advisor
- Product Guidance
- Strategic Accountability
- 1 year in role

Sue brings nearly 20 years of experience to Kaizen after a two-decade long tenure at the Sarasota Parks & Recreation Department.

She has managed nearly every aspect of the thriving department, and joined Kaizen as a strategic advisor in 2023.



KJ Shah

Finance Lead

Education

- UC Berkeley
 - BS, Business Administration
 - Minor, Education

Resume

- Investment Analyst at William Blair
- Chief of Staff at Flockjay

Key Responsibilities

- Project Manager
- Training Lead
- Finance Lead
- 5 years in role

Before he co-founded Kaizen, KJ began his career in finance and technology. As an Investment Banking Analyst at William Blair, he contributed to transactions worth over \$2B, including IPOs, M&A, and equity raises for high-growth software firms. He also assisted in projects focused on civic technology clients.

Later, KJ joined Flockjay, an edtech firm, as Chief of Staff to the CEO, where he handled investor relations, finance, business operations, and strategic planning. KJ is also a passionate hiker and backpacker, and has transformed his hobby into a successful photography business, showcasing his work to a global audience.



John Puma

Customer Success Lead

Education

- Northeastern University
 - BS, Management & Entrepreneurship
 - Minor, Health Sciences

Resume

- Head of Ops at AbstractOps
- Head of Ops at Places For Less

Key Responsibilities

- Customer Success Manager
- Operations Lead
- 2 years in role

John is a seasoned startup professional with 7 years of experience and expertise as a former founder in the real estate technology market. Equipped with a degree in Management and Entrepreneurship from Northeastern University, John launched a company during college that was successfully acquired.

His early-stage startup knowledge has been instrumental in scaling operations for 12+ startups and contributed to fundraising efforts of over \$90M. Prior to joining Kaizen, John led operations at AbstractOps where he helped organizations navigate payroll tax compliance with state agencies and local municipalities.



Emeline Wu

Implementation Manager

Education

- Stanford University
 - BS, Computer Science
 - Minor, Mathematics

Resume

- Product Manager at Palantir
- Software Engineer at Palantir

Key Responsibilities

- Product Manager
- Implementation Lead
- 5 years in role

Emeline is an engineer-turned-product manager who has spent 8 years leading software engineering and design teams. Before joining Kaizen, she focused on data analytics solutions servicing both government and commercial customers at Palantir Technologies.

She worked directly with customers to utilize their data to solve critical business problems. Prior to Palantir, she worked in bioengineering: at a genomic sequencing startup and orthopedic surgery research lab.



Rachel Rose Waterhouse

Design Lead

Education

- UC Irvine
 - BS, Informatics
 - BA, Anthropology
- ArtCenter College of Design
 - MFA, Media Design Practices
- University of Washington
 - MS, Human Centered Design & Engineering

Resume

- Engineer and Designer at Rivian
- Creative Technologist at SF MoMA
- Designer at NASA
- Designer at CalTech

Key Responsibilities

- Front-End Engineering Manager
- Design Lead
- Product Lead
- 5 years in role

Rachel Rose Waterhouse is a designer and engineer with expertise in qualitative UX research, systems thinking, and iterative design and development. Rachel excels in hybrid roles within multidisciplinary teams, where she tackles complex domains and open-ended challenges to craft creative and engaging solutions. Prior to joining Kaizen Labs, Rachel worked as a frontend engineer and designer

at Rivian, where she designed and built scalable software tools to support manufacturing. She also designed and developed data visualization tools for NASA JPL and CalTech, interpreting deep sea ocean sediment and cloud simulation data. Rachel's portfolio includes work for clients such as SFMoMA, Intel, Google, California College of the Arts, and independent media artists as a creative technologist.



Apollo Jain

Deployment Manager

Education

- UC Berkeley
 - BS, Electrical Engineering & Computer Science
 - MS, Electrical Engineering & Computer Science

Resume

- CTO at Associated Students of UC
- Engineer at Anduril Industries
- Engineer and Scientist at STR

Key Responsibilities

- Back-End Engineering Manager
- 5 years in role

Apollo was the Chief Technology Officer at the Associated Students of the University of California, where he led several software projects for the undergraduates. He also conducted renewable grid County planning research at the Renewable and Appropriate Energy Lab (RAEL), where his team won the United Nations Global Pulse Award. Apollo interned at Tesla Motors and Palantir Technologies before joining Anduril Industries, where he contributed to the company's Counter-Drone Portfolio, winning a \$99M contract through the Defense Innovation Unit (DIU).

He later worked at Systems & Technology Research (STR) as an Engineer in the Intelligence Tools & Applications Team, where he developed analytics software tools for the US Government and her allies.

County Staffing and Resource Requirements

In order to ensure the success of the project work plan and implementation plan, we have outlined our expectations for the Pima County's involvement below.

Project Responsibility of County Personnel	Description	# of FTEs
Project Lead	See next page	0.05 FTEs
Test Staff	See next page	0.05 FTEs
IT Staff	See next page	0.025 FTEs
Finance Staff	See next page	0.05 FTEs

- **Project Lead:** The County will appoint a skilled project lead who will act as our primary liaison. This person can be a senior recreation coordinator, management analyst, assistant director, or similar profile. This person will offer expert guidance to ensure the project's success. Involvement can include the following: arranging important meetings to track progress, promptly escalating any concerns or obstacles that arise with the platform, and providing guidance on key design or implementation decisions.
- **Test Staff:** We anticipate that department staff will be the most active internal users of the new platform. These individuals will be responsible for utilizing the platform as part of their daily workflow and will have the opportunity to provide valuable feedback to their department heads. This feedback can then be shared with Kaizen for ongoing improvements to the platform.
- **IT Staff:** The County will appoint a key IT staff member that will be contacted for tasks such as: final domain DNS pointer management, domain whitelisting, and other small IT tasks that should be able to be completed in 30-45 minutes.
- **Finance Staff:** The County will designate key finance staff members to facilitate any integrations with preferred payment gateways. These staff members will collaborate closely with Kaizen staff to guarantee that all necessary configurations, including accounting and reporting, are accurately set up.

Implementation Plan

Compatibility

One of our proudest accomplishments is the ability for our software to remain performant, stunning, and usable across all computer devices, regardless of platform or form factor. **The only requirement for our platforms is an internet connection and access to a web-browser like Chrome, Microsoft Edge, Opera, or Firefox.**

Minimum Browser Version

- Chrome Version 84
- Microsoft Edge Version 99
- Opera Version 10
- Firefox Version 100



iPhone



iPad



Desktop

Your Strongly Desired Capabilities At A Glance

We invite you to explore the full range of our offering in our provided attachments, but the Kaizen team wanted to specifically highlight a few of the capabilities that the Pima County team specifically listed as high value for its staff and residents.



Discovery

Our Point-of-sale and reservation management System is designed to provide a beautiful and informative discovery experience, making it easy for both residents and visitors to explore and engage with your County's parks, facilities, and other communal spaces. By enabling seamless navigation of your County, our software empowers users to spend more time enjoying the County's offerings and generates greater revenue for your department.



Facility, Court, and Campground Reservations

Our software enables efficient management of reservations across all your department's facilities, courts, fields, and other shared spaces, both in-person and online. Administrators can create and set custom filters to easily identify availability across search criteria. Each facility is showcased on its own dedicated page, with high-resolution photos, detailed descriptions, rates, location, and any other relevant information you wish to include. Our integrated master calendar ensures no double bookings occur, and our comprehensive reservation and checkout process includes deposits, permits, custom forms, and waivers that can be generated and emailed to customers or accessed directly through their platform accounts.



Activity and Program Registrations

Our software empowers County staff to efficiently create and modify activities and programs within your department, adjust pricing, generate digital forms, and assign relevant roles. We enable residents and visitors to securely register from any device they choose and provide the tools for staff to support the registration process. Our system assists in managing program participants by creating program rosters, tracking attendance records, wait lists and instructor payment records. We offer automated email receipts for registrations/permits upon checkout, ensuring a smooth and hassle-free experience. Whether it's a summer camp or a tennis match, our software streamlines the registration process and allows residents to fully participate in all the exciting activities and programs your County has to offer.



Membership Pass Management

Dynamic membership management capabilities are essential to any parks & recreation department. Kaizen's software supports a broad range of membership types, fully backed by member registration and onboarding flows, membership renewals and payments, member communication tools such as email and SMS, member event and program management, and data analytics to track member engagement and retention. By working with Kaizen, cities can streamline their operations, improve member experience, and increase retention rates. The software can also help with targeted marketing efforts to attract new members and grow the organization's community.





Next-Generation League Management

Our software offers comprehensive league management capabilities to streamline the organization and operation of sports leagues in your County. Depending on the needs of your department, these capabilities can include online registration and payment processing, scheduling and team management, scorekeeping and standings tracking, communication tools for coaches and players, and the ability to generate custom reports and analytics. With Kaizen, cities save time, reduce administrative burden, and improve the overall experience for local athletes.



Youth Leagues

West of August 15-19

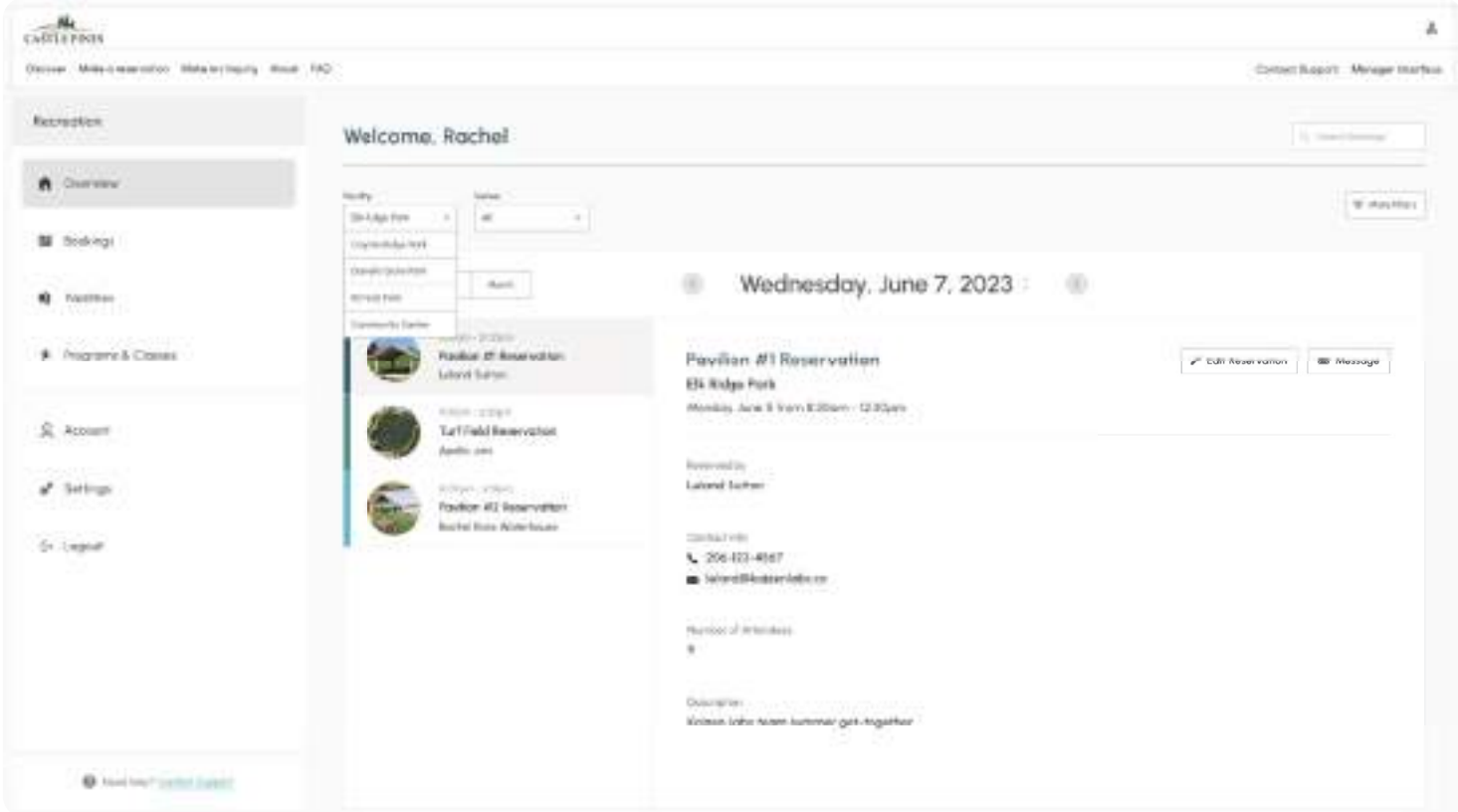
<p>Max 8/14/20 8:00 AM</p> <p>Donors/Coaching at Riverside Park</p>	<p>Max 8/14/20 8:00 AM</p> <p>Teachers at Government</p>	<p>Max 8/14/20 8:00 AM</p> <p>Coaches at Steady Stennis</p>	<p>Max 8/14/20 8:00 AM</p> <p>Coaches/Parents at Clayton Summers</p>	<p>Max 8/14/20 8:00 AM</p> <p>Parents/Trainers at Hudson Woods</p>	<p>Max 8/14/20 8:00 AM</p> <p>Black Coaches at Ball at Three</p>	<p>Max 8/14/20 8:00 AM</p> <p>Coaches/Parents at Towers</p>
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Calendar Integrations

At Kaizen Labs, we understand the importance of keeping track of events and availability. That's why our system includes calendar integrations for both activities and programs as well as registration purposes. By integrating with popular scheduling providers like Google Calendar, we make planning easy and streamlined. Residents can easily manage their registrations, reservations, and other local engagements through their own dedicated calendar, centrally located in their platform account.





Real-Time Data Analytics, Financial, and Reporting

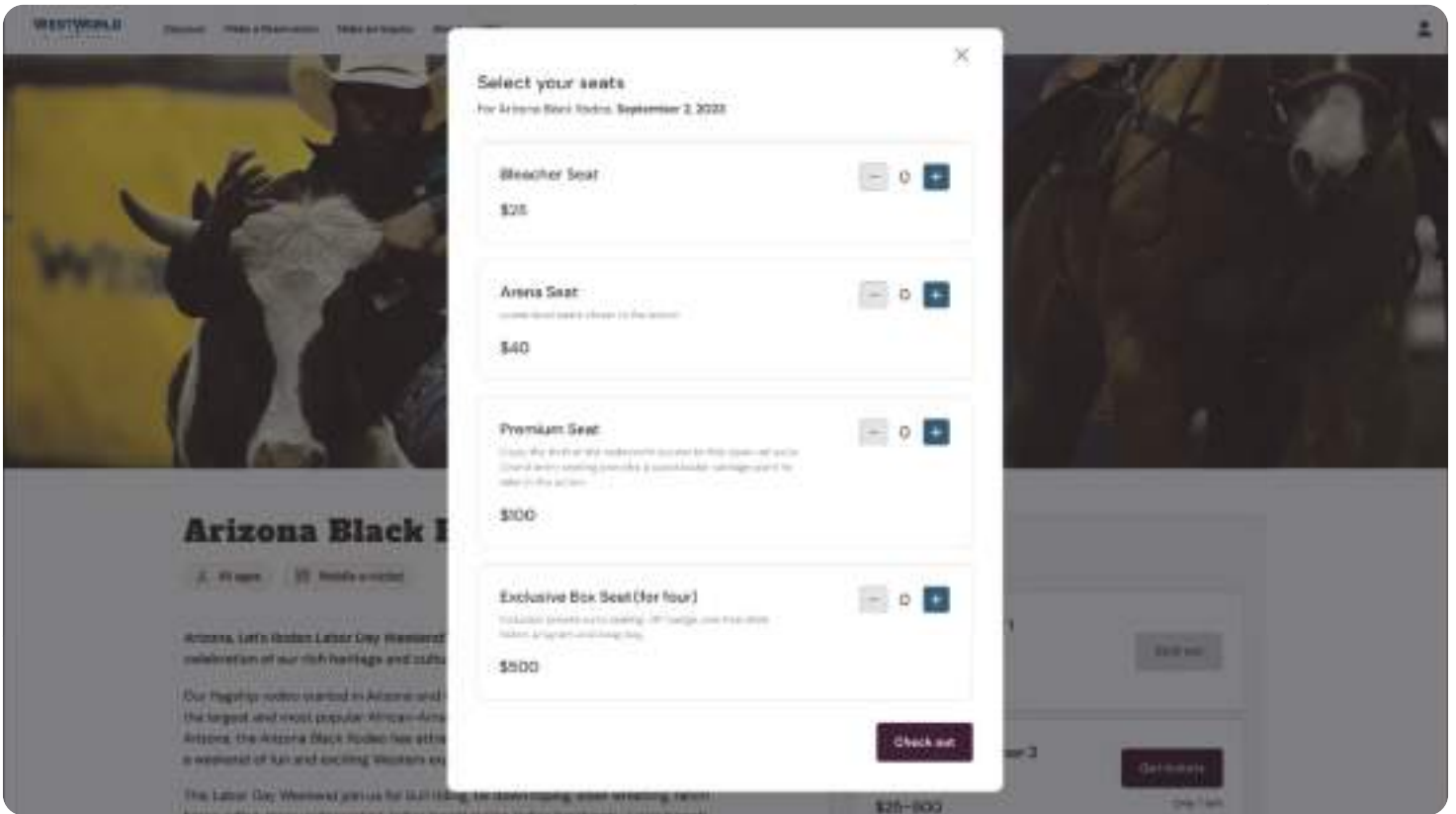
Kaizen Labs has developed a powerful and adaptable reporting tool that gives staff complete control over their department's data and how it is used. The tool is equipped with filters, fields, and tagging to streamline the process of retrieving information, and integrated communication flows make it easy to sort, save, and send custom reports.





Ticketing and Event Management

Community events play a vital role in enhancing the social, economic, and cultural fabric of any community. With Kaizen's Point-of-sale and reservation management System module, cities can easily generate and distribute tickets or registration proof for various community events. Users will receive their tickets and receipts via email and can retrieve them on their mobile device using QR code. Meanwhile, administrators can access a comprehensive management interface to verify purchases, registrations, and modify user access to events.





Physical and Digital Point-of-Sale

Kaizen's Point-of-Sale (POS) interface streamlines the transaction process for County staff, allowing them to quickly enroll participants in local programming, reserve facilities, and sell merchandise and concessions. Our integrated inventory control system allows for real-time tracking of product availability across all relevant locations, providing staff with accurate information on item stock levels. With the ability to seamlessly integrate with cash drawers, barcode readers, receipt printers, and credit card readers, this PCI-compliant gateway offers a streamlined approach to managing customer payments.



Mobile Responsiveness

Kaizen Labs is dedicated to providing a seamless digital experience across devices, whether users are using desktop, mobile, or tablet. By providing a responsive mobile experience, Kaizen helps cities ensure that their most vital services meet WCAG standards and stay open and accessible to everyone.



Resident Surveys and Inquiries

We make it easy to listen to your community! Kaizen Labs enables integrated surveys and feedback portals. This allows your County to capture public sentiment, triage any concerns, and respond to resident inquiries in a way that reaffirms their voices are being heard.



Marketing and Mass Comms with E-mail and SMS

Keep your residents in the loop! Whether it's a community meeting, or a last-minute cancellation, schedule and send emails or SMS messages efficiently to ensure that your community stays informed and gets updates in real-time.

Cybersecurity Policies

All of our services are hosted on cloud servers (exclusively Google Cloud), and we maintain a quarterly security audit where our systems are vulnerability scanned, penetration tested, and cloud audited for regulatory changes, access control issues, and other security controls.

Data Storage

All of our data is stored on Linux-based, high-throughput cloud Postgres databases provisioned by Google Cloud. We have multiple redundancy zones for each database cluster. All data, including PI, SI, and PII information is backed up nightly and transferred to a fully encrypted cold storage cloud environment also provisioned by Google Cloud.

Data Encryption, Protection, Retention, and Disposal

All data is encrypted at rest, ensuring that it can only be accessed by authorized roles and services, with audited access keys. Data is first chunked and each chunk is encrypted with its own private key, and the key itself is also re-encrypted. If a chunk of data is updated, it is encrypted with a new key, rather than by reusing the existing key.

Data Backups

Data will be routinely backed up, as outlined under the 'Data Storage' section. All of our data backups exist as zipped SQL files that are stored in multiple redundant cold storage cloud solutions. Upon request, we provision and ship physical encrypted hard-drives to our customers.

All digital backups are fully encrypted using AES 256-bit encryption techniques. The service master key is automatically generated and stored in the system master database when provision the database. This key will be used to encrypt the database master key, which is unique to each instance and used to protect the certificate. The certificate is an asymmetric key that is actually used to encrypt the database backup.

Security and Privacy

In order to ensure that we deliver outstanding support to our partners, we prioritize security as our topmost concern. We remain compliant with the best security practices such as SOC2, HIPAA, and ISO27001 frameworks to safeguard sensitive resident data, including PHI, from loss, theft, or misuse. We also follow a secure-by-design approach and constantly integrate new security controls to monitor and address any suspicious activity. Our payment processing engine is PCI Level-1 Compliant, which is the most rigorous standard industry wide. We test this integration every day to ensure proper compliance standards and uptime. This PCI-compliant gateway offers a secure approach to managing customer payments.

Flexible Architecture

Flexibility Without Corruption

As inevitably is the case during long engagements with municipalities, customization and new integrations are important. Needs change, but that doesn't mean that systems should lose or invalidate data.

When we work with different communities, we make it clear that data that we import from other systems can be converted, manipulated, and imported without fear of corruption or loss.

To begin, all data is routinely backed up every 12 hours. These backups exist as zipped sQL files that are redundantly stored in multiple cloud locations. When data is transformed and imported into our platform, it goes through multiple rounds of escalation, first being imported into a development instance that has no impact on real customers or residents. If and only if data is processed successfully is the data transport escalated to our staging environment, which is an exact replica of our production environment. Finally after 2 rounds of exhaustive testing, cleaned data will be imported into our production interface for official import.

Full Configurability Out Of The Box

Whether it's handing a summer camp registration, tinkering with a facility reservation, or managing a community center membership, different municipalities require different system behavior. At Kaizen, this desired level of configurability isn't a system limitation, it's one of our biggest strengths. All of our interface come equipped with extremely powerful administrator dashboard that allow our partners to toggle everything from allowed booking types, supported payment methods, unique structures for pattern reservations, and similar functionalities out-of-the-box. By building for customization from the get-go, our platforms give maximum authority to the Pima County team to decide how the system should perform and for administrators and residents.

Steve Reilly Parks & Recreation Director, Weymouth MA

"The Kaizen platform has out-of-the-box configurability unlike any platform I have used in more than 25 years working in Parks & Recreation."

Test and Production Environments

For all of our deployments, the Kaizen team follows an incredibly rigorous and well-tested deployment procedure to ensure system efficacy and usability. Here is a brief outline of how we delegate responsibility and system function across multiple environments and escalate our final interface deployment into a production setting.

1. Test Environment Setup

- Set up a dedicated test environment that mirrors the production environment as closely as possible.
- Ensure the test environment includes all necessary hardware, software, and infrastructure components.
- Populate the test database with a representative dataset that covers a wide range of scenarios and use cases.

2. Unit Testing:

- Conduct unit testing for each individual detailed process and transaction.
- Develop test cases for each unit of code to ensure its functionality meets the specified requirements.
- Utilize automated testing tools and scripts where possible to streamline the testing process and ensure consistency.

3. Parallel Testing:

- Conduct parallel testing, if appropriate, to compare the performance and results of the new system with the existing system.
- Run transactions and processes simultaneously in both systems to ensure consistency and accuracy.
- Identify any discrepancies or issues between the old and new systems and address them accordingly.

4. System Testing:

- Perform comprehensive system testing to validate all processes, interfaces, and conversions.
- Develop test scenarios that cover all possible workflows and user interactions within the system.
- Test all interfaces to ensure seamless communication between different modules and external systems.
- Verify the accuracy of data conversions by comparing the data in the new system with the original source data.
- Execute test cases to validate the functionality of reports, account history, notes, and ad-hoc reporting features.

5. Verification Methods:

- Implement methods to verify the accuracy of information relative to transaction processing and data conversion.
- Conduct data reconciliation to ensure consistency between different data sources and modules within the system.
- Perform end-to-end testing of critical processes to verify the integrity and completeness of transactions.
- Utilize sampling techniques to validate a representative sample of transactions and data elements.
- Engage end-users and stakeholders in user acceptance testing (UAT) to validate the system against their requirements and expectations.

6. Production Environment Setup:

- Set up a production environment that mirrors the test environment, including a complete mirrored database.
- Ensure all functional, technical, and performance requirements are successfully demonstrated in the production environment.
- Validate the production environment through rigorous testing before transitioning to live operations.

7. Documentation and Reporting:

- Document all test cases, test results, and issues encountered during testing.
- Provide clear and detailed reports on the testing process, including any deviations from expected results and their resolutions.
- Maintain comprehensive documentation for future reference and audit purposes.

Implementation Plan

Schedule

Our deployment team will complete the development and delivery of a flagship point-of-sale and reservation management interface for full launch by August 1st, 2024.

Milestone	Estimated Date(s) of Completion
Phase 1: <ul style="list-style-type: none">Stakeholder engagementFinal project scope confirmation	March 2024
Phase 2: <ul style="list-style-type: none">Functional design prototypesInitial platform construction	April 2024
Phase 3: <ul style="list-style-type: none">Data, reporting and CMSData conversion, import, and account transfer	May 2024
Phase 4: <ul style="list-style-type: none">Deployment and testingStaff training sessions 1-4	June 2024
Phase 5 <ul style="list-style-type: none">Complete build and host applicationCapture key metrics and analytics	July 2024

Pima County, CO

Training Plan



Training Plan Overview

Our user training sessions typically consist of four (4), two (2)-hour sessions. Kaizen Labs takes a hands-on, personal approach to user training. Rather than providing a mere manual, we provide in-person training sessions, supplemented by additional virtual trainings, to ensure everyone is fully trained and confident in their new knowledge. It is important to us that everyone is as comfortable navigating and editing the system as we are. Our team can guarantee that senior level personnel will provide training themselves. Digital resources will be combined with our personal experience to provide the best training possible at each session. After initial training, the County will be equipped to implement the **Train the Trainer Approach**, at its discretion.

It is recommended to do all training sessions in person. However, our team is prepared to create any type of training format that best suits the County. We offer this training as ongoing support throughout the deployment phases. We further understand that County staff will require help desk support in order to handle any technical issues that may arise. Please review our four (4) session training model in detail as follows:

- **Session 1** provides training to administrators on the complete citizen-facing workflow so they can easily answer support queries, suggest improvements and learn about each step of the reservation or management process.
- **Session 2** provides training on all administrator interfaces and portals. This training covers administrative actions, support edge cases and every feature related to processing an inquiry.
- **Session 3** provides training related to all third-party integrations and reporting. We provide training to administrators on analytics dashboards that promote good digital hygiene around analytics, weekly reporting and sharing success metrics with other departments.

- **Session 4** provides a live play test where we work closely with administrators to simulate a series of citizen interactions including customer support requests and physical scenarios like in-person payouts or registration. Our focus in this session is to cover all major features of the platform, ensure system efficacy and prepare administrators for production deployment.

Documentation and Recorded Videos

Kaizen is fully committed to meeting the documentation requirements outlined in the RFP. We understand the critical importance of providing comprehensive support for the system post-implementation. As part of our commitment, we will diligently prepare and maintain all necessary documentation, including but not limited to training materials, online help resources, product documentation, how-to guides, and any training delivery documentation. Our aim is to ensure that the system operates seamlessly and can be efficiently maintained by your team. Kaizen is dedicated to delivering a holistic solution, and we take pride in our proactive approach to documentation and support.



The Director gives it a try



Making friends and talking Parks



Diving deep into our rich new features



Ideating on the future of the platform



Our engineers, product leads, and the Weymouth team

Will Ashworth Facilities Coordinator, Weymouth MA

"The best user training I've ever had. I finally felt like I was using an application built in this century."

To begin, Kaizen never charges an additional fee or hourly rate for any training. We bear the cost of all transportation, lodging, meals, during training sessions. We stand behind our products and do not believe that our customers should have to pay to be trained to use our products.

Training In Different Contextual Settings:

- A dedicated training team will be responsible for conducting in-person training for both on and off-site classes. This team is comprised of our company's product managers and customer success specialists. They are technical individuals who have been trained extensively with our platform and work directly with engineering teams to build new features. These trainings happen on a quarterly basis, and our in-person team commits to staying on customer location for the entire week to conduct trainings for staff, customers, and other individuals.
 - Our team often collaborates directly with the Communication and NRPR teams to organize in-person trainings for residents that want to learn how to use the new system if interesting to the community.
- This team at Kaizen is also responsible for providing **unlimited** virtual trainings via Microsoft Teams or virtual call. These trainings can be requested as frequently as necessary by County staff, and are designed to provide quality guidance on how to use our platforms. These sessions are recorded and sent to staff for future references, and customers can request a session at any time via direct message, e-mail, or phone call.
- Core Project team training is conducted as a series of in-person classroom workshops as described in the previous page. Our intention is to thoughtfully integrate with the core users of our platform and make sure they are fully trained on every interaction method.
- Technical training for administration and data related services are also conducted in-person and virtually. Every deployment team at Kaizen that conducts an in-person training session is also equipped with an integration and data engineer at the company, meaning that staff time can be scheduled at anytime during our in-person week with this individual. Additionally, they are also present during virtual trainings.

County Role During Training

- Our intention is that the County shall bear no responsibility for designing and implementing the training plan, and developing training materials.
- The Kaizen team offers a white-glove training service, meaning that it is our responsibility to compile all these materials and design a training plan that is compatible with the County.
- The County's primary role will involve helping with the logistics around choosing dates for in-person trainings and organizing staff in a central room location or facility. Before trainings start, the Kaizen team will reach out to Core Project resources as a part of the County to better understand what areas of training should receive more focus. Our hope is that the County team is also involved in this process of feedback and iteration so we can conduct the best possible training sessions.

On-Going Training

- On-going trainings can be requested at any time by County staff, and the Kaizen team contractually agrees to free in-person training and feedback sessions once a quarter. This process is free-of-charge, and our in-person deployment team will work with the County to plan these quarterly in-person training sessions well in advance.
- We believe deeply in running in-person training sessions quarterly because our platform is dynamic and constantly improves - our goal is to push updates that improve the overall experience for residents and staff as frequently as we can, and quarterly training sessions are important for our team to acquaint ourselves with staff and ensure that there is close collaboration between our team and the County's when these new features are released.
- Virtual training can be requested for free at any time via e-mail, phone, or direct message. There is no limit on these trainings and the Kaizen team contractually agrees to scheduling virtual training sessions with staff within one week of request.
- Topics for training sessions when not centered around specific queries or workflows requested by the County will be focused around new product features, platform features, end-user experiences, administrator features, and reporting export.

Customizing our out-of-the-box training

- As expressed throughout this proposal submission, our company's core competency is the customization of our interfaces, design, process, and implementation to match the needs of the County's specific workflows. The same applies to our training process. If the County requests that specific information or process be conducted during training session, our team is welcome to feedback to iterate and define new process.
- 2 weeks before any in-person training session, our team will submit an official training plan outlining a schedule and key objectives of the training. If the County has any modifications to this process, we ask for a one-week resolution period so our team has enough time to prepare for a revised training process.
- For virtual trainings, custom requests can be made and the virtual meeting will include relevant staff members that are most helpful for County staff to walk through specific workflows, requested changes, and other key processes.

At-will and online-help

- As we encourage readers to view in our support and training section, the Kaizen team is incredibly committed to the production of training manuals, instructional videos, frequently updated private forums for our customers. Our intention is to share learnings with different communities and encourage a culture of feedback and iteration. These services come at no cost to Pima County, and are in addition to our personalized in-person and virtual training sessions with direct Pima County staff.

EXHIBIT B: ONGOING SUPPORT PROGRAM (8 PAGES)

(Attached)

***EXHIBIT B: ONGOING SUPPORT PROGRAM
(8 PAGES)***

Pima County, CO

Support Program



Support and On-Going Maintenance

Kaizen Labs is committed to providing the Pima County with the necessary support to guarantee the ongoing success of our proposed platform. Our team of live support personnel, based in the United States, is available to answer any questions that your staff members may have and provide them with the necessary guidance to ensure their confidence in using the platform around-the-clock.

1. Technical Support Staff

- Kaizen will assign a team of five dedicated technical support staff, including two system administrators, two database administrators, and one technical support specialist. These rotating staff members will be available 24/7 to assist the County with any technical issues that arise. Communication methods include phone, e-mail or Microsoft Teams direct message. These team members are required to have a minimum of five years of experience performing customer support and technical partnerships work at similar companies serving customers like Pima County. These teams work directly out of company headquarters located in both Los Angeles and New York City.

2. Emergency and 24x7 Support:

- Enhanced emergency support will be available 24/7 for critical issues that require immediate attention. County staff can contact our on-call support team at any time by contacting via e-mail, Microsoft Teams message, or phone. An on-call member of our technical staff is available to troubleshoot issues and is equipped with multiple escalation procedures to ensure prompt resolution in the case of severe issues like outages.

3. Service Level Agreements:

- SLAs will be established for repairing standard system problems.
 - a. Critical Issues:**
 - Level 1: Response time of 15 minutes, resolution target of 1 hour.
 - Level 2: Response time of 30 minutes, resolution target of 4 hours.
 - Level 3: Response time of 1 hour, resolution target of 8 hours.
 - b. High-Priority Issues:**
 - Level 1: Response time of 30 minutes, resolution target of 4 hours.
 - Level 2: Response time of 1 hour, resolution target of 8 hours.
 - Level 3: Response time of 2 hours, resolution target of 16 hours.
 - c. Low Priority Issues:**
 - Level 1: Response time of 1 hour, resolution target of 8 hours.
 - Level 2: Response time of 2 hours, resolution target of 16 hours.
 - Level 3: Response time of 4 hours, resolution target of 24 hours.

4. Future Enhancements and Upgrades:

- A dedicated product development team will be responsible for evaluating, prioritizing, and developing future enhancements and upgrades. Regular meetings with the County's stakeholders will be held to gather feedback and prioritize development efforts, with quarterly releases of new features and enhancements.
- In many cases, these improvements get rolled out on a monthly basis,
- **Kaizen never charges an additional fee or hourly rate for these changes. We feel like our platforms should behave like a flagship application on your favorite App Store. It should frequently update with the latest features and improvements without prompting you for additional payment.**

5. Tiered Support Options:

- Enhanced support is available for all of our communities at no additional charge. We do not bucket our customers into support tiers. Instead, we invest heavily in our support mechanisms and provide the best possible support to every community that signs on with us.

6. Extended Agreements:

- That said, extended agreements will be available to provide additional services or benefits, such as extended support hours, dedicated account management, or custom development services, if desired by the Pima County team.

7. Hourly Cost for On-Site Technicians:

- On-site technicians will be provided for **free** during regular business hours and after-hours support, with **no minimum charge per visit**. Additionally, remote support tools will be provided to expedite issue resolution and reduce downtime. We stand behind the products we build, and if something is wrong, it is not Pima County's responsibility to pay for a resolution.

8. User-based Support Groups:

- User-based support groups or programs will be established, such as an online community forum, where users can ask questions, share best practices, and provide feedback to the proposer. Monthly webinars and training sessions are conducted to educate users on new features and best practices..

9. Implementation Support Services:

- Comprehensive implementation support services will be provided to assist the County with the initial setup and deployment of the solution. This will include on-site training, documentation, and technical assistance during the implementation phase. A dedicated implementation team will be assigned to the County to ensure a smooth transition.

10. Implementation Support Services:

- Comprehensive implementation support services will be provided to assist the County with the initial setup and deployment of the solution. This will include on-site training, documentation, and technical assistance during the implementation phase. A dedicated implementation team will be assigned to the County to ensure a smooth transition.

11. Client Requests for Enhancements

- Client requests for enhancements or corrections to the software will be evaluated based on their impact and feasibility. Requests that are deemed beneficial to the majority of clients will be included in future upgrades at no additional charge. A dedicated feedback portal will be provided for clients to submit and track enhancement requests.

12. Support Methods and Hours

- Enhanced support methods, such as phone, email, and Microsoft Teams chat will be available 24/7, with guaranteed response times of 30 minutes for critical issues and 2 hours for non-critical issues. Additionally, a dedicated support portal will be provided for clients to submit and track support requests.

13. Senior Technical Advisor Availability:

- A senior technical advisor will be available 24/7 with cellular phone support for the duration of special processes or events, ensuring that the County has access to expert technical support when needed. Quarterly business reviews will be conducted with the County's stakeholders to review performance and discuss any upcoming needs or enhancements.

14. Sample Annual Maintenance Agreement:

- A sample of the annual maintenance agreement will be provided, outlining the terms and conditions of the maintenance agreement, including support levels, fees, and terms of service. The agreement will be flexible to accommodate the County's evolving needs and requirements.

Schedule For Addressing Issues Or Defects

Ranking Scale

- Critical: Issues that cause system downtime or significantly impact core functionality.
- High: Issues that impact multiple users or critical processes but do not cause system downtime.
- Low: Minor issues or cosmetic defects that do not impact functionality.
- Problem types include but are not limited to: system crashes, data corruption, security vulnerabilities, functionality errors, performance degradation, user interface issues, cosmetic defects, usability improvements.

Issue Resolution Process

- Critical: Immediate escalation to Level 1 support for resolution within 1 hour.
- High: Escalation to Level 2 support for resolution within 4 hours.
- Medium: Escalation to Level 3 support for resolution within 24 hours.
- Low: Added to backlog for resolution based on priority and resources.
- Clients can submit enhancement or correction requests through the support portal.
- Requests are reviewed by the product development team and prioritized based on impact and feasibility. **These requests are shared with all of our partners during recurring scheduled update meetings. Approved enhancements are added to the product roadmap for inclusion in future releases. Enhancements are included in regular software updates and made available to all clients at no additional charge.**

Hardware Maintenance

Kaizen Labs is committed to providing the Pima County with the very best hardware to serve residents and staff. We supply card readers, iPad Kiosks, mobile workstations, and the desktop computers required to support a healthy, thriving operation. We are also capable of integrating with existing County hardware and adhere to the following maintenance practices for appropriate hardware.

1. Credit Card Readers

- Regular inspection and cleaning of card reader heads to ensure proper functionality.
- Regular software updates that happen over-the-air while readers are charging over night.
- Firmware updates to address security vulnerabilities and improve performance.
- Replacement of worn-out parts, such as card reader heads or cables, as needed.

2. iPad Kiosks:

- Regular software updates to ensure compatibility with the latest operating system.
- Physical inspection for signs of damage or wear, with replacement of damaged parts.
- Battery health checks and replacement if battery life becomes a concern.

3. Mobile Workstations:

- Regular software updates and security patches to ensure data security.
- Inspection of hardware components, such as screens, keyboards, and batteries, for signs of wear or damage.
- Replacement of batteries and other consumable parts as needed.

4. Desktop Workstations:

- Regular software updates and security patches to maintain system integrity.
- Cleaning of dust and debris from internal components to prevent overheating.
- Upgrades to hardware components, such as RAM or storage, to improve performance and extend lifespan.

5. Desktop Workstations:

- Implementation of a regular maintenance schedule for all hardware components. Once every three years, our customers are eligible for a complete replacement of all Kaizen-provided hardware.
- Monitoring hardware performance metrics to identify potential issues before they become critical.

Software Updates

We started Kaizen because we believed there was a leap that municipal software could take, and a large part of that was in the way these systems were updated over time. Too often, a piece of software becomes stagnant by the time its deployed, and updates cost a small fortune. We build our software with the principle that it should function like an application on the App Store - frequently updated with the latest improvements, fixes, and performance enhancements without costing an extra dime. Our incentive is to build the best possible product and have the happiest customers, and we find that this relentless commitment to upgrading and improving our software for free is key to fulfilling that promise.

1. Defining Software Upgrade

- An upgrade to software refers to a significant release of the software that introduces new features, functionalities, fixes, or improvements to existing features. Upgrades are usually denoted by a change in the version number (e.g., from version 1.0 to 2.0) and may require additional installation steps or configuration changes. Upgrades are often optional but can provide substantial benefits in terms of performance, security, and functionality.

2. Defining Software Update

- An update to software refers to a minor release of the software that typically includes bug fixes, security patches, and minor enhancements. Updates are usually denoted by a change in the version number (e.g., from version 1.0 to 1.1) and are often recommended to ensure the software remains stable, secure, and compatible with other systems. Updates can be installed easily without requiring significant changes to the system configuration.

In each case, the Pima County team will receive these updates **free of charge for the duration of our entire contract with the County. We believe deeply in making the best possible product, and we feel that our platforms should improve over the lifetime of our engagement with our partners, not remain stagnant.**

Upgrade Schedule

We upgrade our software on a monthly basis. Each of our deployment teams have monthly feedback and client requests meetings with our partners, during which clients can submit enhancement or correction requests live to our team. Requests are reviewed by the product development team and prioritized based on impact and feasibility. **These requests are shared with all of our partners during recurring scheduled update meetings. Approved enhancements are added to the product roadmap for inclusion in future releases, and these enhancements are included in regular software updates and released monthly to all clients at no additional charge.**

Security Access

System security regarding access privileges and control of information by the proposed module will be implemented using a combination of authentication, authorization, and encryption mechanisms. Here is a detailed description of the security measures:

Authentication

Users will be required to authenticate themselves using a username and password before accessing the system. Social authentication methods such as logging in with a Google or Facebook account are also permitted. Strong password policies, such as minimum length and complexity requirements, will be enforced to prevent unauthorized access.

Authorization

Access to different modules and functionalities within the system will be controlled based on the user's role and privileges. Role-based access control (RBAC) will be implemented to ensure that users only have access to the information and functionalities necessary for their role.

Encryption

All sensitive information, such as user credentials, transaction data, and personal information, will be encrypted using strong encryption algorithms (e.g., AES-256) to protect it from unauthorized access. Encryption will be used both in transit (e.g., HTTPS) and at rest (e.g., database encryption).

All digital backups are fully encrypted using AES 256-bit encryption techniques. The service master key is automatically generated and stored in the system master database when provision the database. This key will be used to encrypt the database master key, which is unique to each instance and used to protect the certificate. The certificate is an asymmetric key that is actually used to encrypt the database backup.

Access Control

Access to the system will be restricted based on the principle of least privilege, ensuring that users have only the minimum level of access necessary to perform their job functions. Access control lists (ACLs) will be used to enforce these restrictions.

Audit Logging

All access and modification of sensitive information will be logged and audited. Audit logs will include details such as the user who accessed or modified the information, the date and time of access, and the type of access (read, write, etc.). This will help in tracking and investigating unauthorized access or data breaches.

Security Policies

Comprehensive security policies will be established and enforced to govern the use of the system and protect sensitive information. These policies will cover areas such as password management, data encryption, access control, and incident response.

Regular Security Audits

Regular security audits and vulnerability assessments will be conducted to identify and address potential security risks. These audits will be performed by independent third-party security experts to ensure objectivity and thoroughness.

User Training

Users will receive training on security best practices, including how to recognize and respond to phishing attacks, how to create strong passwords, and how to use the system securely. Ongoing security awareness programs will be conducted to keep users informed of the latest threats and mitigation strategies.

Compliance & Privacy

In order to ensure that we deliver outstanding support to our partners, we prioritize security as our topmost concern. To accomplish this goal, we have partnered with Vanta; an automated security and compliance platform. By working with Vanta, we remain compliant with the best security practices such as SOC2, HIPAA, and ISO27001 frameworks to safeguard sensitive resident data, including PHI, from loss, theft, or misuse. We also follow a secure-by-design approach and constantly integrate new security controls to monitor and address any suspicious activity. Our platforms use Stripe to process payments, which is the most rigorous, modern and privacy-compliant payment processing engine in the world. We test this integration every day to ensure proper compliance standards and uptime. This PCI-compliant gateway offers a secure approach to managing customer payments.

EXHIBIT C: PROPOSED POINT-OF-SALE AND RESERVATION MANAGEMENT SYSTEM (47 PAGES)

(Attached)

***EXHIBIT C: PROPOSED POINT-OF-SALE AND
RESERVATION MANAGEMENT SYSTEM
(47 PAGES)***

Pima County, CO

Proposed Point-of-Sale and Reservation Management System



Meeting Your Critical Needs



Proposed point-of-sale and reservation management system must support all modern payment methods, including but not limited to Apple Pay, Google Pay, and Tap-to-Pay for all online and electronic transactions.

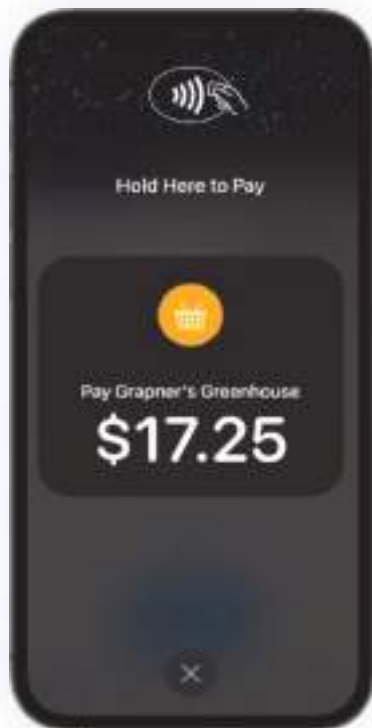
Kaizen's world class Point-of-Sale (POS) is backed by Stripe, the same financial engine that powers companies like Amazon, Instacart, and Alaska Airlines. Not only do we provide all point-of-sale equipment **free-of-charge with zero usage restrictions**, but our payments infrastructure supports the most modern payment methods, available out-of-the-box for every one of our deployments. Our supported payment methods include:

- Apple Pay
- Google Pay
- Cash App Pay
- PayPal
- Tap-To-Pay on iOS, Android, and all physical reader devices.
- Major credit and debit cards including Visa, Mastercard, American Express, Discover, Diners Club, JCB, and Union Pay
- Buy Now Pay Later methods like Affirm, AfterPay, and Klarna
- ACH Direct Debit
- Bank Transfer

Please find our full payment method report attached to this proposal.



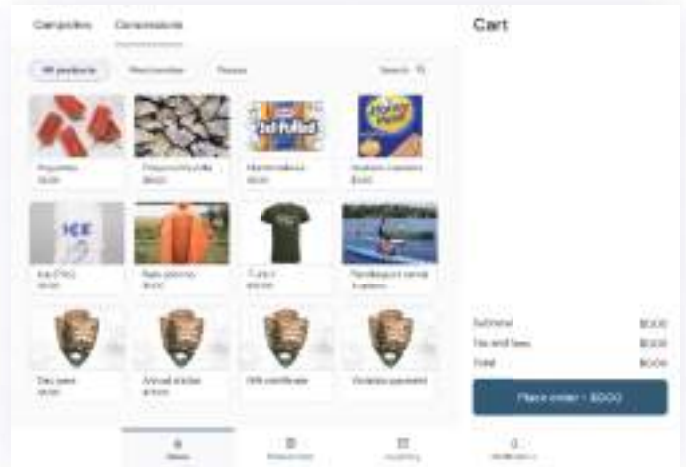
Beautiful check-out flows



Tap-to-Pay on iPhone & Android



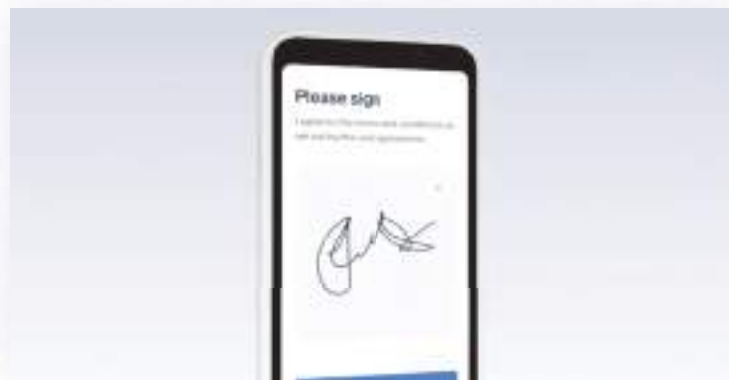
Customizable payment links in just a few seconds



Simple, intuitive concessions and POS



Fully custom invoice creation and scheduling



Fully customizable payment screens for physical readers



Modern & PCI-Compliant hardware readers

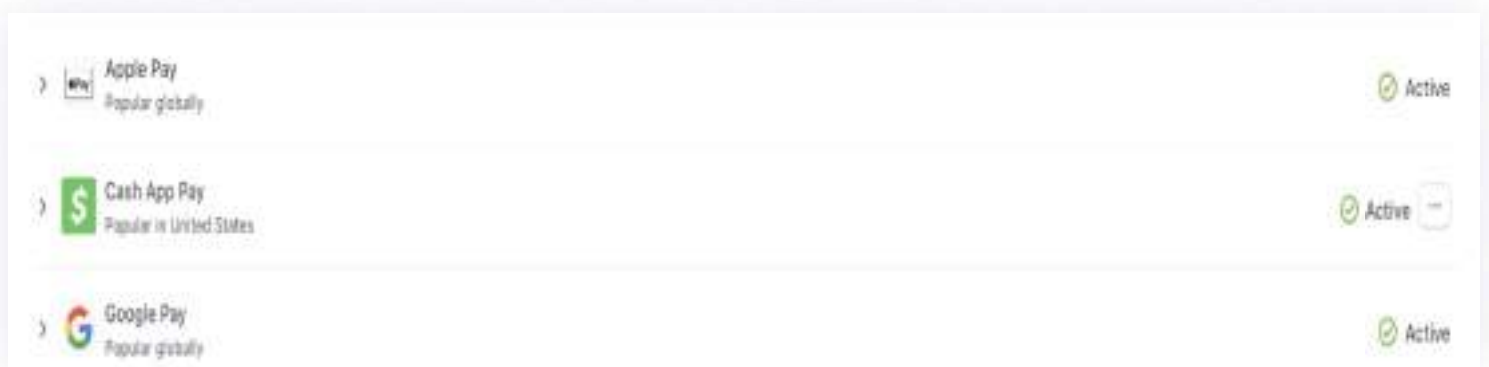


Proposed point-of-sale and reservation management system must be easily accessible and usable across all devices, including but not limited to personal computers, mobile phones, and tablets. Mobile and tablet accessibility ease should also apply to specific administrator dashboards specified by County and NRPR staff. Ease of access should not be dependent on the use of mobile application, such as those downloaded from the Apple Store, Google Play Store, or elsewhere.

We started Kaizen because we believed that the quality of these Point-Of-Sale and Reservation Management platforms could be far more user-friendly and accessible across all devices. Every one of our platforms has been designed by leading product teams at companies like Airbnb and Microsoft - they are usable and seamless on all devices, including but not limited to:

- Personal computers like desktops, laptops, and monitor-connected workstations.
- Tablets like iPads and other Android devices.
- All mobile phones including iPhones and other Android or Windows devices.

Additionally, to use our platforms users **do not need** to download a mobile application from the Apple Store, Google Play Store, or elsewhere. They **simply need their device to support a web-browser** and they can easily access our platforms from the device or their choosing.



Turn your desired payment methods on with a click of a button

One of our proudest accomplishments is the ability for our software to remain performant, stunning, and usable across all computer devices, regardless of platform or form factor. **The only requirement for our platforms is an internet connection and access to a web-browser like Chrome, Microsoft Edge, Opera, or Firefox.**

Minimum Browser Version

- Chrome Version 84
- Microsoft Edge Version 99
- Opera Version 10
- Firefox Version 100



Mobile Phone



Tablet



Desktop



Proposed point-of-sale and reservation management system must support ready-to-deploy integrations with Buy Now, Pay Later technologies such as Klarna, AfterPay, and Affirm.

As may be the use-case in different communities, certain classes, programs, camps, or reservations can be expensive for residents or families. Our world class Point-of-Sale (POS) supports native and ready-to-deploy integrations for Buy Now, Pay Later technologies that allow users to pay in installments over time.

Most importantly, the Pima County team is immediately paid in full and customers pay nothing or a portion of the total at purchase time. Our supported Buy now, Pay later technologies include:

- Klarna
- AfterPay
- Affirm
- ClearPay
- ZipPay

Please find our attached Buy Now Pay Later report attached to this proposal.



Turn your desired payment methods on with a click of a button

How do our Buy Now, Pay Later Technologies Work?



Pima County is paid immediately and in full, while your customers have simple, interest-free payment options



Customer chooses to pay by installments



Customer creates an account with a 3rd party installments service, like Afterpay Clearpay



Customer accepts or declines terms of repayment plan



Customer returns to business' site



Proposed point-of-sale and reservation management system must support social authentication methods to easily log into the platform with Google, Facebook, LinkedIn, and Apple accounts.

Often times, one of the biggest pain-points our customers experience with their point-of-sale and recreation management software is with duplicate accounts and long registration processes that dissuade users from completing registrations or reservations, and generally make for a poor user experience.

All of our platforms support seamless authentication with popular social accounts to allow users to securely authenticate in just a few seconds. These authentication methods fall in-line with our uncompromising security standards and are fully compatible with our SOC2 Type I and Type II cyber-security certifications. In all cases, strong password policies, such as minimum length and complexity requirements, will be enforced to prevent unauthorized access.

Our enterprise authentication methods include:

- Azure AD SSO
- Okta Workforce
- Microsoft ADFS
- SAML-based authentication
- Active Directory / LDAP authentication
- Google Workspace SSO

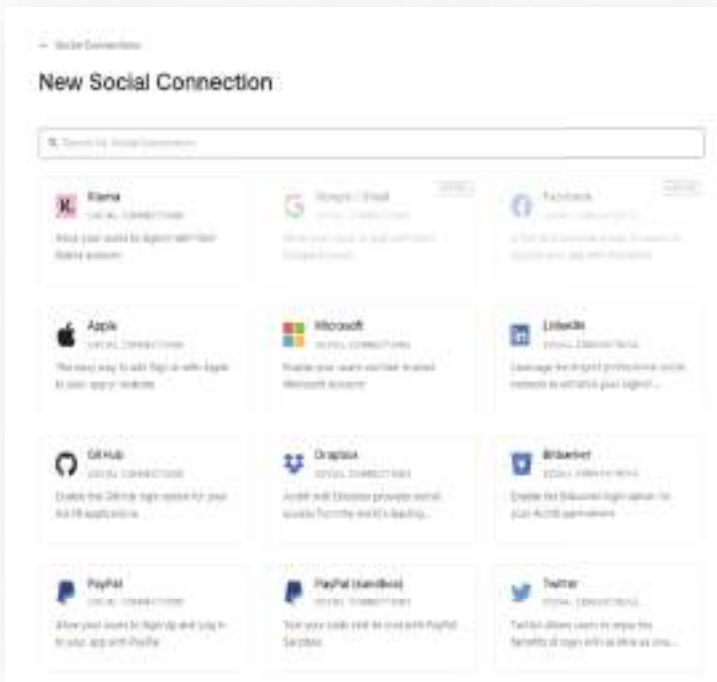
Our social authentication methods include:

- Facebook
- Google
- Apple
- LinkedIn
- PayPal
- Amazon
- Slack
- Twitter
- and 15 other social methods including custom integrations



Sign in with a click of a button

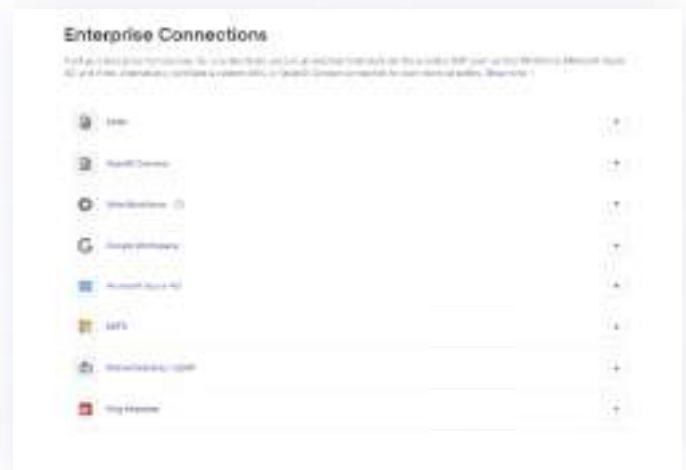
Standard username & password authentication fully supported



Dozens of social authentication methods



Add a new connection in just a few minutes



Full support for enterprise SSO and County log-ins



Proposed point-of-sale and reservation management system must provide a solution for special events permitting that can easily be integrated into this platform free of charge.

In addition to our world-class POS and reservation management system, one of our most popular products is our special events permitting platform that allows for organizers to seamlessly apply for a community event permit within their community, with full approval and management functionality for administrators to track approvals, issue permits, and communicate across departments.

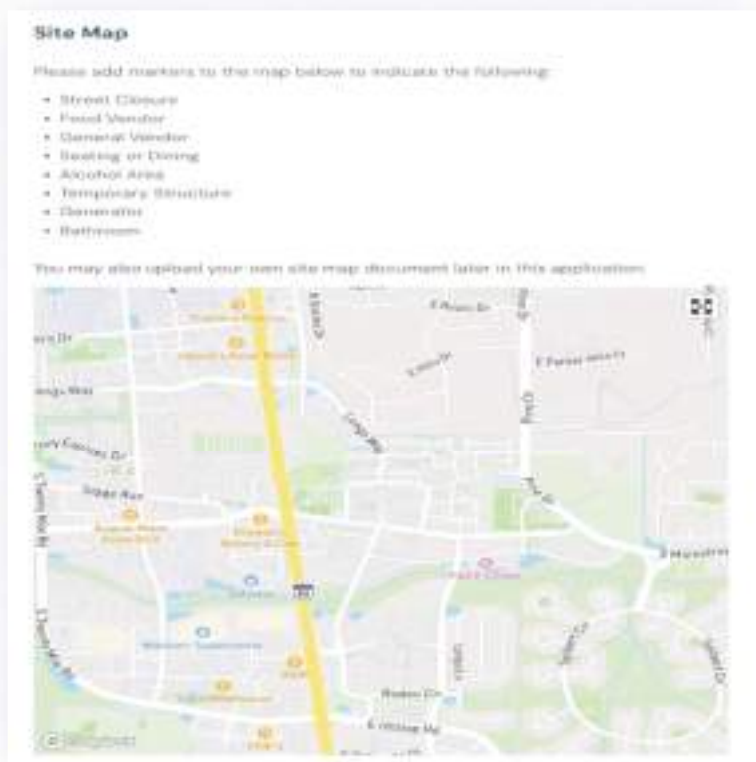
This platform will be easily integrated into the point-of-sale and recreation management system free of charge.

To learn more about the special events permitting solution that we provide, please reference the following screenshots and reference to our deployment with Parker, CO.

Additionally, if you would like a full demonstration of this platform, please visit one of our live communities: <https://communityevents.parkeronline.org>.

Brooke Spain Community Events Coordinator, Parker, CO

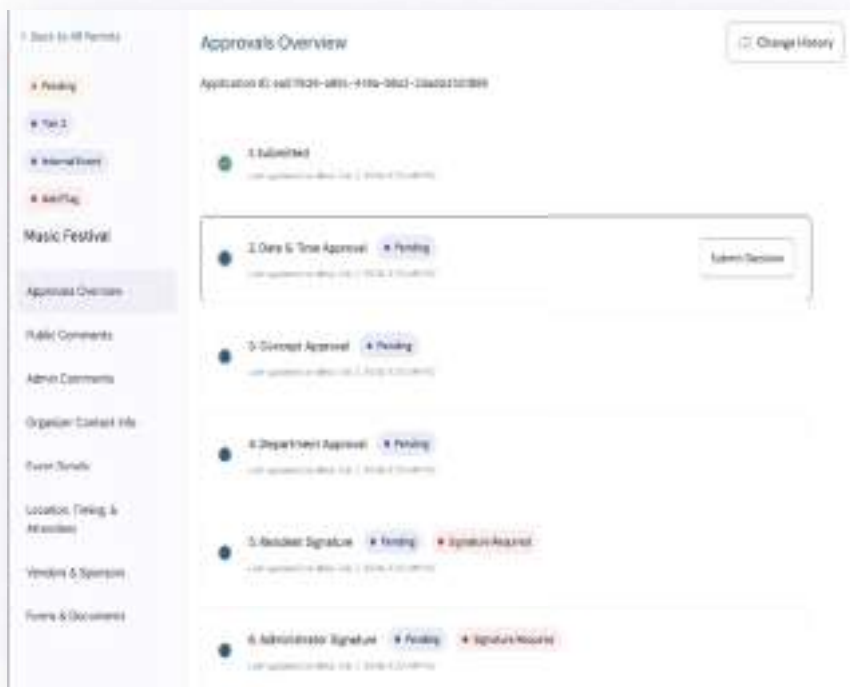
“The Kaizen team has done wonders for our events process. We’ve received so many compliments from staff and residents about how seamless and intuitive the entire system is.”



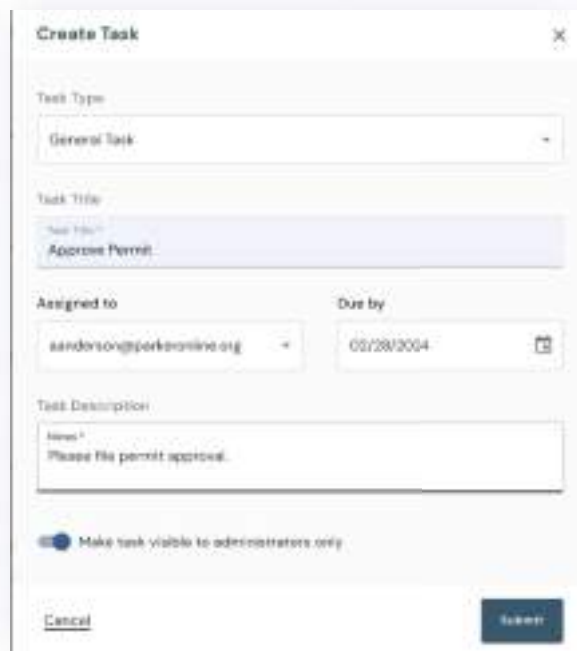
Fully digital site-map with custom icons, markers, and GIS layers



Customized forms tailored around your event process



Seamless back-end to approve and administer permits across departments



Dynamic tasking engine to communicate requests

Are you representing a recognized non-profit organization?

Organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, educational, or other specified purposes and that meet certain other requirements are tax exempt under [Internal Revenue Code Section 501\(c\)\(3\)](#).

Yes
 No

Tax ID or Employer Identification Number (EIN) *

12-1111111

Are you a non-profit located within the Town of Parker?

Yes
 No

Automatic non-profit verification

Fee Statements Change History

	Amount	Payment Date	Status	Actions
<input checked="" type="checkbox"/>	\$50000	Wed, Feb 14, 2024, 8:12 AM PST	Require Confirmation	<input type="button" value="New Notice"/>
<input checked="" type="checkbox"/>	\$50000	Wed, Feb 14, 2024, 8:26 AM PST	Succeeded	<input type="button" value="New Notice"/>
<input checked="" type="checkbox"/>	\$150000	Wed, Feb 14, 2024, 9:17 AM PST	Cancelled	<input type="button" value="New Notice"/>
<input checked="" type="checkbox"/>	\$18000	Wed, Feb 14, 2024, 9:24 AM PST	Succeeded	<input type="button" value="New Notice"/>
<input checked="" type="checkbox"/>	\$50000	Wed, Feb 14, 2024, 10:24 AM PST	Succeeded	<input type="button" value="New Notice"/>

Dynamic fee management

1. Completed

2. Sign & Time Approval Edit Decision

3. Document Approval Decision

4. Document Approval Decision


5. Decision Signatures Signatures

6. Approver Signatures View Signatures

7. Final Approval Edit Decision

View Signature

Last updated by: [Name] on: [Date] [Time] PST



Digital signature management

External Vendor Management

Vendor Name *

Vendor Address *

Vendor Phone *

Full support for external vendor management



Proposed point-of-sale and reservation management system must provide a solution for special events permitting that can easily be integrated into this platform free of charge.

In addition to our world-class POS and reservation management system, one of our most popular products is our special events permitting platform that allows for organizers to seamlessly apply for a community event permit within their community, with full approval and management functionality for administrators to track approvals, issue permits, and communicate across departments.

This platform will be easily integrated into the point-of-sale and recreation management system free of charge.

To learn more about the special events permitting solution that we provide, please reference the following screenshots and reference to our deployment with Parker, CO.

Additionally, if you would like a full demonstration of this platform, please visit one of our live communities: <https://communityevents.parkeronline.org>.

Brooke Spain Community Events Coordinator, Parker, CO

“The Kaizen team has done wonders for our events process. We’ve received so many compliments from staff and residents about how seamless and intuitive the entire system is.”



Proposed point-of-sale and reservation management system must be SOC2 Type I and Type II compliant, HIPAA compliant, and PCI Level 1 compliant for all financial systems.

At Kaizen, maintaining rigorous cybersecurity practices is a tenant of our goal to build modern, performant municipal software. We are proud to share that our software, systems, and integrations have been certified by an award-winning cybersecurity audit firm and third party audits.

The Kaizen Point-Of-Sale and Reservation Management system has the following cybersecurity compliances:

- SOC 2 Type I Compliance
- SOC 2 Type II
- HIPAA Compliance
- PCI Level 1 Compliance for all financial hardware, software, and payments related infrastructure
 - A PCI-certified auditor evaluated our financial system and certified it to PCI Service Provider Level 1. This is the most stringent level of certification available in the payments industry. This audit includes both our Card Data Vault (CDV) and the secure software development of our integration code.

All of our systems are audited quarterly by a cybersecurity audit partner, and all of our cloud services are penetration-tested by third-party firms. Additionally, these cloud services are automatically scanned by our vulnerability scanners that run 24/7 365 against our systems, and manually each time code is deployed to our production systems.

Our cybersecurity audit partner, Vanta, identifies security flaws and privacy gaps in a company's security posture by connecting to core systems to continuously monitor an organization's cloud infrastructure, endpoints, corporate procedures, enterprise risk, and employee accounts.

Additionally, the Kaizen teams maintains a ready-to-view trust center that includes copies of our certifications, continuously monitored access to our real-time systems, and general overviews regarding our cybersecurity posturings. This password protected link can be requested by any of the Pima County team at their interest.

Kaizen Labs

Kaizen is a civic technology company that strives to build a beautiful digital pathway for all municipal resident services. We founded the company because we believed that local governments lacked modern, trusted interfaces for the departments that provided important resident services – public and recreation, parking permitting, citizen engagement, and more.

Overview | Compliance | Resources | **Controls**

Controls

Data and privacy

Customer data destruction timing

Data classification policy established

HIPAA security officer

Security resource center with full reports upon requests

CONTROL	DISCREPANCY	LAST
Employee background checks performed	0.00	CPHARTS (last time)
Date of Contact acknowledged by contractor	0.50	CPHARTS (last time)
Date of Contact acknowledged by employee external	0.40	N/A
Contractor's agreement acknowledged by contractor	0.30	CPHARTS (last time)
Contractor's agreement acknowledged by employee	0.30	CPHARTS (last time)
Performance evaluation conducted	0.00	CPHARTS (last time)

Live controls and tested monitored real-time

Compliance

HIPAA

SOC 2

The most rigorous cybersecurity certifications



Proposed point-of-sale and reservation management system must support dynamic language translation of all interface copy, text, and pages. Google Translate or other automated language translation services are not acceptable alternatives.

At Kaizen, our platforms are designed to be accessible for all users, including and especially those for whom English is not a first-language. Our communities are comprised of diverse individuals and language translation support is a major part of our offering.

The Kaizen Point-Of-Sale and Reservation Management can be translated completely into different languages, including any and all:

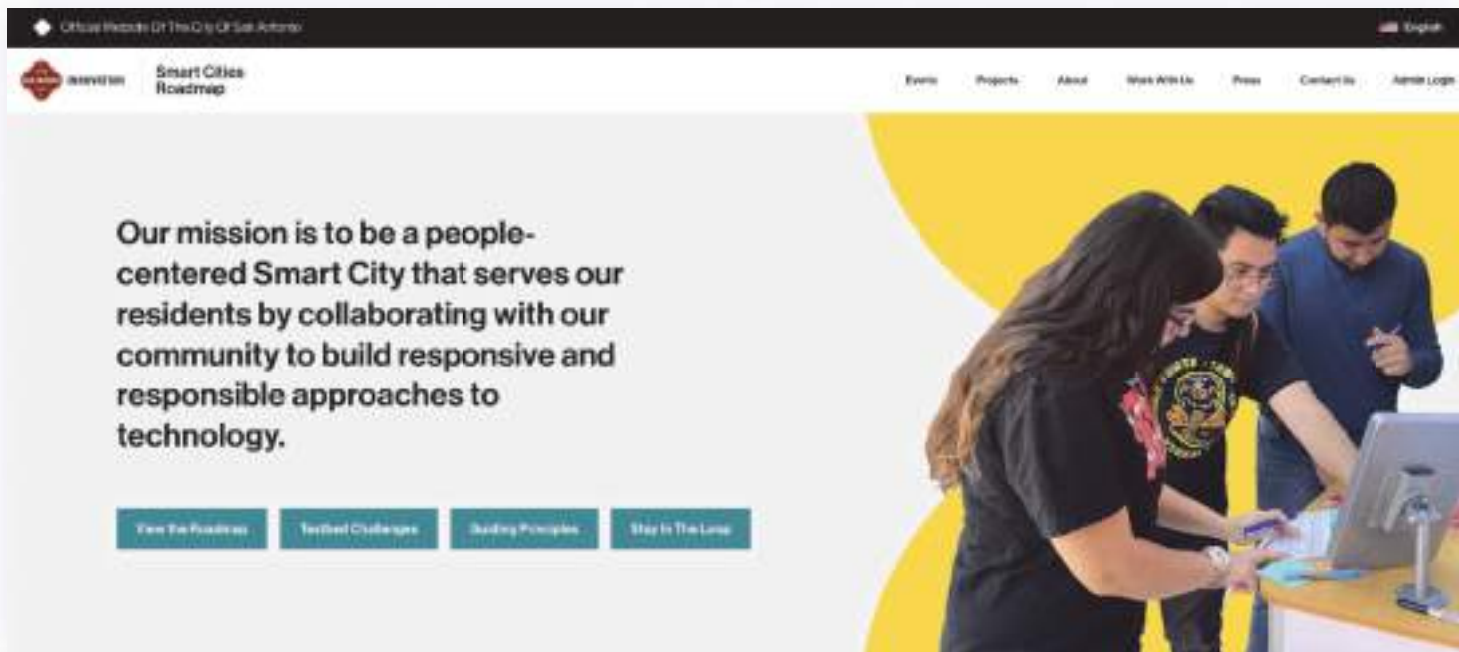
- Typography ✓
- Support Documentation like FAQs and About Pages ✓
- Website Copy ✓
- All Website Pages ✓
- Application Flows ✓
 - All text related to reservations, memberships, registrations, and guidelines.

More importantly, we do not pass our platform through Google translate or other automated language translation services. Our translation engine is fully native in the platform.

Our translation engine maps every keyword referenced on our sites to an individual identifying code that is then translated by community language experts and updated real-time as website copy changes.

Our website is capable of translating website content instantly, and we strongly encourage the Pima County team to reference our work with the City of San Antonio, where language translation into Spanish was required for their team.





Our native language translation system in action with San Antonio



Our native language translation system in action with San Antonio



Proposed point-of-sale and reservation management system must be capable of supporting more than 5,000 concurrent user sessions with no performance degradation. If uptime is not guaranteed to County specifications, County must be entitled to renumeration or contract cancellation without penalty.

At Kaizen, performant systems that function seamlessly during high loads are one of our top priorities.

Our engineering team comes from the world's leading technology companies like Tesla, Rivian, Airbnb, Palantir, Google, Meta, and more. Our programmers have had decades of experience building applications that are used by millions of users from different geographies.

The Kaizen platform is capable of supporting 10,000 concurrent user sessions with no performance degradation. These standard has been extensively tested in third-party settings, cybersecurity audits, and internal engineering load testing.

Additionally, if system uptime is not guaranteed to County specifications, the County is entitled to renumeration or contract cancellation without penalty. Please reference our contract example referencing these kinds of uptime clauses on the following pages.

We stand behind our work and each of our deployed systems comes with the following performance features:

- Support for 10,000 concurrent user sessions with no performance degradation ✓
- Our Edge Network enables us to store content close to our customers geographically and run compute in regions close to their data, reducing latency and improving end-user performance. ✓
- Our Edge Network is both a Content Delivery Network (CDN) and a globally distributed platform for running compute in regions around the country. ✓
- Protective clauses for our customers regarding customer service, uptime, and other performance metrics. ✓



Real-time performance analytics with servers capable of handling over 10,000 concurrent user sessions.

(b) Penalties for Failure to Reach Agreed Level of Service:

- If Availability is below the agreed level of Availability for the Subscription Services, the Town is entitled to a price reduction of the pro-rata Fee for the Subscription Services, calculated on a monthly basis, as shown below.

Monthly Availability Percentage	Monthly Price Reduction
98 - 98.9%	2%
97 - 97.9%	4%
96 - 96.9%	8%
95 - 95.9%	14%
94 - 94.9%	20%
Below 94% two times in any six month period (within the same Subscription Period)	The Town shall be entitled to termination.

The maximum monthly price reduction in the event of failure to meet Availability that can be credited to the Town is 20% of the monthly Fee for the Subscription Services. Any failure below 94% that occurs during two (2) months in any six (6) month period (within the same Subscription Period) shall entitle the Town to terminate this Agreement and receive a refund for any prepaid, unused Fees. Kaizen shall include the credit in the next invoice for the Subscription Services, which may be for a Renewal Subscription Period. If the Town elects not to renew this Agreement or if the Agreement is terminated, any such services credits shall be paid to the Town in the form of a check or ACH payment promptly following such termination or non-

Real contract language reflecting remuneration and entitlement to cancellation if we don't meet key uptime requirements. Fully available upon request.

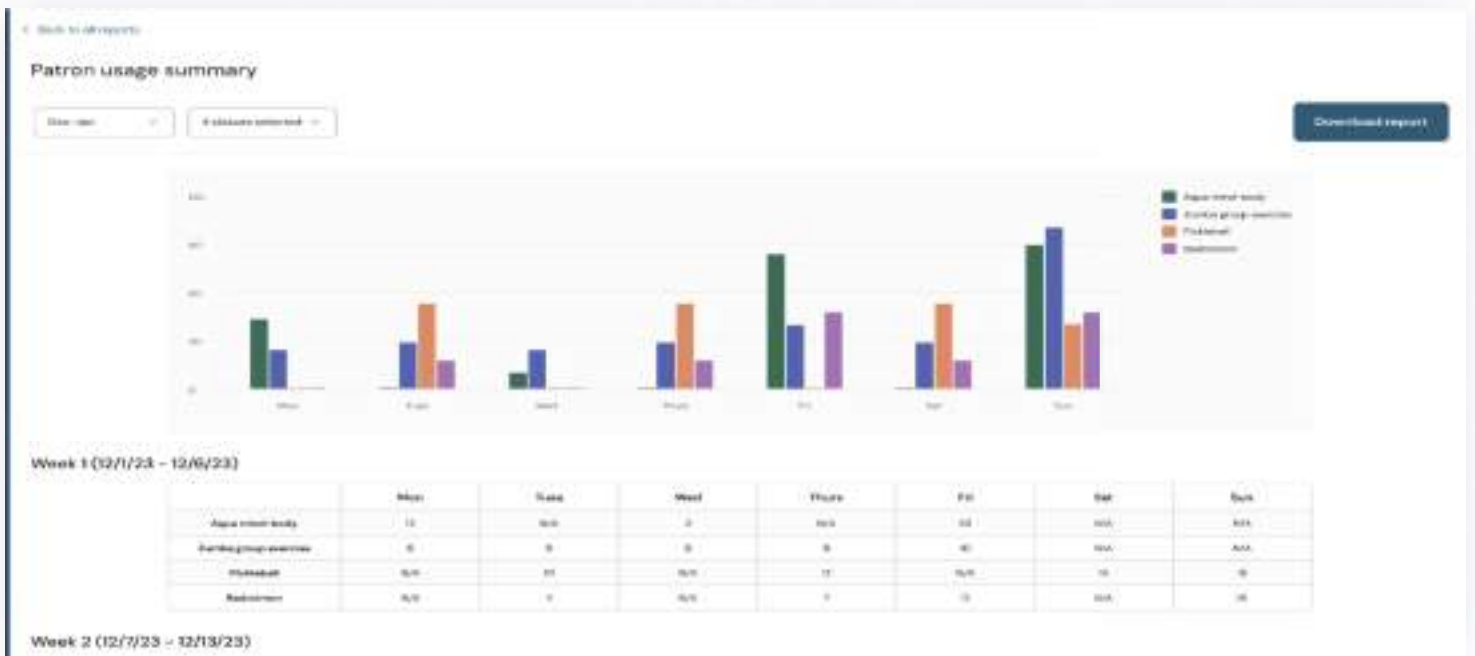
28

Proposed point-of-sale and reservation management system must come with unlimited support for customized reports for all program, membership, rental, and financial reports free of charge.

As we hope is evident in our business model, customer references, and company philosophy, free customization is how we operate. Our intention is not to sell a community several different modules for fixed costs that accrue additional fees every time a custom ask or feature request is made.

Instead, we aspire to build the best possible product that will improve your workflow. **This includes financial reports** and related workflows:

- Unlimited customized reports for program, membership, rental information ✓
- Unlimited customized reports for all financial information and exports ✓
- Native integration into a County ERP or Financial System. We have ready-to-deploy native integrations with the following ERP and financial systems ✓:
 - Tyler Munis
 - Tyler New World
 - Tyler Eden
 - Workday
 - Oracle Netsuite



Fully custom reporting and data visualization depending on the County's needs

Reporting & analytics

- Facility reports
- Member tips
- Programming reports
- Financial**
- Account

- Transaction summary
- Daily cash balance
- Deposits and receipts

Sending data to ERP

Please wait while we sync your data.
You may return to this screen.

Automatically sync reports and financial information to the County ERP system. We can readily demonstrate an integration real-time upon request.



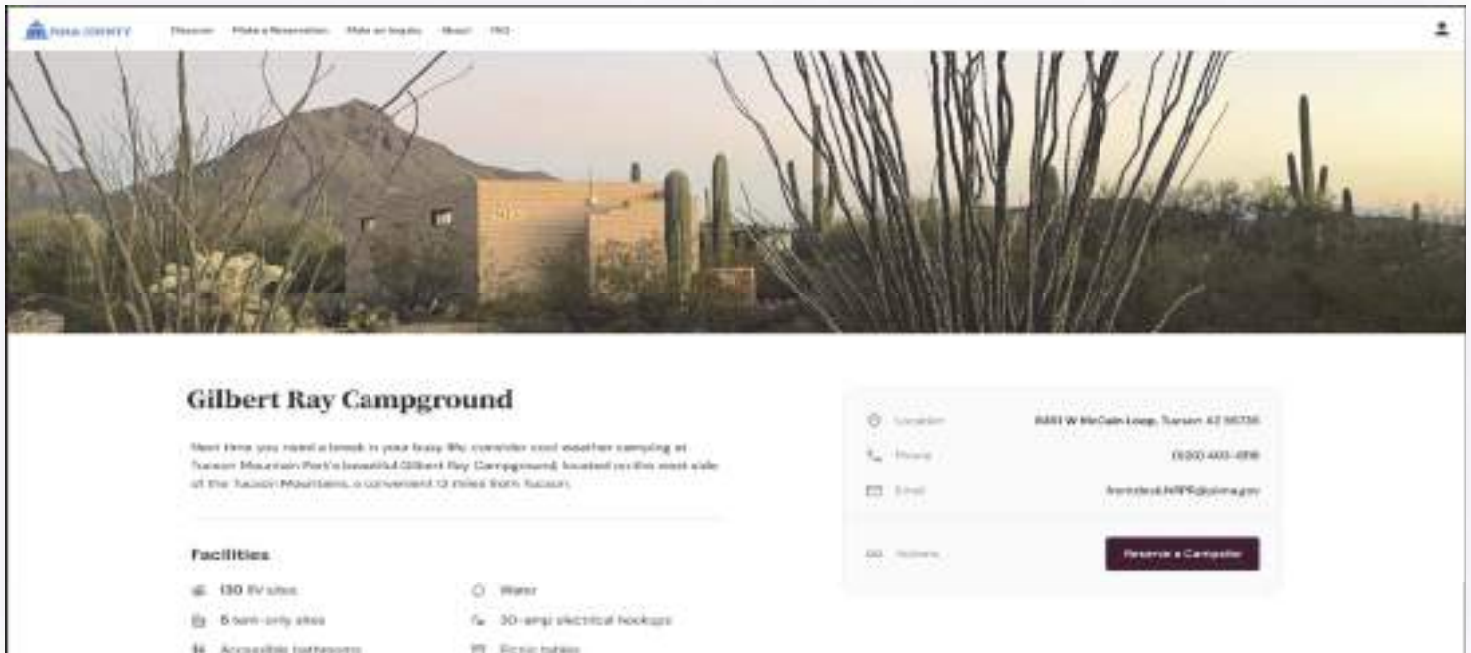
Proposed point-of-sale and reservation management system must be completely customizable with different topography, branding, and marketing materials that are specified by County and NRPR staff.

As we hope is evident in our business model, customer references, and company philosophy, free customization is how we operate.

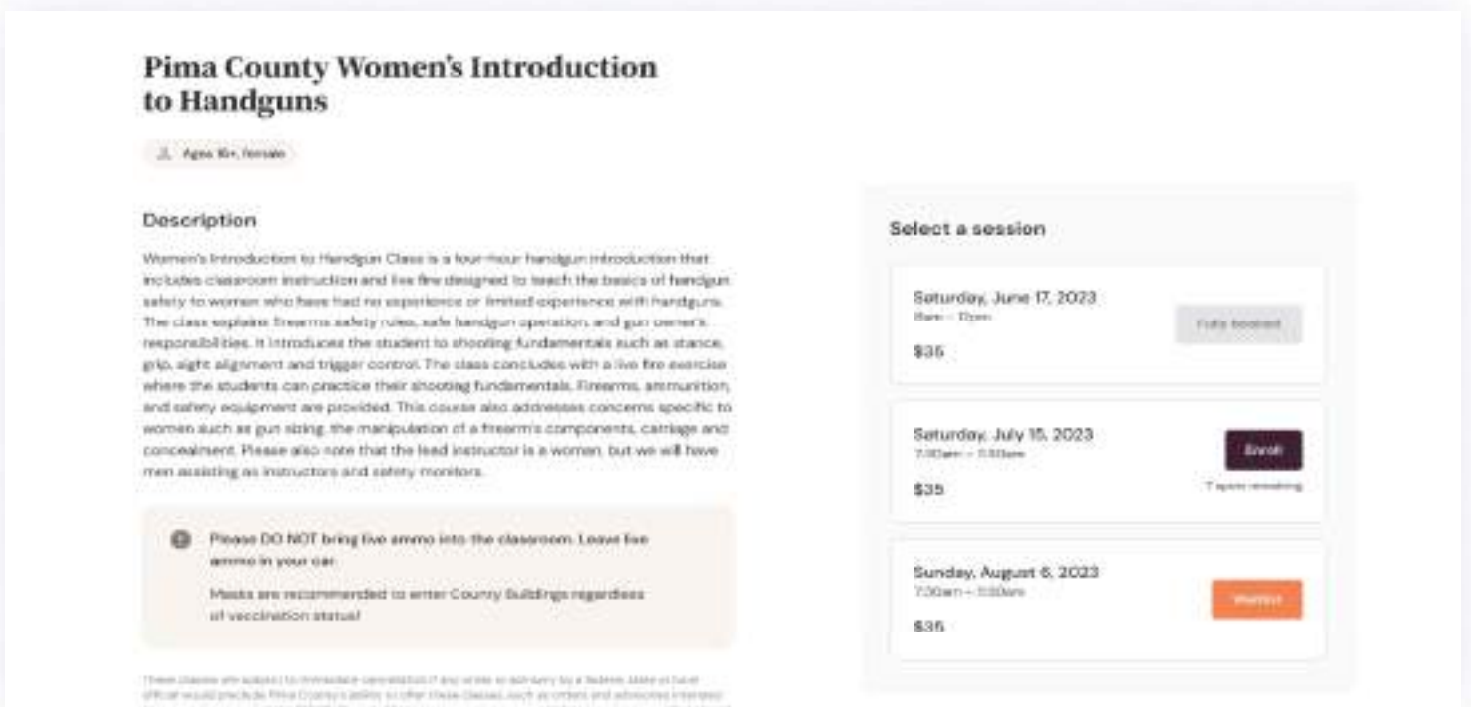
Our team has won awards and recognition around State Parks & Recreation associations around the country for how customizable our products are - we build a platform with the expectation that it looks and feels like it has been built exclusively for Pima County.

We provide deep and rich customization to the overall website that powers our platform, including the following essential pieces **free-of-charge**:

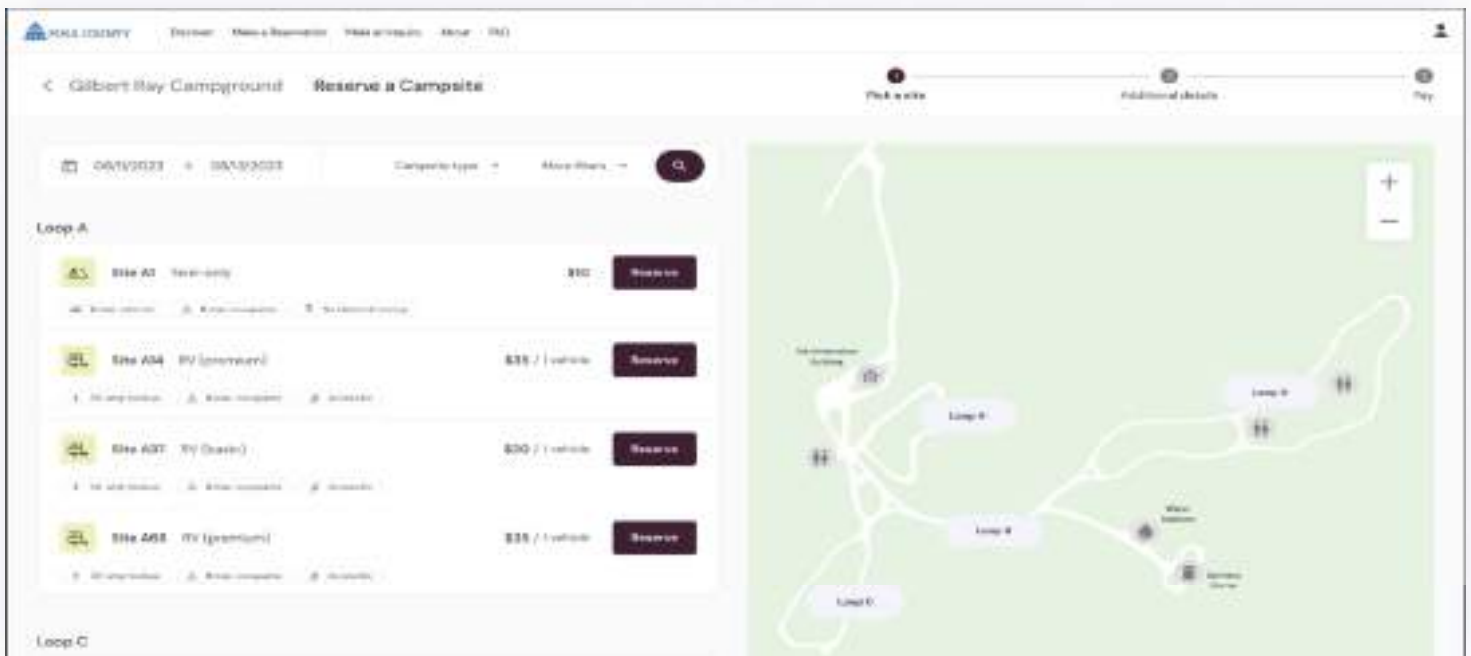
- Unlimited customized website pages, typography, branding materials, and more ✓
- Rich photography of facilities, activities, and events to aid website aesthetic ✓
- Seamless integration into County website to prevent user from having to make several clicks to get to the one reservation page ✓
- Integration into an official sub-domain of the County (like reservations.pima.gov) to improve SEO ranking and resident trust ✓
- Fully visualized and custom map layers for campground facilities ✓
- Custom iconography ✓



Custom typography, coloring, and branding to match mainline County or City website aesthetic



Smart, clean visualization of important activities



Custom typography, coloring, and branding to match mainline County or City website aesthetic



Custom map layers that match your facility

Additional Details

We'll need a few additional details for your booking.

You are logged in as an administrator. Are you making this reservation for internal use or on behalf of another user?

Yes

No

Full Name (first and last) *

Nikki Reddy

E-mail address *

nreddy@kaizenlab.com

Phone Number *

Address *

2006 Biarritz Pl

City *

San Jose

State

CA

Zip *

95138

Please provide the requested details below based on the the sport you'll be utilizing this field for

Special size and paint line requests

Customized question workflows for different reservation types

Additional Details

We'll need a few additional details for your booking.

You are logged in as an administrator. Are you making this reservation for internal use or on behalf of another user?

Yes

No

Full Name (first and last) *

Nikki Reddy

E-mail address *

nreddy@kaizenlab.com

Phone Number *

Address *

2006 Biarritz Pl

City *

San Jose

State

CA

Zip *

95138

How many people do you expect?

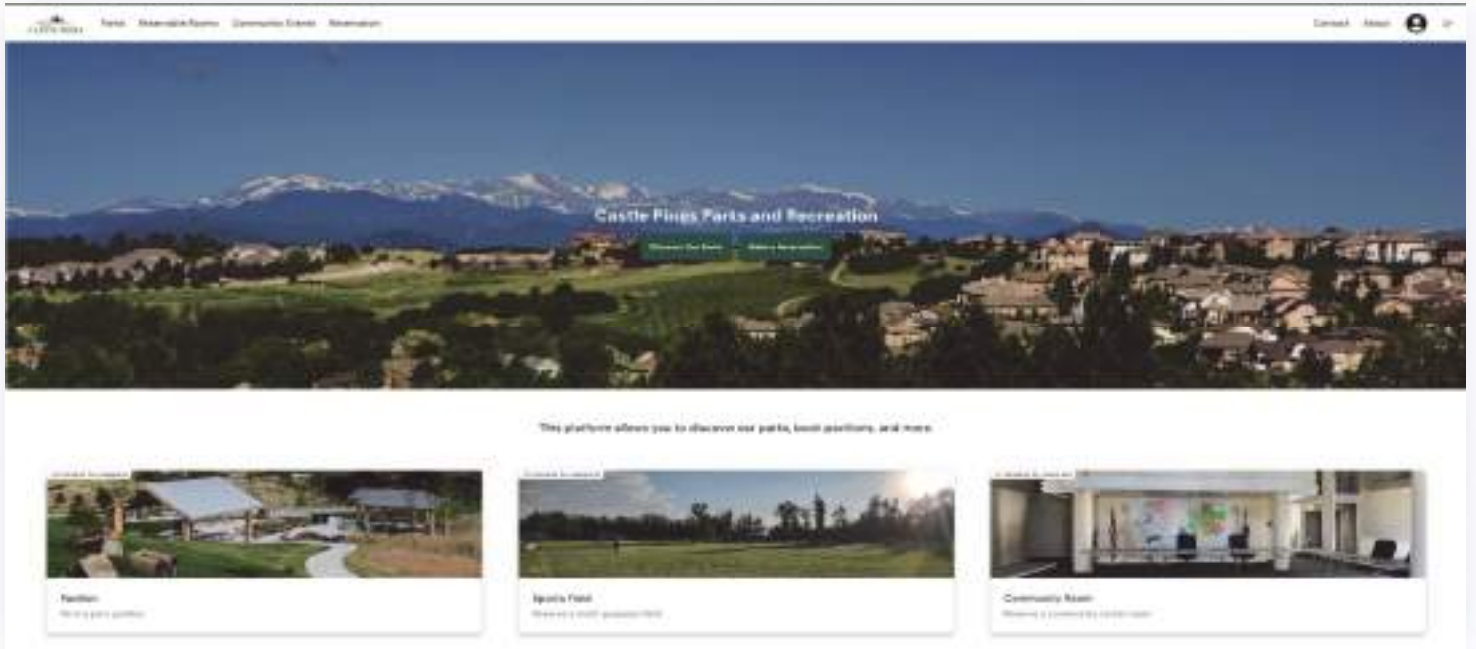
Total # of people *

Please describe the purpose of your booking.

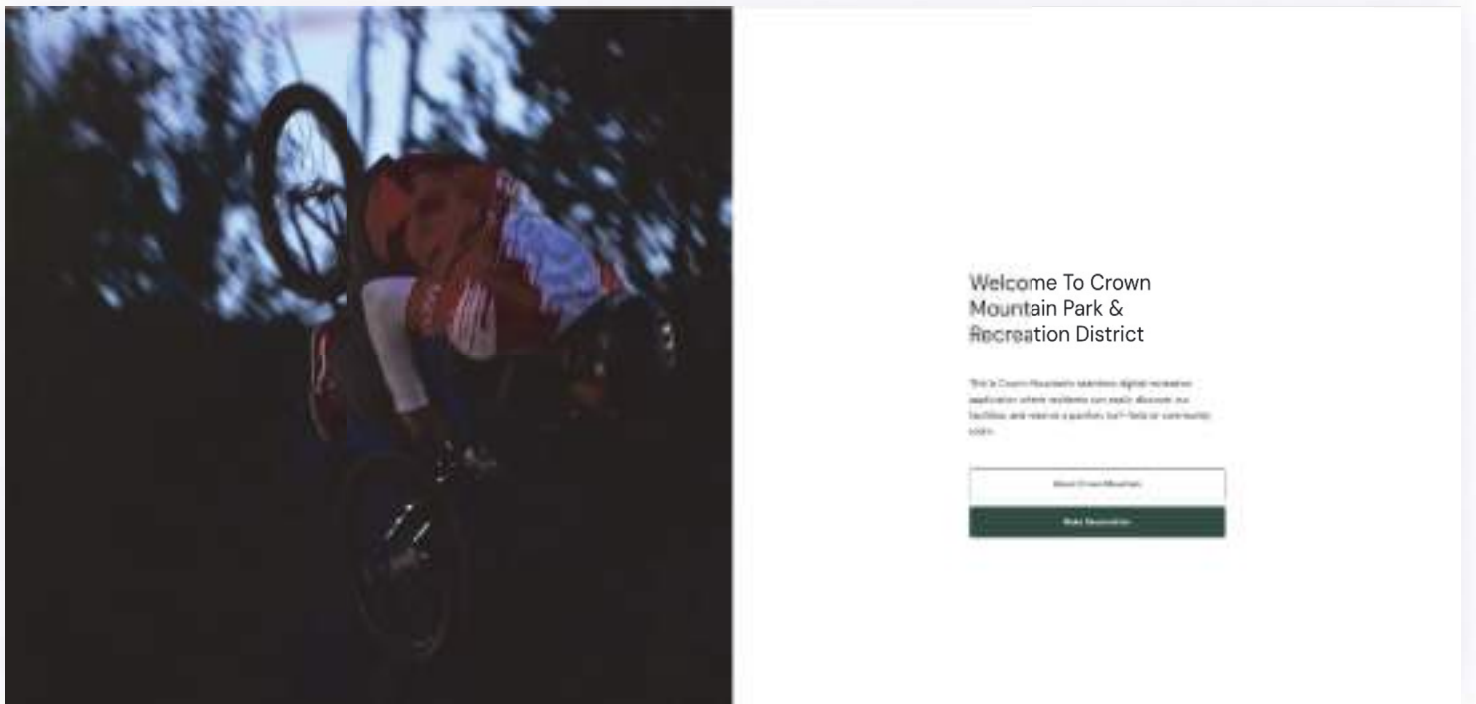
Name, type, and/or purpose of event *

Are you a resident of Castle Pines?

Automatically sync reports and financial information to the County ERP system. We can readily demonstrate an integration real-time upon request.



Custom typography, coloring, and branding to match mainline County or City website aesthetic



Native integration of videography onto bold website pages



Proposed point-of-sale and reservation management system must support text and email based scheduled messaging.

Our platform natively supports text or e-mail based schedule messaging. Often times, administrators may want to inform program registrants, a newsletter list, or generally notify individuals during severe weather or emergencies.

We have built a robust text and e-mail based messaging feature that allows for:

- Sending individuals or an entire roster or database a message ✓
 - Through SMS
 - Through e-mail
- Simple visualization of message history ✓
- Recurring schedules are allowed ✓
- Adding attachments ✓
- Smart reminders ✓
- Notifications when e-mails land in spam or are not opened ✓



Send a Message [View Message History](#)

Recipients: Select all

Schedule time:

Date/Time:

Email Text Message

Type your message

Attachments:

October 2023

Mo	Tu	We	Th	Fr	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Oct 16, 2023

Send via text or e-mail, add attachments, and configure a schedule

Send a Message **View Message History**

Message	Status ↓	Type ↓	Schedule/sent ↓
Important closure announcement fo...	Scheduled	SMS	Oct. 16, 6:00 AM
Class postponed until later today, un...	Scheduled	Email	Oct. 16, 7:00 AM
Please be sure to bring your permiss...	Sent	Email	Sept. 20, 6:00 AM
Reminder: Field closures due to main...	Sent	Email	Sept. 12, 6:00 AM
Weather alert: All activities postpone...	Sent	Email	Sept. 9, 6:00 AM
Thanks for a great season! We're so g...	Sent	SMS	Aug. 22, 6:00 AM
Important announcement: Don't forg...	Sent	SMS	Aug. 8, 6:00 AM
Please be sure to bring your permiss...	Sent	Email	Aug. 2, 6:00 AM
New registration period starting soo...	Sent	Email	July 29, 6:00 AM
Important closure announcement fo...	Scheduled	SMS	July 15, 6:00 AM
Important closure announcement fo...	Sent	Email	July 14, 6:00 AM
Important closure announcement fo...	Sent	SMS	June 3, 6:00 AM
Important closure announcement fo...	Cancelled	Email	June 2, 6:00 AM

Easily view past messages



Proposed point-of-sale and reservation management system must have the following specific modules: campground reservations, merchandise and concession sales, and programs, camps, class, and membership registration.

Our platform natively supports several different modules that power a robust set of features and needs across all of Pima County's different needs.

The Kaizen platform allows for seamless configuration of different modules for the following features. Enabling any of these modules comes free-of-charge with seamless administrator configuration:

- Campground reservations
 - Native and customized visualizations for your specific campground(s)
 - Seamless booking workflows that are mobile-optimized for staff and residents
- Point-of-Sale systems to support Merchandise and Concessions sales
 - Customizable POS interfaces to easily checkout users and process payments
 - Mobile workflows to support maximum flexibility for customers
 - Powerful analytics and tooling like inventory management, scheduled messaging, and
- Programs, classes, and memberships registrations
 - Seamless discovery of events, classes, and programs hosted by the Pima County NRPR team
 - An easy registration workflow to sign custom waivers, upload documentation, and pay for these programs
 - Efficient membership registration according to different user groupings and types.
 - Digital pass management to allow memberships to be accessed via Apple and Android wallet
- Live ticketing and event management
- League management

PIMA COUNTY Home Make a Reservation Make an Inquiry About Us

Gilbert Ray Campground

Next time you need a break in your busy life consider cool weather camping at Tucson Mountain Park's beautiful Gilbert Ray Campground, located on the west side of the Tucson Mountains, a convenient 12 miles from Tucson.

Facilities

- 130 RV sites
- 5 bath-only sites
- Accessible bathrooms
- Water
- 30-amp electrical hookups
- Picnic tables

Location: 881 W McCain Loop, Tucson AZ 85736
 Phone: (520) 403-4788
 Email: ArmedAndAmp@pima.gov

[Reserve a Campsite](#)

Seamless discovery of community facilities

Pima County Women's Introduction to Handguns

Age 18, Female

Description

Women's Introduction to Handgun Class is a four-hour handgun introduction that includes classroom instruction and live fire designed to teach the basics of handgun safety to women who have had no experience or limited experience with handguns. The class explains firearms safety rules, safe handgun operation and gun owner's responsibilities. It introduces the student to shooting fundamentals such as stance, grip, sight alignment and trigger control. The class concludes with a live fire exercise where the students can practice their shooting fundamentals. Firearms, ammunition, and safety equipment are provided. This course also addresses concerns specific to women such as gun sizing, the manipulation of a firearm's components, carriage and concealment. Please also note that the lead instructor is a woman, but we will have men assisting as instructors and safety monitors.

Please DO NOT bring live ammo into the classroom. Leave live ammo in your car.

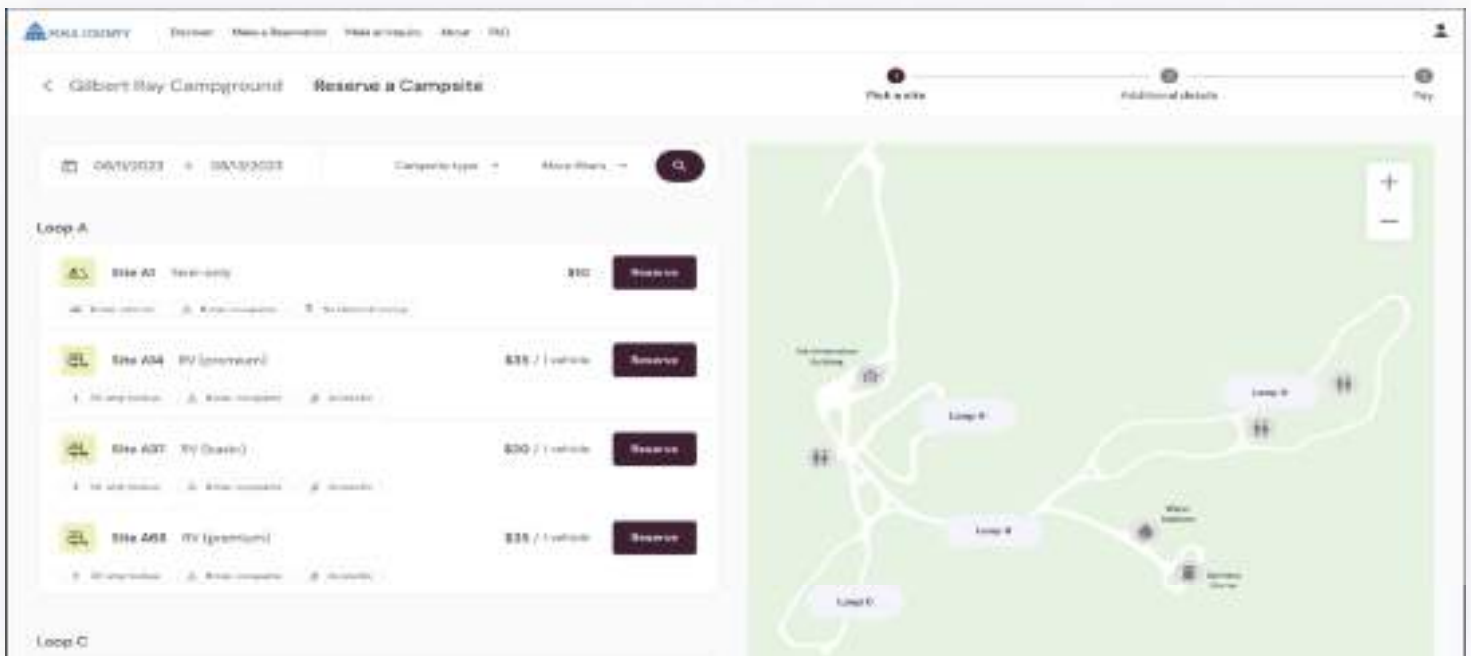
Masks are recommended to enter County Buildings regardless of vaccination status.

Select a session

- Saturday, June 17, 2023
9:00am - 12:00pm
\$35
Fully booked
- Saturday, July 15, 2023
7:00am - 10:00am
\$35
Spots remaining
- Sunday, August 6, 2023
7:00am - 10:00am
\$35
Waitlist

These classes are subject to immediate cancellation if the state or federal government issues a health order that would prohibit Pima County's policy to offer these classes, such as orders and advisories regarding mask-wearing or social distancing.

Smart, clean visualization of important activities and programs




Custom reservation flow for campgrounds




Custom map layers that match your facility

Campsites
Concessions


All products
Merchandise
PASSES
Search




Popsicles
\$5.00




Firewood bundle
\$10.00




Marshmallows
\$5.00




Graham crackers
\$5.00




Ice (7 lb.)
\$5.00




Rain poncho
\$5.00




T-shirt
\$30.00




Paddlesport rental
4 options




Day pass
\$5.00



Annual sticker
\$25.00



Gift certificate



Violation payment

Cart

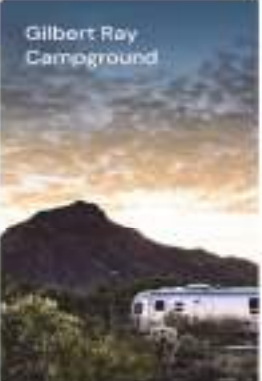
Subtotal	\$0.00
Tax and fees	\$0.00
Total	\$0.00

Place order - \$0.00

Stunningly simple POS for staff

Campsites
Concessions

→
Campsite type ▾
More filters ▾



Gilbert Ray
Campground


<p>Loop A 10 / 30 sites available</p>	Reserve
<p>Loop B 5 / 30 sites available</p>	Reserve
<p>Loop C 5 / 30 sites available</p>	Reserve
<p>Loop H No sites available</p>	

Cart

Subtotal	\$0.00
Tax and fees	\$0.00
Total	\$0.00

Place order - \$0.00

Customizable across various product types and needs



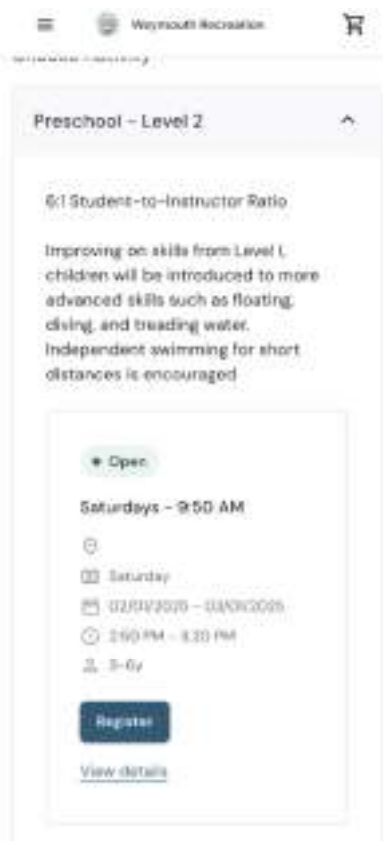
Page 32 of 47



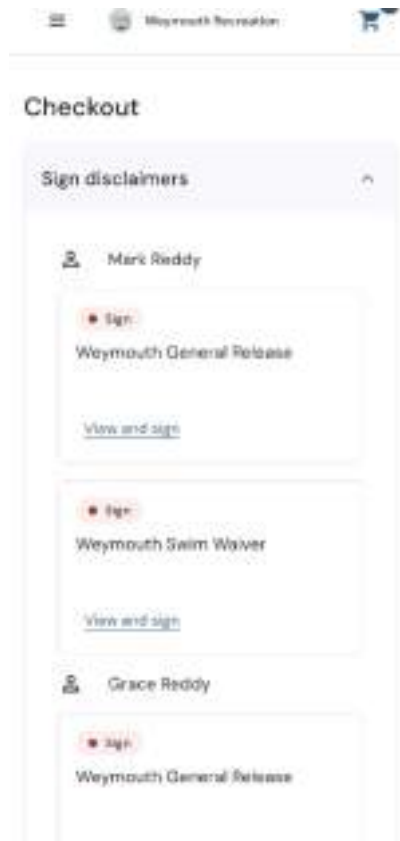
Seamless program discovery



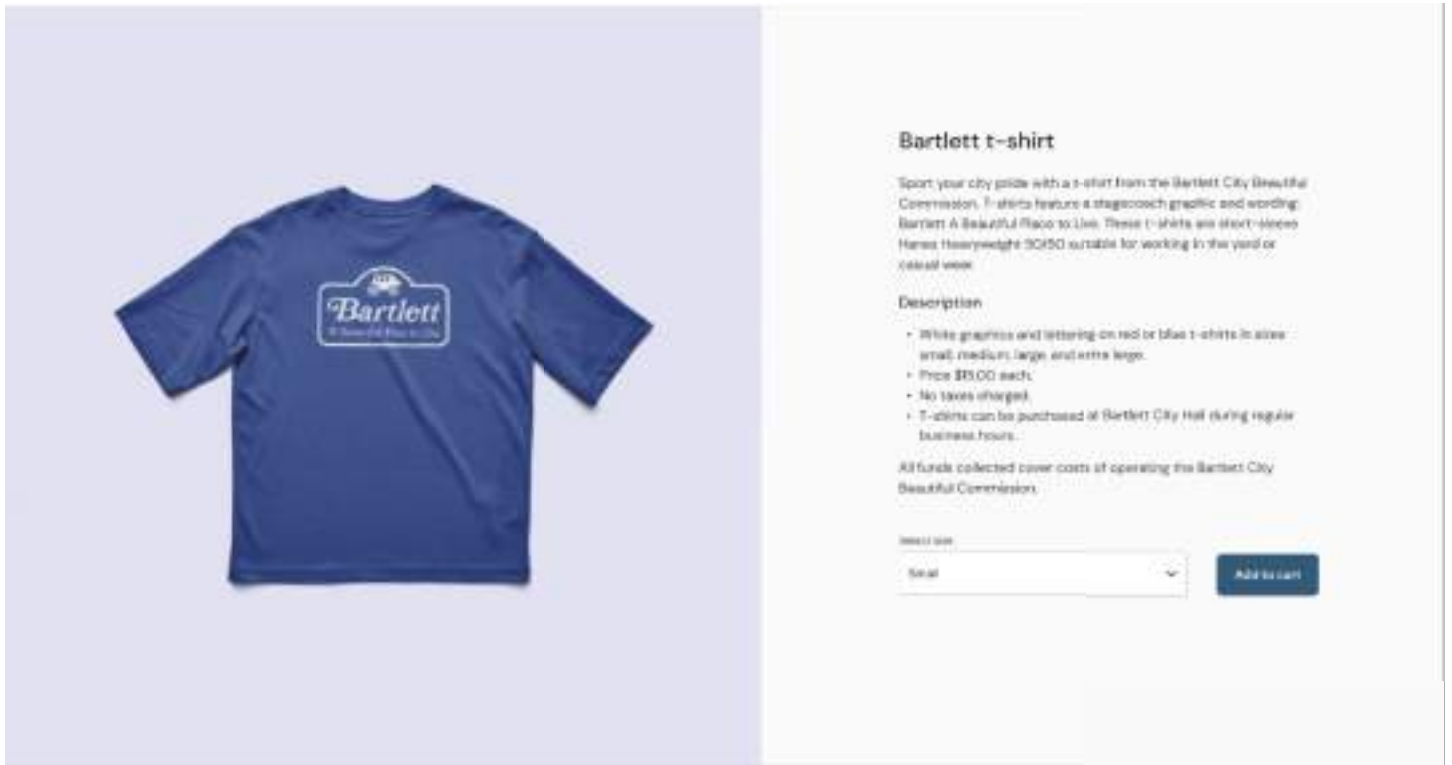
Built for mobile



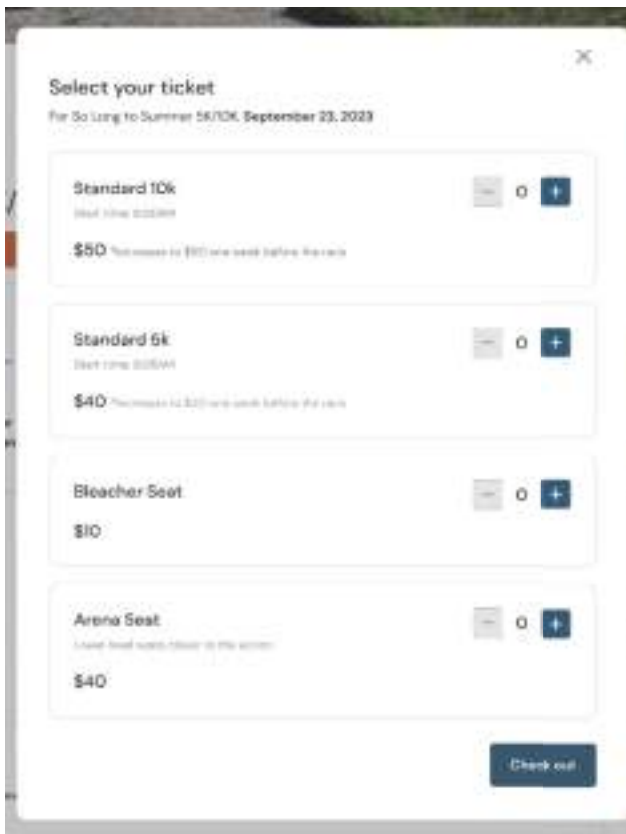
Seamless registration experience



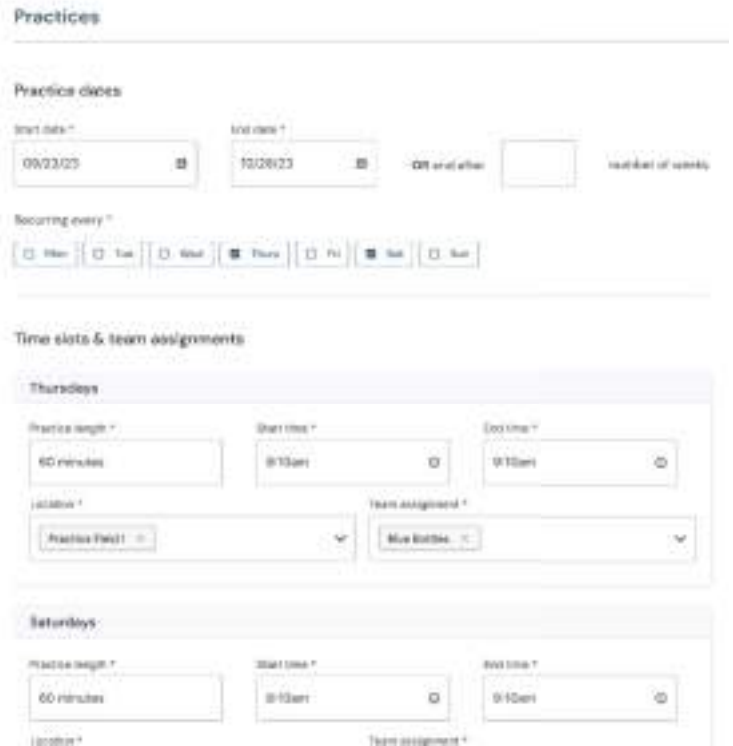
Fully digital waiver management



Built-in merchandising



Built-in event ticketing & management






Built-in league management

=

Proposed point-of-sale and reservation management system must have a Google Lighthouse score greater than 90 to meet various accessibility standards and load times.

We take great pride in our commitments to accessibility, usability, and a modern feel across all of our platforms. By making the technologies are more accessibility-friendly and usable for all groups of people across all devices, we believe strongly in our ability to help our communities serve more people with higher quality service.

Please find our accessibility commitments and audited standards below:

- Google Lighthouse score greater than 90 
 - Google Lighthouse is a free analytics tool that analyzes performance of web-applications across various usability and accessibility metrics. We are proud to boast an average score of 97 across all of our applications.
 - These tests are re-run on a quarterly basis and passed to our engineering team for frequent revision and improvement.
- SOC 2 Type I, Type II, and HIPAA Compliance 
 - We hold ourselves to the most rigorous cybersecurity standards to ensure our platforms are secure and built upon the latest innovations in web-development technologies.
 - As a requirement to maintain our various certifications, we perform quarterly penetration testing, accessibility auditing, and performance analysis.
- Award-winning engineering and design team 
 - Our design and engineering team have won countless awards in product design, branding, marketing, and software engineering .
 - Our stellar team has come from the world's leading technology companies like Apple, Google, Meta, and Airbnb, and along with our rich advisory team made up of former Parks & Recreation professionals, we can build the best application possible.



Best Practices

An example report of running a Lighthouse analysis on one of our platforms. A full summary can be requested at anytime by our team.





Proposed point-of-sale and reservation management system must be built upon the latest web development frameworks that are optimized for mobile-friendliness and scale, such as React, Vue, or NextJS.

We take great pride in our commitments to building a modern web-application that looks, feels, and performs like the consumer technology applications we use on a daily basis. Part of this effort includes committing to the latest web development technologies, frameworks, and programming frameworks.

When we use the latest and most performant technologies to build our software, our customers have a higher quality experience, the system is faster and less prone to performance degradation, and most importantly, we are deploying systems that can last for a new generation of use cases.

Our platform is **100% built, designed, and implemented** using the following web development frameworks:

- NextJS 
 - NextJS is a React framework that enables several extra features, including server-side rendering and generating static websites. React is a JavaScript library that is traditionally used to build web applications rendered in the client's browser with JavaScript. Developers recognize several problems with this strategy however, such as not catering to users who do not have access to JavaScript or have disabled it, potential security issues, significantly extended page loading times, and harm to the site's overall search engine optimization. Frameworks such as NextJS sidestep these problems by allowing some or all of the website to be rendered on the server-side before being sent to the client.
 - Google has contributed to the NextJS, and as of March 2024, the framework is used by many large companies, including Walmart, Apple, Nike, Netflix, Uber, Lyft, and Starbucks.
- React 
 - React is a free and open-source front-end JavaScript library for building user interfaces based on components. It is maintained by Meta (formerly Facebook) and a community of individual developers and hundreds of thousands of companies and organizations.
 - React can be used to develop single-page, mobile, or server-rendered applications with frameworks like NextJS.



Proposed point-of-sale and reservation management system must include a native event ticketing platform or integrate with an outside platform with that functionality that Proposer provides at no additional cost.

The Kaizen platform allows for seamless configuration of a native event and live-ticketing module that is available free-of-charge:

- Purchasing different ticket types ✓
- Gorgeous discovery of events and browsing experiences ✓
 - Shareable calendar links
 - Sending e-mail or text message notifications to guests
- QR-code based ticketing with functionality to add to digital wallet ✓
- Seamless support options to communicate with staff ✓
- Real-time event tracking and analytics ✓

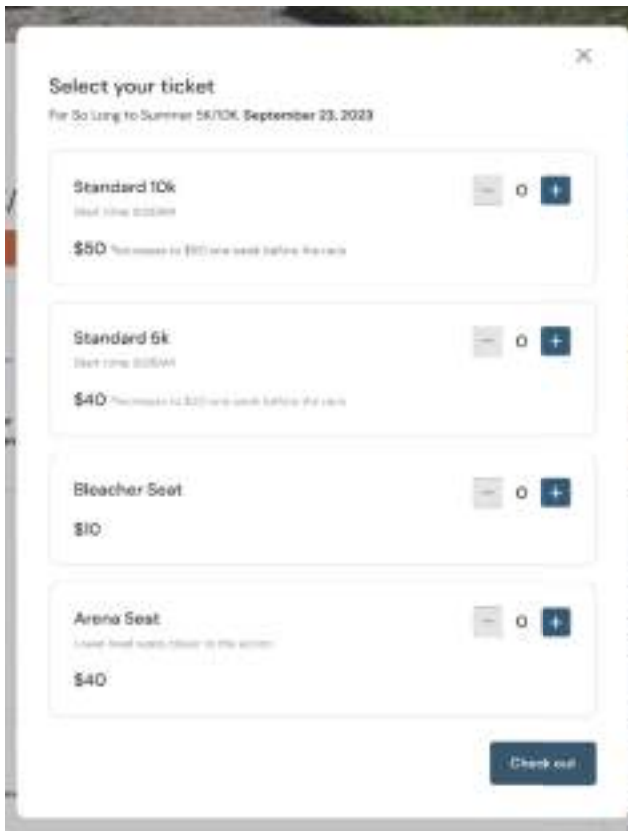
Jump to

- Facilities
- Community Events
- Recreation Programs
- Sports Leagues

See below for our 2023 Festivals, Street Fairs & Concerts. Please visit our calendar for details about a wide variety of additional events.



Beautiful discovery of events to register and buy tickets for




Support for various ticket types



Shareable links and rich photo-driven discovery experience

Billing information

Order Summary



So Long to Summer 5K/10K
Total price: \$38.52
1 x Bleacher Seat
1 x Premium Seat
September 23, 2023
1pm - 3:30pm
Processing fees: \$3.52

Seamless check-out flow

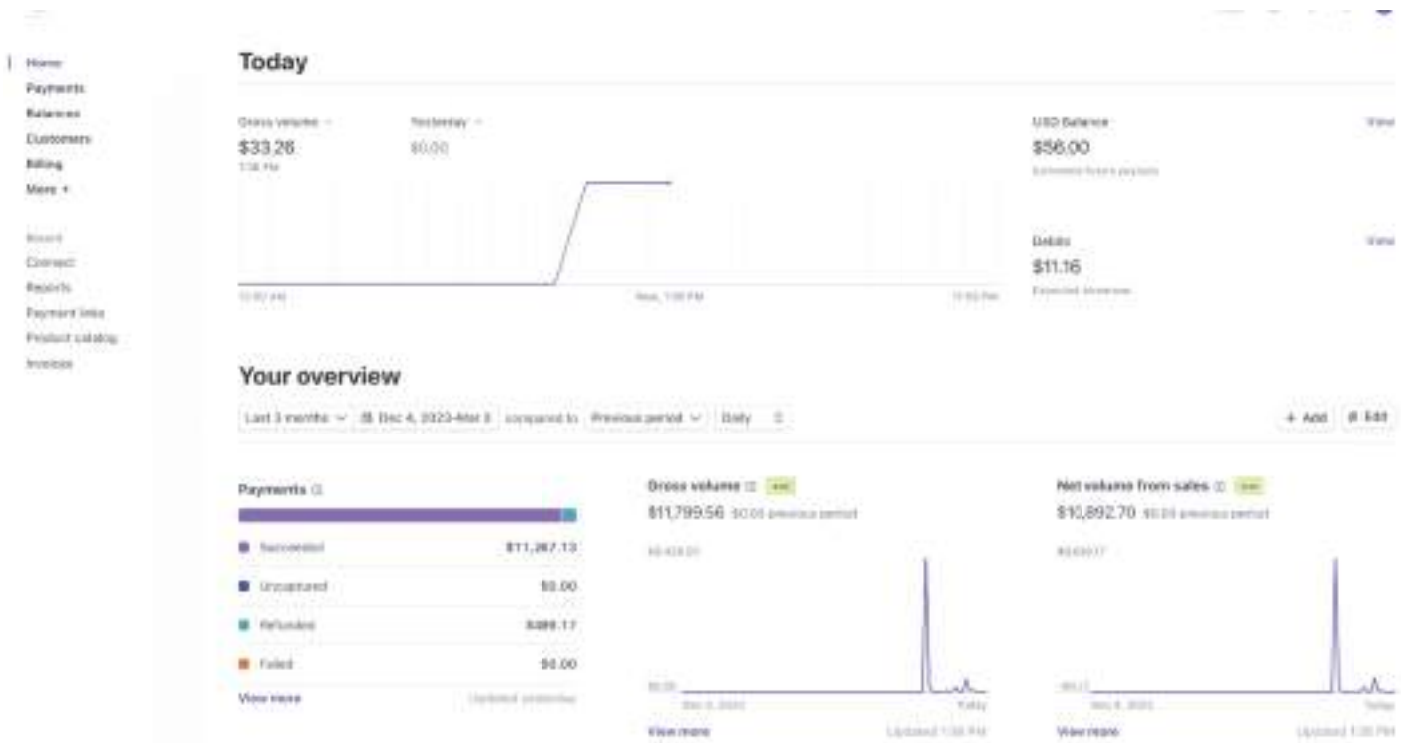


Fully digital passes and tickets



Proposed point-of-sale and reservation management system must integrate directly into Stripe for processing and reporting of all electronic payments.

Our platform's financial engine is built and integrated 100% with Stripe for processing and reporting of all electronic payments .



Gorgeous payment dashboards

Payments

All payments 222

Successful: 222, Refunded: 0, Uncaptured: 0, Failed: 0

Amount	Status	Payment method	Description	Customer	Date
\$22.26	Successful	Card	pl_38x112dyf01enfv8h42P1	lilyway2@gmail.com	Mar 2, 10:32 AM
\$15.05	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Mar 1, 11:28 PM
\$15.05	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 3:42 PM
\$15.05	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 5:42 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 1:59 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 11:42 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 9:42 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 3:42 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 28, 3:42 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 10:32 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 10:32 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 8:32 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 7:32 PM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 10:32 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 27, 10:32 AM
\$10.01	Successful	Card	pl_38x120dyf01enfv8h42P1	lilyway2@gmail.com	Feb 26, 8:32 PM

Viewing 1-25 of 222 results

Practices

Practice dates: Start date: 09/23/23, End date: 10/08/23

Recurring every: Mon, Tue, Wed, **Thu**, Fri, Sat, Sun

Time slots & team assignments

Thursdays

Practice length: 60 minutes, Start time: 8:00am

Saturdays

Practice length: 60 minutes, Start time: 8:00am

Built-in league management

Full payment analytics and breakdowns

Irene Bell New customer

renesteveb@yahoo.com

Create payment Create invoice

Subscriptions

No subscriptions

Payments

Amount	Description	Date
\$33.28 USD	Successful [id_3049y02dqf05exFh31x6fT0M]	Feb 26, 11:02 AM
\$33.28 USD	Successful [id_3049y02dqf05exFh31x6fT0v]	Feb 26, 11:02 AM

2 results

Payment methods

Mastercard **** 1383 Expires Oct 202?

Invoices

View revenue recognition

No invoices

Pending invoice items

Insights

Spent \$86.52

Details

Customer ID: cus_P4N0zrh6JLTVM

Customer since: Feb 26

Billing email: renesteveb@yahoo.com

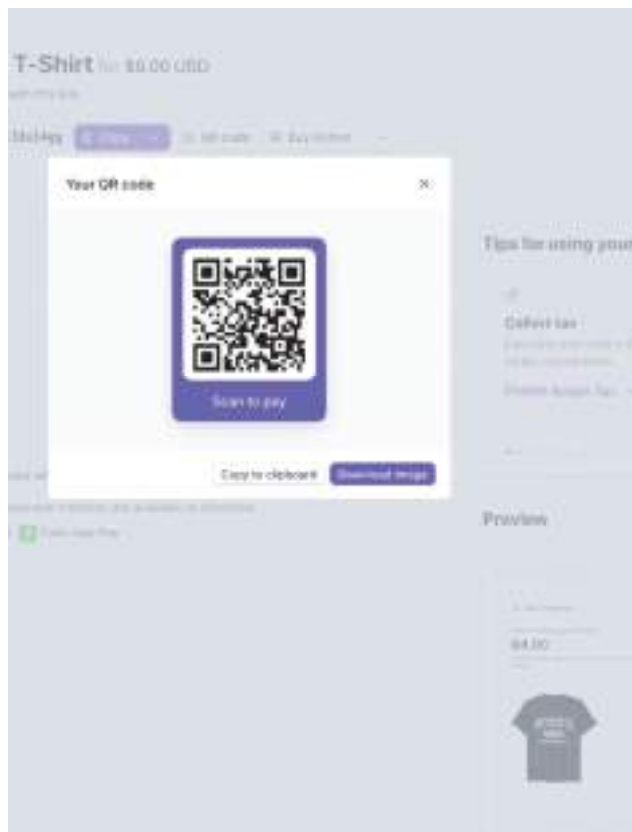
Billing details

Language: English (United States) Show more

Metadata

No metadata

Powerful customer management capabilities



Digital payment links and QR-code based payment



Digital invoice capability with automatic payment links and PDF previews



Proposed point-of-sale and reservation management system must provide a photo-driven discovery experience to view and browse all programs, facilities, and memberships.

As a key part of building our platforms, it is important to us and our customers that when users click onto the point-of-sale and reservation management system, they can form a rich understanding of specific community amenities, facilities, and experiences that are available to them.

Often times, external resources like Google Maps or program brochures are the only place to find high-quality, recent imagery of facilities and programs. This makes it difficult for users to find centralized, modern information about the services they are trying to sign up for, and as is often the result, communities can lose customers because how disparate this essential information is.

On the Kaizen platform, users are greeted with a rich discovery experience to view and browse all programs facilities and memberships:

- Users can seamlessly browse these photos and click on one to learn more about a specific facility, amenity, membership or program ✓
- This experience is fully optimized for mobile devices and tablets ✓
- Kaizen staff members and producers pay for all high-quality, professional photography at no cost to the County ✓
- Users have access to rich filters to quickly scope down results to only the information they want to see ✓
- Administrators have powerful capacity to edit and change the layout, look, and content that powers this discovery experience ✓

Jump to

- [Parks](#)
- [Reservable Rooms](#)
- [Community Events](#)

Castle Pines is home to four beautiful parks and recreational spaces. Click on any one of them to learn more about its amenities, reserve a field, and more.



Coyote Ridge Park

7005 Nevada Drive, Castle Pines, CO 80108



Daniels Gate Park

2948 Big N' Big Courts Park, CO 80108



Elk Ridge Park

2028 Hwy 4 West Ln, Castle Pines, CO 80108



Purgatory Park And Disc Golf Course

7307 Deer Park Street, Castle Pines, CO 80108

Latest, stunning photography to power discovery experiences



Simple and intuitive on mobile



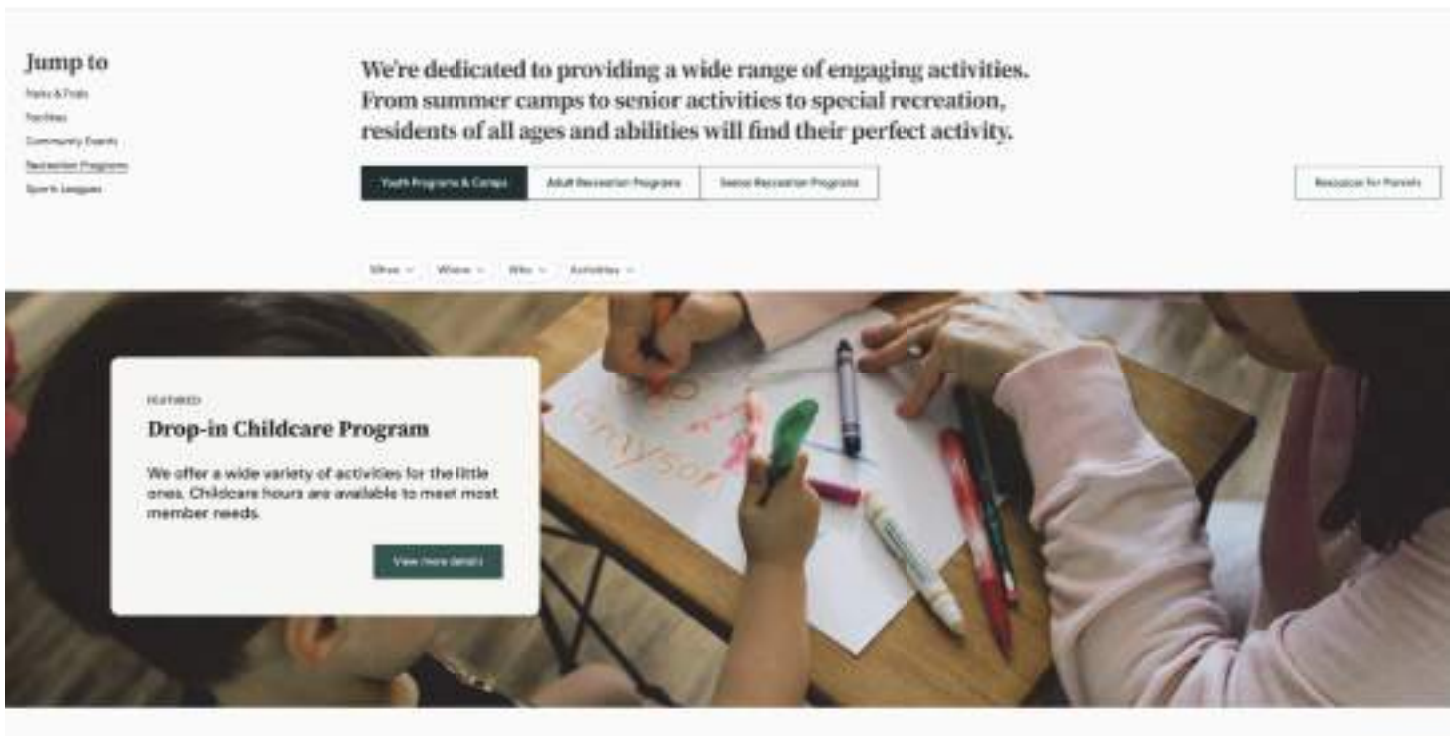
Browse images with a swipe



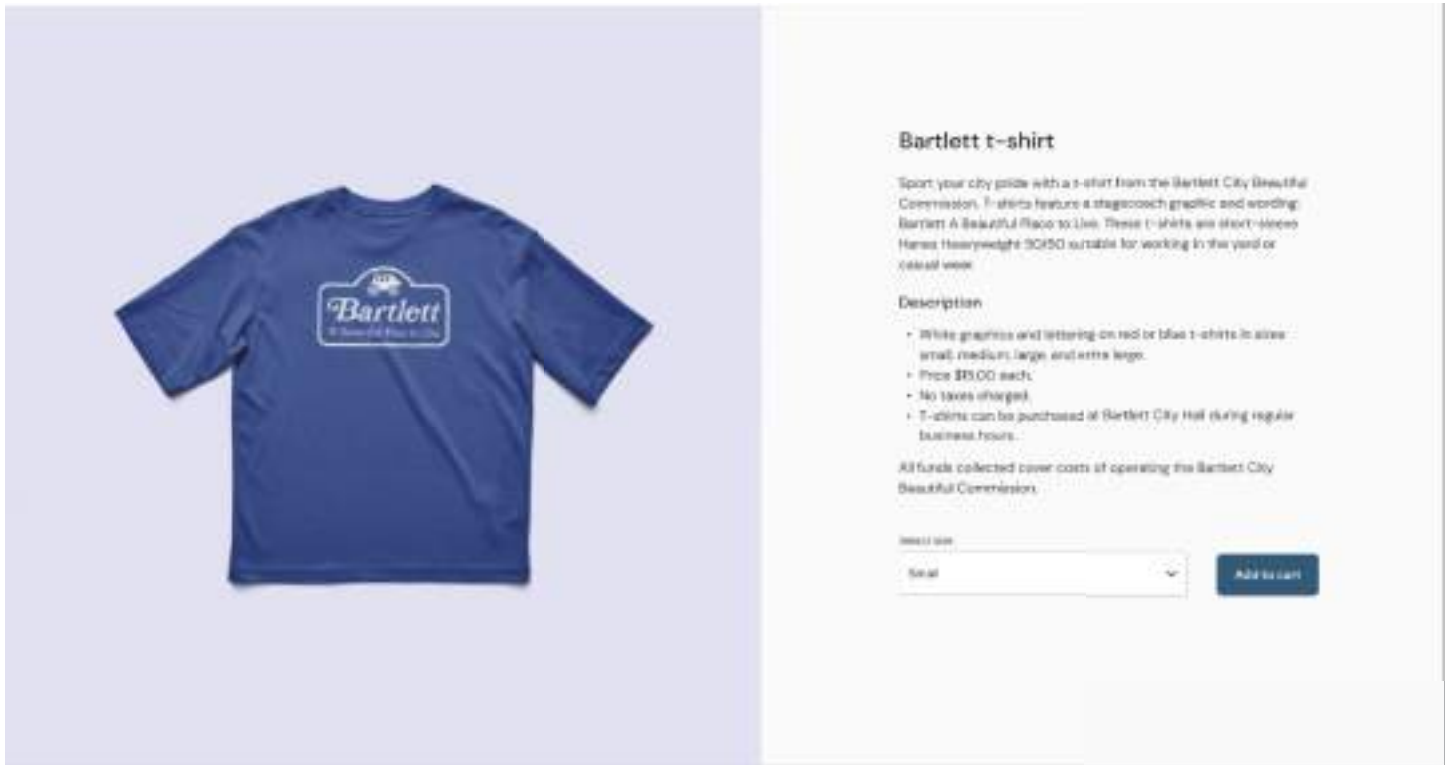
Applies across all pages



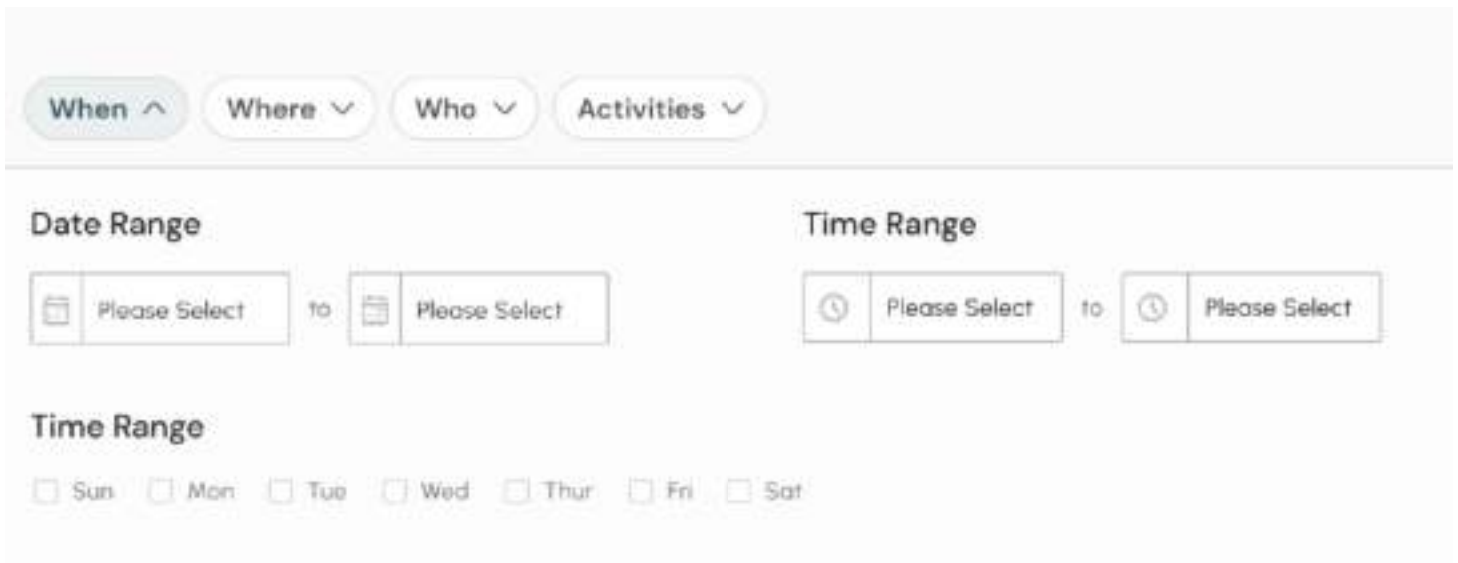
Customizable grid layouts for maximum flexibility



Browse across programs, memberships, events, and more



Easy discovery of all merchandise and concessions



Simple, functional filters to provide a easy browsing experience

EXHIBIT D: PIMA COUNTY LICENSED SOFTWARE / SaaS STANDARD TERMS & CONDITIONS (8 PAGES)

In Sections 1 through 12 below: references to Licensed Software, SaaS, and Software/SaaS Addendums will be inapplicable unless and until the parties execute a Software/SaaS Addendum.

1. **Definitions.** The following terms will have the meanings set forth in this Section 1 when used in this Exhibit C.

1.1. [Intentionally omitted]

1.2. Addendum. An addendum addressing Software/SaaS executed by authorized representatives of each party. References to Addendums include any attachments to those Addendums, except where this Contract specifically addresses attachments separately.

1.3. Confidential Information. As defined in Section 4 (Confidentiality) below.

1.4. Data Breach. An unauthorized disclosure or exposure of Project Data.

1.5. [Intentionally omitted.]

1.6. Project Data. All information processed or stored on computers or other electronic media by County or on County's behalf, or provided to Contractor for such processing or storage, as well as any information derived from such information. Project Data includes, without limitation: (a) information on paper or other non-electronic media provided to Contractor for computer processing or storage, or information formerly on electronic media; (b) information provided to Contractor by County or other users or by other third parties; and (c) personally identifiable information from such County's, users, or other third parties, including from County's employees.

1.7. Software-as-a-Service ("SaaS"). Software that Contractor hosts (directly or indirectly) for County's use. For the avoidance of doubt, SaaS does not include Licensed Software.

1.8. Specifications. Technical and functional specifications for Licensed Software or SaaS.

2. Addendums.

2.1. Any Addendum entered into by the parties is incorporated into and forms a part of this Contract. No change in the scope of work, fee arrangements, or other provisions of an Addendum will be effective unless and until each party accepts such change through an executed contract amendment. No Addendum will be construed to amend this main body of this Contract.

2.2. Contractor will provide to County such Licensed Software or SaaS, and other products and services as are set forth in each Addendum.

3. [Intentionally omitted]

4. Confidentiality. It is expressly agreed that the terms of Section 5 ("Confidentiality") of the Kaizen Digital Services Terms and Conditions shall supplement this Section 4.

- 4.1. Confidential Information. Confidential Information refers to the following items County discloses to Contractor: (a) any document County marks “confidential”; (b) any information County orally designates as “confidential” at the time of disclosure, provided County confirms such designation in writing within 15 business days; (c) and all personal identifying information protected by A.R.S. § 44-1373, whether or not marked “confidential.” County’s Confidential Information also includes (d) any other nonpublic, sensitive information Contractor should reasonably consider as otherwise confidential. Notwithstanding the foregoing, Confidential Information does not include information that: (i) is in Contractor’s possession at the time of disclosure; (ii) is independently developed by Contractor without use of or reference to Confidential Information; (iii) becomes known publicly, before or after disclosure, other than as a result of Contractor’s improper action or inaction; or (iv) is approved for release in writing by County.
- 4.2. Nondisclosure. Contractor will not use Confidential Information for any purpose other than to facilitate the provision of products and services to County pursuant to this Agreement. Contractor: (a) will not disclose Confidential Information to any employee or contractor of Contractor unless such person needs access for such purpose and, in the case of Contractor’s employees and contractors, is subject to a nondisclosure agreement with Contractor/Contractor with terms no less restrictive than those of this Agreement; and (b) will not disclose Confidential Information to any other third party without County’s prior written consent. Without limiting the generality of the foregoing, Contractor will protect Confidential Information with the same degree of care it uses to protect its own confidential information of similar nature and importance, but with no less than reasonable care. Contractor will promptly notify County of any misuse or misappropriation of Confidential Information that comes to Contractor’s attention. Notwithstanding the foregoing, Contractor may disclose Confidential Information as required by applicable law or by proper legal or governmental authority. Contractor will give County prompt notice of any such legal or governmental demand and reasonably cooperate with County in any effort to seek a protective order or otherwise to contest such required disclosure, at County’s expense.
- 4.3. Termination & Return. Upon termination or completion of this Agreement, Contractor will return all copies of Confidential Information to County or will destroy such data and confirm destruction in in writing in a timely manner not to exceed 60 calendar days.
- 4.4. Retention of Rights. This Agreement does not transfer ownership of Confidential Information or grant a license thereto, unless this Agreement specifically provides to the contrary. Each party will retain all right, title, and interest in and to all of their Confidential Information.

5. Data Management & Security.

- 5.1. The provisions of this Section 5 apply only if Contractor receives access to Project Data. Contractor recognizes and agrees that Project Data may contain personally identifiable information or other private information, even if the presence of such information is not labeled or disclosed. An Addendum may waive or modify the obligations of this Section 5 with respect to the subject matter of such Addendum.

5.2. Data Management.

- 5.2.1. *Access, Use, & Legal Compulsion.* Unless it receives County's prior written consent, Contractor: (i) will not access, process, or otherwise use Project Data other than as necessary to perform as required in this Agreement; (ii) will not give any of its employees access to Project Data except to the extent that such individual needs access to facilitate the provision of products and services to County pursuant to this Agreement and is subject to a reasonable written agreement with Contractor protecting such data, with terms reasonably consistent with those of this Section 5.2 (Data Management) and of Section 5.3 (Data Security) below; and (iii) will not give any third party access to Project Data, including without limitation Contractor's other customers, except subcontractors subject to Subsection 5.2.4 below. Notwithstanding the foregoing, Contractor may disclose Project Data as required by applicable law or by proper legal or governmental authority. Contractor will give County prompt notice of any such legal or governmental demand and reasonably cooperate with County in any effort to seek a protective order or otherwise to contest such required disclosure, at County's expense.
- 5.2.2. *County's Rights.* County possesses and retains all right, title, and interest in and to Project Data, and Contractor's use and possession thereof is solely on County's behalf. County may access and copy any Project Data in Contractor's possession at any time, and Contractor will reasonably facilitate such access and copying promptly after County's request. The parties recognize and agree that Contractor is a bailee for hire with respect to Project Data.
- 5.2.3. *Handling, Retention, & Deletion.* Contractor will not erase Project Data, or any copy thereof, without County's prior written consent and will follow any written instructions from County regarding retention and erasure of Project Data. Unless prohibited by applicable law, Contractor will purge all systems under its control of all Project Data at such time as County may request. Promptly after erasure, Contractor will certify such erasure to County in writing. In purging or erasing Project Data as required by this Agreement, Contractor will leave no data recoverable on its computers or other media, to the maximum extent commercially feasible. Finally, Contractor will not transfer Project Data outside the continental United States of America, including Alaska and Hawaii (the "Approved Region") without County's prior written consent. Contractor's obligations set forth in this Subsection (without limitation) apply likewise to Contractor's successors, including without limitation any trustee in bankruptcy.
- 5.2.4. *Subcontractors.* Contractor will not permit any subcontractor to access Project Data except to the extent that such subcontractor needs access to facilitate the provision of products and services to County pursuant to this Agreement and is subject to a written contract with Contractor protecting the data, with terms reasonably consistent with those of this Section 5.2 (Data Management) and of Section 5.3 (Data Security), specifically including without limitation terms consistent with those of Subsection 5.2.1 (ii) above as applied to subcontractor employees. Contractor will exercise reasonable efforts to ensure that each subcontractor complies with all of the terms of this Agreement related to Project Data. As between Contractor and County, Contractor will pay any fees or costs

related to each subcontractor's compliance with such terms, including without limitation terms in Section 5.3 (Data Security) below governing audits and inspections.

- 5.2.5. *Applicable Law.* Contractor will comply with all applicable laws and regulations governing the handling of Project Data and will not engage in any activity related to Project Data that would place County in violation of any applicable law or regulation.

5.3. Data Security.

- 5.3.1. In addition to the requirements below of this Section 5.3, Contractor will exercise commercially reasonable efforts to prevent unauthorized exposure or disclosure of Project Data and will observe any data security procedures set forth in the applicable Addendum.

- 5.3.2. *DataSec Program.* Contractor will maintain, implement, and comply with a written data security program (the "DataSec Program") that requires commercially reasonable policies and procedures to ensure compliance with this Section 5.3 and with Section 5.2 above (Data Management). The DataSec Program's policies and procedures will contain administrative, technical, and physical safeguards, including without limitation: (i) guidelines on the proper disposal of Project Data after it is no longer needed to carry out the purposes of the Agreement; (ii) access controls on electronic systems used to maintain, access, or transmit Project Data; (iii) access restrictions at physical locations containing Project Data; (iv) encryption of electronic Project Data; (v) dual control procedures; (vi) testing and monitoring of electronic systems; and (vii) procedures to detect actual and attempted attacks on or intrusions into the systems containing or accessing Project Data. Contractor will review the DataSec Program and all other Project Data security precautions regularly, but no less than annually, and update and maintain them to comply with applicable laws, regulations, technology changes, and best practices.

- 5.3.3. *[Intentionally omitted.]*

- 5.3.4. *Audits & Testing.*

- 5.3.4.1. Contractor will retain a certified public accounting firm to perform an annual audit of the Services' data protection features and to provide a SOC 2 Type II report, pursuant to the standards of the American Institute of Certified Public Accountants (the "AICPA"). The most current report was provided to County as part of Contractor's response to the RFP and will be provided thereafter annually within 15 business days of Contractor's receipt of County's written request (email sufficient). If the AICPA revises its relevant reporting standards, Contractor will provide the report that then most closely resembles a SOC 2 Type II report. In addition, Contractor will annually conduct its own internal security audit and address security gaps in compliance with its security policies and procedures, including without limitation the DataSec Program.

- 5.3.4.2. If requested by County in writing with 30 days' notice (email sufficient), Contractor will, on no more than an annual basis: (A) permit security reviews (e.g., intrusion detection, firewalls, routers) by County on systems storing or processing Project Data and on Contractor policies and procedures relating to the foregoing; and (B) permit unannounced inspection of any or all security processes and procedures during the term of this Agreement, including without limitation penetration tests, provided Contractor is not required to permit any review or inspection that may compromise the security of Contractor's other customers or of their data.
- 5.3.4.3. Any report or other result generated through the tests or audits required by this Subsection 5.3.4.3 will be Contractor's Confidential Information. If any audit or test referenced above uncovers deficiencies or identifies suggested changes in Contractor's performance of the Services, Contractor will exercise reasonable efforts promptly to address such identified deficiencies and suggested changes, including without limitation by revising the DataSec Program.
- 5.3.5. *Data Breaches.* Contractor will implement and maintain a program for managing actual or suspected Data Breaches. In the event of a Data Breach, or in the event that Contractor suspects a Data Breach, Contractor will (i) promptly notify County by telephone or in person and (ii) cooperate with County and law enforcement agencies, where applicable, to investigate and resolve the Data Breach, including without limitation by providing reasonable assistance to County in notifying injured third parties. In addition, Contractor will provide 1 year of credit monitoring service to any affected individual, unless the Data Breach resulted from County's act or omission. Contractor will give County prompt access to such records related to a Data Breach as County may reasonably request; provided such records will be Contractor's Confidential Information, and Contractor will not be required to provide County with records belonging to, or compromising the security of its other customers. The provisions of this Subsection 5.3.5 do not limit County's other rights or remedies, if any, resulting from a Data Breach.

6. Right to Audit.

- 6.1. During the Term, and for a period of five (5) years thereafter, or such longer period as may be required by any law, rule, or regulation applicable to County, Contractor shall maintain and provide, and shall ensure that its subcontractors maintain and provide, access, electronic or otherwise, to complete and accurate books, records, documents, data (specifically excluding County Data), and information relating to Contractor's performance (and any Contractor subcontractor's performance) pursuant to this Agreement, (the "Records").
- 6.2. All such records, documents, data and information shall be maintained in such form (for example, in paper or electronic form) as County may reasonably direct. County shall have the right, during business hours, at its own expense (except as otherwise provided herein), and upon 30 days' prior written notice (except to the extent County is unable, using commercially reasonable efforts, to provide such notice and comply with

applicable law or the requests of legal authorities), to audit, review, and copy the Records for any reasonable business purpose relating to Contractor's performance (and any Contractor subcontractor's performance) pursuant to this Agreement.

- 6.3. Contractor shall provide to County such assistance as it reasonably requires in connection with audits or examinations pursuant to this Section. Contractor shall reasonably cooperate with County and its designees in connection therewith audit functions and with regard to examinations by legal authorities, if required.
- 6.4. If any audit or examination reveals that Contractor's invoices for the audited period are not correct, Contractor shall promptly reimburse County for the amount of any overcharges, or County shall promptly pay Contractor for the amount of any undercharges subject to the terms of the Agreement.
- 6.5. If any audit reveals a discrepancy of more than five percent (5%) of the invoiced amount for any period audited or any non-trivial breach(s) of Contractor's obligation to timely and properly provide and perform the Services, Contractor shall bear the cost of such audit.
- 6.6. Nothing in the Agreement shall limit or restrict the rights of either party in discovery proceedings pursuant to any civil litigation or governmental, regulatory or criminal proceeding.

7. Contractor's Warranties.

- 7.1. Preexisting Confidential Information. Contractor represents and warrants that it has, before the effective date, maintained confidential and secret any Confidential Information as required by Section 4 above and protected any Project Data as required by Section 5 above.
- 7.2. Intellectual Property. Contractor represents and warrants that neither the Professional Services nor any Licensed Software, SaaS, or Deliverable will infringe a patent, copyright, trade secret, or other intellectual property right of any third party, and that it has and will maintain the full power and authority to grant the intellectual property rights set forth in this Agreement without the further consent of any third party, including without limitation Contractor's employees and contractors. In case the use of any portion of a Deliverable, Licensed Software, or SaaS is enjoined, Contractor will, at its own expense: (a) procure for County the right to continue use of the Deliverable, Licensed Software, or SaaS; (b) replace the Deliverable, Licensed Software, or SaaS with a non-infringing version of comparable functionality; or if County consents in writing, (c) issue a full refund of fees paid pursuant to such Addendum. The preceding sentence does not limit any County right to recover fees paid pursuant to other Addendums where products or services provided thereunder are compromised or of reduced value as a result of the breach of warranty.
- 7.3. No Viruses. Contractor represents and warrants that it has made commercially reasonable efforts to avoid introducing into the Deliverables, SaaS, and any other software used or provided by Contractor, as well as any media used to distribute or support them, viruses or other computer instructions or technological means intended to disrupt, damage, or interfere with the use of computers or related systems.

7.4. DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 7, AND SECTION 12, OR IN AN ADDENDUM, CONTRACTOR OFFERS NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Survival & Data Return.** The following provisions of this Agreement will survive any expiration or termination of this Agreement: Sections 4, 5.2, 5.3 (to the extent, if any, that Contractor retains Project Data), 6, and 9, as well as any provision that must survive to fulfill its essential purpose. Furthermore, a grant of property or intellectual property rights to County that by its terms continues for longer than the duration of this Agreement will survive expiration or termination of this Agreement, except termination for County's breach of its obligations to pay for such property or rights. Promptly after termination or expiration of an Addendum or of this Agreement, Contractor will within 60 calendar days return to County all Project Data and all other County data in such format as County may reasonably require and permanently erase all copies thereof or will destroy Project Data and all other County data and confirm such destruction to County in writing; provided the terms of an Addendum may alter the requirements of this sentence.

9. **License, Subscription, & Software/SaaS Addendums.** Contractor hereby grants County a subscription to access and use the SaaS. The license and subscription in the preceding sentence grant rights no less than is consistent with the goals and requirements of the Software/SaaS Addendum. County has the absolute right to upgrade or replace any equipment in the County network and continue to use the Licensed Software on the network. County will not be required to Contractor any additional licensing fee or other fees as a result of using the Licensed Software in conjunction with the upgraded or replacement equipment on the network. County may make a reasonable number of back-up copies of the Licensed Software and related documentation as is strictly necessary for its lawful use. County will maintain records of the number and location of all such copies of the Licensed Software and related documentation. County has the right to deploy a test, production, staging, training, and business backup and/or disaster continuity instance with unrestricted copy restrictions.

10. Service Levels & Maintenance.

10.1. [Intentionally omitted]

10.2. SaaS Service Level Agreement. Except to the extent that a Software/SaaS Addendum provides to the contrary, Contractor will make commercially reasonable efforts to maintain the SaaS so that it performs according to the Service Level Agreement attached to the Contract as Exhibit E.

11. Timing of Maintenance Fees & SaaS Subscriptions.

11.1. Notwithstanding any provision of an Addendum to the contrary:

11.1.1. No fees for maintenance of Licensed Software or SaaS, including without limitation for Upgrades (as defined in Subsection 10.1.2 above), will accrue before Go-Live (as defined below); and

11.1.2. No period before Go-Live will be counted against the time covered by any maintenance period.

11.2. Unless the applicable Software/SaaS Addendum provides to the contrary:

11.2.1. No fees for use of SaaS will accrue before Go-Live; and

11.2.2. No period before Go-Live will be counted against the time covered by any SaaS subscription fees.

11.3. This Section 11 limits the potential periods of maintenance and of SaaS subscriptions and will not be construed to extend or otherwise define such periods. "Go-Live" refers to the County's first use of the SaaS in production, other than a beta use or test.

12. Functionality & Related Warranties. Except to the extent that a Software/SaaS Addendum provides to the contrary:

12.1. [Intentionally omitted]

12.2. SaaS Warranties. Contractor warrants that the SaaS will materially conform to its Specifications. The preceding sentence: (a) does not limit any County right to recover fees paid pursuant to other Addendums where products or services provided thereunder are compromised or of reduced value as a result of the breach of warranty; and (b) does not limit any service level commitments set forth in Subsection 10.2 above or in a Software/SaaS Addendum.

12.3. Supporting Services. Contractor represents and warrants that it will provide any service that supports Licensed Software or SaaS, including without limitation maintenance services, in a professional and workmanlike manner.

END OF EXHIBIT D

EXHIBIT E: KAIZEN DIGITAL SERVICES TERMS AND CONDITIONS (15 PAGES)

(Attached)

**EXHIBIT E:
KAIZEN DIGITAL SERVICES TERMS AND CONDITIONS**

These Digital Services Terms and Conditions (the “**Terms**”) are hereby incorporated into Master Agreement MA-PO-24-162 (“the **Agreement**” or “**Contract**”), and sets forth the terms and conditions pursuant to which Pima County, a political subdivision of the State of Arizona, (herein referred to as the “**Customer**” or “**County**”) receives the services and materials set forth in an Order Form (collectively, the “**Services**”) by Kaizen Laboratories Inc. (herein referred to as the “**Company**” or “**Contractor**”). If there is a conflict between the Terms and an Order Form, the terms of the Order Form will control.

1. DEFINITIONS

1.1. “**Authorized User(s)**” means any employee or contractor of Customer that is authorized by Customer to use the Services on its behalf and has created an account in accordance with Section 2.3.

1.2. “**Company Platform**” means Company’s proprietary, web-based platform, which provides certain features and functionality relating to administration of municipal spaces.

1.3. “**Customer Data**” means any data, content, or information that is uploaded, transmitted, submitted, provided, or otherwise made available on the Company Platform by or on behalf of Customer.

1.4. “**Documentation**” means any user documentation, in all forms (e.g., user manuals, on-line help files) provided by Company which relate to the Services.

1.5. “**Order Form**” means an order form, quote or other similar document that: (a) sets forth the Services, the pricing therefor, and the Initial Service Term; (b) references these Terms; and (c) is executed by the parties.

1.6. “**Scope Limitations**” means the limitations on Customer’s use of the Services specified in the Order Form.

1.7. “**Services**” means the services and materials set forth in an Order Form.

1.8. “**Usage Data**” means any performance, analytical, or usage information relating to Customer’s and Users’ use of the Services which is generated or otherwise collected by

the Services and is in aggregated or de-identified form only.

1.9. “**User(s)**” means any individual who uses the Services.

2. SERVICES

2.1. Use of the Services. Subject to the terms and conditions of this Agreement, Company grants to Customer and its Authorized Users a limited, worldwide, non-exclusive, non-transferable (except as permitted in Section 12.4) right during the Term (defined below) to use the Services solely in connection with Customer’s internal business operations. Customer’s and its Authorized Users’ right to use the Services is subject to the Scope Limitations and contingent upon their compliance with the Scope Limitations.

2.2. Use of the Documentation. Subject to the terms and conditions of this Agreement, Company grants to Customer and its Authorized Users a limited, worldwide, non-exclusive, non-transferable (except as permitted in Section 12.4) license, without right of sublicense, during the Term to reproduce, without modification, and internally use a reasonable number of copies of the Documentation solely in connection with their use of the Services in accordance with this Agreement.

2.3. Authorized Users. To access the Services, Customer and its Authorized Users will be required to register for an account. When registering for an account, Customer and its Authorized Users will be required to provide

Company with certain registration information (including, the Customer's name, email address, account password, and other contact information). Customer acknowledges and agrees that the information provided to Company is accurate, complete, and not misleading, and that Company will, and will require that its Authorized Users, keep such information accurate and up to date at all times. Each account created by a Authorized User is personal to that specific individual and may not be transferred, sold or otherwise assigned to or shared with any other individual or entity. Customer is solely responsible for maintaining the confidentiality of its account and password and those of its Authorized Users, and Customer accepts responsibility for all activities that occur under its and its Users' accounts. Customer will immediately notify Company upon becoming aware, or having a reasonable basis to believe, that its or its Users' accounts are no longer secure.

2.4. Use Restrictions. Except as otherwise explicitly provided in this Agreement or as may be expressly permitted by applicable law, Customer will not, and will not permit or authorize third parties or its Users to: (a) rent, lease, or otherwise permit third parties to use the Services or related Documentation; (b) use the Services to provide services to third parties (e.g., as a service bureau); (c) use the Services for any benchmarking activity or in connection with the development of any competitive product; (d) circumvent or disable any security or other technological features or measures of the Services; (e) reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know how or algorithms relevant to the Services or any software, Documentation or data related to the Services; or (f) remove any proprietary notices or labels included as part of the Services. Company may immediately suspend access to or use of the Service by Customer and its Authorized Users upon notice to Customer for any breach of this Section 2.4.

2.5. Reservation of Rights. Company grants to Customer a limited right to use the Services and related Documentation under this Agreement. Customer will not have any rights to the Services, related Documentation, or Usage Data except as expressly granted in this Agreement. Customer acknowledges that all right, title and interest in and to all works of authorship, inventions, discoveries, improvements, methods, processes, formulas, designs, techniques, information, and other intellectual property (a) conceived, discovered, developed or otherwise made (as necessary to establish authorship, inventorship, or ownership) by Company, solely or in collaboration with others, in the course of performing the Services; or (b) that form all or part of a deliverable provided as part of the Services, whether developed as part of the Services or separately, but excluding third party materials, and all derivatives thereof as well as the Documentation and Usage Data is and shall remain exclusively with Company. Company reserves to itself all rights to the Services, related Documentation, and Usage Data not expressly granted to Customer in accordance with this Agreement.

2.6. Feedback. If Customer or any of its Authorized Users provides any feedback to Company concerning the functionality and performance of the Services (including identifying potential errors and improvements), Customer hereby grants Company an unrestricted, perpetual, irrevocable, non-exclusive, fully paid-up, royalty-free license to exploit such feedback in any manner and for any purpose, including to improve the Services and create other products and services. Company will have no obligation to provide Customer or its Authorized Users with attribution for any such feedback.

2.7. Customer Data License. Customer hereby grants Company, during the term of this Agreement, a worldwide, non-exclusive, royalty-free, fully paid-up, irrevocable, non-sublicensable, non-transferable (except as permitted in Section 12.4) license to collect,

use, store, modify, disclose, publicly display, reproduce, transmit, and otherwise process Customer Data solely: (1) in connection with the Services and Company's related applications; and (2) as otherwise provided for under this Agreement, including to collect, generate, and derive Usage Data. Company will maintain an industry-standard security program that is designed to prevent unauthorized access to or use of Customer Data. For purposes of this Agreement, confidential information of Customer does not include Customer Data.

- 2.8. Usage Data. Company and the Services collect, generate, and derive Usage Data for Company's business purposes, including to: (a) track usage for billing purposes; (b) monitor the performance, security, integrity, availability, and stability of the Services; (c) prevent or address technical issues with the Services; and (d) improve the Services and develop derivative and new products and services. Customer will not, and will require that its Authorized Users do not, interfere with the collection of Usage Data. As between the parties, Company owns all right, title, and interest, including all intellectual property rights in and to, the Usage Data, the know-how and analytical results generated in the processing and use of Usage Data, and any new products, services, and developments, modifications, customizations, or improvements to the Services made based on the Usage Data. Company will not disclose Usage Data externally, including in benchmarks or reports, unless such Usage Data has been (a) de-identified so that it does not individually identify Customer or any User and (b) aggregated with usage data from other Users of the Service.

Maintenance. Company will schedule routine maintenance for items such as releasing new functionality, updating existing features, or bringing the website down for maintenance ("Routine Maintenance"), between 1:00 a.m. and 5:00 a.m., US/Eastern time unless extenuating circumstances exist. If maintenance must be conducted during business hours, Kaizen shall give the Customer written notice at least seven (7)

days in advance of performing such maintenance. The notice shall include Kaizen's estimate of the amount of permitted downtime. Kaizen warrants that all Routine Maintenance and other maintenance services will be provided with reasonable skill and care conforming to generally accepted industry standards. These maintenance services include database updates, new feature rollouts, design improvements, and other critical bug fixes. If the maintenance services are not performed as warranted, then, upon the Customer's written request, Kaizen shall promptly re-perform, or cause to be re-performed, such maintenance services at no additional charge to the Customer.

3. CUSTOMER RESPONSIBILITIES

- 3.1. Protection against Unauthorized Use. Customer will, and will require that its Users, use reasonable efforts to prevent any unauthorized use of the Services and related Documentation and will immediately notify Company in writing of any unauthorized use that comes to Customer's attention. If there is unauthorized use by anyone who obtained access to the Services directly or indirectly through Customer or its Users, Customer will take all steps reasonably necessary to terminate the unauthorized use. Customer will cooperate and assist with any actions taken by Company to prevent or terminate unauthorized use of the Services or related Documentation.
- 3.2. Compliance with Laws. Customer will, and will require that its Authorized Users, use the Services and related Documentation only in compliance with Company's Cookie Policy, Privacy Policy, and all applicable laws and regulations. Although Company has no obligation to monitor Customer's use of the Services, Company may do so and may prohibit any use of the Services it believes may be (or alleged to be) in violation of the foregoing.
- 3.3. Export Controls. Customer will not remove or export from the United States or allow the export or re-export of the Services, or anything related thereto or any direct product thereof, in violation of any

restrictions, laws or regulations of the United States Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, or any other United States or foreign agency or authority. As defined in FAR section 2.101, the Company Platform and Documentation are “commercial items” and according to DFAR section 252.2277014(a)(1) and (5) are deemed to be “commercial computer software” and “commercial computer software documentation.” Consistent with DFAR section 227.7202 and FAR section 12.212, any use modification, reproduction, release, performance, display, or disclosure of such commercial software or commercial software documentation by the U.S. Government will be governed solely by the terms of this Agreement and will be prohibited except to the extent expressly permitted by the terms of this Agreement.

3.4. Related Equipment. Customer is responsible for obtaining and maintaining any equipment and ancillary services needed to connect to, access or otherwise use the Services, including, without limitation, modems, hardware, servers, software, operating systems, networking, web servers and the like (collectively, the “**Equipment**”). Customer is responsible for maintaining the security of the Equipment and related Customer accounts on the Equipment, and for all uses of the Equipment.

4. FEES AND PAYMENT

4.1. Fees and Payment Terms. Customer will pay Company the fees and any other amounts owing under this Agreement, as specified in the applicable Order Form. Any additional services or hardware not set forth in an Order Form may be subject to additional fees. Unless otherwise specified in the Order Form, Customer will pay all amounts due within 30 days of the date of the applicable invoice. Any amount not paid when due will be subject to finance charges equal to 1.5% of the unpaid balance per month or the highest rate permitted by applicable usury law, whichever is less, determined and compounded daily

from the date due until the date paid. Amounts due from Customer under this Agreement may not be withheld or offset by Customer against amounts due to Customer for any reason. All amounts payable under this Agreement are denominated in United States dollars, and Customer will pay all such amounts in United States dollars.

4.2. Fee Disputes. If Customer believes that Company has billed Customer incorrectly, Customer must contact Company no later than 60 days after the closing date on the first billing statement in which the error or problem appeared, in order to receive an adjustment or credit. Inquiries should be directed to Company’s customer support department.

5. CONFIDENTIALITY

5.1. Definition of Confidential Information. As used herein, “Confidential Information” means all information of a party (“Disclosing Party”) which the Disclosing Party designates in writing as being confidential when it discloses such information to the other party (“Receiving Party”) or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure including, without limitation, business and marketing plans, technology and technical information, product designs, and business processes (whether in tangible or intangible form, in written or in machine readable form, or disclosed orally or visually). Confidential Information of Company includes the Services, Usage Data, and Documentation. The terms and conditions of this Agreement shall be the Confidential Information of both parties. Confidential Information shall not include any information that (a) is or becomes generally known to the public without the Receiving Party’s breach of any obligation owed to the Disclosing Party; (b) was independently developed by the Receiving Party without the Receiving Party’s breach of any obligation owed to the Disclosing Party; or (c) is received from a third party who obtained such Confidential Information without any

third party's breach of any obligation owed to the Disclosing Party.

5.2. Confidentiality. The Receiving Party shall not disclose or use any Confidential Information of the Disclosing Party except as reasonably necessary to perform its obligations or exercise its rights under this Agreement. Without limiting the foregoing, the Receiving Party shall use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind, but in no event less than reasonable care. The Receiving Party shall ensure that any employees or any third parties who receive access to the Confidential Information of the Disclosing Party are subject to a written agreement containing terms regarding the use and disclosure of Confidential Information consistent with those herein. Each party agrees to protect the confidentiality of the Confidential Information of the other party in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event shall either party exercise less than reasonable care in protecting such Confidential Information. If the Receiving Party discloses or uses (or threatens to disclose or use) any Confidential Information of the Disclosing Party in breach of this Section 5, the Disclosing Party shall have the right, in addition to any other remedies available to it, to seek injunctive relief to enjoin such acts, it being specifically acknowledged by the parties that any other available remedies are inadequate.

5.3. Required Disclosures. Nothing in this Agreement prohibits either party from making disclosures, including of Confidential Information, if required by law, subpoena or court order, provided (if permitted by law) it notifies the other party in advance and cooperates in any effort to obtain confidential treatment.

6. TERM AND TERMINATION

6.1. Term. This Agreement will commence upon the Effective Date and continue for the Initial Service Term specified in the first Order Form

hereunder unless this Agreement is terminated earlier in accordance with the terms of this Agreement. Upon expiration of the Initial Service Term, this Agreement may be renewed for the Renewal Term defined as three years (the Initial Service Term plus any Renewal Terms, collectively, the "**Term**"), unless either party requests termination or changes to terms at least one hundred and eighty (180) days prior to the end of the then-current term.

6.2. Termination for Material Breach. Either party may terminate this Agreement (including all Order Forms) if the other party does not cure its material breach of this Agreement within 30 days of receiving written notice of the material breach from the non-breaching party. Termination in accordance with this Section 6.2 will take effect when the breaching party receives written notice of termination from the non-breaching party, which notice must not be delivered until the breaching party has failed to cure its material breach during the 30-day cure period. If Customer fails to timely pay any undisputed fees, Company may, without limitation to any of its other rights or remedies, suspend performance of the Services until it receives all amounts due.

6.3. Post-Termination Obligations. If this Agreement is terminated for any reason, (a) Customer will pay to Company any fees or other amounts that have accrued prior to the effective date of the termination, (b) any and all liabilities accrued prior to the effective date of the termination will survive, and (c) Customer will provide Company with a written certification signed by an authorized Customer representative certifying that all use of the Services and related Documentation by Customer and its Users has been discontinued. All definitions and the following provisions shall survive termination or expiration of this Agreement: Sections 1, 2.6, 5, 6.3, 7, 8, 9, 10, and 12.

6.4. Non-Appropriation. Customer reserves the right to withdraw from the Agreement at the end of the then-current Term if its governing body

fails to appropriate funds necessary for the extension of the Agreement. It is expressly agreed that Customer shall not activate this non-appropriation provision for its convenience or to circumvent the requirements of this Agreement, but only as an emergency fiscal measure during a substantial fiscal crisis, which affects generally its governmental operations.

7. WARRANTY AND DISCLAIMER

7.1. Warranties. Each party represents and warrants to the other that: (a) this Agreement has been duly executed and delivered and constitutes a valid and binding agreement enforceable against such party in accordance with its terms; and (b) no authorization or approval from any third party is required in connection with such party's execution, delivery, or performance of this Agreement; and (c) it will comply with all applicable laws in its provision or use of the Services, as applicable. Company represents and warrants that the Services will perform materially in accordance with its Documentation, and will be provided in a workmanlike manner consistent with applicable laws. Customer represents and warrants to Company that: (a) it and its Authorized Users will comply with all applicable laws in connection with its obligations under this Agreement and their use of the Services; and (b) it has provided all notices to and obtained all necessary and sufficient rights, permissions, capacity, consents, and authority to fully comply with its obligations under this Agreement without violating applicable laws, infringing, misappropriating, or otherwise diluting any third-party rights (including intellectual property, privacy, or other proprietary rights), or breaching any terms or conditions in any agreement or privacy policies with a third party.

7.2. Disclaimer. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES STATED IN THIS SECTION 7, COMPANY MAKES NO ADDITIONAL REPRESENTATION OR WARRANTY OF ANY KIND WHETHER EXPRESS, IMPLIED (EITHER IN FACT OR BY OPERATION OF LAW), OR STATUTORY, AS TO

ANY MATTER WHATSOEVER. COMPANY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUALITY, ACCURACY, TITLE, AND NON-INFRINGEMENT. COMPANY DOES NOT WARRANT AGAINST INTERFERENCE WITH THE ENJOYMENT OF THE SERVICES. COMPANY DOES NOT WARRANT THAT THE SERVICES ARE ERROR-FREE OR THAT OPERATION OF THE SERVICES WILL BE SECURE OR UNINTERRUPTED. COMPANY DOES NOT WARRANT THAT ANY INFORMATION PROVIDED THROUGH THE SERVICES IS ACCURATE OR COMPLETE OR THAT ANY INFORMATION PROVIDED THROUGH THE SERVICES WILL ALWAYS BE AVAILABLE. COMPANY EXERCISES NO CONTROL OVER AND EXPRESSLY DISCLAIMS ANY LIABILITY ARISING OUT OF OR BASED UPON THE RESULTS OF CUSTOMER'S USE OF THE SERVICES.

8. INTELLECTUAL PROPERTY INFRINGEMENT

8.1. Defense of Infringement Claims. Company will, at its expense, either defend Customer from or settle any claim, proceeding, or suit brought by a third party ("**Claim**") against Customer alleging that Customer's use of the Services infringes or misappropriates any patent, copyright, trade secret, trademark, or other intellectual property right during the term of this Agreement if: (a) Customer gives Company prompt written notice of the Claim; (b) Customer grants Company full and complete control over the defense and settlement of the Claim; (c) Customer provides assistance in connection with the defense and settlement of the Claim as Company may reasonably request; and (d) Customer complies with any settlement or court order made in connection with the Claim (e.g., relating to the future use of any infringing Services). Customer will not defend or settle any Claim without Company's prior written consent. Customer will have the right to participate in the defense of the Claim at its own expense and with counsel of its own choosing, but Company will have sole control over the defense and settlement of the Claim

provided that any settlement by Company does not include an admission of liability by Customer.

8.2. Indemnification of Infringement Claims.

Company will indemnify Customer from and pay (a) all damages, costs, and attorneys' fees finally awarded against Customer in any Claim under Section 8.1; (b) all out-of-pocket costs (including reasonable attorneys' fees) reasonably incurred by Customer in connection with the defense of a Claim under Section 8.1 (other than attorneys' fees and costs incurred without Company's consent after Company has accepted defense of the Claim); and (c) all amounts that Company agrees to pay to any third party to settle any Claim under Section 8.1.

8.3. Exclusions from Obligations.

Company will have no obligation under this Section 8 for any infringement or misappropriation to the extent that it arises out of or is based upon (a) use of the Services in combination with other products or services if such infringement or misappropriation would not have arisen but for such combination; (b) the Services are provided to comply with designs, requirements, or specifications required by or provided by Customer, if the alleged infringement or misappropriation would not have arisen but for the compliance with such designs, requirements, or specifications; (c) use of the Services by Customer or its Authorized Users for purposes not intended or outside the scope of the license granted to Customer; (d) Customer's or its Authorized Users' failure to use the Services in accordance with instructions provided by Company, if the infringement or misappropriation would not have occurred but for such failure; or (e) any modification of the Services not made or authorized in writing by Company where such infringement or misappropriation would not have occurred absent such modification.

8.4. Limited Remedy. This Section 8 states Company's sole and exclusive liability, and Customer's sole and exclusive remedy, for the actual or alleged infringement or

misappropriation of any third-party intellectual property right by the Services.

9. [INTENTIONALLY OMITTED]

10. LIMITATIONS OF LIABILITY

10.1 . Disclaimer of Indirect Damages.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NEITHER PARTY WILL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS OR LOSS OF BUSINESS, EVEN IF SUCH PARTY IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.

10.2 . Cap on Liability.

UNDER NO CIRCUMSTANCES WILL COMPANY'S TOTAL LIABILITY OF ALL KINDS ARISING OUT OF OR RELATED TO THIS AGREEMENT (INCLUDING BUT NOT LIMITED TO WARRANTY CLAIMS), REGARDLESS OF THE FORUM AND REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON CONTRACT, TORT, OR OTHERWISE, EXCEED \$10,000. THE COMPANY RESERVES THE RIGHT TO REEVALUTE THIS AMOUNT UPON AGREEMENT RENEWAL DATES.

10.3 . Independent Allocations of Risk.

EACH PROVISION OF THIS AGREEMENT THAT PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES, OR EXCLUSION OF DAMAGES IS TO ALLOCATE THE RISKS OF THIS AGREEMENT BETWEEN THE PARTIES. THIS ALLOCATION IS REFLECTED IN THE PRICING OFFERED BY COMPANY TO CUSTOMER AND IS AN ESSENTIAL ELEMENT OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES. EACH OF THESE PROVISIONS IS SEVERABLE AND INDEPENDENT OF ALL OTHER PROVISIONS OF THIS AGREEMENT. THE LIMITATIONS IN THIS SECTION 10 WILL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY IN THIS AGREEMENT.

11. INSURANCE

11.1 During performing services under this Agreement, Company agrees to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; and (d) Workers Compensation complying with applicable statutory requirements. Company will provide Customer with copies of certificates of insurance upon written request.

12. GENERAL

12.1 Independent Contractors.. The parties will be and act as independent contractors (and not as the employer, employee, agent or representative of the other party) in the performance of this Agreement, and nothing herein shall constitute both parties as joint venturers or partners for any purpose.

12.2 . Publicity. Company may include Customer and its trademarks in Company's customer lists and promotional materials but will cease further use at Customer's written request.

12.3 . Assignability. Neither party may assign its right, duties, and obligations under this Agreement without the other party's prior written consent, which consent will not be unreasonably withheld or delayed, except that Company may assign this Agreement without Customer's consent to a successor (including a successor by way of merger, acquisition, sale of assets, or operation of law) if the successor agrees to assume and fulfill all of the Company's obligations under this Agreement.

12.4 . Subcontractors. Company may utilize a subcontractor or other third party to perform its duties under this Agreement so long as Company remains responsible for all of its obligations under this Agreement.

12.5 Notices. Any notice required or permitted to be given in accordance with this Agreement will be effective if it is in writing and sent by (a) certified or registered mail, or insured courier, return receipt requested, or (b) by

email to the appropriate party at the address set forth on the signature page of this Agreement and with the appropriate postage affixed. Either party may change its address for receipt of notice by notice to the other party in accordance with this Section 12.6. Notices are deemed given two business days following the date of mailing or one business day following delivery to a courier.

12.6 Force Majeure. Neither party will be liable for, or be considered to be in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any cause or condition beyond its reasonable control, so long as that party uses all commercially reasonable efforts to avoid or remove the causes of non-performance.

12.7 Governing Law. This Agreement shall be governed by the laws of the State of Arizona, and any legal action concerning the provisions hereof shall be brought in Arizona.

12.8 Waiver. The waiver by either party of any breach of any provision of this Agreement does not waive any other breach. The failure of any party to insist on strict performance of any covenant or obligation in accordance with this Agreement will not be a waiver of such party's right to demand strict compliance in the future, nor will the same be construed as a novation of this Agreement.

12.9 Severability; Counterparts. If any part of this Agreement is found to be illegal, unenforceable, or invalid, the remaining portions of this Agreement will remain in full force and effect. If any material limitation or restriction on the use of the Services under this Agreement is found to be illegal, unenforceable, or invalid, Customer's right to use the Services will immediately terminate. This Agreement may be executed in any number of identical counterparts, notwithstanding that the parties have not signed the same counterpart, with the same effect as if the parties had signed the same document. All counterparts will be construed as and constitute the same agreement. This Agreement may also be executed and

delivered by facsimile and such execution and delivery will have the same force and effect of an original document with original signatures.

12.10 Entire Agreement. This Agreement, including all applicable exhibits, is the final and complete expression of the agreement between these parties regarding Customer's and its Users' use of the Services. This Agreement supersedes, and the terms of this Agreement govern, all previous oral and written communications regarding these matters, all of which are merged into this Agreement. No employee, agent, or other representative of Company has any authority to bind Company with respect to any statement, representation, warranty, or other

expression unless the same is specifically set forth in this Agreement. No usage of trade or other regular practice or method of dealing between the parties will be used to modify, interpret, supplement, or alter the terms of this Agreement. This Agreement may be changed only by a written mutual agreement signed by an authorized agent of both Parties. Company will not be bound by, and specifically objects to, any term, condition, or other provision that is different from or in addition to this Agreement (whether or not it would materially alter this Agreement) that is proffered by Customer in any receipt, acceptance, confirmation, correspondence, or otherwise, unless Company specifically agrees to such provision in writing and signed by an authorized agent of Company.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

This Agreement will become effective when all parties have signed master document MA-PO-24-162. The effective date of the Agreement will be the date this Agreement is signed by the last party (as indicated by the date associated with that party's signature).

EXHIBIT A
HARDWARE TERMS

Company will analyze and predetermine Customer need for self-service iPad kiosks and physical card readers to be used for the facilitation of payments, as outlined on the first page of the Agreement. The Company is responsible for all costs associated with the purchasing and shipping of these hardware products. The Company may provide Customer with additional hardware if a need is determined upon a written notice from the Customer.

EXHIBIT B
MAINTENANCE SERVICES

1. **MAINTENANCE GENERALLY.** Kaizen will schedule routine maintenance for items such as releasing new functionality, updating existing features, or bringing the website down for maintenance (“Routine Maintenance”), between 1:00 a.m. and 5:00 a.m., US/Eastern time unless extenuating circumstances exist. If maintenance must be conducted during business hours or if Kaizen will take the Subscription Services offline, Kaizen shall give the Customer written notice at least seven (7) days in advance of performing such maintenance. The notice shall include Kaizen’s estimate of the amount of Permitted Downtime.
2. **MAINTENANCE SERVICES WARRANTY.** Kaizen warrants that all Routine Maintenance and other maintenance services will be provided with reasonable skill and care confirming to generally accepted industry standards. These maintenance services include database updates, new feature rollouts, design improvements, and other critical bug fixes. If the maintenance services are not performed as warranted, then, upon the Customer’s written request, Kaizen shall promptly re-perform, or cause to be re-performed, such maintenance services at no additional charge to the Customer.
3. **CUSTOMER SUPPORT.** Kaizen will provide technical support to the Customer via telephone, instant messaging, and electronic mail on weekdays during the hours of 9:00 a.m. through 6:00 p.m. US/Eastern time, with the exclusion of Federal Holidays (“Support Hours”). The Customer may initiate a helpdesk ticket during Support Hours by using a pre-established communication channel with Kaizen.

4. **RESPONSE/RESOLUTION TIMES.** Kaizen shall use commercially reasonable efforts to respond to and resolve the Priority Levels set out below in the time periods described below, provided that classification of any problem among Priority Levels shall be reasonably in accordance with the definitions specified below, which shall be determined by Kaizen in its reasonable discretion.

Priority Level	Description
1	The Subscription Services are down and cannot be accessed
2	The Subscription Services are running but substantial errors occur
3	Errors in the Subscription Services affect users' ability to benefit fully from it
4	The Subscription Services display some minor errors

The following response and resolution times are applied.

Priority Level	Initial Response	Temporary Fix or Workaround
1	Within 8 Hours	Within 1 Calendar Day
2	Within 1 Calendar Day	Within 2 Calendar Days
3	Within 1 Calendar Day	Within 3 Calendar Days
4	Within 2 Calendar Days	Within 5 Calendar Days, unless otherwise indicated in response

A "Calendar Day" is a 24-hour span beginning at 12:00 a.m. and ending at 11:59 p.m. An "Hour" is measured as a one-hour span.

5. **REMEDIES.** If Kaizen chronically fails to respond to or resolve problems in accordance with the table set forth above, the remedies set forth in this paragraph shall apply. Upon an initial determination that Kaizen has chronically failed to respond to or resolve problems identified by the Customer in accordance with this paragraph, the Customer shall send Kaizen notice of Kaizen's chronic failure, which notice may be sent electronically. Within two (2) weeks of the Customer sending the notice of chronic failure, the parties shall meet to discuss a resolution. If Kaizen chronically fails to respond to or resolve problems identified by the Customer with a temporary fix or workaround at least four (4) times in any consecutive three (3) month period during the term, the Customer may terminate this Agreement upon written notice to Kaizen. For purposes of this paragraph, "chronically" or "chronic failure" shall mean that Kaizen is at least three

(3) Hours late in response times or at least two (2) Calendar Days late in delivering any temporary fix or workaround for any Priority Level 1 or 2 issue at least two (2) times in any consecutive three (3) month period during the term.

6. **MAINTENANCE**. Updates and Upgrades, as defined below, will be provided to the Customer during a License Term or Subscription Period, upon a request by the Customer. Kaizen reserves the right to address defects in the next release of the Subscription Services (as applicable). Kaizen will not be responsible to provide service or support when the problem is the result of faulty hardware or software that (a) Kaizen did not provide or (b) Kaizen has not contracted with the Customer to support under this Agreement. Kaizen reserves the right to bill the Customer for such non-supported service at Kaizen's standard time and materials charge for services that fulfill these criteria.
7. **UPDATES AND UPGRADES**. "Update(s)" means interim releases of Subscription Services incorporating standard maintenance, improvements, patches, error corrections and enhancements that are provided by Kaizen to customers who are covered by Kaizen's Services. Updates are designated by all digit(s) to the right of the decimal point (e.g., 3.x.x), and the content and timing of all Updates shall be decided upon by Kaizen in its sole discretion. "Upgrades" mean full product releases of the Subscription Services, which contain substantial functional enhancements. Upgrades are also provided by Kaizen to customers who are covered by Kaizen's Maintenance Services. Upgrades are designated by the digit to the left of the decimal point (e.g., x.0), and the content and timing of all Upgrades shall be decided by Kaizen in its sole discretion. Upgrades do not include any products that are marketed and priced separately by Kaizen or which Kaizen does not make available to its customers who are covered by Kaizen's Maintenance Services.
8. **MAINTENANCE SERVICES WARRANTY**. Kaizen warrants that all Maintenance Services will be provided with reasonable skill and care conforming to generally accepted industry standards. If the Maintenance Services are not performed as warranted, then, only upon the Customer's written request within five (5) days from the date of delivery of such Maintenance Services, Kaizen shall promptly re-perform, or cause to be re-performed, such Maintenance Services, at no additional charge to the Customer.

EXHIBIT F: KAIZEN DISASTER RECOVERY PLAN (3 PAGES)

(Attached)

***EXHIBIT F: KAIZEN DISASTER RECOVERY PLAN
(3 PAGES)***

Business Continuity and Disaster Recovery (BC/DR)

Policy Owner: Nikhil Reddy

Effective Date: 08/15/2023

Purpose

The purpose of this business continuity plan is to prepare Kaizen Labs in the event of service outages caused by factors beyond our control (e.g., natural disasters, man-made events), and to restore services to the widest extent possible in a minimum time frame.

Scope

All Kaizen Labs IT systems that are business critical. This policy applies to all employees of Kaizen Labs and to all relevant external parties, including but not limited to Kaizen Labs consultants and contractors.

The following scenarios are excluded from the BC/DR plan scope:

- Loss of availability for a production hosting service provider (i.e., Google Cloud, AWS, and Render)
- Loss of availability of Kaizen Labs satellite offices (these will be considered incidents)

In the event of a loss of availability of a hosting service provider, the Head of Product Management will confer with the Staff Engineering Lead to determine an appropriate response strategy.

Policy

In the event of a major disruption to production services and a disaster affecting the availability and/or security of the Kaizen Labs office, senior managers and executive staff shall determine mitigation actions.

A disaster recovery test, including a test of backup restoration processes, shall be performed on an annual basis.

Continuity of information security shall be considered along with operational continuity.

In the case of an information security event or incident, refer to the Incident Response Plan.

Alternate Work Facilities

If the Kaizen Labs office becomes unavailable due to a disaster, all staff shall work remotely from their homes or any safe location.

Communications and Escalation

Executive staff and senior managers should be notified of any disaster affecting Kaizen Labs facilities or operations.

Communications shall take place over any available regular channels including slack, e-mail, phone, and Microsoft Teams.

Key contacts shall be maintained on the on-call schedule, viewable upon request.

Roles and Responsibilities

Role	Responsibility
Staff Engineering Lead	The Staff Engineering Lead shall lead BC/DR efforts to mitigate losses and recover the corporate network and information systems.
Department Heads	Each department head shall be responsible for communications with their departmental staff and any actions needed to maintain continuity of their business functions. Departmental heads shall communicate regularly with executive staff and the Staff Engineering lead.
Manager	Managers shall be responsible for communicating with their direct reports and providing any needed assistance for staff to continue working from alternative locations.
Head of Customer Success	The Head of Customer Success, in conjunction with the CEO and CFO shall be responsible for any external and client communications regarding any disaster or business continuity actions that are relevant to customers and third parties.
VP of Engineering	The VP of Engineering, in conjunction with the Head of Customer Success, shall be responsible for leading efforts to maintain continuity of Kaizen Labs services to customers during a disaster.
Head of HR	The CHRO shall be responsible for internal communications to employees as well as any action needed to maintain physical health and safety of the workforce. The CHRO shall work with the Staff Engineering Lead to ensure continuity of physical security at the Kaizen Labs office.

Continuity of Critical Services

Procedures for maintaining continuity of critical services in a disaster can be found in [Appendix A](#).

Recovery Time Objectives (RTO) and Recovery Point Objects (RPO) can be found in [Appendix B](#).

Strategy for maintaining continuity of services can be seen in the following table:

KEY BUSINESS PROCESS	CONTINUITY STRATEGY
Customer (Production) Service Delivery	Rely on AWS availability commitments and SLAs
IT Operations	Not dependent on HQ. VPN is redundant between HQ and Colo. Critical data is backed up to alternate locations.
Email	Utilize Gmail and its distributed nature, rely on Google’s standard service level agreements.
Finance, Legal and HR	All systems are vendor-hosted SaaS applications.
Sales and Marketing	All systems are vendor-hosted SaaS applications.

Plan Activation

This BC/DR shall be automatically activated in the event of the loss or unavailability of the Kaizen Labs office, or a natural disaster (i.e., severe weather, regional power outage, earthquake) affecting the larger <describe the location of your company’s headquarters, e.g., San Francisco, CA> region.

Version	Date	Description	Author	Approved by
1.0	08/15/2023	Initial Version	Nikhil Reddy	Nikhil Reddy

Flagstaff, Arizona

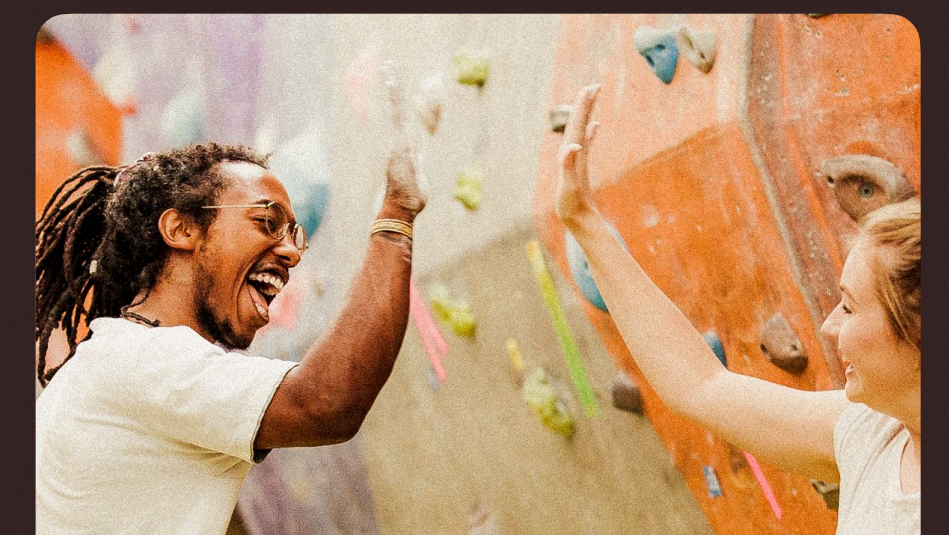
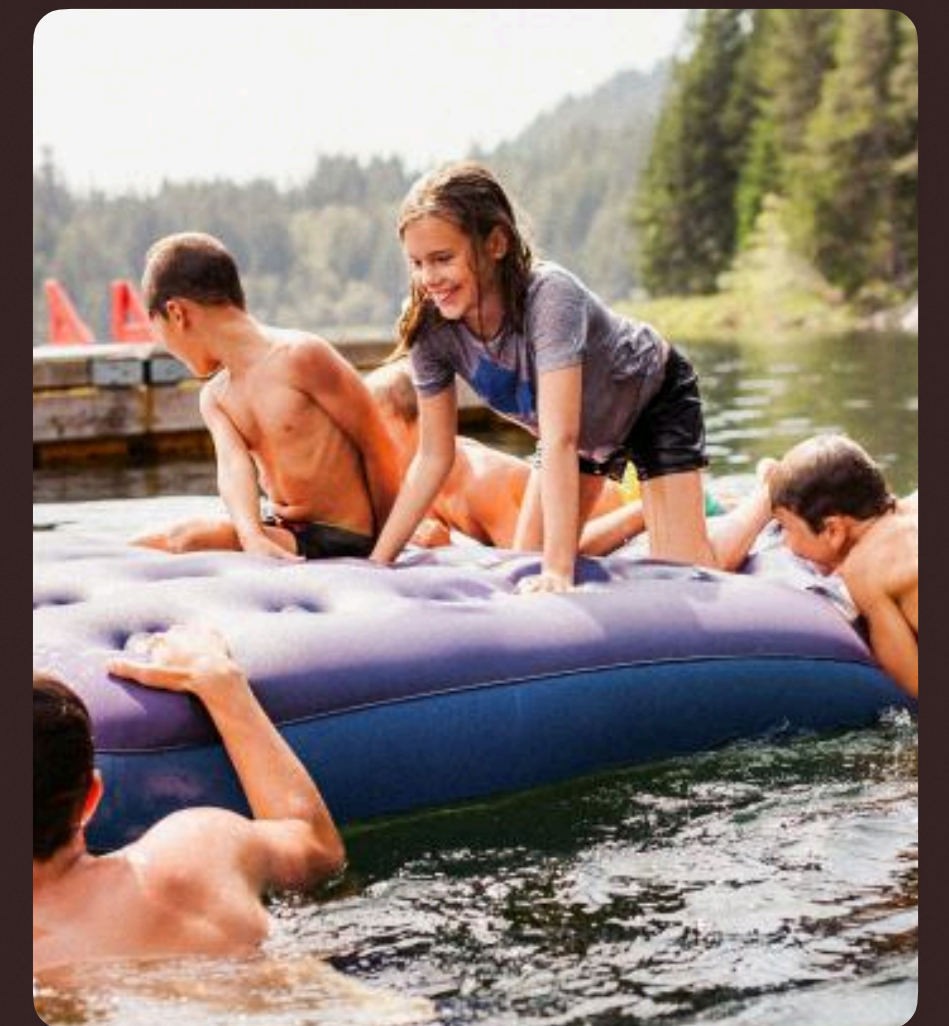
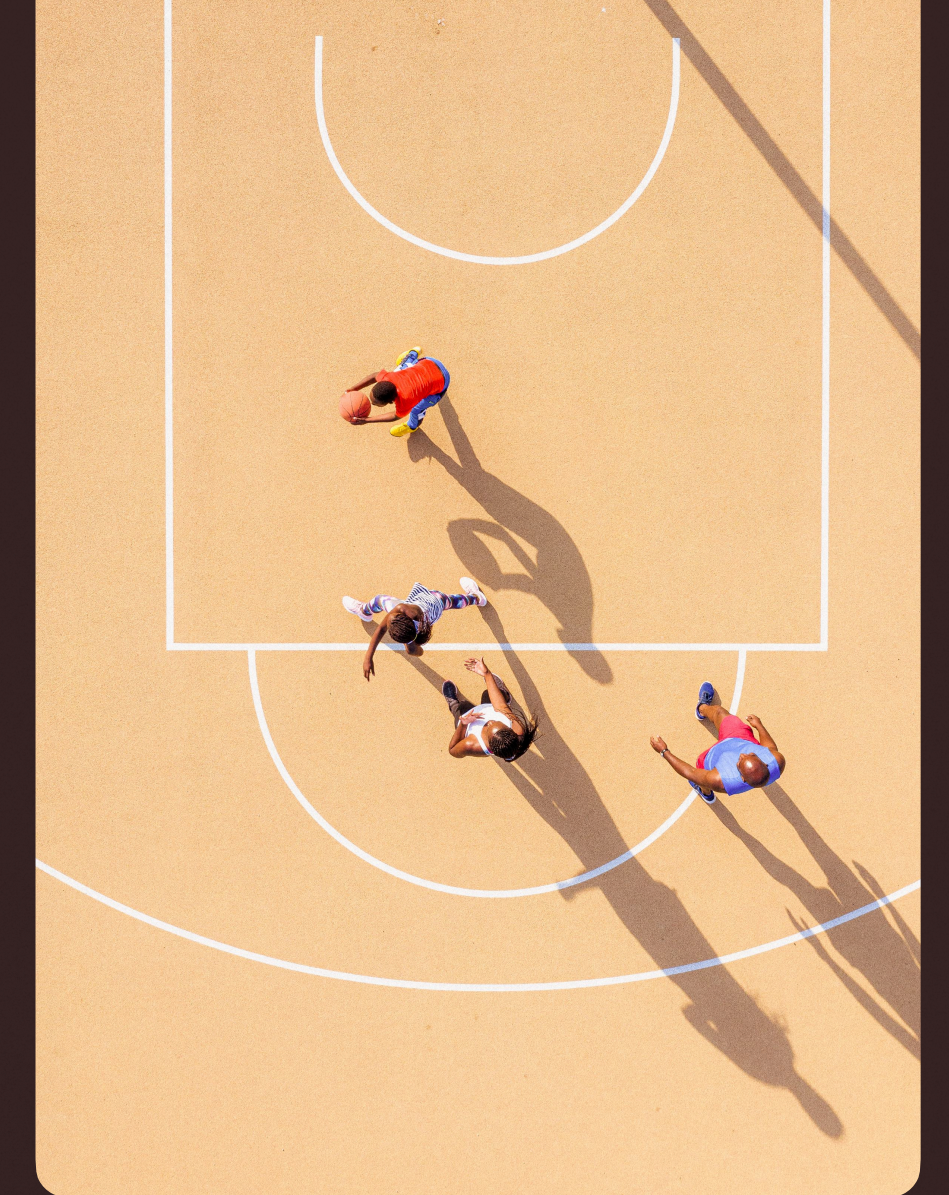
Your community has it all, so we're making it easy to share it



**We build stunning,
configurable resident-centric
digital applications. It's not
just about better websites.**

**There is no "done". Continuous
updates & improvements are
our bare minimum.**

**Human-centered design
thinking is in our DNA.**



Engineering With a Purpose



Nikhil Reddy
CEO



KJ Shah
COO



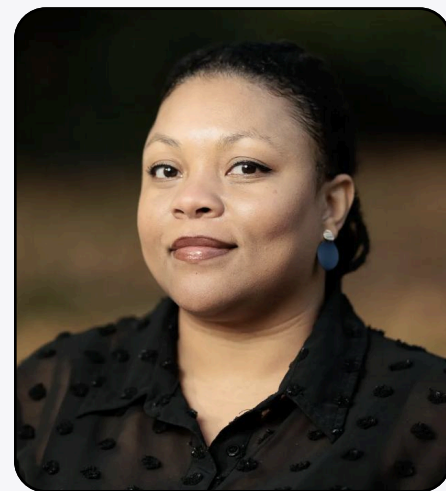
Lou Giacalone
Engineering Lead



Daman Chatha
Snr. Product
Designer



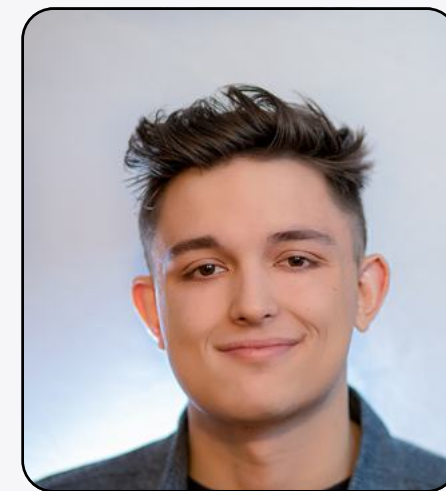
Kelly Flathers
Product Design Lead



Maureen Boyer
Implementation
Specialist



Jeremy Kaplan
Software Engineer



Mark Schnabel
Software Engineer



Linda Kung
Fullstack Engineer



John Puma
Business Operations

150+ years of combined engineering
and design excellence

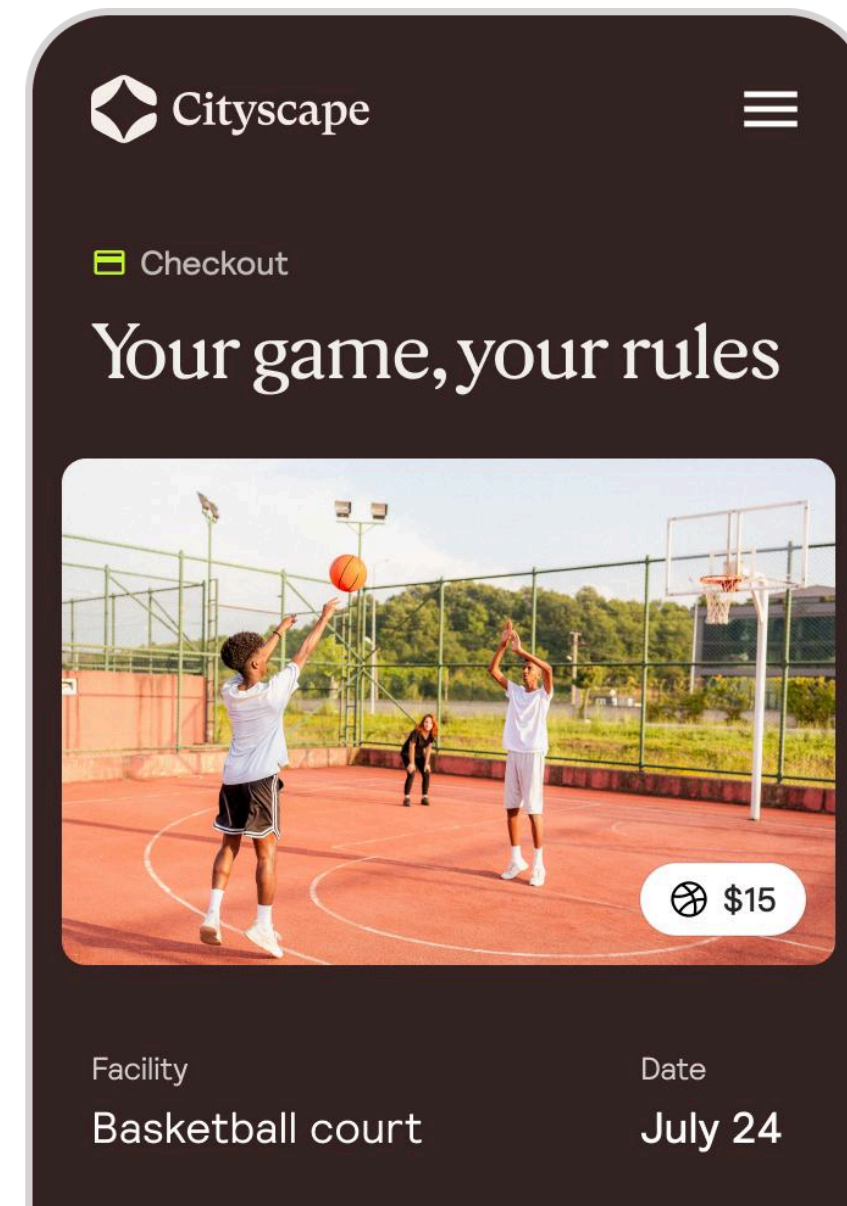
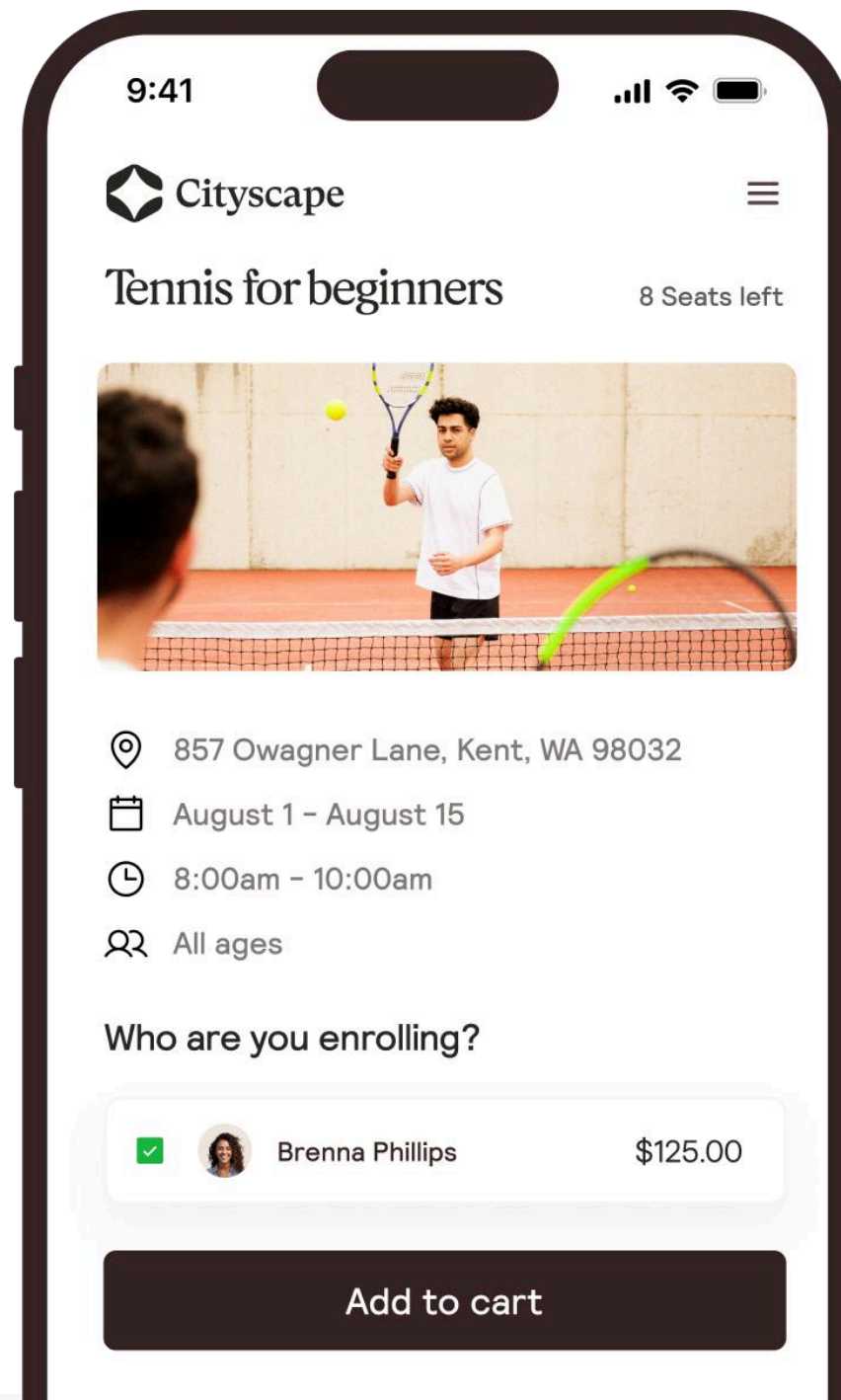


Modern, User-Friendly Recreation Software

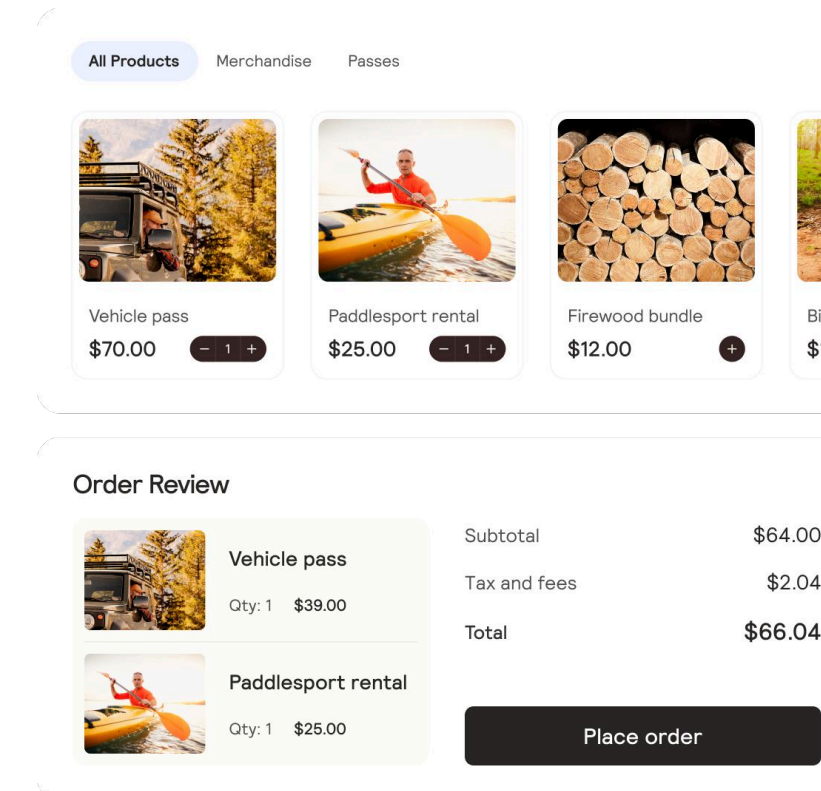
Programs, childcare,
league management, and
more

Point-of-Sale

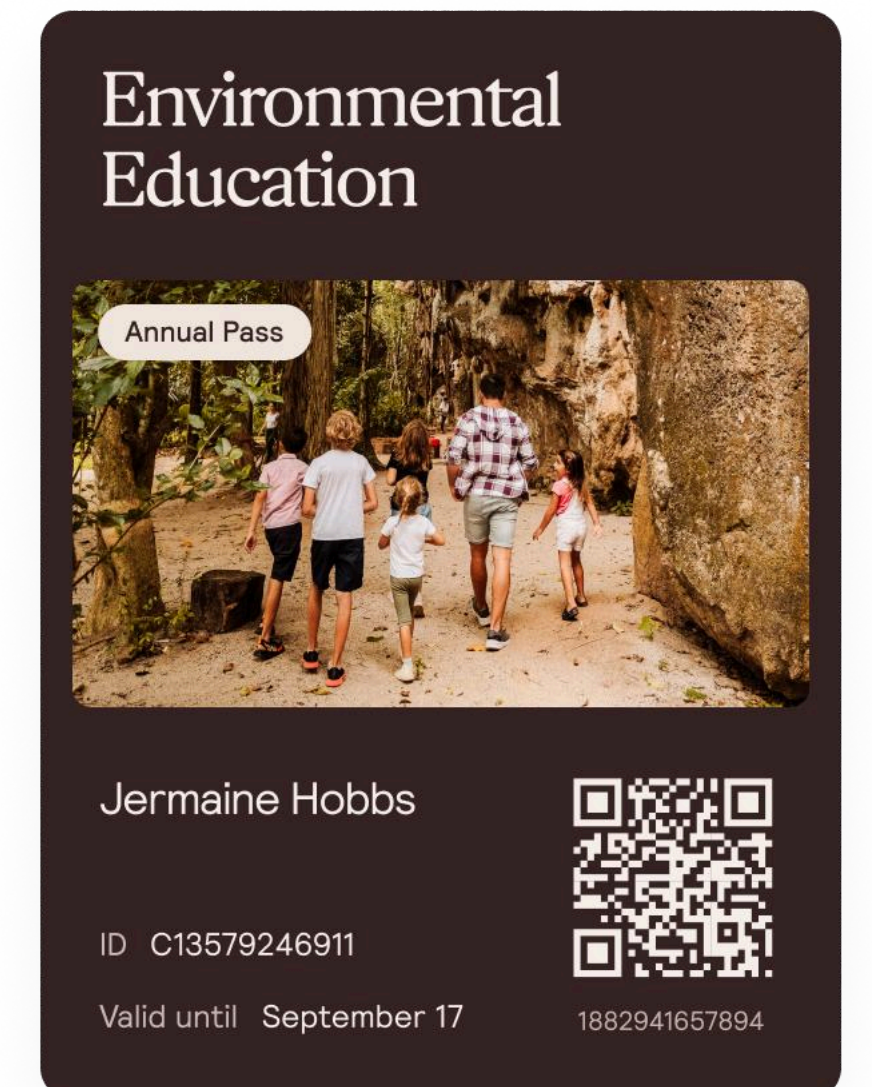
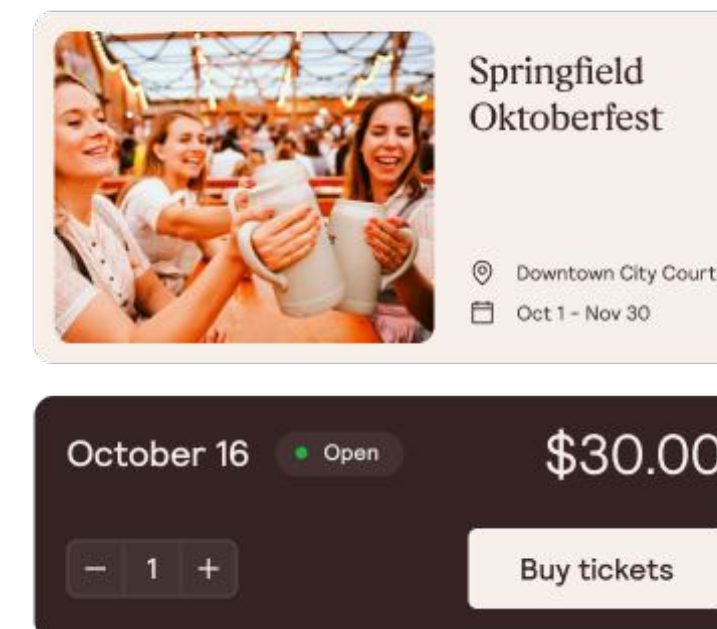
Digital Memberships



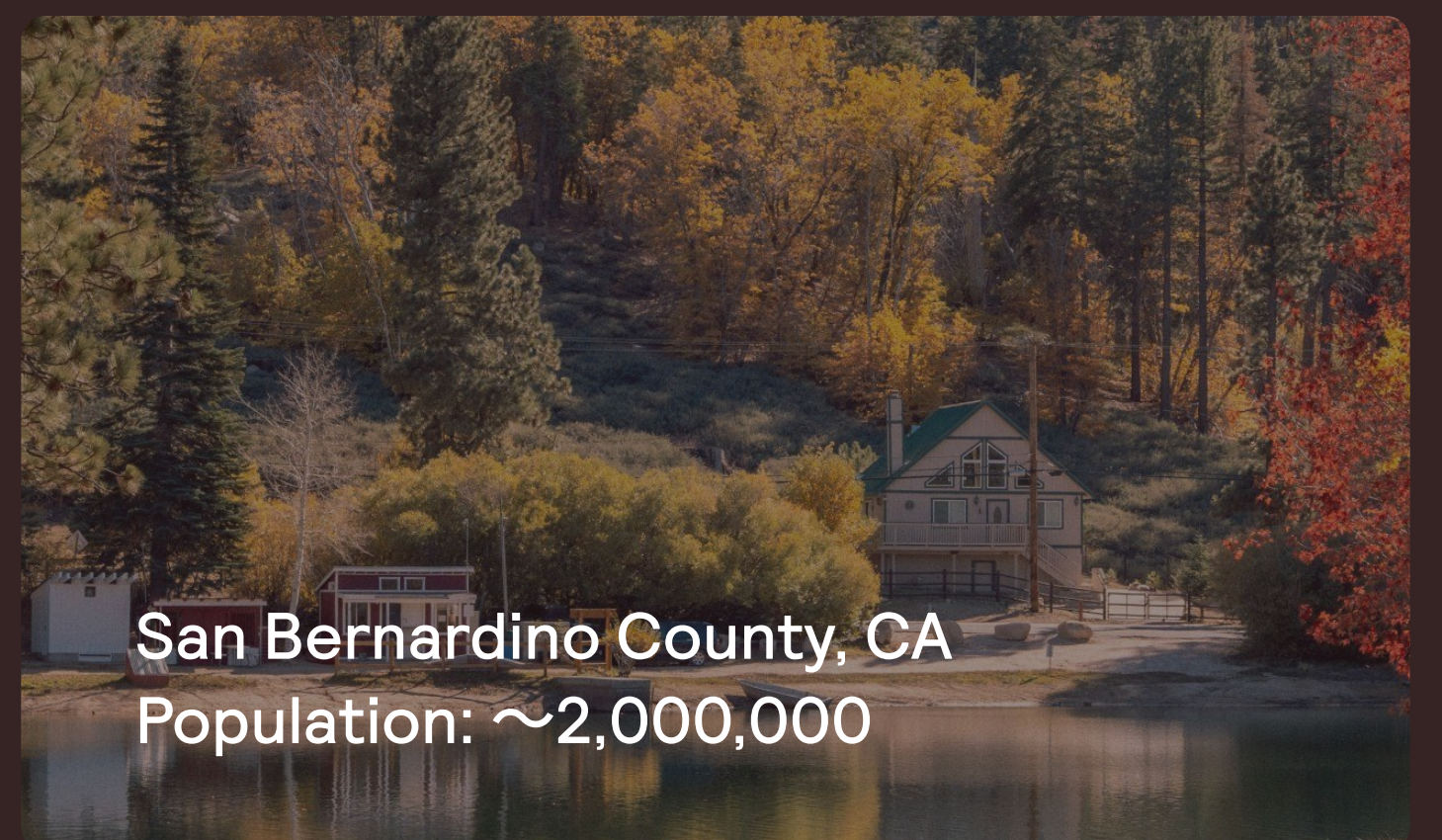
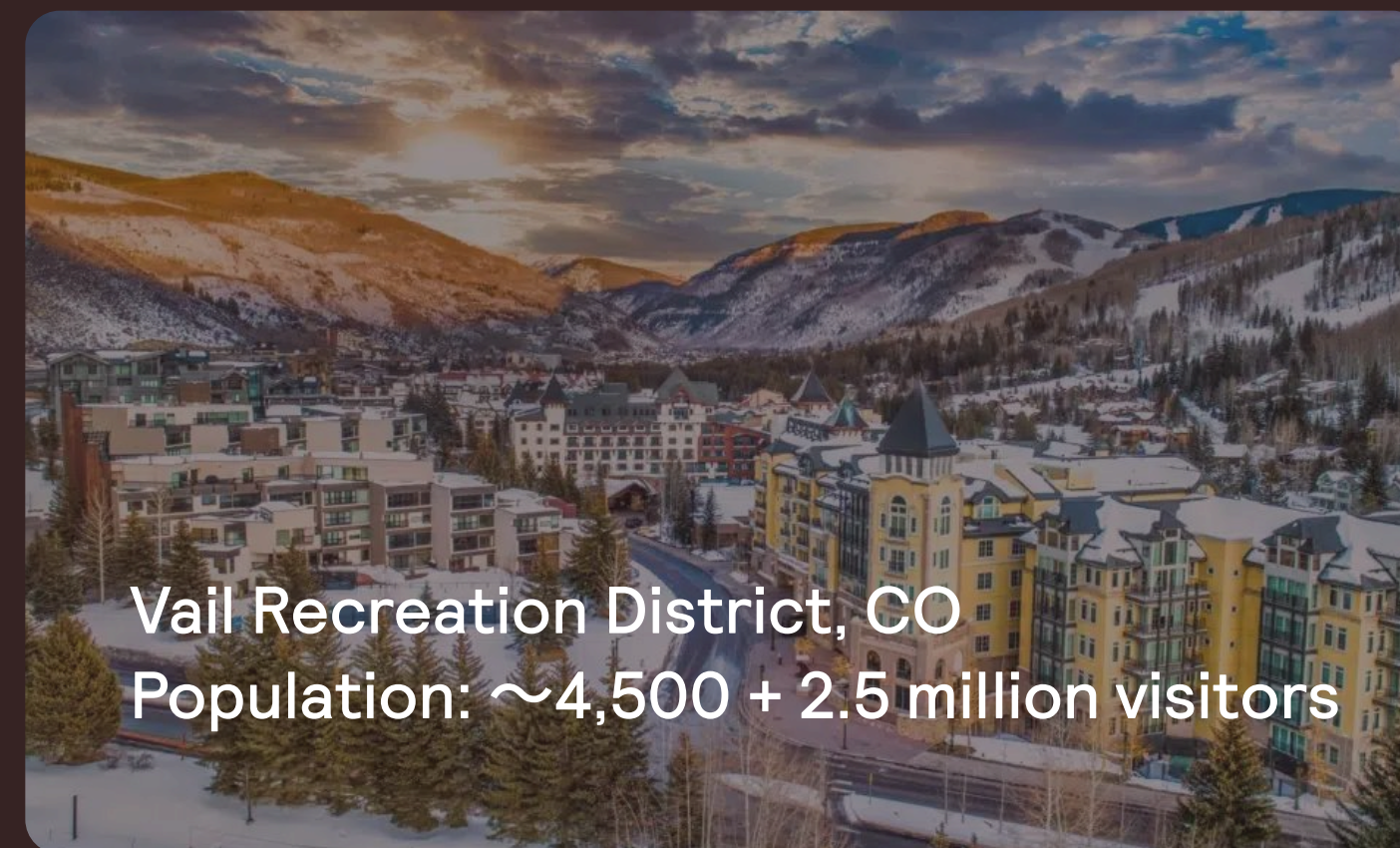
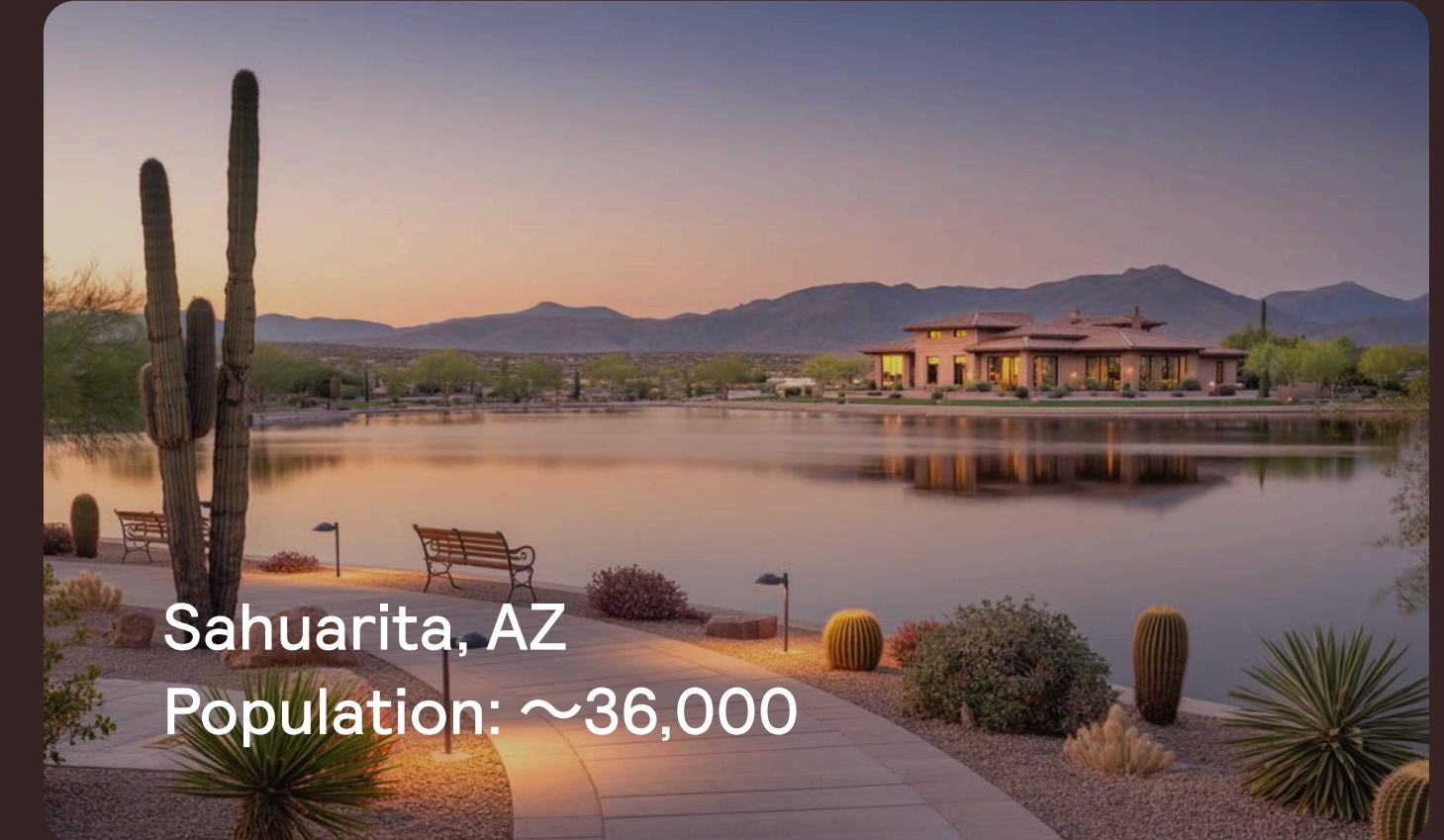
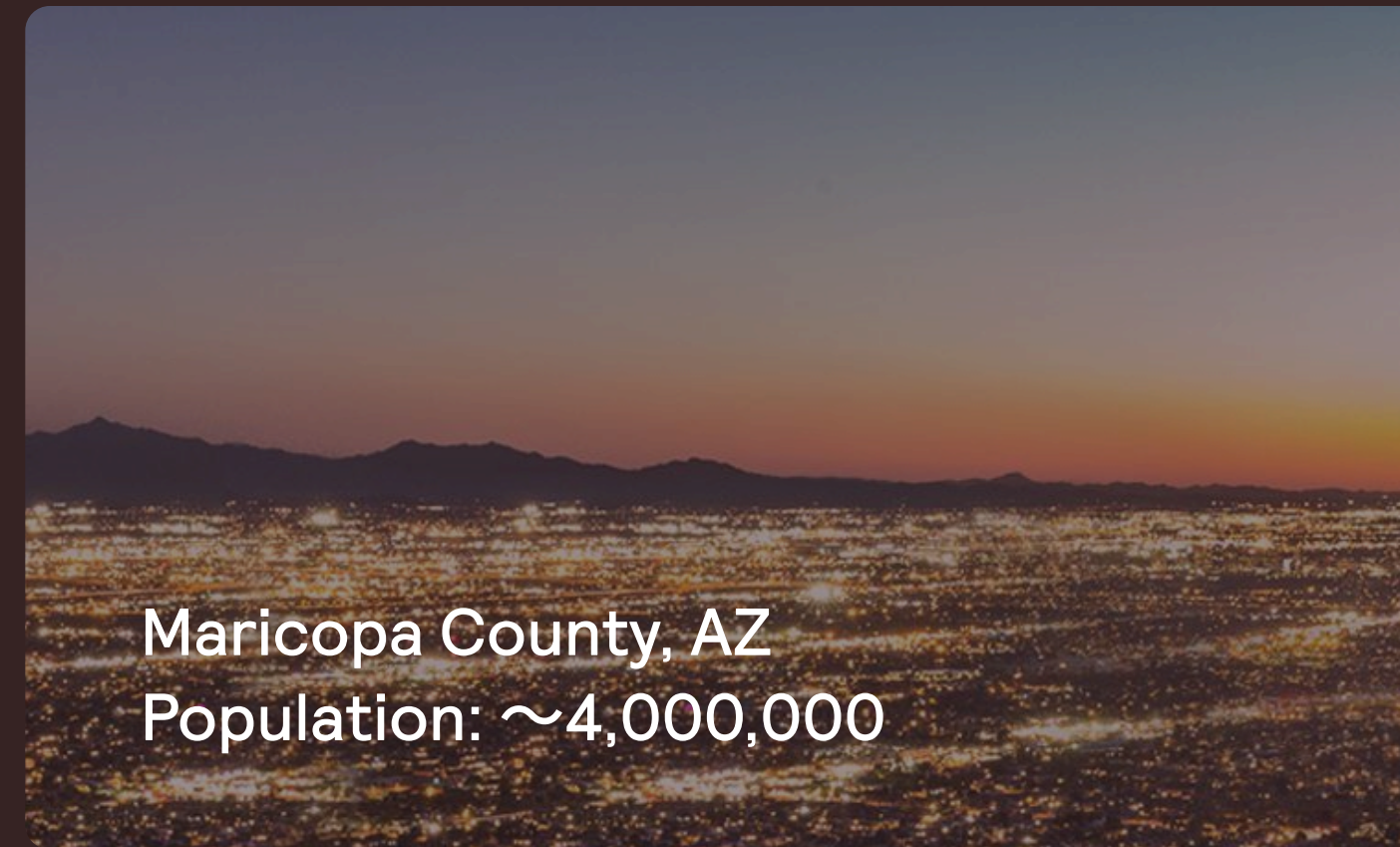
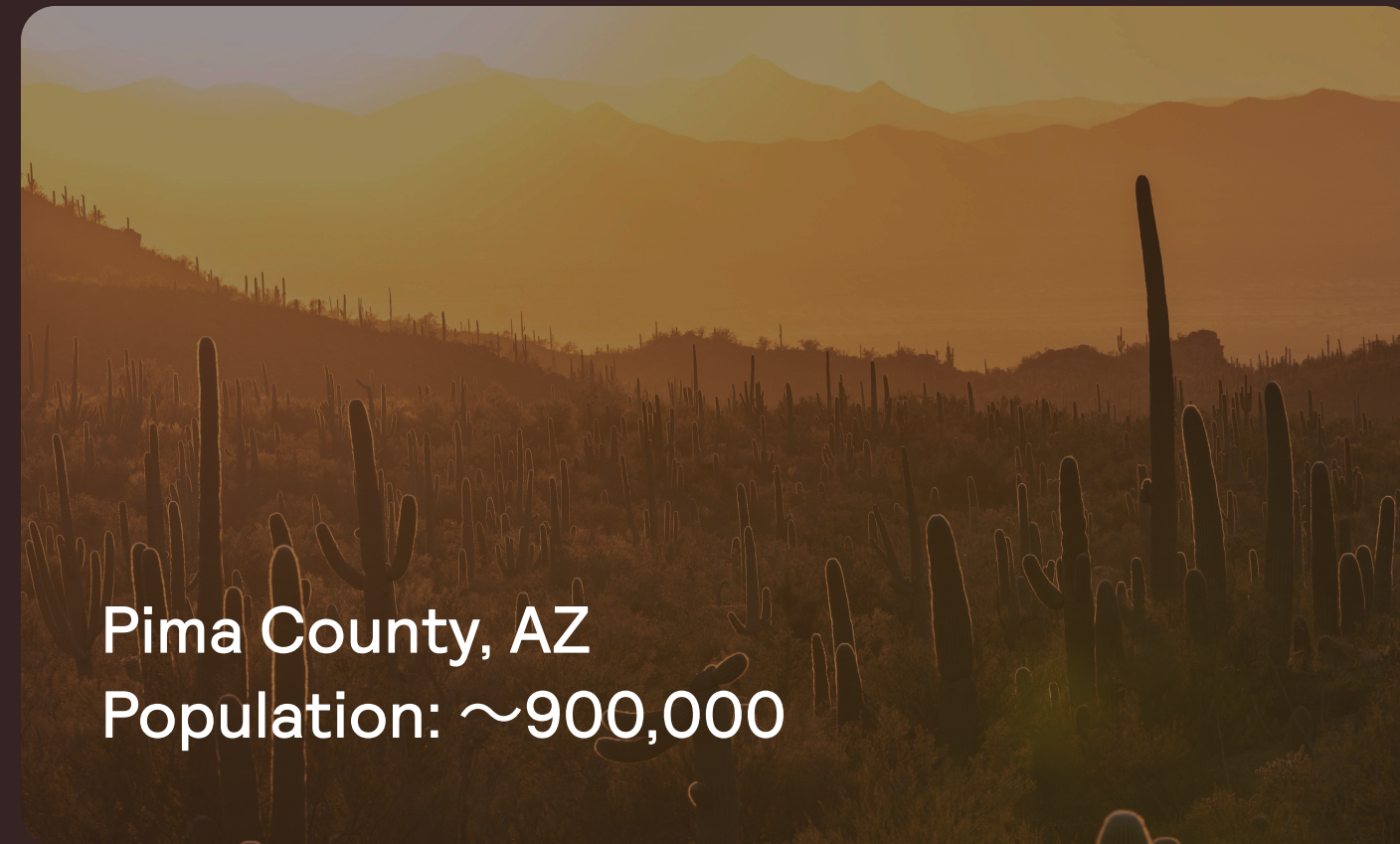
Facility Reservations



Event Ticketing



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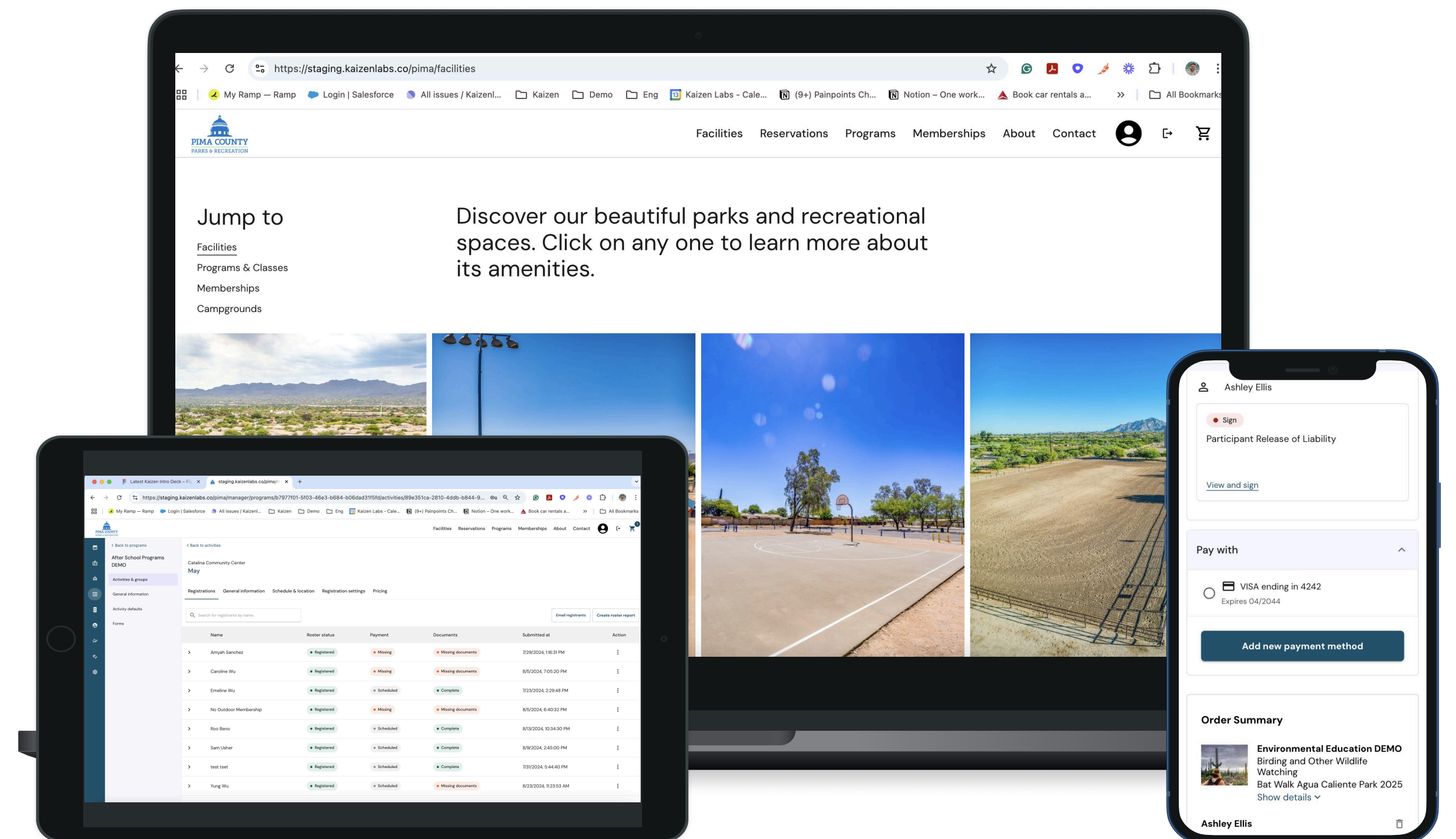
Pima County, AZ - Recreation Software



The department is on track to achieve **~20% year-over-year revenue growth**.
With mobile usage likely to overtake desktop usage, patrons are taking advantage of seamless, user-friendly reservations and registrations.

“They’re not looking for mediocrity. We’re not looking for mediocrity... Working with the Kaizen team has been collaborative since day one. We’re excited about their commitment and the new partnership.

- Vic Pereira, Parks & Recreation Director



**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, City Clerk
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Adoption of Ordinance No. 2025-22: An ordinance amending Flagstaff City Code, Chapter 1-18, Administrative Departments, to establish the Housing Division and rename the Community Development Division to the Planning and Development Services Division.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-22 by title only for the final time
2. City Clerk reads Ordinance No. 2025-22 by title only (if approved above)
3. Adopt Ordinance No. 2025-22

Executive Summary:

In accordance with City Charter Article IV, Section 1(a), the Council, by ordinance not inconsistent with the City Charter, shall provide for the organization, conduct, and operation of the several offices and departments of the City as established by the Charter, for the creation of additional departments, divisions, offices, and agencies, and for their consolidation, alteration, or abolition.

The City Manager has evaluated the organizational structure and has determined there is great benefit to having the Housing Section as a separate division and part of the City's Leadership Team. The Housing Section Director currently reports to the Planning and Development Services Director. Pursuant to the future proposed organizational chart the Housing Division would report to a Deputy City Manager.

In addition to the creation of the Housing Division the ordinance will update the name of the Community Development Division to Planning and Development Services Division.

Financial Impact:

There is budgetary impact when reclassifying the current Housing Section Director to a Division Director. Funding has been requested in the fiscal 2025-2026 personnel budget.

Policy Impact:

There is no anticipated policy impact for these changes.

Previous Council Decision or Community Discussion:

None

Options and Alternatives to Recommended Action:

Do not approve the creation of the Housing Division and name change for Community Development.

Connection to PBB Priorities and Objectives:

Priority Based Budget Key Community Priorities and Objectives

High Performing Governance: Enhance the organization's fiscal stability and increase efficiency and effectiveness.

Connection to Regional Plan:

N/A

Connection to Carbon Neutrality Plan:

N/A

Connection to 10-Year Housing Plan:

Overall support of the 10-Year Housing Plan

Attachments: [Ord. 2025-22](#)

ORDINANCE NO. 2025-22

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, CHAPTER 1-18, ADMINISTRATIVE DEPARTMENTS, TO ESTABLISH THE HOUSING DIVISION AND RENAME THE COMMUNITY DEVELOPMENT DIVISION TO THE PLANNING AND DEVELOPMENT SERVICES DIVISION; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City Council has authority to approve the reorganization of City Divisions pursuant to the Flagstaff City Charter, Article IV, Section 1(a); and

WHEREAS, the City Council has authority to approve alterations of City Divisions pursuant to the Flagstaff City Charter, Article IV, Section 1(a); and

WHEREAS, the City's needs are best met having a Housing Division; and

WHEREAS, the Community Development Division desires to rename the Division as the Planning and Development Services Division.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

Section 1: Amend City Code 1-18-0001-0001

Flagstaff City Code Section 1-18-001-0001, Departments and Divisions Organized, is hereby amended as follows:

1-18-001-0001 DEPARTMENTS AND DIVISIONS ORGANIZED

DEPARTMENT HEADS: There will be two (2) departments and ~~thirteen (13)~~ **FOURTEEN (14)** divisions in the City government and the respective department heads shall be deputy city managers who report directly to the City Manager.

The ~~thirteen (13)~~ **FOURTEEN (14)** divisions shall be:

- A. FIRE, headed by the Fire Chief.
- B. POLICE, headed by the Police Chief.
- C. PUBLIC WORKS, headed by the Public Works Director.
- D. MANAGEMENT SERVICES, headed by the Management Services Director.

- E. WATER SERVICES, headed by the Water Services Director.
- F. ~~COMMUNITY DEVELOPMENT~~, **PLANNING AND DEVELOPMENT SERVICES**, headed by the ~~Community Development~~ **PLANNING AND DEVELOPMENT SERVICES** Director.
- G. ECONOMIC VITALITY, headed by the Economic Vitality Director.
- H. INFORMATION TECHNOLOGY, headed by the Information Technology Director.
- I. HUMAN RESOURCES/RISK MANAGEMENT, headed by the Human Resources/RISK MANAGEMENT Director.
- J. CITY ENGINEERING, headed by the City Engineer.
- K. PARKS, RECREATION, OPEN SPACE, AND EVENTS, headed by the Parks, Recreation, Open Space, and Events Director.
- L. COMMUNICATION AND CIVIC ENGAGEMENT, headed by the City Clerk.
- M. SUSTAINABILITY, headed by the Sustainability Director.
- N. HOUSING, HEADED BY THE HOUSING DIRECTOR.**

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 4th day of November, 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Bryce Doty, Real Estate Manager
Co-Submitter: Matthew Mansfield
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

~~Consideration and Adoption of Ordinance No. 2025-23: An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of real property from the Flagstaff Unified School District in order to facilitate affordable housing development, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date~~

STAFF RECOMMENDED ACTION:

~~At the November 4th Council Meeting:~~

- ~~1. Read Ordinance No. 2025-23 by title only for the first time~~
- ~~2. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)~~

~~At the November 18th Council Meeting:~~

- ~~3. Read Ordinance No. 2025-23 by title only for the final time~~
- ~~4. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)~~
- ~~5. Adopt Ordinance No. 2025-23~~

Executive Summary:

The Flagstaff Unified School District (FUSD) is exploring affordable housing development opportunities on the approximately 18.8 acres adjacent to the Sinagua campus, identified by tax assessor's parcel number 106-08-002V (Property). The Property is zoned Public Facility.

Under A.R.S. § 15-342.7, FUSD may "sell or lease [school property] to the state, a county, a city, another school district or a tribal government agency required for a public purpose if the sale or lease of the property will not affect the normal operations of a school within the District". The City received a request from the Superintendent of the District to purchase the Property in order to facilitate an affordable housing project under the following model:

1. FUSD will convey the Property to the City
2. The City will record a Land Use Restriction Agreement (LURA) restricting the use of the Property to a use which furthers the public purpose of increasing the supply of affordable housing.
3. After recording the LURA, the City will convey the property to a special purpose nonprofit entity established by an Arizona Industrial Development Authority
4. The nonprofit entity will enter into a ground lease with a developer to develop the project.

The planned project is currently designed for between 40 to 48 affordable units. Several affordable housing projects have had success using this model in Arizona. Further details and a final purchase agreement will be brought to Council for consideration at a future meeting.

Staff is bringing the ordinance to acquire now because the project is contingent upon the award of a Low Income Housing Tax Credit (LIHTC) to the developer. The "pre-application" process for the LIHTC requires the developer to demonstrate site control by January 15, 2026. The Ordinance is a prerequisite to documenting site control by the applicant. Approval of the ordinance will allow the parties to work towards

ORDINANCE NO. 2025-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE ACQUISITION OF REAL PROPERTY FROM THE FLAGSTAFF UNIFIED SCHOOL DISTRICT IN ORDER TO FACILITATE AFFORDABLE HOUSING DEVELOPMENT; PROVIDING FOR DELEGATION OF AUTHORITY, PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City has authority to acquire real property, pursuant to the Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City desires to acquire real property interests necessary to facilitate affordable housing development.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the acquisition of all of the real property identified in the attached Exhibit A. The real property interests may be acquired through purchase, exchange, gift, donation or dedication.

SECTION 2. Delegation of Authority

The Mayor, City Manager, Planning and Development Services Director, Real Estate Manager, City Attorney or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this ordinance.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 4th day of November, 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
Exhibit A – Legal Description

EXHIBIT "A"

A parcel of land located in the South half of Section 13 and the Northeast quarter of Section 24. Township 21 North, Range 7 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, further described as follows:

Beginning at the South quarter corner of said Section 13, being a found 1 1/2 inch diameter iron pipe from whence the West line of the Northeast quarter of said Section 24 bears South $00^{\circ} 35' 03''$ East (Basis or Bearings);

Thence South $89^{\circ} 28' 50''$ West (South $89^{\circ} 32' 47''$ West, Record) along the South line of the Southwest quarter of said Section 13, a distance of 980.47 feet (Measured) to a point on the Easterly right-of-way of Fourth Street;

Thence North $21^{\circ} 25' 07''$ East (M) (North $21^{\circ} 22' 19''$ East Record) along said right-of-way, 129.19 feet (M) to a Point of Curvature of a curve to the right, concave to the East, having a central angle of $42^{\circ} 59' 26''$ (M) ($42^{\circ} 59' 56''$ Record), and a radius of 710.28 feet (M) (710.09 feet Record);

Thence continuing along said right-of-way along the arc of said curve, 532.94 feet (M) (532.90 feet Record) to a point of tangency;

Thence continuing along said right-of-way North $21^{\circ} 34' 19''$ East (M) (North $21^{\circ} 37' 41''$ East, Record) 576.44 feet (M) to a Point of Curvature of a curve to the right, concave to the Southeast, having a central angle of $97^{\circ} 16' 37''$ (M) ($97^{\circ} 16' 42''$ Record), and a radius of 22.50 feet (M & R);

Thence 38.21 feet (M & R) along the arc of said curve to a Point of Tangency on the Southerly right-of-way of Sparrow Avenue (formerly Mockingbird Avenue);

Thence along said Southerly right-of-way South $61^{\circ} 09' 05''$ East (M) (South $61^{\circ} 08' 09''$ East, Record), 368.39 feet (M) to a Point of Curvature of a curve to the left, concave to the North, having a central angle of $26^{\circ} 56' 07''$ (M) ($26^{\circ} 56' 21''$, Record) and a radius of 330.32 feet (M) (329.84 feet, Record);

Thence continuing along said right-of-way 155.29 feet (M) (155.30 feet, Record) along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way South $88^{\circ} 05' 12''$ East, 129.46 feet (M) (South $88^{\circ} 02' 01''$ East, 130.14 feet, Record) to a Point of Tangency of a curve to the left, concave to the Northwest, having a central angle of $37^{\circ} 28' 46''$ (M) ($37^{\circ} 28' 06''$, Record) and a radius of 329.64 feet (M) (329.84 feet, Record);

CONTINUED. . . .

1160-065

Thence continuing along said right-of-way 217.63 feet (M) (215.70 feet, Record), along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way North 54° 26' 02" East (M) (North 54° 30' 55" East, Record), 409.08 feet (M) (409.40 feet, Record) to a Point of Curvature of a curve to the right, concave to the Southeast, having a central angle of 22° 37' 17" (M) (22° 28' 58" Record), and a radius of 275.44 feet (M) (276.99 feet, Record);

Thence continuing along said right-of-way, 108.75 feet (M) (108.69 feet, Record) along the arc of said curve to a point on the West boundary of Foxglenn Subdivision, as recorded in Case 3, Map 141, Records of Coconino County, being also a point on the West boundary of Lot 132 of said subdivision;

Thence South 37° 39' 50" East (M) (South 37° 41' 31" East, Record), 493.57 feet along the said West boundary of Foxglenn Subdivision to an Angle Point of said boundary;

Thence continuing along said boundary South 29° 27' 23" East, 405.78 feet (M) (South 29° 26' 31" East, 406.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 22° 55' 40" East, 139.98 feet (M); (South 22° 56' 31" East, 140.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 42° 29' 51" East, 170.02 feet (M) (South 42° 31' 31" East, 170.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 11° 35' 36" West, 159.86 feet (M) (South 11° 33' 29" West, 160.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 62° 29' 20" East, 314.95 feet (M) (South 62° 31' 31" East, 315.00 feet, Record) to an Angle Point of said boundary;

Thence South 08° 14' 54" East, 80.37 feet (M) (South 08° 18' 27" West, 80.40 feet, Record) to the most Northerly corner of the City of Flagstaff's Fire Station No. 4 Parcel;

Thence South 42° 22' 51" West, 326.61 feet (M) (South 42° 22' 23" West, 326.80 feet, Record) along the boundary of said Fire Station parcel;

Thence South 51° 15' 02" West, 28.00 feet (M) (South 51° 13' 10" West, 28.00 feet, Record) to the centerline of Bald Eagle Way;

CONTINUED. . .

1160-006

Thence South $38^{\circ} 44' 58''$ East, 11.13 feet (M) (South $38^{\circ} 46' 50''$ East, 11.13 feet, Record) along said centerline;

Thence South $51^{\circ} 15' 02''$ West, 28.00 feet (M) (South $51^{\circ} 13' 10''$ West, 28.00 feet, Record);

Thence South $38^{\circ} 44' 02''$ East, 113.91 feet (M) (South $38^{\circ} 46' 50''$ East, 114.40 feet, Record) to a Point of Curvature of a curve to the right, concave to the East, having a central angle of $93^{\circ} 50' 14''$ (M) ($93^{\circ} 48' 20''$, Record) and a radius of 22.50 feet (M & R);

Thence along the arc of said curve 36.85 feet (M) (36.84 feet, Record) to a Point of Compound Curvature of a curve to the right, concave to the Northwest, having a central angle of $05^{\circ} 26' 35''$ (M) and a radius of 1204.81 feet (M) (1195.48 feet (R);

Thence along the arc of said curve, 114.45 feet (M), said curve being the Northerly right-of-way of Butler Avenue, to a Point of Tangency;

Thence continuing along the Northerly right-of-way of said Butler Avenue South $60^{\circ} 30' 09''$ West, 617.48 feet (M) (South $60^{\circ} 35' 57''$ West, 617.70 feet, Record) to a Point of Curvature of a curve to the right, concave to the North, having a central angle of $54^{\circ} 00' 47''$ (M) ($54^{\circ} 00' 33''$, Record), and a radius of 559.92 feet (M) (559.91, Record);

Thence continuing along said right-of-way, 527.84 feet (M) (527.79 feet, Record) along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way North $65^{\circ} 29' 04''$ West, 43.17 feet (M) (43.48 feet, Record) to a point on the West line of the Northeast quarter of said Section 24;

Thence North $00^{\circ} 35' 03''$ West (M) Basis of Bearings (North $00^{\circ} 31' 07''$ West, Record) 855.38 feet (M) (855.16 feet, Record) along the said West line of the Northeast quarter of Section 24, to the Point of Beginning.

1160-067

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, City Clerk
Date: 11/03/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Adoption of Ordinance No. 2025-27: Amending the Flagstaff City Code, Chapter 1-14, Personnel System amending the Employee Handbook of Regulations, Section 1-60-030, providing for repeal of conflicting ordinances, severability, authority for clerical correction, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the November 4, 2025 Council Meeting:

- 1. Read Ordinance No. 2025-27 by title only for the first time**
- 2. City Clerk reads Ordinance No. 2025-27 by title only (if approved above)**

At the November 18, 2025 Council Meeting:

- 3. Read Ordinance No 2025-27 by title only for the final time**
- 4. City Clerk reads Ordinance No. 2025-27 by title only (if approved above)**
- 3. Adopt Ordinance No. 2025-27**

Executive Summary:

Amend Section 1-60-030 Nepotism of the Employee Handbook to afford Mayor and Council flexibility to approve of a City Manager having a family or relative (as defined in the policy) remain employed in the City of Flagstaff if the family member or relative is an employee at the time of the City Manager's appointment.

Financial Impact:

None

Policy Impact:

The Employee Handbook amendment being considered will have the effect of providing flexibility to Mayor and Council to appoint a City Manager who has a family member or relative (as per the definition in the same policy) already employed with the City of Flagstaff at the time of the City Manager's appointment.

Previous Council Decision or Community Discussion:

None

Options and Alternatives to Recommended Action:

Option of not approving proposed changes.

Connection to PBB Priorities and Objectives:

High Performing Governance

Connection to Regional Plan:

None

Connection to Carbon Neutrality Plan:
None

Connection to 10-Year Housing Plan:
None

Connection to Division Specific Plan:
None

Attachments: [Ord. 2025-27](#)

ORDINANCE NO. 2025-27

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, CHAPTER 1-14, PERSONNEL SYSTEM BY AMENDING THE EMPLOYEE HANDBOOK OF REGULATIONS, SECTION 1-60-030, NEPOTISM; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City Council has authority to approve the proposed amendments to the Flagstaff Employee Handbook of Regulations pursuant to the Flagstaff City Charter, Article IV.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General

The Flagstaff City Code, Chapter 1-14 *Personnel System* is amended by adopting amendments to the Employee Handbook of Regulations (“Handbook”).

The Handbook, Section 1-60-030, Nepotism, is hereby amended as shown below (additions are underlined and in caps, deletions are stricken):

- D. The City Manager is considered an Officer and is responsible to appoint, lay off, suspend, transfer, demote or remove all ~~Officers and~~ employees of the City, except as otherwise provided in the Charter, and may authorize the head of a department or office to appoint and remove subordinates in such department or office subject to such merit system regulations as adopted by City Council per City Charter Article III(3)(c). A Family Member Within the Third-Degree of Relationship of the City Manager may not be employed within the City of Flagstaff organization, UNLESS EXPLICITLY AUTHORIZED IN THE CITY MANAGER’S EMPLOYMENT AGREEMENT.

SECTION 2: Penalties

Any person found in violation of any provision of the Handbook may be subject to discipline, as set forth in such Handbook and Flagstaff City Code Section 1-14-001-0001, *Personnel System Adopted*.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 18th day of November 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, City Clerk
Date: 11/03/2025
Meeting Date: 11/04/2025



TITLE:

Consideration of Appointment and Approval of Employment Agreement: City Manager

STAFF RECOMMENDED ACTION:

Appoint a City Manager and approve the employment agreement effective November 4, 2025 for the City of Flagstaff.

Executive Summary:

Greg Clifton has served as the City Manager since August 26, 2019. Upon Mr. Clifton's notice to the City Council of his intent to retire, the Council conducted a nationwide recruitment for City Manager.

Financial Impact:

The City Manager salary and benefits are currently budgeted.

Policy Impact:

None

Previous Council Decision or Community Discussion:

None

Options and Alternatives to Recommended Action:

Do not appoint a City Manager and do not approve the employment agreement.

Connection to PBB Priorities and Objectives:

The City Manager position is supportive in the planning and preparation of items connected to PBB Priorities and Objectives.

Connection to Regional Plan:

The City Manager position is supportive in the planning and preparation of items connected to the Regional Plan.

Connection to Carbon Neutrality Plan:

The City Manager position is supportive in the planning and preparation of items connected to the Carbon Neutrality Plan.

Connection to 10-Year Housing Plan:

The City Manager position is supportive in the planning and preparation of items connected to the 10-Year Housing Plan.

Attachments: City Manager Employment Agreement

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made and entered into this _____ 4th _____ day of _____ November _____, 2025, by and between the City of Flagstaff, an Arizona municipal corporation in the City of Flagstaff, County of Coconino, State of Arizona (hereinafter called the “City” or the “Employer”), and _____ Joanne Keene _____ (hereinafter called “Employee”).

RECITALS:

WHEREAS, in order to secure the services of the Employee, the City desires to enter into an agreement embodying the terms of such employment (the “Agreement”); and

WHEREAS, the Employee desires to accept such employment and enter into such Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises, agreements and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Employee hereby agree as follows:

1. Agreement to Employ. Upon the terms and subject to the conditions of this Agreement, the City hereby employs the Employee, and the Employee hereby accepts employment by the City.

2. Term of Employment; Position and Responsibilities.

(a) Term of Employment. The City shall employ the Employee for an indefinite period, commencing on _____ November 4 _____, 2025 and continuing until such employment is terminated by either the City or the Employee as set forth in this Agreement. The period during which the Employee is employed pursuant to this Agreement shall be referred to as the “Employment Period.”

(b) Position and Responsibilities. During the Employment Period, the Employee will serve as City Manager of the City of Flagstaff. Employee shall perform the functions and duties set forth in Article III, Section 3, of the Charter of the City of Flagstaff, and Chapter 1-08 of the Flagstaff City Code, and shall do so in a manner consistent with federal law, state law and the City Code of Flagstaff. Employee shall perform other legally permissible and proper duties and functions as the City Council shall from time-to-time assign. The Employee will devote substantially all of their skill, knowledge and working time to the conscientious performance of such duties except for reasonable vacation time, absence for sickness and authorized leaves of absence. To the extent that it does not significantly interfere with the performance of the Employee’s duties hereunder, it shall not be a violation of this Agreement for the Employee to (i) serve on civic or charitable boards or committees, or (ii) deliver lectures or fulfill speaking engagements at educational institutions. Employee shall not spend more than ten (10) hours per week in teaching, counseling or other non-Employer connected business without the prior approval of City Council. The Employee represents that they are entering into this Agreement voluntarily and that, to the best of their knowledge, their employment hereunder and compliance by them with the terms and conditions of this Agreement will not conflict with or result in the breach of any agreement to which they are a party or by which they may be

bound.

(c) Restrictions on City's Manager's Authority. The City Manager may not be an Immediate Supervisor of a Family Member Within the Third-Degree of Relationship (see City of Flagstaff Employee Handbook Section 1-60-030). In addition, the City Manager may not participate in Processes directly impacting a Family Member Within the Third-Degree of Relationship so as not to exercise influence over the employment of that family member, and all employment decisions regarding the family member that would ordinarily be the responsibility of the City Manager (e.g., lay off, suspension, transfer, demotion, termination) will be delegated to the Senior Deputy City Manager or designee. Notwithstanding the foregoing, the City Manager may approve or recommend broad organizational compensation actions or policy changes—such as pay or salary range adjustments—that affect multiple employees or classifications, including their Family Member Within the Third-Degree of Relationship, provided these actions apply uniformly and without individualized discretion.

The City Manager shall not appoint any Family Member Within the Third-Degree of Relationship to serve on an advisory team or committee that advises or reports directly to the City Manager. Additionally, the City Manager shall ensure the division head of the division in which a Family Member Within the Third-Degree of Relationship is employed shall not directly report to the City Manager; instead, any such division head shall report to the Senior Deputy City Manager or Deputy City Manager.

3. Base Salary. As compensation for the services to be performed during the Employment Period by the Employee hereunder, the City will pay the Employee an annual base salary of Two Hundred Seventy-Five Thousand and 00/100 dollars (\$275,000) (the "Base Salary"). The City shall review the Employee's Base Salary in connection with the performance evaluations outlined in Section 7 below, and may, in its discretion, change such Base Salary as City deems appropriate based on job performance, market conditions, or other relevant factors; provided, however, that the Employee's Base Salary under this agreement shall not be less than Two Hundred Seventy-Five Thousand and 00/100 dollars (\$275,000). The Employee will also receive increases in pay as provided to other management employees and consistent with City's compensation policies, such that any increases based upon a percentage of pay and applied equally to all employees (e.g. cost of living adjustments, market increases, etc.) shall occur automatically without the need for further action by the City Council, and any merit-based increases shall be determined by the City Council in connection with performance evaluations and/or at the time such increases are established for other employees.

4. Employee Benefits. During the Employment Period, the Employee and the Employee's dependents are eligible and may participate in employee benefit programs in accordance with the programs made available to employees by the City. Such benefits may include (without limitation) medical, dental, vision, employee assistance programs, accidental death and dismemberment, individual and group life insurance, and other such benefits (sometimes referred to hereinafter as "welfare benefits") as determined by the City Council. The City may amend its welfare benefits program at any time without limitation in accordance with applicable State and Federal law. The Employee shall also be entitled to participate in the Arizona State Retirement System.

5. Perquisites and Expenses.

(a) General. During the Employment Period, the Employee shall be entitled to

participate in any special benefit or perquisite program generally available from time to time to employees of the City on the terms and conditions then prevailing under such programs.

(b) Automobile Expense. During the Employment Period, the Employee shall receive an automobile allowance in the amount of Three Hundred Fifty and 00/100 dollars (\$350.00) per month. The Employee shall have the right to use a rental vehicle or their own vehicle in accordance with the City of Flagstaff Travel Policy. This allowance shall be split evenly between the first two pay periods each month (One Hundred Seventy-Five and 00/100 dollars (\$175.00) per pay period).

(c) Business Travel, Lodging, etc. The City, subject to budget constraints, shall reimburse the Employee for reasonable travel, lodging and meal expenses incurred in condition with their performance of services hereunder or professional development, upon submission of evidence, satisfactory to the City, of the incurrence and purpose of each such expense.

(d) Professional Development. The City agrees, subject to budgeting constraints, to budget for and to pay the Employee's professional dues and subscriptions necessary for continuation and full participation in national, regional, state and local professional associations and organizations, and chapters thereof, of which the Employee is currently a member or expected to be a member because of the position as City Manager, and for other suitable and desirable expenses for the Employee's continued professional participation, growth, and advancement, and for the good of the City, as the City Council deems appropriate. These associations and organizations include but are not limited to the annual conferences of the International and Arizona City/County Management Associations, the Arizona League of Cities and Towns and such other national, regional, state and local government groups and committees thereof for which the Employee serves as a member. These benefits shall not be included as a portion of the severance pay under Section 6(a) below.

(e) Vacation. The Employee shall accrue vacation leave pursuant to Section 1-50-020 of the Employee Handbook of Regulations (the "Handbook"), which as of the date of this Agreement is twenty-six (26) days per year of vacation, reflecting twenty to twenty-four (20 -24) years of public service for an exempt employee up to a maximum vacation accrual of three-hundred and twelve (312) hours.

(f) Sick Leave. The Employee shall accrue paid sick time pursuant to Section 1-50-029 of the Handbook, which as of the date of this Agreement is twelve (12) days per year.

(g) Deferred Compensation for Retirement. In addition to the Employer's payment into the Arizona State Retirement System on the Employee's behalf, the City agrees to pay 5% of the Employee's Base Salary annually into the Employee's chosen 457 Deferred Compensation Plan. Such payment will be paid to the Employee as compensation for purposes of determining the Employee's income under the Arizona State Retirement System. Such payment will be paid each pay period on a pro-rated basis.

(h) Cellular Phone Expense. The Employee shall receive a cellular phone allowance in the amount of One Hundred and 00/100 dollars (\$100.00) per month. This allowance shall be included in the first pay period each month.

6. Termination of Employment.

(a) Termination for Cause. The City shall be entitled at any time to terminate the Employee's employment with City for Cause. For purposes of this Agreement, the City shall have "Cause" to terminate the Employee's employment as authorized by Article III of the City Charter. Without limiting the foregoing, "Cause" shall mean that the City Council, at a duly posted public meeting, has determined that Employee has (i) committed an act of gross insubordination by refusing to take a legal, valid action that is clearly within the scope of the City Manager's employment when specifically directed to do so by a majority of the City Council at a duly posted public meeting, (ii) been incarcerated for committing a felony as defined in Arizona Revised Statutes (the City Council may choose to suspend Employee with pay during the pendency of any such prosecution), (iii) either in a personal or professional capacity, severely damaged the reputation of the City or the City Council or otherwise substantially impaired the City's ability to maintain or attract businesses, (iv) materially failed to perform a significant portion of the City Manager duties as set forth in this Agreement or (v) caused or allowed any practice, activity, decision or organizational circumstance which is either illegal, immoral, imprudent or in violation of the ICMA Code of Ethics. Upon the Employee's Date of Termination (defined in Subsection 6(f) below) for Cause, the Employment Period will immediately terminate and all obligations of the City and the Employee under this Agreement will immediately cease. Upon Termination for Cause, the City shall pay to Employee the following amounts:

(i) Any accrued, unpaid portion of Base Salary through the Date of Termination shall be paid within seven (7) days after the Employee's Date of Termination or the next payday, whichever is sooner; and

(ii) Any leave or benefits accrued at the Date of Termination pursuant to the applicable policies in the Employee Handbook of Regulations in effect at the time of termination.

(b) Termination Due to Death or Disability. The City may terminate this Agreement immediately upon Employee's death or disability, to the extent permitted under the Americans with Disability and any other applicable law. "Disability," for purposes of this Agreement, means a condition that results in benefits to the Employee under any long-term disability arrangement of the City or an affiliate, or the failure of the Employee to render and perform the services required of them under this Agreement, for a total of one hundred and eighty (180) days or more during any consecutive twelve (12) month period, because of any physical or mental incapacity. Upon the Employee's Date of Termination due to their death or disability, the Employment Period will immediately terminate and all obligations of the City and the Employee under this Agreement will immediately cease. Upon Termination due to Death or Disability, the City shall pay the Employee the following:

(i) Any accrued, unpaid portion of Base Salary through the Date of Termination. If termination is due to death, the amount shall be paid on the next applicable pay period after the Employee's Date of Termination. If termination is due to disability, the amount shall be paid within seven (7) days after the Employee's Date of Termination or the next payday, whichever is sooner; and

(ii) If termination is due to disability, an amount equal to six (6) months of Base

Salary shall be paid within seven (7) days after the Employee's Date of Termination or the next payday, whichever is sooner; and

(iii) Any leave or benefits accrued at the Date of Termination pursuant to the applicable policies in the Employee Handbook of Regulations in effect at the time of termination.

(c) Termination by the City Without Cause. The City may terminate the Agreement without cause by providing the Employee with forty-five (45) days written notice of its intent to terminate the Agreement. In the event the Employee resigns following a request, whether formal or informal, by at least five (5) members of the City Council that they resign, the Employee may at their option deem themselves to be "Terminated without Cause" for purposes of this Agreement. Upon termination of Employee's employment without Cause, the Employment Period will immediately terminate and all obligations of the City and the Employee under this Agreement will immediately cease. The City shall pay the Employee, and the Employee shall be entitled to receive, contingent upon the Employee executing a separation agreement containing a global release of any and all claims relating to their employment with the City (in a form approved by the City Attorney), the following:

(i) Any accrued, unpaid portion of Base Salary through the Date of Termination shall be paid within seven (7) days after the Employee's Date of Termination or the next payday, whichever is sooner; and

(ii) An amount equal to six (6) months of Base Salary shall be paid within seven (7) days after the Employee's Date of Termination or the next payday, whichever is sooner; and

(iii) Any leave or benefits accrued at the Date of Termination pursuant to the applicable policies in the Employee Handbook of Regulations in effect at the time of termination; and

(iv) Reimbursement of the cost of COBRA insurance coverage for a period of six (6) months following the Employee's Date of Termination, or until the Employee becomes eligible for other employer-provided insurance, whichever occurs first.

(d) Voluntary Termination by the Employee. The Employee may terminate this Agreement by providing forty-five (45) days written notice of their intent to terminate pursuant to this section. The City may choose to accelerate the effective date the Employee's resignation date; however, as noted below, the City shall be required to pay the employee's Base Salary through the expiration of the original notice period.

The City shall pay the Employee, upon the Employee's voluntary termination, the following:

(i) Any accrued, unpaid portion of Base Salary through the Date of Termination shall be paid on the next applicable payday after the Employee's Date of Termination; and

(ii) Any leave or benefits accrued at the Date of Termination pursuant to the applicable policies in the Employee Handbook of Regulations in effect at the time of termination.

(e) Notice of Termination. Any termination of the Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated.

(f) "Date of Termination" shall mean (i) if the Employee's employment is terminated by their death, the date of their death, (ii) if the Employee's employment is terminated by the Employer for Cause, the date on which Cause is determined, (iii) if the Employee's employment is terminated by the Employer Without Cause or voluntarily by the Employee, forty-five (45) days after the date on which Notice of Termination is given, and (iv) if the Employee's employment is terminated by their disability, the date of the Notice of Termination.

(g) Suspension. If the City Council has made a determination in a public meeting that a "Cause" termination is appropriate as set forth in Section 6(a) above, the City Council may, in its sole discretion, as an alternative to termination, suspend Employee without pay for a period of up to thirty (30) days.

7. Performance Evaluation. The City Council shall review and evaluate Employee's performance at least twice annually as set forth below. The City shall provide adequate opportunity for Employee to discuss the evaluation with the City Council.

(a) Informal Evaluation. Employee shall provide the City Council with an informal verbal or written performance status report no later than May 4th of each year, reporting progress on City Council-assigned goals.

(b) Formal Evaluation. The City Council shall conclude Employee's formal review and evaluation no later than November 4th of each year. Employee's review and evaluation shall be in accordance with specific criteria developed jointly by the City Council and Employee. The City Council and Employee shall define goals and performance objectives annually, which they determine necessary for the proper operation of the City of Flagstaff and in attainment of the City Council's written policy objectives.

8. Entire Agreement. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and all promises, representations, understandings, arrangements and prior agreements relating to such subject matter (including those made to or with the Employee by any other person or entity) are merged herein and superseded hereby.

9. Indemnification and Bonding. The City shall defend, hold harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the lawful performance of Employee's

duties as City Manager. The City shall bear the full cost of any fidelity or other bonds required of Employee under any law or ordinance.

10. Miscellaneous.

(a) Governing Law. This Agreement is governed by and is to be construed, administered and enforced in accordance with the laws of the State of Arizona, without regard to Arizona conflicts of law principles, except insofar as federal laws and regulations may be applicable. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. The invalidity of any such portion shall not affect the force, effect and validity of the remaining portion hereof.

(b) Withholding. All payments to be made to the Employee under this Agreement will be subject to required withholding of taxes and other required deductions.

(c) Amendments. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is approved in writing by the City and the Employee. No waiver by any party hereto at any time of any breach by any other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No waiver of any provision of this Agreement shall be implied from any course of dealing between or among the parties hereto or from any failure by any party hereto to assert its rights hereunder on any occasion or series of occasions.

(d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(e) Notices. Any notice or other communication required or permitted to be delivered under this Agreement shall be (i) in writing, (ii) delivered personally, by courier service or by certified or registered mail, first-class postage prepaid and return receipt requested, (iii) deemed to have been received on the date of delivery or on the third business day after the mailing thereof, and (iv) addressed as follows (or to such other address as the party entitled to notice shall hereafter designate:

(A) if to the City, at:
Human Resources Director
City of Flagstaff
211 West Aspen Avenue Flagstaff, Arizona 86001

(B) if to the Employee, at
City Manager's Office City of Flagstaff
211 West Aspen Avenue Flagstaff, Arizona 86001

(f) Reimbursement of Expenses in Enforcing Rights. If any action at law or in

equity, or any arbitration proceeding is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to other relief so provided.

(g) No General Waivers. The failure of any party at any time to require performance by any other party of any provision hereof or to resort to any remedy provided herein or at law or in equity shall in no way affect the right of such party to require such performance or to resort to such remedy at any time thereafter, nor shall the waiver by any party or a breach of any of the provisions hereof be deemed to be a waiver of any subsequent breach of such provisions. No such waiver shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced.

(h) Authority. The City represents and warrants that this Agreement has been authorized by all necessary action of the City and is a valid and binding agreement of the City enforceable against it in accordance with its terms.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) Headings. The section and other headings contained in this Agreement are for the convenience of the parties only and are not intended to be a part hereof or to affect the meaning or interpretation hereof.

(k) Conflict of Interest. Employee covenants that they presently have no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The parties agree that this Agreement may be cancelled for conflict of interest in accordance with Arizona Revised Statutes § 38-511.

IN WITNESS WHEREOF, the City has duly executed this Agreement by its authorized representatives and the Employee has hereunto set their hand, in each case effective as of the date first above written.

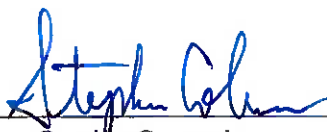
EMPLOYEE

CITY OF FLAGSTAFF

ATTEST:

APPROVED AS TO FORM:

By: _____

By:  _____
Outside Counsel

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Bryce Doty, Real Estate Manager
Co-Submitter: Matthew Mansfield
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Adoption of Ordinance No. 2025-24: An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of a joint law enforcement firearms training facility for public safety, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date

Consideration and Approval of Purchase Agreement: Shoot West Properties, LLC

STAFF RECOMMENDED ACTION:

At the November 4th Council Meeting:

1. Read Ordinance No. 2025-24 by title only for the first time
2. City Clerk reads Ordinance No. 2025-24 by title only (if approved above)

At the November 18th Council Meeting:

3. Read Ordinance No. 2025-24 by title only for the final time
4. City Clerk reads Ordinance No. 2025-24 by title only (if approved above)
5. Adopt Ordinance No. 2025-24
6. Approve the Purchase Agreement with Shoot West Properties, LLC and authorize the City Manager to execute the necessary documents

Executive Summary:

This ordinance authorizes the acquisition of an Indoor Shooting Range located at 11972 N US Highway 89 Flagstaff, AZ 86004 ("Property") to provide year-round firearms training for various law enforcement activities in partnership between the City of Flagstaff ("City"), Coconino County Community College District ("CCCD"), and Coconino County ("County"). The City, CCCD, County desire to share in the cost of acquiring the Property and operating it as a Firearms Training Facility, and to share use of said Firearms Training Facility. Council will act on a proposed intergovernmental agreement as a separate item in an upcoming council meeting.

Staff is bringing this ordinance and the approval of the purchase contract in order to open up escrow with the property owner. The purchase contract is still subject to approval of the forthcoming intergovernmental agreement.

The purchase price was negotiated with the property owner and confirmed to be below replacement value through an appraisal. Additionally, comparing the purchase price versus building a new facility using construction cost estimates from the North expansion to the existing law enforcement facility, less any land costs, demonstrates a significant cost savings of approximately 6 million dollars. This purchase is an opportunity to acquire a vital asset for public safety at a significant discount to funding and financing new construction.

Financial Impact:

The purchase price of \$2,350,000 is funded in partnership with the partnership agencies in the following

ORDINANCE NO. 2025-24

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE ACQUISITION OF A JOINT LAW ENFORCEMENT FIREARMS TRAINING FACILITY FOR PUBLIC SAFETY; PROVIDING FOR DELEGATION OF AUTHORITY; PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City has authority to acquire real property, pursuant to the Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City desires to acquire real property interests consisting of an indoor firearms training facility for public safety; and

WHEREAS, public safety is an exception to Article XVI, Amendment No. 2 of the Flagstaff City Charter.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the acquisition of all of the real property identified in the attached Exhibit A. The real property interests may be acquired through purchase, exchange, gift, donation, dedication, or condemnation necessary for a public use; provided, however, prior to commencement of any condemnation proceeding the City Council shall adopt a separate resolution finding that the taking of the real property interest(s) is necessary for a public use and authorizing condemnation.

SECTION 2. Delegation of Authority

The Mayor, City Manager, Planning and Development Services Director, Real Estate Manager, City Attorney or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this ordinance.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 4th day of November, 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
Exhibit A – Legal Description

EXHIBIT A

PARCEL 1:

LEGAL DESCRIPTION

That portion of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 9, Township 22 North, Range 8 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, being a portion of that certain parcel delineated in Book 7 of Land Surveys, Page 78, records Coconino County, Arizona, (R1), and being more particularly described as follows:

Commencing at the N-N 1/6 corner of said Section 9;

Thence South 89 degrees 25 minutes 36 seconds West, a distance of 50.87 feet to a half inch rebar with tag marked "RLS 16687" on the Westerly line of U.S. Highway 89, according to Book 5 of Promiscuous Records, page 494, records of Coconino County, Arizona, said point being the Southeast corner of R1;

Thence North 00 degrees 17 minutes 09 seconds East along said Westerly right-of-way line of U.S. Highway 89, and the Easterly line of said R1, a distance of 423.87 feet to the True Point of Beginning;

Thence North 89 degrees 04 minutes 10 seconds West, a distance of 369.98 feet to a point;

Thence North 00 degrees 17 minutes 08 seconds East a distance of 203.29 feet to a point on the Southerly right-of-way line of Copeland Lane, according to Docket 1043, page 881, records of Coconino County, Arizona;

Thence North 89 degrees 27 minutes 26 seconds East along the said Southerly right-of-way line of Copeland Lane, a distance of 370.00 feet to the Northeast corner of said R1;

Thence South 00 degrees 17 minutes 09 seconds West along said Westerly right-of-way line of U.S. Highway 89 and said Easterly line of R1, a distance of 212.80 feet to the True Point of Beginning.

PARCEL 2:

Any leasehold interest owned on the NW4NE4 of Section 18, Township 23 North, Range 8 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona.

REAL ESTATE PURCHASE AND SALE CONTRACT

The City of Flagstaff, a municipal corporation organized and existing under the laws of the State of Arizona (“Buyer” or “City”) and Shoot West Properties, LLC (“Seller”) hereby enter this Real Estate Purchase and Sale Contract (“Contract”).

1. Property: The City agrees to purchase, and Seller offers to sell, parcel number 301-68-019A, property located at 11972 N. US Highway 89, Flagstaff, Arizona, 86004, legally described and depicted in the Exhibit_“A”, attached hereto (“the Property”).
2. Purchase Price for Property: The Buyer agrees to pay the Seller two million three hundred and fifty thousand (\$2,350,000.00) (Dollars).
3. Conveyance of Property: Seller shall convey the Property to the Buyer by Special Warranty Deed.
4. “AS IS CONDITION”: Seller and Buyer agree that the Premises is being sold in its existing condition (“AS IS”) and Seller makes no warranty to Buyer, either express or implied, as to the condition of the Premises.
5. Opening and Closing of Escrow: Buyer shall deposit the sum of twenty-three thousand five hundred dollars) (\$23,500.00) with Pioneer Title Agency, Inc. of Flagstaff, Arizona, escrow agent John Kuban (the “Escrow Agent”) to be applied against the Purchase Price at the Close of Escrow. The Opening of Escrow shall be deemed to be the date on which the Deposit and a fully executed copy of this Contract are delivered to the Escrow Agent after City Council approval. The consummation of the transaction contemplated by this Contract (“Close of Escrow” or “COE”)) shall occur on or before ninety-days (90) days after the Opening of Escrow. If the Buyer, Escrow Company or Recorder’s offices are closed on the scheduled closing date, Close of Escrow shall occur on the next day that all are open for business. Buyer, and Seller may accelerate the Closing Date upon mutual acceptance by both parties.

The Closing shall occur at the offices of the Escrow Agent, or at such other place as Seller and Buyer may agree in writing. Closing shall be deemed to have occurred when (i) all closing documents contemplated by this Contract have been delivered to, received by, and executed by the appropriate parties, (ii) all conditions to such Closing contemplated by this Contract have been satisfied or waived, (iii) the funds required to be paid under this Contract have been properly delivered to Escrow Agent and are available for distribution to Seller by Escrow Agent, (iv) the deed required pursuant to Conveyance has been recorded.

6. Title: Within (5) days of Opening of Escrow, Escrow Agent shall deliver to the City and Seller a preliminary title report pertaining to the Property (the “Title Commitment”). On or before fifteen (15) business days after receipt of the Title Commitment, the City shall notify Seller of any matters or exceptions shown on the Title Commitment, or on any documents identified in the Title Commitment as title exceptions, that are not acceptable to the City (the “Objections”). Any matters or title exceptions to which the City does not object within such time period shall be

deemed to be acceptable matters. Mortgages, deeds of trust and other liens encumbering the Property shall be cleared at or before Closing by Seller. Taxes shall be prorated.

7. Additional Conditions of Closing: Buyer's obligations under this contract are contingent upon the following:
 - a. Intergovernmental Agreement: The execution and adoption of an intergovernmental agreement between the City, Coconino County on behalf of the Sheriff's Department, and the Coconino County Community College District for the acquisition, operation, and maintenance of the Property.
 - b. Council Approval: Final approval of the Contract by the Flagstaff City Council at a public meeting.
 - c. Environmental Review: Completion and City acceptance of a Phase I Environmental Site Assessment.
 - d. Facility Assessment/Inspections: Receipt and acceptance of a third-party facility condition assessment evaluating structural, mechanical, electrical, roof, and code compliance.

If any of these contingencies are not satisfied or waived by the City within the due diligence period, the City reserves the right to withdraw this offer without penalty.

8. Warranties by Seller: The City agrees and acknowledges that no representations, statements or warranties have at any time been made by Seller, or any agent of Seller, as to the condition, quality, quantity, operation, state of repair, or prospects of the Property, or any other matter concerning the Property, in any respect.
9. Brokerage: The Seller warrants to the Buyer that they have not dealt with any Broker in connection with the sale of the Property. If any person shall assert a claim to a finder's fee, brokerage commission or other compensation account of employment or alleged employment as a finder or broker or performance of services as a finder or on broker in connection with this transaction, the party under whom the finder or broker is claiming shall indemnify, defend and hold the other party harmless from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs in defending against such claim. This indemnity shall survive the close of escrow or the cancellation of the Contract.
10. Assessment Liens: The amount of any assessment that is a lien as of the COE, shall be paid in full by Seller prior to COE. Any assessment that becomes a lien or property tax that becomes due after COE is the Buyer's responsibility.
11. Seller Warranties: Seller warrants and shall maintain the Premises until COE.

12. Closing Costs: All closing costs incurred in the transfers of the Property shall be paid in accordance with the customs of real estate transactions presently in effect in Coconino County, Arizona, as determined by the Escrow Agent.

Distribution of Proceeds upon Closing: The proceeds of the sale (Purchase Price less Closing Costs attributable to Seller) shall be distributed to Seller by the Escrow Agent. Seller is responsible for verifying accuracy of distribution of proceeds with the Escrow Agent and the City has no liability for any errors.

13. Cure Period: A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance is not cured within five (5) business days after delivery of such notice (Cure Period), the failure to comply shall become a breach of Contract.

14. Attorneys' Fees and Costs: If any action is brought by either party in respect to its rights under this Contract, the prevailing party shall be entitled to reasonable attorneys' fees and court costs as determined by the court.

15. Seller's Remedies: In the event of default by the City, Seller's sole remedy shall be to cancel this Contract and to retain the Earnest Deposit, together with all accrued interest, as liquidated damages. Seller and the City agree that it would be impractical or extremely difficult to fix actual damages in case of the City's default; that the amount of the Deposit paid by Buyer is a reasonable estimate of the Buyer's damages in case of City's default; that Seller shall retain said Deposit as its damages; and that, thereafter, neither party shall have any further obligations to the other under this Contract, except with respect to obligations which expressly survive the cancellation of this Contract.

16. Buyer's Remedies: In the event of default by Seller, the City shall have all remedies available at law, including but not limited to specific performance.

17. Time of the Essence: The parties hereto expressly agree that time is of the essence with respect to this Contract.

18. Leaseback. After Closing, Seller shall be entitled to remain in possession of the Property at no cost to Seller until not later than ten (ten) days from the date of Closing (the "Holdover Termination Date"), subject to the following provisions:

(a) Seller agrees to keep all improvements to the Property in good condition and repair. Upon the expiration of Seller's right to occupy the Property, Seller shall return the Property, and all improvements thereon, to Buyer in the same condition and repair as they existed at the date of Closing. Seller may not make additional improvements or alterations to the Property.

(b) Seller agrees to pay any and all utility charges incurred in connection with the Property during the term of the time Seller occupies the Property after Closing, including but not limited to all charges associated with electric, water, sewer, garbage collection and telephone.

(d) Seller acknowledges that it is occupying the Property "AS-IS", and that Buyer has made no representation or warranty of any kind as to the condition of the Property or its fitness for Seller's intended use.

(e) Seller agrees that the Property shall only be used for the use to which it was being put immediately prior to the Closing and for Seller's other normal and customary operations. Seller shall comply with any and all applicable federal, state and local laws, ordinances, rules, regulations ("Law(s)") and orders with respect to its use and occupancy of the Property.

(f) Seller agrees to indemnify, protect, defend and hold Buyer and Buyer's officers, directors, employees and agents harmless from and against any and all claims, damages, liabilities, judgments, costs (including reasonable attorney's fees), liens, expenses and penalties, whether now known or unknown, fixed or contingent, liquidated or unliquidated, arising out of or in any way connected to (i) Seller and Seller's officers, directors, agents, servants, employees, customers, visitors, licensees, and invitees use and occupancy of the Property or (ii) any accident or other occurrence causing or alleged to have caused injury or death to persons or damage to property by reason of condition, maintenance or construction of the Property or any improvement to the Property that occurred during the time Seller occupied the Property.

(g) Seller agrees to indemnify, protect, defend and hold Buyer and Buyer's officers, employees and agents harmless from and against any and all claims, damages, liabilities, judgments, costs (including reasonable attorney's fees), liens, expenses and penalties, whether now known or unknown, fixed or contingent, liquidated or unliquidated, arising out of or in any way connected to any violation or alleged violation of any Law(s) that occurred during the time Seller occupied the Property.

(h) Seller forever releases, acquits, and discharges Buyer, Buyer's officers, employees and agents from any and all claims, damages, liabilities, judgments, costs, expenses, loss of income, losses due to business interruption, loss of services, actions and losses of actions, whether now known or unknown, fixed or contingent, liquidated or unliquidated, arising out of, alleged to arise out of or in any way connected with the condition of the Property or the use of the Property.

(i) Seller shall, at its sole cost and expense, obtain and maintain in full force and effect throughout its occupancy of the Property, the following non-contributing primary insurance policy, which shall name Buyer as an additional insured: Commercial general liability insurance coverage against any liability to the public arising out of the use or occupancy of the Property with limits of not less than \$500,000.00 per occurrence and not less than \$1,000,000.00 annual aggregate, covering bodily injury and property damage liability.

(j) If for any reason the Seller shall remain in possession of the Property beyond the Holdover Termination Date, Seller shall be deemed a tenant at sufferance, shall be subject to immediate eviction and removal by Buyer and Buyer shall be entitled to pursue all remedies at law or in equity with respect to Seller's holdover on the Property. Buyer and Seller acknowledge and agree that Buyer will be severely damaged by any holdover by Seller beyond the Holdover Termination Date and that the amount of such damages would be difficult to quantify. Buyer and Seller acknowledge and agree that in the event of such a holdover, Seller shall pay to Buyer

liquidated damages in an amount equal to \$1,000.00 per day for each day that Seller remains in possession of the Property beyond the Holdover Termination Date which Buyer and Seller agree is a reasonable approximation of damages which will be suffered by Buyer as a result of such holdover.

(k) Prior to the Holdover Termination Date, Seller shall vacate the improvements on the Property and remove all of its personal property therefrom and shall terminate any existing rights of occupancy or possession affecting the Property. Seller shall be responsible for all fees and costs of such vacation and removal. Any property of Seller left on or about the Property following the Holdover Termination Date shall be conclusively presumed to have been abandoned by Seller and may be disposed of in any manner by Buyer in Buyer's sole discretion.

(l) This Section 18 shall survive the Closing and the expiration of Seller's right to occupy the Property hereunder.

19. Notices: Any notice, which a party is required or may desire to give the other, shall be in writing and shall be sent either (a) by United States registered or certified mail, return receipt requested, postage prepaid, or (b) by a generally recognized overnight carrier providing proof of delivery. Any such notice shall be addressed to a party at such party's address appearing next to such party's signature on last page of the main body of this Contract. Any notice so given shall be deemed to have been given as of the date of actual receipt. Notices shall be addressed to the parties as follows:

SELLER:

Shoot West Properties, LLC
c/o Rob Wilson
11920 Glodia Drive
Flagstaff, AZ 86004

With a copy to Seller's Counsel:

Law Office of Tevis Reich, PLLC
6 E. Dale Ave.
Flagstaff, AZ 86001
tevis@treichlaw.com

BUYER:

City of Flagstaff
Attn: City Manager
211 W. Aspen Avenue
Flagstaff, AZ 86001
FAX (928) 779-7656

20. Governing Law: The laws of the State of Arizona shall govern the validity, construction, enforcement, and interpretation of this Contract.

ACKNOWLEDGMENT. On this 2 day of October 2025, before me, a Notary Public, personally appeared Robert Wilson, known to be or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that (s)he executed the same for the purposes therein contained.



Notary Public



(SEAL)

BUYER:

City of Flagstaff, an Arizona municipal corporation

By: _____

Becky Dagget, Mayor

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Assistant City Attorney

EXHIBIT A

PARCEL 1:

LEGAL DESCRIPTION

That portion of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 9, Township 22 North, Range 8 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, being a portion of that certain parcel delineated in Book 7 of Land Surveys, Page 78, records Coconino County, Arizona, (R1), and being more particularly described as follows:

Commencing at the N-N 1/6 corner of said Section 9;

Thence South 89 degrees 25 minutes 36 seconds West, a distance of 50.87 feet to a half inch rebar with tag marked "RLS 16687" on the Westerly line of U.S. Highway 89, according to Book 5 of Promiscuous Records, page 494, records of Coconino County, Arizona, said point being the Southeast corner of R1;

Thence North 00 degrees 17 minutes 09 seconds East along said Westerly right-of-way line of U.S. Highway 89, and the Easterly line of said R1, a distance of 423.87 feet to the True Point of Beginning;

Thence North 89 degrees 04 minutes 10 seconds West, a distance of 369.98 feet to a point;

Thence North 00 degrees 17 minutes 08 seconds East a distance of 203.29 feet to a point on the Southerly right-of-way line of Copeland Lane, according to Docket 1043, page 881, records of Coconino County, Arizona;

Thence North 89 degrees 27 minutes 26 seconds East along the said Southerly right-of-way line of Copeland Lane, a distance of 370.00 feet to the Northeast corner of said R1;

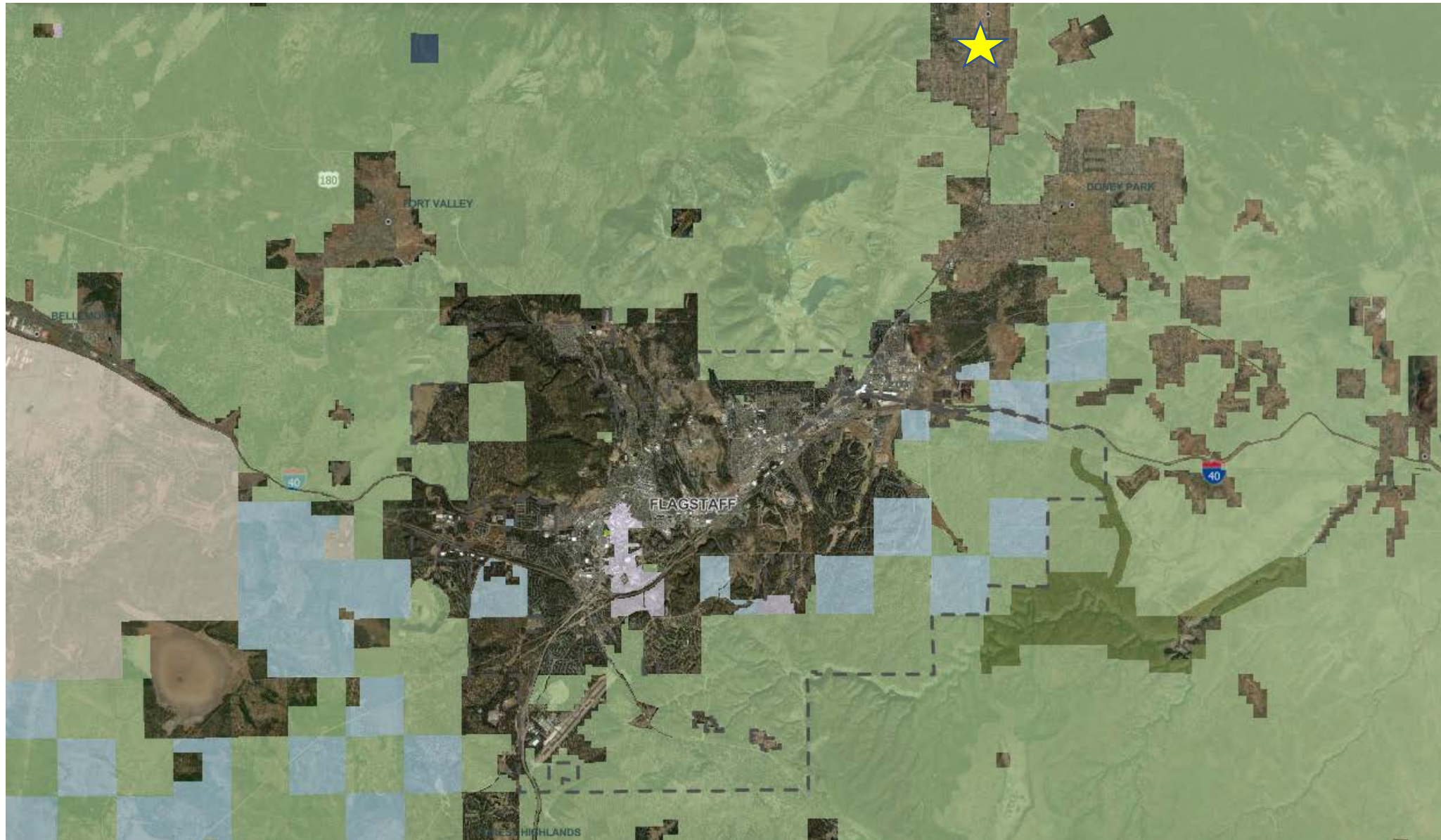
Thence South 00 degrees 17 minutes 09 seconds West along said Westerly right-of-way line of U.S. Highway 89 and said Easterly line of R1, a distance of 212.80 feet to the True Point of Beginning.

Joint Law Enforcement Firearms Training Facility



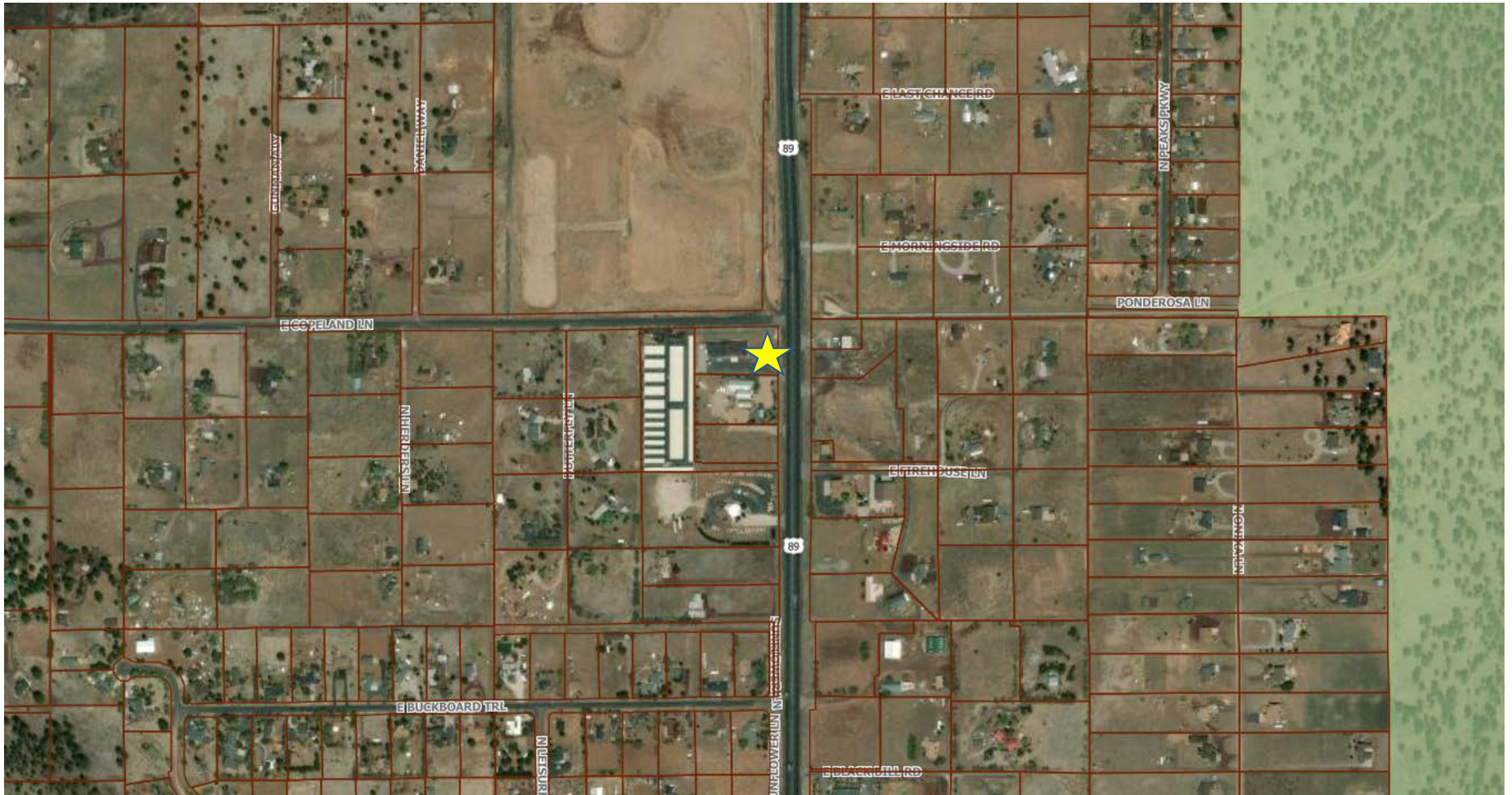


Vicinity Map





Vicinity Map





Opportunity

- 2018, 12 lane, indoor shooting range; space to expand to 18 lanes
- 11,000 sqft facility on 1.7 acres
- Gold Rated by Coconino County Sustainability Program in 2021
- Special use facility
- Purchase Agreement price of **\$2,350,000**





Partnership

- Funding for purchase provided by City of Flagstaff, Coconino Community College and Coconino County Sheriff's office
- Facility initial users:
 - Flagstaff Police Department
 - High Country Training Academy
 - Sheriff's Office
- Intergovernmental agreement (IGA) between initial parties is currently being negotiated which will detail rights, ownership, and obligations of the partners.
- The IGA will be presented to council at a future council meeting.
- The purchase agreement is contingent on successfully entering into the IGA



Why Authorize Now?

- If purchase is contingent on IGA, why ask for authority to purchase now?
- Asking for authorization to acquire now in order to enter into the purchase agreement with property owner
 - Locks up the property from other potential purchasers
 - Provides certainty to property owner
 - Establishes timeline for parties to finalize and approve IGA and other documentation

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, City Clerk
Date: 10/27/2025
Meeting Date: 11/04/2025



TITLE:

Consideration and Approval: Use of the Council Initiative Fund

STAFF RECOMMENDED ACTION:

1. Consideration of the use of the Council Initiative Fund to ~~support NAU Marching Band.~~ **fund a room at the Lantern.**
2. Consideration of the use of the Council Initiative Fund for other items.

Executive Summary:

A request was made by Councilmember House to consider using the Council Initiative Fund to sponsor the furnishing of a room at the Lantern.

Financial Impact:

Cost: Up to \$25,000
Account Number Budgeted: 001-09-401-1300-1-4290
FY26 Budgeted Amount: \$25,000.00
Funding Source: General Fund

Amount currently available for use is \$11,500.

Policy Impact:

None

Previous Council Decision or Community Discussion:

None

Options and Alternatives to Recommended Action:

None

Background and History:

The Council Initiatives Fund was established as part of the FY2020-21 Budget. The formation of this particular fund was not driven by any singular request or need, but rather as a proactive measure to enable our City Council to approve unforeseen expenditures, from time to time, that would be of benefit to the Flagstaff community. The fund is limited in amount (\$25K annual appropriation) and it does not rollover or accumulate. It is an annual appropriation.

There are numerous instances throughout the course of the fiscal year where Council may want to approve miscellaneous expenditures, for the benefit of our community, that simply do not fall neatly within a specific budget appropriation. This fund is intended to allow Council some discretion to approve such expenditures. There is no established process for doing so, other than majority support. We of course always need to stay

within our legal parameters and our City Attorney can advise accordingly. Similarly, such matters should be identified on the Council meeting agenda, as an action item.

Connection to PBB Priorities and Objectives:

The Council Initiative fund is intended to support all Council goals, objectives and priorities.

Connection to Regional Plan:

None

Connection to Carbon Neutrality Plan:

None

Connection to 10-Year Housing Plan:

None

Attachments:

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, City Clerk
Date: 10/30/2025
Meeting Date: 11/04/2025



TITLE

Future Agenda Item Request (F.A.I.R.): A Citizen Petition: Stopping development of Shadow Pines 107-07-001F

STAFF RECOMMENDED ACTION:

Council Direction

Executive Summary:

In accordance with Art. II, Sect. 17 of the Flagstaff City Charter, any citizen may present a written petition to the City Manager, signed by a minimum of 25 citizens from the City who shall present it to the Council at its next regular meeting. The attached petition was filed with the City Clerk's Office on October 15, 2025, requesting Council to stop development of the Shadow Pines Development 107-07-001F

Information:

None

Attachments: [Petition](#)
[Staff Report](#)

PETITION TO FLAGSTAFF CITY COUNCIL
Pursuant to Flagstaff City Charter Article II Section 17
and Flagstaff City Code Title I Chapter 12

RECEIVED
OCT 15 2025
BY: *Herganna Staskey*

Pursuant to the Flagstaff City Charter and the City Code, any citizen (resident) of the City may present a written petition to the City Manager, signed by a minimum of 25 citizens from the City of Flagstaff, which shall be presented to the City Council.

Title of Issue: Shadow Pines Development 107-07-001F
Action Requested: Stop development of land


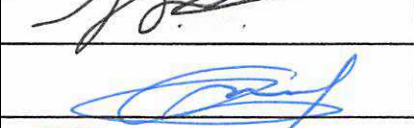
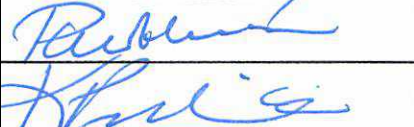
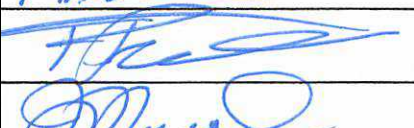
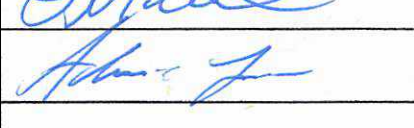
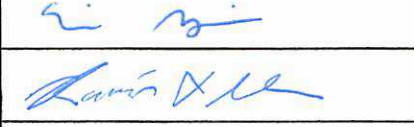

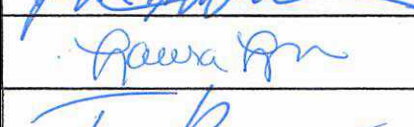
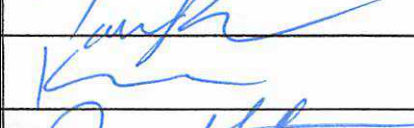
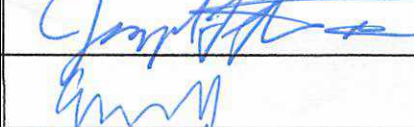
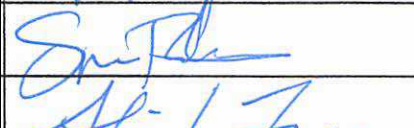
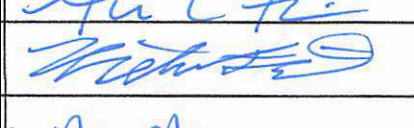

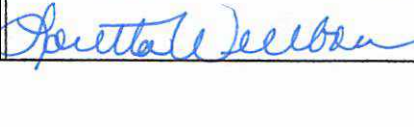

Printed Name of Submitter: Alicia Fleurquin
(Submitter must also sign below and complete information)

Contact Information: (928) 814-0500 oceans4me2@hotmail.com
(Phone Number and/or e-mail address)

PETITION SIGNATURES

DATE SIGNED	PRINTED NAME	RESIDENCE ADDRESS	SIGNATURE
10/3/2025	Alicia Fleurquin	[REDACTED]	<i>Alicia Fleurquin</i>
10/4/2025	JAMES GROSS		<i>James Gross</i>
10/4/2025	MARY OATMAN		<i>Mary Oatman</i>
10/4/2025	REBECCA STIGGE		<i>Rebecca Stigge</i>
10/4/2025	Kyler Kuehn		<i>Kyler Kuehn</i>
10/4/2025	JUDY HENZLER		<i>Judy Henzler</i>
10/4/2025	Emily Hoppe		<i>Emily Hoppe</i>
10/4/2025	Justin Alan Stigge		<i>Alan Stigge</i>
10/4/2025	Judith Stigge		<i>Judith Stigge</i>
10/4/2025	ROBERT DILDAY		<i>R. B. D.</i>

RECEIVED BY CITY OF FLAGSTAFF		
DATE RECEIVED	BY	COUNCIL MEETING DATE
10/15/2025	<i>Herganna Staskey</i>	11/4/2025

DATE SIGNED	PRINTED NAME	RESIDENCE ADDRESS	SIGNATURE
10/04/2025	Robert Buscaglia		
10/4/2025	Kelly Buscaglia		
10/4/2025	ELENA KEPPER		
10/4/2025	Patience Unborn-Lawson		
10/4/2025	Katherine Pribil		
10/4/2025	William T. Pribil		
10/4/2025	Jorja Nackard		
10/4/2025	Adriana Lopez		
10/4/25	Erin Zwier		
10/4/25	Ramon Alatorre		
10/4/25	Dara Rabin		
10/4/25	John Knutson		
10/4/25	Laura Lyn		
10/4/25	Talina Pearson		
10/4/25	Kristin Pearson		
10/4/25	Joseph Sturm		
10/4/25	Emma Roberson		
10/4/25	Spencer Roberson		
10/4/25	Alice Ferris		
10/4/25	Matthew Ferris		
10/4/25	Mary Worn		
10/4/25	Michael Lapata		
10/4/25	Loretta Willborn		

PETITION TO FLAGSTAFF CITY COUNCIL (Continued)

TITLE OF ISSUE: _____ PAGE _____ OF _____

DATE SIGNED	PRINTED NAME	RESIDENCE ADDRESS	SIGNATURE
10/4/25	Rebecca Blodgett		[Signature]
10/4/25	Dustin Blodgett		[Signature]
10/4/25	Nathan Whitcomb		[Signature]
10/4/25	Brian van Meester		[Signature]
10/4/25	Carl Kepper		[Signature]
10/4/25	Rachel Sturm		[Signature]
10/4/25	Sara Clancey		[Signature]
10/4/25	Kristin Obert		[Signature]
10/4/2025	Phebe Knorr		[Signature]
10/5/2025	Scott Frost		[Signature]
10/5/2025	Robert Tusso		[Signature]
10/5/25	Mark Thompson		[Signature]
10/5/25	Josh Bigley		[Signature]
10/5/25	Nadine Geissler		[Signature]
10/6/25	Jay Sylvester		[Signature]
10/6/2025	KAREN VANDERVEER		[Signature]
10/6/2025	Ann Francis		[Signature]
10-5-2025	LISA Brackin		[Signature]
10-5-2025	Deborah Walden		[Signature]
10/5/2025	Tim Mohr		[Signature]
10/5/2025	Angela K. Allen		[Signature]
10/7/2025	Nicholas Lawrence		[Signature]
10-7-2025	Susan Shouler		[Signature]

CITY COUNCIL REPORT

DATE: 10/28/2025

TO: Mayor and City Council

FROM: Wesley Welch, AICP, Senior Planner

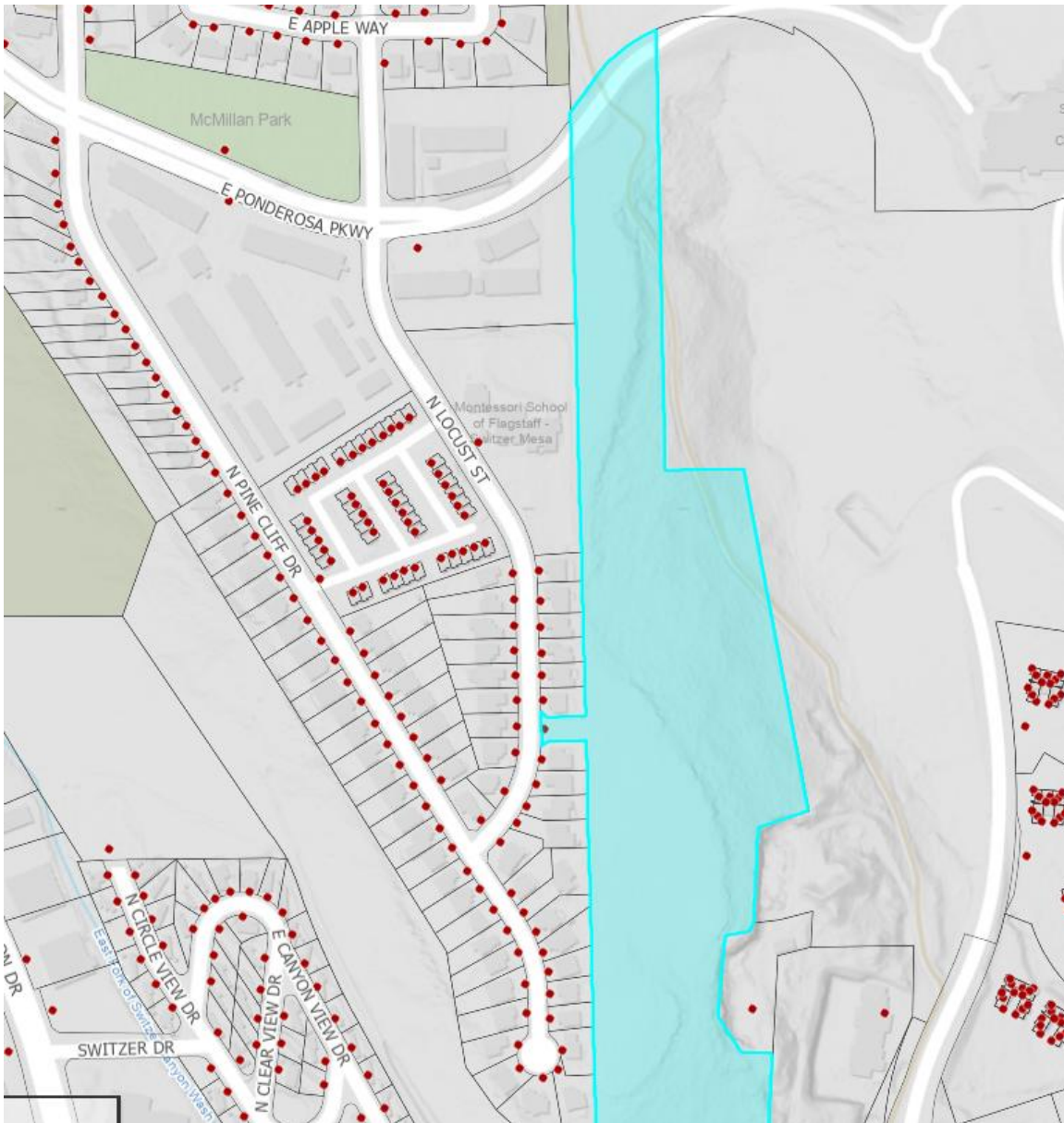
CC: Michelle McNulty, AICP, Planning and Development Services
Director, Alexandra Pucciarelli, Current Planning Manager

SUBJECT: Shadow Pines Single-Family Subdivision (644 N. Locust)

Background:

Staff understands there is a citizen petition that will be presented to City Council at the November 4, 2025 meeting and has put this report together to provide factual information relating to the development of Shadow Pines subdivision.

The development, located at 644 N Locust Drive, is zoned Single-family Residential (R1). The R1 zones permits single-family residential by-right. The subdivision plat for Switzer Mesa identifies Lot 7 (the portion of the parcel that connects to Locust Drive) as reserved for secondary access to the development of the parcel in question. That access point is being proposed for emergency access only and will be gated to ensure no local traffic utilizes the access point. Main access will be taken from Ponderosa Parkway at the northern edge of the parcel. Please see image below for reference:



The development proposal is for 47 single-family lots that will be developed using the (Planned Residential Development) PRD standards. The parcel, consisting of 18.6 acres, allows for a maximum density of 111 lots and a minimum density of 37 lots. The proposed density is within the range of allowed density for the zone. The minimum lot size for the R1 zone is 6000 square feet, however the utilization of PRD code standards allows for lots with a minimum area of 2000 square feet, smaller setbacks, and a higher percentage of lot coverage. The typical lot layout proposed for this development is approximately 5000 square feet.

The project is currently in preliminary plat review. One substantive review has been completed and staff is awaiting a resubmittal to review further. After preliminary

plat approval, the applicant will need to follow up with Civil Plan and Final Plat review. If any dedications to the City are proposed with the final plat, then the plat will need to come to Council for acceptance of the dedications.

This project is being developed under existing entitlements and will not require a public hearing as part of its approval. The site was rezoned in 2007 by Ordinance No 2007-22. This rezoning was approved under the Land Development Code. When the updated Flagstaff Zoning Code came into place in 2011 this site was determined to be zoned R1. There are minor conditions of approval from this Ordinance that will need to be addressed, mainly relating to the inclusion of a FUTS trail through the site, street trees, and code compliant street lighting. The applicant has identified that they plan to meet these conditions with their preliminary plat submittal.

Discussion:

There are no discussion points for this item. This CCR is for informational purposes only.

Recommendation / Conclusion:

This City Council Report is for information only.